

North West Rural Affairs Forum (NWRAF) response to *Prosperous Places: taking forward the Review of Sub National Economic Development and Regeneration*

This response is on behalf of the North West Regional Rural Affairs Forum (NWRAF). The Forum is a group made up of the region's rural stakeholders, who aim to represent the views and concerns of people affected by policies and services in rural areas. We play a vital role in bringing together different rural interests, including private, voluntary and public sector representatives, and we have over 300 members in the North West region.

General Comments

Introduction

It is clear from the consultation document that the Government's thinking has progressed and concerns expressed by many stakeholders have begun to be addressed since the Sub-national Review was published. We welcome in particular the increased references to sustainable development and stakeholder engagement. However, currently these references are not reflected as firm commitments throughout the whole document or its proposals.

We welcome the increased references to reducing carbon emissions and meeting the objectives of the Climate Change Bill. However, this seems to be used as a proxy for all considerations of environmental sustainability. Whereas regional planning documents must take into consideration a wide range of environmental sustainability issues beyond carbon emissions, for example water quality and supply, biodiversity, air quality, tranquillity, landscape, heritage and the provision of open spaces, all fundamental to quality of life.

Focus on economic growth

Prosperous Places maintains an absolute focus on delivering economic growth as its ultimate aim. This is inconsistent with Government policy to deliver sustainable development (SD) (eg *Securing the Future: Delivering UK Sustainable Development Strategy*, and *Planning Policy Statement 1: Delivering Sustainable Development*), which states that the aim of SD is to achieve strong, just and healthy communities that live within environmental limits, and that this will be done by means of a sustainable economy, sound science and good governance. A prosperous economy is a means to achieving other ends, not an end in itself.

Regional and local governance and strategies should be focused directly on the delivery of these ends, with the freedom to assess the best means of delivery of those aims. In most cases that will include an element of economic growth alongside other aims and objectives – but that growth would be targeted and focused, spatially and thematically, towards the achievement of

other ends. Regional character and distinctiveness must be recognised and valued by both central government and the RDAs, and not undermined by simplistic targets which focus on GVA per head.

Research over several decades (eg Cabinet Office (2002) *Life Satisfaction: the state of knowledge and implications for government* <http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/strategy/paper.pdf>) shows that there is no reliable correlation between household income and life satisfaction in developed countries. Measures such as the Regional Index of Sustainable Economic Wellbeing (ISEW) and related targets should be used in order to better measure and improve the contribution that regional plans actually make to improving quality of life. GVA is universally recognised as a poor proxy for this. The need for an integrated approach that addresses economic, environmental and social issues and which will deliver sustainable development must be reflected in the overriding objectives set for the new regional strategies and agencies.

There are two particular dangers arising from an exclusive focus on raising the economic growth rate of the region:-

- a) That disproportionate resources and investment will be focused on “development hotspots”, areas that are already economically successful, which will both draw resources away from those areas most in need of investment and development, thereby increasing disparities and relative disadvantage within the region, and lead to a deterioration of environmental quality in and around the “hotspot” areas themselves.
- b) That disproportionate resources will be focused on urban areas to the detriment of rural areas, resulting in a lack of investment and development in smaller centres and communities, which would lead to the decline of rural communities as they face the increasing loss of service provision, employment opportunities and affordable housing. Rural settlements would increasingly become unsustainable commuter dormitories and retirement villages rather than functioning and vibrant communities.

The rural economy is vital to the prosperity of the North West (accounting for around 40% of businesses and 23% of GVA), but the perception is likely to be that rapid increases in trend growth rate will be more easily achievable by interventions in urban areas. Despite this perception being rooted more in assumption than evidence, if the region has overall GVA growth targets that it has to meet, rather than (or alongside) more nuanced objectives, the neglect of rural areas is a likely consequence.

If regional planning is given an explicit economic-only focus this will necessarily lead at best to the deprioritisation of social and environmental goals, at worst to their neglect. It will not achieve strong, just and healthy communities living within environmental limits.

Role of RDAs

Land use planning shapes how and where people live. Due to the significant impact it has in the public interest it is essential that it is undertaken democratically. We believe that moving regional planning responsibilities from the (at least partially accountable) Regional Assemblies, to the RDAs will create a democratic deficit. The new Leaders' Forums will have some input into the development of the new Regional Strategies, but not lead responsibility.

RDAs' current purposes, as set out in the *Regional Development Act 1998*, are not fit for a Regional Planning Body. In particular they require a much stronger focus on delivering sustainable development, and on furthering social and environmental aims. Their ability to act as an RPB which is required to integrate and balance social, economic and environmental objectives would otherwise be seriously compromised. The response that they already have a duty to contribute to sustainable development "where relevant" is entirely inadequate.

Although RDAs do work with and consult stakeholders, eg through the preparation of RESs, they are not as firmly based on the principle of partnership working as the Regional Assemblies. The process for developing the new Regional Strategies must incorporate these partnership principles and focus on meaningful engagement with stakeholders and local communities from inception to delivery. This could be achieved by developing Regional Planning Panels, including planners or other representatives from the RDAs, local authorities, and relevant stakeholders, including rural concerns.

Role of stakeholders

We welcome the greater emphasis on stakeholder engagement in *Prosperous Places* as compared to the SNR. However, we would like to emphasise that stakeholders do not just bring technical expertise to the regional planning process. They have naturally regional and non-party political perspectives, extending the scope and ownership of policy-making to constituencies and communities that would not otherwise be connected to the process, and facilitating wider community engagement. This can be particularly the case for rural stakeholders through Rural Community Councils and the Rural Affairs Forums.

Involving stakeholders throughout the process will also ensure that we use the lessons learnt from the experiences of developing and revising RSSs and RESs.

We agree that Government should not be prescriptive about the most appropriate arrangements for stakeholder engagement, and that regions should have the flexibility to determine this for themselves. However, we believe that Government must set out some minimum standards in legislation for stakeholder involvement covering the social, environmental and economic

spectrums, and including a significant rural voice, to ensure that they remain integral to the process. There also needs to be a commitment from Government to fund these arrangements, to ensure that they are effective and that they are given adequate weight and standing.

Stakeholders need to be effectively engaged with both the Leaders' Forum and the RDAs. The new structures being developed in the North West provide an effective example of how this can be done in relation to the Leaders' Forum.

In the North West, while NWDA does have a track record of working with regional partners, given the proposed new wider remit of RDAs, this could and should be developed further through the establishment of clearer and closer partner working relationships and arrangements, especially by taking advantage of existing networks such as the RAF. This could include, for example, a reconstituted and expanded RES advisory group involving a wider range of social, economic and environmental stakeholders.

Given the proposed increased delegation of funding to sub-regional level, there is also a need for sub-regional economic partnerships to improve engagement with wider stakeholders, particularly from social and environmental sectors. This was a recommendation of a recent scrutiny inquiry by NWRA, and was accepted by NWDA: the sub-national review should be used as an opportunity to facilitate and promote closer working with stakeholders sub-regionally.

Specific Responses to the Consultation Questions

Local Authority Leaders' Forum

As highlighted in our comments above, we believe that the movement of regional planning powers to the unelected RDAs will leave a democratic deficit at the regional level. The involvement of local authorities did give Regional Assemblies a degree of legitimacy. To increase accountability within the proposed new system local authorities must continue to play an important, and influential, role.

Each region should have the flexibility to determine the most appropriate structure for their region. The North West region has provided an effective example of how this concept can be taken forwards into reality, and also maintain the integral involvement of wider stakeholders.

A reference to the need for the Forums to be representative of both rural and urban communities should be added to the suggested criteria set out in paragraph 3.15 of the consultation document. It will also be important to ensure that all tiers of local authorities are adequately represented.

Regional Accountability and Scrutiny

We do not believe that the regional accountability and scrutiny proposals set out in either the SNR or the consultation document are sufficient. It is proposed that RDAs will be accountable to Parliament through the Secretary of State for BERR. Under the current proposals many of the functions that will be undertaken by the RDAs will be related to regional planning, therefore we do not believe that BERR alone has the expertise to undertake this role. Any central government assessment of the RDAs effectiveness in undertaking their roles must also involve input from Defra and CLG. We would also recommend the involvement of relevant expert public bodies including Natural England, Environment Agency, the National Housing and Planning Advice Unit and the Sustainable Development Commission. We believe that Defra should also be involved in the process of signing off the regional strategy.

It is unclear how scrutiny via the Leaders' Forum will work, as the Forum will, under current proposals, have an integral role in developing the strategy. It is proposed in the North West that a separate sub-group, with no members of the Forum sitting on it, be responsible for scrutiny; this may well be effective. Otherwise a separate forum would have to be established, preferably with members drawn from both local authorities and wider stakeholders. In the North West the scrutiny function is currently led by the wider stakeholders group, and has been acknowledged by GONW and NWDA to be particularly effective.

Scrutiny arrangements should ensure that two tier and unitary authorities, and rural and urban perspectives, are represented. There should be a duty placed on RDAs to accept and act on the recommendations of the scrutiny body, or to provide a robust justification for not doing so, in order to ensure that such arrangements are meaningful. As part of their accountability, RDAs should be required to report on (and be scrutinised on) their delivery against social and environmental objectives, and against their performance with regards to delivery in and for rural areas and rural economies.

RDAs should be encouraged to take advantage of the experience, expertise and wide stakeholder membership in the Regional Rural Affairs Forums to assist them in rural-proofing the regional strategies and their implementation, and to be involved in the scrutiny process. Whether or not stakeholders are included on the Regional Leaders' Forum, there may be scope for the RAFs to have a role working alongside the Forum to provide a formal rural scrutiny function. This could be funded by a small part of the savings made from the abolition of the Regional Assemblies.

It would improve the transparency of RDAs if their board meetings were open to the public, and papers and minutes were made publicly available.

Integrated Regional Strategy

We welcome the proposed integration of spatial and economic planning and the move towards a single regional strategy. However, as set out above we

do not believe that the main aim of this strategy should be to increase economic growth alone. The strategy should be genuinely underpinned by the principles of sustainable development, and focused explicitly on the ends we wish to achieve, eg improvements in health, community cohesion and involvement, service provision and accessibility, employment opportunities and quality, resource conservation, public realm, place-shaping, the natural environment, open spaces, culture, etc; and likewise a reduction in crime, social exclusion, poverty, worklessness, disadvantage and disparities, rather than on increasing GVA as a poor assumed proxy for achieving these ends.

If GVA is to be included as a headline target it must be made explicit how increased GVA will deliver the actual aims of the region. As a spatial planning document, the regional strategy needs to include a range of wider social, environmental and quality of life objectives and policies designed to achieve them, including the relationship between these and economic objectives. We are concerned that the current recommendations will undermine sustainable development by sidelining social and environmental considerations. The priorities for each region should be determined by that region, not by Whitehall. Much work has already been done in the regions to this effect, for example by developing the Regional Rural Delivery Frameworks as well as the RSSs and RESs. There needs to be the flexibility to embed the RRDF priorities into the strategy

We welcome the additional focus on climate change in the consultation document, but note that this will have a wide range of social, economic and environmental consequences. Considering climate change impacts does not equal environmental sustainability.

In developing the priorities for the new regional strategies the Government must remember section 4(2) of the Regional Development Agency Act 1998 - that the purposes of the RDAs apply as much in relation to the rural parts of its area as in relation to the urban parts. We do not feel this is reflected in this list of priorities, or the recommendations set out in *Prosperous Places* more widely. The regional strategies should be explicitly required to highlight particular rural issues. While rural issues should be mainstreamed throughout the strategy, specific rural challenges and opportunities should be identified, an overall framework for development in rural areas established, and specific reference to responding to rural needs and opportunities included in individual policies where relevant. The direct and indirect benefits of the rural economy to the health and prosperity of the region must not be underestimated.

We welcome the commitment in the consultation to ensure high standards are met in relation to stakeholder and community engagement. As the consultation acknowledges this must be achieved if the strategy is to be supported at both the local and regional level. There should be flexibility for each region to take into account local circumstances and the best way to engage its communities and constituencies of interest, but this should be within a framework of national minimum standards which includes a clear rural dimension.

We also welcome and support the commitment for government to work with RDAs, local authorities and stakeholders to develop a single national core sustainability framework against which all regional strategies can be appraised. We look forward to receiving more information on how this important area of work will be taken forward in due course.

We note that there is little reference to Sustainability Appraisals or Strategic Environmental Assessments within the new proposed process. Currently regional plans are subject to a Sustainability Appraisal (SA) which incorporates the requirements of the EU Strategic Environmental Assessment Directive. As set out in PPS11 the SA is not a separate stage, but an integral part of the development of the strategy. It should be used to inform and provide input at each stage and it must be available to partners and the community. It is essential that SA is used to inform decision making within the new process as it has been in developing RSSs.

We welcome the involvement of an independent Panel early in the process. However, it is unclear how this proposal fits into the wider process. A formal EiP early on with a very limited EiP towards the end of the process would not be acceptable. Achieving consensus on the intellectual underpinnings of the strategy at an early stage is an important step, but the strategy as a whole must be examined in its final draft stage, and not just sections that are considered particularly controversial – if only because, as the guidance makes abundantly clear, an RSS (and therefore a SRS) must be read as a whole, and changes to one part may have very significant bearings on others. EiPs should not be seen as the main means of engaging stakeholders, who should be embedded in the whole of the process of developing the strategy.

It should also be made clear that the Panel's report will continue to have the same weight as at present, and that RDAs will accept their recommendations or provide robust justification for not doing so.

Local Authority Assessment Duty

We welcome the commitment to the single regional strategy being developed out of a robust evidence base. However, improvements to the economic evidence base are not necessarily the highest priority in all cases in order to deliver a balanced and sustainable strategy. The proposed duty is likely to unbalance, rather than build on, the power within the *Local Government Act 2000* which enables local authorities to do anything they consider likely to promote or improve the economic, social or environmental wellbeing of their area.

Any new duty to be placed on local authorities must require them to undertake a broader assessment considering economic, social and environmental conditions to ensure that they both promote wellbeing and sustainable development. This would also ensure a valuable and balanced evidence base for the regional strategies.

Local authorities, in carrying out all of these proposed assessments, should be encouraged to take full advantage of existing networks of stakeholders across all sectors, who will provide a valuable source of local knowledge and information. Rural Affairs Forums and Rural Community Councils will have a particularly useful role to play with regard to social, economic and environmental conditions in rural areas.

Any assessment of economic conditions must be required to take into account rural areas and hinterlands of towns and cities, and not focus exclusively on urban areas as the presumed drivers of growth.