



## Report to Cabinet

**Subject:** Government review of sub-national economic development and regeneration

**Date:** 2 August 2007

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### 1. Purpose of the Report

- To inform members of government proposals for future sub-national economic development and regeneration, including roles at regional and sub-regional level.
- To draw out issues that may be of particular relevance for Gedling Borough.

### 2. Background

The 2006 Local Government White Paper made reference to issues around economic development and regeneration, including the future role of cities, but indicated that detailed proposals would be forthcoming later.

The government has now published those proposals in a joint report from the Treasury, the Department for Business, Enterprise and Regulatory Reform and the Department for Communities and Local Government entitled "Review of sub-national economic development and regeneration – July 2007".

The paper includes proposals which could be of great significance to the Borough. Many appear to represent a significant endorsement of the Borough Council's approach to developments in Greater Nottingham over the past two years.

An executive summary of the report is attached at **Appendix A**. The full document is available on the Treasury website at: -

[http://www.hm-treasury.gov.uk/spending\\_review/spend\\_csr07/reviews/subnational\\_econ\\_review.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm)

Key potential issues for the Borough are set out below.

### 3. Summary of Key Proposals

**3.1 – Role of Local Government** - The report sets out the government's view of the future role of local authorities. Drawing on the Lyons Review it says that: -

*“The purpose of local government is to take responsibility for the well-being of an area and the people who live there, and to promote their interests and their future. In doing so it should both reflect the distinctive identity and aspirations of the people and area, and safeguard and promote their well-being and prosperity.*

*“The local government role is therefore about more than managing a collection of public services that take place within an area. Local authorities now need to respond to the economic challenges as part of their wider community leadership responsibilities” (paras 6.11 and 6.12)*

**3.2 – Local Government's role in economic development** - The report proposes strengthening of local authority economic development and regeneration roles including more devolution to local authority level. It proposes consultation on a new statutory economic development duty for local authorities which *“would require upper tier authorities – either on their own or jointly with other authorities and in consultation with other key partners – to carry out an assessment of the economic circumstances and challenges of their local economy” (para 6.14).*

But the report strongly argues in favour of co-ordinated working between local authorities to ensure that these powers are exercised at the right spatial level: -

*“There needs to be further development of collaborative working at the level of sub-regions, especially cities, to ensure that economic areas function effectively” (para 6.4)*

**3.3 – The importance of cities** – The report stresses that *“sub-regions are in many respects the key spatial level around which growth is concentrated, in particular in city regions” (para 6.63)* and to improve the economic performance of cities, *“this will require their constituent councils to work together to maximise their collective impact, rather than having individual local authorities working in isolation” (para 6.64).* It points to existing powers to collaborate, for example to develop joint Local Development Frameworks and to input into Regional Spatial Strategies, and encourages further “joint working of this type”. It indicates that the possibility for groups of authorities to establish statutory sub-regional authorities to pool responsibilities permanently for economic development policy areas beyond transport will be explored (para 6.80)– this could include strategic planning and housing (these proposals would require primary legislation).

**3.4 – Local Area Agreements and Multi-Area Agreements** - The report confirms the continued importance of Local Area Agreements as *“the central delivery agreement between central government, local government and its partners”* (para 6.36). However, it also stresses the potential importance of Multi-Area Agreements (MAAs).

MAAs were originally flagged in the Local Government White Paper as a means through which a groups of authorities could come together voluntarily to agree collective targets on cross-boundary issues. Though they would remain voluntary under these proposals, there is strong promotion of MAAs in the report - they are seen as a solution which *“potentially has particular benefits for objectives which relate to economic development, where the impacts of policies often cross local authority boundaries and there are benefits in managing policies at a higher spatial level than individual authorities”* (para 6.73).

Specifically, the report says that: -

- *MAAs should have an economic core and relate principally to economic development (although MAAs for other activities will not be ruled out).*
- *Local authority partners and public sector bodies will share collective responsibility for outcomes;*
- *Sub-regional partnerships will have transparent arrangements for ensuring financial and democratic accountability;*
- *Sub-regional partnerships should include representation from business and other key stakeholders such as RDAs;*
- *As far as possible, MAAs should reflect economic areas that reflect the policy scope for the MAA (and therefore may include partners from more than one region and may also include parts of counties);*
- *In two-tier areas, county councils and participating districts will be co-signatories in MAAs;*
- *MAAs will be consistent with the regional strategy and local Sustainable Community Strategies, and complement the LAAs of the participating authorities; and*
- *MAAs will build on existing sub-regional partnerships and arrangements. (all para 6.76)*

The report indicates that, where MAAs are entered into, the collective targets across local authority areas included in them should be **instead** of individual targets in separate LAAs (see also para 6.73). It also suggests that arrangements already in place for Local Transport Plans *“could well provide the basis for wider MAAs”* (para 6.74).

Guidance on MAAs is proposed by the end of the year and the government *“will work with selected sub-regions and cities to have the first MAAs in place by June 2008 (to fit with the same timescale as the new LAAs)”* (para 6.77). It also indicates that the Audit Commission will be asked to consider whether authorities

are taking up opportunities to work at this spatial level as part of Comprehensive Area Assessment.

**3.5 – Changes to regional roles** - The report also proposes significant changes at regional level. These include: -

- A single regional strategy to set out the economic, social and environmental objectives for each region, formed by bringing together the currently separate Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS).
- Vesting executive responsibility for development of the Regional Strategy with the Regional Development Agencies (RDA). The RDA currently holds responsibility for the RES but the Regional Assemblies, made up from elected members from across the region, is currently responsible for the RSS. The role and function of the Regional Assemblies will therefore change significantly as a result.
- A strong emphasis on growth to be expected in the Regional Strategy, with an overarching regional growth objective reflecting, amongst other issues, plans to address housing growth.
- Increased scrutiny of the RDAs in their role to develop the Regional Strategy, both through local authorities and the parliamentary process.
- Potentially greater devolution of regional regeneration funding to the sub-regional level (the report makes clear the government's expectation that RDAs will "*delegate responsibility for spending to local authorities or sub-regions*"(para 6.48)

**3.6 – Neighbourhood funding** - Neighbourhood funding is likely to be targeted "*more intensively on fewer areas; and according to more acute deprivation at neighbourhood level*" para 6.33. This will require development of "*neighbourhood level data for both local authorities, their partners and others – which may increasingly be shared - .to improve the delivery of neighbourhood renewal outcomes*" (para 6.40).

#### **4. Implications**

The role set out for local authorities is fully consistent with the principles set out in the vision adopted by the Borough Council earlier this year.

The conclusions around the importance of local authorities working together to address economic development across boundaries, and the particular relevance of this in city areas, are consistent with views the Council has put forward since the advent of the Core City debate over two years' ago.

The promotion of Multi-Area Agreements to address economic development in core cities is also consistent with council thinking on this issue. In particular, the idea that MAAs should replace rather than parallel Local Area Agreements on

these matters, and that such agreements can cover parts of counties is a particularly welcome endorsement of this Council's consistently held position.

With the development of the Greater Nottingham Executive, it could be argued that the key building blocks for the development of a Greater Nottingham MAA are already in place or on the way to being so<sup>1</sup>. There is therefore a potential opportunity for Nottingham to be at the forefront of this exciting initiative if other partners can be persuaded to support early introduction of a Greater Nottingham MAA.

The implications of some of the wider proposals are less clear cut. Issues relating to spatial and housing planning need to be further explored though the merger of the RSS and the RSS under the remit of the RDAs sends out a clear signal of the overriding importance attached to economic growth, including the contribution that spatial planning and housing development can make to such growth.

Neighbourhoods proposals suggest that the Borough as a whole entity may not receive regeneration funding, but neighbourhoods within it may do, if the evidence is gathered to support the case for such funding. Only the Borough's most deprived communities would seem likely to qualify.

## **5. Recommendation**

Members are **recommended** to note the report.

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<sup>1</sup> Greater Nottingham Partnership is well placed to take on the over-arching partnership role (taking a parallel role for the MAA that the Local Strategic Partnership takes for the Local Area Agreement); Greater Nottingham Executive might take on the governance role taken by the local authority in such a situation, with the partner agencies delivering the programme.