

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
EXECUTIVE COMMITTEE**

Date: 19 October 2007

Subject: **Review of Sub-National Economic Development and
Regeneration (SNR)**

Report of: Chief Executive

Recommendations:

That the Committee:

- i) Notes the Government's expectation that regional assemblies will continue to fulfil important functions until legislation implementing the SNR is enacted.
- ii) Commends to the full Assembly the proposition to establish a regional 'Council of Leaders' and a regional 'Senate' in order for local government collectively to provide democratic oversight of regional policy in the future.
- iii) Supports the social environmental and economic partners' engagement with SEEDA and Government in respect of future stakeholder participation in regional policy making.
- iv) Notes that discussions at officer level are in hand with regard to the future transfer of functions from the Assembly to the regional development agency.

Purpose of Report:

The report updates the Committee on the steps being taken to implement the SNR in the region. Additionally the Chairman will report back verbally to the Committee on his meetings with the Regional Minister, Jonathan Shaw MP, scheduled for October 8 and 15, and with Local Government Minister John Healey at the English Regions Network (ERN) event on 10 October.

Key Issues:

- 'Business as usual': we have important work to do over the next two years.
- In the meantime arrangements need to be agreed for a local government regional grouping; for a South East model of regional governance; for the devolution of economic development delivery; and for the future participation of stakeholder representatives in regional policy-making.

A 'Council of Leaders' involving all 74 local authorities is proposed, which will elect in turn a 'Senate' of 19 to represent local government in the region.

1. Introduction

1.1 The Committee received a report at its September 2007 meeting on the Review of Sub-National Economic Development and Regeneration (SNR), published by Government in July 2007, which sets out proposals for significantly reshaping regional governance arrangements. The main elements, in summary are:

- There will be a single integrated regional strategy (IRS), which will provide the strategic regional framework, combining what is currently covered by the regional economic, spatial and housing strategies. The RDA will have the executive responsibility for producing this strategy, working closely with local government and other partners. The strategy will need to be agreed with local government in the region.
- New scrutiny arrangements for RDAs will be put in place, relying on local government in the region.
- The RDAs' role will become more strategic, with increased delegation of economic development delivery to local authorities.
- Regional assemblies in their current form will not continue beyond 2010.
- Regional Ministers were appointed as part of the 'Governance of Britain' announcement; Parliamentary regional select committees are proposed.

1.2 A number of consultation papers on implementing the SNR are expected to be published by Government before Christmas, including one on the IRS and another on the new economic development power for local authorities. Assembly officers have been invited to input to these. When Parliament returns it is expected to consider how the proposal for regional committees should be implemented.

2. The Assembly's Continuing Role

2.1 The Assembly has a business plan in place until 2010 and Government is committed to funding assemblies until that date. It is important that the region does not lose momentum, and the Assembly's membership influence, at a critical time for regional policy making. The difficult issues the region faces, such as housing growth, infrastructure delivery, climate change and managing flood risk, are not going to go away. There is essential work to be done now and throughout the transitional period to develop the regional evidence base and policies on these landmark issues.

2.2 The Assembly has a central role in working with SEEDA, local government, stakeholders and other partners to take forward this work. It is vital that the region does not let a two year period of uncertainty and change become one of hiatus. Member bodies of the Assembly and our partners therefore need to be clear about the role of the Assembly in the transitional phase. In particular we will continue to:

- Fulfil the role of Regional Planning and Housing Body; partial reviews of the South East Plan are already underway in respect of minerals and gypsy and

traveller accommodation, and further reviews are required on housing (in the light of the recent green paper) and employment land.

- Advise Ministers on the regional budgets for housing and transport through the partnership boards established for this purpose, and develop advice with partners on the priorities for other regional budgets to be included in the forthcoming regional funding allocations exercise.
- Lead on the production of the Regional Sustainability Framework, on monitoring the region's performance against sustainability targets and ensuring a basis for the appraisal of the new IRS.
- Through the scrutiny function influence and help to improve the impact of SEEDA's work.

2.3 There is also an important role for the Assembly to play in shaping the new arrangements so that the legacy of partnership and progress achieved over the last eight years is protected and sustained. It is vital for the region that the new regional governance, strategy, scrutiny and delivery arrangements work well. The South East has established strong partnership working at regional level, and the Assembly has performed well in respect of policy development and decision-making. This provides a strong foundation for the new arrangements. We need to sustain the Assembly's positive impact and inclusive approach through the transitional period.

2.4 Because the Review was strongly influenced by the experience of the northern regions, including the pressure from the big city regions, it is particularly important to ensure that the rather different South East perspective is well understood by Government. The one argument we do seem to have won is that different parts of the country should be free to evolve the regional arrangements that suit them, rather than have a 'one size fits all' model imposed. Now is the time to show Ministers that we in the South East are capable of designing our own arrangements for meeting the ambitions of the Government's sub-national agenda. Work is accordingly in hand to develop key elements of a new regional model for the South East and to ensure that the Government's forthcoming consultation on implementing the SNR accommodates this region's preferred approach.

3. A Local Government Regional Grouping

3.1 The Assembly's contention that 'local government should be the building block of regional architecture' has been at least partially taken on board in the SNR. Regional groupings of local authority leaders are seen as the key mechanism for ensuring accountability of regional policy making. They will have at least two critical responsibilities. The first core task is the job of steering, inputting to, and signing off, or not, the new IRS. Although the RDA will inherit the Assembly's strategic planning, housing and transport expertise and evidence base, no regional body can hope to prepare a regional plan without the close involvement of local authorities, individually, sub-regionally and regionally. The capacity of authorities to take a collective view is particularly important if effective leverage is to be exercised over the RDA Board. The second core responsibility is to take over from the Assembly the task of holding the RDA to account. The SNR promises that scrutiny by the local authority regional

grouping will be stronger, and it will need to be, given the expanded remit of the RDA.

- 3.2 In addition the SNR's commitment that RDAs should, 'where there is capacity', devolve economic development and regeneration to local authorities is a significant change. Although pushed for by influential city-regions hungry to wrest resources and leverage from their RDA, this promise applies everywhere. The expected impact of this on RDAs is acknowledged in the review as substantial and it will be important that local government in the South East adopts a strong and clear collective position on the question of devolution of delivery.
- 3.3 How though are local authorities in the South East collectively to fulfil the functions coming out of the SNR, exercising combined influence on Government and negotiating with SEEDA? The SNR presumes the existence of a 'local government regional grouping' along the lines that all other regions already have in place, but which the South East does not at present possess except via the Assembly.
- 3.4 Because of the size of the South East (and there is no proposition or appetite for altering regional boundaries) the debate is always between an inclusive approach involving all 74 local authorities and creating a smaller representational body. This was the choice at the outset of the Assembly itself in 1999. However, the lead given by the SNR suggests that the options of either an inclusive local government body for the region or a smaller representational grouping should not be seen as alternatives. We need both.
- 3.5 An inclusive, 74-strong, 'Council of Leaders' for the South East is required to balance the RDA Board's new responsibility to set strategic policy for the region. Equally that Council will need to elect a smaller representational group (the suggestion is that this is called a 'Senate', but the terminology is not vital) to act on its behalf. The devil of course is in the constitutional detail for all this. Should the Council of Leaders have a remit beyond the two key responsibilities given in the SNR? How often should it convene? How large should a Senate be in order to be representational of the Council? What should be its template? What kind of secretariat might all this need and where will the resources come from?

4. Council of Leaders

- 4.1 The scope of the role of the Council of Leaders beyond those of overseeing the single regional strategy and scrutinising the RDA is up to local authority leaders themselves to decide. Such a body would probably wish also to engage in collective advocacy on behalf of local government in the region. Conceivably it may choose to go further and facilitate other joint working around development or procurement, although these more readily fall to sub-regional groupings. The Council may choose to convene just once a year in order to elect and hear back from the Senate. However there may be other bodies to which to nominate representatives, such as a reconstituted regional planning board or regional housing and transport boards, and the Council may wish to convene more frequently to keep in closer touch with the work of such boards.

4.2 For the past six years the Government has given a grant of £500,000 a year to regional assemblies to support the work of regional scrutiny. There is a case for this resource being transferred to the successor body responsible for holding the RDA to account. Whether or not this grant transfers, South East local authorities together currently pay some £680,000 a year in subscriptions to the Assembly. All or some of this could be called on to support the Council of Leaders.

5. Senate

5.1 Practically, a smaller body than a meeting of 74 leaders is required if local government is to have effective, ongoing, collective influence on regional policy-making. The Senate would have to convene regularly in order to both keep a handle on the IRS and maintain a steer on the wider regional agenda through dialogue with SEEDA and Government. It would need to act generally on the wider Council's behalf, although certain key issues, such as signing off the single regional strategy, should be reserved for the whole Council of Leaders. The Senate would need a small dedicated secretariat which would also support the Council and which could be funded from subscriptions and any Government grant received.

5.2 Naturally the key sensitivities will be around the make-up of the Senate. Proportionality is an important principle - by type of council, by geography and by political party. Let us start with type of council and geography.

5.3 In creating the Assembly in 1999 councils in the region agreed a template for weighted voting that gives the 55 district councils one vote each, the seven counties 55 votes between them (one for each district), and the 12 unitary authorities 40 votes between them, divided up according to population bands. Since this template has served us for the last eight years, it would seem reasonable to apply these proportions (55/55/40) to the composition of the Senate.

5.4 The Senate clearly needs to be of a size that is manageable, yet has representative credibility. The table shows the balance between types of council for various sizes of Senate if this template is adopted. A membership of 19 would ensure widest geographical representation through the county councils, with the opportunity for one district leader from each county also to be elected:

Effect of 55/55/40 template on various sizes of Senate

Senate	Counties	Districts	Unitaries
8	3	3	2
11	4	4	3
14	5	5	4
17	6	6	5
19	7	7	5

5.5 Counties are not of course all the same population size, yet this model gives each of the seven equal Senate representation through both the county council leader and one district council leader. For unitaries too, the model gives 12 councils - all of whom except Berkshire are geographically disparate - only five places between them. However the Senate need not be the only opportunity for regional involvement. For example, if we are to continue the level of buy-in to regional policy-making achieved by the Assembly, there is every reason to evolve the regional planning, housing and transport boards to give local authorities a detailed steer on these critical aspects of policy and delivery. There is also the responsibility the Council of Leaders will have of scrutinising the RDA. Authorities not represented by their Leaders on the Senate will therefore have other opportunities for involvement.

5.6 The other proportionality issue is that of political party. The Assembly's template for party share of places is based on the share of council seats held by each party in the region following the local elections each May. The table below shows the party share of seats as at May 2007, and the implication for a Senate of 19:

Party representation based on council seats in the region

	Conservative	Lib. Dem.	Labour	Other
% share	62.02	22.69	9.34	5.95
Senate	12	4	2	1

5.7 The immediate anomaly here is that as Labour controls only one council in the region (Reading) there is only one Labour leader to participate in the Senate. However further difficulties are bound to emerge in applying such a template to a 'Senate of Leaders', since at present 61 of the 74 South East councils are led by Conservatives. The alternative application of a template based on the share by party of council leaders would have the following result:

Party representation based on council leadership

	Conservative	Lib. Dem.	Labour	Other
% share	82.43	14.86	1.35	1.35
Senate	16	3	0	0

5.8 However it is hardly conceivable not to have all main parties represented on a Senate; in order to include the region's one Labour council leader the figures suggest that this would be at the expense of one Conservative place, as follows:

Party representation based on council leadership adjusted to include all main parties

	Conservative	Lib. Dem.	Labour	Other
Senate	15	3	1	0

The practicalities of electing to the Senate within the parameters set by these templates would have to be considered further.

6. Implementation

- 6.1 Given the Government's stated timetable of consultation on a SNR implementation plan later this year, it is important to reach a conclusion on this issue over the next few months. The Assembly's statutory responsibilities will continue until legislation is passed, but in the meantime the Council of Leaders and Senate are a prerequisite to ensuring democratic local government has maximum leverage over regional policy-making in future. In addition prolonged uncertainty carries the risk of losing the regional expertise and evidence base we have in the Assembly. It is very much in the region's interest for officers with a strong track record of collaborative working with local politicians and planners to have a secure future in the new regional architecture. The Committee is therefore invited to commend this model to the forthcoming plenary meeting of the Assembly in November.

7. Social Environmental and Economic Partners

- 7.1 In discussions with Ministers and civil servants it is emerging that the SNR's lack of coherent reference to representative stakeholder involvement in future regional governance was something of an oversight. Both regionally and nationally stakeholder assembly members are vigorously making the case for continued involvement and considering ways in which their contribution might be made once assemblies are wound up.
- 7.2 The English Regions Network has recorded the important contribution made by stakeholders 'within the tent' of regional decision-making. The ERN contention is that social environmental and economic representatives have enriched the policy-development process, extending the horizons of regional policy, facilitating wide community engagement, helping to build consensus and bringing buy-in from key interests. It is ironic that while the importance of direct stakeholder involvement is recognised nationally in a 'Government of all the talents' as well as locally in local strategic partnerships, the representative stakeholder contribution at the regional level is at risk of being lost.
- 7.3 Within the region I understand both partner group leaders have actively sought dialogue with civil servants, the Regional Minister and with SEEDA; I am sure they will wish to update the Committee on progress. The partner support service within the Assembly secretariat remains a resource for facilitating this engagement.

8. SNR Steering Group

- 8.1 Practical work on the transition within the regional bodies has begun, under the direction of a SNR Steering Group comprising Pam Alexander, Rolande Anderson and myself, along with two director colleagues from each organisation. The steering group is meeting monthly. A number of workstreams have been established, for example on human resource issues and the integrated regional strategy. The group will be key in driving the implementation of the new regional model in due course negotiated. The intention is to create a route map for change that minimises uncertainty for staff by setting clear milestones for the transitional period.

9. Ministerial Meetings

- 9.1 The Regional Ministers appointed by the Prime Minister as part of July's 'Governance of Britain' announcement are establishing their remit and ways of working. As a junior DEFRA Minister, I understand our own Regional Minister, Jonathan Shaw MP, has also been closely involved in the Government's response to the foot and mouth outbreak. He is committed to a number of meetings with key regional players during October, including SEEDA's open public meeting in Milton Keynes on the 25th. He will meet with the Chairmen of the Assembly and SEEDA on both the 8th and 15th, and will be involved in GOSE's events for local authority leaders and chief executives on the SNR on the 12th and 24th. As noted above I understand he is also meeting with Assembly stakeholder representatives. I am sure the Committee will be interested in hearing reports back from those of these meetings that have taken place.
- 9.2 In addition the chief architect of the SNR, Local Government Minister John Healey, will address the next ERN members' meeting on 10 October. Again, the Chairman will I am sure be happy to report back.

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