



Power shifts, promises and policy gaps: Will the Sub-National Review of England's regions ensure sustainable development in practice?

"Supporting jobs and growth or protecting the planet? It's a false choice...we must do both. This Government is committed to sustainable development...we can shape a greener, fairer and more prosperous future."

**Hazel Blears MP, Secretary of State, Communities & Local Government
Sustainable Development Action Plan 2007-08, January 2008**

England's political landscape changed at May 2008 local elections and more change is on the way if the Government proceeds with its Sub-National Review (SNR) and reforms how England's regions are run.

This briefing by some of England's leading environmental organisations has been produced to help you respond to the *Prosperous Places* consultation on the SNR which runs until **20 June 2008**.

Inside we explain the SNR proposals and where Ministers must provide more certainty that its plans will lead to genuinely sustainable development and sustainable, low carbon economies across England.

Part 1: sums up the *Prosperous Places* consultation on the SNR.

Part 2: describes the main proposals and what needs to change.

Part 3: give recommendations for use in any consultation responses.

Part 1: The SNR in seconds

The *Prosperous Places* consultation on implementing the SNR will concern you if you are interested in sustainable development, environmental quality, local and regional accountability and good policy and decision making. The document and website are:
<http://www.communities.gov.uk/publications/citiesandregions/prosperousplaces>
<http://www.bmgresearch.co.uk/SNR-Consultation/KMS/news.aspx>

In the SNR the Government proposes to:

- **Boost regional economies** and, in turn, the UK economy with the over-riding aim of achieving the Government's central economic objective of 'high and stable rates of economic growth';
- **Shake up regional governance in England** (excluding London) as a way of achieving this primary goal; this will change the way England's regions are run and who controls key environment, social and economic decisions including spatial and land use planning decisions at regional and local levels;
- **Replace the eight Regional Assemblies** outside London and hand powers and leadership to the business-led Regional Development Agencies (RDAs). RDAs will develop a single strategy directing economic, social and environmental decisions and spending in each region;
- **Strengthen the role of local councils** by setting up local authority leader forums in each region to inform the regional strategy and by requiring councils to carry out economic assessments of their areas, and,
- **Achieve a 'better alignment of economic and spatial planning'**.

At the same time Ministers also say the changes will help to close the economic divide between regions, support 'sustainable economic growth', '...contribute to growth, jobs and wealth in a low carbon economy' and uphold 'the principles of sustainable development at the heart of our plans for Britain's future'. This is an ambitious and potentially contradictory agenda of economic growth on one hand and a shift to low carbon sustainable economies on the other.

Welcome words lacking conviction

Parts of the *Prosperous Places* consultation are welcome such as suggestions that the changes are intended to deliver 'sustainable economic growth' and to advance sustainable development. Ministers should spell out how the changes will deliver low carbon economies and sustainable development in practice, not just in principle. This would allay concerns over the true intentions behind the SNR given:

- The current primacy of the Government's economic growth objective over other social and environmental aims;
- The Government's 'alignment' of land use planning to deliver its main economic objectives; and,
- Plans to give the RDAs control over spatial and land use planning which they have little or no experience of dealing with.

Ministers say they want to implement reforms 'in a way that ensures we achieve growth that is environmentally sustainable and makes the transition to a low-carbon economy' (page 3). Yet the reforms could result in types of economic activity, large scale infrastructure and physical development pressures which will lock-in high carbon and other unsustainable trends. The Government must demonstrate how, and be more explicit that its reforms will, secure the former not the latter.

Ministers have high expectations of what the SNR will achieve and the key proposals of the *Prosperous Places* consultation are to:

Economic thrust

- 1 Achieve 'high and stable rates of economic growth' in each region.
- 2 Deliver the Government's economic and housing growth objectives which it regards as the keys to the future prospects of all regions.

Sustainable economies and development

- 3 As well as boosting economic and housing growth Ministers also expect the SNR reforms to deliver on an ambitious agenda to:
 - 'support sustainable economic growth';
 - 'contribute to growth, jobs and wealth in a low carbon economy';
 - '...reduce the disparities between the regions', a persistent and intractable economic challenge to date;
 - 'lead to better decision-making, better integration of economic, social and environmental goals'; and,
 - keep 'the principles of sustainable development at the heart of our plans for Britain's future'.

New power structures and duties

- 4 Simplify regional structures by phasing out Regional Assemblies and transferring their functions to Regional Development Agencies (RDAs).
- 5 RDAs will develop a 'single integrated regional strategy' combining land use and spatial planning, transport, housing and economic development etc.
- 6 The RDAs will have a 'regional economic growth objective to focus attention on how best to raise growth and increase prosperity'.
- 7 Local authorities (unitary and upper tier councils) will have a new statutory economic assessment duty.

Planning as an economic tool

- 8 Align the land use planning system with the Government's economic growth objectives to follow through on its controversial planning reforms which will remove people's meaningful rights to influence the planning in their area.

Accountability and scrutiny

- 9 Require local authorities to 'assess the economic conditions of their local areas' as part of councils helping to draw up the RDA's strategy.
- 10 Councils will be able to bid for funds from their region's RDA for projects and schemes to boost their local economy.
- 11 Regional Ministers have been appointed (July 2007) to provide a degree of democratic accountability and to have an overview of the RDAs in place of indirectly elected Regional Assemblies.
- 12 Proposes new Parliamentary scrutiny arrangements for the regions.
- 13 'Ensure people have a meaningful say...with effective opportunities to influence regional planning' (page 4, Ministerial Foreword). Currently the proposals sideline some civil society stakeholders in the new arrangements.

Part 2: Key concerns

1. The Government's focus on economic growth above all else

Unbalanced objectives

Under the SNR the priorities for RDAs and local authorities will be to deliver economic and housing growth. Currently the proposal is for these two objectives to stand alone as the over-riding priorities set by the Government for regions to meet.

Ministers could have balanced these with equally high level objectives high level priorities on reducing regions' climate change emissions and 'ecological footprints'. Ministers may say that integration of their economic and housing growth objectives with climate and sustainable development (SD) is implicit in their SNR proposals. If this is the case and integration is central to the Government's thinking Ministers should have no reason not to set carbon or other environment priorities alongside their centrally driven economic objectives for each region. If the Government is serious about sustainable development why leave this to chance?

Planning for sustainable development

The Government proposes to use land use planning as a tool to deliver economic growth: "The RDAs will lead on the development of the regional strategy, ensuring economic development and spatial planning are closely aligned" (page 20, para 3.3).

The fundamental purpose of planning (as stated in Planning Policy Statement 1 (PPS1)) is to balance social, environmental and economic factors to secure outcomes that benefit society generally and improve people's quality of life. The focus on economic growth contradicts this and the Government's own commitments to integrated sustainable development set out the UK Sustainable Development Strategy: *Securing the Future* (2005) and *Securing the Regions' Futures* (2006).

Inadequate measures of progress

The Government is continuing to use GVA Growth (Gross Value Added) as the lead measure of success. GVA is a blunt measure which does not adequately track real improvements in quality of life or environmental decline caused by unsustainable economic activity.

Research into life satisfaction increasingly shows that in developed countries there is no reliable correlation between GVA per head or Gross Domestic Product (GDP) and life satisfaction. This was highlighted in a 2002 report by the Strategy Unit of the Cabinet Office which showed that although household income in the UK had increased substantially from 1973 to 1997, the proportion of those who are fairly or very satisfied had risen only marginally over the same time period."

Ref: Cabinet Office (2002) *Life Satisfaction: the state of knowledge and implications for government*
<http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/strategy/paper.pdf>

Relevant wording from the SNR consultation:

Page 29, para 4.8: "Each region will set **a regional economic growth objective to focus attention on how best to raise growth and increase prosperity.**"

Page 30, para 4.11: "The Government will, however, be looking for the regions to **develop strategies which, while meeting these objectives, do so in a way which secures an integrated approach, without prejudicing other Government priorities.** For example, the Stern Review highlighted the strong **economic case for taking action on climate change** as well as the opportunities that arise from **decoupling growth from greenhouse gas**

emissions. In setting out the long-term vision for sustainable economic growth and housing supply – alongside key strategic transport and other infrastructure – it will be vital that regional strategies ensure this is done in ways that support the move to a low carbon economy, delivers the objectives set out in the Climate Change and Energy Bills, and is in line with the recently issued Planning Policy Statement on Climate Change.”

Page 31, para 4.13

Each region will need to determine its priorities to achieve sustainable economic growth and development over the period of the plan. In terms of policies and spatial priorities we propose that every regional strategy should cover:

- an overview of the key regional challenges over the plan period;
- how **economic growth can best be delivered** having regard to employment and the **key drivers of productivity as well as regeneration**;
- a distribution of housing supply figures as well as targets for affordable housing and achieving quality homes for all, including vulnerable and socially excluded people;
- **how the region would manage the risks and opportunities of unavoidable climate change, achieving development in a way which is consistent with national targets for cutting carbon emissions**;
- those areas within the region identified as priorities for regeneration investment and intervention; and
- strategic requirements and **provision for transport, waste, water, minerals, energy and environmental infrastructure**, insofar as these are not already specified in national policy.

2. The lack of a strong Sustainable Development duty for RDAs

The consultation document is too vague about how the principles of sustainable development (SD) will be delivered in practice. Ministers have also specifically avoided strengthening the RDA's current statutory duty under which the RDAs are required to address sustainable development only 'where applicable'.

On this basis we have to take on trust that economic and housing growth will align with SD principles and practice. There are few grounds for such trust given the findings of the report *How Green is My Region?* (CPRE, WWF-UK, Friends of the Earth, July 2007). See: www.foe.co.uk/england/news/how_green_is_my_region.html

Relevant wording from the SNR consultation:

Page 20, para 3.4: "Contributing to the achievement of **sustainable development is already a core principle of existing RDA legislation**, and of legislation on regional planning. We intend that **this should remain the case under the new arrangements.**"

Page 24, para 3.23: "The new arrangements will need to be capable of formulating regional priorities in respect of housing, transport, skills, business support and other matters to create the conditions for business and communities to flourish."

3. New Sustainable Development Frameworks

The consultation proposes that Regional Sustainable Development Frameworks should be drawn up for use in each region to help assess the single integrated regional strategies devised by the RDAs and local authorities. In some regions this has already started suggesting some national monitoring of RDAs / regions is being considered as recommended in the report, *How Green is My Region?* (See 2 above).

However, the consultation is hazy at best about how SD frameworks will be used to ensure the RDAs and their single strategies advance environmentally sustainable development. Only if the SD frameworks become *the* benchmark to monitor the RDA performance and the direction of each region will they have any meaningful value and, for this to happen, the frameworks should have statutory status.

The consultation needs to spell out whether a new national framework will really be developed? If so how and when will this happen? Crucially, will it contain a powerful measure or metric to serve as an alternative to the standard measure of economic growth, Gross Value Added (GVA), and to better reflect wellbeing in the regions? What will happen to the existing regional frameworks?

Relevant wording from the SNR consultation:

Page 24, para 3.22: “each region has set up a regional skills partnership and a science and industry council, while **most regions also have a sustainable development champion body.**”

Page 33, para 4.20, 4th bullet point “Government would work with RDAs, local authorities and stakeholders to develop **a single national core sustainability framework against which all regional strategies can be appraised.**”

4. Regional Investment Priorities (RIPs)

Regional Funding Allocations (RFAs) based on RIPs are proposed to be geared toward transport, housing and economic development budgets especially in the Government’s growth areas. There is no mention of how the selection of funding priorities will ensure sustainable development delivery; again the Government may say that this is implicit but this is unconvincing and inadequate. If the intention is to deliver sustainable development this should be made explicit, sanctionable and not left to interpretation.

Relevant wording from the SNR consultation:

Page 26, para 3.31: “The Government intends this **second round** (of Regional Funding Allocations) **will be launched in the summer and include the following additional funding streams:** further transport streams to enable regions to provide wider advice on priorities for supporting regional and local transport (ref to footnote on Eddington review); European Regional Development Fund (ERDF); and housing and regeneration delivery in the “growth areas”...”

“By asking regions to advise on how these funding streams should be aligned and prioritised, RFA advice will support the development of the regional strategy and ensure it translates into regional investment priorities.”

5. The new roles for local authorities

Potentially contradictory roles

Local authorities in each region will have a potentially contradictory role; on one hand informing the development of the RDA-led regional integrated single strategy (and submitting evidence to influence this) and on the other hand seeking funding from their region’s RDA for local council priorities.

There are also concerns that local authorities could use their proposed heightened role in regional decision making to demand priority and funding for pet projects such as road schemes, which may have significant environmental effects.

New economic assessment duty

The proposed new legal duty for local authorities to perform an ‘economic assessment’ is unlikely to deliver sustainable development or meet the wide range of local and regional needs and objectives. Having a strong evidence base to inform policy development in each region is essential but a duty to assess economic conditions is inappropriate in the absence of assessments or similar improvements to the evidence base regarding social and environmental issues.

The new duty would not “build on” existing powers from the Local Government Act 2000 (for Local Authorities to promote the economic, social or environmental ‘well-being’ of their area), it would severely unbalance the use of those powers by de-prioritising the other elements and thereby undermining the efficacy of the single integrated regional strategy as a planning document.

Local authorities will continue to promote economic development as they do now, for example through their Local Area Agreements (LAAs) but in a way that promotes sub-regional collaboration where appropriate and in line with the RDA’s regional strategy. In the future, Multi Area Agreements (MAAs) and the role of larger city regions will also provide an important lever for achieving this.

Relevant wording from the SNR consultation:

Page 20 (and 21), para 3.7: “Local authorities will play an **increasing role in this delivery**, with a proposed **legal duty to assess their economies** and the ability to act with neighbouring local authorities to tackle common problems. **Local authorities will be closely involved in preparing the strategy, which a regional forum of local authority leaders will sign-off on behalf of all local authorities in the region.**”

Page 22, para 3.13: “Local authorities will work with the RDA to develop and agree the draft strategy and its delivery. The aim is for the RDA and **local authorities to achieve co-ownership of the vision** for each region and its delivery. **Local authorities will also have a role in holding to account the RDA and its regional delivery partners.**”

Page 23, para 3.20: “Local authorities, in addition to their new role in contributing to the development and implementation of the regional strategy, have **existing scrutiny powers which can be applied to RDAs and other government agencies at local level**, as well as to their own executive members. With the abolition of regional assemblies, **local authorities should develop new arrangements for exercising their scrutiny powers at regional level through the leaders’ forum.**”

Page 45, para 5.35: “The SNR recognised that some sub-regions may wish to go beyond MAAs and other existing mechanisms for sub-regional collaboration. Some sub-regions have already established joint committees to strengthen partnership working. However, there may be advantages in strengthening the statutory basis for sub-regional collaboration where there is demand from local authorities and it is appropriate to do so.”

6. Role of stakeholders including environment and social partners

The consultation is vague about the role of stakeholders other than business interests who already have a close relationship with, and influence over, the business-led RDAs.

Relevant wording from the SNR consultation:

Page 24, para 3.22: “**The new arrangements for the regional strategy place a premium on effective stakeholder engagement and management...**”

Page 28, para 4.3: “Combined with future regional funding allocation rounds and the regional economic performance PSA, the strategy will result in a stronger alignment between national and regional spending plans. Given this, **businesses in the region will want to engage actively with the RDA and other partners in helping to develop the strategy.**”

Part 3: Recommended responses

Here we recommend how to respond to the SNR consultation.

1. Make 'sustainable development' the principle purpose of the new arrangements

Ministers must show that the Government is serious about integrating economic, social and environmental considerations by making sustainable development the main purpose of any reforms.

After all, in its sustainable development strategy *Securing the Future* (2005) the Government's twin objectives for sustainable development are stated as achieving a strong, healthy and just society and living within environmental limits through the use of sound science, good governance and a sustainable economy. This helps to position sustainable economies as a means rather than end objective.

2. Match economic with environmental objectives

To demonstrate the primacy of delivering sustainable development in the regions the Government must match its current central economic objectives for the regions with clear requirements on environmental aims such as climate or eco footprint reduction.

These should sit above and guide the Government's current proposed priorities of economic and housing growth which the proposals currently require regions to meet. New sustainable development metrics must provide a sharp focus.

Doing this would send a strong signal that the Government is serious about delivery of sustainable economic development and sees this as a departure from current patterns of economic activity which tend to cause and rely on environmentally unsustainable effects.

These changes are necessary to put into practice the very welcome stated aim (page 15, paragraph 2.3 of the *Prosperous Places* consultation) that:

“To make further progress on **promoting sustainable growth**, every spatial level must be able to respond effectively to the challenges and opportunities presented by globalisation, rapid technological change, and the need to tackle climate change and carbon emissions.”

This relates to the Government's own Public Service Agreement target (PSA7) on regional economies in which the Government has, for the first time, defined 'sustainable growth' 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.”

3. Replace RDAs with RSDAs possessing strong new sustainable development duties

The RDAs should be re-styled as 'Regional Sustainable Development Agencies' (RSDAs). This would reflect how RDAs need to change from being purely economic focused to delivering sustainable development and, as such, treating economic, social and environmental issues equally and together.

The RDAs' current sustainable development duty is too weak. The RDAs / RSDAs should have a new and improved statutory duty on sustainable development which will lead to scrutiny on this by ministers, Parliament and the public. A clear, new duty will help the RDAs / RSDAs be 'fit for purpose' when they take over from Regional Assemblies particularly given their control of land use planning and spatial development.

4. Make Regional Ministers responsible for ensuring sustainable development and civic engagement

The new regional ministers should have an explicit role within their remit to ensure that sustainable development is delivered in practice and to ensure proper engagement of civic society in regional policy and formation of strategy (see recommendation 7 below). Alongside this ministerial responsibility for regional sustainable development a similar requirement should also be placed at a high cross-cutting level within central Government.

5. Clarify the role of local councils

The Government must set out the safeguards, procedures and mechanisms which will help local authorities to carry out potentially conflicting dual role of scrutinizing the RDAs (RSDAs) at the same time as seeking funding from the RDAs (RSDAs).

This also needs to apply to the fact that much of the regional strategy will be delivered by local authorities on behalf of their RDA (RSDA). There should be independent scrutiny and quality involvement of 'stakeholders' to ensure confidence in the role played by local authorities.

Consistent with the need to deliver sustainable development including and not dominated by economic aims, the proposed duty on local authorities to carry out economic assessments of their areas should be matched by local authority social, 'well being' and environmental duties.

The role of sub-regional collaborations of local authorities in line with the regional strategy needs clarification. In the future, MAAs will provide an important lever for achieving this. MAA's could focus on important issues such as reducing carbon dioxide emissions or regional ecological footprints, rather than focusing purely on economic growth.

6. Ensure independent scrutiny of regions

Before the SNR implementation is completed the Government must bring forward clear plans for how and which bodies will appraise the regions, the role of the RDAs and local authorities; whether its own role, that of Parliament, statutory agencies, UK SD Commission or another independent body.

7. Establish and police minimum good practice standards for civic engagement

Since Regional Assemblies and RDAs formed some good practice has been built up in how to engage community and voluntary sector interests including economic, social and environmental partners in the development and scrutiny of proposed regional policies and strategies. The RDAs (RSDAs) should build on this experience and ensure that they have robust ways of engaging with stakeholders both to ensure good governance and strategy formation and to inspire confidence in the Government's intentions and the RDAs (RSDAs) themselves.

As part of ensuring 'fit for purpose' environmental engagement in the post SNR regional arrangements the Government should develop a set of minimum standards. These will be critical to the success of the new arrangements, will help avoid duplication of effort and assist building of confidence in the RDAs (RSDAs).

The following standards are recommended as currently RDAs, regional Government Offices and many non-environment-centred regional institutions lack any, enough, or the right environmental skills, specialists, or advocates to effectively understand and then engage with environmental priorities and delivery.

None of this says the potential to fill these capacities is not already available, it is just not organised in this way at present. In most regions there are thousands of people working in the environment sector, both in the state organisations and in the NGO groups, but equally in most regions they are poorly organised. For these reasons, each region should have (the minimum standards):

1. **A strong and identifiable network of environmental interests**, with the right capacities to be effective. This will depend on a coordination and collaboration function. The regional network (aka 'regional link group') needs to work effectively both at an internal environmental sector level, and to provide a single face for external regional actors. The network must include the statutory environmental sector, but it must equally be independent.
2. The networks' capacities need to be sufficient to support a small set of **regional environmental advocates**. The network should be the credible source of **environmental representatives** in any regional stakeholder groupings that replace the Regional Assemblies' current SEEP (social, economic and environmental) representative arrangements.
3. A single **regional environmental policy unit** to parallel that of the economic, housing, social welfare (e.g. health), etc. This can be shared, or virtual, but is a key part of any regional infrastructure for effective environmental impact. The unit should service the advocates.
4. A shared **regional environmental priorities statement** which is regularly refreshed, and excellently communicated.
5. An **evidence and information function** (aka the environmental module of many Regional Observatories) that is the single point of entry to environmental data, trends, information and expert commentary on these. These will be essential to inform RDA's (RSDAs) regional strategies and decision making and could build on the current evidence base and tools, supporting networks (e.g. SCPnet: www.scpnet.org.uk)
6. A focus on **the operational aspects of delivery** by regional institutions including the new RDA (RSDA) against the regional environmental priorities, both in terms of the sector itself (including the agencies) and how others are performing. An environmental scrutiny function that tells it like it is, to every critical receptor (regional scrutiny committees etc).

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