

Natural England Board



Meeting: 10
Date: 30 April 2008

Paper No: **NEB PU10 05**

Title: **The Sub-National Review of Economic Development and Regeneration**

Sponsor: **James Marsden, Executive Director Evidence & Policy**

1. Purpose

- 1.1. To inform the Board about the Sub-National Review of Economic Development and Regeneration (SNR), to consider Natural England's objectives and establish some principles for our response to the consultation now being undertaken by Government, and to guide engagement at the regional level.

2. Recommendation

- 2.1. It is recommended that the Board consider and agree the proposed objectives and principles outlined in paragraphs 5 and 6.

3. Context

- 3.1. The SNR, led jointly by HMT, DBERR and CLG was published in July 2007. It has the aim of encouraging economic growth and tackling deprivation through wide-ranging changes relating to economic development, regional and local governance, and housing. It announced moves towards a new and different phase of regional working that will bring major changes over the next 2 years. The diagrams in Annex 1 summarise the changes anticipated by 2010.
- 3.2. The SNR is not an isolated development, but is consistent with the wider agenda of Treasury led reform of local and regional government, planning, housing growth and regeneration, which aims to support and enhance economic development, and to spread the benefits to all regions (as encapsulated in PSA 7¹).
- 3.3. BERR and DCLG published a joint consultation document Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration (SNR) on 31 March 2008. The consultation period ends on 20 June 2008 and a series of regional consultation events are being organised with the first of these being in the North East on 7 April. Annex 2 summarises the key proposals in the SNR and the Government consultation document.

¹ PSA 7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between the regions.

4. Risks and opportunities for the natural environment

- 4.1. Natural England's approach to the SNR process will be informed by our analysis of risks and opportunities. There is a potential for a further shift in emphasis away from the natural environment, and its contribution to sustainable development, in favour of the drive to improve economic performance and growth. This could mean that the natural environment will lose profile in regional decision making. Conversely, a successful advocacy focus on Integrated Regional Strategies, taken together with the impact of the Planning Bill, could ensure that the benefits of a healthy natural environment are understood and embedded as part of the new strategic approach. There may also be increased opportunity for scrutiny of economic development proposals. We need to develop a better understanding of these risks and opportunities which are set out in more detail in Annex 3.

5. Natural England's objectives for the SNR

- 5.1. Through engagement in the SNR and related proposals we want to:
- champion the protection and enhancement of the natural environment in ways that contribute to wellbeing, enjoyment, and economic prosperity;
 - develop excellent working relationships that will realise the potential for delivery of our purpose, our strategic outcomes and policy priorities by local, sub-regional, and regional government;
 - demonstrate to Government that we have established Natural England as a valued and credible local delivery partner.
- 5.2. More specifically, the new integrated regional strategies should recognise the importance of a healthy natural environment as a key regional asset that can contribute to Government's wider PSA objectives since it:
- makes a significant direct contribution to regional economies (e.g. rural economy, tourism);
 - is a key factor in supporting wellbeing (health benefits) and quality of place (inward investment benefits);
 - can support physical regeneration programmes by making places more attractive; and
 - provides ecosystem services (e.g. climate change adaptation, flood management, carbon storage).

6. Principles that will guide our approach

Working at national level across Government

- 6.1. Through the formal consultation (March-June 2008) and subsequent legislative process (Bill stages – late 2008 into 2009), we will aim to ensure that:
- a) Legislative arrangements and guidance give due weight to the natural environment in establishing the Regional Development Agencies' (RDAs) role as Regional Planning Body; in the scope and content of the

Integrated Regional Strategy (IRS); and in scrutiny arrangements for the IRS (e.g. SEA, Sustainability Appraisal, Habitats Regulations Assessment etc);

- b) The new RDA sponsorship framework (for which BERR will take overall responsibility) positions the RDAs' over-arching growth objective in the context of a duty to promote sustainable development; and obliges RDAs to ensure economic, social and environmental issues are properly integrated in practice and delivery (something which has proved very difficult to date) and to report on how this has been achieved;
- c) Arrangements for collaboration between Government Departments and Agencies, national and regional bodies and the role of Regional Ministers provides significant opportunities for engagement by Natural England and other environmental bodies in the development of the IRS and the RDAs delivery plans.

6.2. We will also work closely with Defra, which is taking a particular interest in the SNR.

Working with the Regional Development Agencies

6.3. Working collectively with the RDAs as a group we will:

- develop models for IRS that incorporate appropriate policies and programmes to conserve and enhance the natural environment;
- establish agreement on the evidence base required to inform and influence the new regional strategies and develop capacity in our organisations;
- promote better alignment and targeting of resources, perhaps using the proposed Regional Spatial Environment Targeting and Delivery Frameworks to take account of local, sub-regional and regional targeting emerging from the IRS, Local Area Agreements and Defra's 'Priorities for Places' approach with Government Offices;
- explore the potential to run pilot projects in 2 or 3 regions in cooperation with the RDAs to model and test new ways of working;
- ensure we are engaging with Government in a collaborative way to embed sustainable development in guidance on scrutiny and performance monitoring;
- set up long term working arrangements such as parallel lead roles for our respective regions (e.g. One North East lead on the SNR and EEDA lead on the Environment on behalf of all the RDAs).

6.4. Working at regional level with individual RDAs and Assemblies we will:

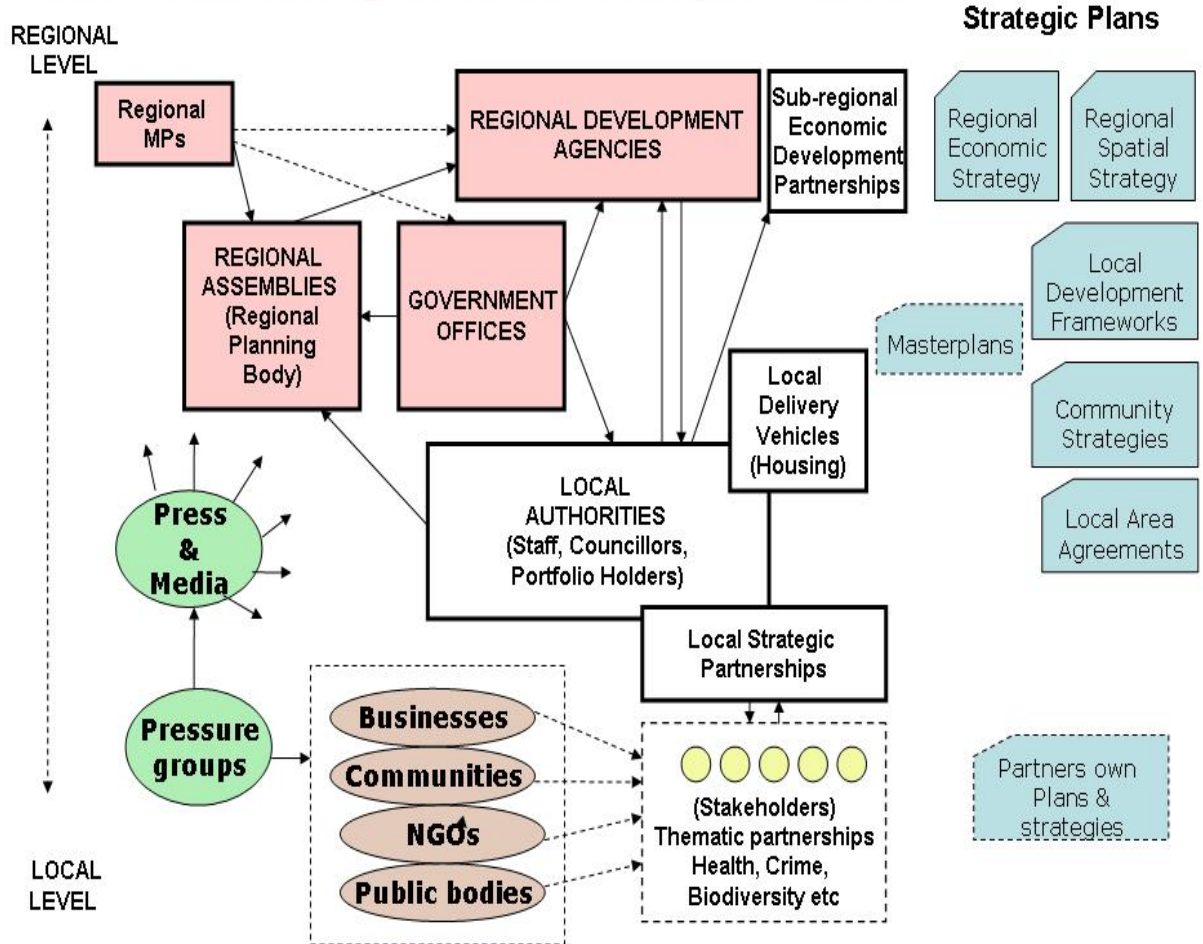
- ensure that economic growth objectives in the IRS are set in context of environmental opportunities and risks that this is driven down to the local authority level as funds are delegated;

- establish Natural England as a strong partner in the creation of new regional structures and working relationships, using to best effect our status as a national organisation with regional delivery;
- secure a strong theme around the health of the natural environment, and the contribution this makes to functioning ecosystems and quality of life, in the scrutiny and reporting arrangements in each region;
- build the environmental evidence base for the new integrated regional strategies, sharing our skills and knowledge.

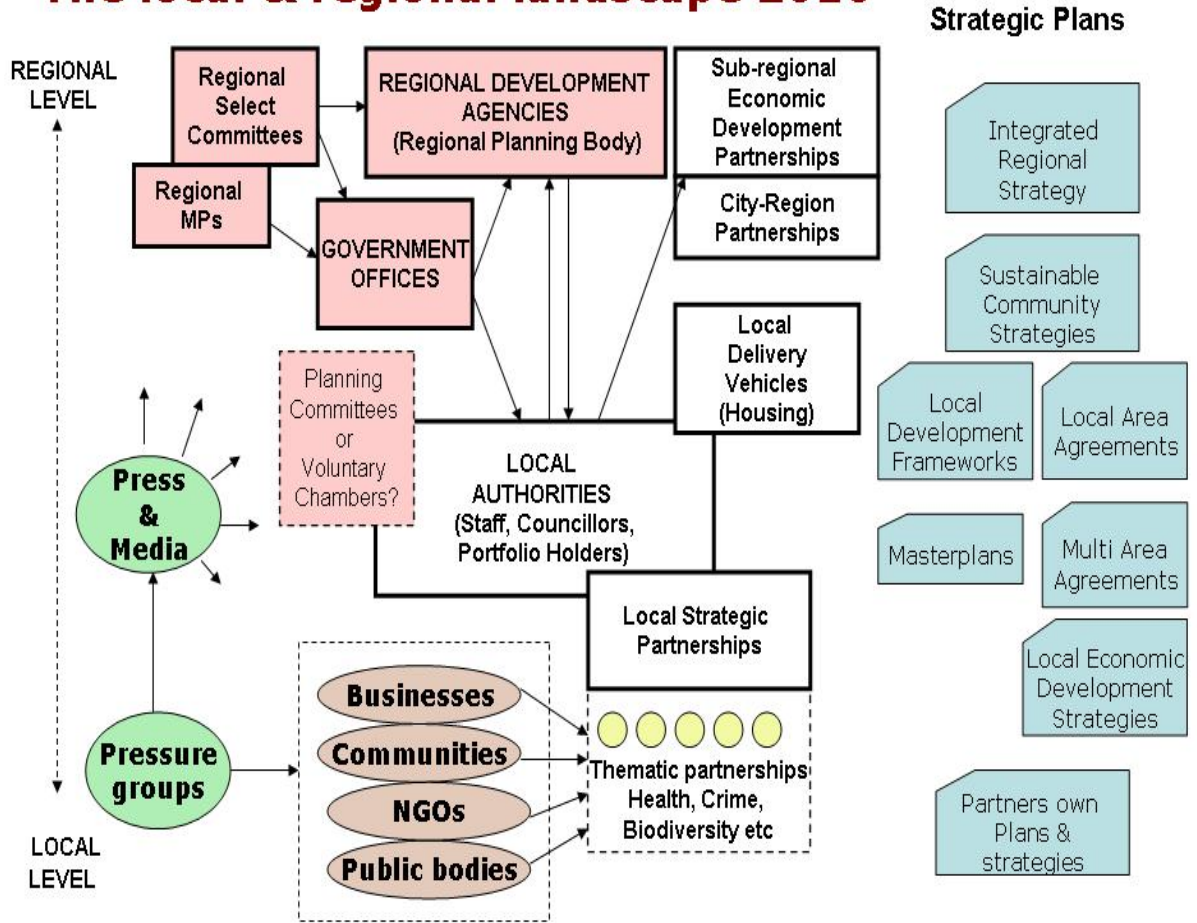
Collaborative working with other departments and agencies

- 6.5. Other bodies share Natural England's view that IRS need to deliver government's objectives and policies for the natural environment and climate change. In particular, we should seek to develop common positions with other non-Departmental bodies affected by the proposals, such as the Sustainable Development Commission, Local Government Association (representing Local Authorities) and the New Homes and Communities Agency (which will have responsibility for housing growth and regeneration), Government Offices, the Environment Agency and NGOs.
- 6.6. These ways of working will be the focus of a national event proposed for June/July 2008, which will bring together Natural England's Board members, Regional Directors and the Chairs and Board members of RDAs, Government Offices, Regional Assemblies and key personnel from Defra.

The local & regional landscape - 2008



The local & regional landscape 2010



Annex 2

Summary of key proposals in the SNR (July 2007) and the Government consultation document Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration (March 2008)

Key proposals in the SNR of most relevance to Natural England are:

- a Single Regional Strategy bringing together the Regional Economic Strategy (RES) and the Regional Spatial Strategy which will be the responsibility of each Regional Development Agency (RDA);
- RDAs take over the statutory **Regional Planning Body** role from Assemblies, with **housing and planning** becoming an RDA responsibility;
- RDAs current performance ('tasking') framework to be simplified and based on a **single overarching growth objective**;
- **Regional Assemblies** will 'not continue in their current form', losing responsibility for housing and planning, and for scrutinising the RDA;
- new **scrutiny arrangements** will be established which will involve local authorities and possibly also a Regional Select Committee. The Minister for the region will also have a role in scrutiny of the RDA;
- there will be greater **devolution of powers** to regions to influence economic investment priorities. RDAs will be expected to delegate funding to local authorities and sub-regions;
- the **Local Authority performance framework** will give a clear focus on economic development and regeneration. Upper-tier authorities must assess the economic circumstances and challenges of their local economies.

Summary of the Government consultation

Purpose

The consultation restates the primary aim of the SNR to 'provide the framework that will enable central and local government and other partners to work together to maximise prosperity in all parts of England and tackle social deprivation and equality'. The SNR is a vehicle for reforming public institutions to enable them to achieve sustainable economic growth, development and regeneration through better alignment of economic and spatial planning.

Government is seeking views about proposals to:

- streamline the regional tier, removing the Regional Assemblies and creating a local authority leaders forum in each region;
- introduce integrated regional strategies, giving RDAs lead responsibility for regional planning;

- strengthen the local authority role in economic development, including a new statutory duty to assess local economic conditions; and
- create a statutory framework to support collaboration by local authorities across economic areas.

Key proposals

The consultation document retains a strong emphasis on economic growth, strengthening the role of the RDAs as strategic bodies to drive growth in the regions and working more at the programme rather than project level. As capacity increases, Government expects that RDAs will increasingly delegate funding to local authorities, sub-regions and other delivery bodies.

RDAs would lead the development of integrated regional strategies and Government proposes that a forum of local authority leaders (representing all local authorities in the region) would both sign off the draft strategy and help hold the RDA (and its delivery partners) to account. There would also be an independent examination of the strategy. It is proposed that RDAs will remain accountable to Parliament and the regional strategies would be approved by Ministers. Government is considering whether to require a delivery plan setting out actions and investment priorities.

The consultation proposes to strengthen the role of local authorities and their delivery work in sub-regional economies, through a duty on unitary and upper-tier councils to undertake economic assessments for their areas. This would be to improve the evidence base, ensure more effective economic and regeneration interventions and help contributions to the development of the regional strategy.

Following the introduction of multi-area agreements, allowing local authorities to work across administrative boundaries, the Government considers there are advantages in strengthening the statutory and legal basis for sub-regional collaborative arrangements. Whilst believing these should be primarily for economic development, the Government is open for these to also allow a wider range of functions and wants local circumstances to shape proposals.

Timescale

The current round of regional spatial strategies would be seen through by the Regional Assemblies with the first economic assessments undertaken to inform LAA targets for 2011/12 and to inform the first regional strategies. Government is adding powers in the current Planning Bill to allow Assemblies to transfer a planning role to RDAs if needed in the short term, so as to accelerate progress to integrated strategies.

Relevance for Natural England

A specific reference to Natural England is made in two places. Government expects the regional strategies will influence the policies, plans and investment decisions of Natural England. Additionally, Government considers Natural England will be a required consultee for local authorities when preparing economic assessments.

As a current stakeholder and consultee in the development of regional spatial strategies and regional economic strategies, the SNR proposals will demand

changes to the way Natural England engages with and influences at the regional and sub-regional level. Understanding the role of the natural environment as part of an integrated spatial, economic and regeneration regional strategy and consequent investment programmes will be a significant challenge.

Related issues

The consultation document makes specific references to delivering economic growth through sustainable development frameworks, addressing the challenge of climate change and cutting carbon emissions and achieving growth that is environmentally sustainable. The document is light on the practical mechanisms for this, though Government will work with RDAs, local authorities and stakeholders to develop a single national core sustainability framework against which all regional strategies can be appraised.

With the abolition of Regional Assemblies, Government expects local authorities – as well as contributing to the development and implementation of the regional strategy - to develop new arrangements for exercising their scrutiny powers at regional level through the proposed leaders' forum.

The document advocates a growing role for local authorities and further stresses Government's belief that sub-regional collaborative arrangements between local authorities should be encouraged in a statutory way. This would extend the emerging model of multi-area agreements and cross-regional mechanisms such as the Northern Way. If supported by responses to the consultation, this would further add to the complexities and opportunities for Natural England's work within the sub-regional and regional landscape.

Annex 3

Risks to the natural environment

Increased pressures on the natural environment could result from:

- the threat to sustainable development as an over-arching principle, given the emphasis on economic development in the SNR proposals and the drive to improve economic performance and economic growth as a key principle for regional spatial planning;
- reduced profile for the natural environment in the Integrated Regional Strategies (compared with the current Regional Spatial Strategies) as it competes with a wealth of other factors in a much broadened document, and uncertainty as to how 'secondary strategies' such as Regional Biodiversity Strategies will be taken into account;
- weakened checks and balances in the development of strategic planning for spatial development and economic development if new scrutiny arrangements are weaker than current arrangements;
- weakened indirect influence over RDAs as a result of the reduced role for Assemblies which have acted as an advocate for sustainable development, the natural environment, and biodiversity and where until now, the environment sector has played an important partner role in the Regional Assembly;
- maintaining momentum during and after the transitional period on key policy areas including sustainable development, climate change, action for biodiversity, flood defence, and renewable energy.

Opportunities for the natural environment

The SNR could however lead to some positive changes and the main opportunities potentially provided by the SNR are:

- strengthened strategic role and the development of a spatial planning focus within RDAs could potentially lead to a stronger emphasis on the natural environment;
- the Integrated Regional Strategy could potentially bring into line or integrate into the IRS (but not subsume) a wide range of other strategies (e.g. Shoreline Management Plans, River Basin Management Plans);
- the new Integrated Regional Strategies (IRS) will be subject to Sustainability Appraisal, Strategic Environmental Assessment and Habitats regulations Assessment, which will therefore encompass economic development initiatives as well as development proposals;
- simplified and clearer regional structures and responsibilities could make it easier to focus advocacy of our key policies.

- integration of spatial planning, housing growth, physical regeneration and economic development provides opportunities for Natural England to influence across a wider agenda.