

Review of sub-national economic development and regeneration, July 2007

Background

The review of sub-national economic development and regeneration was announced by the Chancellor of the Exchequer in March 2006, to inform the Comprehensive Spending Review. The review was led by HM Treasury, working with CLG and the Department for Business, Enterprise and Regulatory Reform (formerly the Department of Trade and Industry).

The final report was published on 17 July 2007. [Sub-national economic development and regeneration review](#).

Other relevant documents

- Local Government White Paper, with its devolutionary theme for local authorities [Strong and prosperous communities - The Local Government White Paper - Communities and Local Government](#).
- CSR 2007 – expected in October 2007.
- Green Paper ‘The Governance of Britain’ (July 2007) including new Regional Ministers and Regional Select Committees [The governance of Britain](#).
- The need to change the long term direction of regional policy following the North East Referendum on a directly elected assembly in November 2004.

This cross cutting review which feeds into CSR 2007

- Aims to strengthen economic performance at a sub national level across all regions and communities.
- Studies efficiency and effectiveness of local and regional interventions on economic performance.
- Considers the optimal geographic level for governance and economic decision making.
- Aims to identify key drivers of neighbourhood renewal and regeneration.

Conclusions

Regional governance

- A single regional strategy, performing the functions of both the current Regional Economic Strategy and Regional Spatial Strategy prepared by a new single Regional Executive Agency founded on the RDA. The spatial and planning aspects of the strategy will continue to form the regional tier of the statutory development plan, which will remain subject to independent testing through an examination in public and will be finally issued as a statutory document by Government as it is currently. The government will set regional economic growth targets and the Regional Strategy should assess the housing implications.

- Subject to appropriate legislative change from around April 2009 at the earliest (could be April 2010) Regional Assemblies would no longer exist in their current form.
- Strengthen the scrutiny and accountability of RDAs, with the proposed new regional select committees holding RDAs and other regional bodies to account in Parliament ... and with local authority leaders holding the RDA to account in the region and 'approving' the regional strategy.
- The Department for Business, Enterprise and Regulatory Reform will have lead responsibility across Government for performance management of the RDAs and lead responsibility for the Regional Economic Public Service Agreement (PSA). The targets RDAs' must meet will be simplified.
- The Government has also appointed a Minister for each of the regions (Barbara Follett, MP for Stevenage, in the East of England), 'to provide a sense of strategic direction for their region and to give citizens a voice in central Government'.
- Greater devolution to regions of powers to influence investment priorities, through a new extended round of Regional Funding Allocations to give regions a greater say on how spending is prioritised including for transport and regeneration investment.

Effects on local authorities

To give local authorities greater powers, flexibilities and incentives the Government will:

- Consult on creating a focused statutory economic duty for councils- A proposed new duty for upper tier authorities to analyse the economic circumstances and challenges of their local economy. This will help them to provide clear economic vision and leadership.
- Put economic development and neighbourhood renewal at the heart of the new local government performance framework (CAA).
- Consider options for supplementary business rates, working closely with business, local government and other experts.
- Require RDAs to delegate funding to local authorities and sub-regions wherever possible.
- Move funding for most 14-19 year-olds education and skills from the LSC to local authorities, as previously announced.
- Reiteration of the duties of 'place-shaping' – the creative use of powers and influence to promote the general well being of a community and its citizens.

Sub-Regions

To reinforce cities and larger towns as the engines of economic growth – and to recognise that labour, housing, retail and other markets do not always correspond to council boundaries – the Government will:

- Allow local authorities, working together in sub-regions, to strengthen transport management arrangements.
- Develop proposals for voluntary Multi-Area Agreements to encourage groups of local authorities to agree collective targets for economic development priorities and agree to pool funding streams to be used to achieve collective outcomes.
- Work with interested city regions and sub-regions to identify the scope for statutory sub-regional arrangements, which could allow greater devolution of national and regional economic functions.

Other Issues

The 'sub-regions' referred to seem to be economic and planning sub-regions not housing.

Local authorities and not sub regions are often named directly: 'ensure the proposed new homes agency also supports local authorities in its role focusing on housing, housing related interventions and the transformation of deprived communities'.

'Set each region a regional economic growth objective, and set out an expectation for regions to work with local authorities and other key stakeholders to set out plans for housing growth that meet regional demographic pressures, and help tackle affordability and the national under-supply of housing.'

Responses

Commission for Rural Communities

<http://www.ruralcommunities.gov.uk/files/treas%20review.pdf>

Local Government Association

<http://www.lga.gov.uk/Documents/Briefing/subnationalreviewnew.pdf>

EERA's official position on their demise

"EERA notes the Government's proposals to consult on radically altering the regional governance arrangements in the English Regions. Within the East of England regional arrangements have continuously adapted to meet changing circumstances and new initiatives, and the Government's proposals as set out in the Sub National Review of Economic Development and Regeneration Report must be viewed in that context. If legislative change is introduced it will then be for the region's 54 local authorities to determine what collective grouping will be appropriate to ensure that the region works effectively with the Regional Minister, Regional Select Committees and the Regional Executive Agency. And the region's local authorities also need to ensure effective ways of liaising and appropriate capacity for joint working on matters of mutual interest. In the meantime it is business as usual for EERA as we continue to discharge our current statutory and other responsibilities and deliver the outcomes in our agreed Business Plan 2007-10."