



meeting Communities Department Briefing

date 15 January 2008

agenda item number 5

Report of the Strategic Director for Communities

Review of Sub National Economic Development and Regeneration

Purpose of Report

1. To advise members of national progress in implementing, and local progress in responding to proposals arising from the Review of Sub National Economic Development and Regeneration.

Information and Advice

2. In July 2007, the government published the Sub-National Review of Economic Development and Regeneration (SNR). This acknowledged the key economic regeneration role played by local authorities and signalled the government's intention to have a new relationship with local government, particularly principal authorities. Key features of SNR include:
 - an intention to create a statutory economic duty requiring principal local authorities to undertake an economic assessment of their area;
 - an intention to put in place measures to incentivise local government to engage in regeneration activity aimed at promoting economic growth
 - a duty to cooperate placed on partners in the economic regeneration field
 - Funding for 14-19 year olds to transfer from the Learning and Skills Council (LSC) to principal authorities
 - a role for principal authorities in ensuring the accountability and scrutiny of Regional Development Agencies (RDAs)
 - enabling groups of authorities to work together effectively and accountably through new Multi-Area Agreements (MAAs), and pool economic responsibility on a more permanent basis
 - a presumption that RDAs will devolve economic regeneration funding to Principal Authorities where capability and capacity can be demonstrated.
 - The integration of the Regional Economic Strategy with the Regional Spatial Strategy within a Single Integrated Regional Strategy (SIRS), with RDAs assuming Regional Planning Body status and Regional Assemblies being abolished.



THE UNIVERSITY OF CHICAGO

PHILIP H. KUTNER, PH.D.

Professor of Economics

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His research interests are in the theory and econometrics of the labor market, particularly in the area of human capital and the role of education in economic growth.

He is currently working on a book on the economics of education.

He has published numerous articles in leading economic journals, including the *Journal of Political Economy*, *Journal of Human Capital*, and *Journal of Labor Economics*. He is also the author of several books, including *The Economics of Education* and *The Economics of the Labor Market*.

He has been a member of the American Economic Association and the National Bureau of Economic Research. He is also a past president of the American Society for Human Capital.

He is currently a senior research advisor at the National Bureau of Economic Research.

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Progress to date – the national picture

3. In December 2007, the Government published a report entitled "Taking forward the Review of Sub-National Economic Development and Regeneration" citing the following as areas of progress:
 - **Concordat** – an agreement, signed in December 2007, on the rights and responsibilities of local government. It reflects local government responsibilities to provide effective local leadership and to empower local communities and further, notes that local and central government share objectives to nurture business and enterprise, to increase skills and employment thus creating wealth and rising prosperity.
 - **Business Rate Supplements** – a White Paper proposing the introduction of a new power for local authorities to raise and retain local supplements to the national business rate in order to fund projects to promote economic development.
 - **Community Infrastructure Levy** – related to the above, the Government has introduced legislation in the Planning Bill for a new "Community Infrastructure Levy" that will allow for increased investment in the vital infrastructure as required of expanding communities.
 - **Reform of Local Authority Business Growth Incentives (LABGI)** – a consultation paper issued seeking views on how LABGI could further strengthen the incentive for local authorities to take a stake in the economic well being of their areas.
 - **Working Neighbourhoods Fund** – in November 2007, the Departments for Communities and Local Government and Work and Pensions announced a new £1.5bn Working Neighbourhoods Fund (WNF) targeted at the most deprived areas of England and focussed upon the worklessness agenda. In Nottinghamshire, Mansfield has a transitional allocation over two years totalling £1.8 million and Nottingham City has a WNF allocation over three years totalling £35.2 million.
 - **New local government performance framework** – publication of a reduced set of indicators that will support the new performance framework for local authorities.
4. Furthermore, the Report cites the following sub-regional and regional developments to date:
 - **Multi-Area Agreements (MAAs)** – 13 sub-regions are working towards an MAA, to be agreed by June 2008.
 - **Local Transport Bill** – published in November 2007, referencing scope for changes to Passenger Transport Authorities (PTAs) boundaries and powers.

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- **Improving RDA effectiveness** – The Government and the RDAs are developing a single sponsorship framework, emphasising the RDAs' strategic role in economic development.
5. Looking forward, the report notes that a number of the most significant reforms announced in the SNR will require primary legislation and the Government is working towards the introduction of that legislation "at the earliest opportunity." The consultation document on the duty on local authorities to carry out assessments of the local economy is expected to be published early in 2008.

Progress to date – Nottinghamshire

6. A project team has been established within the County Council to ensure that the full range of opportunities afforded by the SNR are realised for the Council and its communities. The Strategic Director Communities is taking an active involvement in this work given its import for the department and the County Council as a whole.
7. An early issue that has required resolution has been the varying ambitions of partners across the County area in respect of MAAs and cross-boundary working. MAAs are essentially voluntary agreements between two or more principal authorities, their partners and government to achieve collective outcome-based targets to improve economic prosperity across administrative boundaries. The City Council and some conurbation district councils have been keen to pursue an MAA for the conurbation focussed upon a full range of economic regeneration priorities.
8. However, following detailed consideration there would appear to be far more persuasive reasons for a county / city MAA for Nottinghamshire:
- It can recognise the ambition of the City Region concept (and other spatial drivers) and maximise opportunities to make effective linkages, accepting the City's own published research that suggests its influence extends well beyond present sub regional boundaries.
 - It allows full integration with the Local Area Agreement process, enabling the City and County Councils to align actions and performance indicators
 - It is consistent with the operational territories of key agencies such as Learning and Skills Council (LSC) and Job Centre Plus (JCP) and representative bodies such as the Chamber of Commerce
 - It provides opportunities for more effective integration between emda funding and that of local authorities, leading to clear efficiencies
 - It opens the way for a single coordinating body to work across the City and County areas leading to greater effectiveness
 - It ensures sufficient critical mass and influence for the County area as a whole
9. The Leader of the County Council has relayed his views about MAAs in Nottinghamshire to the Leader of the City Council (copy of letter attached at Appendix A). This leaves the door open for collaboration on a county basis

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
CHICAGO, ILLINOIS

TO THE HONORABLE
THE SENATE OF THE UNIVERSITY OF CHICAGO
IN RESPONSE TO A RESOLUTION PASSED
AT ITS MEETING OF MAY 10, 1955

REPORT OF THE COMMITTEE ON THE
UNIVERSITY OF CHICAGO

THE COMMITTEE ON THE UNIVERSITY OF CHICAGO
HAS THE HONOR TO SUBMIT TO THE SENATE
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and work over the coming months needs to include generating support from key partners for this approach (with or without a formal MAA).

10. For its part emda is clarifying its thinking on the means by which it will devolve economic regeneration funding to principal authorities. It will shortly issue a prospectus against which it expects authorities to submit proposals about how any devolved funding will be spent and the governance, management and delivery arrangements that will apply. A provisional deadline of 29 February 2008 for submissions has been set but this is likely to slip whilst RDAs await further guidance from the Government on SNR implementation.
11. Indications are that the City Council will submit a proposal for the existing Greater Nottingham Partnership area (city, plus Broxtowe, Gedling, Rushcliffe and Hucknall). Given its preferred approach, it would be logical for the County Council to submit for the county / city area, with a fallback which would, as a minimum, maintain the integrity of the County LAA. Faced with incompatible ambitions, emda will have to take a decision as to which outcome it prefers or alternatively decide not to devolve funding until agreement between city and county councils can be reached.
12. Key to presenting a convincing case to emda for devolved funding will be demonstrating that County Council and its partners has vision and is ambitious for the increasing prosperity within the County economy. Preliminary thinking suggests an approach which recognises and brings together approaches around the spatial diversity of County would be desirable. This would focus upon:
 - Rural areas / Market Towns
 - Urbanised areas
 - The City and built-up conurbation

Conclusion

13. It is hoped that this report, and the accompanying presentation that will be given at the meeting, will enable an informative and useful discussion on progress to date and the ways in which the County Council might maximise and realise the opportunities presented by the SNR.

Mick Burrows
Strategic Director for Communities

Background Papers

Review of sub-national economic development and regeneration (July 2007)

Taking forward the Review of Sub-National Economic Development and Regeneration (December 2007)

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Appendix A



Nottinghamshire
County Council

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Our Ref: DJK/AM/SD

12 December 2007

Cllr Jon Collins
Leader of the Council
Nottingham City Council
The Council House
Nottingham
NG1 2BS

Dear Jon,

I am writing to inform you about the outcome of discussions at today's Labour Group meeting on the possibility of pursuing a Multi Area Agreement (MAA) within Nottinghamshire. Having considered all options, my Group has agreed that it wishes to support an MAA based on both the city and county LAAs. This is in line with what is happening in other counties, such as Leicestershire for example, where Leicestershire County Council and Leicester City Council are currently developing an MAA together.

Our analysis indicates that the maximum added value of an MAA would be achieved through a joint city/whole county focus. This would have the advantage of maintaining the integrity of both LAAs and it is very helpful that both are becoming so closely aligned. We also believe that there are considerable economies of scale and efficiency and effectiveness dividends to be gained from both City and County working together.

We have discussed the issue of an MAA with partners and it is clear that the overwhelming majority support our approach. Most partners operate on a countywide basis and they have made it known that they share serious

Page 1

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describes the general situation
of the country and the
main problems which
are facing it.

2. The second part of the report

describes the main problems

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reservations about the possibility of becoming involved in formal arrangements based solely on the conurbation rather than a countywide approach in which the conurbation is acknowledged.

Our MAA offer is therefore on the table for you to consider. Regardless of the outcome I wish to assure you of our continued commitment to working together pragmatically on conurbation issues as well as addressing related rural issues.

I am happy to clarify any issues which you may have.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. I. Kirkham', followed by a horizontal line.

COUNCILLOR DAVID KIRKHAM

Handwritten text at the top of the page, possibly a header or title.

Second line of handwritten text, appearing as a paragraph.

Third line of handwritten text, possibly a continuation of the paragraph.

Fourth line of handwritten text, possibly a signature or date.