



Title	CRC outline response to the Government's consultation paper: 'Prosperous places: taking forward the review of sub national economic development and regeneration'
Meeting	11th meeting of the Commission for Rural Communities
Date of the meeting	1 May 2008
Paper type	Policy
Paper No	08 CRC 31
Purpose	The purpose of this paper is to present a draft outline response to the Government's consultation paper: 'Prosperous places: taking forward the review of sub national economic development and regeneration'.
Meeting Location	John Dower House, Cheltenham
Status	Decision
FOI	
Director/Author	Crispin Moor

Recommendations

It is recommended that the Commission approve the draft outline response.

Relevance to current strategy and Corporate Plan

Yes

Additional resource implications

None

Annexes

Annex One: Summary of 'Prosperous places: taking forward the review of sub national economic development and regeneration'

Annex Two: Draft CRC outline response

Draft CRC outline response to the Government's consultation paper 'Prosperous places: taking forward the review of sub national economic development and regeneration'

1. Introduction

- 1.1 Last summer the government published the first outcome of the Sub-National Review (SNR) of Economic Development and Regeneration. The key government objectives for this review are:
- i) to respond to rapid economic change;
 - ii) to deal with persistent local deprivation and poor performance; and
 - iii) to enable all places to develop according to their fullest potential.
- 1.2 The review, led jointly by the Treasury, the Department for Business, Enterprise and Regulatory Reform (DBERR) and the Department for Communities and Local Government, presented a wide-ranging set of proposals impacting on economic development – but also on governance (at regional and local levels) and on issues such as housing. The government made it clear that many of the proposals would require consultation and further development and the overall implementation period would take at least three years.
- 1.3 On 31 March DBERR issued a consultation paper¹ which provides some of the proposed 'meat on the bones' in terms of detailed proposals for change. A summary of the consultation paper is provided at Annex One.
- 1.4 Following the launch of the consultation paper the CRC has begun to share views on the potential consequences for rural England with a variety of stakeholders. We have also circulated our initial commentary to a number of stakeholders.

2. Next Steps

- 2.1 Given the timetable of Commission meetings, this meeting is the best opportunity for Commissioners to give their views and approval to the proposed content of our response to this consultation paper.
- 2.2 An outline of our suggested response has been prepared (based on our initial commentary paper) and is attached at Annex Two. Following the Commission meeting a fuller draft can then be prepared and circulated to Commissioners for further comments ahead of submission to DBERR.
- 2.3 We will then use our agreed line to influence and to discuss the rural implications of the SNR with stakeholders and with Government departments and their ministers. We are exploring the feasibility of holding an informal roundtable discussion with those interested in rural aspects of the SNR before the closure of the consultation.

¹ see: <http://www.berr.gov.uk/regional/sub-national-review/page40430.html>

Commission for Rural Communities

Summary of main points in: "Prosperous places: taking forward the review of sub national economic development and regeneration"

1. **Drawing up regional strategies and RDA accountability**
 - 1.1 The RDAs will lead the development of a single regional strategy, bringing together economic and spatial planning and will be responsible for agreeing the draft with a regional local authority leaders' forum.
 - 1.2 The Secretaries of State for CLG and BERR will approve the strategy on behalf of government. If regional partners fail to agree a draft strategy, the RDA would submit the draft to Ministers noting points of disagreement.
 - 1.3 RDAs will remain accountable to Parliament through the Secretary of State for BERR.
2. **Decision-making on regional strategies**
 - 2.1 Although RDAs will have executive responsibility for developing the strategy, all local authorities in a region must be involved collectively through a leaders' forum and, where necessary, individually, in the full life-cycle of the strategy.
 - 2.2 The housing elements of the regional strategy need to start from the local authority assessment of the housing opportunities and needs in their area.
3. **Regional LA leaders' forums**
 - 3.1 A forum of local authority leaders, representing all local authorities in the region, is proposed that would sign off the draft regional strategy and help to hold the RDA and its regional delivery partners to account.
 - 3.2 Local authorities themselves should decide the most effective structure for a leaders' forum and that this will differ between regions.
 - 3.3 Central government will only intervene in the formation of the forum if the local authorities in a region are unable to reach consensus
4. **Scrutiny**
 - 4.1 With the abolition of Regional Assemblies, local authorities should develop new arrangements for exercising their scrutiny powers at a regional level through the leaders' forum.
 - 4.2 Independent examinations in public of the new regional strategies will continue, as a means of engaging stakeholders and testing the evidence on contentious issues.

4.3 The proposal for new models of parliamentary scrutiny is a matter for the House of Commons.

5. Delegation of RDA funding

5.1 RDAs will become more strategic bodies in line with devolved decision-making principles but will continue to deliver and manage services that are best implemented at the regional level. Those services include business support, coordinating inward investment, support for innovation and responding to economic shocks.

5.2 As they take on their more strategic role, RDAs will delegate funding, where appropriate, to those best placed to deliver economic improvements provided they have the capacity to undertake this activity. The RDAs will need to ensure that capacity exists at local authority or sub-regional partnership level to undertake the delegated activities.

5.3 The Government will work with the LGA and IDeA to assess capacity and develop strategy for overcoming any shortfall that is identified. This, and any subsequent capacity building programmes, will be supported through the National Improvement and Efficiency Strategy.

6. Statutory arrangements for sub-regional collaboration

6.1 There may be advantages in strengthening the statutory basis for sub-regional collaboration between authorities where there is a demand from councils.

6.2 The consultation paper asks whether statutory arrangements should be created for sub-regional collaboration on economic development that goes beyond Multi-Area Agreements.

6.3 Economic assessment duty

6.4 Three options are consulted on for a new duty on local authorities to carry out an economic assessment of their areas:

- i) a duty with statutory guidance issued by the Secretary of State;
- ii) a duty specified in primary legislation but without accompanying guidance; or
- iii) no duty.

6.5 Although the duty will apply to upper tier authorities, the government is committed to ensuring that “where the duty applies principally to upper-tier authorities in two-tier areas, the lower tier should be fully involved”.

Commission for Rural Communities

Draft outline response to DBERR consultation paper: "Prosperous places: taking forward the review of sub national economic development and regeneration"

1. Introduction

- 1.1 CRC keen to continue to inform and encourage rural proofing of the proposed changes.
- 1.2 Welcome the helpful rural proofing impact statement included in the consultation (page 73). But this statement could have gone further.

2. Delivery

- 2.1 Highlight the key relevant points from Rural Advocate's rural economies report to the Prime Minister (to be released in May 2008). Including on the success of, and also further potential of, rural economies. And the recommendations we are making to support and develop this potential.
- 2.2 Note the implicit support for the principle of subsidiarity within the consultation. Argue that this could usefully be formalised and enshrined with the draft Constitutional Renewal Bill.

3. At regional level:

- 3.1 Support new regional strategies being founded on a "robust evidence base". Emphasise value of a strong rural evidence base. (Highlight new South East rural evidence base as an example.)
- 3.2 We want the new Regional Strategies to embed a clear and positive rural dimension, recognising specific rural issues and responding to key rural challenges (for example, with regard to housing).
- 3.3 From current CRC research work, we know that previous regional strategy processes (to create Regional Housing Strategies and Regional Spatial Strategies) have often failed sufficiently to reflect rural needs. The challenge, looking forward, is to ensure that the new integrated regional strategies do not repeat this pattern.
- 3.4 Support the broadened role for the RDAs in the future. Suggest RDAs should demonstrate in their planning how their programmes will improve economic performance and well being of all rural areas in their regions. Also suggest RDAs be required as part of their delivery framework, to report on their delivery to rural areas and economies. Perhaps as part of a report on differences in delivery across the different places within each region.

- 3.5 Reiterate CRC concerns on sole focus on Gross Value Added as a target for RDAs. Make case for wider – economic well being – approaches.
- 3.6 RDAs will also need to reflect on their engagement with rural interests and voices following the demise of the social and economic partners within the Regional Assemblies. Make suggestions.
- 3.7 Repeat CRC Participation inquiry recommendations about devolved funding, including from RDAs to sub regional and local authority bodies. (This is broadly in line with the consultation paper’s proposals – welcome this).
- 4. Local and sub regional levels:**
- 4.1 CRC supports strong rural unitary authorities and we think that these will help to deliver the objectives of the SNR, in shire areas.
- 4.2 Emphasise need for local authorities to rural proof the new economic assessments. Building on much local authority rural proofing good practice that already exists. (See, for example,; <http://www.idea.gov.uk/idk/core/page.do?pageId=623654>). Also taking into account learning from joint CRC/LGA project (yet to be finished/published) on productivity and place. This will advise how local authorities can address their responsibilities supporting rural economic development and economic wellbeing.
- 4.3 Emphasise the new local authority economic assessment duty will require strong rural evidence base (where appropriate).
- 4.4 Also rural proofing LAAs. Repeat some rural proofing advice. The local case for:
- Dedicated rural *issue* targets in either the LAA or the follow up delivery plans, where there is a distinct rural *issue* across the LAA territory (such as access to services);
 - Dedicated rural *area* targets in either the LAA or the follow up delivery plans, where there is a distinct rural area within the LAA territory that has a particular need for improvement (such as regeneration or flood management).
- 4.5 Most commonly, however, rural proofing LAAs should be about trying to ensure equitable delivery of area wide targets in rural as much as in other areas. This is about ‘the mainstreaming of rural’. Mainstreaming involves ensuring that LAA delivery plans consider the risks of unequal access and take mitigating action. It will require monitoring on a very local and neighbourhood level, in order that differences in delivery within the LAA territory can be monitored and then managed as necessary.
- 5. Accountability**
- 5.1 Support the case for strengthened local and regional accountability. In addition to the accountability of RDA’s to central Government and to Parliament. And for accountability to rural representatives and interests as part of this. (In line with recommendations in CRC’s Participation Inquiry).

- 5.2 Suggest refresh the case and model for rural lead RDA board members?
- 5.3 Repeat – as part of their accountability RDAs should be required to report on their delivery to rural areas and economies.
- 5.4 Suggest Defra ministers are part of the sign off process for the new regional strategies?
- 5.5 Raise questions about how rural interests will be heard as part of the proposed new Leaders' Forums (taking over from the Regional Assemblies).

6. **Scrutiny**

- 6.1 Need for rural proofing thinking/approaches in relation to the proposed regional parliamentary (scrutiny) committees.
- 6.2 How will the (rural) social and economic partners currently represented on the Regional Assemblies, make their voices heard in future? Is there a case for county (and district) level rural forums and committees (usually involving business and third sector and other partners) being part of the scrutiny process? Need to make links to the Leaders' Forums?
- 6.3 Need for the Rural Affairs Forums (RAFs) to consider their scrutiny role. Particularly in relation to the examinations in public of the new regional strategies. To find a legitimate locus and input in the new regional landscape the RAFs will need to make new connections to (a) the Leaders' Forums and (b) the regional parliamentary committees, as well as (c) the RDAs.
- 6.4 Will this imply greater consistency in structure and approach than is currently the case? Will it require additional resourcing? If so, from where? Make case for some of the savings from abolition of Regional Assemblies to be redirected to support the RAFs – working with the Leaders' Forums – to undertake a formal rural scrutiny function.