

**“PROSPEROUS PLACES: TAKING FORWARD THE SUB NATIONAL
REVIEW OF ECONOMIC DEVELOPMENT AND REGENERATION”
CONSULTATION DOCUMENT**

(Report by Head of Policy and Strategic Services)

1. INTRODUCTION

- 1.1 The purpose of this report is to seek the Cabinets endorsement of a response to the consultation document “Prosperous Places: Taking forward the Sub National Review (SNR) of Economic Development and Regeneration” produced by the Department for Business Enterprise and Regulatory Reform (BERR).

2. BACKGROUND

- 2.1 This consultation follows the publication of the results of the Sub National Review of Economic Development and Regeneration in July 2007 and provides details on the implementation of the recommendations raised in that review.

- 2.2 The consultation seeks views on the proposals designed to:

- ◆ streamline the regional tier, introducing integrated strategies and giving regional development agencies lead responsibility for regional planning;
- ◆ strengthen the (first tier) local authority role in economic development, including a new statutory duty to assess local economic conditions; and
- ◆ support collaboration by local authorities across economic areas.

- 2.3 The closing date for the consultation is 20th June 2008. It is possible that Regional Development Agency delegated powers could come into force by Autumn 2009, with the role of regional planning body being transferred by Spring 2010 and the first joint regional strategy being published by Spring 2011.

3. KEY POINTS IN CONSULTATION PAPER

3.1 Preparation of a Single Regional Strategy

- 3.1.1 A key proposal is a Single Regional Strategy (SRS) to replace the existing Regional Spatial Strategies (RSSs) and Regional Economic Strategies (REs) with the result of a single strategy for each region.

- 3.1.2 The precise nature of the working arrangements for developing the SRS will be left for each region to determine, though the consultation clearly indicates that the Regional Development Agency will have overall responsibility for the SRS.

- 3.1.3 A new streamlined process is proposed to replace the existing Regional Spatial Strategy process with two stages of examination in public and one formal consultation period. It is suggested that this process would take two years however this sounds ambitious as it is less than half the time it currently takes to complete the current Regional Spatial Strategy which only has one examination in public.

3.2 Enhanced Partnership arrangements

- 3.2.1 The consultation document makes a clear commitment to the establishment of a Local Authority Leader's Forum in each region to work with the Regional Development Agencies (RDAs). No definitive guidance on the relationship between the RDA and the Leader's Forum exists and the document advocates flexibility on the adoption of a structure to best suit each region. However, forums must be:

- ◆ 'Streamlined, manageable...and able to engage effectively with the RDA'
- ◆ representative of local government in the region (including involving both upper and lower tier authorities);
- ◆ comprised of Leaders and have sufficient authority to agree the Single Regional Strategy on behalf of all authorities in the region.

- 3.2.2 The anticipated role for these regional forums includes signing off the Single Regional Strategy and undertaking an economic assessment of their local area.

- 3.2.3 Although the SNR proposals will involve significant changes to the regional structures, RDAs will remain accountable to central government while local authorities are encouraged to develop and strengthen their new scrutiny arrangements of RDAs, although no further detail is provided.

- 3.2.4 Local Authorities and Sub-regions are seen as having an enhanced role in promoting economic development and Multi-Area Agreements (MAAs) will increasingly replace Local Area Agreements (LAAs) with the express purpose of enhancing and promoting sub-regional collaboration.

3.3 Duty to undertake an economic assessment

- 3.3.1 Integral to the SNR proposal is the potential for a statutory economic assessment duty for county and unitary authorities. This would:

- ◆ be carried out in consultation with district authorities, RDAs, and other partners; and
- ◆ contribute to the analysis which underpins local, county/sub-regional and regional strategies.

- 3.3.2 This economic assessment will complement PPS4 on planning for sustainable economic development. Three options for the assessment are set out:

- ◆ legislation to establish the statutory duty with statutory guidance issued by the Secretary of State;
 - ◆ primary legislation setting out the topics to be covered in the assessment but no statutory guidance issued by the Secretary of State; or
 - ◆ no new duty to be introduced.
- 3.3.3 The first economic assessments will need to be prepared in 2010/11, in time to inform the 2011/12 LAA targets and Single Regional Strategy.

4. CONCLUSION

- 4.1 There is a strong economic case for concentrating economic decision-making and devolving funding powers to the sub-regional level. It is widely acknowledged that administrative boundaries of towns, cities and districts do not necessarily reflect the reality of economic markets in which businesses trade goods, services and labour. Also regional boundaries reflect local economies even less well as they bring together a number of micro economies. The real level at which economies operate below the national level is the sub-regional level. Therefore it is right that decisions that affect those economies are taken at that level by democratically elected bodies.

- 4.1 In view of this, it is important that the Sub-National Review:
- ◆ allows district councils to be at the centre of economic development for their areas;
 - ◆ gives a statutory economic development duty to district councils;
 - ◆ aligns national and local targets for economic development;
 - ◆ streamlines current regional strategies so that it prevents overlap and conflicting priorities;
 - ◆ enables Councils to work sub-regionally via bottom-up structures; and
 - ◆ ensures regional roles are genuinely strategic

- 4.2 Therefore the introduction of a Single Regional Strategy and a duty to undertake an economic assessment should be welcomed. However, a concerted approach should be made to ensure that the local input at district level is an integral element within the process.

5. RECOMMENDATION

- 5.1 Cabinet is requested to approve the response to the consultation on the proposals set out in Appendix 1 on the Sub National Review of Economic Development and Regeneration.

BACKGROUND INFORMATION

Prosperous Places: Taking forward the Sub National Review of Economic Development (March 2008)

Taking Forward the Sub National Review of Economic Development and Regeneration (December 2007)

Sub National Review of Economic Development and Regeneration (July 2007)

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RESPONSE TO THE CONSULTATION ON THE SUB-NATIONAL REVIEW

Q1. How should RDAs satisfy themselves that sufficient capacity exists for programme management and delivery at local or sub-regional level?

Suggested Response: In the East of England a comprehensive performance management and assessment process has been used by EEDA to monitor programme management and delivery at both the local and sub-regional level. This has identified where both the capacity and capability exists within sub-regional partnerships to deliver and should be used as the basis of reassurance for the RDAs.

Q2. Do you agree that local authorities should determine how they set up a local authority leaders' forum for their region, and that the Government should only intervene if the required criteria are not met or if it failed to operate effectively? If not, what would you propose instead?

Suggested Response: Yes, this approach will engage local partners and enable an effective mechanism to accurately reflect the local picture and requirements. It is important that there is flexibility so that the structure and form of the Forum can reflect individual region's needs.

Q3. Are the proposed regional accountability and scrutiny proposals proportionate and workable?

Suggested Response: Further clarity will be needed as to possible changes to the existing scrutiny procedures at local level, particularly as the RDA will be assuming greater responsibility with the adoption of a Single Regional Strategy. It is essential that the scrutiny process is clearly distinguished from the local authority role in agreeing and implementing the Single Regional Strategy.

Q4. Do you agree that the regional strategy needs to cover the elements listed at paragraph 4.13? Are there other matters that should be included in the regional strategy to help in the delivery of key outcomes?

Suggested Response: Environmental matters should be given due recognition and prominence within the Single Regional Strategy (SRS). The protection and enhancement of the environment therefore should be included in the list of elements to be included in the regional strategy.

Regional Spatial Strategies (RSSs) are required to provide a clear spatial strategy based upon a vision for the Region's future which is illustrated by a key diagram. To enable the strategy to be clearly expressed both a vision and key diagram should form part of the regional strategy.

There is also no reference to the consideration of sub-regional issues other than housing as part of the SRS. It is considered that the regional strategy should address all relevant sub-regional issues.

The existing RSS process emphasised the need for both delivery mechanisms and a clear link between objectives and policies and monitoring. It is therefore considered that both delivery mechanisms and the monitoring of the regional strategy through the preparation of an Annual Monitoring Report should be included in the list of elements.

The existing national planning guidance relating to Regional Planning sets out a detailed topic based list of the relevant material to be taken into account in the preparation of Regional Spatial Strategies. A similar list of appropriate topics for the Single Regional Strategy should be prepared. It is suggested that this list should include the following:

- ◆ Government Policy
- ◆ National Policy Statements required by the Planning Bill
- ◆ Planning Policy Guidance and Planning Policy Statements
- ◆ Advice provided by the National Housing and Planning Advice Unit
- ◆ Local Economic Assessments
- ◆ Local evidence relating to housing need and delivery as set out in PPS 3

Q5. Do you agree with the way in which we propose to simplify the preparation of the regional strategy, in particular allowing flexibility for regions to determine detailed processes? If not what other steps might we take?

Suggested Response: There is merit in the proposal to merge RSS and RES into a single regional strategy. However we remain concerned that the consultation document does not provide appropriate safeguards to ensure democratic accountability. For example it is proposed to allow RDAs to submit a draft strategy for determination by Ministers in the event of a failure to agree it with local authorities.

We welcome the recognition that local authorities at all levels should be closely involved in the process of agreeing Regional Strategies and its submission to the Secretary of State. However the suggested process makes no reference to the requirement of Local or Strategic Planning Authorities to provide advice to the Regional Planning Body. It is considered essential that the requirement for Authorities to provide advice to the RPB is retained as part of any changes to primary legislation as a result of this consultation document.

Reference is made to the preparation of policies for specific sub regions and cooperation at the sub regional level on economic development matters. However, no reference is made to the existing role of the Local and Strategic Planning authorities in preparing the initial draft of sub regional strategies within their area as part of the current RSS process. It is considered essential that this role is retained as part of any changes to primary legislation as a result of this consultation document.

Flexibility for RDAs and local authorities to agree the detailed working arrangements for the preparation of the regional strategy are welcomed. However local authorities should be formally consulted on the content of the project plan and proposed working structures.

The Council considers that there is need for a firm commitment from Government to require the RPB to prepare a delivery plan setting out actions and investment priorities as previously set out in the Review of Sub-national

economic development and regeneration. This should be prepared in parallel with the regional strategy.

It is essential that Government Agencies together with local authorities are fully involved with the preparation of the delivery plan and that its content is agreed by the proposed local authorities leader forums. The proposed timescale for the preparation of the Single Regional Strategy may be unrealistic given the recent experience of the emerging East of England Plan.

Q6. Do you think that the streamlined process would lead to any significant changes in the costs and benefits to the community and other impacts?

Suggested Response: While the function of the Local Authority Leader's Forum will ensure significant input to the new process, there would appear to be, superficially, a somewhat reduced overall opportunity for partners and the public to comment on the strategy as it develops. This is evidenced by only one formal public consultation and no comeback following any Secretary of State amendment. It is therefore considered that both Local Authorities and the wider public are disadvantaged as a result of the new process given that there are fewer opportunities to comment on the emerging regional strategy.

Currently the RPB is required to prepare a Statement of Public Participation to demonstrate the way in which stakeholders and the wider public will be involved in the preparation of the RSS. This existing requirement should be retained as part on any new legislation.

Q7. Which of the options for the local authority economic assessment duty (or any other proposals) is most appropriate?

Suggested Response: Option 2, the Non – statutory guidance would be the most favoured approach as it offers guidance but without being too prescriptive. The 'no new duty option' (3) is not appropriate.

Q8. What additional information or support do local authorities consider valuable for the purpose of preparing assessments?

Suggested Response: In the first year, elements of the possible guidance suggested in Option 1 could be utilised as a template for local authorities but without being too prescriptive. Equally, as mentioned in the document, utilising the National Improvement and Efficiency Strategy for capacity building should be welcomed particularly in light of the Audit Commission indicating that assessments would be taken into account as part of future Comprehensive Area Assessments.

Q9. How should lead local authorities engage partners, including district councils, in the preparation of the assessment?

Suggested Response: Unitaries and District Authorities have the best knowledge of their area and need to be engaged fully in the new structure and development of the regional strategy.

Lead authorities should utilise existing networks of partners both for data and information in compiling the assessments but also for consultation on drafts.

Most counties operate a forum of economic development agencies and planning officers with regular meetings and this should be used to share tasks and oversee the preparation of the assessment.

Q10. Which partner bodies should be consulted in the preparation of the assessment?

Suggested Response: Partners should include all those currently involved in the preparation of existing district, county or sub-regional economic development strategies. This will range from locally based organisations such as business fora and chambers of commerce representing the private sector, through county level agencies to regionally organised bodies such as Business Link and LSC. It will be necessary to ensure that agencies consulted reflect the broad range of areas to be covered in the assessment including (to be confirmed) transport, housing and land and property issues. This would include the potential delivery partners listed in Par 5.20 of the consultation document

Q11. Should any duty apply in London and, if so, which of the proposed models is most appropriate?

Suggested Response: *Not applicable to comment.*

Q12. Do you agree that there is value in creating statutory arrangements for sub-regional collaboration on economic development issues beyond MAAs? What form might any new arrangements take?

Suggested Response: Until some assessment of the benefits and effectiveness of the dozen pilot MAAs is undertaken, it is considered premature to create statutory arrangements for further sub regional collaboration on economic development issues. If they are proposed at this stage it should be on an informal basis only.

Q13. What activities would you like a sub-regional partnership to be able to carry out and what are the constraints on them doing this under the current legislation?

Suggested Response: Given the limited degree of devolved funding and responsibility for sub-regional partnerships in this region, it is premature to consider significant additional devolvement of activities particularly in areas such as transport and planning where there is limited or no experience. In addition existing sub-regional partnerships have limited democratic accountability and this will be important for some areas of devolvement suggested in the consultation document, such as planning and transport.

Q14. How would a sub-regional economic development authority fit into the local authority performance framework?

Suggested Response: If significant powers and responsibilities were to be devolved to a sub regional partnership or authority the same performance requirements that apply to local authorities through the LAA should be applied. Indicators and targets relating to the devolved activities should be negotiated and the sub-regional partnership required to report on achievement.

Q15. Should there be a duty to co-operate at sub-regional level where a statutory partnership exists? To whom should this apply?

Suggested Response: Yes, the requirement to cooperate should apply to the same range of agencies that applies to the LAA currently, otherwise the potential status and influence of the partnership could be significantly undermined.

Other Issues

Suggested Response: There is a strong economic case for concentrating economic decision- making and devolving funding powers to the sub-regional level. It is widely acknowledged that administrative boundaries of towns, cities and districts do not necessarily reflect the reality of economic markets in which businesses trade goods, services and labour. Also regional boundaries reflect local economies even less well as they bring together a number of micro economies. The real level at which economies operate below the national level is the sub-regional level. Therefore it is right that decisions that affect those economies are taken at that level by democratically elected bodies.

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- ◆ ensures regional roles are genuinely strategic