

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
REGIONAL PLANNING COMMITTEE**

Date: 21 May 2008

Subject: **Sub National Review: Consultation on the Proposals for a
Single Regional Strategy**

Report of: Director of Planning

Recommendation:

That the Committee endorses the draft response to the Government's Sub-National Review (SNR) proposals for a Single Regional Strategy (Annex 1) and commends this to the Assembly to be incorporated into the formal response to the consultation on SNR.

Purpose of Report:

The Government is consulting on the proposals contained in the document '*Prosperous Places: Taking Forward the Review of Sub National Economic Development and Regeneration*' until the 20 June 2008. This report focuses on the specific proposals for a Single Regional Strategy (SRS), setting out a draft response which can then be incorporated into the Assembly's full response to the SNR consultation, to be considered by the Executive Committee on the 13 June.

Key Issues:

- Although 'governance' issues will be addressed in the Assembly's response to the consultation and not in this report, it is important to note in terms of context for the SRS proposals that the Government intends to transfer Regional Planning Body (RPB) status from the Assembly to SEEDA.
- The Government proposes to integrate spatial and economic policy better through preparation of a single regional strategy (SRS). Whilst the principle of this is supported, it is still not clear how the outcome will be different to the current approach we are taking in the South East by bringing the RSS and RES closer together through a single delivery plan.

- There are objectives set out throughout the document governing the new process. We suggest an alternative set of objectives that will provide a more efficient, transparent and effective system than proposed by the Government.
- There continues to be too much emphasis on economic growth as the key driver of the SRS, rather than the wider objective of sustainable development which underpins the existing development plan framework (RSS and LDFs).
- The SRS will be a part of the statutory development plan and will therefore be subject to the legislative provisions of the planning system. This is strongly supported but will be compromised unless sustainable development is the overarching objective of the strategy and there is strong democratic accountability in the process.
- The Government intends to set certain parameters for the SRS but there will be some regional flexibility in terms of content. This flexibility is welcomed and necessary given the different priorities and governance arrangements in each region.
- As with all past reviews of the planning system, the Government's ambition is for speedier plan preparation process. Whilst this is obviously desirable, speed should not be at the cost of independent testing, community engagement and the involvement of democratically elected representatives.
- The RPB will manage preparation of the SRS throughout the process to final submission to the Secretary of State, rather than hand over preparation to the Government Offices prior to the EiP. This is a very welcome change and will help speed up the process.
- The SRS will be independently tested through a two-stage Examination in Public process. We support the need for earlier involvement of the Planning Inspectorate in the plan-preparation process and the principle of a two-stage Examination in Public, but much more work needs to be done to understand how this will work in practice and what the impact on timing and resources will be.
- The Government aims to have a concise SRS but must recognise that there are inherently tensions between achieving a 'high level' statutory document and it being meaningful in terms of investment and local decision making, as our experience in preparing the South East Plan illustrates.
- We are concerned that there is very little in the document around the wider functions of RPBs which are important and are expected to continue once RPB status has transferred to RDAs. Key areas of work that the document is silent on is our work to ensure that the RSS is understood and implemented at the local level through LDFs and major applications (conformity) and our monitoring role which is an essential part of both policy development and implementation.

- We ask that both CLG and BERR continue to work with the Assemblies on developing the proposals for both the SRS and the wider functions of RPBs. This will ensure that we learn from good practice and have a workable and improved solution to regional policy making.
- We also ask that they help us manage the transition period to minimise the impact on the regional planning capacity within the region which has been built up over many years, is highly regarded and will continue to be needed.

1. Introduction

- 1.1 In March 2008 the Government published its long awaited consultation document '*Prosperous Places: Taking Forward the Review of Sub National Economic Development and Regeneration*'. This provides more detail on how the Government anticipates implementing its SNR proposals published in July 2007. The document covers three broad areas; sub-regional economic development; regional governance; and the integration of regional spatial and economic strategies into a Single Regional Strategy (SRS). This report focuses specifically on the SRS proposals (process and content), leaving issues around governance, including the proposal to transfer RPB status to the RDAs, to be considered by the Executive Committee on the 13 June. This Committee is being asked to agree the draft response contained in Annex 1, which will then be incorporated into the final Assembly response, subject to any changes made by the Executive.

2. Summary of Key Proposals

- 2.1 The key thrust of the proposals is better integration of the spatial and economic priorities in each region in terms of both policy frameworks and implementation. For this reason, the Government proposes to combine both the RSS and RES into one single regional strategy (SRS) with the intention being a clearer framework for investment in the region than provided by the current RSS / RES. There has been an attempt within the document to address concerns arising from the original SNR proposals about there being too much emphasis on economic growth as the key driver for SRS and not enough on the wider objective of sustainable development. However, economic growth is clearly still the overriding objective of the Government's proposals, with the term 'sustainable' consistently misused and misapplied throughout the document.
- 2.2 The Government proposes that the SRS will be part of the statutory development plan and therefore subject to the legislative provisions of the planning system. This will impact on both process and content of the SRS. In terms of process it will require a significant level of engagement with democratically elected representatives, key stakeholders and the public in general, and proper, independent testing through sustainability appraisal (and appropriate assessment if necessary) and Examination in Public (EiP).

In terms of content, as the SRS will be one part of the 'development plan' for the region, with local development frameworks (LDFs) providing the other part, it will have to be based on the same principles of sustainable development. This obviously has implications for the Government's objectives of SNR referred to in paragraph 2.1 above.

- 2.3 Successive Governments have made changes to the planning system over the last two decades to help speed up the plan-preparation process. This continues to be an objective in the current proposals with a target of 18 to 24 months for the SRS from start to finish. Key to achieving a faster process are the proposals to involve the Planning Inspectorate (PINS) earlier in the process, with a two stage EiP, and give responsibility to the RPB for the whole plan-preparation process. This compares to the current system where the EiP is at the end of the process and the Government Office takes over responsibility for the draft plan from the Assemblies before the EiP.
- 2.4 In terms of content, the Government's objective is to have a high level, concise SRS. They aim to achieve this by setting regional targets / parameters for testing, for example, the range of housing figures that will be set through advice from the National Housing and Planning Advisory Unit (NHPAU). They also hope that this will be helped by having a more effective national policy framework through both a revised set of Planning Policy Statements (PPS) and a new set of National Policy Statements (NPS), the legislation for which is currently being progressed through the Planning Bill.

3. Influencing the Proposals

- 3.1 Although the consultation will continue until 20 June 2008, CLG / BERR are developing their thinking on the proposals for a SRS now. As agreed previously by this Committee, we have continued to engage with government officials on the technical aspects of the proposals through existing dialogue between ERN and CLG, and through workshops and meetings on specific proposals. There are clear benefits from this as some of our concerns and suggestions have already been picked up in the Government's proposals. We have also made it clear to CLG / BERR that they must learn from current good practice within the Assemblies, particularly in relation to evidence gathering, public engagement / consultation and implementation planning, all of which are priorities for the new SRS.

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9 May 2008

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**Prosperous Places:
Taking Forward the Review of Sub National
Economic Development and Regeneration**

**(Draft) Response to the Proposals for a Single Regional Strategy
(Questions 4, 5 and 6)**

INTRODUCTION

- 1 This response addresses questions 4, 5 and 6 of the consultation document, focusing on the content of the Single Regional Strategy (SRS) and process for preparing it. But it also covers the wider role of 'Regional Planning Bodies' (RPB) which goes beyond the plan-making process and on which the document says very little. This includes the monitoring and conformity (for LDFs and major applications) functions.
- 2 Although the document sets out in various places what the Government's objectives are for the SRS, the Assembly proposes an alternative set of objectives which we believe will provide a much more efficient, transparent and effective system than is currently being proposed. These are:
 - A regional strategy based on the principles of sustainable development.
 - A regional policy framework that is flexible and responsive to changing priorities and external influences but that also provides some stability and certainty for those responsible for delivering it or taking it forward to the local planning level.
 - Proper recognition for the importance of monitoring and implementation planning as part of policy development.
 - A sound testing process.
 - A transparent process.
 - Effective stakeholder and public engagement throughout the process.
 - Strong regional ownership of and accountability for the strategy.

GENERAL VIEWS

The Concept of a Single Regional Strategy

- 3 The Assembly supports the proposal to bring the spatial and economic policy frameworks closer together and integrating delivery more effectively. We also support the need for the SRS to be part of the statutory development plan and therefore subject to the provisions of the legislative process. However, this will have implications for both the process and content of the SRS and it would be naïve of the Government to ignore this.

Sustainable Development and the Single Regional Strategy

- 4 As part of the statutory development plan, the SRS must be prepared on the same principles as LDFs with sustainable development at the heart of it. We therefore remain very concerned about the continuing emphasis given to economic objectives in the Government's proposals and not the wider objectives of sustainable development. The heavy weighting given to economic development in the initial SNR document has clearly been watered down and the word 'sustainable' appears more frequently. There is even a definition of sustainable development, which we agree with. However, it is the application of this term that is important and there seems to be no real understanding from the authors of what sustainable development actually means (sustainable development is different from 'sustaining' economic growth) and what the implications are for the SRS priorities. This may be the result of an attempt to use the planning system to drive the Government's economic agenda forward, something that it was not set up to do.
- 5 This, in part, is also probably due to the focus in the document on process and content and not on outcome. It is not clear what the Government is actually trying to achieve or fix, or how different they expect the outcome to be compared to what we have now through RSS and RES. If it is just better integration between regional priorities, then we are already addressing this through preparation of a single delivery plan in the South East. If it is to change the underlying objectives of the RSS to ensure that economic growth is the key driver and not the wider objectives of sustainable development, then this has implications for planning at the local level. If it is to bring the RES into the wider remit of sustainable development then this will require a significant shift in the priorities of RDA Boards in their new role as RPB and by BERR officials and Ministers. This question needs to be addressed urgently by the Government before it finalises the new system or drafts any legislative changes.

The Role of Regional Planning Bodies (RPBs)

- 6 There is no recognition in the document about the wider functions of RPBs. The Assembly currently has several very important roles as RPB, all of which will continue to be required in a similar way to support the RDAs in future. These are:
 - Prepare the Regional Spatial Strategies for the South East (and all subsequent partial and full reviews).
 - Develop and keep the evidence base under review.
 - Monitor policy performance through our Annual Monitoring Report.
 - Implementation planning, working with RDAs and other regional agencies / bodies on delivery/funding priorities to ensure spatial priorities are reflected.
 - Conformity and implementation of regional priorities at the local level (there is a statutory role for RPBs with regards to both LDFs and major applications but there is also an informal role re policy interpretation, particularly when new plans and policies are being implemented at the local level).
 - Informing national policy development.

Managing the Transition

- 7 Finally, in terms of general points, the Assembly would like much more acknowledgement by the Government about the transition period and the impact on RSS reviews and regional planning capacity within the Assembly. The Government is relying on the Assembly to complete its current partial reviews on Gypsies, Travellers and Travelling Showpeople and on Minerals, as well as undertaking a first full review of the plan by the end of 2011. Despite reassurances from CLG about 'work as usual' and 'smooth transition' there remain significant concerns about funding for regional planning beyond March 2009. Kind words are simply not enough. It is essential that a commitment to funding is made urgently to maintain the current regional planning capacity and secure completion of the current RSS reviews (full and partial) and regional planning skills for the future.

Q4: Do you agree that the regional strategy needs to cover the elements listed at paragraph 4.13? Are there other matters that should be included in the regional strategy to help in the delivery of key outcomes?

Achieving a 'Concise' Document

- 8 There has been a lot of reflecting back by some to the days of slim, focused Regional Planning Guidance (RPG) but this must be seen in context of the pre-2004 planning system; RPG was a relatively light-touch document; it was non-statutory and was therefore not subject to the statutory process and did not have the detail or traction that RSS has; strategic policy was contained in structure plans; and RPG was a land-use based strategy, not a spatial strategy. A very different planning system below regional level would be required if there was any ambition to return to this form of regional planning in future.
- 9 Successive Governments have attempted to secure 'concise' strategic planning strategies without success. Whilst this still remains a reasonable ambition, it is important to understand why the current round of RSS have ended up being much more detailed and lengthier than envisaged by Assemblies and learn from this so that the SRS is concise but still provides sufficient detail for investment and local decision making. The main reasons are:
 - These are the first 'spatial plans' and inevitably were going to include more policy direction than previous land-use based strategies to help policy interpretation and integration, particularly at the local level. This was not helped by the fact that there is no provision for supplementary planning guidance to support RSS (although this is now changing and will help any future reviews of RSS).
 - There has been an inevitable settling down period with RSS and LDFs trying to position themselves at the appropriate spatial level. The sub-regional dimension to RSS was very much new territory and in some cases, there was an attempt to try and recreate structure plans to fill an important gap at the sub-regional level.
 - The statutory plan-making process usually ends up with issues addressed that could be dealt with more suitably elsewhere, to secure wider community ownership.

- The RSS is a key delivery framework for statutory agencies (e.g. Environment Agency) and other infrastructure providers' investment plans which has resulted in the inclusion of more detail to secure 'traction'.
- The first round of RSS has been prepared through a period of changing national planning policy to respond to the change from 'land-use' based to 'spatial' plans (e.g. PPS3 on Housing and PPS1 on Climate Change both emerged during our EiP), emerging policies (e.g. PPS4 on economic development the draft of which emerged after the EiP) and without the benefit of any national policy framework (e.g. the proposed National Policy Statements). There has therefore inevitably been a process of filling gaps and developing policies that at some point in the future would be replaced by national policy / guidance.
- We have not really had the opportunity to fully benefit from the process envisaged by the 2004 Act where the RSS would be updated on a more regular basis through partial reviews which would almost certainly be faster.

Strategy Content

- 10 Turning to the actual content of the SRS as set out in paragraph 4.13 of the document, although there is clearly more emphasis on the economic components of the SRS, most of this is already addressed in the South East Plan. The SRS could therefore be seen as an evolution of the current RSS, developing the Assembly's approach to spatial planning and its implementation, and ensuring alignment and integration with other key strategies e.g. economic development, learning and skills, health.
- 11 On implementation, our view is that there needs to be a long-term framework for implementation (i.e. to cover the plan period) integral to the SRS itself (i.e. part of the statutory plan) but that much of the detail should be included in a regional delivery plan (action plan or business plan). The delivery plan would have a shorter term horizon (e.g. 2 to 5 years) and would provide the detail for investment plans and programmes for the region. It is also important to note that the geography for the SRS strategy may be different from the geography for delivery which will require different partnerships and approaches to deliver different policies - e.g. MAAs, LAAs, and functional economic areas. Our proposed approach, which is already being implemented in the South East and other regions, will provide a much more flexible and responsive approach to implementation. It would also ensure a direct link with the statutory plan, giving certainty to investors for long term proposals, but flexibility in terms of funding and mechanisms employed to deliver these.

Q5: Do you agree with the way in which we propose to simplify the preparation of the regional strategy, as illustrated in the figure (on page 35), in particular allowing flexibility for regions to determine detailed processes? If not, what other steps might we take?

A Faster and Simpler Process

- 12 We support the objective of simplifying and speeding up the preparation process but this will be difficult to do if there continues to be an emphasis on independent testing, public engagement and political accountability through the involvement of the local authorities. If this is the case (and we strongly believe it must be), then the proposed timescale set out on page 35 of the document is wholly unrealistic. The process will be quicker simply because the RPB will manage the process until submission to Secretary of State(s), and there will be no need for the Government Offices to take on this role following the EiP. But the suggested 18 to 24 months simply is not realistic and would set the RDAs up to fail if retained by Government as a target. It is, however, difficult to provide an alternative view on timescale given that there are still too many questions around the process, but we envisage a minimum of three years to be more realistic.
- 13 One of the criticisms of the current system and a key driver for speeding up the proposed system is to ensure that the SRS is not out of date by the time it is approved. However, this is not a significant issue if our proposed approach to implementation and delivery (see paragraph 11 above) is accepted. This would ensure that a long term framework is set (which will hopefully endure much longer than the plan preparation process) with flexibility provided by the delivery plan.
- 14 We urge the Government to learn from the Assembly's experience, gained from years of involvement in plan preparation and planning. Our views are set out in Table 1 below but, at the risk of stating the obvious, there are some practical points to note:
- There is a general assumption that the decision-making process at each stage will be straight forward and quick, i.e. the RDA Board will agree with the local authorities, the local authorities will agree amongst themselves and the two lead Government departments (BERR and CLG) will agree at official and Ministerial levels. It is unlikely that this would be so simple in practice.
 - The process will be even more time consuming and complicated (and probably contentious) where the SRS has to propose housing allocations to LPA level, particularly where there is a predominance of two-tiers, as in the South East. Whilst we support the need for this to happen where there is no statutory sub-regional arrangements in place, experience has told us that the reality is that this will neither be easy or quick.
 - There will still be various committee timescales to be adhered to and impacts on timetables of elections (there are local elections usually every year), all of which need to be taken into account.
 - This has all got to be done within the requirements of Sustainability Appraisal and Appropriate Assessment (there is no mention of the Habitats Directive in the document) which affect any changes in policies as they develop. This will apply both to the SRS as a whole and in some cases, to specific proposals within the SRS.

- There is an implication in the document that public engagement will take place at only key stages. Whilst formal public consultation will be limited to key stages, informal public and stakeholder engagement must be an integral part of the whole process.

A Two-Stage Examination in Public

- 15 On the proposals for a two-stage Examination in Public, this was a suggestion put forward by the Regional Assemblies (ERN) and we are pleased that this has been taken up as part of the consultation. We support anything that makes the current EiP process shorter and more focused, given our experience in the South East with a four month EiP. However, there obviously needs to be more discussion, particularly with the Planning Inspectorate (PINs), about what a two-stage EiP would mean in practice. In our view there are three potential models:

Model 1: The first stage EiP is used at 'Issues and Options' stage to eliminate options that are considered inappropriate or undeliverable. The outcome of this would impact on what is taken forward through the next stage of the plan process.

Model 2: The first stage EiP is similar to the current technical sessions which are used to help the panel and participants have a common understanding of some of the technical evidence e.g. on demographics and economic forecasts. These could be chaired by experts from within the field. The outcome of this would be a shared understanding but would not necessarily result in an agreed position on anything.

Model 3: There would be no formal EiP as such but the independent panel would be appointed at the start of the plan process and could engage with the RPB on a 'light-touch' basis throughout.

- 16 Regardless of what model is agreed, there should be some general principles/objectives agreed before discussions on the detail. These should include; engagement of the Panel as early on in the process as possible which will help ensure familiarity with the geography of the region and pick up any real problems, particularly related to the 'test of soundness'; there needs to be transparency in the EiP process; and the current process by which the Panel decide what issues need to be examined at the final stage EiP should be retained. There is a question about whether the EiP recommendations should be binding. Although there would be some benefits from this in terms of speeding up the process at the end, this would result in a much more detailed and longer process up front as there would need to be much more testing in terms of SA, infrastructure requirements etc to ensure what is being proposed can be delivered. For this reason alone, a binding panel report for regional plans is not practical.
- 17 Whatever is proposed by the Government with regards to the independent testing process, PINs and other must be engaged in early discussions to sort out the detail well before any new system comes into operation to avoid the problems experienced through LDF examinations which lead to several 'early runners' being found unsound.

- 18 Finally, Para 4.19 of the document sets out the principles that will govern the process. We suggest that the Government and RDAs should learn 'best practice' from the Assemblies in this whilst they can, given the extensive experience we have on stakeholder engagement, evidence gathering, working with local authorities etc.

Table 1: Comments of the Proposed Process and Timetable for SRS

Proposed Process	Timescale	Comment
Stage 1: RDA and LA Leaders forum (LALF) with stakeholders scope the issues and appraise options: involving EiP	12 months	This stage will also includes gathering evidence particularly as the strategy is supposed to be 'evidence-based' (paragraph 4.19). 12 months is simply not enough to do this, agree what the options are and to have a first stage EiP (time must be allowed for reporting and digesting the outcome of stage 1 EiP assuming it will influence the next part of the process). It also does not provide much room for 'effective stakeholder engagement' as advocated in paragraph 4.19, the assumption perhaps being that this only happens during the formal consultation stages when this must be ongoing throughout the process.
Stage 2: RDA drafts strategy and agrees with LALF	3 months	This is not long enough for preparation of investment framework and to ensure 'traction' with key delivery bodies, all of which takes time (see paragraph 4.3 of the document).
Stage 3: Formal consultation and EiP of preferred strategy	6 months	In practice this means fitting an 8 to 12 week public consultation, preparation for the EiP and the actual EiP within 6 months. This will also have to cover preparation of the Panel report, digestion of the recommendations, preparing policy changes as a result and undergoing any required testing (e.g. SA) as a result of these changes.
Stage 4: RDA and LALF refine and sign-off draft final regional strategy	2 months	Assuming they all agree the panel recommendations and the LALF have agreement amongst the LAs...
Stage 5: BERR and CLG SoS approve regional strategy (reserve right to make further changes)	2 months	On past experience just getting one SoS to agree an RSS is difficult, let alone two, particularly as it is obvious from the SNR experience that BERR and CLG are starting from very different places.

Q6: Do you think that the streamlined process would lead to any significant changes in the costs and benefits to community and other impacts?

- 19 There are significant implications for political and regional accountability in the Government's proposals but these are addressed in the Assembly's detailed response to the consultation. However, it is clearly in everyone's interest to have a speedier process but not at the cost of proper community engagement and testing, and respect for the democratic process.
- 20 It is also in everyone's interests to have a more streamlined regional policy framework with less 'regional clutter'. This will provide a clearer basis and more certainty for investment in the region.
- 21 The SRS must be able to be implemented at the local level and provide meaningful guidance on priorities for local authorities in their 'place-shaping' role. There is a real risk to this if the SRS is too high-level.