

# HAMPSHIRE AND ISLE OF WIGHT LOCAL GOVERNMENT ASSOCIATION

13 June 2008

## GOVERNMENT CONSULTATION ON THE REVIEW OF SUB-NATIONAL ECONOMIC DEVELOPMENT AND REGENERATION

Report by Simon Eden - Chief Executive, Winchester City Council

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### RECOMMENDATION

That Members consider the strategic issues raised by the Government's consultation paper and agree a joint response.

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### INTRODUCTION

1. In July 2007 the Government published the conclusions of the Treasury-led review of sub-national economic development (the SNR). The most notable component of the review was the proposal that the strategic planning, housing and transport roles of Regional Assemblies be passed to the relevant Regional Development Agency (RDA), with the demise of the Assembly. This has overshadowed other aspects of the review, which was designed to provide a framework for enhancing economic prosperity, and so tackling social deprivation and inequality.
2. To date most member-level discussions have focused on the implications of the end of the South East England Regional Assembly for the democratic accountability of strategic planning across the region. The welcome many have given to the end of what they saw as an unloved quango is tempered by concerns about the future democratic input to regional planning. This was debated at the Assembly Plenary in Reading this March, and indeed was discussed at the HIOW meeting of 25 January. On those occasions the discussion centred on the negotiating position South East Councils should adopt in seeking a strong role for democratically elected authorities under the new arrangements.
3. At the end of March the Departments for Communities and Local Government (DCLG) and for Business, Enterprise and Regulatory Reform (BERR) published a consultation paper "*Prosperous Places: Taking Forward the Review of Sub national Economic Development and Regeneration*" (<http://www.communities.gov.uk/publications/citiesandregions/snr>). The paper sets out in detail proposals for implementing the SNR. This paper considers in outline what is proposed and suggests key areas HIOW may wish to offer a collective response on. Because the democratic deficit in the Government's proposals remains a central concern for many authorities, this paper considers that topic first, before moving on to look at other aspects of the consultation.

### FUTURE ARRANGEMENTS FOR ECONOMIC AND SPATIAL PLANNING

4. In proposing change to existing regional bodies, the Government is seeking "a closer alignment between economic and spatial planning". Its proposal is that a single body should take responsibility for preparing an Integrated Regional Strategy (IRS) which brings together the current Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS). That body would also take over responsibilities which currently sit with the Regional Housing Board and Regional Transport Board.

5. The principle of a closer alignment between what are clearly linked plans is sound, and something local government should welcome. Equally, it is sensible to reduce the number of bodies which have a role in the process. Given that the consultation paper goes on to argue that the IRS should be a “bottom-up” document – shaped by practical, local considerations – it is surprising that the Government do not go on to acknowledge the central role of democratically chosen community representatives in this process.
6. Instead, the Government emphasises that “the RDA will lead on development of the regional strategy” and “RDAs will continue to be business-led”. The consultation paper proposes that each region establishes a “Local Authority Leaders’ Forum” which would “engage” with the RDA, agree with them the draft IRS (for formal consultation) and sign off the final IRS for submission to Ministers. Crucially, in the event of disagreement between the Forum and RDA, the latter would submit the IRS for Ministerial decision. It is worth noting, in passing, that the consultation paper suggests that the Government may intervene if such fora “fail to operate effectively” - hardly a vote of support for local democracy.
7. The concern shared by many local authorities that these proposed arrangements diminish the input local communities can have, through their elected representatives, to regional planning matters has been debated elsewhere and need not be repeated here. Several Hampshire Leaders have taken part in discussions amongst South East Councils about the alternative arrangements they should be putting to the RDA and Ministers – essentially seeking at least parity on a new-look RDA Board. Given the different approach the consultation paper outlines, it seems unlikely Ministers or the RDA will accept this proposal.
8. Member-led discussions are taking place elsewhere on future arrangements, and this paper does not seek to make any recommendations on this topic, beyond suggesting that we should reiterate the stance taken by the South East Councils. However, HIOW may want to consider the fall-back position Councils should adopt if Ministers stick to the robust, and non-inclusive, approach suggested. The dilemma for Councils is that withdrawal from regional planning processes now, even in the anticipation of future changes in political direction and policy, will leave us with no input at an important stage of the development of the RSS. It is clearly a political judgement as to whether this risk is acceptable.
9. There is some detail on how the Government anticipates the process of preparing the new IRS working, including public consultation and an Examination in Public of a preferred strategy. In all they anticipate this will take 25 months, which experience with both the SERPLAN process and the RSS suggest is optimistic, and may not provide the opportunity for public and local authority engagement we would seek.

#### PROMOTING ECONOMIC DEVELOPMENT

10. Whilst the focus of political discussion surrounding the SNR has been changes to regional bodies, the consultation contains a number of proposals designed to promote regional economic prosperity. Key amongst those that HIOW may wish to consider and comment on are:
  - A new duty for local authorities to undertake a “statutory economic assessment” of their area is proposed. This duty would lie with Counties and Unitaries, although the Government acknowledges the contribution districts make to economic development and suggest in two-tier areas it be carried out (by the “upper tier” authority) “in consultation with other key partners”. There is also an

option for a joint assessment by two or more authorities in a sub-region – for example the PUSH area.

HIOW will wish to consider whether it supports a new statutory duty, which the Government consider is the best way on enhancing economic development and regeneration, by providing an “incentive”. The Government offers two options, one requiring authorities to have regard to statutory guidance to be issued by the Secretary of State, the other with no statutory guidance.

Members will also wish to discuss whether any new responsibility should reflect the differing but complementary contributions of the County and Hampshire Districts, and so argue for a shared duty for both principal authorities in two-tier areas.

- The paper sets out a package of measures to promote collaboration across sub-regions, noting that such areas can co-operate on Multi-Area Agreements (MAAs). They also note proposals in other legislation for the review of transport governance arrangements, and that Ministers will consider the case for devolving central powers to a local, sub-regional or regional level.

The paper goes on to consider the case for strengthening the statutory basis for sub-regional collaboration, which could facilitate new duties being exercised at that level or permit delegation of existing powers.

This section will be of particular interest to authorities working together through PUSH, and to those in other emerging sub-regional partnerships. The proposals to promote MAAs are to be welcomed, provided they can add value to existing arrangements under Local Area Agreements and will result in commitments to real assistance in economic development from Central Government. Those on transport will merit further separate exploration.

As regards sub-regional partnerships, experience in Hampshire has suggested that, to date, existing powers have proved adequate to facilitate co-operation and joint working. Devolution of new powers is to be welcomed, although the consultation seeks suggestions rather than offers specifics. As our understanding on joint working develops, particularly in the PUSH area, so it may become clearer where such powers are needed, and for the time being Members may simply wish to support the principle, whilst encouraging the Government to avoid prescription.

#### PROPOSED HIOW RESPONSE

11. Most Hampshire authorities will wish to respond to this consultation in their own right, as will PUSH authorities collectively. It would also seem appropriate, if Members agree, for HIOW to respond on strategic points of shared concern. The consultation paper sets out fifteen questions which the Government seeks comment on, however I propose a HIOW response focus on six key matters:

- The case for preparing an Integrated Regional Strategy, which I suggest we could support;
- The case for a stronger voice for local authorities in the new structural arrangements, where I suggest we support the line taken by the South East Councils;

- Our support for local authorities being able to determine arrangements for region-wide co-operation, without Government intervention;
  - The need for a realistic assessment of the timetable for producing a robust and broadly owned Integrated Regional Strategy;
  - The approach to introducing a duty to prepare an economic assessment; and
  - Our support for a flexible, non-prescriptive approach to joint working which allows local authorities to build partnerships which meet local needs.
12. The attached draft response may need to be amended to reflect conclusions, and indeed additional points, arising from the debate. Although BERR are leading the consultation, it would be appropriate for HIOW to write to Hazel Blears, with a copy sent to the team co-ordinating responses.

**SIMON EDEN**  
**Lead Chief Executive, Planning and Transportation**

Date: 3 June 2008  
Annex: Draft response to DCLG  
Contact: Simon Eden 01962 848313.  
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Draft letter from the Chair of HIOW to Hazel Blears MP, DCLG

## **Review of Sub National Economic Development and Regeneration**

I am responding on behalf of the Hampshire & Isle of Wight Local Government Association (HIOW) to the Government's consultation document "Prosperous Places: Taking Forward the Review of Sub National Economic Development and Regeneration". This Association represents all 15 local authorities in the Hampshire and Isle of Wight Sub-Region together with the Police, Fire and National Park authorities plus the parish and town councils' associations.

Our Members have a range of views about the appropriateness and value of regional government by quangos, whether or not local authorities are given some role. However, for so long as the concept of the region remains a part of our system of governance, then we agree that local authorities, both as democratically chosen community representatives and as acknowledged leaders in "place shaping", must have a central role. It is therefore with disappointment we note that the Government do not see local councils as being equal partners in a new-look RDA, giving democratic legitimacy to its actions and decisions.

You may be aware of work being done by South East Councils to develop a "shared agency" model for working with SEEDA which would balance business and democratic membership of the Board of what should be a fundamentally different RDA, not just slight modification to the existing Board make-up. It has not been easy for Councils to reach consensus on this, particularly given the suspicion of any form of regionalism, but the consensus achieved suggests a shared desire to see a more democratic alternative to what your paper appears to propose. Unfortunately, both the RDA and Ministers seem to have rejected out of hand our proposal.

The primacy of an input from our local communities in planning our future emphasizes the need for councils to have a role. The principle behind the SNR – that of "a closer alignment between economic and spatial planning" – remains absolutely sound, and is something we would all support. It is also right that this should be a "bottom-up" process. Unfortunately it seems that this is not the Government's intention, and from the outset your paper emphasizes that "the RDA will lead on development of the regional strategy" and "RDAs will continue to be business-led". Whilst you propose some form of local authority leaders' forum would have a role in signing off the regional strategy, the power sits with the RDA. These arrangements reduce local democratic accountability. Indeed, we believe they are a fundamental shift away from a community-led process of spatial planning to one which is directed by a non-elected body with no duty to involve or answer to local people. The proposals make a mockery of previous commitments to devolution to a local level, and claims of seeking a partnership with elected local councils.

In this context, we also object strongly to the suggestion that any forum set up by local authorities to manage their own input to regional policy should be the subject of direction by Government (paragraphs 3.13 to 3.17 of your paper). South East Councils have recognized that, even with full democratic input to a new-look RDA, there would not be seats for 74 local authorities, and are developing our own proposals for a South East LGA. These are matters for local determination, not for Ministers.

We would urge you to press the case with your Cabinet colleagues for a strong democratic, community-led input to economic development and regeneration. Without that, we will move to a position where we see policy on key issues of local concern dictated by the centre. The resultant loss of local engagement and accountability will make it that much harder to achieve the strong and vital local communities the Government rightly seeks.

Turning to other matters, we would encourage you to revisit the proposed timetable for preparing the Integrated Regional Strategy set out in paragraphs 4.20-4.26 of your paper. We agree with the principles of a strategy which is built from a strong evidence base, reflects effective engagement with stakeholders and is independently tested in public. Experience with the South East Plan, and indeed other regional spatial strategies, has suggested that the timescale of 24 months you suggest is unrealistic if we, or indeed the Government, are to abide by those principles.

HIOW also supports the concept of collaboration across regions, which your consultation promotes in chapter 5. That collaboration should happen where it makes sense locally, and through willing partnerships. We would not support statutory sub-regional collaboration, and urged the Government to allow such collaboration to develop in a way which is flexible and meets local needs.

Finally, I would like to comment on one other matter. The Government's consultation paper proposes a new statutory economic assessment duty, which, it is suggested, sits with upper tier authorities in two-tier areas. We believe this proposal fails to recognise the collaborative approach at a local level to economic development, with County and District councils working together. The proposed approach does not acknowledge that County and District Councils are independent statutory bodies with distinct roles, and one is not subservient to the other. If the Government is serious about promoting improved two-tier working, which is already a feature of local government in Hampshire, then the duty should be a shared one, and not perpetuate Government concepts of a hierarchy which do not reflect reality.