

Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration – A joint response from Local Government Yorkshire and Humber and Yorkshire Forward

We are pleased to enclose a joint response from Local Government Yorkshire and Humber and Yorkshire Forward to the Government's consultation on the review of Sub National Economic Development and Regeneration (SNR). The joint response has been agreed by the region's Local Authority Leaders and Yorkshire Forward's Board.

This consultation response represents the considerable achievements that have been made in the region between local government and Yorkshire Forward and the positive approach which has been taken. It sets out proposals for a joint approach between local government and Yorkshire Forward to the development and delivery of a single, integrated regional strategy (IRS) for the Yorkshire and Humber region to ensure co-ownership from the outset.

We believe the relationship between local government and Yorkshire Forward is pivotal to the delivery of the aspirations of the SNR, namely 'unleashing the economic potential' of towns, cities and rural areas and the region within which they sit.

The SNR consultation document refers to co-ownership of the IRS between local government and the RDA. Our joint response presented in Annex A, sets out proposals for co-ownership in the Yorkshire and Humber region: it sets out a suggested process for developing and agreeing the IRS, starting with, and building upon, the new economic assessment responsibilities to be placed upon upper tier local authorities; it describes the key role to be performed by functional sub regions; it sets out proposals for a Strategic Leaders Board to work closely alongside representatives of Yorkshire Forward's Board; and, finally, it details proposals for regional boards.

The response is not intended to address the details of how the proposals will be taken forward but is rather a description of the architecture to be adopted in the region and further work will be required on the detailed arrangements. Local Authority Leaders and Yorkshire Forward's Board have already identified a range of issues which require early resolution and these include the role of scrutiny and accountability, capacity and transitional arrangements. Over the forthcoming months further consideration of these issues will be

undertaken and detailed proposals developed which will be appropriate to the needs of the region.

In making this joint response we are keen to acknowledge the vital role that social, environmental and economic partners (SEE partners) will need to play in the development and delivery of the IRS. We intend to work with our SEE partners in taking forward our proposals and recognise their roles, both, in providing expert input into shaping the IRS, and their delivery capacity in terms of ensuring its implementation.

Finally, in addition to our proposed response we believe that the SNR also has important implications for central government, which the current consultation process does too little to acknowledge. The SNR consultation paper is weak on the need for central government departments and agencies to be bound by the priorities set out in regional strategies that they have agreed. Instead we feel there should be strengthened arrangements to hold central government to account for its role in regional delivery, for example, an obligation on agencies to explain how they are supporting IRS implementation, a formal right of appeal to ministers when conflicts occur and a reduction in central bureaucracy.

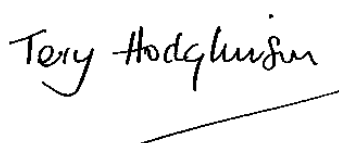
We are confident that this joint response confirms our commitment to ensure a robust and effective response to the challenges set by SNR in Yorkshire and Humber.

In conclusion, we have very much welcomed this opportunity to respond to the Government's proposals and look forward to working with Government in developing our proposals. By doing so, we are confident that together we can achieve a step change in the fortunes of the Yorkshire and Humber economy and improve delivery of national policy priorities alongside regional ambitions.

Yours sincerely,



ARTHUR BARKER



TERRY HODGKINSON

cc Rosie Winterton, Regional Minister – Yorkshire and Humber



Local Government Yorkshire and Humber– Yorkshire Forward Joint Position Paper

The co-ownership of the development and delivery of an Integrated Regional Strategy for Yorkshire and the Humber

1. Introduction

1.1. This position paper describes the proposals for a joint approach between local government and Yorkshire Forward to the development and delivery of a single, integrated regional strategy (IRS) for the Yorkshire and Humber region to ensure co-ownership from the outset. The report builds on earlier discussion between local authority Leaders and Yorkshire Forward's Board which agreed to the adoption of a joint approach to SNR implementation and the Integrated Regional Strategy (IRS). The position paper was agreed in principle by local authority Leaders and Yorkshire Forward's Board at a meeting on 9th June 2008.

1.2. The relationship between local government and Yorkshire Forward is pivotal to the delivery of the aspirations of the SNR, namely 'unleashing the economic potential' of local authorities and the regions within which they sit. The SNR consultation document refers to co-ownership of the IRS between local government and the RDA. This paper outlines proposals for co-ownership in the Yorkshire and Humber region: it sets out a suggested process for developing and agreeing the IRS, starting with, and building upon, the new economic assessment responsibilities to be placed upon upper tier local authorities; it describes the key role to be performed by functional sub regions; it sets down proposals for a Strategic Leaders Board to work closely alongside representatives of Yorkshire Forward's Board; and, finally, it details proposals for regional thematic boards.

1.3. There are a number of elements to the proposed partnership between local government and the RDA:

- a) A 'strategic relationship' – primarily to develop and deliver the IRS, but also to influence national policy and investment (through a revised Regional Funding Allocations (RFA), for example);
- b) Scrutiny – a new role of scrutinising RDA performance for local government; and
- c) Delivery and delegation – ongoing delivery relationships and increasing the delegation of appropriate elements of Yorkshire Forward's funding via geographic programmes and investment planning.

1.4. The proposals set out in this paper focus on the first element, the strategic relationship, and recommendations are made in the paper with respect to the complex partnership arrangements that will be called for to enable local authorities and the RDA to work effectively together, in a collegiate fashion, at a strategic level. No extensive comment is offered at this stage about the style

and approach of such collective working but, if the proposed architecture is to enjoy the confidence of partners, it is recognised that a rigorous and persuasive use of data and analysis (to understand need and priority) will need to lie at the heart of the arrangements, and that the arrangements will also need to build in opportunities for all local authority Leaders, and the full Yorkshire Forward Board, to comment upon, and influence, drafts of the IRS as the strategy's development proceeds.

1.5. In adopting the above approach, it is recognised that questions will remain about the other two elements (identified in 1.3 b) and c) above), and therefore it is important to be clear about how these will be addressed going forward:

a) The role of scrutiny within any new arrangements will be important, both in holding decision-makers to account and helping guide future developments. Within future scrutiny arrangements there is a clear role for other stakeholders (i.e. SEE partners). However, there is still much work to be done in terms of reconciling local-regional arrangements together with the proposed parliamentary scrutiny outlined in SNR and the Governance of Britain Green Paper. For instance, the Select Committee on Modernisation is due to report shortly on possible parliamentary scrutiny.

b) The arrangements for delegation of funding are also part of current considerations by government departments. Plainly such matters are complex (i.e. to who and when will delegation take place) and much work is already underway via the ongoing development of geographic programmes and investment planning. There is also the matter of determining capacity.

1.6. This paper sets out some key proposals for local government and Yorkshire Forward. In agreeing this joint position paper, partners recognise that further work must be undertaken on the other issues outlined in 1.4 and 1.5 above. Similarly, agreement on the arrangements proposed in this report will allow further discussion on the transition arrangements to facilitate the changes of organisational responsibility set out in the SNR, including the future role of Local Government Yorkshire and Humber (LGYH).

2. Purpose of single, integrated regional strategy

2.1. The SNR seeks to bring together a number of regional strategies into a single, integrated regional strategy. This is intended to provide the region with a vision of 'how and where sustainable economic growth would be delivered'¹. Whilst the focus is on bringing together on the economic (i.e. RES) and spatial (RSS), the IRS will incorporate a range of other regional strategies and frameworks – i.e. housing, transport, culture and sustainable development.

2.2. In regard to the scope of the IRS and the arrangements proposed in this position paper, it is important to emphasise that these focus primarily on those economic issues to be contained within the IRS. The proposals are not intended to reflect all the business of local government currently undertaken at a regional level nor all the business of the RDA. Further consideration will need to be given as to how issues outside of the scope are addressed at a regional level: for example, the extent to which the work of LGYH falls within the scope.

¹ SNR, 2008, p7

2.3. The preparation of the IRS will be further clarified in time and more guidance is expected on the details following the SNR consultation process. However, the SNR consultation document stresses the need for its development to be 'robust, transparent, open and efficient'².

3. Building from the Local upwards

3.1. At the core of SNR is the principle of subsidiarity - that things should be built up from the local level and that there is an onus on 'doing things at the right level' to achieve the objective of sustainable economic growth.

3.2. This is reflected in the RDAs having a more strategic role in guiding sustainable economic growth and seeking to delegate delivery to the most appropriate level. The SNR details those areas where RDAs will retain a regional role, but over time the expectation is that they will focus on the strategic elements for the region and will delegate an increasing amount of funding to those best placed to deliver economic improvements.

3.3. Local authorities' role in economic development has been reinforced and the SNR contains a number of proposals to improve economic performance and regeneration at the local level, such as the preparation of local economic assessments to guide priorities and interventions. For many activities, the focus will be on local delivery (and corresponding delegation). However, in discharging these responsibilities, authorities will have to have increasing regard to what is happening beyond their administrative boundaries.

3.4. Plainly issues will need to be addressed at the level most appropriate to do so, starting from the local level, and there will be a mixture of priorities that are local, sub regional and regional. National government has also indicated that it will outline its priorities for regions. For many issues that the IRS will address, it makes sense that authorities, where they choose to do so, come together to work at the level of the functional economy.

4. Functional sub regions

PROPOSAL 1: Each functional sub region:

- Will undertake the appropriate level of economic analysis to inform IRS development, building on individual local authority's local economic assessment;
- Building on the economic analysis, determine the priorities for investment at the functional sub region level; and
- Input into land use proposals for the IRS

This work will be agreed by the relevant Leaders group in the functional sub region with input from the representatives of Yorkshire Forward's Board.

4.1. As part of the SNR implementation process, it is important that as a region we are clear on what arrangements we want at which level. As the rationale for SNR and delivering the IRS is primarily an economic one, then it is both sensible and appropriate that local authorities organise themselves to develop policy and

² SNR, 2008, p32-33

deliver on relevant, strategic economic issues on this basis – i.e. as **functional sub regions**.

4.2. The economic geography of the region is complex, with a large number of interconnected towns and cities, together with a significant rural area, largely to the North of the region. Work undertaken to date, largely in response to the Northern Way, has identified three functional sub regions where there is a large degree of inter-relationships and interdependency, i.e. -

- a) The Hull & Humber Ports City Region:
- b) Leeds City Region
- c) Sheffield City Region

4.3. In addition to these three functional sub regions, which are focused around the major settlements, arguments have been advanced in support of a fourth area characterised by a largely rural economy, focused on North Yorkshire (and including for these purposes, York). It is proposed that the North Yorkshire area is included as a fourth functional sub region.

4.4. The boundaries of these functional sub regions are overlapping: the Leeds and Sheffield City Regions both influence to a significant extent Barnsley; and the Leeds City Region similarly influences the North Yorkshire rural economy, as identified above. The rationale for working across functioning economies means that some flexibility is required around boundaries. This will be an added complexity but should not preclude moving forwards on this basis.

4.5. Good progress has been made in the region in developing arrangements at the functional sub regional level. The existing city region partnerships are at different stages of development. They have all been building their capacity to collaborate on economic issues, investment and strategy alignment. Formal governance arrangements are in place or are being developed. At an operational level there has also been some joint work between the Leeds City Region and North Yorkshire Partnership around investment planning and capacity.

4.6. Strong and effective input from the functional economic sub regions is a core component of the IRS. Under the new arrangements, each functional sub regional level:

- a) Will undertake (or would determine how to present) the appropriate level of economic analysis to inform IRS development, building on individual local authority's local economic assessment;
- b) Building on the economic analysis, determine the priorities for investment at the functional sub region level; and
- c) Input into spatial planning proposals for the IRS.

4.7. It will be important that there is a good working relationship between the functional sub regional governance arrangements and Yorkshire Forward's Board. This will help strengthen joint working and help towards resolving issues on the IRS before they are discussed at a regional level. Consideration needs to be given about how best to nurture a more direct relationship between the two partners at this level.

5. A 'Strategic Relationship': Between the Strategic Leaders Forum and Yorkshire Forward's Board

PROPOSAL 2: A strategic relationship between the Strategic Leaders Board and Yorkshire Forward's Board will be at the heart of the joint working arrangements. The purpose of the strategic relationship will be to work towards agreement on the IRS, by adopting a joint approach to the development, agreement and delivery, and regional decisions on investment (such as RFA), policy and influencing with national government.

- 5.1. Proposals for the make-up of the strategic relationship are set out below:
- a) Strategic Leaders Board (SLB) – The SNR is clear that at a regional level local government need to come together in streamlined, strategic, representative and accountable way. The proposal is that the functional sub regions nominate representatives onto the SLB - 2 per functional sub region. The SLB will provide key input to the direction and development of the IRS; and sign off the IRS prior to its submission from government.
 - b) Yorkshire Forward's Board (YFB) – Under the new arrangements, it is proposed that the RDA nominate a group of members from their main Board to work with the SLB (so arrangements mirror one another). This group will provide key input to the direction and development of the IRS; and sign off the IRS prior to its submission from government.
- 5.2. It is proposed that the local authority representatives on Yorkshire Forward's Board are not included as part of the SLB. This is to avoid confusion of roles.
- 5.3. The main aim of the strategic relationship is to seek to agree IRS jointly; work on and agree regional investment decisions (such as RFA); and work for the region on strategic, economic matters. The strategic relationship would have a key role in making recommendations back to Ministers, for example.
- 5.4. In the development of the IRS and the implementation of the SNR, there are a number of decisions that need to be taken jointly. These are:
- a) Joint commissioning of regional boards (see below);
 - b) Sign-off of project plan for preparing the IRS;
 - c) Sign-off of IRS evidence base (a formal sign-off of the underpinning analysis which will inform the development of the IRS);
 - d) Joint commissioning of Environmental Impact Assessment to inform IRS development
 - e) Sign-off of the IRS prior to submission to Government;
 - f) Sign-off of the Regional Funding Allocations prior to submission to Government;
 - g) Sign-off of the IRS delivery plan (the delivery plan will identify roles and responsibilities in IRS delivery).

5.5. Both sides of the strategic relationship will come together to reach agreement on the content of IRS and RFA. Issues will either be agreed by both parties or not agreed. It is not proposed to have joint voting on issues and therefore decision-making is not dependent on the numbers on either side of the relationship. Both sides of the strategic relationship will have responsibility for reporting back via their respective 'constituencies' – i.e. the region's 22 LAs or the YFB, and final ratification of the IRS would be held by these groups.

5.6. The SNR consultation indicates that where agreement cannot be reached, the matter is referred to Ministers by the RDA (the IRS needs to be jointly signed off by both Secretaries of State (DBERR & DCLG)). The proposal from the Yorkshire and Humber region is that where SLB and YFB are unable to reach agreement, an appropriate regional board (see below) will be tasked to provide a way forward, if agreement still cannot be reached after this the submission to Ministers would set out both sets of arguments with supporting evidence.

6. Regional Boards

PROPOSAL 3: Strategy integration is a core principle of the SNR. The IRS will encompass economic development, planning, housing and transport in its pursuit of sustainable economic growth. In developing, agreeing and delivering the strategy it will be important to ensure strong ownership and expertise across these themes whilst at the same time working towards alignment and integration. It is proposed that a small number of thematic regional boards are commissioned by SLB/YFB to input into the development of the IRS and ensure effective delivery by monitoring and reviewing the IRS.

6.1. Four thematic regional boards are proposed

- a) ***Spatial Planning*** - Chaired by Local Government, deputy Chair nominated by YFB;
- b) ***Regeneration and Housing*** - Chaired by Local Government, deputy Chair nominated by YFB, this Board will also have a direct role in advising the Homes and Communities Agency;
- c) ***Work and Skills*** - Chair nominated by YFB, deputy chair Local Government. This Board will replace the current Regional Skills Board and have a direct role in advising the LSC (and its successor agencies);
- d) ***Transport*** - Chair nominated by YFB, deputy chair Local Government.

6.2. The Strategic Leaders Board and Yorkshire Forward's Board via the strategic relationship will agree the membership of each Board; but membership will include representation from the functional sub regions, expert observers, key agencies and stakeholders.

6.3. The thematic regional boards will be commissioned to support the strategic relationship in the development and delivery of the IRS. It is the partners, through the strategic relationship, that will agree and sign-off the IRS.

6.4. The regional boards are intended to support the SLB/YFB in their strategic relationship and their terms of references will be focused primarily on that role.

6.5. In addition to the four thematic regional boards, we propose an Independent Board to ensure that the principles of sustainable development and economic opportunity for all are fully ingrained in the development and delivery of the IRS. This Board will be chaired by an independent/expert chair to work with SLB/YFB and the thematic advisory boards and provide expert input and to test IRS development and delivery against the principles of sustainable development, diversity and leadership and ambition.

7. Regional Conference

7.1. Proposals Two and Three focus deliberately on the core YFB/SLB partnership: however in ensuring wider buy-in, commitment and understanding it will be important to engage with a broader set of stakeholders.

PROPOSAL 4: We propose the establishment of an annual Yorkshire and Humber Conference which will invite key regional and national stakeholders to consider, in the first instance, the vision and ambition the region has for the IRS, and subsequently consider progress

8. Review Process

8.1. As the arrangements set out within this paper are new and reflect the emerging thinking of government, it will be sensible to establish a regular review process to keep abreast of developments and allow each side to keep in touch with their 'constituency'. It is therefore proposed that an annual report is jointly prepared by YFB/SLB which is reported back into their respective 'constituencies'.