

PROSPEROUS PLACES: TAKING FORWARD THE REVIEW OF SUB NATIONAL ECONOMIC DEVELOPMENT AND REGENERATION

SUMMARY OF THE GOVERNMENT RESPONSE TO CONSULTATION

Background

1. In Budget 2006 the Government announced that it would carry out a review of sub-national economic development and regeneration (SNR). The review was published in July 2007. On 31 March 2008, the Government published a consultation document, *Prosperous Places: taking forward the review of sub-national economic development and regeneration*.
2. The Government has now published a response to that consultation setting out plans to implement the SNR, following consideration of the responses and in the context of the current economic situation.

The proposals

3. The Government is to take forward proposals on:
 - the production of the **new regional strategy** and reformed **regional governance structures**;
 - the **delegation of decision-making** by RDAs to local authorities and sub-regional partners;
 - the creation of an **economic assessment duty** on upper tier and unitary local authorities; and
 - ways for local authorities to set-up **formal collaborative arrangements** on economic development.

The new Regional Strategy and regional governance structures

4. In the consultation responses proposals for a single integrated regional strategy were widely welcomed but there were also some concerns. These included the democratic deficit that would result from giving the regional planning function to the RDAs and issues about a possible weakening of focus on economic growth.
5. As a result Government has 'refined' its plans as follows:
 - The Government is to give the **RDA and the Local Authority Leaders' Board** (previously referred to as the Leaders' Forum) **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. Other residual functions will pass to successor bodies as required and the need for **regional assemblies will end**. Any legislation relevant to the assemblies will be repealed and funding transferred to successor bodies;
- Regions are to agree arrangements for producing and agreeing the regional strategy. Where RDAs and local authorities are unable to reach agreement, or where one side acts unreasonably, the Government will take a power to allow Ministers to direct the process for producing the draft strategy, with the expectation being that the task of leading the strategy's development would then fall to the RDA. The Government will also be able to intervene where the Leaders' Board established for a region fails to operate effectively; and
- The Government will require the RDA and Local Authority Leaders' Board to jointly submit an agreed draft strategy to Ministers, but where the RDA and the Local Authority Leaders' Board are unable to agree on a draft strategy to submit, Ministers will direct them to submit statements detailing their disagreements and any papers that have been prepared.

The Leaders Board

6. The Leaders Board is expected to be:
 - **streamlined** and manageable, able to make strategic, long-term decisions, and able to engage effectively with the RDA;
 - **representative** of local authorities across the whole region – including representing key sub-regions, upper and lower tier authorities and the political balance of leaders; and
 - **comprised** of local authority leaders and with sufficient authority to act on behalf of all the local authorities¹ in the region.

The form and content of the Regional Strategy

7. Government intends to legislate to require each region to **produce a regional strategy** that delivers sustainable economic growth and contributes to sustainable development. It will also require the region to **produce an implementation plan** to accompany the regional strategy, as well as **undertake annual monitoring**. The form and format of the regional strategy will be for the region to decide, but broadly it will cover:
 - an overview of the key regional challenges;
 - how sustainable economic growth can best be delivered;
 - a distribution of housing supply figures;
 - how the region will tackle climate change;
 - priorities for regeneration, investment and intervention;

¹ Including National Park Authorities.

- strategic requirements and provision for transport, waste, water, minerals, culture, energy and environmental infrastructure; and
 - additional policy areas that the Leaders' Board and RDA decide and which fit with the objectives of the strategy.
8. The regional strategy will also set the framework in the region for the activities, plans and investment decisions of the RDA, the Homes and Communities Agency and other public bodies (e.g. Government agencies, Health Authorities etc.), local authorities and other regional partners, to ensure sustainable economic development.

Producing the Regional Strategy

9. The Government wants to allow maximum flexibility in deciding the process and structures for producing their regional strategy. It does however, intend to set out high level principles in legislation and guidance, as well as encouraging the exchange of best practice.
10. **Stakeholder engagement** will be a fundamental feature of the processes for developing and delivering the regional strategy and there will be a duty on the RDA and Leaders' Board to consult and engage stakeholders, including a published statement setting out how this will be done. The Government intends to provide further guidance on this issue.
11. The strategy will be subject to **Examination in Public** and Government will legislate for the EiP panel to report to the Leaders' Board and the RDA (as well as to Ministers), The Leaders' Board and RDA will be expected to consider the panel's recommendations and explain how they have done so before they submit the draft strategy to Ministers.

Regional Strategy Implementation Plan and monitoring

12. 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 implementation plan will not be signed off by Ministers but the RDA and Leaders' Board will need to ensure that it has the buy-in of other regional stakeholders. Additionally Government departments and agencies whose programmes will impact on the achievement of the regional strategy objectives will need to be closely involved in drawing up the plan.
13. Government will also require the RDA and Local Authority Leaders' Board to produce an **annual monitoring report** on delivery of the regional strategy.

Scrutiny and Accountability

14. Government believes it is **no longer appropriate** for the Leaders' Board to **have a separate regional scrutiny function**. Instead regional select committees are to scrutinise regional policies with regional bodies and

regional strategies being their chief focus. Regional grand committees, comprising all MPs in the region, will also meet once or twice a year, and will include an oral questions slot for the Regional Minister. Together, Government believes these committees will be able to carry out the necessary scrutiny of the new regional governance arrangements, as well as regional strategy development and implementation. Local Authorities however do have existing powers to scrutinise if they wish to do so.

Delegation of decision-making by RDAs

15. The Government has concluded that, with the joint approach between the RDAs and the Leaders' Board to producing the regional strategy and a joint approach between RDAs, local authorities and other sub-regional partners to investment planning for the strategy's delivery, legislation is not needed to deliver the spirit of the SNR reforms.
16. It is intended that investment planning will allow local authorities and sub-regional partners to have a determining role in planning and delivering interventions which are most effectively delivered at a sub-regional level, but formal approval and accountability will remain as now with the RDA.

Economic Assessment Duty

17. The Government intends to legislate to create a new duty for lead local authorities to carry out **economic assessments** of their area. The duty will fall on upper tier authorities but they will have a duty to work closely with district councils in completing their assessments. The legislation will also list the public sector bodies that there is a duty to consult, along with a requirement to involve local individuals, groups, businesses and other organisations.

Supporting sub regions to collaborate

18. The Government intends to legislate to allow for the creation of statutory sub-regional authorities for economic development, these will be known as **Economic Improvement Boards** ('EIB's). The arrangements will be voluntary with local authorities being able to 'opt in'. Opt out will only be possible with ministerial agreement.
19. Government also intends legislate to allow for the creation of MAA's with statutory duties, the model for this will broadly follow that in place for LAA's.

The full Government Response along with a list of Frequently Asked Questions should be available at www.communities.gov.uk.