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bulletin

A new era for economic development? Implications of the Local Democracy, Economic Development and Construction Bill

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INTRODUCTION

The *Sub-National Review of Economic Development and Regeneration*¹, published by HM Treasury, Communities and Local Government (CLG) and the Department for Business, Enterprise and Regulatory Reform (BERR) in July 2007, marked the beginning of a nationally important process to redefine the way that local authorities undertake economic development and related regenerative activities that affect local areas. Under the impetus of the 2007 Comprehensive Spending Review, together with the Government's commitment to devolve more power locally and close the prosperity gap between the English regions, the Sub-National Review announced a number of varied and decisive proposals to change governance structures and economy-related functions at local, sub-regional and regional level.

Following the release of the initial consultation paper, and the Government's long-awaited response to consultation published in November 2008², the Local Democracy, Economic Development and Construction (LDEDC) Bill³ was submitted to Parliament in December 2008. As this awaits royal assent, the Bill offers a real chance to give more power to communities and people, reform governance arrangements, drive economic regeneration through statutory obligations, and ensure fairness in construction contracts.

The crucial importance of the Bill's provisions is that it makes economic development no longer a discretionary function of local authorities, potentially subject to resource cuts and subservient to other corporate priorities, but instead makes it a statutory obligation for local authorities and their public partners. This will place the economy at the centre of local strategies and regeneration, bringing the local approach into line with the Government's increasingly prevalent economy-led approach advocated within recent national policy developments.

¹ HM Treasury, Communities and Local Government, and Department for Business, Enterprise and Regulatory Reform (2007) *Sub-National Review of Economic Development and Regeneration*. Available at http://www.hm-treasury.gov.uk/d/subnational_econ_review170707.pdf

² Communities and Local Government and Department for Business, Enterprise and Regulatory Reform (2008) *Prosperous Places: taking forward the review of sub-national economic development and regeneration – the Government's response to public consultation*. Available at <http://www.communities.gov.uk/documents/citiesandregions/pdf/1073344.pdf>

³ Local Democracy, Economic Development and Construction Bill 2008. Available at <http://www.publications.parliament.uk/pa/ld200809/ldbills/002/2009002.pdf>

Prior to LDEDC Bill becoming law and the final Government guidance being produced to accompany this, the Government published three policy statement papers in January 2009 that set out how they intend the key proposals of the Bill to be implemented (and hence what the guidance on making these changes is likely to look like when released). These papers are:

- ❑ Local economic assessments (published by CLG)⁴
- ❑ Options for sub-regional cooperation (CLG)⁵
- ❑ Regional Strategies (CLG and BERR)⁶

This CLES Bulletin discusses the contents of these policy statements and the proposals drawn from the LDEDC Bill; the concerns we have regarding their implementation and likely success; and what these proposals, individually and combined, mean for the future of economic development, regeneration and governance in England.

LOCAL ECONOMIC ASSESSMENTS

The Sub-National Review of 2007 introduced proposals for an Economic Assessment Duty to be placed on all upper-tier authorities in the country (including London). This would obligate all County Councils, Unitary Authorities and London Boroughs to carry out robust assessments of the economic conditions in their local areas, and all District and Parish Councils to cooperate with this process. The policy statement released in January 2009 relating to these local economic assessments specifies that this should include mapping of economic linkages between places and identification of the key factors enabling and constraining sustainable economic development. This aims to provide a clear understanding of the local economy, ultimately improving economic strategy and interventions, and enabling better spatial prioritisation of investment into achieving sustainable development.

Principles

Set in a policy context committed to strengthening the role of local authorities in economic development and building a robust economic evidence base on which action can be solidly founded, the policy statement acknowledges that a broad range of positive and negative factors will need to be measured by local authorities. Local economies are as diverse as the influences upon them – local demographics, environments, skills, housing markets and so forth – and hence the policy statement (based on the due draft guidance) avoids being too prescriptive about what needs to be included in the assessment. It does however, state that local economic assessments should address the following broad principles:

- ❑ identification of economic linkages, between urban and rural economies and between those within the local authority area and beyond it;
- ❑ identify the strengths, weakness, opportunities and threats of the local economy;
- ❑ review the key ways in which the local authority and its partners can influence local economic development;
- ❑ review the regeneration challenges of the local area;
- ❑ analyse the causes of worklessness locally;
- ❑ consider the impact of economic development on the environment, and how the locality may be affected by the shift towards a low carbon economy.

Geography

The statement on local economic assessments is clear that assessments should not be constrained by local authority boundaries but should cover whole economically functional areas. It states that “where

⁴ Communities and Local Government (2009) *Local Democracy, Economic Development and Construction Bill: Local Economic Assessments Policy Statement*. Available at <http://www.communities.gov.uk/documents/citiesandregions/pdf/1130294.pdf>

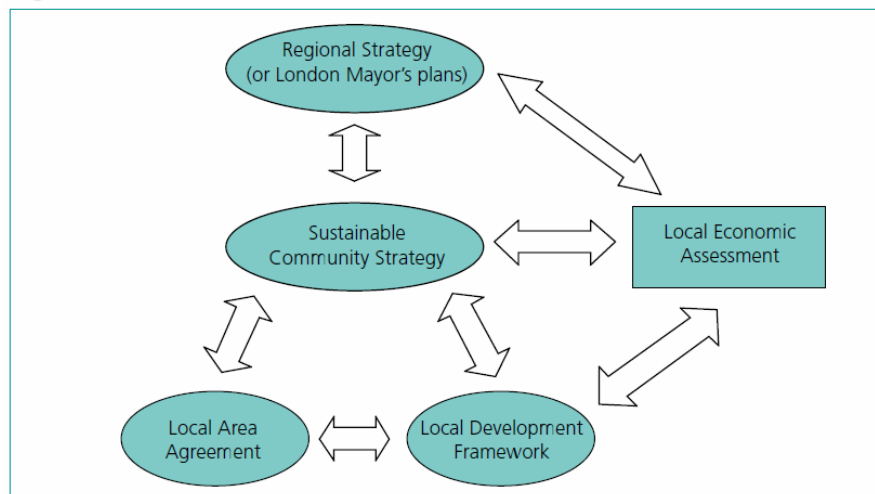
⁵ Communities and Local Government (2009) *Policy document on options for sub-regional cooperation in the Local Democracy, Economic Development and Construction Bill*. Available at <http://www.communities.gov.uk/documents/citiesandregions/pdf/1130456.pdf>

⁶ Communities and Local Government and Department for Business, Enterprise and Regulatory Reform (2009) *Local Democracy, Economic Development and Construction Bill: Policy document on Regional Strategies*. Available at <http://www.communities.gov.uk/documents/citiesandregions/pdf/1129855.pdf>

economic links are strong, the Government would encourage joint assessments" (p.7). Therefore in areas where sub-regional working arrangements are strong, particularly where Multi-Area Agreements (MAAs) with economic development strands exist, joint assessments may be undertaken by authorities working in partnership. This may cover single and two-tier areas, and in this scenario, the county council should identify the different functional economic areas within the county and consider the application of joint assessments with neighbouring unitary authorities. In addition, the LDEDC Bill makes provision to establish Economic Prosperity Boards to focus on economic development at sub-regional level (discussed in the next section of this Bulletin). Where these Boards have been established, the policy statement asserts that they should be given responsibility for conducting the local economic assessments on behalf of authorities in the sub-region.

Informing strategy

The policy statement on local economic assessment clearly and strongly asserts the importance of using the assessments to inform formation and delivery of strategy in the local area. Rather than a box-ticking exercise to gather information for information's sake, the driving force behind the assessment duty is to make it statutory for local authorities to ensure they have robust knowledge that is actively used in creating better strategy for local economic development. The relationship therefore between local economic assessments and Sustainable Community Strategies (SCSs), Local Area Agreements (LAAs) and Local Development Frameworks (LDFs) needs to be well-established within authorities. Equally important will be the role of local economic assessments in informing the new Regional Strategies (discussed later in this Bulletin), with the new legislation proposing that a structured regional dialogue between statutory local and regional partners should be developed. The Regional Improvement and Efficiency Partnerships (RIEPS) will be actively involved in supporting this process and are currently setting up regional events for local authorities and partners in order to support progression of this dialogue. The role of the assessments in informing strategy will thus be vital in the future if local economic assessments are going to tangibly change the way that strategy and policy is formulated, ultimately improving the extent and quality of the outcomes being delivered.



This schematic diagram, drawn from the local economic assessments policy statement (p.9), represents the relationships between the various strategies at local and regional level (although it does not include MAAs and sub-regional strategies, proposed or otherwise, or indeed local economic strategies themselves), and thus reiterates the vital role of the assessments in developing local evidence bases and strategies.

Monitoring

The policy statement about local economic assessments does not assert how often the assessment criteria and process needs to be reviewed or revised, leaving this to the discretion of local authorities to tie into the strategic reviews of their Sustainable Community Strategies, LAAs or MAAs. It does state however that the impact of local assessments will be measured through the National Indicator

Set as part of the new Comprehensive Area Assessment (CAA) process, but does not specify how this will be done. The performance of local public bodies will be denoted through a red and green flag system – the former denoting poor performance and the latter denoting innovative good practice case studies – and thus it will be important that local economic assessments are firstly, being conducted in an adequate, locally appropriate and even innovative manner, and secondly that assessments will accurately inform sound strategy that improves the performance of the local authority and its partners.

Stakeholders

The LDEDC Bill states a list of statutory partners that have to be consulted when undertaking local economic assessments. These are:

- Regional Development Agencies
- Integrated Transport Authorities
- Jobcentre Plus
- Homes and Communities Agency
- Highways Agency
- Learning and Skills Council
- Economic prosperity board
- National Park Authorities
- The Broads Authority
- The Arts Council of England
- Environment Agency
- Sport England
- English Heritage
- Natural England
- Museums, Libraries and Archives Council
- Greater London Authority (where applicable)
- Transport for London (where applicable)
- Fire and rescue authority

In addition, the policy statement advises that local authorities should also consult the Homes and Communities Agency (HCA) on the housing and regeneration aspects of their assessments, thus informing the ‘single conversation’ of the HCA with that area⁷.

Costs

Regarding the costs that will be incurred when carrying out these robust and well-consulted local economic assessments, the Department for Communities and Local Government will conduct an appraisal of the likely costs to local authorities of meeting the Economic Assessment Duty, and fund any additional costs identified from this appraisal.

Timescales

The accompanying guidance on conducting local economic assessments (currently in draft form, and upon which the policy statement is based) is due out in ‘early 2009’ – presumably by the end of February or March. Local authorities will be expected to start preparations for a new assessment system to be put into place from April 2010.

CLES’ thoughts

CLES warmly welcomes the new Economic Assessment Duty and the provisions made within the LDEDC Bill towards making local economic assessments robust and useful to practitioners and partners working in local areas. We feel that the new emphasis placed upon assessment in Government policy and the potential that this offers for changing the way that economic development is approached in localities, marks an important step towards forging resilient local economies.

However, we do have several concerns arising from the contents of the policy statement (and thus the likely contents of the forthcoming guidance). These are:

- ❑ ***Instruction versus freedom:*** We acknowledge the tension that exists between prescribing how local authorities should be conducting their assessments, e.g. what measures should be included, what thematic areas these should cover, what local authority departments should lead the process, etc., versus allowing local authorities the freedom to determine all of these factors themselves. While the policy statement does strike a good balance in that it specifies geographies and partners, we hope that authorities will have enough of a steer on:

⁷ More information on the HCA’s ‘single conversation’ and how this will benefit local areas can be found at <http://www.homesandcommunities.co.uk/page.aspx?pointerid=4d390d89ef6042ac8af82459185e200a>

- the internal process to conduct the assessments;
- incorporating evidence yielded into sound policy and decision-making;
- ensuring that all thematic areas that influence local economies are covered, especially where these relate to the public, social and environmental aspects of economy rather than just commercial.

Managing these aspects will need careful consideration and negotiations by local authorities and all scales of governance up to the national.

- ❑ ***The contradiction of 'joint' local assessments:*** There seems to be somewhat of a contradiction between introducing an assessment duty covering *local* economic conditions and then prescribing these to be conducted by County Councils, Economic Prosperity Boards or within MAA partnerships. All of these bodies operate over supra-local scales and mostly contain several functional economic areas within them. Therefore their ability to capture the specific economic conditions of individual local economies is challenged. This may be particularly damaging where stronger and weaker economies, or those facing different problems, exist within one sub-region and yet are conflated when conducting the 'local' economic assessment. It appears therefore that this system will be better suited to unitary authorities and cases where functional economic areas are contained within the boundaries of a single local authority. The Government and authorities need to be careful that the scale over which assessments are conducted is not too large, losing focus on the communities that people live within and the geographies that they relate to, and therefore not truly reflecting *local* economic conditions.
- ❑ ***Ensuring assessments inform strategies:*** CLES welcomes the intended relationship between local economic assessments and key documents including the SCS, LDF, LAA, MAA and Regional Strategy. This is a vital part of producing relevant strategies, implementation plans and ultimately achieving successful action, and has been weak in the past within local authorities, particularly when it comes to economic development informing spatial planning. We therefore urge central and local government to ensure that this message is clearly and extensively disseminated amongst practitioners in all relevant council departments, particularly in Planning departments where awareness of the local economic development agenda has been historically weak, and all partner bodies.

The risk of local economic assessments being seen as the realm of performance managers or a statutory return for the Government rather than for active use in economic development, regeneration, planning and more, is a risk that will need to be actively avoided via progressive corporate policy, information dissemination and engagement with all relevant local authority and partner practitioners. Economic assessments thus will need to be dynamic and proactive, focusing on outcomes and implications for local activity, rather than just data collection and evidence bases.

- ❑ ***Neglecting local economic strategies:*** The LDEDC Bill makes local economic *assessments* mandatory but not local economic *strategies*. While there is instruction about incorporating the information yielded from assessments into other local and regional strategies, there is a complete absence of dialogue about the role that economic development strategies should play within local authority activity. Recent research conducted by CLES identified a number of serious problems that were common to most local economic strategies from English local authorities, not least the neglect of an holistic approach; omission of social and community contributions to local economies; consideration of how public expenditure can be more productively used; the absence of spatial planning; and so forth. The new statutory provisions of the LDEDC Bill therefore do not attempt to address the problems surrounding local economic strategies and by focusing only on the preceding assessment stage, is somewhat limited in exploiting this opportunity to overhaul local economic development more radically.
- ❑ ***Monitoring assessments and their influence:*** The policy statement is vague when it comes to monitoring the impact of local economic assessments in terms of their robustness, their incorporation into local strategy and their contribution towards achieving positive outcomes. It

states that monitoring will be via the National Indicator Set (NIS) and CAA process, but does not specify *how* this will be the case, e.g. how assessment will form part of the wider audit of the local authority.

There is the risk that using the NIS will be too generic as the local nature of assessments may not be compatible with the formulae of the *National* Indicator Set. While local authorities do have the freedom to develop their own local indicators, the mechanisms of local authority audit and regulation need to adequately reflect ability to meet both national and locally-specific indicators. This would avoid situations such as a local authority not doing enough to assess and strategise for its local economic conditions and this not being picked up by the Audit Commission, while another council may act innovatively in a very locally appropriate way and yet does not get the recognition for this from a monitoring approach that uses the NIS regime. However, while this is a risk, we would hope that the wider work of the Audit Commission and the other component parts of CAA such as the red and green flag system, would pick up such failings or successes.

OPTIONS FOR SUB-REGIONAL COOPERATION

The Local Democracy, Economic Development and Construction Bill builds on the growing emphasis within Government policy of the important role of the sub-region in economic development, regeneration and governance, by making provision for new options for sub-regional cooperation. These are:

- ❑ introduction to a sub-region of an MAA 'with duties';
- ❑ conversion of an existing MAA to one 'with duties';
- ❑ establishment of an Economic Prosperity Board (EPB);
- ❑ combining the functions of an Economic Prosperity Board with those of an Integrated Transport Authority.

To be clear from the offset before exploring what these arrangements might mean, the difference between the proposed MAA with duties (and existing non-statutory MAAs) and Economic Prosperity Boards is thus: MAAs are agreements to deliver targets whereas EPBs provide a new governance structure for the sub-region. While MAAs are broader and may have strands that do not relate directly to the economy (e.g. the environment, housing or education), EPBs will focus primarily on economic development. Also note that the policy statement relating to sub-regional cooperation suggests that where an EPB is established across an area with an MAA, the EPB should take over responsibility for meeting the MAAs targets.

Multi-Area Agreements with duties

The LDEDC Bill makes provision for groups of local authorities in a sub-regional area to develop Multi-Area Agreements that include *statutory* duties (currently there are no statutory obligations for MAAs to deliver particular outcomes or meet targets). This would place a duty on the local authorities firstly, to cooperate with each other in developing the MAA and secondly, to deliver the targets that are relevant to them. This provision will be in addition to existing MAA arrangements rather than replacing them. It will be at the discretion of the individual authorities whether they wish to adopt an MAA with duties, convert their existing MAA to one with duties, or opt out of both, and should be a decision made following robust consultation with all relevant local, sub-regional and regional partners.

The geographical scope of MAA with duties will not be limited, according to the relevant policy statement. No restrictions are placed on the area covered by an MAA, including that this will not have to be contained within a single region, and that it can cover only part of the area within a local authority boundary. The priority instead, is that MAAs (with or without duties) should cover functional economic areas rather than be tied to administrative boundaries.

The targets contained within an MAA with duties are not prescribed by the Government in their draft guidance. The focus is expected to be on economic development, but targets relating to any aspect of the local environment, people, transport, etc., are also allowed. This shows a good understanding of the interrelated nature of many direct and indirect influences on local economies, and in this sense is much broader than the remit of Economic Prosperity Boards.

Economic Prosperity Boards

Economic Prosperity Boards are proposed as sub-regional governance structures to enable groups of local authorities to act collectively on economic development across a sub-regional area. The main purpose of an EPB is to contribute to the economic development and regeneration of the area that it covers. However, as this covers a complex and varied range of activities, there is flexibility for the EPB to cover other activities that have an impact upon local economies, even if this is indirectly. This will be left to the discretion of local authorities and their partners, based upon what will be best for the area and hence stringent rules will not be included in forthcoming Government guidance.

The leadership of an EPB will be drawn from Elected Members of the participating authorities, providing democratic accountability and confidence to authorities of the commitment to effective sub-regional joint working. While EPBs will be voluntary arrangements that require the local authorities involved to consent to opting into these, there is the exception that where a whole county council's area is covered under an EPB, lower tier district councils do not have the choice to opt out and hence prevent the Board from being put into place.

Establishment of an EPB may or may not, depending on appropriateness, include combining the EPB functions relating to economic development with the transport functions of the Integrated Transport Authority of the area (recognising the linkage between economic development and infrastructure). Also, EPBs may take on responsibility for the management of other sub-regional initiatives such as Economic Development Companies. This would be decided by the local authorities involved however, and hence the Government is not being prescriptive on this point.

The policy statement establishes that the geographical scope of EPBs will be that they must be made up of two or more whole authorities, all of which are contiguous (i.e. there are no gaps between them). The only exception to this is that where the EPB covers a county council, not all of the county must be covered. Also, EPBs may cross regional boundaries so long as they satisfy the above conditions, but must be contained wholly within England. London boroughs will not be eligible to establish an Economic Prosperity Board, due to the unique governance arrangements of London.

Economic Prosperity Boards will be funded by their constituent local authorities, with the contributions of each being agreed prior to set-up. The Government does not intend to provide any additional funding for this purpose, and hence local authorities will have to decide whether it provides good value for money to set up such an arrangements, i.e. whether this is appropriate and potentially beneficial enough to their local area and local economic development problems. It is likely therefore that EPBs will be most successful, and hence offer best value for money in areas with historically strong sub-regional working arrangements.

Also note, the policy statement concludes with a chapter referring to the plans within the Pre-Budget Report to increase the importance of city-regions in contributing to regional and national prosperity. This includes establishing at least two city-regions by Spring 2009, with 'London-style' powers and Elected Mayors.⁸ In these instances, where sub-regional working should be strong and focused around a clear functional economic area, establishing EPBs would be the preference for delivering economic development and regeneration across the area.

CLES' thoughts

While we think that the likely guidance reflected in the policy statement from CLG is generally sound and offers a clear and pragmatic way of developing sub-regional cooperation for the benefit of economic development, CLES also has several concerns about some of the issues raised by these proposals. These are:

⁸ Current candidates for achieving city-region status include Greater Manchester, Greater Liverpool, Leeds, Birmingham and Greater Bristol.

- ❑ ***How to ensure commitment?:*** Regarding MAAs with duties, there is a question about why statutory duties would be needed as an addition to the current MAA system. It is currently the case that local authorities have to choose to opt into an MAA, and hence they should have a commitment to cooperation and meeting targets anyway. In cases where this is not happening, we wonder how the LDEDC Bill provisions would make much of a difference beyond the initial renewed impetus; the statement does not say how adding duties to MAAs will, in reality, prevent partnership working from faltering again. For example, it does not state whether there will be sanctions for non-compliance with the statutory obligations, what the criteria would be for issuing these and what form they would take, e.g. financial penalties, legal proceedings, reduced power, etc.
- ❑ ***Inter-regional strategic conflict:*** Also regarding MAA with duties, while we agree that these should focus on functional economic areas rather than being constrained by administrative boundaries, it is perhaps not very practical to place no restrictions on the geographical scope of the arrangements for two main reasons. Firstly, if an MAA with duties straddles across two regions, it will need to have regard to two different Regional Strategies (discussed in the next section of this Bulletin). This may be unproblematic but does have the risk that conflicting priorities and approaches will exist between the Regional Strategies in question. This could present the MAA's constituent authorities with difficult and potentially controversial decisions, and lead to a trade-off or compromise of interests that are not conducive to either optimal outcomes or good partnership working.
- ❑ ***Difficulties with monitoring at sub-local authority level:*** Secondly in reference to complete geographical flexibility, if an MAA is introduced covering only part of one of the local authority's areas, it will be incredibly difficult to monitor the impact of the MAA and how much of the ongoing economic development and regeneration activity is attributable to the MAA or other local activity. Such are the difficulties associated with data collection at very local areas and those that do not conform to administrative boundaries, that it would be very costly and potentially meaningless to evaluate the impact of the MAA.
- ❑ ***Capacity to take on transport functions:*** Provision exists within the LDEDC Bill to combine Economic Prosperity Boards with Integrated Transport Authorities (ITAs). ITAs are currently functions contained within local authorities, and the policy statement fails to give guidance on how this would be transferred to the EPB / wider sub-regional body. This may work well for large scale infrastructural issues operating across the sub-region, but surely there will not be the capacity to take on all of the functions currently undertaken by transport policy and planning teams within authorities, including much smaller matters such as the introduction of speed bumps along specific streets, or implementation of one-way systems in a local neighbourhood.
- ❑ ***Disincentivising risk-taking:*** The lack of funding available for the establishment and running of EPBs could act to disincentivise local authorities from taking risks in areas where there are not historically strong sub-regional working arrangements. The risk that they might not be successful or offer good value for money, especially considering that council budgets were already strained even before recession occurred, means that authorities may be inclined to act conservatively. These provisions could therefore be seen as only helping those authorities in areas that are already strong in terms of sub-regional working, and therefore will not assist a pan-national strengthening of sub-regional scale approaches to economic development.
- ❑ ***Is the sub-regional the best scale to deliver economic development?:*** In light of the Government's intensifying emphasis on the importance of strengthening sub-regional governance, CLES questions whether this is the right scale at which economic development is best delivered. This seems to contradict the *local* in local economic development as local authority areas, and particularly wards, neighbourhoods and LSOAs, are being subsumed into wider structures. This threatens correct identification of local and sub-local economic issues, and reduces the likelihood that appropriate action for discrete smaller areas will be taken. The provision to conduct economic development activity across Multi Area Agreements, Economic Prosperity Boards, and through 'joint local' economic assessments (surely a contradiction in terms?!) and strategies,

signifies to an extent, not sub-regional devolution as the Government intends, but a 'reverse devolution' of power from localities back up the spatial scale to the sub-region.

The interests of secondary town centres and peripheral locations therefore are becoming less of a priority under the wider MAA, EPB, City-region, or other similar structure, as these authorities are becoming subservient to the Utilitarian ideal of achieving the 'greatest good for the greatest number' of people by attracting investment into the sub-region as a whole. CLES have gleaned evidence of this already from speaking to more than one local authority that identified this as a problem, resulting in hollowed out local retail and civic centres, and increasing the inaccessibility of already socially and economically excluded people to employment and amenities.

This particularly affects the applicability of these sub-regional provisions to rural areas, which seems highly limited because focusing on strong economic centres in the sub-regional area will detract attention and resources away from the small-scale but often civilly important economic operations of villages, market towns and district centres. By extension, this will negatively impact upon independent businesses, self-employed people and those at greatest risk of exclusion from local services and amenities, e.g. the elderly, the young, the poor. This does little to help rural economic policy therefore.

- ❑ ***Sub-regional accountability:*** The policy statement says that Economic Prosperity Boards will fill the democratic deficit at sub-regional level as the people sitting on the Boards will be drawn from the Elected Members of the participating authorities. Including Elected Members however, does not necessarily achieve substantial democratic governance, and CLES fears that accountability at this spatial scale will not only be weak, but will erode accountability at local level as more of their economic development responsibilities are 'reverse devolved' to the sub-region.

REGIONAL STRATEGIES

The Sub-National Review consultation paper announced the conflation of the existing Regional Economic Strategy, Regional Spatial Strategy and other key regional strategies relating to transport, environment, housing, culture and health, into one integrated Regional Strategy (RS). This has been incorporated into the LDEDC Bill and a policy statement was also released in January 2009 relating to this provision in advance of the release of finalised Government guidance.

Purpose

The primary reason for introducing the new Regional Strategies (initially called Integrated Regional Strategies), was to ensure a closer alignment between economic development and spatial planning. The RS will be part of the statutory development plan for the region, and hence used to determine planning applications and set out policies for land use. This relationship between the economic and physical aims to provide a better way to prioritise regional activity towards addressing key issues, such as achieving economic development in the context of a low carbon economy, regeneration challenges, and the housing crisis. The policy statement specifies that the intended outcome of the RS is to achieve 'sustainable economic growth' that ultimately contributes to sustainable development and the mitigation of / adaptation to climate change. In fact, there is a strong emphasis on the importance of tackling climate change throughout the statement, gearing up for this issue to be a major cross-cutting theme within the Regional Strategies themselves.

In addition to marrying up economic development and planning, the shift to a Regional Strategy aims to make regional governance more democratically accountable, quelling criticism that this has not previously been the case, by giving the Regional Development Agencies (RDAs) and Regional Local Authority Leaders Boards joint responsibility for developing and monitoring the Strategies.

Proposed content and expectations

The policy statement gives guidance that the RS should be succinct; strategically high-level; regionally specific; set out a vision for the next 15-20 years; and focus on the key drivers of growth (which it deems to be competition, enterprise, innovation, skills, investment and employment), the environment, communities and regeneration. It will reflect the activities, plans and investment

decisions of key public sector agencies, influencing both regional and central government in the future while having regard for current national policies and guidance.⁹

The RS is also intended to be developed largely using the new local economic assessments conducted by law, by local authorities. These assessments will form the evidence base prior to setting regional priorities, strategy and implementation plans, and will also give local authorities a greater sense of ownership over their Regional Strategy and implementation plans.

While there is no exact prescription of what should be contained within the Strategy documents themselves, Government guidance (as set out in the policy statement) is likely to request coverage of the following broad themes:

- ❑ an overview of the key regional and sub-regional opportunities and challenges over the plan period;
- ❑ how sustainable economic growth can best be delivered having regard to employment and the key drivers of productivity as well as regeneration;
- ❑ how the region will meet its housing need and demand and achieve a wide choice of high quality homes to create sustainable, inclusive mixed communities;
- ❑ taking action on climate change and energy;
- ❑ those areas within the region identified as priorities for regeneration investment and intervention;
- ❑ strategic requirements and provision infrastructure insofar as these are not already specified in national policy;
- ❑ additional policy areas that regions decide and which fit with the outcomes of the strategy, potentially drawing upon the substance of other non-statutory regional strategies.

In addition to this, the Government has stated that it will bring out more explicit guidance on a small number of key national priorities to ensure that they are adequately reflected in RS. Overall, the three areas of the Government's expectations that will be set out in more detail in forthcoming Government guidance are:

- ❑ ensuring that there is ***economic growth*** in all regions;
- ❑ expecting the regions to test out ***housing supply*** figures derived from the National Housing and Planning Advisory Unit's recommendations;
- ❑ implementing ambitious strategies for tackling ***climate change***, including exploiting opportunities for renewable energy.

Regional working arrangements and key stakeholders

The RDAs and the Regional Local Authority Leaders' Boards (also established under provision made by the LDEDC Bill to replace the former Regional Assemblies) have joint responsibility for consulting on, developing and overseeing the Regional Strategies. This should be based on a genuinely collaborative partnership between these bodies and the local authorities within the region, and have regard to the relevant sub-regional and local strategies and the forthcoming local economic assessments (discussed earlier in this Bulletin). This is particularly true for the implementation plans to accompany the RS as the RS itself.

In addition to collaboration with local authorities, RDAs and Leaders Boards will be expected to consult and engage with a number of key stakeholders. The policy statement specifies these stakeholders as including the Homes and Communities Agency, Highways Agency, Environment Agency, Natural England and English Heritage, but also a range of other relevant stakeholders to be identified by the RDAs and Leaders' Boards.

Implementation, monitoring and review

Accompanying the RS will be an implementation plan that takes the high-level strategic vision and sets out how this will be delivered by the relevant partners and practitioners, defining the action and investment to be undertaken towards securing intended outcomes. In some cases, it may be

⁹ See the Regional Strategies policy statement, paragraphs 1.7-1.11 (p.7-8), for more information on these specifications

appropriate to develop cross-boundary implementation plans to tackle a specific issue that affects two adjoining regions or parts thereof.

The policy statement leaves it to the RDAs and Leaders' Boards to decide how the success of their RS will be measured and its impact evaluated, i.e. what quantitative indicators and targets will be used. These bodies will also decide when the RS and implementation plans should be reviewed. In both these senses the guidance is hence likely to be highly non-prescriptive.

CLES' thoughts

While CLES remains hopeful that the new Regional Strategies will enable a more holistic approach to be taken to development within the regions, supporting inter-agency collaboration and a clear vision for the future of each region, we have a number of concerns. Central to this is a fear that conflating a raft of previous strategies documents in the new RS will be a zero sum game, i.e. that no additional value will be added but the same processes of delivering policy and projects will remain unchanged, or indeed be negatively impacted by a dilution of strategic direction. More specifically, we also have the following concerns, largely regarding the contradictions contained within the rationale behind Regional Strategies:

- ❑ ***Risking a 'strategy for anywhere'***: We fear that this proposed approach to regional strategy may be too broad, having to cover such a wide range of factors – economy, environment, waste, housing, transport, culture, health, land, etc. – and too high-level. Both of these create the risk that the documents produced will be 'hollow', lacking sufficient depth because they have to bring together and make sense of too much information, (especially considering the guidance that RS should be succinct), and will lack the meaty substance needed to implement critical action with successful outcomes.

While an holistic approach is a positive way to produce sustainable outcomes in strategies in general, we feel that this has perhaps gone too far and may lead to the creation of a 'strategy for anywhere', i.e. that there will be little difference between the Regional Strategies for the nine English regions as they all cover the same broad themes (statutorily), cannot delve particularly deep into these, and cover such large spatial areas that they cannot be particularly relevant to the local (the diversity between places within a single region is considerable – urban, rural, large, small, affluent, poor, industrial, service-based, accessible, peripheral, and so forth – how can a broad, succinct, regional strategy address the different issues facing these localities?!). This questions not only the suitability of the new Regional Strategies but the very layer of regional governance itself.

- ❑ ***Linking the spatial with local economic development***: CLES welcomes the move to make regional economic development activities more aligned with spatial planning and strategic land use. However, we also feel that in addition to this, a closer relationship needs to be made between these functions at *local* level. Recent CLES research has highlighted this as a common weakness within many local authorities, as economic development strategies and planning documents within the Local Development Framework often have no regard for each other whatsoever. A more meaningful approach to economic development *and* a better use of land for economic benefit would be achieved through ensuring local economic strategies and local spatial strategies are joined up in a similar way to that being proposed at the much higher regional scale; perhaps there is a place within local authorities for a single integrated local strategy?!
- ❑ ***'Sustainable economic growth' – a contradiction?***: The underlying purpose of the RS is to deliver 'sustainable economic growth', as per the explicitly stated message that the Government expects to see growth in all regions. However, CLES believes that this is fundamentally a contradiction in terms, as unlimited growth cannot be sustainable in the long term as it leads to increased need for resources and increased consumption. Beyond a point where the economy is large enough to sustain a good standard of living for the country's people, the focus should be on improving the distribution of wealth, reversing polarisation of life opportunities and life outcomes, ensuring that local markets work effectively, and improving the quality and sustainability of development rather than chasing crude growth itself. This therefore fails to consider the

possibility of an alternative to the current unbridled economic system based on the dominance of the market; perhaps a shift towards a steady-state economy that focuses on equity and development rather than growth should be given a fairer chance, in light of recession as much as environmental urgency? Indeed the crises of the current economic system call more loudly than ever for a renewed, imaginative and even radical approach to our economic future.

- ❑ ***Climate change as an opportunity, not burden:*** The policy statement released in advance of final Government guidance for producing Regional Strategies, conveys a strong sense of environmental and climate change awareness in the rationale underpinning the RS, and how these need to be delivered and what their outcomes should be. While perhaps being disproportionately attended to – is climate change so much more urgent than economic resilience, wealth equity, social justice, etc.? – we welcome this emphasis on addressing the issues of greenhouse gas emissions, energy supply and developing renewable energy.

However, the statement lacks an acknowledgement that acting in a 'green' way is not only about saving the environment but can also be about exploiting an economic opportunity for local business and employment benefits. The shift to a low carbon economy is an opportunity to develop new 'green jobs' and 'green industries', thus providing an economic benefit to the country as a whole. Environmental actions are therefore also an enabler for economic strength, not simply a burden for the intrinsic (non-monetary) value of nature. It is through arguments of economic advantage and financial opportunity that many industries, organisations and work practices will become more dynamic and embrace change, breaking down previous perceptions that tackling climate change will incur additional expense and is a burden to business. As argued in the previous bullet point, this period of economic downturn, coupled with environmental urgency, calls for a renewed and imaginative approach towards redefining future economic systems.

- ❑ ***Regional accountability:*** Similarly to the point raised in the preceding section of this Bulletin regarding sub-regional accountability, we fear that the Regional Strategies and regional economic development activity will not be subject to adequate accountability by regional bodies. The inclusion of the Regional Local Authority Leaders' Boards as the democratic half of the partnership (with the RDAs) responsible for the Regional Strategy, does not guarantee accountability. The removal of the scrutiny functions of the former Regional Assemblies is therefore a concern given that they have not been replaced with new specified scrutiny obligations at regional level.
- ❑ ***Time lag between local economic assessments and Regional Strategies:*** There appears to be the mistake within the Regional Strategies policy statement when it states that "The local area economic assessments proposed in legislation [i.e. Economic Assessment Duty] are expected to form a key part of the evidence base which will inform the preparation of regional strategies" (p.21). The local economic assessments are not due to be implemented until April 2010 while the Regional Strategies are being prepared and drafted now – a process that began a number of months ago in some regions. This time lag therefore means that certainly the first round of RS will not be informed by the new local economic assessments, and hence will have to draw their evidence base from elsewhere. Where information and data collection is weak at local, sub-regional and regional level, the accuracy of the RS will hence be negatively affected.

SUMMARY AND FUTURE STEPS

The Local Democracy, Economic Development and Construction Bill is a vital step towards increasing the importance given to economic development within local areas. It emphasises the centrality of economic prosperity and resilience for achieving better places and better life outcomes, concordant with the increasingly econo-centric focus of Government policy over the last year or so, and will make a number of important regenerative functions no longer discretionary, but mandatory.

The three provisions discussed within this Bulletin are very much interrelated and will impact greatly upon the face of economic development at all spatial levels. Local economic assessments will improve understanding and strategy at local level; this will feed into better cooperation across functional

economic areas at sub-regional level, utilising the new options for statutory governance arrangements; and both of these should inform the production and implementation of strategy at regional level by providing stronger data to underpin priorities and more well-developed partnerships that extend in both directions up and down the spatial scale.

The next steps towards implementation of these proposals are the acceptance of the LDEDC Bill as law by royal assent, due at a currently unknown date in 2009; and release of finalised Government guidance (based closely upon the draft guidance reflected in each of the CLG / BERR policy statements), due imminently. While the guidance will be largely un-prescriptive in nature, recognising the immense diversity between different localities and economic conditions, CLES remains optimistic that this marks the beginning of a new era for economic development underpinned by statutory obligations to take development seriously and deliver in partnership for cross-boundary economic benefit.

Despite this optimism however, questions remain over the validity of sub-regional and regional scales of assessment, strategy and certainly accountability, as well as the intrinsic contradictions of the LDEDC Bill provisions themselves and the latest indicative guidance.

We urge local authorities and other public sector bodies to carefully consider what is right for their locality in terms of the contents, process and very importantly, scale of economic assessment, and how they engage in economic development activity at sub-regional level. We would urge all relevant parties to be aware of the contradictions contained within these provisions, and ensure that the 'local' is not lost sight of when working across larger spatial scales. Localities must remain autonomous and be able to decide what is best for them given well-understood local economic contexts, and under appropriate and truly beneficial supra-local governance structures that should only be opted into where real synergetic value is added.

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