



meeting	Communities Department Briefing	
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Report of the Strategic Director for Communities

Review of Sub National Economic Development and Regeneration

Purpose of Report

1. The purpose of this report is to advise members of the Government's review of sub national economic development and regeneration and the implications of this for the County Council.

Information and Advice

2. In July 2007 the Government published its review of sub national economic development and regeneration (SNR) which sets out bold plans to ensure that every area of the country has the opportunity to benefit from rising prosperity.
3. Since 1997, the Government states it has made substantial changes to devolve decision making, and local authorities and regional agencies have been empowered to support the Government's objectives to encourage economic growth and tackle deprivation at every level. However, the Government is clear that more can be done. Reducing the disparities between the poorest six performing regions and the rest, bringing the poorest up to the national average, would be worth approximately an extra £60bn to the UK economy.
4. The SNR outlines plans to refocus both powers and responsibilities to support this, giving local authorities a greater role in ensuring economic opportunity for all. Alongside this responsibility local authorities will have strengthened powers and incentives to support prosperity, reinvigorate the economic performance of our towns and cities, and make changes to work more effectively with business to better support businesses and business growth.

5. Key changes include:
- **Concentrating neighbourhood renewal funding more closely on our most deprived areas;**
 - **The government proposing to consult on the creation of a focused statutory economic duty for local authorities which would require all upper tier authorities to carry out an assessment of economic circumstances and challenges of their local economy.** This will help them to provide clear economic vision and leadership;
 - **Supporting groups of local authorities in city regions** to work effectively and accountably together through new Multi-Area Agreements (MAAs), and pool economic responsibility on a more permanent basis;
 - **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;
 - **Sharpening the role of Regional Development Agencies (RDAs) with a clear focus on increasing economic growth,** with increased scrutiny by local authorities and simplified and strengthened performance management by central government. RDAs will also be expected to delegate funding to local authorities where possible;
 - **Funding for school sixth forms, sixth form colleges and the contribution of FE colleges to the 14-19 phase will transfer from the Learning and Skills Council (LSC) to local authorities' ring-fenced education budgets;** and
 - **Giving RDA's a greater role in meeting business support needs** to help simplify the number of schemes down to no more than 100 by 2010.
6. For the first time each region will have a single strategy co-ordinating jobs, economic growth, housing, planning and environmental objectives, replacing the current myriad of overlapping strategies. RDAs will take on a new strategic role to develop the single strategy on behalf of the region consulting widely with businesses, local authorities, trade unions, the education sector, environmental and voluntary groups and others.
7. As the first step local authorities will draw-up proposals setting out a vision for the development of their area. Local authority leaders in the region will be asked to approve the draft strategy before it is submitted to independent examination.
8. Emda have already acknowledged that the review means they will be expected to work even more closely with, and delegate funding to, local authorities in order to support and facilitate economic growth and cross boundary working. Any delegation to local authorities will be based on an assessment of the capacity of local authorities to deliver, and on the development of an appropriate management and compliance framework.

9. The emda board has also agreed that emda's primary partners in determining future structures for sub-regional delivery will be the nine principal local authorities in the East Midlands.
10. It is proposed that local authority leaders will also have a stronger role in the public scrutiny of RDA performance, as will the new regional select committees currently being considered by Parliament. From 2010, as individual councils gain far stronger responsibilities in shaping priorities in their wider region, Regional Assemblies will be phased out. Communities and Local Government will consult on the new arrangements by the end of the year.

Conclusion

11. Though further guidance of the specific aspect of the review are due throughout the autumn the SNR has considerable implications for the County Council proposing as it does an enhanced role to principal local authorities in providing leadership for raising prosperity for all.
12. It is hoped that this report and the presentation that will be given at the meeting will enable an informative and useful discussion on how the council should develop its role in this area.

Mick Burrows
Strategic Director for Communities

Background Papers

Review of sub-national economic development and regeneration
July 2007