

# **THE SUB NATIONAL REVIEW OF ECONOMIC DEVELOPMENT AND REGENERATION**

## **Introduction**

The Sub National Review (SNR) looked at the mechanisms of economic development across England and concluded that reform was necessary; reform that will provide a robust platform for addressing the contemporary challenges of worklessness and economic disadvantage. At the core, the review seeks to recast the systems of governance from the National to the Local level. Much of the groundwork for new governance in England has been laid by the Local Government White Paper: Strong and Prosperous Communities, the Local Government and Public Involvement in Health Act 2007 and the Governance of Britain Green Paper. These two documents represent a paradigm shift in the way local authorities are accountable to the communities they serve, positioning LAs as place shapers and introducing the framework for Local Area and Multi Area Agreements.

## **Findings and proposals**

The SNR found that, against accepted economic theory, business and industry had not been converging on areas of poverty and not capitalising on lower labour costs. Instead of strengthening regions, greater disparity has been created. For this reason the review focuses primarily upon the regions capacity for economic growth.

There are also a number of factors that have exacerbated the regional divide, such as lower average income, low skills, unbroken cycles of poverty, environmental factors, mental and physical health inequalities and poor public service delivery.

From this analysis, the government has put forward the following principle reforms to give regions the capacity to pursue economic growth:

- the abolition of regional assemblies other than in London
- streamlining regional government by requiring RDAs to produce an integrated economic development and spatial strategy
- strengthening the local authority role in economic development, including a new statutory duty to assess local economic conditions
- support for local authority collaboration across administrative boundaries.

## **The new duty to perform local economic assessments**

The government sees it as necessary for regions to better understand the local economic conditions, in order for regions to have the capacity to support economic growth. The SNR proposes a new statutory duty for local economic assessments to be conducted. This duty would be an obligation for upper tier and unitary local authorities to consult with key partners and the RDA to assess local economic conditions. These assessments would then contribute to regional strategic planning and target setting. Fundamentally this duty is an

extension of existing powers for local authorities to act where necessary to promote economic development. Joint assessments across two or more authorities would be accepted. This position is reiterated in the impact assessment which estimates a cost per authority of £100,000 per assessment with economies of scale making it cheaper the more authorities are involved. Three options have been put forward for consideration:

- 1) primary legislation would be introduced specifying who must be consulted and give guidance as to how the assessment should be prepared.
- 2) As option 1, but with no imperative to adhere to government guidance on preparing the assessment. Instead, there would be an expectation to cover certain issues such as employment levels, transport, procurement and land and property markets.
- 3) No new duty is introduced.

### **Multi Area Agreements (MAAs)**

MAAs have been conceived to support the need for greater regional partnership working arrangements. They are a mechanism to collaborate, set targets and pool funding on a single issue or across administrative boundaries. This partnership working can help deliver the emerging regional strategies and support other government initiatives such as housing growth.

None of the initial 13 areas, that have expressed an interest in establishing MAAs, are in London and it isn't clear whether any London boroughs have given MAAs serious consideration. London Councils suggest that the way in which some boroughs are already working together, for example the North London Pledge, would be suited to the development of an MAA.

### **Implications for London and Haringey Council**

The governance arrangements in London differ from the other eight regions and as such elements of proposed reforms, particularly the abolition of the regional assemblies will not come into effect and the single regional strategy is already in place. The governance roles, with the presence of the GLA, also complicate the potential introduction of the duty to perform local economic assessments. The SNR provides three options for implementing the duty in London:

- 1) An obligation on London boroughs to undertake the duty and to consult with the GLA
- 2) An obligation for London boroughs and the GLA to perform joint assessments as part of the duty
- 3) no obligation for London boroughs to implement the duty

Of these three options, option 3 is not tenable. These assessments will be undertaken in London and it would be ill-advised for any borough not to play a key role. Given the estimated costs of up to £100,000 per authority, from a cost-benefit point of view option 2 makes the most sense. The assessments will have to involve and be sanctioned by the GLA regardless of any boroughs scale of involvement.

**Consultation**

The government has published a consultation document on the SNR reforms. Questions mainly concentrate on the options presented; on the legislative framework of the duty; of the options for London boroughs to carry out the duty and of the scope of the impact of SNR reforms in London.

The deadline for response is the 20<sup>th</sup> June