



Local Democracy, Economic Development and
Construction Bill
Policy Document on Regional Strategies



BERR | Department for Business
Enterprise & Regulatory Reform

Local Democracy, Economic Development and
Construction Bill
Policy Document on Regional Strategies

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January 2009

Product Code: 08PLD05715

ISBN: 978-1-4098-1044-5

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Introduction

The reforms announced by the Review of Sub National Economy and Regeneration included proposals to streamline and refine the framework for sustainable sub-national economic growth in England. It is clear that economic challenges make the reforms more, not less, important. Experience of economic turbulence has once again demonstrated the importance of both local and regional bodies, such as the Regional Development Agencies and Local Government, in our joint response to such challenges.

The consultation paper *Prosperous Places: Taking forward the review of sub-national economic development and regeneration* published in March 2008 set out the reasons for introducing single integrated regional strategies to ensure a much closer alignment between economic and spatial planning. This will provide the means of prioritising regional activity to address key issues such as economic development (for example, by increasing regional productivity) in the context of a shift to a low carbon economy, regeneration and housing. The vast majority of respondents supported the principle of the single integrated strategy. There were concerns about democratic involvement in planning issues and the Government's response to the consultation (published in November 2008) addressed these by making it clear that the regional strategy would be the joint responsibility of RDAs and a Local Authority Leaders Board.

Clauses 65 to 82 of the Local Democracy, Economic Development and Construction Bill, currently before Parliament, would implement the new regional strategy (RS). The RS will be a new strategy and replaces the existing regional economic strategy (RES) and regional spatial strategy (RSS). It will also integrate the substance of other regional strategies covering culture and sport, housing, biodiversity and transport.

This policy document explains what the legislation on the regional strategy is intended to achieve and how it might work in practice. It explains which elements are in primary legislation and which will be implemented through regulations, policy and guidance. It is not itself guidance or final policy, which will be shaped by discussions in Parliament and further comments. Its focus is primarily on the process of preparing a regional strategy rather than its content. Subject to the legislation receiving assent, regulations and guidance on the regional strategy will be published for consultation later this year and in due course will replace existing regulations and *Planning Policy Statement 11: Regional Spatial Strategies* and the 2005 Guidance to RDAs on Regional Strategies.

Section 1

Purpose and principles of a regional strategy

Purpose of the regional strategy

- 1.1 The main purpose of a regional strategy is to set out the overarching strategic framework for the region.
- 1.2 It is intended that the outcome of the strategy should be sustainable economic growth (clause 65) and that the strategy must contribute to sustainable development (clause 78). There is also a specific requirement for the strategy to have policies designed to contribute to the mitigation of, and adaptation to, climate change (clause 65).
- 1.3 The definition of sustainable economic growth and sustainable development is as follows and will be set out in guidance

Sustainable economic growth is defined as economic growth that can be sustained and is within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles.

Sustainable development is the overall goal of UK, EU and UN policy. In the UK a set of shared principles have been agreed that are used to achieve our sustainable development purpose. These principles are: living within environmental limits; ensuring a strong, healthy and just society; achieving a sustainable economy; promoting good governance; using sound science responsibly. Sustainable development guides all policy with the aim of integrating economic, environmental and social issues in a coherent way.

This broader goal and framework of principles is at the heart of the UK’s statutory land-use/spatial planning system (the Planning and Compulsory Purchase Act 2004 and Planning Act 2008) in order to help achieve balanced and integrated decisions. Sustainable development is also included as a statutory purpose or duty for some public bodies, for example in legislation which established RDAs.

- 1.4 The regional strategy will be the agreed strategy for the region, developed within and by the region in the context of wider national policy. Regions will be able to build upon their experience gained through developing regional spatial and economic strategies as well as other strategies and existing implementation programmes such as the regional funding allocations.

- 1.5 Like the current RSS the regional strategy will be part of the statutory development plan. Local authority local development frameworks will have to be in general conformity with the regional strategy; together with the regional strategy they provide the statutory framework against which local authorities should determine planning applications. Therefore the strategy will need to set out policies for the development and use of land (clause 65 and 76).
- 1.6 Taking an integrated approach to agreeing economic, environmental and social priorities and their spatial applications in each of the regions will help create the conditions for the economy, business and communities to flourish and the environment to be protected and enhanced. The goal should be to meet all these high-level priorities when making plans or strategies, taking account of the potential tensions between some of the elements but also building on the opportunities that alignment can bring. An integrated strategy presents an opportunity to explore options and challenges to achieving this, in a considered, holistic and structured way, look at any hard choices at an early stage and find solutions that take all the relevant aspects, including cumulative impact, into account.

Principles to take into account when developing a regional strategy

- 1.7 The regional strategy must provide both a clear and a distinctive sense of direction for the development of each region – based on evidence, analysis of different choices and their implications.
- 1.8 Government intends the regional strategy should:
- articulate a clear and long-term vision of what the region will look like in 15-20 years time, set out how this will be achieved, and how this contributes to meeting sustainable development objectives
 - demonstrate how it will help deliver sustainable economic growth, and set out how and where this growth will be supported, nurtured and focussed
 - be regionally specific, ie address that region's needs and the needs of places within the region – both urban and rural
 - identify the key challenges faced by constituent economic areas
 - add value and only address issues that are best dealt with at regional level rather than by national or local strategies and plans (decisions need to taken at the most appropriate spatial level)
 - where policy is expressed in spatial terms it may be locationally but not site specific, and not go into a level of detail more appropriate to local strategy or repeat national policy

- be founded on sound evidence, and show how Sustainability Appraisal, Strategic Environmental Assessment and Habitats Regulation Assessment has informed the development of the strategy
- Be based on meaningful engagement and consultation with regional stakeholders including local communities and statutory advisers.

Components of a regional strategy

- 1.9 Although ambitious in scope, the regional strategies are expected to be succinct documents setting out the regions' vision for how and where sustainable economic growth would be delivered, focusing on the relationship between the regional economy and the key drivers of growth (competition, enterprise, innovation, skills, investment and employment) the environment, communities and regeneration.
- 1.10 It is intended the regional strategy would set the framework to guide the activities, plans and investment decisions of key public sector agencies such as the regional development agencies, Homes and Community Agency, Highways Agency, local authorities and other regional partners to ensure sustainable economic growth, sustainable development and regeneration. It would set out which places and sectors should be priorities for development and investment. It would also influence the policies, plans and investment decisions of central Government departments and give clarity and incentives to the private sector to invest in a region. It should also address the vital role regions have to play in helping meet the Government's closely related objectives of mitigating and adapting to climate change and developing a secure and sustainable energy supply.
- 1.11 The vision of the regional strategy is 15-20 years, and it is also vital to address the medium and short-term priorities and activities required to bring this about. The key to translating vision to action will be the implementation plan, which will cover implementation over the period of the strategy but typically look in more detail at the more immediate 3-5 year period. While a separate document, it should be drawn up in conjunction with and inform the regional strategy. As the intention is for the strategies to be high-level, the implementation plan will provide the detail of how the priorities will be delivered through action and investment by responsible bodies. Further detail is provided in paragraph 5.2.

Section 2

How the regional strategy fits with national and local priorities

Consistency with national policy

2.1 All regional strategies must have regard to national policy (clause 71(a)) and this will be set out in statutory guidance. Examples of national policy that will have to be taken into account include:

- national economic policy
- national planning policy (currently set out in a range of Planning Policy Statements and Planning Policy Guidance Notes)
- the future National Policy Statements on infrastructure
- likely funding availability through spending reviews

The content of these include both general policy considerations and matters and requirements that will have regional application.

Added value of regional policy to national policy

2.2 The Bill does not specify what the regional strategy should contain. Overall, the aim should be for a concise and succinct document. Although the responsible regional authorities must have regard to national policies and guidance issued by Government, it is expected specific policies would only be included in the regional strategy if there is a genuine and distinctive regional or sub-regional dimension. The regional strategy should not repeat national policy or guidance. Instead, the content would be driven by regionally specific issues that join up with national priorities. While the form and format of the regional strategy and the level of detail for any given topic is for each region to decide, it is expected that economic objectives, housing, climate change and renewable and low carbon energy would receive particular focus, commensurate with their key role in achieving sustainable economic growth which contributes to sustainable development.

Content of regional strategies

- 2.3 With that in mind, in terms of policies and priorities, Government expects a regional strategy would broadly cover the following.

An overview of the key regional and sub-regional opportunities and challenges over the plan period

This should be derived from analysis of a robust common evidence base, informed and shaped by regional and local partners. This will allow a high quality assessment of the economic, environmental, social and spatial characteristics and needs (including equality and diversity) of the region. The overview would recognise that although the scope of the strategy is 15-20 years, there will be short, medium and long-term priorities within, and indeed beyond, that timescale.

How sustainable economic growth can best be delivered having regard to employment and the key drivers of productivity as well as regeneration

Each region would have to set a regional growth objective to focus attention on how to raise growth and increase prosperity. The regional strategy will seek to improve economic performance and enhance the region's competitiveness, addressing market failures that prevent sustainable economic growth, regeneration and business growth within the region, taking into account environmental limits and constraints on carbon emissions. The regional strategy would take an integrated and cohesive approach to improving regional and sub-regional economic performance, addressing business competitiveness, employment and the need to increase productivity. This will include building capacity in the region to improve performance on the drivers of productivity – innovation and knowledge transfer, skills, enterprise, investment and competition – which will embed the capacity for growth.

Set out how the region will meet its housing need and demand and achieve a wide choice of high quality homes to create sustainable, inclusive mixed communities.

Each region would set out the overall level of housing provision for the region and its distribution among constituent housing market and local planning authority areas, including the affordable housing target for the region and each housing market area and providing for vulnerable and socially excluded groups of people. It would set out the broad strategic locations for new housing developments, addressing need and demand in a way that reflects sustainable development principles.

Taking action on climate change and energy (clause 65)

Regional strategies will contain policies that contribute to climate change mitigation and help meet the Government's greenhouse gas targets and budgets, as well as its objectives on adapting to the impacts of climate change. The regional strategies should help deliver the Government's ambitions for a low-carbon economy by

including policies with direct influence on energy supply and use and greenhouse gas emissions, for example, by securing the fullest possible use of sustainable transport, and by bringing together and encouraging action across the region. The aim should be to secure low carbon new development and shape places that minimise vulnerability, and provide long-term resilience, to climate change; and in ways that are consistent with social cohesion and inclusion. This should be consistent with the principles of the Government's Adapting to Climate Change Programme.

Those areas within the region identified as priorities for regeneration investment and intervention

The regional strategy would have to seek to identify areas or communities with significant problems such as deprivation, worklessness, inequalities and social exclusion and identify the main social, economic and environmental factors which underlie these issues and identify opportunities to drive change. This would include identification of area needs such as infrastructure, housing stock, and skills, and may also include strategies to deal with these issues.

Strategic requirements and provision infrastructure insofar as these are not already specified in national policy:

The regional strategy should demonstrate how its plans for growth, housing and other development have had regard to available infrastructure. For example, transport, where the region should consider the possible impacts of its proposals on congestion and carbon emissions.

Other infrastructure needs include:

- waste
- water
- minerals
- culture, media and sport
- environmental infrastructure

Additional policy areas that regions decide and which fit with the outcomes of the strategy, potentially drawing upon the substance of other non-statutory regional strategies

Although regions are expected to address the subjects listed above, this is not a comprehensive list of potentially relevant policies and they are encouraged to think creatively about how other policies might be aligned to enhance delivery of the regional strategy outcomes. However, it is their choice as to whether to include these within the strategy, drawing on the conclusions of the evidence base to support their decision.

Clearer up-front guidance on regional strategy outcomes

- 2.4 As highlighted above while there are a range of issues that the regional strategy will need to cover. However for a very limited number of national high priority issues the Government will be more explicit about what we expect to see in the RS. By providing greater clarity up front on these issues it will set a clearer context for the strategy and save time and resources.
- 2.5 The three areas where Government will set clear expectations:
- **economic outcomes:** where Government will expect growth in all regions. This is already crystallised by the Regional Economic Performance PSA
 - **housing outcomes:** where Government will expect regions to test the range of housing supply figures derived from the National Housing and Planning Advisory Unit (NHPAU) recommendations. The NHPAU figures have already been produced
 - **climate change:** where Government will expect an ambitious strategy which secures enduring progress against the UK's greenhouse gas emissions targets and budgets and makes a full contribution to national energy policies. Government will expect the strategy to set out how opportunities for renewable energy will be maximised and in doing so demonstrate that the region is playing its full part in delivering the UK's EU target of 15 per cent renewable energy by 2020.

Inter-regional and sub-regional content

- 2.6 Clearly the focus of the regional strategy is on the region itself, but economic activity is not constrained by administrative boundaries so it is expected the strategy will have regard to the strategies for adjoining or significantly linked regions, and countries within the UK (Clause 71).
- 2.7 Regional strategies need to be structured around functional economic areas and not just administrative boundaries. Therefore we would expect a significant bottom up element and close working with sub regions. This is as important for the implementation plan as it is for the strategy itself.
- 2.8 The regional strategy should be a strategic document, and should not attempt to set policies which are properly the responsibility of local authorities or sub-regional bodies. But the plans and policies of individual local authorities and sub-regions will be key to effective delivery of the strategy. It is essential therefore that as the strategy is prepared the region works closely with its local and sub-regional partners, ensuring, for example, a shared evidence base and encouraging collaboration on issues which are the concern of a number of different authorities.

Section 3

Regional working arrangements (who does what)

- 3.1 The Bill requires the responsible regional authorities, namely the Leaders' Board and the RDA, to prepare a draft revision of the regional strategy when appropriate (Clause 68). This chapter covers the working arrangements that the Government expects to be established in each region to deliver the regional strategy. The Government believes that a genuinely collaborative approach between RDAs and local authorities is needed to produce the draft regional strategy and ensure it meets its overarching outcome of sustainable economic growth. The RDA and the Leaders' Board have been given joint responsibility for the regional strategy, including its drafting, implementation plan and monitoring of its delivery. This chapter explores how it is intended these arrangements should develop.
- 3.2 The Government is also committed to stakeholder engagement as a fundamental feature of the processes for developing and delivering the regional strategy and there will be a duty on the RDA and Leaders' Board to consult and engage stakeholders. Chapter 4 on process covers this in detail. This chapter explains how stakeholders could be involved by regions in the structures being developed and how the Government's role in the process and structures will work both at the regional level, through Government Offices and at the national level.

Principles

- 3.3 It has always been the intention of these reforms to avoid being over-prescriptive about the detailed regional structures and working arrangements. This is because we recognise that all regions are very different and so it is important that they should be able to develop arrangements that suit their circumstances. For example a relatively compact region like the North East with 12 Unitary local authorities will need different structures from the South East which is geographically spread out, intimately linked to the London Economy and consists of 74, mainly two tier authorities. Therefore the Government does not intend to prescribe in detail how the RDA and Leaders' Board will operate.
- 3.4 Many regions have already gone a long way towards agreeing arrangements for producing and agreeing the regional strategy. This includes both establishing the Leaders' Board and agreeing how that board will work jointly with the RDA on the

regional strategy. As part of our discussions with RDAs, Regional Assemblies and the Local Government Association (LGA), we have said that we expect RDAs and local authorities to show early progress towards reaching an agreement with the aim of publishing their intentions by March 2009.

The Local Authorities Leaders Board and joint working with RDAs

- 3.5 The Bill provides for the establishment of a local authority leaders board (clause 66). The Leaders Board together with the RDA are the responsible regional authorities (clause 67) who are required to draft the regional strategy.
- 3.6 The Leaders Board is a body that will enable local authorities to act collectively at the regional level. Our consultation paper made it clear that they should be:
- streamlined and manageable, able to make strategic, long term decisions, and able to engage effectively with their region's RDA
 - representative of Local Government across the whole of their region – including representing eg key sub-regions, upper and lower tier authorities, the political balance of leaders and
 - comprised of local authority leaders and with sufficient authority to act on behalf of all Local Government in the region.
- 3.7 In practice what this means is that the participating authorities (which will include district councils, county councils, and, where relevant national parks authorities and the Broads Authority¹) will need to agree amongst themselves what mechanism they will use to allocate seats on the Leaders Board. (NB districts and counties include unitaries and metropolitan district councils).
- 3.8 It is intended the participating local authorities will make a proposal (or 'scheme') for each region's Leaders Board which sets out:
- membership
 - decision-making process
 - how and when it will refresh or re-elect its membership
 - managerial structure and organisation.

¹ Clause 66 does not mean that a National Park Authority must be included on the Leaders Board. What it does mean is that National Parks where they exist within a region must be represented in the pool of participating authorities that draw up the scheme.

- 3.9 The participating local authorities and the RDA would also make a proposal (or 'scheme') for each region setting out:
- how the two bodies, RDA and Leaders' Board, will work together to fulfil their duties to jointly produce the draft regional strategy and implementation plan
 - what the decision-making process will be, including resolving differences
- 3.10 It is intended these proposals/schemes would be consulted on to ensure that the views of stakeholders in the region are able to have their say. The Government does not intend to prescribe how the consultation on each scheme should be undertaken – in coming to a decision on the scheme the Government will take into account the Cabinet code of conduct on consultation.
- 3.11 Following consultation both schemes would have to be submitted to the Secretary of State (Communities and Local Government and BERR) for approval. The date and process for this will be set out in regulations. The criteria for deciding whether to approve a proposal for a Leaders' Board will be whether it meets the criteria set out above in paragraph 3.8.

As an example of how these arrangements may work some regions are discussing a situation where Leaders of each county and unitary, plus one district from each county, are represented. The decision in the end will be for the participating authorities to agree although it should be noted that in the event that local authorities draw up a scheme for a Leaders' Board which does not meet the criteria set out above, including for example adequate representation of district councils, it is likely that the scheme would be rejected by the Secretary of State. However, there would be opportunity for discussion and negotiation on alternative approaches if this occurred. If a scheme is still rejected by the Secretary of State, or no scheme is submitted, then by default the RDA will act alone. (Clause 67)

- 3.12 Once the Secretary of State has approved a scheme the participating authorities can establish the Leaders' Board in accordance with the scheme. Until the Leaders Board is formally established a regional planning body will continue to operate in that region thus allowing RSS work to continue to be undertaken. (See chapter 6.)
- 3.13 As has already been noted, local authorities in all regions have already begun developing new ways of working together and with RDAs and other stakeholders. This is a helpful start, which the Government welcomes and encourages local authorities to formalise their proposals for the Leaders' Board in each region and set these out for the Government. They will also need to work with the RDAs to agree the structures that will enable them to jointly fulfill their responsibilities for the regional strategy as well as how those functions of the regional assemblies that continue will be dealt with. These arrangements will need to be developed in discussion with the Government Offices.

- 3.14 Development of regional strategies will require close working between local authorities and the RDA in each region, at all levels, so local authorities will need to discuss and agree how policy support for Leaders' Boards can be best structured to achieve this. Each region will wish to establish structures which best suit their overall arrangements. For example: in the North West, Assembly officials have already transferred to the new organisation 4NW and are working closely with NWDA. The overall aim should be to ensure effective integration of policies for the new regional strategy.
- 3.15 Leaders' Boards will receive funding to cover their work on the regional strategy (and also to cover any Regional Assembly functions that continue). RDAs are also currently funded to produce regional economic strategies. In future, it will be for the RDA and the Leaders' Board to decide between them how the work under the jointly agreed regional arrangements is resourced.

Where agreement cannot be reached

- 3.16 Where local authorities and RDAs are unable to reach agreement, or where one side acts unreasonably, the Government may direct the process for producing the draft strategy (clause 79).

Other stakeholders

- 3.17 The Government is committed to stakeholder engagement as a fundamental feature of the processes for developing and delivering the regional strategy. There will be a wider legal duty to consult and engage stakeholders. This is covered in chapter 4.
- 3.18 It will be up to each region to decide how to engage with economic, environmental and social stakeholders. The Leaders' Board and RDA may wish to explore alternative arrangements for ensuring an effective input from partners, many of whom have extensive knowledge, skills and experience which could benefit regional strategy production. There are a range of options that could be considered. These include establishing a consultative committee; seconding expertise from stakeholders or possibly appointing a stakeholder representative to a Leaders' Board or on a joint regional strategy committee
- 3.19 The responsible regional authorities will need to involve Government agencies such as the Homes and Communities Agency, Highways Agency, Environment Agency, Natural England and English Heritage. These agencies are the Government's statutory advisors and regional authorities should work closely with them to benefit from their expertise, advice and knowledge at an early stage in preparing regional strategy.

Central Government

3.20 It is intended that the Secretary of State (in practice currently the Secretaries of State for Communities and Local Government and for Business, Enterprise and Regulatory Reform) has the following functions:

- approve the local authorities' scheme for a Leaders Board
- fund the responsible regional authorities to undertake their statutory responsibility
- make regulations as required
- provide guidance and advise as necessary on the content and process of the RS
- make directions in relation to any specific region or subject matter regarding the preparation of draft RS revisions
- agree the final RS.

3.21 Government Offices are available throughout the process of developing the RS to act as the first contact with central Government and provide challenge, advice and support to the RDA, Leaders' Board and other partners. This will include:

- advising on Government policy so that emerging regional strategies are prepared in a timely manner and are consistent with national policy
- acting on behalf of the Secretary of State where relevant

3.22 It will also be important to foster a close dialogue on the production of the strategy and implementation plan between the regional partners and those central Government departments (in the first instance via Government Offices) and their agencies, whose programmes will impact on the achievement of the regional strategy outcomes, in order to promote alignment of priorities and investment.

Fit with inter and sub-regional arrangements

3.23 There is already experience of cross-boundary working across the country. *The Northern Way* provides an example of how this is already happening. It is expected regional partners will build on this experience in devising future joint arrangements. Regional bodies would work closely together in addressing issues of common interest, both to inform the strategies they adopt and to ensure delivery plans are complementary. In some cases regions may wish to work together to develop a cross-boundary strategy or implementation plan to address a particular issue. The Government encourages adjacent regions to co-operate in this way where it reflects economic geography or existing policy initiatives.

Section 4

Regional strategy process

Timetables for regional strategy reviews

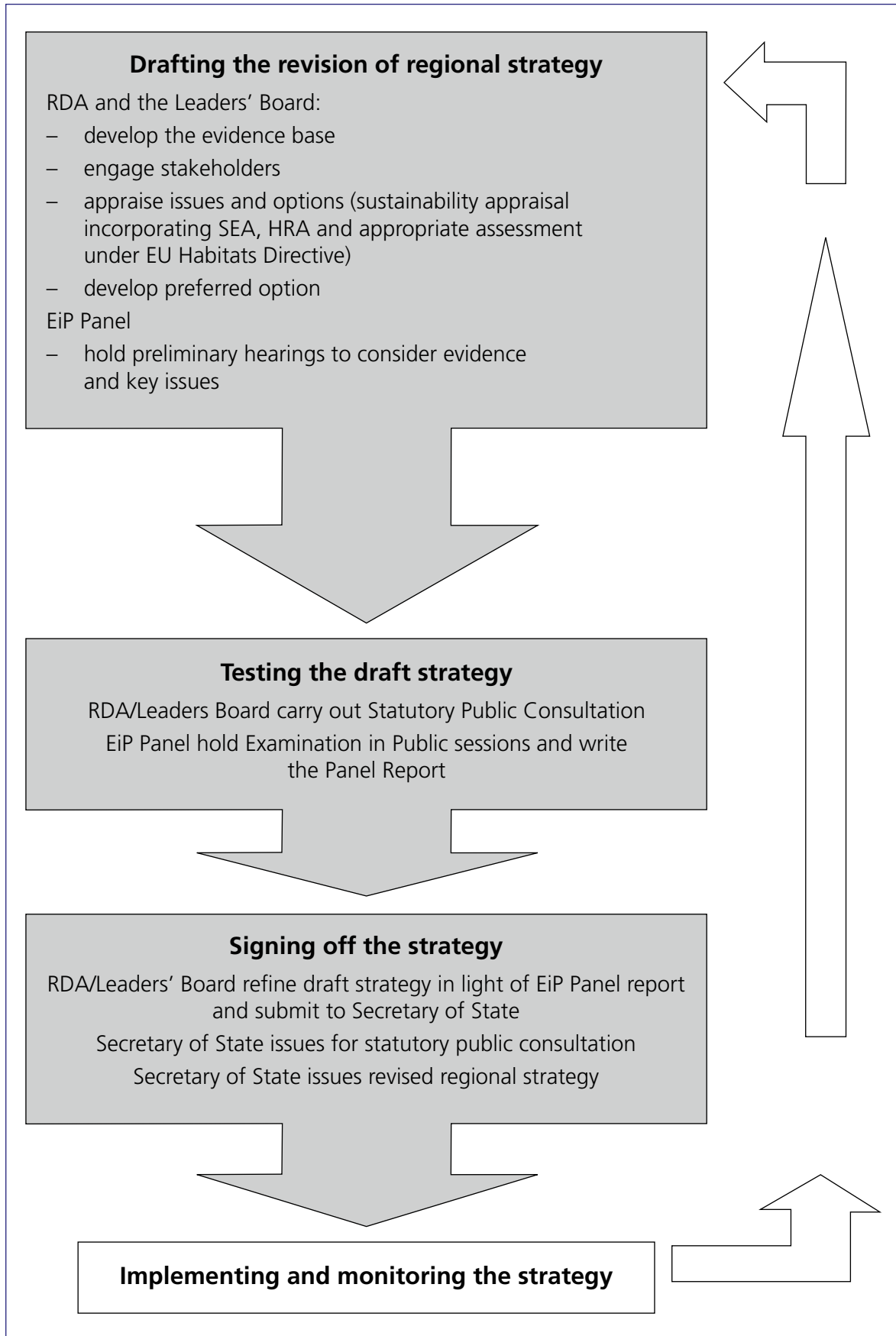
- 4.1 Following legislation, the existing RSS and RES will become the regional strategy until such time as a revision is prepared under the revised arrangements for an integrated strategy (clause 65). This is to avoid giving rise to a policy vacuum in the region and instead securing a seamless transition to the new arrangements. As a fallback position, in the event there may be serious contradictions between policy in existing RES and RSS, the Secretary of State can direct which elements of these will become part of the regional strategy.
- 4.2 In the period before the new legislation come into force we expect every region to start gathering the evidence for a review of the existing RSS and RES in order to a) ensure that they are more closely aligned and able to become the single strategy and b) to better reflect the Governments long term housing ambitions. See chapter 6 for more on the transitional arrangements.
- 4.3 In general we would expect regional strategy reviews to take place approximately every five years, although the timing would be up to the region. The responsible regional authorities must keep the strategy under review and will decide when it is appropriate to conduct a revision and the scope of any revision, giving notice to the Secretary of State of their intention to do so. The decision to do a review may be because the existing regional strategy is not working as it should be or there may have been changes in national policy or it is just out of date. Revisions may be to part of the regional strategy or may be a comprehensive revision of the entire strategy (clause 68).
- 4.4 The Secretary of State may direct the responsible regional authorities to undertake a revision (clause 68). This reflects a similar power in the Planning and Compulsory Purchase Act 2004.
- 4.5 As described in chapter 3 above, each region's Leaders' Board and RDA, as equal partners with joint responsibility for producing the RS, will together devise working arrangements which best suit their needs. The arrangements should be developed with the intention of being able to effectively deliver the revision process. While the details are open to regional flexibility, the process will need to meet high standards, particularly in relation to stakeholder and community engagement, testing of evidence and sustainability appraisal and compliance with habitat regulations, where

there are specific requirements in the bill. Overall, the process must be robust, transparent, open and efficient. However, opportunities should be taken to exploit the potential for time and resource savings offered by bringing together currently separate activities and streamlining the current overall process. Government expects more working in parallel rather than consecutively. For example, during the drafting stage, the RDA and Leaders' Board may consult widely on options, while simultaneously the Examination in Public (EIP) Panel may be commenting on the evidence base.

Project Plan: the project planning approach to strategy making:

- 4.6 It is important that regional strategies are kept up to date so the Government aims to promote a project management approach to ensure that they are prepared in a timely and efficient manner. This is critical for securing effective stakeholder engagement as well as for ensuring there is an up-to-date strategy to provide the strategic context for local authority plans and major investments.
- 4.7 In preparing the project plan the RDA and the Leaders' Board should work closely with the key stakeholders and Government Office, in particular, to prepare and agree a project plan. The requirement for such a plan is to be set out in Government guidance. The content of the project plan would be likely to include:
- the subject areas to be considered and the timetable for doing so, including the timing of key milestones
 - identification of relevant research and technical studies that will form part of the evidence base
 - involvement of community, partnership and other stakeholder working
 - a joint approach to managing risks to the regional strategy timetable.
- 4.8 We intend to reinforce the need for timeliness by requiring the project plan to set a statutory timetable for the revision of the RS. Accordingly the RDA and Leaders' Board and also Government, would be required to adhere to the timetable set out in the project plan, unless that timetable is varied in exceptional circumstances. It is recognised that this will be challenging and central Government is committed to playing its part in making the timetable work. The Government wish to see the RDA and the Leaders' Board working closely with the Government Office for the region in preparing the Project Plan.
- 4.9 In exceptional circumstances it may be necessary to agree to a longer timetable or to authorise slippage from an agreed timetable but in either case there will be a mechanism in regulations to ensure that any changes are clearly publicised so that the public and stakeholders are kept informed.

Key stages of the regional strategy process



Evidence based strategy making

4.11 Each regional strategy is expected to

- be based on a common and comprehensive evidence base presented in a clear way
- be underpinned by a thorough understanding of both the challenges and the opportunities within their regions for the full plan period and beyond
- be informed by the views of the individuals, organisations and communities who have a stake in the future of the region and /or may be affected by the policy decisions contained in the strategies
- be clearly based on and informed by the UK Government's sustainable development principles.

4.12 The local area economic assessments proposed in legislation (see annex B) are expected to form a key part of the evidence base which will inform the preparation of regional strategies. It is envisaged that regions will scope the intelligence already available to them in deciding what additional data may be needed to support the revision of the regional strategies for their areas.

4.13 An evidence base that takes account of best available information and is informed and shaped by regional and local partners is more likely to provide not only a sound basis for strategy making but also a foundation for greater ownership of the strategy and its implementation. The Government expects the regions to build upon existing and emerging regional good practice, including working with regional observatories and/or intelligence networks. Early consideration should also be given to the need to work with adjacent regions on cross-boundary issues.

Sustainability Appraisal and Habitats Regulation Assessment

4.14 A Sustainability Appraisal is a statutory requirement for the regional strategy making process (clause 71). Sustainability Appraisal is a process for testing and promoting the sustainability of the strategy, including a report on its social, environmental and economic effects. Sustainability Appraisal of regional strategy fully incorporates the requirements of the European Directive on Strategic Environmental Assessment of plans and programmes.

4.15 The Sustainability Appraisal should form an integrated part of the regional strategy making process so that key options can be assessed to provide the most sustainable way forward in achieving policy objectives within regions.

- 4.16 Government expects the Leaders' Boards and RDAs to ensure that the appraisal is comprehensive and effective, while remaining proportionate and has been carried out with the full involvement of public and stakeholders in accordance with guidance on *Sustainability Appraisal*. In addition, Government is working with RDAs, local authorities and stakeholders to develop a national core sustainability framework against which all regional strategies can be appraised.
- 4.17 Under the new joint duty arrangements the RDAs and Leaders' Boards will be responsible for ensuring that the strategy meets the requirements of the EU legislation and the Habitats Regulation Assessment (HRA) should be undertaken alongside the development of options. The Government expects the RDAs and Leaders' Boards to take account of the Government Guidance on HRA.

Engaging stakeholders including communities

- 4.18 Stakeholder engagement is critical to ensure that the regional strategy effectively integrates competing demands and commands support across the region.
- 4.19 International and national legislation already requires bodies who are responsible for plan or programme making, to consult widely. The new legislation requires an approach to stakeholder engagement and community involvement which is transparent and accountable. It does so by requiring the responsible regional authorities to prepare, publish, keep up-to-date and comply with a statement of their policies on involving all those persons who seem to them to have an interest in the regional strategy (clause 69).
- 4.20 We will clarify in regulations which specific bodies and also types of bodies must be consulted. Annex B indicates the range of bodies that could be covered in these regulations. We will also clarify in policy documentation that the statement of policies on community involvement should set out how all these other bodies will be involved as well as the approaches both to informal engagement and formal public consultation activity. The expectation is that during the drafting stage, in particular, the RDA and Leaders' Board would use working arrangements and a variety of means to involve different organisations and individuals.
- 4.21 The responsible regional authorities will be required to consult with the statutory environmental agencies (Natural England, Environment Agency and English Heritage and Welsh equivalents where relevant) in scoping the issues to be appraised². They may choose to consult more widely. The legislation then assumes full public consultation at key stages (clauses 71-72) when people will be invited to make written representations and will be able and encouraged to submit evidence both on

² Under the terms of Statutory Instrument No. 1633 The environmental assessment of plans and programmes regulations 2004

the strategy and sustainability appraisal report. Namely:

- once the RDA and Leaders' Board have agreed an initial draft strategy and
- after the draft strategy has been modified in the light of the Examination in Public Panel's recommendations and representations received on the initial draft.

4.22 In addition, we will expect Examination in Public panels to hold exploratory sessions to hear different points of view, as well as the more forensic testing of outstanding issues through debate involving selected participants.

4.23 Engagement will be expected to be wide-ranging, meaningful and contribute to building consensus around the regional strategy. It should also be proportionate, timely and add value to the process. These arrangements place a premium on effective social, economic and environmental stakeholder engagement, while enabling regions to devise working arrangements which best suit the circumstances of their region so that they are most effective in drawing upon the expertise of stakeholders for sound decision-making and outcomes and effectively link the contribution of different spatial levels. The intention is to build upon existing requirements in relation to consultation and testing of evidence as well as good practice developed over recent years through the exchange of experience. The expectation is also that the new arrangements build on the range of stakeholders currently involved whether through representation on regional assemblies or regional partnerships or working groups. For example, business, Higher Education Institutes, Trade Union Congress, town and parish councils, the voluntary sector, environmental and faith groups and regional culture and health bodies. The new arrangements will need to be capable of informing regional priorities in respect of issues around housing, transport, environment, skills, business support, rural needs and other matters to create the conditions for business and communities to flourish.

4.24 In devising the regional approach to stakeholder engagement, the Government expects the RDAs, Leaders' Boards and key stakeholders to take note of the Government's Code of Practice on Consultation as appropriate.

Independent Testing

4.25 The strategy will normally be tested by means of Examination in Public (clause 70). We anticipate that only in exceptional circumstances might an EIP not be required, where the proposed revision to strategy is very minor and uncontroversial. Such independent testing is important in building confidence in the regional strategy by subjecting it to rigorous scrutiny drawing upon the expertise of stakeholders.

- 4.26 This builds upon existing requirements. However, the new arrangements present an opportunity to improve the process by allowing for the panel that will hold the EIP, to be appointed at an early stage. This will enable the panel to become familiar with the region and its issues and clarify the nature and extent of controversy earlier in the process.
- 4.27 The aim is that while the panel may be available throughout the development of the regional strategy, it remains independent and does not become party to strategy development. For example, Government envisages that the panel could be asked to comment on the evidence base underpinning the range of options being considered. This would include considering the way in which the evidence is being used and interpreted. The intention is to flag up technical issues which are contested and may threaten to derail the strategy at a later stage. The panel might subsequently choose to hold specific sessions to clarify technical points.
- 4.28 Other early inputs by the panel would include holding exploratory sessions to hear different points of view. Overall, early appointment and inputting in specific ways during drafting the strategy will help the panel narrow down the controversial issues sooner. This will reduce the need to re-open debates later in the process and instead prepare the ground for an effective and conclusive debate.
- 4.29 There is flexibility about when the RDA and the Leaders' Board might ask the Secretary of State to appoint the person to hold the EIP (the Chair). However, the expectation is this would happen at the project plan stage. Ultimately early appointment of the panel and parallel working will help to achieve rigorous independent testing, in a way which is both more timely and more accessible to the public.
- 4.30 Government will set out in guidance the criteria against which the Panel will test the soundness of the strategy. These are likely to include whether the strategy is spatial and properly takes account of the matters listed in clause 71, including national policy and strategies covering adjoining regions and/or nations within the UK. The Panel will be required to produce a report analysing the key arguments and pinpointing any significant changes which the Panel would recommend the RDA and Leaders' Board to make to the strategy.

Sign-off of the regional strategy

- 4.31 Following the formal consultation on the initial draft strategy and EIP, and having considered the Panel's recommendations and all of the representations made about the draft regional strategy, the RDA and Leaders' Board refine and jointly sign-off the draft regional strategy. The expectation is that as early testing will help bring out controversial issues much earlier, there is significant scope to streamline the

process and adhere to a much tighter time frame in the later stages of the process after the EiP. For example, we would expect the RDA and Leaders' Board to make the Government Office aware of any aspects on which they are likely to disagree with the Panel report and/or make changes which would be contrary to Government's upfront policy expectations.

- 4.32 In the event of the RDA and Leaders' Board failing to agree the draft regional strategy, the Secretary of State may direct them (clause 79) to jointly submit what has been done, together with statements detailing their points of disagreement.
- 4.33 Once a final draft of the RS has been signed off by the RDA and Leaders' Board, the Secretary of State will consult on the draft strategy (clause 72), inviting representations on changes made by the RDA and Leaders' Board in response to the EiP and any further changes that the Secretary of State wishes to make. In considering whether to make any amendments, the Secretary of State must have regard to the panel report from the EiP and also any representations that had not been considered by the panel. It is open to any person to make representations on the strategy as submitted, and the Secretary of State must consider these before finalising the regional strategy. The RDA and Leaders' Board must also submit a revised Sustainability Appraisal report and Habitats Regulation Assessment if required together with the draft regional strategy and this will also be published as a supporting document to the consultation.

Section 5

Implementation and monitoring

- 5.1 The regional strategy will need to confine itself to matters of genuine regional and, where appropriate, sub regional importance and be long term, generally looking forward 20 years or more. It also has a distinctive role as part of the statutory development plan – so it forms part of the wider framework for the long term plans of local planning authorities. As a result the strategy is focused around the high level long term vision and outcomes for the region on a range of issues such as housing, economic development, employment, land use, skills, infrastructure, natural resources and climate change.
- 5.2 It is important to have an implementation plan which focuses on how the outcomes will be achieved. While preparing the RS, the RDA and Leaders Board should demonstrate how it is intended that the strategy will be implemented. Government expects them therefore to produce, publish and from time to time revise an **implementation plan** (clause 75). The expectation is that it would set out critical interventions with a detailed focus on the shorter-term investment priorities (3-5 year time horizon) and actions allocated to bodies in relation to delivering the RS, and would be revised every two or three years. As it will not form part of the statutory development plan, it therefore avoids the complex process issues associated with the strategy document itself.

Deliverability of the strategy

- 5.3 It is important that that when developing the RS, regions take account of the available resources, from themselves and delivery partners, to ensure objectives and priorities in the strategy are challenging but achievable. It should act as a reality check that the strategy can be effectively delivered and so the organisations responsible for delivery should be directly involved in developing the strategy and supportive of its implementation. It is intended legislation will require regions to have regard to the resources likely to be available for implementation of the RS (clause 71). Of course, the robustness of this reduces commensurately with how far ahead the plan looks and so the short-term implementation plan is where this can be carried out with a reasonable degree of detail and confidence. Regions will be able to build upon the experience they have gained through the two rounds of Regional Funding Allocations and Advice.

Implementing the strategy

- 5.4 The implementation plan will set out how the strategy would be delivered. It will be a stand-alone document, and would bring together the actions and programmes that are key to delivering the strategy. The plan should identify the key organisations responsible for delivering specific policies and priorities, along with the current status of the proposal (eg whether it is committed) and the timescales for the key actions to deliver the policy, including any output targets.
- 5.5 The purpose of the implementation plan is to demonstrate how and by whom it is intended the RS will be delivered. This would include key agencies such as RDAs, HCA, Learning and Skills Councils, higher education institutes, local authorities, Local Strategic Partnerships and sub regional bodies, Government Departments as well as the private and voluntary sectors and others. The implementation plan is where the RS commitment to partnership working should be translated into practical actions.
- 5.6 It is envisaged that the responsible regional bodies (RDA and Leaders' Board) would work with regional partners and central Government to agree a broad programme of outcomes including key actions and funding streams to be delivered in their area to implement the regional strategy. In terms of the type of actions to be taken:
- some will be a legal requirement – for example as the regional strategy is part of the Statutory Development Plan local authorities will have to produce local development framework (LDFs) and make planning decisions that are in general conformity with the regional strategy – this should in turn steer private sector investment
 - some will centre around public sector funding and part of the function of the Implementation Plan is to ensure that the investment programmes of related bodies are aligned, reinforcing each other and supporting the long term regional vision and outcomes – for example RDA and HCA regeneration funding with DfT and county transport funding and LSC skills funding
 - some will centre around the activity or behaviour by partners – for example procurement from local small and medium sized enterprises.
- 5.7 With a joint approach to preparing the strategy and joint working in the investment planning stage this should add real value. The implementation plan will not be subject to a separate formal sign off process by the Secretary of State.
- 5.8 In view of the expected content of the implementation plan it is anticipated that it would not require a Strategic Environmental Assessment or Sustainability Appraisal, as these will have been conducted for the RS itself, but the Leaders' Board and RDA will need to take advice (from GO in the first instance) that the level of detail contained in the RS and implementation plan does not affect that assumption.

A good example of innovative thinking on implementation plans is in the East of England. EERA and EEDA are working collaboratively on development of a joint implementation plan for RES/RSS. This will align the targets and objectives of the RES and RSS and set out the critical interventions needed to meet these up to 2021 and beyond. The evidence base for this plan will also underpin the Regional Funding Advice response.

Monitoring

- 5.9 It is intended that the RDA and Leaders' Board will keep the regional strategy under review and publish an Annual Monitoring Report on its implementation, as it is an essential trigger for keeping the regional evidence base up to date and enables decisions to be taken on whether or not the RS should be reviewed (clause 75). The monitoring report will be a functional document that assists the RDA and Leaders' Board in work in relation to the RS, and is required on an annual basis on a date specified by the Secretary of State.
- 5.10 This requirement is not intended to substitute for the regular performance and accountability reporting by the RDA or any other public body. The new parliamentary Select Committees for regions and public accountability have a broad remit over regional issues. Government anticipates that one of the areas they will consider will be regional strategy, particularly monitoring the delivery of strategy and holding Government and regional agencies to account.

Measurement

- 5.11 As part of developing their working arrangements, regions must decide how to judge the success of the RS, and the approach will have to set out how impact will be evaluated, including policy interventions, and must be transparent. The process must distinguish between the measurement of organisational performance and the measure of indicators to monitor the success or otherwise of the strategy.
- 5.12 Wherever possible, policies should be quantified and output targets and specific and quantifiable indicators set. Output targets should have a trajectory so they can then be monitored over time.

Review of the strategy and implementation plan

- 5.13 The timing of review is flexible and for regions to decide on. However, it is expected that reviews are likely to take place approximately every five years, although Government may ask for a review to be undertaken earlier. The expectation is that implementation plans might be reviewed more frequently, in line with their shorter time frames.

Section 6

Transition issues

Moving from regional spatial strategy/regional economic strategy to regional strategy

- 6.1 The process for moving from existing RSSs and RESs to the regional strategy should be as seamless as possible. On enactment of the legislation the RSS and RES in force will become the 'regional strategy'. Paragraph 4.1 explains how the Secretary of State may direct to resolve any serious policy contradictions between the two strategies (clause 65). To avoid confusion, only the RSS elements of regional strategy would have status of statutory development plan steering planning decision-making during the interim until a revision has been prepared (clause 76).
- 6.2 In addition, clause 74 of the Bill provides that as much as the Secretary of State directs of any work currently underway on RSS reviews, or preparatory work for a regional strategy in advance of legislation, will count towards the new regional strategy when legislation is enacted.
- 6.3 Government expects the Regional Assembly and RDA to work closely together on preparing and agreeing the evidence base for RSS reviews even though the formal joint duty will not be in place so that emerging RSSs genuinely form a platform for the regional strategy.
- 6.4 Where required, regulations will be put into effect to address any outstanding transitional issues.
- 6.5 Local authorities, RDAs and Regional Assemblies should lead on drawing up a change management programme for their region. They will be advised and supported by Government Offices, along with the BERR/Communities and Local Government Transition team in drawing up, agreeing, and implementing a change management programme that is practical and achievable for their region. The flexibility given to regions means there can be no single blueprint for what a change management programme should look like. However, Government expects each change management programme to clearly set out a timetable for how regional partners will implement the changes needed to institutions, relationships and processes. Business Planning Guidance issued to regional assemblies by Communities and Local Government states that such plans should be worked up during 2009-10. To ensure that momentum is maintained in driving the transition

process we expect regional partners to bring such plans forward and to have agreed their basic structures in the change management programme by March 2009. Government has established an SNR Transition Steering Group with representatives from the LGA, RDAs and RAs to help in sharing best practice between regions on transition to new arrangements and helping to resolve issues. A set of answers to frequently asked questions about transition are available on the Communities website: <http://www.communities.gov.uk/citiesandregions/thesubnationalreview/> Also available, but at the planning, building and environment section of the website, are the technical amendments to Regional Planning Strategies (2004). The purpose of the technical amendments is to clarify guidance offered in PPS11: *Regional Spatial Strategies published in 2004*, to increase the administrative effectiveness of the guidance offered to stakeholders, prior to the introduction of arrangements for the regional strategy.

Annex A

Local and sub-regional documents and bodies

Sustainable Community Strategy (SCS)

The purpose of a SCS is to set the overall strategic direction and long-term vision for the economic, social and environmental well-being of a local area – typically 10-20 years – in a way that contributes to sustainable development in the UK. It is prepared by the local authority working with other partners within a Local Strategic Partnership (LSP). It should contain:

- the long-term vision based firmly on local needs, underpinned by a shared evidence base informed by community aspirations
- key priorities for the local area, based upon this vision, which may realistically be achieved in the medium term.

Local Development Frameworks (LDF)

A LDF is the folder of documents prepared by local planning authorities that outline the spatial planning strategy for the area. The LDF with the regional spatial strategy (to be replaced by the regional strategy in future) will determine how the planning system will shape each area. Locally prepared Documents are required to have regard to Sustainable Community Strategies for the area. As such the LDF is the 'spatial expression of the SCS'.

Local Area Agreements (LAA)

The LAA sets out the 'deal' between central Government and local authorities and their partners within the LSP to improve services and quality of life in a place. As such it is also the shorter-term (three years) delivery mechanism for a Sustainable Community Strategy at the upper tier level, and contains both designated and non-designated priorities with targets. The former must be based on the national indicator set.

In addition, legislation is contained in the Local Democracy, Economic Development and Construction Bill that will provide evidence and partnership contribution respectively to the RS:

Economic Assessment Duty. *Clauses 63-64 'Local authority economic assessment'*

All upper tier authorities will be required to carry out an assessment of the economic conditions of their area so they have a well informed and robust evidence base to inform local and regional strategies.

Economic Prosperity Boards. *Clauses 83-115 'Economic prosperity boards and combined authorities.'*

The Secretary of State will be able to establish corporate Economic Prosperity Boards across a group of local authorities for the purpose of economic development, where they wish to do so. This will be one of the options by which economic problems and challenges can be tackled collaboratively and at the right spatial level. Where this occurs, clearly the outputs will form an additional source of evidence when developing the RS.

Multi-Area Agreements

The Government has signed a number of Multi-Area Agreements, whereby groups of local authorities have come together on a voluntary basis to agree collective targets and performance indicators in relation to economic outcomes. Building on this, Part 7 of the Bill would enable the establishment of statutory MAAs.

Local Strategic Partnerships (LSPs)

LSPs are the overarching partnership of local (and in some cases regional) partners from public, private and third sectors that work together to agree priorities set out in Sustainable Community Strategies. In practice, many of these partners will be involved in agreeing targets in LAAs, MAAs and in Clauses 63 and 64 preparing local authority economic assessments.

ANNEX B

Current regulations in the Town and Country Planning (Regional Planning) (England) Regulations 2004 state that:

"general consultation bodies" means the following bodies -

(a) voluntary bodies some or all of whose activities benefit any part of the authority's area,

(b) bodies which represent the interests of different racial, ethnic or national groups in the authority's area,

(c) bodies which represent the interests of different religious groups in the authority's area,

(d) bodies which represent the interests of disabled persons in the authority's area,

(e) bodies which represent the interests of persons carrying on business in the authority's area;

"specific consultation bodies" -

(a) in relation to a local planning authority whose area is in a region other than London, means the regional planning body and the bodies specified or described in sub-paragraphs (i) to (x);

(i) Natural England)[\[9\]](#),

(ii) the Environment Agency[\[10\]](#),

(iii) English Heritage) [\[11\]](#),

(iv) Natural England) [\[12\]](#),

(v) Office of Rail Regulation and the devolved administrations)[\[13\]](#),

(vi) the Highways Agency,

(vii) a relevant authority any part of whose area is in or adjoins the area of the local planning authority,

(viii) a Regional Development Agency[\[14\]](#) whose area is in or adjoins the area of the local planning authority,

(viii) if it exercises functions in any part of the local planning authority's area

(aa) a Strategic Health Authority[\[15\]](#),

(bb) a person to whom a licence has been granted under section 6(1)(b) or (c) of the Electricity Act 1989[\[16\]](#),

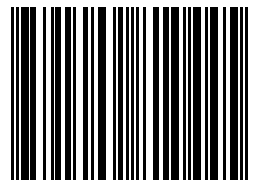
(cc) a person to whom a licence has been granted under section 7(2) of the Gas Act 1986^[17],

(dd) a sewerage undertaker,

(ee) a water undertaker;

ISBN: 978-1-4098-1044-5

ISBN 978-1-4098-1044-5



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