



Report to Cabinet

Subject: Prosperous Places: taking forward the review of sub-national economic development and regeneration

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Purpose of Report

To advise Members of the Government response to public consultation on the paper issued by the department for Communities and Local Government and the Department for Business Enterprise and Regulatory reform on proposals for taking forward the review of sub national economic development and regeneration.

Background

In May 2008 Cabinet considered a report on the consultation document, Prosperous Places: taking forward the review of sub-national economic development and regeneration. This document sought views on the process for developing new, integrated regional strategies that would build on, and replace, the existing regional economic and spatial strategies; the creation of a statutory economic assessment duty for upper tier and unitary local authorities; and the development of statutory mechanisms for collaboration on economic development by local authorities across sub-regions. Over 500 responses were received and the Government has now considered these responses which have been formulated with regard to the current economic economy.

The document sets out the Government's proposals to introduce a more streamlined and refined framework for sustainable sub-national economic development in England. It also stresses the need for individual communities, localities and regions to have a greater say on the economic decisions that matter most – over jobs, employment and opportunity.

The Government believes that the proposals set out in the sub-national review (SNR) for a new regional strategy provide a crucial element of the refined approach to sub-national economic development. The new regional strategy will:

- Allow regional bodies and localities to work together to produce a comprehensive plan for development of their area, with economic development, housing, planning, energy supply and transport better aligned towards achieving sustainable economic growth; and
- Provide a clear framework for investment which local, regional and central Government partners can work towards.

This document sets out how the Government has decided to proceed with implementing the SNR, providing a brief analysis of the responses received to each of the consultation questions and explains the Government's next steps.

Delivering the SNR

Responses to the consultation strongly backed the aims and purposes of the review. Respondents particularly welcomed proposals for a new single integrated regional strategy in each region. Support was offered to the proposal that local authorities should have a new duty to carry out an economic assessment of their areas and the suggestion that the Government should facilitate stronger sub-regional collaboration between local authorities.

However, a number of respondents had concerns over issues of accountability, governance, leadership and engagement. The Government intends to take forward refined proposals on:

- The creation of an economic assessment duty on upper tier and unitary authorities;
- Ways for local authorities to set-up formal collaborative arrangements on economic development;
- The production of the new regional strategy and reformed regional governance structures; and
- The delegation of decision making by Regional Development Agencies (RDAs) to local authorities and sub-regional partners.

Local authority economic assessment duty

The Government intends to legislate to create a new duty to carry out an assessment of the economic conditions of the area and this will be underpinned by statutory guidance. It is the Government's intention to place a duty on those upper tier authorities to work closely with district councils in their area in completing their assessment. There will be a corresponding duty on district councils to co-operate with the upper tier.

Forthcoming legislation will list public sector bodies that local authorities are under a duty to consult in preparing assessments but does not intend to place a specific duty on the named partners to cooperate with local authorities preparing the assessments.

Supporting sub-regions to collaborate on economic development

The Government will legislate to allow for the creation of statutory sub-regional authorities for economic development and will be known as Economic Improvement Boards (EIBs). These new boards will be based on collaboration between elected members of existing local authorities and will be voluntary in nature, with local authorities being able to 'opt-in' if they so wish. The Government does not believe that it would be appropriate to introduce an additional performance framework to cover the operation of EIBs or appropriate to introduce a duty on named partners to co-operate with the new boards.

To further increase the range of options for sub-regional cooperation the Government has decided to legislate to allow for the creation of Multi-Area Agreements with statutory duties.

Producing the regional strategy and reforming regional governance structures

In light of consultation responses the Government has refined its plans for producing the regional strategy and ensuring appropriate regional governance arrangements.

The revised proposals include:

- the RDA and the Local Authority Leader's Board¹ having joint responsibility for the regional strategy, including its drafting, implementation plan and monitoring of its delivery;
- the key regional planning functions of the regional assembly will pass to the RDA and Local Authority Leaders' Board;
- the Government requiring the RDA and Local Authority Leaders' Board to jointly submit an agreed draft strategy to Ministers.

Form and content of the regional strategy

The Government believes that the form and format of the regional strategy should be for each region to decide but should be a concise document. The regional strategy should set the framework for the activities, plans and investment decisions of the RDA, the Homes and Communities Agency and other public bodies to ensure sustainable economic development.

Government will:

- legislate to require each region in England to produce a regional strategy that delivers sustainable economic growth and contributes to sustainable development;
- issue guidance on what the regional strategy should cover;
- provide greater clarity on national policy expectations, including reaffirming commitments to providing for long-term housing needs; and
- legislate to require regions to produce an implementation plan to accompany the regional strategy, as well as undertake annual monitoring.

¹ The Local Authority Leaders' Board should be:

- Streamlined and manageable and able to make strategic long-term decisions;
- Representative of local authorities across the whole of their region; and
- Comprised of local authority leaders with sufficient authority to act on behalf of all the local authorities.

Engaging Stakeholders

The Government is committed to stakeholder engagement as a fundamental feature for developing and delivering the regional strategy and the Government will be providing further guidance on this issue.

Regional strategy implementation plan

The Government has decided that it will legislate to require the RDA and Local Authority Leaders' Board to jointly produce an implementation plan setting out how the regional strategy will be delivered. The Government will require the RDA and Local Authority Leaders' Board to produce an annual monitoring report on delivery of the regional strategy.

Delegation of decision-making by RDAs

Government will work with RDAs, local authorities and other partners to develop an investment planning approach to delivering the priorities in the regional strategy.

Next Steps

Government plans to use forthcoming legislation to make legislative changes needed to put in place the new proposals and will also be producing guidance to support RDAs and local authorities including:

- the approach local authorities should take in producing their economic assessments;
- the process for preparing, delivering and monitoring the regional strategy, as well as what it need to cover; and
- how RDAs, local authorities and other partners can jointly develop an investment planning approach to delivery of the priorities in the regional strategy.

Government has stressed that regional partners are expected to continue focusing on the commitment in the 2007 Housing Green Paper to reviewing regional strategies where necessary to secure the target of providing 240,00 new homes a year from 2016. This is considered to be all the more important in the current economic climate to ensure that preparations are made to take advantage of future economic recovery.

In the East Midlands it is proposed that a Local Authority Leaders' Board be created comprising the leaders of all of the unitary and county councils in the region, plus the leader of one district in each county, to represent the interests of all the districts in that county. Discussions are taking place between the leaders of the Nottinghamshire districts in order to decide who should be their representative and how this representative role should be performed in practice.

Recommendations

Cabinet are asked to note the above report for information.