



Sub-National Review – Key Policy Outcomes

Background

July 2007 – The Government published the outcome of its Sub National Review (SNR) of Economic Development and Regeneration – this set out the Government's proposals to introduce a more streamlined framework for sustainable sub-national economic development in England.

March 2008 – The Government launched a public consultation document on taking forward the SNR – the Commission for Rural Communities responded in June 2008.

November 2008 – The Government published its response to the SNR public consultation.

Through the Local Democracy, Economic Development and Construction Bill, currently before Parliament, the Government intends to take forward proposals on:

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

1. Integrated Regional Strategy

Overview

An Integrated Regional Strategy (IRS) for each region will replace the existing Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS). It will also integrate the substance of other regional strategies covering culture and sport, housing, biodiversity and transport.

The purpose of the IRS is to set out the overarching strategic framework for a region. It will articulate a long-term vision of what the region will look like in 15-20 years time, and will be reviewed every five years.

The IRS will also inform regional priorities around housing, transport, environment, skills, business support, rural needs and other matters to create the conditions for business and communities to flourish. It will be regionally specific, and address the region's needs and the needs of places within the region – both urban and rural.

Regulations and guidance on the IRS will be published for consultation later this year.

Regional Development Agency and Local Authority Leaders' Boards

RDA and Local Authority Leaders' Boards will have joint responsibility for the Integrated Regional Strategies, including drafting, implementation plan, sign off and monitoring delivery.

RDAs will move towards a more strategic, programme management role, although they will continue to deliver interventions themselves where it is appropriate for them to do so.

The requirements for Local Authority Leader's Boards will be as follows:

- Streamlined and manageable, able to make strategic, long-term decisions, and able to engage effectively with their region's RDA.
- Representative of local authorities across the whole of their region – including representing key sub-regions, upper and lower tier authorities and the political balance of leaders.
- Comprised of local authority leaders and with sufficient authority to act on behalf of all the local authorities in the region.

Participating authorities will include district councils, county councils, and, where relevant national parks authorities and the Broads Authority.

Participating local authorities will make a proposal for each region's Leaders' Board which sets out:

- Membership
- Decision-making process
- How and when it will refresh or re-elect its membership
- Managerial structure and organisation.

The participating local authorities and the RDA will also make a proposal for each region setting out:

- How the two bodies will work together to fulfil their duties to jointly produce the draft regional strategy and implementation plan.
- What the decision-making process will be, including resolving differences.

These proposals will be consulted on to ensure that views of stakeholders in the region are heard.

Many regions have already gone a long way towards agreeing arrangements for producing and agreeing an IRS.

Integrated Regional Strategy content

The three areas where Government will set clear expectations are **economic outcomes; housing outcomes; and climate change**.

The form and format of the IRS will be decided by each individual region. It will broadly cover:

- An overview of the key regional and sub-regional opportunities and challenges over the plan period.
- How sustainable economic growth can best be delivered, having regard to employment and the key drivers of productivity as well as regeneration.
- Set out how the region will meet its housing need and demand and achieve a wide choice of high quality homes to create sustainable, inclusive mixed communities.
- Taking action on climate change and energy.
- Those areas within the region identified as priorities for regeneration investment and intervention.
- Strategic requirements and provision infrastructure insofar as these are not already specified in national policy.
- Additional policy areas that regions decide and which fit with the outcomes of the strategy, potentially drawing upon the substance of other non-statutory regional strategies.

The IRS will also set the framework in regions 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) in the region, local authorities and other regional partners, to ensure sustainable economic development. It will set out which places and sectors should be priorities for development and investment, thus providing clarity and incentivising private sector investment in a region.

Key to translating the vision of the IRS into action will be the Implementation Plan, which will look in more detail at the more immediate 3-5 year period. While a separate document, it will be drawn up in conjunction with and inform the IRS.

Examination in Public (EIP) Panel

Early input by an EiP panel will be an opportunity to flag issues concerning the evidence base of the IRS.

The EiP panel will report to the Leaders' Board and the RDA, and will expect the Leaders' Board and RDA to consider the panel's recommendations and explain how they have done so before they submit the draft IRS to Ministers for sign off.

Guidance will be issued to clarify the role of the EiP panel at different stages of the process, including proposals for an open session to give members of the public access to the panel.

Stakeholder engagement / consultation

There will be a duty on the RDA and Local Authority Leaders' Board to consult and engage stakeholders. They will be required to prepare, and comply with, a published statement setting out how they will consult and engage with stakeholders and communities. This will include consultation with statutory environmental agencies (Natural England, Environment Agency and English Heritage).

The new arrangements build on the range of stakeholders currently involved whether through representation on Regional Assemblies or regional partnerships or working groups. For example, business, Higher Education Institutes, Trade Union Congress, town and parish councils, the voluntary sector, environmental and faith groups and regional culture and health bodies.

The RDA and the Leaders' Board will work closely with the Government Office to prepare and agree the IRS implementation plan and draft IRS.

The Government will be clarifying in guidance which specific bodies and types of bodies must be consulted.

Forthcoming legislation will then require full public consultation at the following key stages:

- Once the RDA and Leaders' Board have agreed an initial draft strategy.
- After the draft strategy has been modified in the light of the Examination in Public Panel's recommendations and representations received on the initial draft.

Regional Select Committees

Regional Select Committees for each of the English regions will be established.

The committees will have a broad remit over regional issues. One of the areas they will consider will be the IRS, particularly monitoring the delivery of the strategy and holding Government and regional agencies to account.

Regional Grand Committees, comprising all MPs in the region, will meet once or twice a year, and will include an oral questions slot for the Regional Minister.

Transition period

Government has established an SNR Transition Steering Group with representatives from the LGA, RDAs and Regional Assemblies to help in sharing best practice between regions on transition to new arrangements and helping to resolve issues.

Local authorities, RDAs and Regional Assemblies are leading on drawing up a change management programme for their region. They will be advised and supported by Government Offices, along with a BERR/Communities and Local Government Transition team.

As key regional planning functions of Regional Assemblies will pass to new RDA and Local Authority Leaders' Boards, the need for Regional Assemblies will end. Until the Leaders' Board is formally established, regional planning bodies will continue to operate, thus allowing RSS work to continue.

2. Options for Sub-Regional Co-operation

Multi Area Agreements with statutory duties

Currently, Multi-Area Agreements (MAAs) are voluntary agreements between groups of local authorities and partners to deliver improvement targets, particularly in relation to economic development. They help to increase co-ordination of policies which have an impact on growth (e.g. transport, housing and employment) at a level that reflects a geographical economic footprint. MAAs are prepared by one authority (the responsible authority) on behalf of all the local authorities within the area.

The Government has decided to legislate to allow for the voluntary creation of **MAAs with statutory duties**. This would give MAAs a similar legal status and model to Local Area Agreements.

Local authorities wishing to pursue such an agreement will nominate one authority – a lead authority – to be responsible for preparing and submitting the MAA. The Government intends to legislate to provide for a duty to be placed on named partners (including other local authorities in the area) to cooperate with the lead authority in agreeing targets, and a requirement for partners and the lead authority to have regard to those targets in the execution of their functions.

Targets will relate to any aspect of the economic, social or environmental well-being of the area or any part of the area. As well as reflecting local priorities, targets will need to be consistent with integrated regional strategies.

Further detail on setting up MAAs with duties will be set out in future guidance.

Economic Prosperity Boards (EPBs)

The Government has decided to allow for the creation of Economic Prosperity Boards (EPBs). If groups of local authorities wish to set up a robust and long term governance structure across their area to deliver the improvement targets agreed to in an MAA, they may wish to consider establishing an EPB across the area.

EPBs will enable groups of local authorities, where they wish to do so, to act collectively across the whole area covered by those authorities on economic development and regeneration issues.

Following the enactment of the Local Transport Act 2008, the Government has also decided to allow for the functions of EPBs to be combined with the functions of Integrated Transport Authorities (corporate bodies at the sub-regional level with responsibility for the local transport plan and other transport functions). This will allow a consistent approach towards economic development and transport across an area, and will streamline sub-regional working.

The areas covered by an EPB will be contiguous – i.e. that there are no ‘gaps’ in the area which could cause difficulties in ensuring effective economic development.

Where an EPB is proposed across the area of an existing MAA or MAA with duties, the EPB will take over responsibility for delivery of the targets agreed through the MAA.

An EPB would also be an effective mechanism for achieving the required decision making process needed to form a City Region. (Currently, there are many well established City Regions in existence across England. They go beyond local authority boundaries and join more than one city together in terms of strategic planning (for example, on economic development, physical planning or strategic housing) and governance arrangements.)

3. Local Economic Assessment Duty

All county councils and unitary authorities will be required to prepare an assessment of the economic conditions of their area, known as a Local Area Economic Assessment. This will help to ensure that local authorities have a clear understanding of the conditions required for business to flourish in their area, and for people to take advantage of economic opportunities.

Outline

Local authorities will need to take account of the broad range of factors that impact, both positively and negatively, on the economic well-being of individuals and communities.

These factors will vary in importance between places, but could include the impact of demographic change, sparsity and peripherality, environmental opportunities and pressures, housing and infrastructure, and skills levels.

A local economic assessment will provide local authorities and their key economic partners with a clear understanding of local economic conditions at all spatial levels, from urban through to rural areas. Local authorities that cover large geographical areas will be required to avoid a blanket approach and ensure that their assessments reflect the diversity of their areas.

A local economic assessment will:

- Identify the economic linkages, including the links between the urban and rural economies, within the area of the assessment and between it and the wider economy.
- Identify the comparative strengths, weaknesses, opportunities and threats facing the local economy. These will include social features of places, such as rurality, peripherality and sparsity, that drive their economy.
- Review the key ways in which local authorities and their partners influence local economic development and their impact.
- Review the regeneration challenges of the area.
- Analyse causes of worklessness.
- Consider the impact of local economic development on the environment, and how the local economy will be affected by the transition to a low-carbon economy.

Regional issues, including the priorities set out in the new Integrated Regional Strategies will also be considered as part of local economic assessments.

Local authorities and regional partners will be required to establish a structured regional dialogue to agree a framework for taking forward the local economic assessments. This will be developed in alignment with the regional governance structures set up to develop and implement Integrated Regional Strategies. The Local Authority Leaders' Board will have a key role in agreeing the framework within which local authorities operate.

Regional Improvement and Efficiency Partnerships (where councils in a region have joined forces to co-ordinate and support the drive for improvement, innovation and efficiency), will be co-ordinating initial activity within each region to support local authorities taking forward the new assessments. They will be organising regional seminars for local authorities and other partners during 2009.

Local authorities that have formed an MAA on economic development, involving more than one upper tier authority, will normally be required to conduct a joint assessment. The local economic assessment will also inform LAA and MAA negotiations, as well as complementing the national indicator set in providing a useful source of evidence for inspectorates carrying out a CAA.

Consultation

The Government will publish draft guidance on local economic assessments for consultation during 2009.

There will be a duty on local authorities undertaking local economic assessments to consult certain named partners. This will include consulting the Homes and Communities Agency on the housing and regeneration aspects of their assessment. This consultation will help to inform the agency's 'single conversation' with an area.

In conducting local economic assessments, local authorities will be encouraged to consult a full range of social, environmental and economic partners, including local businesses, the voluntary and community sector, social enterprises, and parish and town councils.

It is expected that local authorities will be required to start preparations for a new economic assessment from April 2010.

The Improvement and Development Agency (IDeA) have developed their own sector led package of support and guidance on local economic assessments. This guidance complements and builds on any guidance to be published by Communities and Local Government.

4. Additional Considerations

Local economic assessments will also inform Local Development Frameworks. The Government published a consultation on Planning Policy Statement (PPS4) *Planning for Sustainable Economic Development* in May 2009. This explains how local planning authorities should draw upon a wide evidence base to understand both existing business needs and likely changes in the market, so that they can prepare policies to support sustainable economic development in all of their areas.

In July 2008 the Government also published a draft regeneration framework *Transforming Places: Changing Lives – a Framework for Regeneration*. This set out the Government's draft proposals for shaping the way regeneration is carried out in future in England. The draft framework expresses the need for regeneration to focus on tackling underlying economic challenges and support people in the most deprived areas to access new opportunities so that investment is more effectively targeted and that no area is left behind. The Government published a summary of the consultation responses in March 2009 and intends to publish a final version of the framework later this year.

This paper is based on the content contained within the following documents:

[Government response to Prosperous Places: Taking forward the Review of Sub-National Economic Development and Regeneration](#)

Published: 25 November 2008

[Local Democracy, Economic Development and Construction Bill: Policy Document on Regional Strategies](#)

Published: 26 January 2009

[Policy Document on options for Sub-Regional Cooperation in the Local Democracy, Economic Development and Construction Bill](#)

Published: 26 January 2009

[Local Democracy, Economic Development and Construction Bill: Local Economic Assessments](#)

Published: 26 January 2009