

CABINET– JULY 17 2007

**IMPLEMENTATION PLAN AND PARTNERSHIP ARRANGMENTS
FOR SEEDA'S REGIONAL ECONOMIC STRATEGY**

Report by Head of Sustainable Development

Introduction

1. The South East England Development Agency, SEEDA, has published two related papers for consultation. Copies of the documents and the Regional Economic Strategy to which they relate are in the members' resource centre. The first – the Regional Economic Strategy (RES) Implementation Plan has a closing date for comments of August 24th. The second, the Sub-Regional Partnership Arrangements – Proposition, has a closing date for comments of July 17th.
2. This report describes the main elements of SEEDA's proposals, their implications for Oxfordshire County Council before making recommendations on the feedback to provide to SEEDA

The Key Elements of the RES Implementation Plan

3. The Forward to the RES Implementation Plan reports that SEEDA and SEERA are working on a joint implementation plan for the RES and the South East Plan.
4. The Regional Economic Strategy Implementation Plan includes a narrative summary of the Regional Economic Strategy itself - and its key aims of global competitiveness, SMART¹ growth and sustainable prosperity. It then runs through changes in related areas of policy including climate change, skills, transport, place-shaping, planning, science and innovation and economic development and regeneration policy.
5. The RES Implementation Plan re-iterates the RES's commitment to developing 'area-specific priorities' for the Inner, Rural and Coastal parts of the region and for working with Diamonds for Investment and Growth – of which one is the Central Oxfordshire sub-region.
6. The narrative summary of the RES Implementation Plan provides a description of the key partners and the roles that SEEDA expects them to play in implementing the RES. For local authorities it identifies the following roles that they are expected to play:

¹ SMART growth refers to growth that achieves higher levels of prosperity without increasing the region's ecological footprint

Local Authorities, through refreshed Local Area Agreements and potentially also Multi Area Agreements and other forms of cross-boundary collaboration, will play a central role, providing strategic leadership in and across local areas to tackle the key issues of economic development and social inclusion. This will include:

- Producing Local Development Frameworks that address local employment, economic development, regeneration and housing needed to deliver the RES.
- With Regional Agencies, lead in the development of innovative funding mechanisms to deliver solutions for local and regional transport initiatives.
- Address the environmental and resource implications of policies agreed in the region and at sub-regional levels to achieve sustainable economic development.
- Deliver innovative approaches to housing delivering and housing renewal.
- Lead in sharing best practice and promoting public sector procurement opportunities for small and medium enterprises to other public agencies.
- Ensure school leavers possess adequate literacy, numeracy, ICT and employment skills.

7. Finally section 7 – ‘Creating a Living RES’ proposes that SEEDA will work with local authorities to build implementation of the RES into the development of Local Area Agreements and possibly also Multi-Area Agreement targets and that the implementation plan will be modified on the basis of discussion of the Annual Report of the RES at SEEDA’s Annual Open Public Meeting each October.
8. A separate 112 page table then provides a detailed breakdown of all the actions that SEEDA envisages itself and all its partners undertaking, the link of each action to the targets, the partners involved, and the timing, amount and source of funding.

The Key Elements of the Partnership Proposition

9. The “Sub Regional Partnership Arrangement – Proposition” is just 7 pages long and is designed to be separate from, but complementary to, the RES Implementation Plan. Because of the close links between the two documents it is necessary to address the issues they raise in this single report to cabinet.
10. SEEDA presents the partnership proposition in the context of the agreed Regional Economic Strategy and of the draft RES Implementation Plan. They invite views not just on the partnership proposition’s proposals but also on “how this would work in your sub-region to deliver arrangements that are fit for purpose.” They encourage ‘radical and innovative’ proposals developed with partners. The paper lays out a clear statement of its analysis of the problem, the principles that it proposes for any solution and the approach it will adopt.

11. SEEDA's analysis of the problem (para 11) :

- Strategy and planning lacks coherence;
- Effort is fragmented as resources are spread too thinly;
- Local capacity is variable, with delivery slow in some areas; and
- The potential for a single clear voice is often not always achieved.

12. The principles (para 12) to underpin its proposed solution:

- Alignment of local and regional priorities;
- Strong and effective business engagement;
- Close working between all relevant public sector partners;
- An effective link between setting priorities setting and delivery on the ground;
- Simplicity.

13. In paras 13 – 16 the proposition then suggests that if the principles of business engagement , cross boundary working where justified and effective governance of delivery are put in place it will then provide active support and engagement to the LAA process.

14. In paras 17 – 19 the proposition discusses how SEEDA will work across boundaries through Multi-Area Agreements and through the eight Diamonds for Growth and Investment – of which one is Central Oxfordshire.

Comments of Head of Sustainable Development

Regional Economic Strategy Implementation Plan

15. There are two main areas that need to be addressed in commenting on the RES Implementation Plan: are the proposed actions necessary and sufficient to achieve the plan and are the governance structures 'fit for purpose' – are they capable of ensuring delivery actually happens?

16. In terms of its **content** the RES Implementation Plan provides a useful overview of the work of many agencies whose actions impact on the economic development of the region. The proposed actions are clearer in areas that SEEDA manages directly and more speculative in areas where it is proposing work that others should do or where the actions proposed are new, rather than existing.

17. In terms of **governance** the draft RES Implementation Plan does not in my view succeed in providing more than an interesting and useful framework within which local authorities and other organisations can plan and deliver their actions. It does not currently provide a plan (in the sense of project plan) that has a governance structure charged with its implementation: putting something in the implementation plan does not ensure that it will be implemented and it is not clear what governance mechanisms exist to respond to any implementation failure.

18. If the RES and the South East Plan implementation plans are indeed integrated into a single implementation plan then this will provide an appropriate governance mechanism. If this does not happen the proposal to review RES implementation through an annual report debated at an Open Public Meeting of SEEDA stakeholders each October seems wholly inadequate.
19. The Sub-Regional Partnerships Arrangements proposition is therefore essential to developing a structure of partnerships that can actually facilitate delivery of the RES targets.

Sub-Regional Partnership Arrangements - Proposition

20. There is much in the Partnership Proposition with which Oxfordshire County Council will want to agree:
 - (a) the notion of local authorities being 'experts on the needs of their areas' (para 5),.....
 - (b) SEEDA's commitment to Local Area Agreements (para 6),
 - (c) the principle of building 'flexible services based around the needs of the service recipient' (para 6)
 - (d) strengthening the link between local authorities and local businesses
21. In addition the commitment to producing a single implementation plan for the region to improve alignment between the RES and the South East Plan is to be welcomed.
22. The County Council and the Oxfordshire Economic Partnership are working closely together within the overall structure provided by the Oxfordshire Partnership to ensure that work on economic development throughout Oxfordshire benefits – as far as it possible – from strong and shared leadership based on shared priorities and joined up delivery that reflects the particular needs of Oxfordshire and regional and national priorities.
23. Oxfordshire is fortunate in that its County boundaries are a good fit with the limits of a functional economic area centred on Oxford². The County Council recognises that in other parts of the region this fit between functional economic areas and administrative boundaries does not exist but for Oxfordshire it makes sense to take advantage of this fit to keep governance arrangements simple and effective at the County level.
24. The Central Oxfordshire Members Steering Group was set up to oversee the development of the Central Oxfordshire part of the South East Plan. Involving as it does the County Council and all the District Councils it has since taken on the role of overseeing the implementation of the South East Plan. With the integration of the RES (with its Central Oxfordshire Diamond) and the South East Plan (with the Central Oxfordshire sub-region³) this group has a lead role in the governance of the implementation of both.

² See "Vive la Devolution" Local Government Association 2006 for maps and analysis demonstrating the extent of this fit.

³ See map below of high tech employment across in Oxfordshire in relation to the boundaries of the Central Oxfordshire sub-region/Oxford-Central Oxfordshire Diamond

25. In this context the Inner and Rural 'contours' cut across the boundaries of both the County and its Districts and risk undermining the principles of simplicity that SEEDA is seeking to achieve.
26. However, Oxford City Council, as one of the original Diamond authorities, represents the Central Oxfordshire Diamond on the Board of Diamond local authorities who are taking forward strategic thinking on issues that relate to the Diamonds as a whole. With the economic development and spatial issues affecting not just the City but all of the other Districts in the County there is a need, therefore, through the Central Oxfordshire Steering Group, to ensure that there is clarity in the governance arrangements for the Central Oxfordshire sub-region.
27. The SEEDA partnership proposition is therefore generally consistent and supportive of the structures that Oxfordshire County Council and the OEP are developing together (SEEDA have been involved in the discussions as part of the OEP special interest group). On this basis I recommend SEEDA's partnership proposition to Cabinet as an appropriate way to move forward.

RECOMMENDATION

28. **The Cabinet is RECOMMENDED to endorse the comments in paragraphs 15 to 27 and the detailed comments in Annex 2 as the County's response to the Regional Economic Strategy Implementation Plan and the Sub-Regional Partnership Arrangements Proposition.**

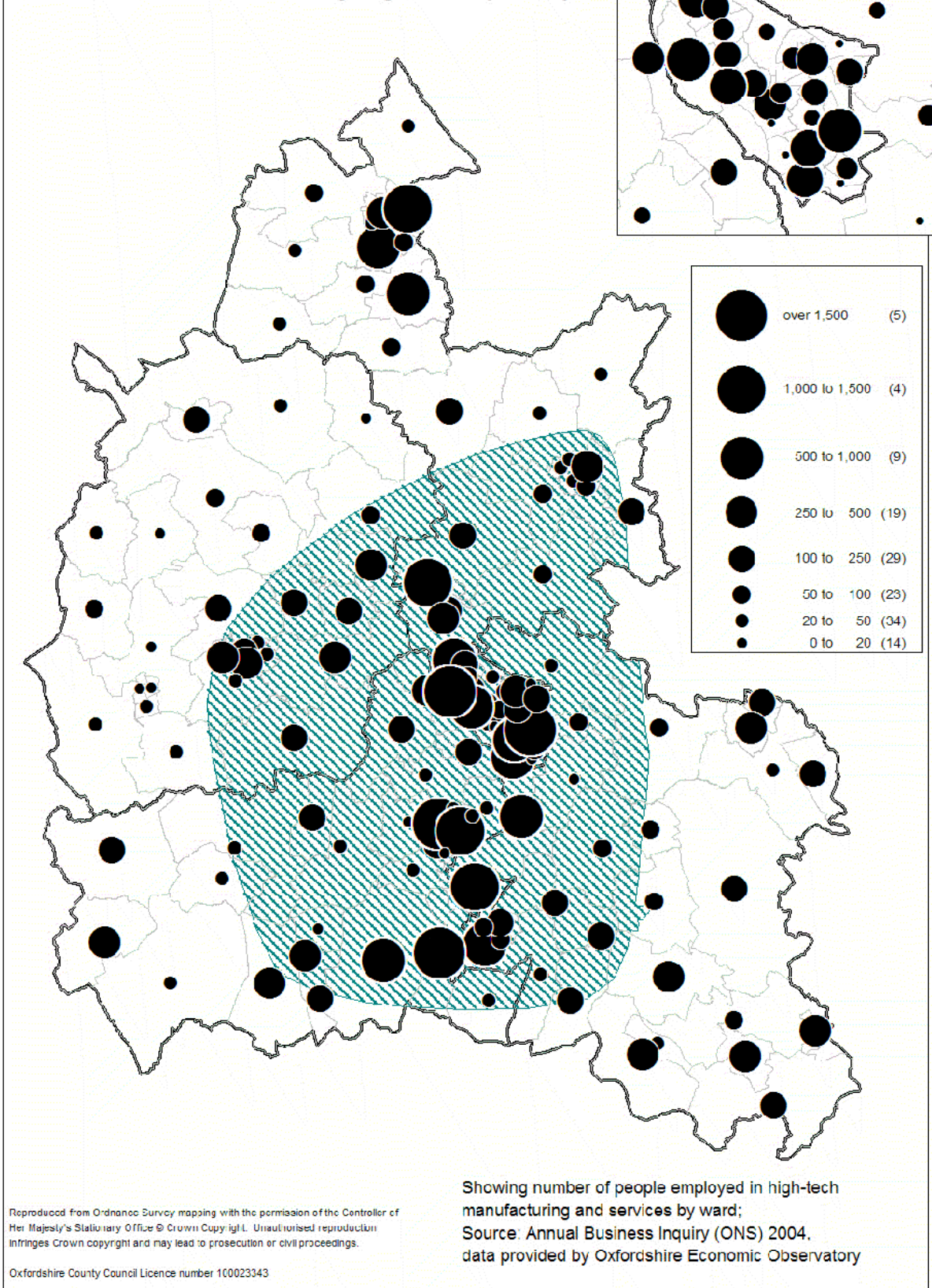
CHRIS COUSINS

Head of Sustainable Development
Environment & Economy

Background papers: Regional Economic Strategy 2006-2016

Contact Officer: Dave Waller, Strategic Policy and Economic
Development Manager Tel: 01865 810813

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ANNEX 1**High Tech employment and the Central Oxfordshire sub-region/Diamond****Location of hi-tech employment (2004)**

ANNEX 2**Responses to Consultation Questions****1. Do you agree the proposed principles and key actions in implementing the RES?**

1. In many areas the actions are being led by SEEDA or other organisations that are under its direct command in the South East such as UKTI, Business Links and half a dozen SEEDA created sector consortia. The main concern here is one of capacity, particularly of the EnviroBusiness SE, which is currently small but is being given a lot of responsibilities.
2. In other areas such as infrastructure the implementation plan has more to do with others such as the Highways Agency. While SEEDA's role may be much less, having these actions in the implementation plan is useful in providing a comprehensive overview of everything happening across the South East that relates to economic development.
3. Business link is given a particularly prominent role with lead responsibility in 8 actions and contributing roles in many more. Given the difficulties of interaction between Business Link and local authorities, the current radical changes that they are dealing with and the need to make sure these new arrangements actually deliver, there appears to be a risk associated in giving them quite such a wide range of responsibilities. One response to this would be to ensure more effective governance and accountability arrangements for this particular area of work.
4. In section 3.8 'Pan Regional collaboration on Innovation' the Plan only talks about engaging with GLA, EEDA and SWEDA. It should also link with EMDA and WMDA as there are important links between the northern part of the South East region, ie Oxfordshire and Milton Keynes, that need to be taken into account.
5. In sections 7.4, 9.1, 9.2, 9.4 and 9.5 the plan proposes SEEDA engaging with various aspects of the planning system including trying to improve how it works in section 7.4. This is unnecessary given that the LDFs have a statutory responsibility already to reflect the policies set out in the Regional Spatial Strategy, the South East Plan.
6. Section 2.1 sees the development of innovation networks by economic partnerships with funding from local authorities and universities. As we have not - as far as I am aware - been consulted on either the idea or the funding this is a surprise.
7. In the area of skills - section 6 - there are many actions in which local authorities are not visibly involved when they probably should be. Action 6.5 helping economically inactive back into work and action 6.4 on Connexions and curriculum do have sufficient LA involvement however.
8. Surprisingly the plan makes no mention of the skills olympics to be held in London in 2011 that could be a useful hook for driving up the region's skills (see <http://www.worldskillslondon2011.com/>)

9. There are a large number of fora and partnerships of various sorts (eg SE Water Resources, SE forum for sustainability, Sustainable Futures forum, SE Sustainable Energy Partnership, Social Dialogue Forum, SE Climate Change Partnership and many more) that make you wonder how the work done at these regional levels links downwards to local authorities. As with the partnership review perhaps their costs (legal, democratic and financial accountability, travel and other communications costs) need to be set against their benefits (better links, working with a logical functional economic area, lessons learnt and leverage for lobbying etc) need to be compared more rigorously.

2. What can you contribute to delivering the actions contained in this Implementation Plan?

Oxfordshire County Council is committed to “delivering prosperity and security for the people of Oxfordshire by encouraging economic growth while improving the quality of life and environment for those living and working in the county.” As such its aims are well aligned with those of the RES.

Through its leadership and support to the Oxfordshire Partnership, the Public Service Board, the Oxfordshire Economic Observatory and the Economy and Enterprise Delivery Group the County Council is working hard to facilitate precisely the partnership and governance arrangements that the RES Implementation Plan and Partnership Proposition are seeking.

3. Do you agree the proposals for creating a living RES?

Oxfordshire County Council does not believe that the arrangements proposed in the RES Implementation Plan for the regional level of governance of this plan are adequate. They are not ‘fit for purpose’ as they are currently defined.

At the local level of the Oxfordshire the proposal to work through the LAA will mean that the Oxfordshire Partnership and the Public Service Board will provide the sort of joined up and effective governance that are necessary.

SEEDA Review of Sub-regional Partnerships

1. What partnership arrangements and structures are necessary to support the delivery of the RES in your area?

Oxfordshire Economic Partnership is the lead for the economic development theme within Oxfordshire Partnership. The benefits for SEEDA are far greater by not imposing any further MKOB sub-regional structure to provide an interface with SEEDA. These benefits will arise from engagement of all of the Oxfordshire Partnership in economic development issues and a greater sense of ownership of the issues.

If SEEDA set up a sub-regional structure beyond Oxfordshire it will create extra bureaucracy that will deter the very business leaders they want to engage with. To reduce the effort it expends on supporting partnerships SEEDA should develop service level agreements with the OEP to deliver a range of outputs and then live up to the term ‘devolved funding’ by letting them get on with it. SEEDA already have the management systems in place to make this happen in the form of contracts and quarterly performance monitoring. If SEEDA used the LAA performance management systems it

would work for both the local authorities, Oxfordshire Partnership and SEEDA and would simplify matters for everyone not just SEEDA.

While aiming to reduce the 72 partnerships that they have identified in Annex A of their review the RES Implementation Plan ignores other partnerships, forums and structures that all have similar transaction costs even though they may have different governance arrangements. Thus the eight Diamonds are a regional structure with 5 thematic regional working groups. The three contours also have their own groupings and strategies. All of these lead to the extra transaction costs of further meetings and further strategy development that is expensive of time and resources which may or may not outweigh any potential benefits.

With the RES and the South East Plan seeking to integrate their respective implementation plans thought needs to be given to the rationalisation of a wider network of partnerships such as those – like the Central Oxfordshire Members Steering Group (COMSG), the Chief Planning Officers group, the Planning Policy Officers group, that work together to provide governance and coordination of various aspects of spatial planning. The COMSG in particular has the same members as need to be involved in the Central Oxfordshire Diamond and therefore needs to be taken into consideration.

Business Link providers are a very particular form of partnership in which local authorities and economic partnerships are shareholders of what is structured as a private company working within a framework provided by SEEDA. As such they see themselves as having a remit to promote cross border working in addition to their role as service providers of business support and economic development funding. At present their role is under review as part of the Business Support Simplification process and the ambiguity of their status and role needs to be addressed.

2. What activities in the draft RES Implementation Plan do you believe should be focused on this new arrangement?

By working through the LAA, the Oxfordshire Partnership (OP) and the Oxfordshire Economic Partnership (OEP) it will be possible to pull together and integrate the many areas that relate to the County's economic development. All areas of the RES Implementation should therefore take account of the local knowledge and local governance structure that this provides.

3. How can these arrangements best provide strong business leadership and representation?

By giving the OEP and the OP the credit of knowing about what is best for their area. They may of course not get it right (in SEEDA's eyes) but if SEEDA has the confidence to engage in dialogue and use funding strategically it won't need the county level structures to just *implement* the RES – for which they feel relatively little ownership – instead it will have agencies joining up their work to really change things that matter to them (as set out in the Sustainable Communities Strategy that the partnership will have helped to develop) – a much more effective and sustainable solution.

4. How can these arrangements and structure be made more effective?

The principles set out in the Partnership Proposition para 12 should be used as the basis for an on-going process of partnership development. Such development doesn't happen instantly and SEEDA have to recognise that there will be on-going evolution and development.

in Oxfordshire's case the county meets all the criteria of a sub-regional economy. For other areas the sub-region does not relate to local authority boundaries. In reading the Proposition from SEEDA it is not always clear what geography they are referring to

'Radical and innovative' partnership structures are the product of extensive discussions – the short time frame (deadline July 13th) for comments reduces the chances that they will get radical or innovative solutions.

5. Which areas are in a position to work together beyond local (and, where appropriate, regional) boundaries, underpinned by enhanced support from SEEDA?

These areas should be determined on the basis of the benefits that they will generate and not of some regional template about where there should be collaboration. In the MKOBB region:

- there is already collaboration and partnership structures around Food Groups (for some reason not considered as part of the SEEDA partnership review)
- there are discussions about linking up across MKOB aspects of the work of Area Programmes, getting people back into employment, with the work of the local Skills and Productivity Alliances, training people for the numerous large retail and construction developments happening in the sub-region that will all interact with each other. This is demonstrating both geographic and thematic integration because it will generate better solutions and not because of any a priori presumption that working at across a larger sub-region is better.

Economic Contours add further geographies that increase complexity, transaction costs and potentially confusion.

6. Who else should be funding these arrangements alongside SEEDA?