

## **East Midlands (Shadow) Local Authority Leaders' Board**

**Friday 6 March 2009, 2.00pm  
Sparkenhoe Room, Leicestershire County Council**

### **Agenda**

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**(SHADOW) LOCAL AUTHORITY LEADERS' BOARD**  
**Friday 6 March 2009**

**The Sub-National Review and 'Local Democracy, Economic  
Development and Construction Bill'**

**SYNOPSIS**

**This report provides detail on the context and passage of the SNR related legislation, the 'Local Democracy, Economic Development and Construction Bill'.**

**It further highlights the framework for the proposed Regional Strategy and the likely process for the transfer of responsibilities to the new SNR arrangements.**

**RECOMMENDATIONS**

**Members are invited to:**

- **Note the contents of this report.**

## 1. Background

- 1.1 On 25 November 2008, the Government published its response to 'Prosperous Places: Taking Forward the Review of the Sub-National Economic Development and Regeneration'. The document sets out how the Government will take forward the reforms proposed by the SNR.
- 1.2 On 4 December 2008 the Government introduced (through the House of Lords) the Local Democracy, Economic Development and Construction Bill. It is anticipated that this Bill will receive Royal Assent by summer/autumn 2009 with its subsequent introduction by early 2010. Included in the legislation are the following proposals:
- a) Reforming regional governance structures, specifically to establish a Local Authority Leaders' Board in each region.
  - b) To give *emda* and the Local Authority Leaders' Board joint responsibility for the drafting of the Single Regional Strategy that will subsequently replace the Regional Spatial Strategy and the Regional Economic Strategy.
- 1.3 In making these proposals the Government has confirmed that, subject to legislation:
- a) Regional Assemblies will cease to exist along with their statutory role of regional planning body.
  - b) The co-responsibility for the SRS (including its drafting, implementation and monitoring of its delivery) means that there will be no designated regional planning body.
  - c) There will be no requirement for the Leaders' Board to have a separate RDA scrutiny function (similar to that undertaken by Regional Assemblies) and that the new Regional Select Committees and Regional Grand Committees will be established to undertake appropriate regional scrutiny.
  - d) If the regional arrangements between the RDA and Local Authority Leaders' Board 'breaks down' then the RDA alone will have the lead responsibilities for the development and agreement of the SRS.

## 2. The New Regional Strategy

- 2.1 The main purpose of the Regional Strategy is to set out the overarching strategic framework for the region. It is intended that the outcome of the strategy should be sustainable economic growth and that the strategy must contribute to sustainable development. There is also a specific requirement for the strategy to have policies designed to contribute to the mitigation of, and adaptation to, climate change.
- 2.2 Like the current RSS the Regional Strategy will be part of the statutory Development Plan. Consequently, Local Authority local development frameworks will have to be in general conformity with the regional strategy; together with the regional strategy they provide the statutory framework against which Local Authorities should determine planning applications.
- 2.3 It is further intended that the SRS will set the framework to:
- Guide the activities, plans and investment decisions of key public sector agencies, e.g. Homes and Communities Agency, Environment Agency, Highways Agency.
  - Influence the plans and policies of central Government departments.
  - Provide clarity and incentives for private sector investment.
- 2.4 On enactment of the Bill, the existing RSS (to be adopted by the Secretary of State in March 2009) and the existing RES (published 2006) will form the Regional Strategy, although only the former will have Development Plan status for the interim period (until the region reviews this first RS). The Bill also makes provision for ongoing RSS Reviews or RES reviews to be designated as a review to the extant Regional Strategy. It is anticipated that the Secretary of State will use this power to allow the current RSS Partial Review to continue – which should be completed by late 2011.
- 2.5 However, to bring the extant Regional Strategy fully into line with the new system, a further review will be required. There will also be a need to reflect the final Government guidance on content of the Regional Strategy to be issued following enactment of the Bill.

## 3. Transfer of Responsibilities

- 3.1 Once the Bill is enacted, the proposals for establishing a Local Authority Leaders' Board and its working arrangements, in particular with *emda*, need to be formally consulted upon in the region. While the Government does not intend to

- prescribe how the consultation should be undertaken account will need to be taken of the 'Cabinet code of conduct on consultation'.
- 3.2 Following consultation, the proposals would have to be submitted to the Secretary of State (CLG and BERR) for approval. The date and process for this will be set out in subsequent regulations. The criteria for deciding whether to approve a proposal for a LALB will be whether it meets the criteria set out in Clause 66 of the Bill.
- 3.3 Once the Secretary of State has approved a scheme the participating authorities can formally establish the Leaders' Board. In order to agree its working arrangements, terms of reference and membership, the LALB operates in shadow form until the formal transition to new arrangements.
- 3.4 The Leaders' Board and the wider regional governance arrangements required by SNR will not be implemented until the transfer of EMRA roles and responsibilities by the March 2010 deadline. However, further work will be required with CLG on the precise 'choreography' of transition.

#### **4. Recommendations**

- 4.1 Members of the Local Authority Leaders' Board are invited to note the contents of this report.

**Dr Stuart Young**  
**Head**  
**East Midlands Regional Assembly**

**(SHADOW) LOCAL AUTHORITY LEADERS' BOARD**  
**Friday 6 March 2009**

**Background, Roles and Responsibilities and (*Draft*) Constitution**

**SYNOPSIS**

**This report provides information on the role and responsibilities of the East Midlands Local Authority Leaders' Board.**

**It further details the membership of the (shadow) Board and provides information as to its legal status.**

**A draft constitution is attached to this report for the consideration of Members.**

**RECOMMENDATIONS**

**Members are invited to:**

- **Note the contents of this report.**
- **Consider and, if appropriate, agree the draft East Midlands Local Authority Leaders' Board constitution.**

## 1 Background

1.1 The SNR requires that each region establishes a Local Authority Leaders' Board to enable Local Authorities to act collectively at the regional level. Consequently, Local Authorities are required to formalise their proposals for a Leaders' Board that should be:

- Streamlined and manageable, able to make strategic, long-term decisions, and able to engage effectively with their region's RDA.
- Representative of Local Authorities across the whole of their region – including representing key sub-regions, upper and lower tier authorities and the political balance of leaders.
- Comprised of Local Authority leaders and with sufficient authority to act on behalf of all the Local Authorities in the region (including National Park Authorities).

1.2 It should be noted that the term *Leaders' Board* referred to in the SNR legislation is not accidental. It is the clear intention of Government that all members of such a Board are expected to be Leaders of their respective Local Authorities however they are appointed to the Leaders' Board.

## 2 Membership

2.1 Considerable work was undertaken within the East Midlands to reach agreement on the establishment of a Leaders' Board. The Regional Ministers view, as stated in his letter dated 16 December 2008 (attached as Appendix 1), is that Local Government in the region should adopt the proposed 9+5 model for a Leaders' Board (made up of the Leader of each of the Unitary and County Authorities in addition to a Leader from one District in each of the County areas).

2.2 In response to the Regional Minister's letter, District Leaders were invited to nominate a representative for membership of the Leaders' Board (letter attached as Appendix 2).

2.3 Consequently, it is agreed that the (Shadow) East Midlands Local Authority Leaders' Board will have the following members:

### Upper-Tier Authorities

- Cllr Hilary Jones (Derby City Council)
- Cllr John Williams (Derbyshire County Council)
- Cllr Ross Willmott (Leicester City Council)

- Cllr David Parsons (Leicestershire County Council)
- Cllr Martin Hill (Lincolnshire County Council)
- Cllr Jim Harker (Northamptonshire County Council)
- Cllr Jon Collins (Nottingham City Council)
- Cllr David Kirkham (Nottinghamshire County Council)
- Cllr Roger Begy (Rutland County Council)

#### District Authorities

- Cllr Ernie White (Blaby District Council)
- Cllr Lewis Rose (Derbyshire Dales District Council)
- Cllr Neil Clarke (Rushcliffe Borough Council)
- Cllr Gary Porter (South Holland District Council)
- Cllr Sandra Barnes (South Northamptonshire District Council)

### **3 Roles and Responsibilities**

- 3.1 The 'Local Democracy, Economic Development and Construction Bill' only defines a relatively narrow set of roles and responsibilities relevant to the development, delivery and monitoring of the Regional Strategy. Specifically, the Bill provides that the Leaders' Board together with the RDA are the 'responsible regional authorities' who are required to draft the regional strategy.
- 3.2 However, in order to respond to the challenges posed by SNR it will be necessary to undertake a full review of the regional architecture in order to establish a more effective governance structure for strategic policy development and delivery.
- 3.3 The LALB will be the strategic decision making body on issues of interest and relevance to Local Authorities at the regional level. A strong regional voice on behalf of local Government is needed to:
- a) Create a sense of identity and direction for the region
  - b) Improve the quality of life for people who live and work in the Region by incorporating the principles of sustainable economic growth and development, social inclusion, and wider sustainability into all the activities of the Leaders' Board and influencing other regional partners in these respects.
  - c) In conjunction with *emda*, joint responsibility for agreeing the Single Regional Strategy, including its drafting, implementation and monitoring of its delivery.
  - d) Influence Government in those critical areas where its decisions are vital



for the region's future.

- e) Influence key regional strategies and investment plans, e.g. Regional Funding Advice.
  - f) To provide leadership on behalf of Local Government in the region.
  - g) To promote the interest of the region nationally and internationally and with Government and European agencies.
  - h) To act as the decision-making executive for any regional local government organisation.
- 3.4 It is intended that the (Shadow) Local Authority Leaders' Board agrees proposals that sets out its:
- Membership
  - Decision-making process
  - Terms of reference/constitution
  - How and when to refresh or re-elect its membership
  - Managerial structure and organisation
- 3.5 A draft East Midlands Local Authority Leaders' Board constitution is attached as Appendix 3.

#### **4 Legal Status**

- 4.1 Local Authority Leaders' Boards will be statutory bodies by virtue of the fact that the Act (when there is one) sets them up. Under Clause 66 of the LDEDC Bill, participating authorities have to make a scheme for the Local Authority Leaders' Board and, if approved by the Secretary of State, will then formally establish the Local Authority Leaders' Board.
- 4.2 It will be a statutory requirement for each region to have a Local Authority Leaders' Board, unless the Secretary of State withdraws approval for it.
- 4.3 Informal Leaders' Board, such as the (Shadow) East Midlands Local Authority Leaders' Board may operate in advance of the legislation but do not have a statutory basis but result from voluntary arrangements.
- 4.4 While Local Authority Leaders' Boards will be established by statute and are therefore created by law, they do not necessarily have a separate 'legal personality' unless set up as incorporated bodies. The Bill states that Leaders' Boards can be either incorporated or unincorporated bodies. There are no moves, or any demand, to establish the East Midlands Local Authority Leaders' Board as an incorporated body.

## **5 Recommendations**

Members of the Local Authority Leaders' Board are invited to:

- 5.1 Note the contents of this report.
- 5.2 Consider and, if appropriate, agree the draft East Midlands Local Authority Leaders' Board constitution.

**Dr Stuart Young**  
**Head**  
**East Midlands Regional Assembly**



Minister for the  
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16 December 2008

Dear David

As you know, Government recently published its response to the consultation on the Sub-National Review (SNR) and a Bill has now been introduced in the House of Lords which sets out the legislation required to implement the various measures. Central to the new arrangements is the need for a Leaders' Board in each region which will be under a joint duty with the RDA Board to develop and deliver the single strategy for the region.

I am aware of the considerable work that has already been undertaken within the East Midlands to reach agreement to a Leaders' Board (or forum as it was previously known). In particular, I know how much effort you have made to try and ensure the region moves forward on this issue and I want to convey my thanks to you for this.

My understanding is that the 9 + 5 model for a Leaders' Board in the region (made up of the Leader of each of the unitary and county authorities in addition to a Leader from one district in each of the county areas) is still under discussion. I am of the firm view that the time has come to draw a line under the debate and that local government in the region should agree quickly to adopt this model which meets the criteria which the government has set out.

The SNR gives considerable latitude and responsibility to individual regions in determining the structures and processes to deliver outcomes of the SNR. The government is expecting the Leaders' Board, with the RDA and the Assembly in each region, with the support of Government Offices, to produce a change programme plan by March 2009. This is a challenging timetable and my officials at the Government Office have already begun discussions with officials from EMRA, *emda* and a number of local authorities (unitary, county and district) in the form of a working group to develop proposals for the implementation of SNR. It is vital that the Leaders' Board is able to come together in the new year so that this working group can take its proposals forward for decision making.

Once again, I wish to thank you for your role in the many discussions that have taken place over the last year regarding the role of local government in regional governance. I am sure that you share my view that it is now important for the region collectively to put in place quickly the arrangements that will deliver the improved economic outcomes that the East Midlands needs and deserves.

I am copying this letter to the Leaders of the local authorities in the region, the Chairman of the Peak District National Park Authority, Bryan Jackson, Chair of *emda*.



**PHIL HOPE**



Dear

**District Authority Membership of the East Midlands Leaders' Board**

I understand that you have received a copy of the letter (dated 16<sup>th</sup> December 2008) sent to me by the Regional Minister, Phil Hope MP, regarding the establishment of a Leaders' Board in the region.

In this letter, the Regional Minister states his firm view that we, as Local Government Leaders, should now agree to the proposed 9+5 model for a Leaders' Board in the region (comprising the Leader of each of the Unitary and County authorities in addition to a Leader from one District in each of the County areas). The Regional Minister further emphasised the need to move quickly to the implementation of this agreed model in order that we may deliver the anticipated outcomes of the SNR.

Consequently, I invite you, in consultation with other District Leaders in your County area, to nominate a representative for membership of the Leaders' Board. You are, of course, free to nominate the representative through District Authorities' own agreed processes. However, in view of the challenging timetable we are all obliged to work within, I ask that you inform me of the agreed representative by Friday 16<sup>th</sup> January 2009. This will enable the region to establish its Leaders' Board, as required by Government, and to agree further proposals for the implementation of SNR in the East Midlands.

I appreciate your support during this process and look forward to working together in the implementation of a successful Leaders' Board. I am also copying this letter to the Regional Minister, Leaders of each Unitary and County Authority, the Chair of the Peak District National Park Authority and Bryan Jackson, Chair of *emda*.

Yours sincerely

Cllr David Parsons  
Chair  
East Midlands Regional Assembly

## Constitution

### 1. Name

- 1.1 The Board shall be known as 'The East Midlands Local Authority Leaders Board' (hereinafter called 'the Board').

### 2. The Region

- 2.1 The geographical area covered by the Board (hereinafter called 'the region') shall comprise Derby City, Derbyshire, Leicester City, Leicestershire, Lincolnshire, Nottingham City, Nottinghamshire, Northamptonshire, Rutland and for Regional Strategy purposes, the Peak District National Park.

### 3. Roles and Responsibilities

- 3.1 The roles and responsibilities of the Board shall be to:
- a) Create a sense of identity and direction for the region.
  - b) Improve the quality of life for people who live and work in the Region by incorporating the principles of sustainable economic growth and development, social inclusion, and wider sustainability into all the activities of the Leaders' Board and influencing other regional partners in these respects.
  - c) In conjunction with *emda*, joint responsibility for agreeing the Single Regional Strategy, including its drafting, implementation and monitoring of its delivery.
  - d) Influence Government in those critical areas where its decisions are vital for the region's future.
  - e) Influence key regional strategies and investment plans, e.g. Regional Funding Advice.
  - f) To provide leadership on behalf of Local Government in the region.
  - g) To promote the interest of the region nationally and internationally and with Government and European agencies.
  - h) To act as the decision-making executive for any regional local government organisation.
  - i) Approve and amend the Constitution and Standing Orders.
  - j) Appoint its Chair and Deputy Chair.
  - k) Appoint representatives to outside bodies.
  - l) Establish any sub-groups, appointing their Chairs and determining their terms of reference.

#### **4. Membership of the Board**

4.1 The Board will consist of 14 Members. Membership will be on the basis of:

- a) Leader of each of the Unitary and County Authorities (9 Members).
- b) Leader from one District Authority in each of the County areas (5 Members).

#### **5. Terms of Office**

5.1 The following terms of office are proposed:

- The Leader of each Upper-Tier Authority is a 'permanent' member of the LALB.
- The Leader of the District Council from each County area should be appointed for a period of one year. The nominating District Authorities within each County area are then free to nominate an alternative Leader or re-appoint the existing Member.

#### **6. Alternate Members**

6.1 Members of the Leaders' Board may authorise a 'named alternate member' who, in the event of a nominated member being unable to attend any meeting of the LALB, may attend, speak and vote on their behalf at that meeting.

6.2 Consequently, it is suggested that:

- a) Upper-Tier Authority representatives may nominate the Deputy Leader from their Authority as their 'named alternate member'.
- b) District Authority representatives may nominate a 'named alternate member' who is a Leader of a District Authority within their County area.
- c) Only 'named alternate members' should be permitted to attend the meetings of the Local Authority Leaders' Board.

#### **7. Termination of Membership**

7.1 In accordance with the membership requirements of the Local Authority Leaders' Board, as specified in section 4, any member wishing to resign from the Board may do so at any time by writing to the Secretariat.

7.2 In the case of District Authorities, the Secretariat shall arrange with the District Authorities in that County area for a replacement member to be nominated as soon as is practicable.

7.3 Any Member shall cease to be a member of the Board if s/he ceases to be a Leader of the Local Authority to which he/she has been elected.

## **8. Participating Observers**

8.1 Local Authority Chief Executives and the Regional Director of GOEM shall be invited to attend meetings of the Board as participating observers. These participating observers shall be entitled to receive all papers circulated for consideration at Board meetings and shall be entitled to speak at such meetings but shall not be entitled to participate in any vote.

8.2 At the discretion of the Board, representatives from outside bodies may be invited to attend a full or part meeting of the Board.

## **9. Meetings of the Board**

### **9.1 Annual Meeting**

9.1.1 The Annual Meeting of the Board shall be held in July of each year for the purposes of appointing a Chair and Deputy Chair, considering making any necessary amendments to this Constitution and any associated Standing Orders.

### **9.2 Election of Chair and Deputy Chair**

9.2.1 At each Annual Meeting the Board shall elect from amongst its members a Chair and a Deputy Chair. Any vacancy arising in any of these offices shall be filled at the next meeting following the occurrence of the vacancy.

### **9.3 Frequency of Meetings**

9.3.1 The Board shall meet quarterly on such days and at such times as it shall have determined at the Annual Meeting unless in the opinion of the Chair, in consultation with the Vice-Chair, the business to be transacted does not warrant the holding of a meeting, or s/he considers that an additional meeting is warranted.

9.3.2 A Special Meeting of the Board shall be convened on a minimum of 21 clear days.

9.3.3 Notice following receipt by the Secretariat of a request from the Chair or from



not less than five Members.

#### **9.4 Place of Meetings**

9.4.1 Meetings of the Board shall rotate amongst Members of the Board.

#### **9.5 Quorum**

9.5.1 The quorum for meetings of the Board shall be one quarter of its regular or alternate Members.

#### **9.6 Voting**

9.6.1 The preferred method of decision making at all meetings of the Board and sub groups shall be by consensus, but if any Member requests a ballot then each Member shall each have a single vote.

#### **9.7 Agenda and Reports**

9.7.1 Copies of the Agenda for meetings of the Board shall be circulated to Members normally at least seven days before the meeting, together with any relevant reports and documents.

9.7.2 Unless otherwise agreed in advance, papers shall be circulated by post and also via email.

9.7.3 Matters for inclusion in the agendas and any other reports or documents shall be sent to the Secretariat at least 10 days before the meeting.

#### **9.8 Openness Policy**

9.8.1 Meetings of the Board will not be open to the public.

9.8.2 All papers will be deemed confidential until they are considered by the Board.

9.8.3 Subsequent to meetings of the Board, all papers unless of a sensitive and/or personal nature, will be placed on the relevant website and available for public access.

### **10. Alterations to the Constitution**

10.1 Alterations to this Constitution shall be made only by the Board at each Annual Meeting or any Extraordinary General Meeting.

**(SHADOW) LOCAL AUTHORITY LEADERS' BOARD**  
**Friday 6 March 2009**

**Wider Regional Governance and Local Government Arrangements**

**SYNOPSIS**

**This report proposes a review to support a more effective regional partnership and governance structure that reflects the (regional) leadership and strategic delivery responsibilities of Local Authorities.**

**RECOMMENDATIONS**

**Members are invited to:**

- **Consider the contents of this report.**
- **Endorse a review of the regional governance structure along the principles outlined in Section 4 of this report.**

## **1. Background**

1.1 The implementation of SNR requires the establishment of a revised regional governance model. The specific changes include:

- Regional Assemblies abolished by end-March 2010
- The establishment of a Local Authority Leaders' Board and its co-responsibility with *emda* Board for the development and delivery of the RS.

1.2 It is clear that SNR not only requires a revised regional governance structure but also provides a timely opportunity to rationalise and improve the wider regional partnership arrangements for Local Authorities in the East Midlands. We therefore need structures and systems that are streamlined and fit for purpose and which reflect the leadership and strategic delivery responsibilities of Local Authorities.

## **2. Local Authority Leaders' Board**

2.1 The Local Authority Leaders' Board is at the centre of any revised regional architecture from the Local Authority perspective. It will have a number of significant roles and responsibilities and will be the decision making executive for any wider regional Local Government arrangements.

## **3. East Midlands Councils**

3.1 Given the need for the revised governance arrangements to be representative of, and responsive to, Local Government in each region it is generally accepted that there is both a need and role for a regional partnership organisation of all Local Authorities.

3.2 However, the SNR proposals have necessitated a review of LGEM, the existing partnership body of Local Government. For some time questions have been asked whether LGEM is fit-for-purpose as a representative body for Local Government. Many have disengaged and at best it could only be seen to be partially effective.

3.3 To deliver a fit-for-purpose representative body for Local Government, LGEM members commissioned a review of its 'form and function'. This review has been led by Cllr Martin Hill, Chair of LGEM. The reformed successor to LGEM, potentially called East Midlands Councils, will be based upon an optional balance between four principles of effective governance:

- Political balance
- Leadership
- Streamlined
- Inclusivity

3.4 To support the development of the post-SNR governance structure, progress has already been made on the following areas:

- EMRA and LGEM staff both brought within a single secretariat structure under the management of the Head of EMRA
- All staff employed through the same host employer (Leicestershire County Council)

3.5 It is agreed that East Midlands Councils is developed within the following principles:

- To represent the interest of all 46 Local Authorities in the region.
- To act as a representative and influencing body.
- To provide a line of accountability from the Leaders' Board to wider Local Government.
- To make appointments to national and regional bodies in liaison with the East Midlands Local Authority Leaders' Board.
- To provide a reporting mechanism for regional Local Government partnerships, e.g. RIEP.
- To consider how its relationship with national LGA can best be structured.
- East Midlands Councils would have no executive decision making responsibilities. Its role is to specifically act as a wider Local Government forum.

3.6 In its role as a wider Local Government consultative forum, progress on the following issues will be made by end-March 2009:

- Number of members, including a 'top-up' element to support political balance.
- Membership of the police and fire and rescue authorities (Local Authority representatives).

#### **4. Proposals**

4.1 The following proposals aim to establish a new and more effective regional architecture that makes a more efficient use of Local Government resources. In doing so, we should remain sensitive of the need to fully engage both tiers of

Local Government and ensure the revised architecture is compliant with SNR expectations.

- 4.2 The diagram attached as Appendix 1 provides an illustration of the revised regional architecture.

**a) Staff Support**

- 4.3 Given the need to rationalise the partnership structure at the regional level, it naturally follows that the supporting staffing arrangements are similarly reviewed in order to appropriately resource the collective roles and responsibilities of Local Authorities at the regional level.

- 4.4 It is therefore proposed that a review is undertaken to establish a single staff support structure that would work to the revised regional Local Government arrangements. These arrangements will specifically focus upon the East Midlands Local Authority Leaders' Board but will also relate to the wider Local Government consultative forum. This will support the effective management of Local Authority Leaders' Board roles and responsibilities while also delivering wider efficiency gains to regional Local Government arrangements.

- 4.5 Given the regional nature of the Local Authority Leaders' Board and its specific SNR focus, it is appropriate the Assembly secretariat provides support to the (Shadow) Local Authority Leaders' Board.

- 4.6 However, moving forward in delivering an overall integrated structure to support the revised regional architecture, it is proposed that any review specifically considers integrating the following staffing arrangements:

- The East Midlands Regional Assembly
- Local Government East Midlands
- 9Cs Secretariat

- 4.7 It is also appropriate to further consider the arrangements for East Midlands Regional Improvement Partnership.

**b) Resources**

- 4.8 The potential resources (in full or in part) identified to support the revised regional governance arrangements:

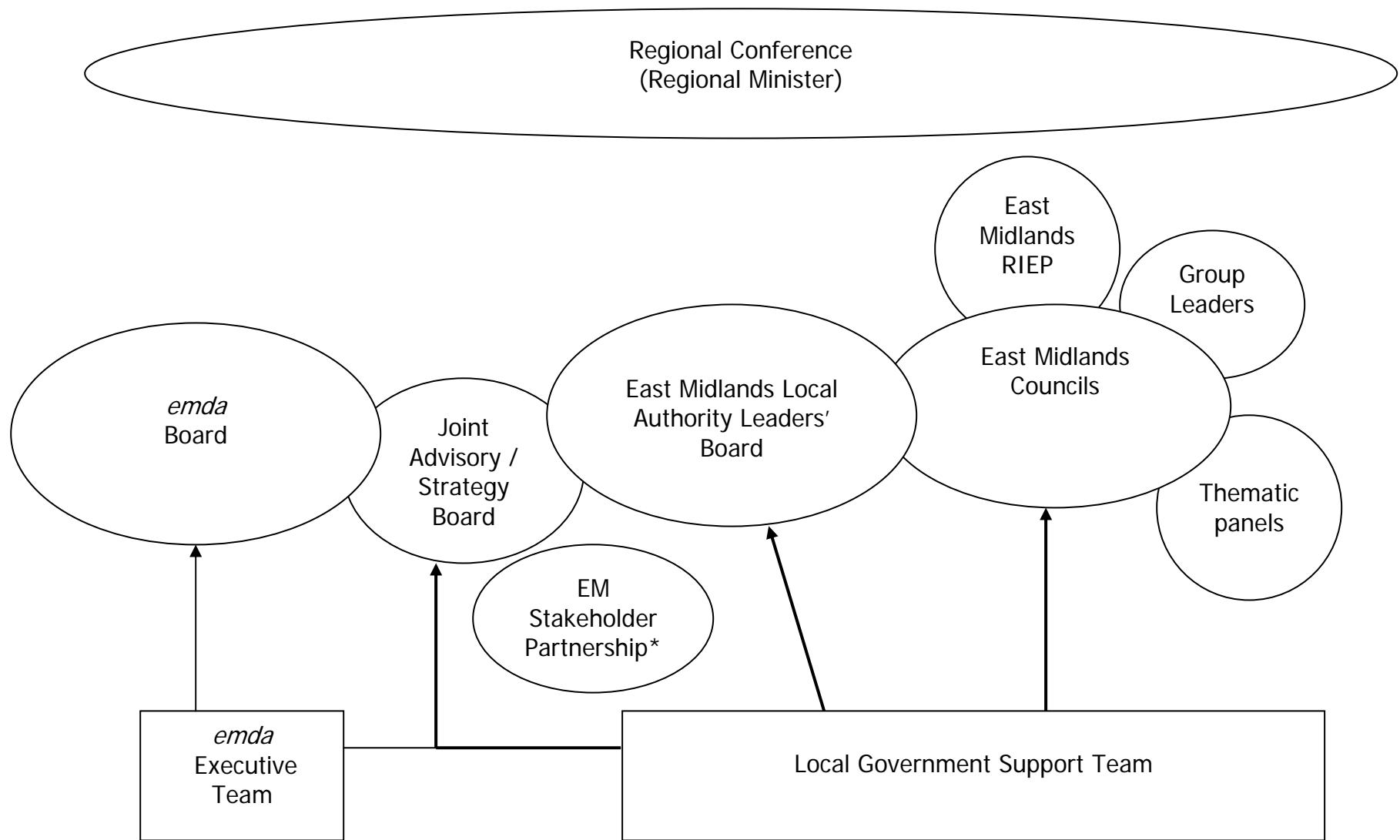
- LGEM funding rolled forward into East Midlands Councils. Current Local Authority subscriptions are £9500 p.a.
- The funding used to support the 9Cs secretariat.
- Financial contribution from District Councils (to match the 9Cs contribution, pro rata).
- CLG have committed to fund the new arrangements in delivering the Regional Strategy (subject to efficiency savings). A working assumption could be EMRA grant funding 2009-10, minus 10% (total approximately £1.8million).

## **5. Recommendations**

Members of the Local Authority Leaders' Board are invited to:

- 5.1 Consider the contents of this report
- 5.2 Endorse a review of the regional governance structure along the principles outlined in Section 4 of this report.

**Dr Stuart Young**  
**Head**  
**East Midlands Regional Assembly**



\* This has not been agreed but is a proposal currently being considered as part of the Regional Change Management discussions.

**(SHADOW) LOCAL AUTHORITY LEADERS' BOARD  
Friday 6 March 2009**

**East Midlands Regional Economic Cabinet**

**SYNOPSIS**

**This report updates Members on the objectives, membership and forward programme of the Regional Economic Cabinet.**

**It further highlights to Members the role of the Regional Economic Council.**

**RECOMMENDATIONS**

**Members are invited to:**

- **Note the contents of this report.**



## 1. Background

- 1.1 In response to the economic downturn, the Minister for the East Midlands, Phil Hope, set up a Regional Economic Cabinet in October 2008. Similar bodies are now in existence in all English regions, although the membership and terms of reference vary. Each Regional Minister is able to refer matters from his/her Cabinet (or equivalent group) to the Council of Regional Ministers which meets monthly. The current membership of the East Midlands Cabinet is given below.
- 1.2 To date, the Cabinet has met 5 times, with its membership expanding slightly over this period. GOEM provides the secretariat for the group and liaises closely with *emda* on the agenda. Press notices are issued following each meeting and a summary note is provided for circulation to all stakeholders.
- 1.3 GOEM sends the summary note directly to all Local Authority Chief Executives, as well as to the single point of contact for the downturn in each authority (where these have been provided). From mid-March 2009 the summaries will be made available on the GOEM website.
- 1.4 A summary of the meetings is attached as Appendix 1.

## 2. Membership

Chair	Phil Hope MP, Minister for the East Midlands
Deputy Chair	Bryan Jackson, Chair of <i>emda</i>
Margaret Allen	Homes and Communities Agency
George Cowcher	Derbyshire and Nottinghamshire Chamber of Commerce
Tom Crompton	Learning & Skills Council
Karen Foulds	JobCentre Plus
Cath Lee	Federation of Small Businesses
Ron Lynch	Institute of Directors
Roger McKenzie	Trades Union Congress Midlands
Jeff Moore	<i>emda</i>
Cllr David Parsons	East Midlands Regional Assembly
Paul Southby	Confederation of British Industry
Pat Zadora	East Midlands Business Forum

Secretary to the REC - Jonathan Lindley, Regional Director, GOEM

- 2.1 The Cabinet has agreed that membership should be focused in order for the Cabinet to be effective. A very wide membership could detract from this. However, it has also agreed to review the membership and a 3<sup>rd</sup> sector representative is due to join the Cabinet from March 2009.

- 2.2 In November 2008 the Cabinet hosted a stakeholder conference, providing the opportunity for a wider group of partners to come together to consider the current economic situation and the response to this across the region. A further conference is planned for spring 2009.

### **3. Forward Programme and Local Authority Engagement**

- 3.1 The Cabinet has a forward programme with future themed discussions to include skills, procurement and infrastructure. Subject to the Chair's commitments, it will also hold its future meetings around the region, to allow more input from local areas.
- 3.2 It is proposed that in advance of meetings, a copy of the agenda will be shared with Members of the Local Authority Leaders' Board to provide an opportunity to advise Cllr Parsons of any issues that would benefit from consideration at the Cabinet. Similarly, Members will be updated on any key action points that arise from the meetings.

### **4. Regional Economic Council**

- 4.1 The Prime Minister established the Regional Economic Council in October 2008 with the intention that it would 'ensure that the issues and concerns raised in the regions, particularly those of small businesses, are heard and acted upon across government'.
- 4.2 As a Local Government representative, Cllr Parsons is a member of the Regional Economic Council, chaired by the Chancellor of the Exchequer and the Secretary of State DBERR. The Regional Economic Council meets quarterly.
- 4.3 The National LGA provide advisory support to the Local Authority Members on the Regional Economic Council. However, any issue of a specific regional impact would also be fed through.

### **5. Recommendation**

- 5.1 Members of the Local Authority Leaders' Board are invited to note the contents of this report.

**Dr Stuart Young**  
**Head**  
**East Midlands Regional Assembly**

## EAST MIDLANDS REGIONAL ECONOMIC CABINET

### SUMMARY OF MEETING

*The following is a summary of the discussion at the East Midlands Regional Economic Cabinet meeting on 17<sup>th</sup> October 2008 and expands on the press notice issued following the Cabinet (on 20<sup>th</sup> October).*

Phil Hope thanked everyone for attending the inaugural meeting and set out the purpose of the Cabinet: to show regional leadership and challenge each other on the effectiveness of the regional response to the economic circumstances. Members agreed that the *emda*/Treasury document launched in August<sup>1</sup> set out a helpful and sound range of responses, but that things had changed since then and therefore more needs to be done. The Cabinet agreed to meet regularly and will be kept to a small and focused membership to ensure effectiveness, calling on other organisations as necessary. It will identify issues and remove barriers, but also help the region remain positive about recovery.

An overview of the new national and regional structures set up to address the economic circumstances was provided by Jonathan Lindley. This showed the links that the new Cabinet will have into national decision making through the Minister for the East Midlands. The new Council of Regional Ministers has now met and is likely to ask regional cabinets (or equivalent structures in other regions) to undertake work on its behalf.

Members of the cabinet shared the latest information and intelligence from their respective organisations and networks. Issues raised included:

- Access to finance, tougher borrowing conditions, cash flow and the need for quicker payment
- The rapid fall in confidence and pace at which the outlook has changed, requiring the response to be much faster
- Public sector procurement and the need to look at how smaller firms can access public spend
- Whether current burdens on business, particularly small firms, can be lifted or temporarily suspended, and whether future planned burdens should be introduced at all
- Planned investment being cancelled and public sector investment at threat due to falling land values/market slowdown
- Concerns about the likely future impact on the labour market, particularly as there are signs of businesses reducing investment on training and skills and signs that the media picture is deterring potential applicants from looking at vacancies
- The need for businesses to adjust to higher costs of borrowing and less straightforward access to finance in the future

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<sup>1</sup> Available at [http://www.hm-treasury.gov.uk/ukeconomy\\_regional\\_focus.htm](http://www.hm-treasury.gov.uk/ukeconomy_regional_focus.htm)

- The need to be more flexible around rules, regulations, procedures and funding conditions to ensure that businesses can survive and recover

The meeting also heard of the opportunities that exist and causes for optimism, including:

- Opportunities to be even more flexible in the conditions that currently apply to public sector training and grant provision
- Continued planned public sector capital investment within the region that will bring local employment opportunities
- Significant numbers of vacancies continue to exist in the region
- Potential to look at new markets, particularly within Europe, and to make the most of established links (e.g. with China and India)
- Making the most of the reducing difference in the cost of production between the UK and China, making production within the region more viable than in recent years (and with sites potentially available)
- Potential for smaller businesses to come together in groups, both to win contracts and to share the cost of training and apprenticeships
- Opportunities to use links to Europe to secure additional investment and ease cash flow problems

As a result of the discussion, it was agreed that in some cases above, the action needed was for the Minister to take the points into the fortnightly Council of Regional Ministers meeting for national consideration. However, in other cases the Cabinet agreed that it could take action itself, for example regarding prompt payments, reducing burdens of regulation, increasing flexibility of conditions of support (training and funding) and promoting existing vacancies.

The Cabinet also agreed to work together on information gathering and sharing to avoid potential duplication and improve decision making. Finally, it agreed to use a small number of indicators that will allow the group to see at a glance how the regional economy is performing and what impact the Cabinet's actions are having. The Cabinet will meet again in mid November.

## **PRESENT**

Chair:	Phil Hope MP, Minister for the East Midlands (PH)
Deputy Chair:	Dr Bryan Jackson, Chair, emda (BJ)
Invitees:	Chris Brown, Bank of England (CB)
	George Cowcher, Derbyshire & Notts Chamber of Commerce (GC)
	Tom Crompton, LSC (TC)
	Karen Foulds, Jobcentre Plus (KF)
	Cath Lee, FSB (CL)
	Jeff Moore, emda (JM)
	Cllr David Parsons, EMRA (DP)
	Paul Southby, CBI (PS)
	Pat Zadora, EMBF (PZ)

In attendance: Tom Levitt MP, Assistant to the Regional Minister (TL)  
Jonathan Lindley, GOEM (JL)  
Michael Rich, GOEM (notes)

## Regional Economic Cabinet meeting 17<sup>th</sup> November 2008

### SUMMARY OF MEETING

*The following is a summary of the discussion at the East Midlands Regional Economic Cabinet meeting on 17<sup>th</sup> November 2008 and expands on the press notice issued following the Cabinet (on 18<sup>th</sup> November).*

Phil Hope welcomed the 2 new Cabinet members: Ron Lynch from the regional Institute of Directors and Roger McKenzie from the Midlands TUC. The Cabinet began by considering the latest information provided by *emda* and JobCentre Plus showing how the region is performing against some of the key economic indicators. The trends were discussed, with the Cabinet noting that the most significant shift was the reduction in confidence levels that has been reflected in a number of recent business surveys.

There were also suggestions for additional indicators that might be of use and that will be explored before the next meeting. In particular, there was interest in the picture emerging regarding vacancies, skills and worklessness and it was agreed that further analysis by sector and by demographic would be conducted before the next meeting. It was noted that JobCentre Plus are receiving 1200 new vacancies per day for the region, and that the true figure will be significantly higher given vacancies advertised through other agencies and media. The Cabinet emphasised the need for communicating this message more widely.

The Cabinet discussed the way in which it will operate, agreeing to set out a programme of themed discussions that will provide a focus and enable wider stakeholder engagement. Particular topics will include skills, highway infrastructure, the role of temporary jobs and access to financial services. Where appropriate, small time-limited working groups will be set up by the Cabinet to explore topics and report back. The Cabinet acknowledged the need to communicate its business effectively and agreed to circulate the note of its meeting more widely.

All members of the Cabinet contributed to an update on the economic conditions and outlook for the region. Access to finance remains the key issue and the Cabinet agreed to ask *emda* to convene a special meeting of its Regional Risk Finance Forum at which the issues raised by businesses in the region could be explored. A number of other suggestions from businesses were discussed, some of which Phil Hope will raise with the Council of Regional Ministers and others of which were then explored further at the stakeholder conference that followed the Cabinet meeting.

Phil Hope updated the Cabinet on discussions that have taken place at the Council of Regional Ministers regarding infrastructure projects and the need to take action regionally to tackle blockages that are preventing progress. The Cabinet noted that some work has already taken place to review projects, but that there was a need to reach a regional view through analysis and discussion across different agencies. It

was therefore agreed to set up urgently a cross-sector working group to consider the priorities in the region and report back to the next Cabinet meeting.

The meeting concluded with the Cabinet preparing for its role in the subsequent stakeholder conference, where further proposals on the role of the region in helping communities and businesses during the downturn would be discussed.

*East Midlands Regional Economic Cabinet membership*

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Karen Foulds	JobCentre Plus
Cath Lee	Federation of Small Businesses
Ron Lynch	Institute of Directors
Roger McKenzie	Trades Union Congress Midlands
Jeff Moore	<i>emda</i>
Cllr David Parsons	East Midlands Regional Assembly
Paul Southby	Confederation of British Industry
Pat Zadora	East Midlands Business Forum

## Regional Economic Cabinet meeting 15<sup>th</sup> December 2008

### SUMMARY OF MEETING

*The following is a summary of the discussion at the East Midlands Regional Economic Cabinet meeting on 15<sup>th</sup> December 2008 and expands on the press notice issued following the Cabinet (on 16<sup>th</sup> December).*

Phil Hope welcomed Margaret Allen, East Midlands Regional Director for the Homes and Communities Agency to her first meeting of the Cabinet. The Agency has recently come into formal existence and will have a key strategic and investment role in the region. Jeff Moore then provided an update on the latest economic conditions, noting the growing numbers of redundancies and the expectation that companies will further reduce headcounts in the new year. The Cabinet identified building confidence as the key challenge now facing the region.

In contrast with the gloomy outlook, the Cabinet noted the success of *emda's* recent 'Survive and Thrive' events, which provided simple practical advice to almost 2,000 businesses. It agreed to promote this advice widely to ensure as many businesses as possible benefit. The website includes videos and presentations from the 'Survive and Thrive' events<sup>2</sup>.

The Cabinet discussed the recent Pre-Budget Report, noting that many of the measures announced reflected comments and suggestions made at the recent stakeholder conference it hosted. It also heard that businesses in the region had given a cautious welcome to the package of measures. The Cabinet will now push for delivery of the schemes and measures so that local businesses and communities see the benefits. It also agreed that the Regional Minister would take back further specific comments from businesses to the Council of Regional Ministers.

The Cabinet took a report from its infrastructure working group, setting out the latest picture of capital schemes that have stalled and proposals as to how they might be unblocked. It noted the complexity of many of the projects and the need to ensure that any intervention is supported by clear prioritisation in terms of the potential benefits, including the re-building of confidence. Margaret Allen reported on recent work underway to take a more flexible approach to funding housing investment, citing considerable interest in new schemes for buyers and noting the £100M growth investment recently announced for the region.

The news that additional investment for both housing and transport was being made in the East Midlands was welcomed. In particular, Cabinet members were pleased to see returns from their efforts in the announcement of national funding for the A46.

Since the last Cabinet meeting, *emda's* Regional Risk Finance Forum met to raise the Cabinet's concerns with the banking and finance sector and a report was made to the

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<sup>2</sup> [www.surviveandthrive.org.uk](http://www.surviveandthrive.org.uk)



Cabinet on the outcome of the meeting. Jeff Moore also reported back from recent national meetings, where banks have made a series of commitments to help provide a fair and transparent service to businesses<sup>3</sup>. The banks have emphasised that lending is still taking place and the Cabinet noted the risk of firms being unnecessarily put off approaching their banks by the media, a view that was confirmed by recent surveys undertaken by the business representative organisations.

The Cabinet agreed to challenge the view that there was no lending taking place and to encourage businesses to continue talking to their banks, holding them to account on upholding the new principles and reviewing their existing facilities where these are not being used (as this will free up greater liquidity).

Karen Foulds outlined the Jobcentre Plus Local Employment Partnership scheme, highlighting both its simplicity and the benefits for employers and jobseekers. The scheme has recently been extended to include those newly redundant and Cabinet members all committed to support the approach and promote it widely among their networks. Business representatives were reassured that Jobcentre Plus can help facilitate smaller businesses coming together in groups to make the scheme manageable and Roger McKenzie gave strong support to the approach, citing the results it has already delivered.

The Cabinet discussed and agreed its forward plan for the first half of 2009, with topics to include access to finance, procurement and skills. The next meeting in January will consider redundancy support and Jobcentre Plus distributed its information on its latest services, including a new simple guide aimed particularly at those who might be experiencing unemployment for the first time.

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<sup>3</sup> *Statement of Principles – Banks and businesses working together* can be found on the website of the British Bankers' Association ([www.bba.org.uk](http://www.bba.org.uk))

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## Regional Economic Cabinet meeting 22<sup>nd</sup> January 2009

### SUMMARY OF MEETING

*The following is a summary of the discussion at the East Midlands Regional Economic Cabinet meeting on 22<sup>nd</sup> January 2009 and expands on the press notice issued following the Cabinet (on 27<sup>th</sup> January).*

Phil Hope welcomed the Cabinet members and reminded them that emda is currently advertising a Board vacancy for a business representative, encouraging them to promote this across their networks (deadline is 11<sup>th</sup> February). Emda updated the Cabinet on feedback following its Survive and Thrive events ([www.surviveandthrive.org.uk](http://www.surviveandthrive.org.uk)). Satisfaction from the businesses attending was around 99% for all events and website hits have been high. The feedback also included an appreciation of the efforts that regional organisations are making to reach out to and support businesses, a view endorsed by business representative Cabinet members. Emda reported that other regions are now looking to follow the East Midlands model.

The Cabinet also noted further support planned for business in the region. The Chambers of Commerce are running 'Showcase, Market and Sell' events, helping to equip businesses for marketing themselves and preparing for economic recovery. The events get underway in Derby on 23<sup>rd</sup> February and Cabinet members agreed to help promote and support the events<sup>4</sup>. The LSC noted the range of qualifications that are now on offer that complement the business support programmes and it was agreed to promote these alongside the forthcoming events. Business representatives also welcomed the news that there are currently no plans by local authorities in the region to implement business rates supplements<sup>5</sup>.

An update on the economic conditions in the region prompted discussion on both the short-term and long-term steps being taken and how to ensure that national programmes and initiatives are implemented swiftly and effectively in the region. In particular, the Cabinet considered the impacts on smaller employers, where even a single job loss can be significant, and manufacturing, given the above average proportion of jobs in this sector in the region. The Cabinet agreed that it needed to understand more about the distribution of the impact across the region, linking this to other available regional information and intelligence, and commissioned further work in time for its next meeting.

The Cabinet were joined by an official from the Department for Business, Enterprise and Regulatory Reform, who outlined the way in which recently announced access to finance schemes would work in practice. The Cabinet welcomed the update and noted

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<sup>4</sup> More information is available at [www.dncc.co.uk/your-chamber/2349/showcase-market-sell-23-02-2009](http://www.dncc.co.uk/your-chamber/2349/showcase-market-sell-23-02-2009).

<sup>5</sup> Government is currently consulting on draft guidance – see [www.hm-treasury.gov.uk/consult\\_businessrate\\_supp.htm](http://www.hm-treasury.gov.uk/consult_businessrate_supp.htm)

the need to ensure clear communication of the support that is now in place. (Government has since made available a booklet setting out the support available for people and businesses – see [www.businesslink.gov.uk](http://www.businesslink.gov.uk)). The Cabinet also agreed that it would gather and pass on to Government information about how well the new schemes are working in practice, alongside promoting the schemes in terms of both supply (banks) and demand (businesses).

The support for employers in the region was then discussed by the Cabinet and JobCentre Plus outlined a new simplified offer for employers that it had been developing in partnership with other Cabinet members. The approach will see agencies in the region coordinating their response, ensuring that each employer receives the right support from the right source. This will include an expanded rapid response service, with the agencies agreeing the response based on the circumstances of each employer. The Cabinet welcomed the work and agreed to collectively endorse and promote the approach, which would be formally launched with the next few weeks. It stressed the need for simplicity, with each agency making its own contribution within a regional framework. As well as those newly redundant, the Cabinet noted the support available for the long-term workless and the need to keep in mind particular groups that remain further away from the labour market, for example through the regional sounding board on tackling social exclusion.

Whilst the economic outlook remains tough for the region, the Cabinet were reminded that opportunities still remain. There continue to be new vacancies in the region, some sectors are benefiting from counter-cyclical effects and a number of businesses are responding to surveys saying they plan to increase jobs and reporting increased turnover. The Cabinet agreed the need to balance the gloomy media reports with examples of positive stories, for example where Local Employment Partnerships are successfully bringing those furthest from the labour market back into work.

The Cabinet received an update from its infrastructure working group, noting that progress has been made on a cross-agency prioritised list of projects should further funding become available. Match-funding remains an issue and national work is ongoing to look at alternatives that could unblock projects. It also discussed the latest position regarding schools capital, where the Department for Children, Schools and Families has extended its deadline for bids until the end of January. The Cabinet agreed to encourage all Local Authorities to ensure they take advantage of the potential to bring forward spend. It also considered the latest position regarding Further Education capital funding, given the national freeze on projects following falling land values and problems with access to finance. The Learning and Skills Council provided an update on the regional picture and Cabinet members offered support to ensure that critical projects move ahead as soon as possible, given the wider benefits they will bring to local economies. An update from the Homes and Communities Agency was also provided, outlining creative approaches currently being developed and implemented.

Looking ahead, the Cabinet agreed to cover the issue of public procurement at a future meeting and to re-convene wider stakeholders for an update following the conference held in November.

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## Regional Economic Cabinet meeting 23<sup>rd</sup> February 2009

### SUMMARY OF MEETING

*The following is a summary of the discussion at the East Midlands Regional Economic Cabinet meeting on 23<sup>rd</sup> February 2009.*

Bryan Jackson opened the meeting, welcoming the Cabinet and giving apologies from the Minister Phil Hope who was fulfilling a long-standing commitment to travel on the first rail service in over forty years from Corby to London. The meeting began by noting the recent publication of an East Midlands *Real Help Now* booklet, offering clear and comprehensive advice on the support available to people and businesses. The information can be found on a new *Real Help Now* website at [www.realhelppnow.gov.uk](http://www.realhelppnow.gov.uk). The Cabinet agreed to distribute hard copies to regional stakeholders as well as directing people to the website. Complementing this information, an update was provided on the support offer for employers that Cabinet members have put together – copies of a leaflet outlining the offer with key contact numbers will shortly be distributed across the region.

The Cabinet expressed concerns about the one-sided picture that is presented by the media, particularly at the national level. It was agreed that more would be done by Cabinet members to gather and disseminate positive stories of those receiving and benefiting from the various support measures that have been put in place. It was noted that in some case the support has yet to be delivered, although more than £1M of loans are now being agreed every day through the Enterprise Finance Guarantee scheme. The Cabinet agreed the need for businesses to continue to seek support but not to overlook the need to continue to apply basic principles, such as being prepared to share risk when applying for finance. The Cabinet called on BERR to make available regional and sector breakdowns of figures so that it could take more targeted action. Business will also need to be aware that in some cases, such as the option to delay payments to HMRC, there will be a cost to the support (e.g. a 6% interest charge).

The latest labour market figures for the region were discussed, with Karen Foulds noting that we will now start to see those affected by the earlier stages of the downturn coming up to six months out of work, at which point a wider range of Government support becomes available. Jobcentre Plus is currently recruiting to ensure it can continue to deliver for those in the region seeking work.

The Cabinet discussed the recent Government announcement of preferred bidder status for the Agility consortium for the Intercity Express Project and the potential impact on Bombardier and its UK suppliers. It agreed to offer its support to Bombardier and its suppliers, doing what it can to ensure the region does not lose the skilled workforce centred around the Derby area. This debate led into a broader discussion about steps that could be taken to help supply chains and what scope there might be to improve the coordination of bank decisions and the impact these have on suppliers. The Cabinet agreed to raise the issue with BERR and to challenge whether current assistance is sufficient, particularly whether the availability of support should

be widened so that non-SMEs can benefit where appropriate. It also noted that Business Link is actively addressing supplier development and that *emda* has in place a Transition Loan fund, to provide temporary cashflow lending to viable businesses in the region.

Margaret Allen updated the Cabinet on the work of the Homes and Communities Agency, noting that one of the key issues is developers seeking help with retaining their skilled workforce. The Cabinet agreed that further work should be undertaken to see what more can be done to maximise local employment benefits through public investment. It will also ask central Government to look again at barriers that might be preventing greater benefits accruing from its investments. Despite market conditions, the HCA in the region has been able to keep investment flowing – by the end of the financial year it is likely that an additional £29M will have come in to the East Midlands. However, the Cabinet noted the need to look to the medium term to ensure that demand does not once again outstrip supply once conditions improve.

For regeneration in the region, it is clear that schemes have been hit hard by the slowdown. The Cabinet agreed that it was important to build on the work it had already commissioned to assess infrastructure investment, so that as and when funding is available, there is a clear prioritisation and resources will not be too thinly spread. Local authorities were asked to examine what section 106 demands were being placed on developers and whether these might in some cases be inhibiting development and therefore require reconsideration.

The Cabinet closed with an update on work underway to analyse the impact of the recession across the region, identifying areas potentially most at risk given different available indicators and measures. This would also consider how well placed different parts of the region are for the recovery. The first findings from this work will be presented at the next Cabinet meeting.

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