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SNR – a story of compromise

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The eagerly anticipated Government response to the Treasury instigated *Review of sub-national economic development and regeneration* (July 2007), was published on 25 November 2008 after taking stock of the 500 plus consultation responses. Building on my critique of the Department of Communities and Local Government's publication: *Transforming places; changing lives A framework for regeneration* (July 2008) in the previous edition of this journal, I use the space here to cogently review how Government will take forward and implement its sub-national review of economic development and regeneration (SNR).

In 2006 the Government announced its intention to carry-out SNR; publishing it in July 2007. It included four main principles:

- Empowering local authorities in the promotion of economic development and regeneration
- Promoting cooperation between local authorities
- Streamlining regional policy-making and improving accountability
- Reforming Government relations with regions and localities

All laudable in themselves and potentially laying the policy framework for some fundamental changes in the way that urban governance, economic development and regeneration is managed. I tackle each SNR principle in turn to analyse whether *Prosperous Places: taking forward the review of sub-national economic development and regeneration, The Government response to public consultation* (November 2008) is likely to fundamentally alter the place-shaping agenda as many hope or whether it remains a missed opportunity.

Empowering local authorities in the promotion of economic development and regeneration

Government has confirmed its intention to place a statutory economic assessment duty on upper tier and unitary local authorities after primary legislation has been introduced. Guidance setting out some broad principles on the scope of assessments will be forthcoming and local authorities will be expected to consult with public, private and third sector stakeholders in developing economic assessments. However, Government has retracted its proposal for local authorities to be provided with the power to require information from ‘named bodies’. Taking a ‘lighter touch approach’ may appear more in the spirit of partnership working and collaboration, but will this be enough? If local authorities struggle to secure the required information from a whole host of partners, then could economic assessments become damp squibs? This perhaps has implications for data sharing and performance management more generally.

Promoting cooperation between local authorities

In recognition that administrative boundaries rarely capture cohesive functional economic areas, Government will legislate to allow for the creation of statutory sub-regional authorities for economic development: presently being referred to as ‘Economic Improvement Boards’ (EIBs). Likely to build on existing Multi Area Agreements (MAAs) and city-region/sub-regional partnerships, EIBs will be based on collaboration between local authority elected members, but will not include any council tax precept. Government believes that the creation of EIBs should be voluntary in nature, with local authorities being able to ‘opt-in’ to the creation of an EIB if they so wish. However, the ability for a local authority to ‘opt-out’ appears a little trickier, requiring ministerial agreement. Local authorities will therefore need to do their homework before jumping feet-first into EIBs without fully examining their added value. Individual sub-regions will have the scope to propose the specific functions that could be exercised by EIBs, however in doing so; sub-regions will need to demonstrate that the functions proposed do not duplicate those best delivered by

bodies operating at different spatial levels. Could EIBs be the solution for the Thames Gateway growth point and similar cross-boundary regeneration schemes, or will they simply add to the confusion?

Streamlining regional policy-making and improving accountability

The Government response refines initial proposals for the production of the new Regional Strategy (RS) and reformed regional governance structures. These refinements go well beyond erasing the word ‘Integrated’ from the original name of the RS. Government believes that the RS should set the framework for the activities, plans and investment decisions of the Regional Development Agency (RDA), the Homes and Communities Agency, local authorities and other regional partners to deliver sustainable economic development. Presumably ‘other regional partners’ includes the private sector who directly deliver the majority of physical development in England. The biggest shift in Government intent regards the responsibility for the RS and associated implementation plan, including drafting and monitoring of delivery. RDAs and the Local Authority Leaders’ Board (previously referred to as the Leaders’ Forum) are now to be given ‘joint responsibility’. Government have defended its position by stating that this is what the joint RDA-LGA consultation response called for, but others may question, myself included, whether Government have compromised, which in the longer-term will be to the detriment of all involved. When the RDA and the Local Authority Leaders’ Board are unable to reach agreement, Ministers may direct the process for producing the draft strategy, with the expectation being that the task of leading the RS’s development would then fall to the RDA. Why such a premature expectation that the RDA will automatically be best placed to take forward the production of the RS?

Reforming Government relations with regions and localities

Whilst Government continues to espouse its commitment to remould RDAs into more strategic business-focussed entities and would like to see them work in a strong, constructive partnership with local authorities and other sub-regional partners, the original intent to achieve this through statutory legislation has vanished from *The Government response*. Formal approval of Single Programme funding and overall

accountability will remain, as now, with the RDAs. In this regard, devolved economic delivery and decision-making responsibilities by RDAs to local authorities and sub-regional partnerships has been substantially watered-down. Although Government contends that ‘legislation is not needed to deliver the spirit of the SNR reforms’ it is likely that regional priorities will continue to reign over the fine-grain requirements of localities. How will a balance be struck between regional opportunities and local needs?

Moving forward

A rather slim document – fewer than 50 pages – *The Government response* is notable for what it does not say. The detail including timescales for implementation, we are told, will follow after the necessary primary legislation has been introduced. As with my previous article in this journal – *A framework for regeneration: more questions than answers* – I conclude by suggesting that SNR is a missed opportunity and reads like a story of compromise. It leaves one with more questions than answers to which I will leave the reader with a few to consider. Are local authorities going to be saddled with the responsibility to improve their area’s economic prosperity but without the necessary resources or powers to do so? How is the RS to be jointly drafted by the relevant RDA and Local Authority Leaders’ Board? Will the Leaders’ Board establish their own executive teams to help draft these strategies? How will statutory EIBs respond to the dynamics of a global economy and be adaptive to the ebbs and flows of functional economic areas? Will EIBs help break down institutional, economic, geographic and cultural boundaries or will they merely construct new ones? Will RDAs ever develop into strategic bodies when they remain charged with the formal approval and accountability of Single Programme funding? And lastly, will the ‘spirit of SNR’ ever be realised?