



<u>Committee and Date</u>	<u>Item</u>	<u>Paper</u>
Implementation Executive	12	G
9 April 2008		
12 noon		

REGIONAL POLICY – PROPOSALS FOR CHANGE

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Summary

The national and regional policies for planning and economic development, together with transport and housing, (i.e. the “place shaping” agenda) have a considerable effect on shaping Shropshire’s future. It is vitally important that Shropshire engages strongly at national and, particularly, regional levels of policy making in these fields.

Shropshire’s councils already put a lot of effort into influencing and interpreting national and regional policy and delivery. This includes involvement in the Regional Spatial, Economic, Transport and Housing strategies and the Local Area Agreement. The County Council provides policy leadership across the whole of the West Midlands for Rural Renaissance. Individual officers and members from the County, Borough and District Councils are active in various national and regional bodies.

This involvement helps to shape policy in Shropshire’s favour, increases the resources that are provided and promotes innovation and sharing of good practice.

It is particularly important for Shropshire to continue to exert its influence at a time when the Birmingham City Region is becoming stronger and better organised and when far reaching changes are proposed in regional strategy and governance.

The Government’s Sub National Review of Economic Development and Regeneration (SNR) identifies the importance of concentrating economic development policy and delivery at the sub regional level. It proposes a more formal and important role for local councils in leading economic development in their areas. It calls for devolution of powers and funding to sub regional economic partnerships, led by local authorities.

However, the SNR will also give greater powers to Advantage West Midlands (AWM) and wind up the West Midlands Regional Assembly.

A Single Integrated Regional Strategy (SIRS) will be prepared by AWM, bringing together spatial (ie planning), economic development, transport and housing strategies. There is intended to be a stronger role for local authorities, with opportunities for delegation of functions and funding, provided that they can demonstrate the capacity to do the job. The government issued a new consultation on the SNR on 31 March 2008. The latest proposals have been incorporated into this report but this is not intended to provide a detailed response. More work and dialogue with partners will take place and a further report proposing a detailed response will be brought forward before the 20 June deadline. It is vital, therefore, that Shropshire can demonstrate that it has the capacity to deliver in order to maximise the opportunities from SNR.

Recommendations

- A. That the IE notes the proposals arising from the Sub National Review of Economic Development for a Single Integrated Regional Strategy and the opportunity for greater delegation of functions and funding to upper tier and unitary local authorities.
- B. That the IE notes the need for Shropshire to demonstrate its ability to carry out a proposed new statutory duty to analyse its local economy, form a coherent strategy and have the capacity to deliver against its priorities, in order to benefit from any delegations from the region.
- C. That the IE recognises the importance of Unitary Shropshire having the capacity and expertise to engage in and influence national and regional policy, particularly through the Single Integrated Regional Strategy, bringing together spatial (planning), economic development, housing and transport policy.

REPORT

Current interaction between national, regional and local policy

- 1. The County and District Councils of Shropshire already interact strongly at national and regional levels across the “place shaping” agenda. This activity is an integral part of what we do but the resources and expertise required should not be underestimated. This activity helps us to influence national and in particular regional policy and to ensure resource distribution in our favour.
- 2. The following sections briefly describe the current involvement by Shropshire’s local authorities in each of the four main areas of economic development, spatial planning, transport and housing. The government already strongly advocates joining up of these strategic service areas, with the

LDF Core Strategy and the Sustainable Community Strategy seen as being particularly important cross-cutting local strategies.

2.1 Economic Development

- Contributing to the development of and seeking to influence the Regional Economic Strategy (WMES) and its Delivery Framework, prepared by AWM.
- Interacting with national consultations, such as recently on the Local Authority Business Incentive Grant (LABGI) and proposals for Business Support Simplification.
- Commenting on proposals for the SNR itself and working with AWM and other local authorities to develop a regional perspective on the proposals and how they could be implemented.
- Cross-border working, such as with Herefordshire in the Rural Regeneration Zone, with Telford and Wrekin and the private sector in the Destination Management Partnership.
- Working at a regional and sub-regional level on external funding – particularly European funding streams.

2.2 Spatial Planning Policy

- The Regional Spatial Strategy (RSS) imposes a statutory role for the County Council as a “Section 4(4) authority” (i.e. a “strategic” authority). It has the right to be involved in the formulation of regional planning policies and is expected to lead on the implementation of these policies in the sub-region through “conformity assessments” of new planning policies and major planning applications. The County Council also facilitates a co-ordinated response for Shropshire’s councils to ensure a more powerful unified voice at the regional level.
- The County Council is the Rural Renaissance Policy Lead for the region. As such, it leads on and co-ordinates all RSS policy concerning rural planning including conformity advice and assessments for policies and applications across the whole region.
- Shropshire Councils maintain a dialogue with GOWM and involvement with national government over national consultations, legislative changes, funding issues (e.g. Planning Delivery Grant) and schemes such as New Growth Points.
- Cross border working has taken place on a number of issues particularly with Borough of Telford and Wrekin on the evidence base for minerals and waste planning. There is ongoing involvement with the Wales Spatial Strategy and the North-West Regional Plan.

2.3 Transport

- Contributing to the formulation of the Regional Transport Strategy to ensure that it addresses Shropshire’s needs as a large rural Shire and

ensuring that regional strategies are not overly focused on the Major Urban Areas.

- Working with the Regional Transport Partnership to ensure, where possible, that schemes which contribute to the economic development and growth of Shropshire are prioritised in the Regional Funding Allocations process.
- Cross-border working, such as with other Shire Counties on the response to the Minister for the West Midlands's Transport Challenge and on various Rail Partnerships, such as for the Heart of Wales Line.
- Interacting with national consultations, such as the Traffic Management Act and Local Transport Bill, to ensure that Shropshire's needs are addressed and counter-act the influence of the City Region.

2.4 Housing

- Influencing the development of the Regional and Sub Regional Housing Strategies and participating in the Regional Housing Forum. These activities have a vital bearing on funding allocations.
- Working with Herefordshire on the West Housing Market Area Partnership and, through Shropshire and Herefordshire Housing Officers Group (SHHOG), also with Telford and Wrekin on sub regional issues including the Housing Market Assessment and Gypsy and Traveller Accommodation Assessment.
- The Housing Market Area Partnership and its assessment and the Regional Housing Strategy are vital components of the evidence base and policy context behind housing and planning policy in the future LDF Core Strategy.

The Future Shape of Regional Strategy and Delivery

3. The government published proposals in July 2007 arising from its Sub National Review of Economic Development and Regeneration (SNR). On 31 March 2008, it published more detailed proposals about how it intends to take forward the SNR. Consultation on these far reaching proposals closes on 20 June 2008. The following sections of this report briefly describe the government's latest proposals but it will be necessary to analyse them in more detail and consult with local stakeholders before preparing a full response. Therefore, a further report on the SNR will be brought forward in due course.
4. The purpose of the SNR is to ensure that decision-making about factors that affect the country's economic performance are taken at the right level – i.e. national, regional or local, and are fully integrated. In doing so, the government wants to raise the economic performance of all regions and achieve sustainable economic growth and a low carbon economy.
5. The SNR proposes a number of structural reforms to:
 - Streamline the regional tier and introduce single integrated regional strategies, with the Regional Development Agencies (RDAs) designated as the regional planning bodies;

- Strengthen the local authority role in economic development, including a new statutory duty to assess local economic conditions; and
- Support collaboration between local authorities across 'economic sub regions'.

The Role of RDAs and Local Authorities in Stronger Partnerships for Regional Growth

6. RDAs will take over responsibility for regional planning from regional assemblies, which would be abolished by 2010 at the latest. They will need to change and become more strategic in their leadership of regional sustainable economic growth. RDAs will have executive responsibility for developing single integrated regional strategies. They will be expected to delegate funding to appropriate regional partners, including local authorities.
7. Local authorities will need to:
 - Work with RDAs and key regional partners to agree the best way to deliver economic outcomes at regional and local level;
 - Demonstrate that they have the capacity to undertake delegated activities and provide value for money;
 - Establish a leaders' forum to achieve 'co-ownership' of the vision for each region and to hold the RDA to account (although RDAs will remain primarily accountable to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform);
 - Work with RDAs and other stakeholders to provide advice to government on the prioritisation of a further round of Regional Funding Allocations for economic development, housing, transport, ERDF and Learning and Skills.

Integrating Regional Strategies to Promote Growth

8. New integrated regional strategies are designed to ensure closer alignment between economic and spatial planning to support sustainable economic growth. They will combine the existing RSS and Regional Economic Strategies with regional sustainable development frameworks, cultural, housing and transport strategies.
9. The integrated regional strategies will steer the activities, plans and investment decisions of the RDA, local authorities and other regional partners and influence central government and public agencies' (such as the Highways Agency and Homes and Communities Agency) investment priorities. They will set out housing distribution figures and targets for affordable housing and will be part of 'the Development Plan'.
10. Local authorities will need to:
 - Develop an evidence base to underpin the integrated strategies;
 - Work closely with RDAs to identify issues, options and priorities, with the local authorities 'Leaders Forum' being the main, formal interface;

- Agree, through the Leaders Forum, the draft strategy to enable it to be signed-off and submitted to Ministers;
- Work with the RDAs to prepare Regional Funding Allocation advice.

The role of local authorities in strengthening sub regional economies

11. The SNR advocates a collaborative approach to economic development, with regional and local tiers taking decisions and action at the appropriate geographical level and local authorities collaborating across 'functional geographic economic sub-regions'.
12. The government proposes to give local authorities a statutory duty to undertake an assessment of the economic conditions of their areas, to underpin regional and local strategies; including the LDF and LAAs.
13. Local authorities would be encouraged to work together across economic sub regions, either informally or through Multiple Area Agreements (MAAs). This could include joint working on transport, as outlined in the Local Transport Bill, although this appears to be mainly aimed at Metropolitan areas. The government is also considering making provision for statutory sub regional partnerships to address wider economic development, planning and housing issues. This would be particularly relevant in growth areas.
14. Local authorities will need to:
 - Have the capacity to carry out statutory local economic assessments, in consultation with RDAs and a wide range of stakeholders;
 - Carry out the first formal assessment in 2010/2011, although in practice preparation needs to be underway before then;
 - Consider whether there would be advantages in working with neighbouring local authorities informally, within MAAs or as part of statutory sub-regional partnerships.
15. The government says that it recognises the additional resource implications of the proposed duty and will support capacity-building within local authorities. The Audit Commission will assess the effectiveness of this role within Comprehensive Area Assessments.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Human Rights Act Appraisal

This report does not give rise to any issues under the Human Rights Act.
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Environmental Appraisal

Sustainable development is one of the key objectives of the government's proposals.

Risk Management Appraisal

The report does not propose a specific course of action that exposes the council to risk.

Community / Consultations Appraisal

None carried out at this stage. Stakeholders will be consulted before a final response is submitted to the proposals.

Member Champion

John Overall

John Hurst-Knight

David Roberts

Elizabeth Yeomans

Local Member

N/A

Appendices

Appendix 1: Cabinet Report, 14 November 2007