

**West Midlands Economic Strategy Review  
Brief for Sustainability Appraisal & Strategic Environmental Assessment**

**West Midlands Economic Strategy Review: Brief for  
Sustainability Appraisal incorporating Strategy  
Environmental Assessment.**

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# **West Midlands Economic Strategy Review**

## **Brief for Sustainability Appraisal & Strategic Environmental Assessment**

### **1. Introduction**

In March 2006, Advantage West Midlands and the West Midlands Regional Assembly agreed and published a clear timetable for the review of the West Midlands Economic Strategy. This sets down a number of stages for the review, as shown in Annex A.

There is also a legal requirement to conduct a Sustainability Appraisal that has an environmental component that complies with the Strategic Environmental Assessment.

The term Sustainability Appraisal (SA) will be used in this document to mean the economic, social and environmental assessment of the West Midlands Economic Strategy (WMES) that includes the specific requirements of the Strategic Environmental Assessment (SEA).

Advantage West Midlands with its partners is committed to using an SA that adds value by driving improvements to the WMES during its development. This process also must be legally compliant with SEA, but driven by the needs of the Strategy Team rather than legislation.

Advantage West Midlands has consulted with its Strategy Team, the Environment Agency, Sustainability West Midlands, Forum for the Future, and a range of other RDAs and consultants in developing this brief to ensure we build on previous experience and help develop a brief that will allow our consultants to help deliver a SA that is fit for our purpose.

The rest of this brief outlines our purpose and objectives for the SA, timescales, and management, with supporting information in the Annex.

### **2. The Purpose and Objectives of the SA of the WMES**

#### **The Purpose of the Appraisal**

The overall purpose of the SA is to improve how the future West Midlands Economic Strategy delivers its current vision of “ By 2010 the West Midlands is recognised as a world-class region in which to invest, work, learn, visit and live and the most successful in creating wealth to benefit all of its people”

The SA process also has six objectives, described below. The success of the SA process will be judged against its performance against the purpose and objectives:

#### **a.) Establish SA as the overall assessment framework for driving improvements in the WMES**

During strategy development there are often a variety of assessment processes involved, including SA. This can lead to policy staff during development having to understand a range of different appraisal outputs, it also leads to SA often being positioned as an environmental assessment process rather than an overall integrated assessment process.

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This will be overcome by establishing the SA as the main overall economic, social and environmental assessment framework of the WMES. As new evidence and issues arise during the process these will also be fed into the SA to ensure a consistent assessment approach is used to inform improvements in the WMES at key stages.

We expect our consultants to ensure this positioning is maintained through clear communication through the SA project group and to the rest of the WMES groups, and the ability to quickly appraise or help others to use the agreed framework to assess additional evidence and outputs as it emerges.

#### **b) Timing to help influence policy will drive the timetable**

SA's can be SEA legislation driven rather than user driven. This can result with a large set of reports auditing the process, but not timely information informing the policy team, project board, and external stakeholders on how the strategy can be improved at key stages. This results in adding no value to the overall strategy, apart from legal compliance.

To address this we will require agreed 'interim' reports during the policy development stages so the process can improve policy as it is being developed and before it goes out to formal consultation.

We expect our consultants to agree timing and format of interim reports with through the SA project group with an Advantage West Midlands Strategy Team that is reliant on others, such as policy heads in other departments, other stakeholders and a series of consultants. This will require the ability to respond flexibly as opportunities emerge, as well as the planned stages of the SA.

#### **c) Agreeing assessment criteria that reflect the economic role of the WMES**

SA's can rely on broad criteria that result in focused strategies having to incorporate issues that are not appropriate to the remit and purpose of the strategy, and which then struggle to follow through into delivery. For example the WMES is primarily an economic strategy therefore it will need to demonstrate how it will develop economic prosperity in a way that supports a strong, healthy, and just society, living within environmental limits. This is different to a Regional Spatial Strategy (RSS) which is intended to deliver a range of economic, social and environmental objectives spatially.

The other challenge is that the WMES has often been viewed by many external stakeholders as an Advantage West Midlands strategy, not a regional strategy to align economic development activity.

These challenges will be overcome by agreeing criteria that are based on agreed regional economic, social and environmental priorities using the Regional Sustainable Development Framework for the West Midlands as a starting point. These will then be developed into criteria which will also have to build in health and wellbeing, rural proofing, and equalities and diversity agendas. The environmental criteria will need appropriate approval to comply with SEA.

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Then these criteria will be further refined to reflect the nature of activity the WMES is seeking to influence, both that of Advantage West Midlands and others. For example a broad regional priority around 'reducing water use' would have to be refined for the WMES to 'improving business efficiency by reducing water use'

We would expect our consultants to show how the criteria have been developed, links back to relevant strategies to demonstrate the integrated nature of the appraisal, and intelligent framing of criteria that keep questions to a manageable number (30-40), avoid repetition, and are easy to apply. Advantage West Midlands is currently developing an integrated policy checklist for its own projects in September, so there may be some work that can be drawn on from this.

#### **d) Using a range of evidence to inform the assessment**

SA's can be reliant on a limited range of views based on the assessment teams own experience and those of stakeholders.

This will be overcome from drawing on a range of evidence such as:

- Existing SA's within the region of the RSS and European Structural Funds
- Previous SA of WMES
- Evidence based produced for the WMES review.
- Evidence produced from other regional stakeholders to feed into the WMES process e.g. the Environment Agency SCPnet and WWF Ecological Footprinting
- State of the Region reports produced by the Regional Observatory
- Regional Sustainability State of the Region reports produced by Defra.
- Future Proofing project being run by Forum for the Future on the WMES
- Using UKCIP and Regional Climate Change Partnership to Climate Proof strategy.
- Using Energy West Midlands and partners to address energy issues.
- Using the Regional Assembly partnership 'Sustainability West Midlands' to ensure good stakeholder representation and input is achieved.
- Using the Environment Agency to ensure a consistent view is achieved from the statutory environmental bodies, and compliance with SEA is achieved.
- The WMES internal and external reference groups.

We would expect the consultants to design the SA process so it can also identify key gaps in the evidence base and stakeholder groups used and recommendations to address these.

#### **e) Transparent and Accountable**

The challenge will be that SA's are often seen as parallel processes to the main strategy development and it is not clear how to participate, or how recommendations are acted upon.

This will be overcome by ensuring that the SA process is transparent so internal and external stakeholders are aware of opportunities to contribute, and the responses from the recommendations are clear and identifiable from accountable decision-making groups. Also it will be made clear that the process is focused on informing decision-makers rather than an 'expert' system that will provide all the answers.

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For example the SA will need to ensure the process fits within the main consultation and decision-making processes of the WMES rather than becoming a parallel activity. Reports will be to the existing decision-making groups such as the External Reference Group, Internal Working Group, and WMES Project Board. Wider public consultation will be linked to the WMES overall consultation and reporting process.

The consultants will be expected to ensure the SA process helps achieve this objective through the design and operation of the SA process, and advice to the SA project group.

### **f) Legally compliant with Strategic Environmental Assessment legislation**

Other Regional Economic Strategies have been delayed as they have not complied with SEA legislation or SA's haven been driven by the SEA legislation not the needs of the policy makers.

Therefore the SA process needs to be driven by our needs reflected in the above purpose and objectives of the SA appraisal, which then fits within legal compliance. For example our consultation periods and scope may be broader, and timings and outputs may need to be different, such as summary reports and recommendations, backed up by a large detailed annex fulfilling legal requirements.

The ideal is an integrated SA process with the development of the WMES which engages stakeholders and a separate statement of SEA compliance to illustrate how 'in the background' the process also complies with SEA and provides evidence for auditors on legal compliance.

We expect our consultants to ensure we are legally compliant with SEA, while not losing the focus and purpose of the SA. They will be able to robustly defend our process against other stakeholders who have had the experience of lengthy and complicated SEA processes, and therefore believe this is the only way SEA can be carried out.

## **3. Governance of WMES production and SA**

### ***WMES SA Project Group***

Chaired by the Advantage West Midlands Corporate Director of Communications and Strategy, and includes the WMES Manager (ensuring the needs of the policy development team either within the organisation, contracted out, or lead by other stakeholders are identified), Advantage West Midlands Head of Sustainable Development (ensuring wider SD issues are addressed), Environment Agency (representing collective views of statutory environmental agencies and ensuring environmental issues addressed and compliance with SEA), Sustainability West Midlands (ensuring wider economic, social, and environmental issues from 60 private, public, and voluntary sector members are addressed), the consultant team.

This group reports to the relevant WMES governance groups. The main ones are described below.

### ***WMES project board***

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Advantage West Midlands Corporate Management Team chaired by the Chief Executive.

### ***WMES internal working group***

Advantage West Midlands internal policy and delivery staff is chaired by the Corporate Director of Communications and Strategy.

### ***WMES regional reference group***

External partners is chaired by the Chief Executive, Advantage West Midlands, and used to involve and consult external stakeholders.

## **4. Timetable for WMES**

The West Midlands Economic Strategy (WMES): Delivering Advantage sets out what the West Midlands region needs to do to improve its economic performance. This is by both building on our region's strengths and addressing the market failures that hold our economy back.

To reflect the changes that occur in our region over time, it is important to review the Strategy in full every three years to ensure that it remains relevant and continues to provide the right solutions.

The updated West Midlands Economic Strategy, due to be published in 2007, will be the first time we look beyond the original milestone of 2010. The Strategy will once again set out the agreed actions required for the region to be recognised as world class by 2010. However, it will also look forward to 2020 and establish what more our region needs to do to continue to improve its economic performance.

More details are available on <http://www.advantagem.co.uk/wmesreview.html#Phases>

### **Stage1: Building the Evidence Base: March- July 2006**

Currently, this first stage of the process is moving towards its conclusion. As the result of this stage, there will be a substantial body of evidence to inform the development of a revised strategy. Five specific pieces of work will have been completed by early August:

- Project 1 - The Regional Economic Context (including forecasts and issues affecting the prospects for the West Midlands). Led by West Midlands Regional Observatory (WMRO), supported by Institute for Employment Research, University of Warwick.
- Project 2 – The Relative Performance of the West Midlands (based on the drivers of productivity). Led by WMRO, supported by Aston Business School).
- Project 3 – Functioning Economic Geography (patterns of economic activity in the region). Led by WMRO, supported by the School of Geography, Earth and Environmental Sciences, University of Birmingham.

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- Project 4 – Evaluation of the West Midlands Economic Strategy (focused on the Strategic Added Value and future lessons). Undertaken by GHK Consulting.
- Project 5 – Evaluation of the Three Key Delivery Mechanisms (looking at the achievements and future potential of Regeneration Zones, High Technology Corridors). Undertaken by GHK Consulting.

WMRO will also produce a single report (early August completion), pulling together the key issues and messages from the first three pieces of work.

WMRO will have consulted widely on the validity of the way the evidence has been collected. They will produce a report from this consultation, identifying additional sources of data, and gaps that may need to be filled in the future.

All this information is independent advice to the regional partnerships, and is being made available to everyone at the same time through the Agency web-site.

In addition to this, other evidence will be available from joint work with the West Midlands Regional Assembly and other sources. Included amongst this will be piece of work we are commissioning on understanding the drivers of the South East economy that are relevant to the West Midlands, with a particular focus on the impact of the Milton Keynes Growth area. Also work on climate change and other gaps identified around longer term issues.

### **Stage 2: Developing the Policy Options: May-September 2006**

The purpose of this phase is to identify those issues where a new strategy needs to focus in terms of providing real added value to the regional economy and to examine the options for addressing those issues. The Agency during July is undertaking some work to map the issues emerging from the evidence base.

Consultants will be engaged to assist with this work. A scoping document will be produced for agreement at the Regional Reference Group of partners on 1<sup>st</sup> September. This scoping document will reflect on the main messages from the evidence base; the work of the satellite Boards and the current WMES.

### **Stage 3: Consulting on the Policy Options: October 2006 – March 2007**

We will share our appraisals of the options for intervention widely with partners across the region and use this to arrive at a set of preferred options and priorities.

### **Stage 4: Consulting on the Draft Strategy: May-July 2007**

Once preferred policy options and priorities have been identified we will begin to draft the final text of the Strategy and its associated Action Plan, taking into account the outcome of Comprehensive Spending Review.

The Consultation documents will have an accompanying SA assessment of the potential impacts of the proposals, including the environment. We will issue separately a full statement

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on how we will meet our obligations under the Strategic Environmental Assessment Directive, as agreed with the statutory environmental agencies.

### **Stage 5: Publication: April –September 2007**

The Comprehensive Spending Review (CSR) is likely to report in June 2007. To ensure that the Strategy can properly take into account the CSR, we will publish the updated Strategy in two stages:

- In April 2007 key partners will sign up to a statement of regional strategy for 2020 (including the chosen policy options). This comprehensive statement will not be published for distribution beyond these partners at this stage, but will be acknowledged by partners as drawing the line under the policy work; and
- In September 2007 we will publish in all formats the statement of strategy previously agreed in April, alongside a full Action Plan in the knowledge of key Comprehensive Spending Review outcomes.

### **Suggested Timetable for SA process**

The proposed SA process will have to fit within the above and following timetable. These are our initial ideas, however we will expect the consultants to produce a more comprehensive timetable.

- August 2006 – SA consultant engaged, approach and timetable agreed, and summary put on WMES website. Evidence base made available from WMRO which should include gaps in environmental, social and economic evidence.
- September 2006 – SA Scoping stage (SEA part A) setting context, baseline, and deciding scope). Some input into drafting policy options.
- October – March 2007 – During Policy Options consultation stage carry our consultation on SA and assessment of options and recommendations. This is a long consultation period and the SEA requirements may mean we cannot tie in the start with launch of policy options, but will need to be clear how SA will engage during these six months.
- April 2007 – Input into drafting and assessment of WMES framework plan.
- September 2007 – Input into revised WMES and into delivery document and Action Plan

### **Engaging Consultants**

This work requires the experience of consultants who have carried out an SEA. We are aware of the experience of Halcrow carrying out the SA for the East Midlands Development Agency and Yorkshire Forward. We wish to engage the consultants who managed the work i.e. Nicholas E J Pincombe and Neil J Davidson.

A lot of work has already been done in the Region on evidence gathering both for the Regional Economic Strategy and the Regional Spatial Strategy. That work will be available to

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the consultants. Your role will be one of a gap filling role and preparation of the SEA report undertaking all the necessary steps and fulfilling the statutory requirements to achieve this.

**Responding to this Brief**

We require a project proposal including:

- How you proposed to design and run a project that meets our stated purpose and objectives for the SA process
- A timetable to fit within the WMES Review
- How you will ensure your team, not only has experience of running SA/SEA process, but other named individuals you will draw on for the economic and social aspects of the assessment and to help engagement with the non-environmental stakeholders.

We would welcome a proposal of not more than 10 sides within seven days of your receiving this brief. Please send the proposal to me, Gerald La Touche, Regional Economic Strategy Manager, Advantage West Midlands, 3 Priestley Wharf, Holt Street, Aston Science Park, Birmingham B7 4BN. Email: [GeraldLaTouche@Advantagewm.co.uk](mailto:GeraldLaTouche@Advantagewm.co.uk), and to Dr. Roger Sumpton, Corporate Director of Communications and Strategy, Advantage West Midlands, email [RogerSumpton@Advantagewm.co.uk](mailto:RogerSumpton@Advantagewm.co.uk). I may be contacted on telephone number 01215033347.

## **Annex A: Selection of Extracts from Guidance on SA/SEA**

### **Purpose of Sustainability Appraisal & Strategic Environmental Assessment**

The DTI Guidance on Regional Strategies places great emphasis on the importance of the principles of sustainable development:

- Sect 3. “In developing the RES a full sustainability appraisal should be carried out in order to identify how the RDA and its partners will contribute to sustainable development. The appraisal should be informed by the Regional Sustainable Development Framework or the equivalent in the region, and should be published alongside the RES.”
- Sect 9. “Regional priorities for sustainable development are set out in the Regional Sustainable Development Framework (RSDF) or its equivalent that underpins and thus helps join up all the other regional strategies. It is an important starting point for developing the RES to ensure that sustainable development is at its heart and it contributes to the UK sustainable development priorities. The RSDF can also have an important role in identifying and resolving any conflicts or tensions between the RES and other regional strategies.”
- Sect 11. “Both the RES and the RSS are subject to European Directive 2001/42/EC on strategic environmental assessment (SEA) (transposed by the Environmental Assessment of Plans and Programmes Regulations 2004). For the RSS, the Directive's requirements are covered by mandatory Sustainability Appraisal under the Planning Act 2004. RDAs should refer to the ODPM consultation publications "A Draft Practical Guide to the SEA Directive" and "SA of RSSs and Local Development Frameworks: Consultation Paper" ([www.odpm.gov.uk](http://www.odpm.gov.uk)). The latter shows planning bodies how to assess the full range of social, environmental and economic effects of plans against criteria of sustainability.” See **Annex A** for ODPM summary.
- In formulating the RES, the agency should consult widely within the region, with RDAs in neighbouring regions and with Government and other interests nationally, ensuring that they meet the SEA Directive's requirements on consulting the public. In developing their approach to consultation the RDAs should refer to the Government's Code of Practice on Consultation, and to “Working Together: Co-operation between Government and Faith Communities”, published by the Home Office.

### **The SEA Directive in Brief – ODPM - THE SEA DIRECTIVE: 2001/42/EC ON THE ASSESSMENT OF THE EFFECTS OF CERTAIN PLANS AND PROGRAMMES ON THE ENVIRONMENT**

European Directive 2001/42/EC, known as the “strategic environmental assessment” or “SEA” Directive (although the Directive does not itself use this term), requires a formal environmental assessment of certain plans and programmes which are likely to have significant effects on the environment. The Directive applies to plans and programmes whose preparation began on or after 21 July 2004, and also retroactively to those whose formal preparation began before

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this date but which have not been adopted, or submitted to a legislative procedure leading to adoption, by 21 July 2006.

Authorities which prepare and/or adopt a plan or programme that is subject to the Directive must prepare a report on its likely significant environmental effects, consult environmental authorities and the public, and take the report and the results of the consultation into account during the preparation process and before the plan or programme is adopted. They must also make information available on the plan or programme as adopted and how the environmental assessment was taken into account. Basic procedural and technical requirements are set out in the Directive, which Member States can choose to implement within their existing systems.

Environmental assessment is usually mandatory for plans and programmes:

- which are prepared for agriculture, forestry, fisheries, energy, industry, transport, waste management, water management, telecommunications, tourism, town and country planning, or land use **and** which set the framework for future development consent for projects listed in Annexes I and II to the Environmental Impact Assessment (EIA) Directive (85/337/EEC as amended by 97/11/EC); and
- requiring assessment under Article 6 or 7 of the Habitats Directive (92/43/EEC).

Outside this core scope, environmental assessment is required for any plans and programmes which set the framework for development consent of projects (not limited to those listed in the EIA Directive) and which are determined by screening to be likely to have significant environmental effects. Minor modifications to plans and programmes, and those for small areas at local level, are subject to assessment only where they are likely to have significant environmental effects. The Directive allows decisions on whether assessments are needed in these cases to be made either on a case-by-case basis or by categories of plan or programme.

The Directive also requires monitoring of the implementation of plans and programmes, inter alia to identify unforeseen adverse effects and to enable remedial action to be taken.

Certain plans and programmes including for national defence, civil emergencies, finance and budgets are excluded from the Directive, and policies are not covered.

### **Requirements of Directive 2001/42/EC**

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Adapted from ODPM guidance on the SEA Directive (October 2003)

#### Requirements of Directive 2001/42/EC

**Preparation of an environmental report** in which the likely significant effects on the environment of implementing the plan, and reasonable alternatives taking into account the objectives and geographical scope of the plan, are identified, described and evaluated. The information to be given is (Art. 5 and Annex I):

- a) an outline of the contents, main objectives of the plan, and relationship with other relevant plans and programmes;
  - b) the relevant aspects of the current state of the environment and the likely evolution thereof without implementation of the plan;
  - c) the environmental characteristics of areas likely to be significantly affected;
  - d) any existing environmental problems which are relevant to the plan including, in particular, those relating to any areas of a particular environmental importance, such as areas designated pursuant to Directives 79/409/EEC and 92/43/EEC;
  - e) the environmental protection objectives, established at international, Community or national level, which are relevant to the plan and the way those objectives and any environmental considerations have been taken into account during its preparation;
  - f) the likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors\*;
  - g) the measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the plan;
  - h) an outline of the reasons for selecting the alternatives dealt with, and a description of how the assessment was undertaken including any difficulties (such as technical deficiencies or lack of know-how) encountered in compiling the required information;
  - i) a description of the measures envisaged concerning monitoring in accordance with Art. 10;
  - j) a non-technical summary of the information provided under the above headings
- \*These effects should include secondary, cumulative, synergistic, short, medium and long-term permanent and temporary, positive and negative effects

The report must include the information that may reasonably be required taking into account current knowledge and methods of assessment, the contents and level of detail in the plan, its stage in the decision-making process and the extent to which certain matters are more appropriately assessed at different levels in that process to avoid duplication of the assessment (Art. 5.2)

#### Consultation:

- of environmental authorities when deciding on the scope and level of detail of the information which must be included in the environmental report (Art. 5.4)
- environmental authorities and the public shall be given an early and effective opportunity within appropriate time frames to express their opinion on the draft plan and the accompanying environmental report before the adoption of the plan (Art. 6.1, 6.2)
- of other countries where the implementation of the plan is likely to have significant effects on the environment of that country (Art. 7).

#### The environmental report and the results of the consultations must be taken into account in decision-making (Art. 8)

#### Provision of information on the decision:

When the plan is adopted, the public and any countries consulted under Art.7 are informed and the following items are made available to those so informed:

- the plan as adopted
- a statement summarising how environmental considerations have been integrated into the plan and how the environmental report of Article 5, the opinions expressed pursuant to Article 6 and the results of consultations entered into pursuant to Art. 7 have been taken into account in accordance with Art. 8, and the reasons for choosing the plan as adopted, in the light of the other reasonable alternatives dealt with; and
- the measures decided concerning monitoring (Art. 9)

#### Monitoring of the significant environmental effects of the plan's implementation (Art. 10)

**Quality assurance:** environmental reports should be of a sufficient standard to meet the requirements of the SEA Directive