

ANNEX A

SUB – NATIONAL REVIEW: CONSULTATION

A YORK RESPONSE

1. This paper sets out a proposed response to the consultation for consideration at the Leaders group meeting to be held on 6th June 2008. Leaders may wish to consider whether they wish to share this with their groups. It is understood that formal responses may also be made by the Leeds City Region and the York and North Yorkshire Partnership.

2. The main text is a summary of the consultation. A suggested response to a series of 15 questions, in bold, posed by the Government is set out, in italics.

The Consultation

3. In July 2007 the Government published its Review of Sub-National and Economic Development and Regeneration (known as the SNR), which aims to strengthen economic performance through a range of measures including:

- Streamlining the regional tier, introducing integrated strategies and giving RDAs' lead responsibility for regional planning.
- Strengthening the Local Authority role in economic development including a new statutory duty to assess local economic conditions and
- Supporting collaboration by Local Authorities across economic areas.

4. The consultation identifies 15 questions which relate to the three main chapters namely:

- Stronger partnerships for regional growth
- Integrating regional strategies to promote regional growth
- Strengthening sub-regional economies – the role of Local Authorities

5. The SNR recognises that economic activity takes place at different spatial levels; national, regional, sub-regional and local. (Sub-Regional in this context means a wide variety of collaborative activities and includes City Region Partnerships). The SNR seeks to reform public institutions to facilitate economic regeneration at all levels and places a strong emphasis on devolved decision making to the most appropriate level.

6. This is in the context of a wider programme of reform and changes in the performance framework for Local Authorities, and changes in reforms in the funding for Education at 14-19 levels. The latter is set out in another consultation paper "Raising expectations: enabling the system to deliver" produced by the department for Children, Schools and Families and the Department for Innovation, Universities and Skills. It proposes to give greater responsibilities to Local Authorities in respect of funding for 16-18 year group and establishes a key role for them in commissioning Further and 6th Form Education.

Stronger Partnerships for Regional Growth

7. This chapter concentrates on the decision that the RDA's would lead on the development of the Regional Strategy (which will lead to the end of the Regional Assembly). The RDA will then be responsible for economic and social and environmental issues that are balanced through the planning system. This new regional strategy will replace the Regional Economic Strategy and the Regional Spatial Strategy.

8. It is proposed that RDAs should become increasingly strategic and will want to move forward to commissioning partners to deliver outcomes agreed in the strategy. It is expected that RDAs will delegate their single pot funding where appropriate on a programme rather than on a project basis. Local Authorities will play an increasing role in delivery, take forward their proposed legal duty to assess their economies and work with neighbouring Local Authorities to tackle problem problems. Local Authorities will also be closely involved in the preparation of the Regional Strategy through a regional forum of Local Authority Leaders.

9. The RDA will need to ensure that capacity exists at Local Authority or sub-regional level to undertake delegated activities. In Yorkshire and Humber the moves towards Geographic Programmes are a step in that direction. Full delegation would require legislation and there will remain complex issues about accountability for these government resources.

Q1. How should the RDA satisfy themselves so that sufficient capacity exists for programme management and delivery at local or sub-regional level.

There should be clear evidence that there is a decision-making process that establishes priorities based on the evidence and engages partners, stakeholders and other funders around those priorities developing an outcome based approach. Decisions made at a local level should firmly relate to the Sustainable Community Strategy for that area, and any underlying economic development strategy based on the duty to undertake an economic assessment.

Clearly, competence in financial management and accounting is critical and experience in managing EU schemes, SRB and the single pot will be important considerations. There has to be a proper mechanism for evaluation.

There needs to be a clear relationship between the Regional Development Agency and higher tier local authorities which provide the opportunity to ensure local capacity is addressed for programme management and delivery.

10. The SNR consultation then goes on to look at the issues about strengthening the role of Local Government at regional level. The consultation suggests that Local Authorities should develop new arrangements for exercising their scrutiny panels at regional level through the Leader's forum. It asked two questions, namely:

Q2. Do you agree that Local Authorities should determine how they set up a Local Authority Leader's forum for their region, and the Government

should only intervene if the required criteria are not met or if it failed to operate effectively? If not, what would you propose instead?

Q3. Are proposed regional accountability scrutiny proposals proportionate and workable?

Any decision regarding the establishment of a Local Authority Leaders Forum should be taken jointly by leaders within the region. In determining representation, consideration needs to be given to local authorities such as the City of York Council which are part of the Leeds City region but also work in partnership across a more rural hinterland within North Yorkshire.

The key issue regarding regional accountability scrutiny is for local authorities to be involved in meaningful dialogue in its formation, treating us as partners and not just consultees.

Integrating Regional Strategies to Promote Growth

11. The previous chapter set out proposals how the RDAs and Local Authorities could best organise themselves to fill their new functions. The Regional tier will be strengthened by integrating existing regional strategies into a single regional strategy, setting out a high level vision over the next 15-20 years. It would ensure closer alignment between economic and spatial planning to support sustainable economic growth. Other strategies such as culture, housing and transport will be integrated into the new strategies. The Government proposes that every regional strategy should cover:

- An overview of the key regional challenges over the planned period
- How economic growth can best be delivered having regard to employment and the key drivers of productivity as well as regeneration.
- A distribution of housing supply figures as well as targets for affordable housing and achieving quality homes for all, including vulnerable and socially excluded people.
- How the region will manage the risk of opportunities of unavoidable climate change, achieving development in a way which is consistent with national targets for cutting carbon emissions.
- Those areas within the region identified as priorities for regeneration, investment, investment and intervention and;
- Strategic requirements and provision for transport, waste, water, minerals, energy and environmental infrastructure in so far as these are not already specified in national policy.

12. The consultation goes on to consider in further depth the level of detail expected in the Regional Strategy. The principles of developing the Regional Strategy include that all Local Authorities must be involved collectively through the Leader's Forum and when necessary, individually in the full life-cycle of the strategy. The process of developing the single Regional Strategies will need to be clear, open and transparent.

13. It is expected that a full Regional Strategy Review could potentially be achieved within 24 months. The strategy would be independently tested by an independent panel which would be appointed early in the process. It is

suggested the strategy should be signed off by Local Authorities and Ministers. If there is a failure to agree, then the RDA will submit the draft strategy to Ministers noting the points of disagreement.

Q4. Do you agree that the Regional Strategy needs to cover the elements listed? Are there other matters which will be included in the Regional Strategy to help in the delivery of key outcomes?

Q5. Do you agree with the way we propose to simplify the preparation of Regional Strategies illustrating the figure to allow the flexibility for regions to determine detailed processes? If not, what other steps might be taken?

Q6. Do you think that the streamlined processes will lead to any significant change in the cost and benefits to the Community and other impacts?

Any revisions through a Regional Strategy need to reflect on the emerging Regional Spatial Strategy. It may be preferable to take a longer time over the preparation of a Regional Strategy if it is to play a role in critical planning decisions so that the current RSS and LDF processes have the chance to be embedded and implemented. The Regional Strategy could then set the context for future reviews of LDFs at a local level; in doing so, the importance of local determination of the LDF, subject to tests of soundness, needs to be recognised. We would also support the view of the LGA that planning, which affects property rights and the character of communities, needs to be anchored in democratic political processes, with political responsibility taken at the appropriate level for different orders of planning decisions.

Similarly, the Regional Strategy also needs to reflect differences within the region and take account of local factors (such as, in the case of York, its special environment, the role of Science City York in supporting local and regional innovation, and its ability to act as a gateway into the region for visitors). The role of a Sustainability Appraisal will be crucial in the development of a Regional Strategy as a key means of balancing economic, social and environmental considerations.

We would support the view of the LGA that there should be a joint agreement of the draft Regional Strategy by the RDA and local authorities before it is submitted to Government. Therefore, strategies should only be submitted to Ministers when they are agreed, and local authorities and RDAs should endeavour to agree regional strategies, seeking Ministerial intervention only as a last resort.

There will be some additional costs placed on local authorities through the duty to prepare an economic assessment of their area and potentially through increased co-operation between local authorities at sub-regional, city regional and regional level. It will be important to streamline existing arrangements so that this does not become excessively bureaucratic.

Strengthening Sub-Regional Economies – The Role of Local Authorities

14. This chapter sets out the details around the Local Authority Economic Assessment duty and states that such a duty would:

- Require upper tier and unitary Local Authorities (“Lead Authorities”) – in consultation with other key partners, including District Authorities and RDAs, to carry out an assessment of the economic conditions of the local area; and
- Result in assessment that would contribute to the analytical underpinning of strategies and targets at local, sub-regional and regional level.

15. The assessment may be produced jointly by two or more legal authorities in a single functional economic area or sub-region, for example by all Authorities participating in an MAA. The consultation paper sets out three options for consideration namely:

Option 1 - Primary legislation will be introduced to place a duty on local Authorities for the assessment along with a duty to consult certain named partners, such as district authorities who will also be under a duty to respond to consultation within a specific period of time. Government guidance will be issued which will set out the purpose of assessments, how they might be undertaken, who could undertake them on behalf of local authorities, the questions that should be looked at and the data sets that can support successful completion. The purpose of any guidance would be to support effective assessments whilst remaining light touch. The paper suggests this option is similar in approach to the Joint Strategic Needs Assessment for Health and Social Care.

Option 2 - This option is the same as 1, but there will be no requirements on Authorities with regards to guidance. However, the legislation will set out some priority areas that would need to be covered such as the level of employment in the area, transport, procurement of goods and services and land and property market. Non-statutory guidance will be issued.

Option 3 - This option looks at the possibility of no duty being introduced but the Government believes this option fails to enhance economic development and regeneration interventions.

Q7. Which of these options (or any other proposals) is most appropriate?

Option 2 is considered to be the most appropriate as it offers some guidance but also gives flexibility and would reflect the place shaping role for local authorities.

Q8. What additional information and support do Local Authorities consider valuable for the purpose of preparing assessments?

There should be a general presumption that data collected at Government level both through from national statistics but also from service delivery should be available at an appropriate spatial level, to facilitate the preparation of assessments by local authority authorities. This includes information from the LSC, Jobcentre Plus, RDAs and Business Link. In many instances it will be helpful to have this information at a level below that of the Local Authority boundary, but where it is not practical to provide this as an SOA level Government or RDA’s should establish a standard by which service delivery agencies

will report on a consistent spatial basis. This should also apply to ONS data.

Similarly, information on service delivery using European Union funded projects should also be made available on a similar basis.

Consideration needs to be given as to appropriate data sets for more local assessments of economic performance. In that respect the availability of GVA per employee, in addition to per resident, in local spatial areas would be especially helpful.

Better quality data on self employment is important for many rural areas as well as certain urban locations particularly those relying on tourism, agriculture and cultural industries.

Given the preference for Option 2 above, then there needs to be scope for local authorities to design their own database requirements to relate to the prevailing economic situation in their area.

Finally, regional research organisations or research arms of RDA's should seek to set out analysis and economic forecasts for key economic drivers in the region in a manner that facilitates local spatial analysis.

16. The SNR goes on to discuss who is responsible for carrying out the assessment. This is a particular issue in two-tier areas where it notes that functional economic areas are likely to be sub-regional and therefore this makes greater sense to place the duty on the upper tier Authority. It recognises that expertise and capacity exist at a district level and it is important that the lower tier is fully involved. The SNR also sets out a number of Government agencies who will be consulted in the preparation of the assessment.

Q9. How should Local Authorities engage partners, including district councils in the preparation of assessment?

Partner engagement should be through the Local Strategic Partnership, the Sustainable Community Strategy and any underlying economic development strategy in the first instance. There should be rigorous consultation and stakeholder engagement as part of the process in preparing these strategies. The SNR needs to recognise more strongly the importance of the Local Strategic Partnership and the Sustainable Community Strategy at a local level as the central means of engaging with partners.

Q10. Which partner body should be consulted in the preparation of the assessment?

The list presented in the consultation of the major Government agencies would be appropriate. Again, the SNR needs to recognise more strongly the importance of the Local Strategic Partnership and the Sustainable Community Strategy at a local level as the central means of engaging with partners.

17. The next section and **Q11** dealt with issues in London.

18. The consultation paper goes on to discuss collaboration particularly around multi-area agreements and proposals for integrated transport authorities which is addressed in the local transport bill.

19. The SNR recognised that some sub-regions may wish to go beyond MAA's and develop a statutory basis for sub-regional collaboration where there is demand from Local Authorities and it is appropriate to do so. The Government would need to know what projects could be facilitated by giving sub-regional partnerships such powers. These might include delivering parts of the regional strategy, to prepare a joint local development framework, assume the responsibilities of an integrated transport authority, co-operating on economic growth projects supported by business rate supplements and making decisions in its relation to higher education, skills, investment for housing, growth and renewal. There would be a requirement for legislation to provide some of these powers to any new statutory partnership. The consultation also brings to the attention of Councils that actually 'mergers' may be a possible route as well as more statutory collaborations. The consultation sets out four questions in respect of this:

Q12. Do you agree that there is value in creating statutory arrangements for sub-regional collaboration and economic development issues beyond MAA's? What form might any new arrangements take?

Q13. What activities would you like a sub-regional partnership to be able to carry out? And what are the constraints on them doing this undercurrent legislation?

Q14. How would a sub-regional economic development Authority fit into the Local Authority performance framework?

Q15. Should there be a duty to co-operate as sub-regional level where a statutory partnership exists? And to whom should this apply?

The duty to co-operate between local authorities can only work on the basis of a willing coming together with shared interest to achieve a common aim; i.e. through the strength of a "membership model". Sub-regional and City-regional collaboration should not be rushed through the SNR. For York, an important first step is to ensure a meaningful and direct working relationship between Yorkshire Forward and the City of York Council. We are committed to the Leeds City Region Development programme and the ongoing work to create a Multi Area Agreement focussed on skills, labour market mobility and transport. Similarly, we remain part of the York and North Yorkshire Partnership and recognise the importance of collaboration with surrounding local authorities, particularly regarding employment and housing growth linked to sustainable transport. It is important to give develop these initiatives further first, before considering further collaboration.