THE REPORT OF THE REGIONAL STRATEGIC REVIEW

of

The Economic Development Theme of Local Area Agreements in the South West

REGIONAL SCRUTINY AND REVIEW PANEL
2008
The South West Regional Assembly Scrutiny Panel

The Scrutiny Panel is appointed by the South West Regional Assembly to undertake Regional Strategic Reviews with the South West of England Regional Development Agency (RDA).

Current Membership

Christopher Irwin (Chair)  TravelWatch South West (SEEP*)
Cllr Brian Clements  Borough of Poole (Liberal Democrat)
Cllr Bill Crowther  Gloucestershire County (Liberal Democrat)
Ian Ducat  UNISON Taunton (SEEP)
Cllr Lady Mavis Dunrossil  Gloucestershire County (Conservative)
Cllr Anne Fry  Devon County Council (Liberal Democrat)
Roger Haworth  South West Forum (SEEP)
Cllr Mike Lovell  Purbeck District (Conservative)
Cllr James Morrish  Torridge District (Conservative)
Ian Munro  Association of Colleges South West (SEEP)
Cllr Saxon Spence  Devon County Council (Labour)
Cllr Barrie Thompson  Swindon Borough (Labour)
Cllr Brig. Christopher Wolverson  Somerset County Council (Conservative)

* Social, Economic and Environmental Partners

South West RDA Representatives taking part in this Regional Strategic Review were:

Duncan Hames  RDA Board Member
Jane Henderson  RDA Chief Executive
Colin Molton  RDA Deputy Chief Executive
Stephen Peacock  RDA Executive Director
Ian Thompson  RDA Area Director
Ian Knight  RDA Area Director
Alice Darley  RDA External Relations Manager
Pat Steward  RDA Head of Planning and Transport

The South West

The South West of England comprises the counties of Cornwall, Devon, Somerset, Dorset, Wiltshire and Gloucestershire, the Isles of Scilly, and the unitary authorities of Plymouth, Torbay, Poole, Bournemouth, Swindon, South Gloucestershire, Bristol, North Somerset and Bath and North East Somerset.

Publications

All the reports of the Scrutiny Panel, along with supporting information, are available at:  http://www.southwest-ra.gov.uk/nqcontent.cfm?a_id=989
Acknowledgements

The Regional Scrutiny and Review Panel would like to express their thanks to all those who have contributed to this review and added a great deal to their understanding of the key issues and challenges surrounding the development and delivery of the economic theme of Local Area Agreements.

Foreword

From June 2008, ‘new’ Local Area Agreements (LAAs) will set out agreed priorities between a Local Authority and its partners on one hand and central government on the other. As a result, their significance as a delivery framework for national, regional and local organisations cannot be overstated. For the South West RDA, changes in the national policy context, such as the introduction of the ‘duty to cooperate’ in the agreement and delivery of LAA targets, and the delegation of economic development funding proposed under the Sub National Review of Economic Development and Regeneration (2007), have further reinforced the importance of effective engagement with partners at the local level.

Against this backdrop, the South West RDA has sought to strengthen its involvement in the region’s LAAs, and welcomed this review as an opportunity to identify further opportunities to deliver economic development in the region. The Regional Scrutiny and Review Panel recognises the measures the South West RDA has undertaken in recent months to improve their engagement and support to Local Authorities in the development of their LAAs. However, significant challenges remain, and further work must be undertaken by all partners, at all levels, if economic development activity is to be delivered in the integrated manner envisaged within the SNR.

Over the past 3 months, the Regional Scrutiny and Review Panel has gathered the views of a wide range of stakeholders from across the region, through an interactive process which included an online questionnaire, interviews and a regional workshop. This report reflects the common themes that emerged. The Regional Scrutiny and Review Panel has developed a set of recommendations intended to highlight to partners those areas in which further work is necessary in order to secure strong governance arrangements, and a coordinated approach to economic development.

As the SNR is implemented, and alignment of strategy development and delivery becomes increasingly important, there is an ever more pressing need for a representative overview of regional policy in order to strengthen connections between the regional and local levels of governance, while ensuring accountability of regional organisations to the local areas that they serve. The Regional Scrutiny and Review Panel hopes that the recommendations in this review will not only enable joined-up delivery of economic development in the region, but also will demonstrate to all partners the value of a strategic approach to regional scrutiny.

The Regional Scrutiny and Review Panel

December 2007
1. **Summary of recommendations**

**Recommendation 1:** The Regional Scrutiny and Review Panel supports the significant organisational changes that the South West RDA has undertaken in order to improve its engagement with the region’s LAAs. It is recommended that the South West RDA continues to demonstrate its commitment to improving its engagement with local areas.

**Recommendation 2:** It is recommended that the South West RDA continues to develop its role as a full partner in the development and delivery of LAAs.

**Recommendation 3:** It is recommended that the South West RDA and GOSW continue to work collaboratively, with others, to manage their engagement with the economic theme of the region’s LAAs.

**Recommendation 4:** It is recommended that the South West RDA maintains its commitment to delivery of Regional Economic Strategy objectives through LAAs by developing a set of strategic objectives and communicating these to partners.

**Recommendation 5:** It is recommended that the South West RDA ensures that local economic priorities, expressed in LAAs and Local Economic Strategies, inform the development of the forthcoming Single Regional Strategy and Regional Funding Allocations process.

**Recommendation 6:** It is recommended that the South West RDA and its partners support cross-boundary working on economic issues and in particular the development of MAAs where appropriate.

**Recommendation 7:** It is recommended that the South West RDA continues to provide core funding and support for the region’s SEPs and, in doing so, develops a more robust funding agreement with SEPs that clearly sets out its expectations of their role within local areas, especially in relation to the development of LAAs.

**Recommendation 8:** It is recommended that all partners commit to ensuring that SEPs are fit for purpose.

**Recommendation 9:** It is recommended that all county and unitary LSPs formalise the relationship with their SEP, ensuring that SEPs are afforded a lead role in developing the economic priorities for the LAA.

**Recommendation 10:** It is recommended that South West LGA, with Local Authorities, South West RDA and other partners, raise understanding of LAAs, and the importance of the economic development theme, amongst elected Members.

**Recommendation 11:** It is recommended that improved links are encouraged between stakeholders at local, sub-regional and regional levels.
**Recommendation 12:** It is recommended that the South West RDA should commit its support to an economic development capacity building programme for Local Authorities and other partners across the South West.

**Recommendation 13:** It is recommended that the South West RDA maintains its commitment to driving the development of a consistent and robust evidence base to inform the negotiation and delivery of LAAs and the development of the forthcoming Single Regional Strategy.

2. **Objectives of Regional Strategic Review of the Economic Theme of South West’s LAAs**

2.1 Through its Regional Scrutiny and Strategic Review function, the South West Regional Assembly holds the South West RDA accountable to the region that it serves, by reflecting with stakeholders on the RDA’s delivery of the Regional Economic Strategy 2003-12 (RES) in the context of regional needs and priorities.

2.2 The RES provides a context for activities in the region to raise productivity, increase economic inclusion and improve communications and partnerships.

2.3 Each Regional Strategic Review focuses on the implementation of the RES – and in particular seeks to:

- examine how effectively the RES is meeting the region’s economic needs;
- assess the consistency between the RES and other regional strategies;
- assess the contribution of all agencies in making a reality of the region’s strategic objectives; and
- through bilateral discussions with the South West RDA, assess the South West RDA’s contribution in ensuring the success of the RES - both as strategic catalyst and as delivery agent.

2.4 Through this process the South West Regional Assembly and the South West RDA aim to:

- represent the views of the South West on the region’s needs and assess the response to these needs;
- strengthen the accountability of agencies operating in the region;
- improve regional partnerships and increase consistency amongst regional and sub-regional plans and strategies.

2.5 Terms of Reference for the Regional Scrutiny Review were developed through collaboration between SWRA and the South West RDA. The full terms of reference are included as *Appendix A.*

2.6 This review has sought to test the extent to which the following delivery activity, outlined in the RES delivery framework is being met:
- Encourage an integrated approach to economic development

The review focused specifically on partners’ commitment to:

- Develop the capacity of sub-regional and local partnerships to support the implementation of the RES.

2.7 The review examined the role and contribution of the South West RDA and other key regional and local partners in pursuit of strong, cohesive partnership working and the integrated delivery of economic development activity in the South West region. A wide range of regional and local partners, such as the Learning and Skills Council and Jobcentre Plus, are involved in the development and delivery of the economic development theme of LAAs. However, as set out in the review’s terms of reference, the purpose of Regional Strategic Review is to focus on the effectiveness of the RES and its delivery. As a result, this review has focused its investigation on those partners named in the RES Delivery Framework as charged with “developing the capacity of sub-regional and local partnerships to support the implementation of the RES” – the South West RDA, the Strategic Economic Partnerships (SEPs), the South West Regional Assembly, Local Strategic Partnerships (LSPs), and Local Authorities.

3. Review process

3.1 In conducting this review, the Regional Scrutiny and Review Panel undertook a process of regional consultation and evidence gathering, through which they sought to gather the views of a wide range of relevant stakeholders. The evidence gathering process included an online stakeholder questionnaire, face-to-face interviews and a Regional Workshop. A list of organisations that contributed to the review is attached at Appendix B.

3.2 The Regional Workshop in particular, formed an integral part of the evidence gathering process for this review, enabling Members and officers from the region’s SEPs, LSPs and Local Authorities to identify and debate the key issues relating to the economic theme of South West LAAs.

3.3 Following consultation with partners and stakeholders, the Regional Scrutiny and Review Panel hosted a discussion with the South West RDA, in which Members raised and debated the key issues in direct dialogue with RDA Board Members, Chief Executive and senior officers.

3.4 The evidence gathered from across the region, and through discussions with the South West RDA, form the basis of the recommendations set out within this report.

3.5 The South West RDA will be asked for a formal response to the Regional Scrutiny and Review Panel’s recommendations within six weeks. This response will set out how the Panel’s recommendations are to be
addressed. The report will also be distributed widely to local and regional stakeholders, as well as government ministers.

3.6 The implementation of the recommendations will be monitored by the South West RDA Board Scrutiny Advocate and the Regional Scrutiny and Review Panel. A follow-up meeting to discuss progress will be arranged after one year, and as relevant policy or strategic developments occur.

4. Review context

4.1 This Regional Strategic Review explores the potential for LAAs and MAAs to provide an effective framework for the integrated delivery of economic development and regeneration activity in the South West.

4.2 The strategic and institutional landscape within which economic development activity is conducted is in a period of transition. Recent changes, described in more detail below, have had marked implications for the importance of LAAs and for the respective roles of the South West RDA and Local Authorities in relation to economic development. Set out below is a brief summary of the context in which this review was conducted.

4.3 An LAA is a three year agreement, based on local Sustainable Community Strategies, that sets out the priorities for a local area. The agreement is made between central government, represented by the Government Office, and a local area, typically represented by a county or unitary authority and other key partners through LSPs as set out by the Local Government and Public Involvement in Health Act (2007). LAAs consist of a set of indicators, targets and actions under four themes:

- Healthier Communities and Older People
- Safer and Stronger Communities
- Children and Young People
- Economic Development and the Environment

4.4 This review focuses on the economic development aspect of the region’s LAAs, whilst recognising the importance of the environment on all aspects of economic development activity. LAAs provide an opportunity for local partners to consider, negotiate, agree and deliver local outcomes. The agreements are based upon discussions between local and central government leading to more relevant outcomes for local areas with devolved responsibility to respond and deliver.

4.5 In autumn 2006, the Local Government White Paper, Strong and Prosperous Communities, set out fundamentally different arrangements for LAAs, dramatically increasing their importance and ascribing a new duty for Local Authorities and other partners to work together to agree their priorities.
Ensuring that adequate arrangements and resources are in place at the local level will be critical to developing and delivering successful economies through LAAs. A duty to cooperate will mean that public sector agencies at all levels, including the South West RDA, will be required to work together, through the LAA framework, to agree and deliver effective economic development at the local level.

Diagram 1 summarises the process through which new LAAs will be developed.

Diagram 1: The overall LAA framework

![Diagram of the overall LAA framework](image)

Source: *Local Strategic Partnerships: Shaping their Future* (Department for Communities and Local Government, 2006)

The Sub National Review of Economic Development and Regeneration (SNR), published in July 2007, set out a new vision for the delivery of economic development and regeneration activity. The review proposed an increasingly strategic role for RDAs, assigning them responsibility for developing a Single Regional Strategy, promoting economic development through working with Local Authorities and other partners. The SNR sets out a more ‘programme-based’ approach to delivery for RDAs in the future, and presumes that they should delegate funding to Local Authorities or sub-regions wherever possible to support economic development.

Allied to this proposal, the SNR also sets out a plan to strengthen the role of Local Authorities in economic development and neighbourhood renewal. It is proposed that all strategic Local Authorities be charged with
a statutory duty for economic development, which would require them to conduct an assessment of the economic circumstances of the local area.

4.10 SNR poses challenges at both regional and local level. The RDAs’ enhanced strategic responsibilities, alongside the ‘duty to cooperate’ in the agreement of LAA targets, places on them a responsibility to engage more broadly with LAAs and LSPs on spatial issues, as well as on economic development.

4.11 The Government expectation that the RDAs will delegate responsibility for spending to Local Authorities or sub-regions wherever possible, to support economic development, has clear capacity and resource implications at the local level. The South West RDA, amongst other regional partners, will have a key role to play in bolstering capacity at the local level in order to facilitate the delegation of funding as envisaged in SNR.

4.12 Close working between partners at local and regional level will become increasingly important. Both the Local Government White Paper and SNR recognise that there are a number of outcomes which may be best delivered through collaboration at sub-regional and regional levels. Many of the interventions necessary to deliver sustainable economic development rely on action at a broader geographic scale than a single Local Authority. MAAs are intended to be cross-boundary LAAs with economic development at their heart. They bring together key players in flexible ways to tackle issues that are best addressed in partnership.

4.13 The recommendations set out within this review are intended to support the South West RDA’s commitment to this agenda and contribute to partners’ thinking over the coming months as new LAAs are negotiated and agreed.

5. Structure of the review

5.1 The findings of this Regional Strategic Review are set out in four main sections. The first sets out the distinct and important role of the South West RDA in the development of the region’s LAAs. It considers the measures the RDA have undertaken to improve their engagement with local areas, and proposes additional actions which could be pursued to further reinforce the links between the RDA and partners in local areas. The second section examines the extent to which there is strategic alignment between local, regional and national objectives in relation to economic development. It explores the actions necessary to build consensus and shared understandings of key priorities, highlighting the importance of a two-way dialogue between regional and local level. The third section builds on the second by examining the governance and partnership arrangements necessary at the local level to secure integrated delivery of the economic development theme of LAAs. The fourth section focuses on two key challenges for the region – capacity building and the evidence base - which must be addressed if the integrated approach to economic development, envisaged within SNR, is to be realised.
Section 1: The South West RDA’s approach to engagement with LAAs

Jane Henderson (Chief Executive, South West RDA):

“We see ourselves not just as investors and funders, we see ourselves very much as partners with local government, with business, with the voluntary sector and others, in helping the economic dimension of place-making to be delivered.”

6. South West RDA internal approach to local engagement with LAAs

6.1 The South West RDA acknowledges that its early engagement with the initial rounds of LAAs was limited. However, throughout the last year, in recognition of the value accorded to LAAs by central government, the South West RDA has undertaken a number of significant measures to strengthen its approach to local engagement.

6.2 The South West RDA has sought to improve its internal communications and cohesiveness, both in relation to LAAs and the wider local engagement agenda. In a reorganisation of the area team structure, ‘Account Management Teams’ for each LAA/potential MAA area have been developed which increase senior level engagement with the SEP, LSP and Local Authority. An LAA ‘Cross Directorate Group’ has also been established to bring together representatives from the central and area teams to debate issues and share information about the South West RDA's engagement with the region’s LAAs.

6.3 An internal ‘LAA toolkit’ has been developed to support South West RDA officers dealing with local engagement and LAA development. The toolkit sets out the way in which RDA officers should seek to engage with LAA development and the potential contribution they can make. At present much of the toolkit is still in draft form and, as yet, it is unclear to what extent it is being actively used by the Area Teams. There is a need to press ahead with the roll out of this potentially useful set of guidance notes, if it is to inform the Area Teams’ engagement with the development of new LAAs. In the future, the internal toolkit may be adapted for use by a wider stakeholder audience. This would improve partner understanding of the South West RDA’s potential contribution to LAA development.

7. Determining an appropriate level of South West RDA engagement

Colin Molton (Deputy Chief Executive, South West RDA):

“The answer is that there is not going to be an even spread [of RDA engagement with LAAs] across the region... Therefore, when we look at the whole picture of all of the interventions in which the RDA might be
involved in, and we overlay that across the region, we will probably see a difference of relative intensity of activity in different areas.”

7.1 The South West RDA’s early engagement with and contribution to the development of LAAs was described by some stakeholders as ‘patchy’. This variable engagement is in part attributable to the fact that economic development was not included as a ‘block’ in early LAAs; it was introduced in LAAs developed from Phase 2 (2005) onwards. As a result, the South West RDA’s engagement has varied across the region depending on the phase of each LAA.

7.2 Some local partnerships reported excellent working relationships with the South West RDA, but others stated that engagement had been insufficient or ineffectual. Limits on RDA Area Team staff and financial resources, and the large number of partnerships within the region, mean that the agency’s engagement cannot be as full as partners might wish in all local areas.

7.3 Each LAA covers a different area with different strengths, weaknesses and demographic characteristics. In some areas the potential for the South West RDA to make a contribution is naturally greater than others. Therefore, a degree of prioritisation of engagement is necessary.

7.4 The South West RDA’s need to prioritise its engagement in order to maximise its impact should not deny any area a minimum level of RDA Area Team engagement in their LAA - even if economic development does not feature highly within the LSP’s overall priorities. Local areas ought to be made aware of the level of contribution they can expect to receive from the RDA. This process of determining engagement should be undertaken using an open and transparent decision making process, in consultation with local areas.
8. Potential roles and contributions of the South West RDA

8.1 The South West RDA has considerable potential to work through LSPs to ensure appropriate weight and treatment is given to sustainable economic development issues within the LAA broader objectives.

8.2 Stakeholders reflected positively on the “critical friend” role that the South West RDA plays in providing a “reality check” on possible economic targets for localities’ LAAs. However, it was widely felt that the South West RDA has the potential to play an even greater role in terms of providing expert advice on economic development to local areas. In particular, whilst the South West RDA has proved instrumental in flagging up sources of difficulty within a locality, the agency could play a greater role in the development of solutions to address these issues.

8.3 The South West RDA stated in discussions with the Regional Scrutiny and Review Panel that it is too early in the LAA lifecycle for best practice LAAs to be identified and CLG is developing national examples. However, within the region as well as across the country, there are examples of areas with particularly strong economic development themes within their existing LAAs. Whilst, in part, these ‘excellent’ economic development...
themes have been developed in response to specific local issues, there are examples of good practice that could be disseminated across the region. The South West RDA’s interactions with localities in the region and with other RDAs mean that it is ideally placed to identify good practice and to publicise examples across the South West, in cooperation with organisations such as Government Office South West. In addition, the South West Local Government Association (LGA), supported by the South West RDA, could develop a programme of peer review of the economic development theme of LAAs at relevant intervals following the negotiation of the new LAAs in June 2008.

9. **South West RDA role as funder**

9.1 The South West RDA funds a variety of organisations to build capacity for delivery at the local level. These include, for example, Urban Regeneration Companies, Rural Community Councils and Destination Management Organisations (DMOs) and Destination Management Partnerships (DMPs). It is estimated that together, these and similar organisations receive around £10m in funding from the South West RDA each year.

9.2 These organisations have great potential to influence the development of LAAs and help to ensure that key local priorities - around tourism, rural issues or agriculture, for example – are adequately represented in LAAs. A previous Scrutiny Panel report recommended that the South West RDA work with LSPs in developing DMOs and DMPs. However, they are not currently well connected with LSPs, SEPs and the development of LAAs and there is potential to improve the input of other organisations.
10. Joint working with the Government Office South West

10.1 GOSW is responsible for overseeing and negotiating the region’s LAAs on behalf of central government, monitoring their delivery and providing advice and support to local partners. GOSW also plays a key role in attempting to ensure that all the relevant partners and organisations are represented and engaged in the LAA negotiation and delivery process. During the last six months, GOSW has implemented a series of measures to strengthen engagement with Local Authorities, the South West RDA and other partners on issues surrounding the economic development theme of LAAs.

10.2 GOSW and the South West RDA have developed a programme of joint working, intended to provide strong regional leadership on the economic development element of the region’s LAAs.

Jane Henderson:
“We have dramatically strengthened our partnership with the Government Office in relation to LAAs. This goes alongside all our other shifts in order to make ourselves more fit and effective partners at local level.”

10.3 Looking forward, GOSW and the South West RDA propose to radically reshape a ‘Regional Reference Group’ for the economic theme of LAAs. The group will be chaired jointly by GOSW and the South West RDA and will include representatives of key regional partners. The Regional Reference Group will provide a forum for Local Authorities, LSPs and

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**Recommendation 2**

It is recommended that the South West RDA continues to develop its role as a full partner in the development and delivery of LAAs.

**Actions:**
- The South West RDA should enhance the extent to which it assists localities to identify solutions to specific local problems.
- The South West RDA should work with the South West LGA secretariat to urgently identify and disseminate good practices relating to the economic development theme from both within and outside the region.
- The South West LGA, with the South West RDA, should support a programme of peer review of the economic development theme of LAAs to inform refreshes of the new LAAs.
- The South West RDA should ensure that organisations it funds are committed to informing the development of LAAs and that funding agreements incorporate a requirement to engage with LAAs where appropriate.
SEPs to share information and strengthen inter-area communications. Given that the Regional Spatial Strategy (RSS) will provide the statutory spatial frame of reference for local action, the Regional Planning Body should be represented. Partners named in the delivery agreement for the Regional Economic Performance Public Service Agreement should also be included – the Highways Agency, Homes and Communities Agency, Environment Agency, the Learning and Skills Council and Jobcentre Plus.

Alice Darley (External Relations Manager, South West RDA):
“It is about supporting that learning across the region and ensuring the we can learn from each other, but also so that the LAAs can fit together more strongly to make sense for the region as a whole, rather than being individual agreements that do not necessarily make those linkages between areas”

Recommendation 3

It is recommended that the South West RDA and GOSW continue to work collaboratively, with others, to manage their engagement with the economic theme of the region’s LAAs

Actions:

- The South West RDA and GOSW should refine and finalise Terms of Reference for the proposed Regional Reference Group, in consultation with the South West LGA and Local Authority partners, with a view to convening a first meeting early in 2008.
- The South West Regional Assembly, as Regional Planning Body, should be represented on the proposed Regional Reference Group to ensure that spatial planning objectives for the region are fully aligned with priorities identified in Sustainable Community Strategies and LAAs.
- Partners named in the delivery agreement for the Regional Economic Performance Public Service Agreement should be included in the Regional Reference Group – this will also help to inform the development of future regional strategy.
Section 2: Alignment of local, sub-regional, regional, and national priorities

11. South West RDA strategic objectives in relation to LAAs

*Jane Henderson:*
“Within all of this we see our role as helping the region’s places identify and fulfil their economic destiny, and LAAs are a useful vehicle for doing this.”

11.1 The South West RDA attaches considerable importance to LAAs as a vehicle for the delivery of regional economic development priorities at a local level. As the Department for Communities and Local Government Guidance, *Negotiating New LAAs*, states:

“As LAAs will now cover the whole sweep of outcomes, they start to count dramatically towards the delivery of regional priorities set out in *Regional Economic Strategies*” (pg.26, 2007).

11.2 However, there is a lack of clarity over what the South West RDA expects to be delivered through the LAA framework. The development of a set of high level strategic objectives governing RDA engagement with the LAA agenda would result in a more focused internal approach; greater certainty surrounding which elements of the RES should and could be delivered through LAAs; and more consistency in partners’ expectations of the RDA’s role.

12. Achieving economic growth within environmental limits

12.1 It is important that economic growth takes place within environmental limits and this should be reflected in LAAs. This is recognised within the existing Regional Economic Strategy; however, the mooted focus on a single growth objective for the region in a future Single Regional Strategy is a shared concern of the South West RDA and Regional Scrutiny and Review Panel. Setting out clear objectives for what the South West RDA expects to deliver through LAAs would provide an opportunity for the RDA to highlight their commitment to promoting economic growth within environmental limits.

*Duncan Hames (Board Member, South West RDA):*
“There is a degree of concern around the language around the single target for the RDAs, and how we fit sustainable development into that, because at the end of the day it is certainly my view that the current measures are inadequate for that purpose, and generally we consider it our responsibility to be more sophisticated than that.”
13. Communication of the RES to localities

13.1 The RES sets out a shared vision for the development of the South West’s economy. During the evidence gathering phase of the review, partners identified clear advantages of greater integration and alignment of local economic development priorities and regional economic development aims, as expressed through the Regional Economic Strategy. These benefits include greater access to funding, more integrated delivery and enhanced relationships between local and regional tiers of governance.

13.2 However, awareness of the regional aims and objectives expressed in the RES amongst sub-regional partners is variable. Rather than referring to the RES, local partners have relied, often to a significant extent, on CLG guidance in determining their priorities. As a result, some key regional economic issues, such as innovation and promotion of a knowledge economy, have been attributed lower significance than they might merit.

13.3 A significant number of local partners expressed the view that the RES is too ‘high level’ or strategic to be of direct relevance to the local development of the economic theme of LAAs. This suggests a need to improve communication or ‘translation’ of the RES into objectives and priorities at the local level. The RES Spatial Annex, ‘Place Matters’ goes some way towards doing this for the region’s strategically significant cities and towns. However, partners felt that there is a need for the South West RDA to be more explicit about those activities which are best delivered regionally, and those activities which are more suitable for local delivery. These decisions ought to be taken in collaboration with local areas in an attempt to reach a consensus about the appropriate spatial scale of delivery.
14. Achieving a dialogue between local, regional and national levels

14.1 The Lyons Review of Local Government assigned Local Authorities the role of ‘place-shaper’, stating that local government must seek to agree with local partners a vision of place, and work together to ensure its effective delivery. The Local Government White Paper (2006) reinforced this message and highlighted LAAs as the critical vehicle through which a place-based delivery plan could be negotiated and delivered. This sense of ‘place’, or ‘local distinctiveness’ as it was described by stakeholders, was agreed as a key ingredient of a good LAA. However, achieving a genuine sense of place in an LAA was felt to be at risk from the number of targets and objectives derived from regional and national level. Stakeholders agreed that there needs to be a balance in LAAs between local priorities (identified from the bottom-up), and national and regional priorities (derived from top-down national or regional policy).

14.2 During discussions with the Regional Scrutiny and Review Panel, the South West RDA expressed enthusiasm for the two-way discussion necessary for the regional and local priorities to inform one another.

Colin Molton:
“One thing is very clear, and that is that it is an absolute win-win situation to have that dialogue, to have the very robust intelligence base,
to have a constructive and realistic dialogue about what we are seeking to achieve, and to try and come cooperatively to the same answer.”

14.3 An open, responsive dialogue will be critical to ensure that there is consistency between LAAs (and MAAs where applicable), existing regional strategies and, ultimately, the future Single Regional Strategy. If the South West RDA is to deliver ‘programme-based’ investments as indicated in SNR, the development of a mutual understanding of strategic and place-based priorities is critical. In part, the Duty to Cooperate in LAA development placed on RDAs by the Local Government and Public Involvement in Health Act (2007) will ensure a minimum level of South West RDA dialogue with localities. All partners should commit to developing a two way dialogue that is as open and full as possible.

14.4 Whilst the SEPs are described by the RDA as their primary route of engagement with localities, the South West RDA also communicate with localities through a variety of other channels including: attendance at LSP meetings; attendance at LAA economic theme sub-group meetings; through the SEP Executives and Chairs forums; and involvement on other economic development officer networking groups.

14.5 The evidence suggests that there is a need for the South West RDA to set out more clearly its key routes of engagement with local areas. In establishing routes of communication in the future, the South West RDA should work within existing economic development networking forums, rather than developing any new networks. This includes the Economic Policy Support Group, which brings together Economic Development Officers from Local Authorities and other organisations, supported by the South West Regional Assembly and South West LGA.

15. **Aligning funding with strategic priorities**

15.1 GOSW, the South West RDA and the South West Regional Assembly currently play an important role in a Regional Funding Allocations process, which covers the RDA single pot, an indicative Regional Housing Pot and an indicative transport allocation which included major local government and Highways Agency Schemes. The SNR proposes to expand this process to cover a wider range of funding relevant to regional economic development, such as the European Regional Development Fund and other aspects of transport and regeneration funding. The Regional Funding Allocations should both take into account and be taken into account in the development of LAAs.
16. Cross-boundary working

16.1 Local Authority leaders are increasingly aware of the need to look beyond their own boundaries to influence the delivery of public services which shape the lives of their citizens. A recognition that economic geography does not necessarily reflect administrative boundaries has meant that in some parts of the South West, Local Authorities have come together at a sub-regional level, with partners, to plan for the future. In some areas, commitment to sub-regional working is reflected by localities coming together to develop an MAA. In other areas, less formal approaches to cross-boundary working have been adopted.

16.2 With its strategic regional perspective, the South West RDA has the potential to facilitate and advise on cross-boundary working between localities. In particular, with the West of England and Dorset, Bournemouth and Poole gearing up to develop MAAs with the economic development theme at their heart, there is a significant opportunity for the South West RDA to offer support to Local Authorities and other partners. Engagement with sub-regional partnerships can also enable the
South West RDA to ensure adequate reflection of RES priorities in cross-boundary agreements. The South West RDA also has the strategic overview necessary to champion and facilitate cross-boundary working in areas that are currently working in isolation but where economic and administrative boundaries are not co-terminous.

16.3 In the future, some areas may seek to develop MAAs which cross regional, as well as sub-regional boundaries. In view of this, the South West RDA must not limit its ambitions to MAAs which fall wholly within the South West. In such cases it will need to work with other RDAs to support the development of MAAs which cross regional boundaries.

16.4 The Local Government White Paper sets out a ‘duty to cooperate’ for local partners, that prescribes minimum engagement from key partners in the development of LAAs. At present, government guidance has not extended this duty to cooperate to partners in areas developing MAAs. Without a prescribed duty to cooperate, the governance and delivery of MAAs is an issue that needs to be considered on an individual agreement basis. Whilst governance arrangements will rightly vary across the region, partners should commit to participate in the development of MAAs as if a duty to cooperate were established.

### Recommendation 6

It is recommended that the South West RDA and its partners support cross-boundary working on economic issues and in particular the development of MAAs where appropriate.

**Actions:**

- The South West RDA and other regional partners should offer additional advice and support for the development of MAAs where appropriate.
- The South West RDA should promote cross-boundary working, where economic geography makes it appropriate, in areas currently working in isolation.
- The South West RDA and other regional partners should participate fully in MAA governance models in the absence of primary legislation for a Duty to Cooperate at sub-regional level.
- CLG should extend the Duty to Cooperate to include instances where Local Authorities have agreed to work collectively at sub-regional or regional levels.
Section 3: Governance and partnership arrangements for LAAs

17. The role of SEPs - funding and responsibilities

17.1 Sub-regional Economic Partnerships are strategic bodies composed of partners from the private, public, voluntary and community sectors. Partners are responsible for taking forward agreed areas of work to develop and improve the economy of their local area.

17.2 Over the last year the South West RDA encouraged sub-regional partners to review the form and function of their sub-regional economic partnerships, with the result that there are now eleven existing or emerging SEPs in the region which correspond to the LAA and MAA boundaries. A matrix which maps LSPs, SEPs and LAAs across the South West region is set out at Appendix C.

17.3 SEPs are cited by the South West RDA as their ‘most significant and consistent link to Local Authorities and partners’ and are intended to ‘represent the economic arms of the region’s county and unitary-level LSPs’. The South West RDA offers approximately £50,000 a year core funding to each of the SEPs. This funding is negotiated on an individual basis with each SEP under, at present, a two-year agreement.

17.4 Partners identified a need for the South West RDA to provide greater clarification as to the responsibilities that it expects SEPs to undertake in the region, and to monitor and evaluate their performance.

Colin Molton:
In terms of what the SEP is charged with doing, clearly we are looking at a very strong evidence base, we are looking at the SEP being the eyes and ears within that particular patch in terms of what is required on economic development, feeding that through into the LSP and influencing the development of the LAA.

17.5 But despite RDA statements on the importance of SEPs in economic development, they are named as a lead partner under only one of the actions identified in the RES delivery plan:

Regional Priority 3C Improve Leadership Influence and Partnership

- Delivery Activity: Encourage an integrated approach to economic development

- Confirmed Actions: Develop the capacity of sub-regional and local partnerships to support the implementation of the RES.

1 South West RDA documents in Regional Workshop pack
17.6 In other regions, far greater responsibility is attributed to sub regional economic partnerships for the delivery of the RES at a local level. All regions are keen for their sub-regional economic partnerships to develop their own local economic strategies, consistent with the RES. However the extent to which the nine RDAs devolve their budgets for delivery at local level varies substantially. The level of delegation to sub-regional partners in the South West is comparatively low, with no direct allocation made to the SEPs for spending on local priorities.

17.7 Attributing a set of clear actions to the South West SEPs in the refreshed RES and future Single Regional Strategy would set clear expectations, raise the profile of the partnerships, and increase their legitimacy in localities.

**Recommendation 7**

<table>
<thead>
<tr>
<th>It is recommended that the South West RDA continues to provide core funding and support for the region’s SEPs and, in doing so, develops a more robust funding agreement with SEPs that clearly sets out its expectations of their role within local areas, especially in relation to the development of LAAs.</th>
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**Actions:**
- The South West RDA should guarantee SEP funding over a 3 year cycle.
- The South West RDA should establish measures to monitor and evaluate SEP performance.
- The South West RDA should attribute specific actions in the refreshed RES/new Single Regional Strategy to the region’s SEPs.

18. **Ensuring SEPs are fit for purpose**

18.1 Evidence from the interviews and regional workshop indicates that the role of SEPs, and their legitimacy, varies substantially across the region. In some areas, for example Gloucestershire, the partnership appears to be working effectively and the SEP is fully embedded within the overarching LSP structure. But in other areas the SEP is yet to develop into a fully operational partnership and the LAA’s economic priorities are determined with little or no input from the SEP.

18.2 Whilst local discretion in determining arrangements is important, there is a need in these areas to build the capacity of the SEP to enable it to feed into the negotiation and agreement of the economic development priorities for the area. A strong, representative SEP is likely to achieve a far higher profile within the broader LSP structure, and thereby better inform the economic elements of the LAA.
18.3 Whilst SEPs should not be viewed as extensions of the RDA, the South West RDA, as a core funder, has an important role to play in ensuring that SEPs are fit for purpose. The South West RDA could offer additional capacity building support and advice to underperforming SEPs. The RDA currently hosts networking forums for both SEP chairs and SEP executive officer. These forums should be used more effectively for sharing good practices relating to SEP structures and processes. In cases where SEP capacity and legitimacy is weak, additional targeted support measures may be required.

**Colin Molton:**
*We want to get involved and fundamentally we must, because we are funding the SEP and it needs to do the things that we are funding it to do. So, from that perspective we need to make sure that it is delivering to agreed objectives.*

18.4 A strong, effective SEP should include appropriate representation from all relevant economic interest groups and sectors. Particular issues arise with engaging representatives from the social enterprise, voluntary and community and private sectors. The benefits of engagement for representatives from these sectors need to be clearly articulated to potential partners. Their involvement should focus on the discussion of economic priorities, rather than the more technical, process driven, elements of LAA development. In particular, the South West RDA could make use of its existing links to the private sector to facilitate appropriate business engagement with SEPs.
19. Economic development within the overarching LSP structure

19.1 In addition to supporting the network of SEPs, the South West RDA also attends wider LSP meetings with a broader view of ‘place’. As a named partner with a ‘duty to cooperate’ in the agreements of LAA targets, the South West RDA has enormous potential to work through LSPs to ensure appropriate weight and treatment is given to sustainable economic development issues within the LAA broader objectives.

Ian Thompson (Area Director, South West RDA):
“Our place at the table of the LSPs is really to show how the economic agenda is part of the overall solution along with a social and environmental balance. What I have noticed at the LSPs meetings I am attending, with health authorities, police and LA also around the table, is that we can talk there as equals amongst public agencies with information, and we start to get the balance right of those social and economic agendas. So certainly our presence at the LSP table helps.”

19.2 Consultation with stakeholders suggests that LSPs often have a very broad agenda which can deter certain key partners – the private sector for example – from getting involved in the LAA development and delivery process. The use of themed partnerships, in particular SEPs, has proved valuable in engaging specific interests and delivering strong LAA themes.
19.3 The diagram below, taken from the CLG publication, *Local Strategic Partnerships – Shaping their Future* (2006), implies the role of an economic partnership as comparable with the role of statutory partnerships such as the Children’s Trust or the Crime and Disorder Reduction Partnership.

19.4 Partnerships relating to economic development are not prescribed at a national level. However, the government guidance on Regional Economic Strategies encourages RDAs to involve Local Authorities and LSPs in determining the strategies and ensuring that their plans and priorities are shared. The guidance states that the development of sub-regional partnerships should be encouraged in all localities, and be built into the role of the LSP.

*Jane Henderson:*
“*One of the issues is the slightly different relationships [SEPs] each have with their respective LSP. From our point of view, the closer or clearer that relationship, the better.*”

19.5 Strengthened central government guidance to LSPs on the role of SEPs may help to reinforce the legitimacy of SEPs. Critically though, SEPs must first be deemed “fit for purpose”, to be embedded within the LSP as the partnership charged with the development and delivery of the economic theme of the LAA. In this sense, recommendation 8 concerning strengthened SEP capacity must be fulfilled before recommendation 9 below can be fully realised.
20. Involvement of elected Members

20.1 A key issue to emerge from the Regional Workshop was that understanding and ‘buy-in’ to LAAs by elected Members is generally fairly limited across the region. The reasons for this lack of Member engagement include the perception that the LAA process is technocratic and officer-dominated, and that the timescales involved give insufficient scope for Member input.

20.2 As the Local Government and Public Involvement in Health Act (2007) makes clear, LAAs will increasingly involve tough choices, balancing national and local priorities within finite resources. There is widespread agreement that the tough decisions involved cannot be made in a political vacuum and that there is a need for political leadership and direction to become more firmly embedded within the governance arrangements for LAAs.

20.3 Additionally, Members from district councils can feel particularly unengaged in the development of county-level LAAs. As the local planning and housing authorities, district councils have an important role to play in economic development and therefore in the economic theme of LAAs. The Local Government and Public Involvement in Health Act (2007) names district councils as partners with a duty to cooperate in LAAs; as a result, district councils will need to engage in the new LAAs and counties will need to ensure their views are considered. This should go some way to overcoming the perceived marginalisation of district councils in the LAA process. In order for district councils to fully contribute to LAA development, it is important that Members have the opportunity to understand and engage with LAAs.

Recommendation 9

It is recommended that all county and unitary LSPs formalise the relationship with their SEP, ensuring that SEPs are afforded a lead role in developing the economic priorities for the LAA.

Actions:

- CLG should strengthen its guidance to LSPs on making full use of their SEPs.
- LSPs and the South West RDA should afford SEPs a formal role in LAA development.
- South West RDA, South West LGA and partners, should support LSP good practice sharing and networking events. This will ensure that best practice governance models for LSPs can be shared, local capacity built and help local and regional strategies (and in turn LAAs) have due regard to one another.
20.4 In due course, elected Members will also play an important role in monitoring the contribution of partners to the delivery of LAAs, with enhanced local scrutiny powers. A focus on local operational matters will clearly need to be complemented by ongoing representative oversight at a regional strategic level.

<table>
<thead>
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<th>Recommendation 10</th>
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<tr>
<td>It is recommended that South West LGA, with Local Authorities, South West RDA and other partners, raise understanding of LAAs, and the importance of the economic development theme, amongst elected Members.</td>
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<tr>
<td>Action:</td>
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<tr>
<td>• The South West LGA, with the South West RDA, should support regular meetings of Economy Portfolio Holders to improve understanding of the LAA process and receive briefings from the South West RDA to increase political ownership of the RES.</td>
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<tr>
<td>• The South West LGA should use the South West E-Bulletin to circulate information about LAAs and LAA events to elected Members. This should include the provision of ‘success stories’ and examples where LAAs have ‘made a difference’ to the local economy.</td>
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<td>• Local Authorities should commit to raising awareness and understanding of LAAs amongst their elected Members.</td>
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21. Involvement of non-elected stakeholders

21.1 The importance of ensuring that local and sub-regional work across the region is complementary and mutually supportive was outlined in the Strong Cities, Strategic Regions chapter of the Local Government White Paper (2006). Developing links between stakeholder input to policy development at local, sub-regional and regional levels is essential if LAA and MAA priorities are to be effectively delivered.

21.2 The West of England Strategic Partnership, for example, brings together Bristol City, South Gloucestershire, North Somerset and Bath and North East Somerset councils with key Social, Economic and Environmental Partners. The partnership will play a crucial role in developing an MAA. Governance arrangements for the development of MAAs will rightly vary but should reflect the need to involve a range of public service providers and other partners.

21.3 The involvement of partners from social, economic and environmental organisations means that a full range of views can be considered at local, sub-regional and regional level. Improving links between stakeholders
working at different geographical levels could play an important role in ensuring complementary policy development, as well as potentially helping inform the development of stakeholder input in the future absence of a Regional Assembly.

<table>
<thead>
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<th>Recommendation 11</th>
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<tr>
<td>It is recommended that improved links are encouraged between stakeholders at local, sub-regional and regional levels.</td>
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**Actions:**
- The South West Regional Assembly secretariat should work with its Social, Economic and Environmental Partners to undertake an audit of the involvement of their constituent organisations, where relevant, in Sub-Regional and Local Strategic Partnerships.
- The South West Regional Assembly secretariat should research the composition of LSPs to inform representative regional stakeholder input to policy in the future.
Section 4: Key challenges for the region

22. Capacity building at local level

22.1 Local Authorities are central to the LAA process. They are tasked with providing the strategic leadership that brings together public sector bodies and local partners to build a vision for their communities. The *Local Government White Paper* (2006) and the SNR (2007) place increased emphasis on Local Authorities as the key drivers of economic development and regeneration in their areas. Under the proposals set out in the SNR, there will be greater delegation of funding, with LAAs forming the key vehicle for the delivery of national and local outcomes at the local level.

22.2 Local partners’ increased role in the delivery of economic objectives will necessitate greater capacity in terms of both skills and resources at the local level. Discussions with stakeholders indicated that Local Authority partners would welcome additional capacity building support from the South West RDA and its regional partners. Partners expressed broad agreement that capacity building activity at the local level would, ultimately, facilitate delegation of funding and lay the foundations for the delivery of agreed economic development objectives in line with the proposals set out in SNR.

22.3 During discussions with the Regional Scrutiny and Review Panel, the South West RDA acknowledged that it will play an active role in bolstering Local Authority capacity, perhaps exploring the arrangement of secondments and staff transfers. Such arrangements will strengthen the capacity of Local Authorities in preparation for their increased economic development responsibilities, and also help to build links between Local Authorities and the South West RDA.

22.4 Other regional bodies also have a role to play in augmenting the level of economic development skills and expertise in the region. Lift South West (Lift SW) is one of nine Regional Improvement and Efficiency Partnerships, established to support Local Authorities in the efficiency and improvement agenda. Lift SW is supported by the South West LGA, with GOSW, the Improvement and Development Agency (IDeA) and the South West Centre of Excellence (SWCoE).

22.5 Lift SW is tasked with developing a Regional Improvement and Efficiency Strategy for the South West. Government funding for improvement and efficiency will be combined in a single stream, expected to be at least £5m per year for the South West, for the period 2008-11. One of the key aims for the Strategy is likely to be provision of support for the operations and outcomes of partnerships and therefore of relevance to both LSPs and LAAs.
Jane Henderson:
“I think we are in a state of exploration with Lift South West, to try to understand its potential to be a support to all local partnerships and LAs on this agenda. My understanding is it comes out of a slightly different sort of agenda, in terms of dealing with other aspects of local government performance, and is now trying to look towards the future in this world of area place-making, and so on, but we are not there yet.”

Recommendation 12

It is recommended that the South West RDA should commit its support to an economic development capacity building programme for Local Authorities and other partners across the South West.

Actions:
- The South West RDA, in collaboration with South West LGA, should commission a capacity needs analysis in collaboration with Local Authority economic development divisions to inform a coordinated approach to capacity building at the local level.
- Where a need has been highlighted, the South West RDA, working with the South West LGA, should jointly commission an appropriate programme of capacity building.
- The South West RDA should explore with Local Authorities the possibility of developing a programme of skilled staff transfer and secondment arrangements to local government.
- The South West RDA should work with South West LGA, and Lift SW, to ensure clarity and complementarity of roles and purposes for Creating Excellence.

23. The evidence base

Jane Henderson:
“We all need common data sets, because you cannot benchmark yourself unless you are counting it the same way. When it comes to interpretation of the data, the data will take you so far, and it will certainly show where you are just dreaming, but there is always room for political and technical discussion about what is the best conclusion to draw from data. I think that is a proper subject of discussion around the partnership table to which we would contribute, but ultimately we

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Creating Excellence is the South West Centre for sustainable communities, dedicated to improving skills and knowledge in the Region. Much of its work is financed by the South West RDA.
would not have any monopoly of wisdom on what the right conclusion is to draw.”

23.1 It is widely agreed that a strong, shared evidence base and robust analysis is critical to the negotiation and delivery of a Local Area Agreement. In addition, a solid evidence base will be essential when Local Authorities come to undertake ‘local economic assessments’ proposed as part of a new statutory economic development duty in the SNR, which will, in turn, inform the development of the forthcoming Single Regional Strategy.

23.2 During evidence gathering, stakeholders highlighted a number of benefits of a robust and consistent evidence base. It can:

- facilitate collective agreement of priorities at the local level;
- facilitate alignment between local priorities and regional level objectives;
- promote confidence amongst partners that that LAA is focused on the right areas;
- facilitate delegation of funding from regional to sub-regional level;
- help localities to tell the story of ‘place’ in their Sustainable Community Strategies, and thereby build ‘local distinctiveness’ into their LAAs.

23.3 The strength of the evidence base in the South West is the subject of mixed views. In some sub-regions there was felt to be a strong evidence base and good local analysis of the key data, but in others there were concerns around the sufficiency of the data and a perceived lack of capacity at the local level to draw out and agree key messages.

23.4 Whilst the South West Observatory was agreed to be a useful resource, partners felt it could potentially play a much larger role in assembling and brokering the regional evidence base.

23.5 Many partners expressed an expectation that the South West RDA, as the leader of regional economic development, should play a lead role in ensuring the development and maintenance of a robust regional evidence base.

Jane Henderson:
“As we move into the SNR world, where everything does need to be linked, we need the Observatory to be seen as a really trusted, authoritative force that everyone can buy into, all LAAs, all local areas. This will be vital to developing the future Single Regional Strategy, as well as LAAs. It may be that at the moment its current federal structure does not bind people in as tightly it might, and that is a question we are asking ourselves in the RDA. We do not know the right answer yet, but we will be commissioning some work to pose the question and come up with some options for how it can be made that collectively owned, and trusted resource.”
23.6 The South West RDA is currently contributing to a piece of work to develop a shared, consistent regional evidence base. In the longer term, it is intended that this work will lay the foundations for preparation of the evidence base for the forthcoming Single Regional Strategy. The work will be carried out by the South West Observatory, led by an Steering Group which will include area representatives from the South West RDA, GOSW and representatives of the region’s Local Intelligence Networks.

23.7 Data alone is not enough to facilitate agreement of aims and objectives across partners locally, and across tiers of government. To be of value, appropriate analysis of the raw data is crucial. Partners felt that the South West RDA could do more to offer expert advice to support local areas to interpret data, and reach consensus as to the key messages.

23.8 During discussions with the Regional Scrutiny and Review Panel, the South West RDA expressed their willingness to provide support to localities to analyse data and draw out the key messages to inform local delivery.

**Ian Thompson:**
“...it is a case of how we interpret, analyse and apply it [information and data] to economic development. I am very interested in how we do that, because ultimately it needs a negotiation at the end of this to agree between us as the RDA and the sub-regional partners, as to what economic development is going to be most effective according to the evidence that we agree on...In terms of Area Team engagement, we certainly feel we have the ability to deal with the, if you like, practical application and negotiation of evidence bases, to put it into projects and activities that will deal with the problems we have got.”

### Recommendation 13

It is recommended that the South West RDA maintains its commitment to driving the development of a consistent and robust evidence base to inform the negotiation and delivery of LAAs and the development of the forthcoming Single Regional Strategy.

**Actions:**
- The South West RDA ensures the involvement of Government Office South West and the Local Intelligence Networks in its work to develop a robust regional evidence base.
- The South West RDA works with the SW Observatory to review the Observatory’s functions and clarify its future role.
- The South West RDA commit to supporting Local Authorities in interpreting and analysing evidence.
### Abbreviations used in the report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CLG</td>
<td>Department for Communities and Local Government</td>
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<tr>
<td>DMO</td>
<td>Destination Management Organisation</td>
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<td>GOSW</td>
<td>Government Office South West</td>
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<tr>
<td>LAA</td>
<td>Local Area Agreement</td>
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<td>LSP</td>
<td>Local Strategic Partnership</td>
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<td>MAA</td>
<td>Multi Area Agreement</td>
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<td>RES</td>
<td>Regional Economic Strategy</td>
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<td>RSS</td>
<td>Regional Spatial Strategy</td>
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<td>SEP</td>
<td>Strategic Economic Partnership</td>
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<td>South West LGA</td>
<td>South West Local Government Association</td>
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<td>South West RDA</td>
<td>South West Regional Development Agency</td>
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<tr>
<td>SNR</td>
<td>Sub National Review of Economic Development and Regeneration</td>
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APPENDIX A

SOUTH WEST REGIONAL ASSEMBLY/
SOUTH WEST OF ENGLAND REGIONAL DEVELOPMENT
AGENCY

TERMS OF REFERENCE

REGIONAL STRATEGIC REVIEW:
THE ECONOMIC DEVELOPMENT AND ENVIRONMENT THEME OF
SOUTH WEST LOCAL AREA AGREEMENTS

PURPOSE OF REGIONAL STRATEGIC REVIEWS

The South West’s Regional Economic Strategy 2003-12 (RES) provides a context for activities in the region to raise productivity, increase economic inclusion and improve communications and partnerships.

Each Regional Strategic Review focuses on the implementation of the Regional Economic Strategy – and in particular seeks to:

- examine how effectively the RES is meeting the region’s economic needs;
- assess the consistency between the RES and other regional strategies;
- assess the contribution of all agencies in making a reality of the region’s strategic objectives; and,
- through bilateral discussions with South West Regional Development Agency (RDA), assess South West RDA’s contribution in ensuring the success of the RES - both as a strategic catalyst and as delivery agent.

Through this process the South West Regional Assembly and South West RDA aim to:

- represent the views of the South West on the region’s needs and assess the response to these needs;
- strengthen the accountability of agencies operating in the region;
- improve regional partnerships and increase consistency amongst regional and sub regional plans and strategies.

OBJECTIVES OF THIS REVIEW

Recognising the strategic objectives outlined in the RES, of raising business productivity, increasing economic inclusion and improving regional communications and partnership, this review will explore the potential for Local Area Agreements (LAAs) and Multi-Area Agreements (MAAs) to provide an
effective delivery framework for the RES at a local level, and examine the roles and capacity of local and regional partners in achieving this.

The review will seek to test the extent to which the following delivery activity, outlined in the RES delivery framework is being met:

- **Encourage an integrated approach to economic development**

The Review will focus specifically on partners’ commitment to:

- **Develop the capacity of sub regional and local partnerships to support the implementation of the RES.**

This review will consider the role and contribution of the South West RDA and its partners in the delivery and progression of this objective. At the outset of this review, the South West RDA is considered to have a distinct and important role, with considerable additional potential to enhance and strengthen local delivery of agreed economic objectives.

A significant number of other local and regional organisations are involved in the development and delivery of the economic development and environment theme of LAAs; therefore the Review will also examine the roles and contributions of other partners including Local Strategic Partnerships (LSPs), Strategic Economic Partnerships (SEPs), Government Office South West (GOSW) and Local Authorities.

**STRATEGIC CONTEXT**

Whilst the RES is the overarching strategy relating to economic development in the South West, there is currently a vast range of strategies relating both to other issues within the region and to specific aspects of economic development. In its investigation of LAAs’ potential to provide a framework for effective delivery of RES priorities at a local level, the review will acknowledge that the RES is not the sole regional strategy to which LAAs refer; in particular, when developing the South West LAAs, regional partners should consider the policies contained in the draft Regional Spatial Strategy (RSS).

In addition, the regional organisational and policy landscape is changing in the light of the Sub National Review of Economic Development and Regeneration (SNR), which sets out arrangements for a Single Regional Strategy combining the current scope of the RES and RSS. The review will need take into account SNR proposals when investigating the capacity for South West Economic Development and Enterprise (ED&E) partners to develop and agree strong LAAs and/or MAAs that reflect regional priorities.

As highlighted above, the implications of SNR will affect the strategic and institutional context of this Review, in particular the proposals relating to the development of a Single Regional Strategy and to increased delegation of RDA funding to the Local Authorities. A series of formal SNR consultation processes from government will be underway during the course of this investigation. This
Review will seek to avoid speculation about the future implementation of SNR proposals. A tripartite (GOSW/Regional Assembly/RDA) group has been established to discuss SNR implementation and explore the implications of SNR on the future functions of local and regional organisations. The Regional Assembly and the South West RDA recognise that they have a mutual responsibility in undertaking the investigation to avoid duplication of the work of the tripartite group and to be consistent with the group’s findings in their contributions to the review.

PROCESS

This Review seeks to inform the approach of local and regional partners as they prepare for the LAA refresh in early 2008. In order to ensure a meaningful input into the LAA refresh, the Review will entail an exploration of the South West RDA’s engagement and contribution to LAAs to date. Building on this understanding, the Review will seek to establish a clear and appropriate set of mutually understood roles and responsibilities in order to strengthen LAAs as the key delivery framework at the local level. The Review will therefore be both forwards and backwards looking in its scope.

Evidence will be gathered through a process of regional consultation which will include workshops, interviews, questionnaires and case studies from within and outside the region.

LINES OF ENQUIRY

The Review will focus on the following lines of enquiry:

1. **Analysis of the role that the South West RDA has played in the development of the region’s LAAs to date**
   - How has the South West RDA contributed and engaged with the delivery and development of the economic elements of the region’s LAAs since their inception?
   - What do stakeholders perceive as the strengths and weaknesses of the RDA’s approach to date?

2. **Analysis of the role(s) of other regional and local partners in the development of LAAs to date**
   - How have regional and local social, economic and environmental partners previously contributed and engaged with the delivery and development of the economic elements of LAAs in the South West since their inception?
   - What do stakeholders perceive as the strengths and weaknesses of the various partners’ approaches to date?
3. What are the roles and potential contributions of different partners to the development and delivery of stronger LAAs and MAAs in terms of ED&E?

a. Role of the South West RDA

- What possible contributions could the South West RDA bring to the development of stronger LAAs & MAAs in the future?

- What role could the South West RDA play in the LAA 2008 refresh process and the future development and delivery of LAAs, and how should this affect how they engage?

- What are the positive and negative implications of increased RDA engagement with the ED&E theme of LAAs?

- If a greater level of engagement from the South West RDA is considered desirable, are there any barriers that would need to be overcome?

b. Role of other partners (specific focus on Strategic Economic Partnerships, GOSW, Local Authorities and Local Strategic Partnerships)

- What possible future contributions could economic partners bring to the development of stronger LAAs & MAAs?

- What roles could they play in the LAA 2008 refresh process and the future development and delivery of LAAs?

- What are the positive and negative implications for economic partners of increased engagement with the ED&E theme of LAAs?

- If a greater level of engagement from partners is considered desirable, are there any barriers that would need to be overcome?

4. To what extent do the region’s LAAs embody and facilitate effective delivery of RES priorities? What is the potential for future South West LAAs to provide an effective delivery mechanism for the Economic Development strand of the proposed Single Regional Strategy?

- Which elements of the RES are deliverable through LAAs and/or MAAs?

- To what extent did partners consider the aims of the RES in the development of the Economic Development and Environment (ED&E) theme of existing LAAs?

- To what extent are the RES aims currently reflected in individual LAAs?
• Across the region, to what extent does the network of LAAs provide a cohesive and consistent platform for facilitating delivery of the RES at the local level?

• What are the potential benefits and drawbacks of increasing the RES/SRS-related content of LAAs and MAAs?

• What is the capacity of South West ED&E partners to develop, agree and deliver LAAs and MAAs with stronger links to the RES/SRS?

• Recognising the shift to a Single Regional Strategy, what are the possible routes towards developing LAAs/MAAs which reflect the aims of regional strategies? What are the potential barriers?

These main lines of enquiry may highlight additional areas for investigation; the terms of reference do not preclude analysis of issues that extend beyond the scope of the questions set out above.

**ACTIONS**

The objectives of the Regional Strategic Review will be achieved through the following actions, undertaken or agreed jointly by South West RDA and South West Regional Assembly.

**Joint Actions**

1. Consulting with key stakeholders through interviews and group discussions.

2. In addition to this joint consultation - a questionnaire will be issued to Assembly Members and key stakeholders as agreed.

3. Holding a regional workshop to focus on key issues and agree areas for further exploration in Bilateral Discussions.

4. Commissioning research, if appropriate, to inform the Regional Strategic Review.

5. Using South West RA and South West RDA websites to publicise the Strategic Review and invite contributions to the research.

6. Working with agreed regional experts in this subject area to identify the policy context, for example, policy teams from the Government Office for the South West or by obtaining independent support from academic experts or consultants.

**Bilateral Actions**
7. The Assembly may seek key information from South West RDA by requesting factual information and responses to written questions – in advance of bilateral discussions.

8. South West RDA/ South West RA bilateral discussions will conclude the process.

**PROTOCOL**

The terms of reference will be approved by the South West Regional Assembly Scrutiny Panel and the two lead South West RDA Executive Directors.

The South West Regional Assembly Scrutiny Panel and South West RDA will jointly agree what information can be provided by South West RDA, and which South West RDA contacts will be consulted.

The Assembly will share its plans for the collation of regional evidence with South West RDA and provide copies of any analysis to South West RDA.

Assembly Members will withdraw from the Scrutiny Panel when considering an issue in which they have a specific interest i.e. a conflict may arise where a Member is particularly affected by the outcome of an issue.

In accordance with the aim to strengthen regional accountability, scrutiny panel meetings and bilateral discussions will be held in public.
### DRAFT TIMETABLE

<table>
<thead>
<tr>
<th>August to Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec/Jan</th>
<th>Jan</th>
<th>Feb</th>
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<tbody>
<tr>
<td>Initial scoping work with SWRDA and GO. Develop and agree ToR</td>
<td>Evidence gathering SWRDA to come to Panel meeting (19th Sept)</td>
<td>Regional Workshop (9th Oct) Discussions with stakeholders</td>
<td>Bilateral Discussion (13th Nov)</td>
<td>Scrutiny Panel finalises report</td>
<td>Report sent to RDA and other bodies</td>
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</table>

A full report from the Scrutiny Panel, including detailed recommendations, will be published in January 2008. This will be presented to South West RDA, GOSW, DCLG Ministers and the Minister for the South West and circulated widely.

South West RDA will be invited to respond in writing to the South West Regional Assembly in an outline action plan within six weeks of receipt of the final report.

The tight timescale of this review has been informed by the need to tie in with the 2008 refresh of LAAs, which are due for Ministerial sign-off in June 2008. The timetable for the refresh process is set out below:

#### 2007

**May:** LAs and LSPs agreeing scope and coverage of Sustainable Community Strategy targets and discussing any changes required to governance and capacity building in the partnership; continued feasibility testing.

**June:** Round 1 and 2 LAAs submit performance review self-assessments and transition plans I ready for discussion with GOs; recommendations of feasibility testing;

**July:** Government Offices Round discuss performance and transition plans with Round1 and 2 LAAs and agree scale and pace of implementation of Sustainable Community Strategy targets; round 3s meet with GOs to discuss transition planning and pace of implementation of Sustainable Community Strategy targets.

**Sept:** Report on feasibility testing results.

**Oct/Nov:** Possible completion of national indicator set and guidance package. Regional roadshows to discuss implementation arrangements. All LAs consulting on Sustainable Community
Strategy targets, preparing material for discussion of new LAAs with Government Offices.

Dec: All LAs consulting on new LAA outcomes frameworks, funding plans and performance arrangements; Government Offices and central departments review of proposed priorities.

2008

Jan: Negotiation of priorities based on departmental and GO discussions and LA/LSP consultations.

Feb: LAs submit revised outcomes framework to Government Offices.

March: Continuing negotiation of priorities based on departmental and GO discussions and LA/LSP consultations;

April: LAs submit revised outcomes framework to Government Offices which will include proposed improvement targets.

May: Continuing negotiation of improvement targets based on departmental and GO discussions and LA/LSP consultations

June: GO Regional Directors make recommendations to central government; Ministerial Sign off.
APPENDIX B

CONTRIBUTIONS TO THE REVIEW

During the course of the review, Members of the Scrutiny Panel received information from the following organisations:

Borough of Poole
Business West
Cornwall and Isles of Scilly Economic Forum
Creating Excellence
Devon County Council
Government Office South West
Gloucestershire First
Great Western Enterprise Ltd
Somerset Strategic Partnership
Somerset County Council
South West Regional Development Agency
West of England Strategic Economic Partnership
Wiltshire County Council
Wiltshire Strategic Economic Partnership
## Local Partnerships Matrix – LSPs, SEPs, LAAs, & Growth Areas

<table>
<thead>
<tr>
<th>Area</th>
<th>Top Tier Local Strategic Partnerships x 15</th>
<th>Strategic Economic Partnerships x 11</th>
<th>Local Area Agreements (LAAs) x 15 (will be 17)</th>
<th>LAA Phase</th>
<th>Multi-Area Agreements (MAAs)</th>
<th>Growth Areas x 8</th>
<th>Growth Points</th>
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<td>• Dorset Strategic Partnership</td>
<td>• Dorset Economic Group</td>
<td>• Dorset</td>
<td>2005 = Phase 1 Rural pathfinder</td>
<td>Bournemouth, Dorset &amp; Poole</td>
<td>• Bournemout h &amp; Poole</td>
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<td></td>
<td>• The Bournemouth Partnership</td>
<td>• Bournemouth &amp; Poole Economic Partnership</td>
<td>• Bournemouth</td>
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<td></td>
<td>• The Poole Partnership</td>
<td>• Poole</td>
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<td>2006 = Phase 2</td>
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<td></td>
<td>• Exeter* ?</td>
<td>• Exeter*</td>
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<td>2005 = Phase 1</td>
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<tr>
<td></td>
<td>• Plymouth 2020</td>
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<td>• South Gloucestershire</td>
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<td>• The Bristol Partnership</td>
<td>• BANES</td>
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<td>• Bristol city region</td>
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<td>• Bath &amp; NE Somerset</td>
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