AGENDA ITEM NO. 5

West of England Partnership
Joint Scrutiny Committee
7 November 2008

Regional investment planning and prioritisation in conjunction with the Regional Development Agency, Homes and Communities Agency and Regional Assembly

Purpose of report

1. To inform Scrutiny members of the regional and sub-regional arrangements for this work.

   To prepare to offer views on proposals, when the process allows.

Background

2. The Sub-National Review sets the broad context for the processes for investment planning in England. It aims to promote economic development and regeneration through its review of regional structures and through an increased focus of responsibility at regional level in particular with the South West Regional Development Agency (SWRDA) and the Homes and Communities Agency, supported by a greater emphasis on joint planning with sub-regions. It has introduced the requirement for Local Economic Assessments, which can be carried out at a sub-regional level, as is intended in the West of England. The government's final report on how the Sub-National Review is to be taken forward is expected 'imminently'.

3. The Review is complemented by the government's National Regeneration Framework *Transforming places; changing lives*, which is currently being consulted upon. This proposes that regeneration investment is assessed according to four criteria:

   - the level of deprivation;
   - the strength of the wider sub-regional economy;
   - the economic and social characteristics of the area; and
   - the dynamics of the area (whether it's getting better or worse).

4. There are currently four parallel processes underway in relation to the provision of investment to deliver infrastructure:

   i. Regional Funding Advice: Transport (reported elsewhere on the agenda)
   ii. Regional Funding Advice: Economic development, housing and regeneration and post 16 skills
   iii. Growth Fund – Department of Communities and Local Government (DCLG)/Homes and Communities Agency
   iv. 'Single Conversation' – Homes and Communities Agency.

   This report covers the processes of ii. and iv. A Growth Fund submission (iii above) was made to DCLG on 1 October. This aimed at securing confirmation of the

indicative allocation made to the sub-region in December 2007 (£15.5m for the next two years) and accessing any additional funding which may be available.

5. The Regional Funding Advice process, focusing on economic development, housing and regeneration and post 16 skills, is being co-ordinated by SWRDA.

6. The Homes and Communities Agency is the new housing and regeneration agency for England. It brings together functions including those of English Partnerships, the investment functions of the Housing Corporation, and housing and regeneration programmes delivered by Communities and Local Government. Nationally it has an annual budget of over £5 billion. It will operate from 1 December, be responsible for the 'Single Conversation' and will take over responsibility for the Growth Fund from DCLG.

Regional Funding Advice

7. Guidance to regional bodies on preparing Regional Funding Advice (RFA) was issued by the government in July and a letter was sent from SWRDA to local authorities on 23 October requesting responses by 21 November. This requests information on how resources relating to housing and regeneration, economic development and skills can be deployed in an integrated way to support sustained economic growth. It also needs to include how the transport schemes already submitted can integrate with this wider investment. SWRDA further requests that, to reflect the framework provided by the Multi-Area Agreement, a sub-regional response is submitted to reflect the integration already being achieved.

8. The supporting information provided identifies the following likely policy priorities for the South West:

- how the region can contribute, add value and incorporate innovation to National Public Service Agreement targets;
- delivering the priorities in the regional strategies (Regional Economic Strategy and emerging Regional Spatial Strategy), with a primary focus on economic growth and housing growth within sustainable communities. Setting out a clear place based story i.e. how priorities benefit the places facing the largest economic and housing challenges;
- understanding the criticality of projects to delivery and ensuring integration of investment decisions, with a focus on priority outcomes and considering the relevant funding streams beyond the scope of RFA;
- ensuring stakeholder engagement and buy in.

9. The submission should be a maximum of 20 pages. A key focus for the development of the advice is to show how different funding streams can be aligned and/or integrated to ensure faster or better delivery of activities that will support sustainable economic growth. The main issues that need to be covered in the submission are:

- Confirmation that the priority outcomes support economic growth in the sub-region
- Identification of key barriers to delivery
- Identification of possible/innovative solutions to delivery

- Identification of a ‘package’ of priority investments (across the funding streams covered by RFA) that will best support the delivery of the outcomes.

10. The submission requirements and guidance in relation to the specific aspects are appended. Clearly the timescale does not allow for the normal processes involved in putting a joint bid together.

Regional Funding Advice: Next steps

11. The next step is meetings with strategic areas during November to January. There will also be input from regional groups and meetings during this period.

12. SWRDA is required, having considered responses from sub-regions/local authorities, to prepare its advice from the region for submission to the government. This should include a short evidence base and details of programmes of investment. The complete document must be no longer than 35 pages.

13. The advice will assist the government in developing policy and in making public spending decisions which impact directly on the regions. It will also inform the following central government decision areas:

Transport

- Local Authority and Highways Agency regional major transport schemes – proposals as to which schemes should receive funding; and
- For local transport block funding (post 2010-11) – proposals as to the relative size and distribution of these budgets (including the proportions of funding to be allocated between blocks and major schemes)

Housing and regeneration

- Advice on these funds, which will mainly be transferred to the Homes and Communities Agency (HCA), will inform decisions on the distribution of resources between:
    - Regional Housing Pot;
    - English Partnerships Funding;
    - Housing Market Renewal pathfinder;
    - Growth Funds; and
    - Thames Gateway funding

Economic Development

- For the RDA single budget (post 2010-11) – what regional priorities are within this funding stream; and
- For ERDF – what regional priorities are within this funding stream

Skills

- Advice will help to inform the work that the Regional Skills Partnership and the Learning and Skills Council do at a regional level, although skills funding is not included in the RFA funding envelope.

‘Single Conversation’

14. The new Homes and Communities Agency (H&CA) has announced that it intends to work through a ‘single conversation’ with local authorities to cover all matters relating to housing and regeneration. The aim of the single conversation is to take a more integrated approach to strategy, capacity, investment and delivery.

15. Colin Molton, the South West Regional Director (Designate), has already indicated that he expects to work on a sub-regional basis with the West of England, and to build on the work already undertaken, including the West of England Vision. The single conversation will engage all relevant partners taking part in the same process, from government and the local area. It will involve other government agencies such as the Highways Agency, something welcomed by the West of England Partnership.

16. The initial focus would be on investment planning through the agreement of a Local Investment Plan, a shared investment strategy planned on a long term basis. The Local Investment Plan would need to be flexible, to allow for changing circumstances, and would include both spatial and area priorities (eg on issues such as affordable housing).

17. It was envisaged that initially the Local Investment Plan would be narrowly focused, but that in the future it could broaden out to include other elements, eg skills. Colin Molton has indicated that this new process should not hold up work already in process, including both projects at a local level and activities of the Partnership, such as the establishment of a delivery vehicle.

18. There will also be an opportunity to consider the capacity of the sub-region to deliver, and the H&CA will have resources to build capacity where necessary.

Linkages

19. The single conversation will take place in the context of the national objectives for the H&CA and for the region, including the Regional Funding Advice.

20. Within the sub-region the emerging MAA should, through for example the strengthened governance being established by the Partnership, provide the framework for prioritising the investment needed in the sub-region, engaging with the government agencies to get the necessary investment and delivering to plan. The MAA should include government commitments to support these processes.

Recommendation
That members note the report and give their views.

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Regional Funding Advice
South West Submission Requirements

1. Provide a summary of the key objectives and outcomes that have been identified in your area to deliver sustainable economic growth.
2. Summarise how these objectives contribute to regional objectives and national PSAs related to economic development?
3. What are the main barriers to successful delivery of these objectives and outcomes?
4. Are there innovative approaches to delivery that would help overcome the barriers? (e.g. expansion to Regional Infrastructure Fund)
5. Thinking across the themes, please identify a 'package' of priority investments that would contribute to delivering the outcomes identified above. (Please include any evidence for this choice). For the package of investments, Authorities are asked to set out an overall estimate of cost with a time profile on an annual basis, the expected contribution from the private sector (s.106 or Community Infrastructure Levy included), other expected public sector contributions, together with evidence of how these have been calculated. Identify specific schemes if known, or outcomes sought if not. Authorities should demonstrate how activities relate to and support each other, so for example, how does a specific transport scheme contribute to delivery of housing growth which may be supported by investment from the 'housing block'. Authorities are asked to set out how these priorities would contribute to existing regional strategies including the draft RSS and the RES. Authorities should set out how they contribute to priorities within the RDAs Corporate Plan 2008-11.

Annex 1: Guidance to Local Authorities in respect of the elements of RFA2
Economic development This block is focused on how the RDA Corporate Plan and European Regional Development Fund could be prioritised/aligned. [include reference]
1. What are the most important objectives / actions from the RDA Corporate Plan that should be prioritised: a) At regional level? b) Within your sub-region?
2. Where are there opportunities for getting better alignment with other blocks?

3. Outside of the RFA funding blocks, what other funding streams (private and public) can be aligned /influenced in respect of economic development?
Transport This block is focused upon delivering the wider policies in the RSS/RES, including supporting economic growth at the SSCTs and taking forward improved connectivity by ensuring the resilience and reliability of the strategic road network. Information on major scheme transport projects (over £5m) has already been submitted to the Region by your Local Authority. The Region has also had early engagement with your transport colleagues in a round table discussion on Local Transport Plan Funding. Further engagement with your local authority on the evidence base for Transport is taking place through the Regions' Environment Directors Group and Transport Officers Group. This has included an early indication to the Highways Agency regarding preparation of costs and value for money assessments on strategic transport schemes that the region may want to consider as part of this process.
Housing and Regeneration This block is focused upon delivering the Regional Housing Strategy and the Regional Spatial Strategy and elements of the RES. The recently published Regeneration Framework (Transforming Places, Changing Lives) also provides strategic direction for this block and re-emphasises the importance of regeneration investment in 'people' as well as physical regeneration. The Framework also suggests that Regional Regeneration Priorities Maps be produced as part of the RFA exercise. Please can you outline your priorities in the following areas:
1. Major projects or programmes for the provision of new homes including those schemes which are of such a scale to include new employment space, facilities and services, particularly where these are linked to a growth or regeneration objectives, at the sub-regional level, and also more locally;
2. New homes and wider regeneration in rural areas, including in those groupings of rural settlements where investment can be utilised to maintain or create an interlinked and interdependent sustainable community linking more than one location;
3. Local Authority estate regeneration, where there are opportunities for major physical restructuring to introduce new homes, employment space and other facilities to re-invigorate such neighbourhoods;
4. Projects or programmes of activity which provide new homes and achieve wider regeneration cross-local authority boundaries (building upon the MAA approach, and other joint work cross-authority);
5. Other housing investment which is client group/needs based, rather than place based - for example, small scale housing projects in rural areas, or provision for the elderly;
6. Investment in professional skills, education and training, in relation to the delivery of housing and regeneration - where such investment could improve the outcomes of such projects and

	programmes;
7.	How your new responsibilities for completing Local Economic Assessments (assessing strengths and weaknesses in your local economy) and delivering the 14-19 education and skills package influence and integrate with the schemes you have identified in the above sections;
8.	How the criteria published in the Regeneration Framework will change / influence your strategic regeneration plans, particularly in focusing investment on areas of multiple deprivation, high levels of worklessness and by shifting investment from physical regeneration to investment in 'people';
9.	How you see the wider growth agenda contributing to regeneration of deprived areas, for example by providing employment opportunities for existing communities.
10.	Going forward what level of priority would you wish to afford to Private Sector Renewal investment, and how do you see this linking to other growth, affordable housing and regeneration priorities in your area?
Post 19 Skills The Regional Skills Partnership (www.swrsp.org.uk) has been tasked to develop the skills priorities for the Regional Funding Advice to government. Skills has been included for the first time and provides a important opportunity for the region to articulate its skills priorities. The focus for the advice will be the adult skills budget currently managed by the LSC which is the primary means of delivering the Government's PSA to, 'Improve the skills of the population, on the way to ensuring a world-class skills base by 2020'. The LSC Strategic Priorities are anticipated at beginning of November and these will need to be reflected. However, this is also the opportunity to make the case for better alignment with other funding pots where it is invested in skills and to widen the envelope to those activities that are outside of the LSC envelop. This could include the cost of capacity building to develop better regional/local links.	
1.	What are your most important outcomes for Skills? a) At regional Level b) Within your sub-region
2.	Outside of the LSC funds, what other funding streams (private and public) can be influenced?
3.	Where do you see better alignment opportunities for those funds identified in 2?
4.	What innovative skills activity do you undertake that you feel could/should be rolled out to the rest of the region?