

WYRE FOREST DISTRICT COUNCIL

CABINET
20th APRIL 2010

Economic Regeneration & Development in North Worcestershire

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Economic Success Shared by All
CORPORATE PLAN AIM:	District Wide Regeneration
CABINET MEMBER:	Councillor S J Clee
DIRECTOR:	Mike Parker, Director of Planning & Regulatory Services
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APPENDICES:	Appendix 1 Review of Regeneration & Economic Development Strategy & Arrangements by Inspira Consulting Ltd on behalf of Bromsgrove, Redditch and Wyre Forest District Councils <i>The appendix to this report has been circulated electronically and a public inspection copy is available on request. (See front cover for details.)</i>

1. PURPOSE OF REPORT

- 1.1 To consider a report by Inspira Consulting Ltd on the way forward for the development of an Economic Regeneration & Development Strategy for North Worcestershire, covering the District Councils of Bromsgrove, Redditch and Wyre Forest and to agree the recommendations contained within the report. To consider models for joint working that are contained within the report and to agree to commence the process of integrating the three district economic development teams.

2. RECOMMENDATION

The Cabinet is asked to **RECOMMEND** to Council that:

- 2.1 The four principal recommendations from the Inspira report 'Review of Economic Regeneration & Development – Strategy & Arrangements' be agreed.
- 2.2 Wyre Forest District Council host the single North Worcestershire Economic Regeneration & Development Team and delegate authority to the Chief Executive & Director of Planning & Regulatory Services in consultation with the Director of Resources and Director of Legal and Corporate Services to progress to implementation, in conjunction with Redditch Borough and Bromsgrove District Councils, to take effect from 1st October 2010 or such other date as may be agreed by the three Councils.

- 2.3 **An Implementation Plan be agreed between the three Councils to effect the implementation of the joint service. Such Implementation Plan to be agreed with the Cabinet Member for Planning & Economic Regeneration. The Implementation Plan to deal with those matters set out in paragraph 4.26 of this report.**
- 2.4 **The Chief Executive be given delegated authority to undertake any necessary action relating to employee and union matters regarding the TUPE transfer of staff from Redditch Borough and Bromsgrove District Councils to Wyre Forest, including any temporary arrangements under s113 of the Local Government Act 1972; and, in conjunction with the Director of Planning & Regulatory Services, to make any necessary residual staffing arrangements in relation to the Planning Policy team within the Council.**
- 2.5 **The Director of Planning & Regulatory Services progress the preparation of a North Worcestershire Economic Regeneration & Development Strategy with a view to its adoption by Cabinet and Council at future meetings.**

3. BACKGROUND

- 3.1 In early 2009, officers for the three North Worcestershire district councils of Bromsgrove, Redditch and Wyre Forest undertook some initial discussions to explore the benefits of working more closely on the delivery of economic development and regeneration functions which spanned administrative boundaries across the North Worcestershire area. It is important to note that this was not undertaken as an opportunity to reduce costs but rather recognition that joint working could offer operational advantages to all three districts and enable them to better respond collectively to the changing national and regional agendas for the delivery of economic development and regeneration in the future by giving them a more powerful collective voice.
- 3.2 The outcome of the initial officer discussions was that there were potential benefits in a more collaborative approach between the three authorities and this was supported by the respective Chief Executives and Cabinet Members.
- 3.3 Consequently in November 2009 the three Councils commissioned Inspira Consulting Ltd, who were already commissioned by Worcestershire County Council to assist them with a review of economic development arrangements, to undertake a review of the potential benefits of a North Worcestershire Economic Development Strategy and to advise on models for joint working.
- 3.4 Inspira is an independent local regeneration consultancy run by a group of professionals with expertise in economic development, employment and skills, working together with the vision of helping improve performance in the public and not-for-profit sectors.
- 3.5 Inspira completed their report in March 2010 which is attached at Appendix 1. The recommendations contained in the report are discussed further below.

4. KEY ISSUES

NATIONAL & REGIONAL CONTEXT

- 4.1 The strategic and operational landscape within which the economic development and regeneration activities are delivered by the district councils is currently in a process of change. It is important to consider how any North Worcestershire joint initiative will fit within this new context.
- 4.2 The Local Democracy, Economic Development & Construction Act 2009 will streamline the regional tier of government and give the Regional Development Agency (RDA) greater responsibility, principally through the delivery of a single Regional Strategy (RS). The Act sees the transfer of the responsibilities of the Regional Assemblies to the RDAs who will become known as the Responsible Regional Authorities (RRA) from 1st April 2010 with the West Midlands Regional Assembly becoming the West Midlands Leaders' Board.
- 4.3 The RS will bring together the Regional Spatial Strategy, Regional Economic Strategy and Regional Housing Strategy in one comprehensive strategy. This will ensure a joined up approach to local economic, housing, planning, transport and sustainability priorities. As the RDA's become the new strategic body as the RRA, it can be anticipated that they will look to delegate an increasing amount of funding to those best placed to deliver economic improvements within the framework of the RS. A North Worcestershire approach would become obviously advantageous under those circumstances.
- 4.4 In support of the regional governance changes, the new Joint Strategy & Investment Board (JSIB) has been established in the West Midlands, through the West Midlands Leaders' Board, where all Councils Leaders are represented. The JSIB also comprises representatives of stakeholder partners, including the Regional Development Agency, and will become the key decision making body for signing off key strategic regional priorities, such as the strategic priorities for the Regional Funding Advice (RFA).
- 4.5 The Shadow JSIB has established five sub regions across the West Midlands region for the purposes of its functions. Worcestershire, significantly, is defined as one of the five sub regions. Apart from Birmingham, in all other cases the sub regions comprise more than one county or unitary Council.
- 4.6 This decision by the JSIB is also important because it aligns directly with the Homes & Community Agency's (HCA) Single Conversation geographic area which is also to be county wide in Worcestershire. It is advantageous that these two areas are coterminous as it will enable the smooth transition of priorities identified through the Single Conversation to the JSIB to be considered at the Regional Strategy and Funding Advice levels.
- 4.7 As well as agreeing the Single Conversation as a Worcestershire wide strategic approach with the HCA, it was also agreed that Local Investment Plans (LIPs) would be prepared for the north and south of the County (it is intended that LIPs will be agreed with the HCA by March 2011). A North Worcestershire approach to economic development and regeneration will thus be coterminous with the North Worcestershire LIP.

- 4.8 A North Worcestershire approach will also be advantageous in the context of supporting the delivery of the new Housing Strategy which is to be proposed as a countywide document for the first time. Further, it will also add value to the County Council's development of the Local Transport Plan 3 (LTP3) and any adoption of the Community Infrastructure Levy (CIL) across the County, which also comes into effect on 1st April 2010 for authorities to pursue.
- 4.9 The HCA are also currently advocating the concepts of 'Total Place' and 'Total Capital' which are 'whole area' approaches to public services with the aim of maximising efficiencies through the alignment of spend to enable better services at less cost and again the North Worcestershire geographic area would enable all three authorities to take greater advantage of promoting their priorities under these themes.

THE INSPIRA REPORT

- 4.10 The essential objectives of the Inspira commission which was undertaken between November 2009 and February 2010, was to consider the following:
- Are there enough common elements between the economic base and the economic development needs of the three authorities to justify a joint approach to economic development?
 - Is there support for this idea amongst stakeholders and businesses?
 - If the answer to the above is 'yes', what would be the features of a North Worcestershire Strategy and how would the individual distinctiveness of the three districts be maintained as part of that?
 - If there is justification for a joint approach, how would this be delivered and what are the models of practical working arrangements?
- 4.11 In considering these points, Inspira were also mindful that joint working between Bromsgrove and Redditch is already well advanced and consequently how would Wyre Forest fit within those existing proposals. Further, they recognised the benefits of joint working over and above the delivery of a strategy. They also recognised that as an entity North Worcestershire does not exist and, therefore, this whole concept of the geographical location needed testing amongst stakeholders. In all of this work, Inspira were mindful of the fact that restructuring is disruptive, often expensive and difficult to reverse and, therefore, any proposals for joint working should not be undertaken lightly and the longer term benefits must outweigh the short term disadvantages.
- 4.12 The development of an Economic Regeneration & Development Strategy (ERDS) recognises that what is under consideration here is the redevelopment of physical assets to strengthen the economy (regeneration), as well as the delivery of services to businesses (economic development). Inspira's view was that both elements are implicit in North Worcestershire's needs.
- 4.13 The Inspira report is attached as an Appendix to this report. The Executive Summary at the beginning of the report sets out how the commission was undertaken and what the findings are.
- 4.14 Having considered the strengths and weaknesses of each authority and the benefits and disbenefits of the joint working approach, Inspira considered that, *"although the strategic justification for joint working is not, in our view, massively strong, it is*

adequate. In our minds, however, the rationale for joint working is easily substantiated by the benefits that accrue from making much better use of the limited resources of each District”.

- 4.15 Inspira concluded that North Worcestershire as a geographic context was recognisable locally and to stakeholders and that it was given credence by other public sector bodies that recognised that geography, e.g. West Mercia Police (North Worcestershire Division). There is a distinctiveness in character between north and south Worcestershire that provides a framework to develop a North Worcestershire economic identity.
- 4.16 In considering the relative strengths and relationships between the three districts, Inspira considered four cross cutting themes:
- Theme 1 – healthy & relevant business base
 - Theme 2 – sustainable communities and inclusion
 - Theme 3 – North Worcestershire as a place to live
 - Theme 4 – North Worcestershire as a commuter zone

This revealed complex inter-relationships that exist between two or all of the districts, but also that there is some local distinctiveness in each district that ought not to be lost in the concept of North Worcestershire as a geographic location.

- 4.17 Extensive consultation was undertaken with over 80 consultees invited to comment on the North Worcestershire and joint working concepts. There was overwhelming support for collaboration as consultees felt that it will assist in clarifying the priorities for the County as a whole. The potential for infrastructure (road) improvements was also a key factor, with Wyre Forest seen as particularly disadvantaged by current access and congestion issues. There was also an important message about the need for economic regeneration and development to be seen in a more holistic way with inter-related functions, such as planning and development control, supporting the delivery of strategic aims.
- 4.18 The Inspira report makes four distinct recommendations to the three districts as a positive way forward:
- i. *Recommendation 1* – a shared Economic Regeneration & Development Strategy
 - ii. *Recommendation 2* – teams of all three District Councils be merged to form a single service for North Worcestershire
 - iii. *Recommendation 3* – in time, a fully integrated Housing, Transport, Economic Regeneration & Development Strategy for North Worcestershire
 - iv. *Recommendation 4* – a full, collective role in County structures that shape economic strategy – Members equipped and willing to represent the interests of North Worcestershire, not just their own District.

- 4.19 *Recommendation 1* – Inspira recommend the preparation of a shared economic & regeneration strategy for North Worcestershire. In order to maintain a strategic fit, it is recommended that the outline structure of the strategy follows the structure of the West Midlands Regional Economic Strategy (RES), i.e. Business, People, Place &

Voice. It is suggested that the strategy concentrate on a realistic timeframe of five years, but with recognition and a 'mapping route' to those (especially infrastructure) projects that will inevitably take longer to achieve. An Action Plan should be developed which covers the same five year period but with a more detailed focus on the first three years, updated annually and reviewed in detail every three years. Periodic consultation is also suggested. It is important that the strategy achieves a balance between infrastructure, economic development and regeneration measures. Inspira's strong advice is that the strategy be restricted to a manageable set of objectives, supported by the action plan and with deliverable timescales.

- 4.20 *Recommendation 2* – the delivery of the strategy requires strong leadership from both senior officers and Members. There is sufficient justification to collaborate on a North Worcestershire strategy but, merging the regeneration and economic development teams of the three districts enables other benefits at the micro level. Duplication of effort around business support, events and representation at regional and national government for instance, are readily achievable. A new joined up approach would enable resources to be focused on a few key activities to really make a difference. The ability to articulate the North Worcestershire priorities within the national and regional context described earlier and fewer resources as a consequence, is vital.

A true merger of the teams means budgets and staff and this depends heavily in a cultural shift for officers and Members alike, away from the traditional administrative boundaries. However, there is evidence that this strategic thinking is already underway; the Worcestershire Enhanced Two Tier programme and the merging of Bromsgrove and Redditch functions is testament to this culture shift.

The report also highlights some of the potential disadvantages of this collaborative approach:

- Loss of local distinctiveness
 - Perception that 'regionalisation' of services makes them more remote
 - Perception that this is another exercise in service cuts, whereas, in reality, the economic development and regeneration functions are already generally under resourced and, in fact require more, not less, resources,.
 - Striking the right balance between 'need' and 'opportunity' across the district.
 - Wholesale change can often result in a deterioration of service provision.
 - The need to ensure fair and transparent procedures for securing and allocating resources and formal lines of accountability for decision making and performance reporting.
- 4.21 In order to achieve the merger of the teams, Inspira recommend a single Head of Service for Economic Development & Regeneration who would be a senior manager with cross district responsibility. He or she will need to bring a combination of experiences and expertise that creates a credibility with internal planning colleagues and with the private sector.

Under the Head of Service would be a single integrated team of staff, re-organised to a new structure and operating within the local authorities (as opposed to an arms' length company). It is recommended that this be managed by a suitable authority through a Service Level Agreement (SLA) with the other two districts and with appropriately devolved budgets and a clear articulation of the service to be provided and the performance standards expected.

Subject to formal Member endorsement, it has been agreed that Wyre Forest District Council will be the lead authority.

- 4.22 *Recommendation 3* – it is logical that, in time, the North Worcestershire Regeneration & Economic Development Strategy be integrated with housing and transport delivery. This will then mirror the RS and have compatibility going forward for the HCA Single Conversation and LIP. It will assist the delivery of the County Housing Strategy and with preparation of the LTP and other infrastructure related strategies e.g. RFA.
- 4.23 *Recommendation 4* – as discussed above, the success of the collaborative approach relies on the willingness of Members to follow the cultural shift and represent the interests of the wider North Worcestershire area and not just the individual districts.
- 4.24 In order to move the process forward to enable the merger of the teams and the preparation of the Strategy, Inspira recommend the prompt approval by all three districts and the preparation of a joint implementation plan to ensure the necessary actions take place concurrently across all three authorities. For those staff affected by the proposal, this speedy implementation will minimise uncertainty. As part of the implementation plan, a risk analysis needs to be undertaken. It will also be important to keep stakeholders and customers informed of progress and, to this end, a communications plan to accompany the implementation plan should also be prepared.
- 4.25 The proposed governance arrangements will be particularly important to Members of the three councils. The definitive details of these arrangements will be agreed as part of the Implementation Plan, but it is recognised that they must reflect the need to collectively support a North Worcestershire strategic approach as well as enabling local distinctiveness within the areas. The model proposed will be based on a service level agreement approach between Wyre Forest as the lead authority and Redditch and Bromsgrove Councils, overseen by senior officer and Member leads for the respective councils.

IMPLEMENTATION

- 4.26 The proposed Implementation Plan which will need to be agreed by all three authorities will set out the progress to implement the proposed changes to facilitate the necessary changes to take effect from 1st October 2010, as well as establishing operating arrangements thereafter.
- 4.27 The Implementation Plan will include the following:
- Financial business case
 - Risk Analysis
 - Service Level Agreement
 - Governance
 - Performance Management
 - Communications
 - Structure, inc posts, gradings, and other HR issues

STAFF IMPLICATIONS

- 4.28 The current posts and their broad responsibilities within the three authorities at present are set out in paragraph 6.1 of the Inspira report.

- 4.29 It is proposed that Wyre Forest act as host authority for the North Worcestershire Regeneration & Economic Development teams and, therefore it is intended that all the staff within the Redditch and Bromsgrove teams would be employed by Wyre Forest District Council and that TUPE Transfers will take place. Full and proper consultation to facilitate that will be carried out at the appropriate time in consultation with the Unions and HR teams. Those staff within the three teams are already aware of the Inspira report and recommendations and have been consulted as part of the process by Inspira.
- 4.30 It is intended that staff will be proactively involved in the preparation of and in undertaking the actions developed within the Implementation Plan and it may be appropriate and desirable in some cases to consider secondments prior to TUPE transfer under s113 of the Local Government Act 1972.
- 4.31 When the structure for the new team is agreed, it is proposed that the assimilation process for the WETT Regulatory Services, Internal Audit and Property transfers is adopted for the purposes of this proposal.
- 4.32 As the planning policy and regeneration/economic development teams are currently combined at Wyre Forest into one unified team under a single manager, the potential residual impact on the planning policy team will need to be considered as part of this proposal and the Director of Planning & Regulatory Services may need to consider localised restructuring within that team to ensure that it continues to function discretely within the Directorate.

5. FINANCIAL IMPLICATIONS

- 5.1 The proposed Implementation Plan will include the financial business case and detail financial arrangements to enable to the joint working to operate from the 1st October 2010. This will include consideration of the merger of budgets and staff to deliver a strategic service across the three districts with this Council being the lead authority.
- 5.2 In accordance with paragraph 3.1, it is important to note that the objective of this proposal is to facilitate significant operational advantages of joint working to all three authorities, rather than to reduce costs; this will be set-out in the detailed business case and progressed by officers under the delegation sought in recommendation 2.2 of this report.
- 5.3 Wyre Forest currently spends just over £315k per annum in total on its regeneration and economic development activities (including indirect costs) with elements of external funding such as Local Authority Business Growth Incentive (LABGI) monies. The proposal to join the North Worcestershire teams will be reflected in the revised budget, for 2010/2011 based on the business case.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 As a local authority the Council has the power to provide services for other local authorities under the provisions of the Local Authorities (Goods and Services) Act 1970. Service Level Agreements will need to be prepared and entered by both Redditch and Bromsgrove with Wyre Forest as the service provider. This arrangement is different to the previously agreed WETT Regulatory Services model

where a joint committee was established and functions were delegated to that committee.

- 6.2 The functions in question are executive functions and it is, therefore, normally a matter for the Cabinet to decide how they are discharged. However, following discussions between the Leader of the Council and Group Leaders it has been decided to bring this matter before Council. As part of the policy framework, the proposed joint strategy document would be approved by Cabinet and Council.
- 6.3 As detailed in the report there are HR issues involving staff from Bromsgrove and Redditch transferring to Wyre Forest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. The contracts of employment of the individual staff members will transfer to Wyre Forest District Council.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 An equality impact screening assessment has been completed and indicates that the impact of the proposal will be neutral across all groups. There will be a positive impact on our areas of highest deprivation from the additional benefits of improved economic wellbeing brought about by the collective actions across the north Worcestershire area.

8. RISK MANAGEMENT

- 8.1 There are potential risks associated with developing a joint approach to economic regeneration and development and these are set out in paragraph 4.20 above; as part of the Implementation plan a Risk Analysis will be undertaken that deals with all of the identified risks.
- 8.2 At a more strategic level, the Council runs the risk that it fails to influence the national and regional agendas set out earlier in this report and therefore is disadvantaged in securing the potential economic and regeneration benefits for the local area. This risk is reduced by promoting the collective 'powerful voice' across the North Worcestershire area.

9. CONCLUSION

- 9.1 Inspira Consulting have been commissioned by the three North Worcestershire district authorities of Bromsgrove, Redditch and Wyre Forest to undertake a Review of Economic Regeneration & Development Strategy and Arrangements for North Worcestershire. This work was undertaken between November 2009 and February 2010.
- 9.2 Inspira considered the concept of North Worcestershire as a geographic area and tested with external stakeholders and customer the benefits of the Councils collaborating at this level. In so doing, Inspira also considered the strength of each of the three areas and the benefits that would accrue at the macro and the micro level for all of the authorities.

- 9.3 Inspira make 4 discrete recommendations which effectively support the development for a North Worcestershire Regeneration & Economic Development Strategy that, in time, integrates with housing and transportation policy. The delivery of this strategy is supported by merging the three economic regeneration and development teams across the districts into a single integrated team that Wyre Forest have offered to host. In order for this to work effectively, it requires senior officer and Member leadership to achieve the potential benefits on offer.

10. CONSULTEES

- 10.1 CMT
Leader of the Council

11. BACKGROUND PAPERS

- 11.1 A Review of Economic Regeneration & Development Strategy and Arrangements for Bromsgrove District, Redditch Borough and Wyre Forest District Councils conducted by Inspira Consulting Ltd – Final Report March 2010.