

TELFORD & WREKIN COUNCIL

CABINET – 16 JUNE 2008

DRAFT RESPONSE TO CONSULTATION ON GOVERNMENT'S SUB-NATIONAL REVIEW OF ECONOMIC DEVELOPMENT & PERFORMANCE

REPORT OF CHIEF EXECUTIVE

1.0 PURPOSE

To seek approval to the Council's response to the Government's Sub-National Review of Economic Development and Performance (the SNR).

2.0 RECOMMENDATIONS

That the response detailed in Appendix 1 be approved.

3.0 SUMMARY

3.1 The Government's SNR proposals are summarised in para 5 below and the Council's suggested response is shown in appendix 1. Consultation responses are required by 20 June 2008.

4.0 PREVIOUS MINUTES

4.1 None

5.0 INFORMATION

5.1 The Government's review of sub-national economic development and regeneration has the aim of helping to maximise prosperity in all parts of England by stimulating economic growth and improving housing supply. It is about places developing their economies and working together to deliver a sustainable economic vision.

In order to deliver these improvements, the SNR sets out a number of structural reforms. These are intended to:

- strengthen the local authority role in economic development, including a new statutory economic assessment duty
- support collaboration by local authorities across economic areas – for example, by establishing Multi Area Agreements or Economic Development Companies (formerly referred to as City Development Companies)

- streamline the regional tier and introduce single regional strategies (outside London), with the Regional Development Agencies (RDAs) designated as the regional planning bodies
 - give regions a greater say in the distribution of funding in each region, through a second, extended regional funding allocations exercise
 - sharpen the focus of central government on sub-national devolution – with clearer objectives and responsibilities within central Government and improved accountability arrangements; and regional Ministers as regional champions.
- 5.2 The Government says that different arrangements could be developed, within a consistent set of principles, reflecting the different circumstances in each region.
- 5.3 RDAs will become more strategic bodies in line with devolved decision-making principles. RDAs will continue to deliver and manage services that are best implemented at the regional level, working with a range of delivery agents and working closely with the private sector. Those services include business support, co-ordinating inward investment, support for innovation and responding to economic shocks. They already work with local authorities and sub-regional partnerships and, as they take on their more strategic role, will be expected to delegate funding, where appropriate, to those best placed to deliver economic improvements provided they have the capacity to undertake this activity. RDAs can provide support to help build capacity. The Government's expectation is that, as capacity increases, RDAs will delegate an increasing amount of their funding to those best placed to deliver economic improvements (local authorities, sub-regions and other delivery bodies), within the framework of the regional strategy.
- 5.4 Within each region, the Government says the RDA will lead the development of the regional strategy and its implementation, working with local authorities and other interests in the region, including business. The Government proposes that a forum of local authority leaders, representing all local authorities in the region, would sign off the draft strategy and help to hold the RDA and its regional delivery partners to account. The Government believes that local authorities themselves should decide the most effective structure for a leaders' forum and this will probably differ between regions. But the Government's wish is that any forum should be a streamlined and manageable body and be representative of local government across the region. The Secretaries of State for CLG and BERR will approve the strategy on behalf of Government.
- 5.5 The new, integrated, regional strategies (the SIRS) will replace and build on the strong foundations laid by the regional economic strategies (RES) and regional spatial strategies. The strategies should set out, for each region, a vision of how and where sustainable economic growth would be delivered. They should steer the activities, plans and investment decisions of the RDA, local authorities and other regional partners and be underpinned by the principles of sustainable development.
- 5.6 The Government believes that local authorities need to play a stronger role in delivering economic development in their area, building on their power to promote well-being. The consultation document consults on the creation of a focused statutory economic assessment duty for upper tier and unitary local authorities. The results of

this assessment would contribute to the analytical underpinning of sustainable community strategies, local development frameworks, local and multi-area agreement targets and the regional strategy.

The assessment would provide an improved shared economic evidence base, enhancing local authority capability and capacity on economic development issues and ensuring more effective prioritisation of economic development and regeneration interventions. It would also help local authorities to contribute to the development of the regional strategy.

- 5.7 It is intended that the first assessments would be undertaken to inform local strategies and local area agreement (LAA) targets for 2011/12, and to contribute to the development of the first regional strategy. The new duty is likely to result in additional costs to local authorities, which will be assessed and met in line with the Government's new burdens principles.
- 5.8 The SNR set out the advantages of economic development decision-making at a sub-regional level. The Government is introducing multi-area agreements (MAAs) to enable local authorities to improve economic prosperity by working across administrative boundaries. It believes there may be advantages in strengthening the statutory basis for sub-regional collaboration between authorities, including more visible leadership.
- 5.9 The Government is committed to legislate to allow development of formal legal status for collaborative arrangements, subject to feedback from this consultation. Any new arrangements should adhere to four fundamental principles – they should:
- not be based on collaboration between elected members of existing local authorities;
 - not include any additional council tax precept;
 - not impose additional net costs on local authorities;
 - and they should provide transparent accountability for residents.
- 5.10 The Government believes that the focus for new sub-regional arrangements should be economic development. However, the Government is prepared to consider a wider range of functions and does not wish to be prescriptive about these nor the functional economic areas that might be covered, believing that interested partners should develop proposals to reflect their local priorities and circumstances.
- 5.11 The Government believes that local authorities should be responsible for arranging the scrutiny of the RDA's role in producing the SIRS.
- 5.12 The Regional Assemblies will be scrapped as a result of the SNR.
- 5.13 The Government expects local authorities and the RDAs to work together with other relevant partner agencies to develop smooth transitional arrangements to bring in the new proposals.

6.0 EQUAL OPPORTUNITIES

- 6.1 The SNR specifically refers to the need to address economic imbalances in society to tackle deprivation. It has introduced a new funding mechanism (The Working Neighbourhoods Fund) to replace the Neighbourhood Renewal Fund, specifically to

address the issues of deprivation. This fund is restricted to those areas with the most severe patterns of deprivation and Telford and Wrekin does not fall into that category.

7.0 ENVIRONMENTAL IMPACT

7.1 The SNR makes specific reference to the need for local authorities to address the issues of climate change within their statutory economic assessments. A new Climate Change Bill will be brought forward to help to shape this.

8.0 LEGAL COMMENT

8.1 There are no specific legal implications arising from this report. However, some of the proposals in the Government's SNR will require new legislation to make them operable.

9.0 LINK WITH CORPORATE PRIORITIES

9.1 There is a clear link with all of the Council's priorities, especially transforming Telford and Wrekin.

10.0 OPPORTUNITIES & RISKS

10.1 These will need to be developed as the process unfolds. However, there is a risk at this stage that the transitional arrangements are not appropriately managed and as a result the influence of local government over the SIRS would be reduced. It is very important that Telford and Wrekin continues to play a strong role because the development of the area will be directly affected by what the SIRS will allow.

11.0 FINANCIAL IMPLICATIONS

11.1 There are no specific financial implications arising from this report at this stage. However, clearly the impact of the proposals over time will need to be reflected in the Council's service and financial planning process for future years.

12.0 WARD IMPLICATIONS

Area-wide

13.0 BACKGROUND PAPERS

Government publications

17 July 2007 SNR publication

21 December 2007 Taking Forward the SNR

22 March 2008 Update and Consultation on implementing the SNR

TELFORD & WREKIN COUNCIL

Response to the Government's Consultation
on the Sub-National Review of Economic Development & Performance

1. We do not support the transfer of planning powers to the RDAs. These are unelected bodies and they do not have the expertise or capacity to carry out this important role. The Council believes that planning decisions must always be open to public scrutiny, debate and accountability.
2. We do not agree that the Regional Development Agency should have executive sign-off responsibility for the Single Integrated Regional Strategy (SIRS).
3. We think that it is important that both local government and business should have a key role in the sign-off process for the SIRS. Whilst this could be achieved for business in the RDA (which will still be business driven) it would not be appropriately delivered for local authorities in the present Board structures of RDAs. A larger local authority presence would be necessary in those Board structures if the signoff were to be solely the RDA responsibility.
4. We support the principle of a single integrated regional strategy (SIRS) as this should properly interlink the economic and social agendas in a way that the previous piecemeal strategies did not always properly join up.
5. The process must properly recognise the statutory duty of economic strategy placed on top tier authorities. This requires an interface with businesses and other agencies within their own geographical areas. It must therefore follow that each local authority would need to take the SIRS through their own Councils and LSPs as part of their governance structures. This would then inform the position on the SIRS for the Council Leaders on any Regional Forum of Leaders (RFL). This does not seem to have been allowed for as part of the timetable schematic in the consultation document and may therefore affect the length of time the process will take overall.
6. We therefore support the idea of a regional forum of all 33 authorities' Leaders in the West Midlands which, amongst other things should consider the SIRS. They could then inform a smaller, representative group (e.g. balanced politically, geographically, by type of Council) which would also contain business (and potentially other) representatives. This would be a "Joint Strategy Board" – which we believe should also have a strategic planning powers role. We should be allowed to decide our own structure for this in the region without interference from Government.
7. At this stage we do not support the concept of multi-area agreements as it is unclear how they would work. The current arrangements for the second round of local area agreements are not yet finalised.
8. There could also be an extra sophistication whereby the statutory economic assessments/plans for each authority are brought together into sub-regional plans which could make the choice of the representatives on the Regional Strategy Board easier to achieve.

9. There are currently constraints on some sub-regional working, eg where these have been prescribed in a particular way under Joint Committee arrangements. These should be removed to allow greater flexibility of operation.
10. We believe that an independent body which includes representatives from local authorities should have the responsibility of scrutinising the RDA, but that this should also be extended to cover other regional bodies, eg the Strategic Health Authorities.
11. We strongly support the principle of delegating funding from the RDAs to local authorities. This delegation should require as little bureaucracy as possible and delegation should be as extensive as possible.
12. The Council supports the principle of local authorities being given powers to levy a supplementary business rate, and agrees that consultation with local businesses should be carried out by the local authority as part of that process. Over recent years the proportion of local spending which has been funded through business rates has fallen in proportion to increases in Council Tax but authorities are being asked to do more to provide co-ordination, help and support and services to businesses.
13. The Council also believes that the “simplification” of business support which is currently underway is more confusing and less supportive to local businesses, who need support at the most local level. We are also concerned at the cost of administering this business support and would recommend that this is capped. More work needs to be done with businesses to understand better how business support can best be delivered and which programmes work most effectively. In this context, business support needs to be tailored to the needs of individual businesses rather than being generic.
14. This Council believes that the proposals in the sub-national review are insufficiently clear about how local decision-making and regional strategy can be best delivered. The Council’s view is that it should be decided locally which sub-regional partnerships should be formed and that these should then together decide how best to engage regionally.