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CPRE South East eBulletin: 7 April 2008

The "Prosperous Places" Consultation

Review of Sub-National Economic Development and Regeneration

Deadline for responses 20 June 2008.

1. The SNR

In July 2007, the Government published its review of sub-national economic development and regeneration (SNR). The SNR priorities are wealth, environment, then people:

- ◆ making it easier for businesses and entrepreneurs to create jobs and wealth
- ◆ achieving growth environmentally sustainable and making the transition to a low-carbon economy
- ◆ "ensuring that people have a real and meaningful say over the places where they live and about which they care deeply, with effective opportunities to influence regional planning".

The main message is that the best way to promote economic growth is to strengthen the regional tier of planning, combined with a stronger economic focus for local and regional government, and stronger national coordination. The Regional Development Agencies (RDAs) will have a much stronger role in coordinating and implementing an integrated strategy for the region (IRS), including control of regional planning. Everything is to be done in "strong deep partnership" with public, private and social partners.

Ministers John Hutton (BERR) and Hazel Bears (CLG) are now consulting on implementation of the plans in the SNR.

2. Analysis

Responsibility for regional planning has been transferred from Regional Assemblies to Regional Development Agencies. The government cannot deliver primary legislation quickly enough to implement the transfer of planning powers to the RDAs. As an interim measure, it has tabled amendments to the Planning Bill to allow Regional Assemblies to voluntarily transfer their planning powers to the RDAs.

At a national level the Department of Business Enterprise and Regulatory Reform (BERR) has wrested control of regional planning from the Department of Communities and Local Government (CLG). CLG is given a residual role in ensuring that new appointments to the boards of the all powerful RDAs have planning expertise and in setting national priorities for regions (for example, by imposing housing levels at the outset of regional planning process).

The publication of each draft Regional Spatial Strategy (RSS) has so far been followed by the government seeking to impose higher housing targets than the regional representatives believe is feasible. The government's aim is to eliminate this public squabble by setting out "national priority expectations" before strategy development begins. The government is also ordering "partial reviews" of existing RSS to "pave the way for 240,000 new homes a year by 2016".

The SNR elevates the economic role of both business-led RDAs and elected local authorities. RDAs will gain responsibility for building economic capacity in local authorities, giving them a stronger influence on local agendas.

The SNR promises electors a "real and meaningful say" in regional planning through Examinations in Public, which have so far raised housing levels in draft RSS, and "independent testing" of contentious issues.

The government is optimistic about transition arrangements and expects there to be no pause in developing regional plans or progress towards the 3 million homes by 2020 housing target.

3. Changes to Regional Planning

Integrated Regional Strategies. Regional Assemblies are to be abolished. Integrated regional strategies (IRS) will replace the Regional Economic Strategies (RES) and Regional Spatial Strategies (RSS: for example, the South East Plan). The strategies will set out "a vision of how and where sustainable economic growth would be delivered".

IRS Scope. The IRS will encompass:

- ◆ an overview of the key regional challenges over the plan period
- ◆ how economic growth can best be delivered having regard to employment and the key drivers of productivity as well as regeneration
- ◆ a distribution of housing supply figures as well as targets for affordable housing and achieving quality homes for all, including vulnerable and socially excluded people
- ◆ how the region would manage the risks and opportunities of unavoidable climate change, achieving development in a way which is consistent with national targets for cutting carbon emissions
- ◆ those areas within the region identified as priorities for regeneration investment and intervention
- ◆ strategic requirements and provision for transport, waste, water, minerals, energy and environmental infrastructure, insofar as these are not already specified in national policy.

National priorities. To ensure "effective consultation" the government will set out "national priority expectations" before strategy development begins. This will include housing supply targets, regional economic growth objectives and national policy statements on infrastructure.

Timescale. The existing RSS will be partially reviewed by 2011 to boost housing numbers. Future strategies should be completed within 24 months, partial reviews within 18 months.

Independent testing. An independent panel could be appointed early in the IRS process to test issues by "engaging with a wide range of stakeholders".

"Sign off". A forum of local authority leaders will sign off the draft IRS, followed by ministers at BERR and CLG.

Inspection. The IRS will still be subject to an Examination in Public "as a means of engaging stakeholders and testing the evidence on contentious issues". Five tests are set out for a robust IRS:

- ◆ effective engagement with stakeholders and the public
- ◆ a robust evidence base
- ◆ effective sustainability appraisal of economic, social and environmental impacts
- ◆ independent testing in public: "examinations in public provide a model for this at regional level"
- ◆ sign-off by both the RDA and the local authority leaders' forum, and nationally by Ministers.

Delivery plan. The government is still considering whether a "delivery plan setting out actions and investment priorities" should follow the IRS; any plan might be reviewed every two or three years.

IRS Review. This will be flexible according to local needs, perhaps every five years, but ministers may "require a refresh or review of a regional strategy to reflect significant changes to national priorities".

4. Changes to the role of Regional Development Agencies

Governance. RDAs will continue to be business led, but CLG will get a say in appointments "to ensure that the skills and experience of those appointed to RDA boards reflect their new responsibilities" in planning.

Leadership. RDAs will lead the regional planning process. They will engage in capacity building to ensure that local authorities can meet their new economic obligations.

Stakeholders. RDAs will lead on "effective stakeholder engagement and management" involving business, unions, voluntary and faith groups, and cultural and health bodies.

Accountability. RDAs will be accountable to the Secretary of State at BERR. There is no formal involvement of CLG in accountability. The House of Commons is considering setting up nine regional committees to monitor the RDAs. Local authorities will hold RDAs to account through the leaders' forum.

Funding. RDAs will agree the split of funding between different policy areas with local authorities and other partners. It is expected that they will delegate more of their funding to local authorities and "other delivery bodies", with an emphasis on funding programmes within the framework of the IRS rather than specific projects. The RDA will retain responsibility for inward investment, innovation support and fire-fighting economic shocks.

5. Changes to the role of Local Authorities

Local Authority Economic Assessment Duty. Local authorities must raise their capacity to promote economic development. The government is proposing a duty on upper tier and unitary local authorities to complete a "statutory economic assessment", which will underpin local and regional planning. The first assessments will be in 2011/12.

Leaders' Forum. This will be the mechanism through which local authorities achieve "co-ownership of the vision for each region and its delivery" and the sole mechanism for local authorities to scrutinise the work of RDAs. Its membership will be a representative range of local authority leaders and must have sufficient authority to sign off the draft IRS on behalf of all local authorities in the region. Local authorities will decide the structure for the forum but if they can't agree or fail to operate effectively, the government will intervene. The unspoken message is that if a forum fails to sign off the draft IRS because it could not accept the level of development proposed, the government will regard it as failing to "operate effectively" and "intervene".

Multi-Area Agreements (MAAs) were announced in the October 2006 local government white paper but are still "under discussion". The aim is to allow local authorities to work across administrative boundaries, not just for economic development, the current focus, but for "a wider range of functions". The government is "committed" to give legal status to MAAs subject, it says, to this consultation and MAAs not imposing additional costs on local authorities and council tax payers.

6. Transition arrangements

Housing target maintained. *Prosperous Places* makes it clear that momentum on the government's housing target of 3 million new homes by 2020 must be maintained during the transition. The current round of RSS will be completed, with "further partial reviews where necessary by 2011 to pave the way for 240,000 new homes a year by 2016".

Regional planning must not pause. The Planning Bill currently in Parliament allows the Regional Assemblies to devolve any or all of its planning powers to RDAs or for RDAs to assist the Assemblies more than at present, where both parties agree. Their aim is to ensure no interruption in development of regional planning.

Change management. RDAs will develop a change management programme with local authorities to implement the new arrangements.

7. The Consultation

The consultation asks fifteen questions on three topics:

- ◆ Integrated Regional Strategies
- ◆ Local Authority Economic Assessment Duty
- ◆ Sub-regional collaborations

Deadline: 20 June 2008

Consultation website: <http://tinyurl.com/5fgoco>.

Stakeholder event: date not confirmed for South East.