

The Sub-national Review of Economic Development and Regeneration: Exploring Whitehall's motivations for regional reform

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KEY POINTS

- The Sub-national Review of Economic Development and Regeneration (SNR) was a Treasury led process, involving wide consultation with stakeholders at all governance levels.
- A SNR Cross Whitehall Programme Board was set up to guide discussions. Most departments with a presence in the Government Offices (GOs) were involved, apart from the Department of Health (DoH) and Home Office (HO).
- A number of motivations underpinned proposals in the SNR, including (i) a desire to respond to globalisation (ii) reduce economic disparities (iii) simplify regional structures and streamline decision making and (iv) address the democratic deficit in the regions.
- SNR proposals include plans to (i) abolish Regional Assemblies (ii) strengthen Regional Development Agencies (RDAs) (iii) introduce a Single Regional Strategy (SRS) that takes account of regional economic, environmental and social considerations (iv) provide Local Authorities (LAs) with new powers for promoting economic development and (iv) introduce Regional Ministers and Select Committees to improve regional accountability.
- Although the SNR is about simplification and streamlining there are huge complexities involved in the implementation of the reforms.
- The reforms could result in turf wars between individual LAs and between groupings of LAs and RDAs. Constant institutional repositioning could threaten existing structures and goodwill between stakeholders.

INTRODUCTION

As part of the 2007 Comprehensive Spending Review (CSR), the Chancellor announced that the Government would undertake a review of sub-national governance structures in England. The review's remit was to explore ways of improving economic planning and decision-making processes at the regional level. It has been a Treasury led process, involving close working with other Whitehall departments, regional bodies and stakeholders at all governance levels. The SNR was published in July 2007 and represents the most significant statement yet of the Government's intention for the English regions.

Based on interviews with senior Whitehall officials between Summer 2007 and Spring 2008, this briefing paper explores (i) government motivations behind SNR reforms (ii) SNR proposals and (iii) the implications for regional institutions and policies.

GOVERNMENT MOTIVATIONS BEHIND THE SUB-NATIONAL REVIEW

Prior to publication a 'SNR Cross Whitehall Programme Board' was set up to guide discussions. The group involved the Treasury, Departments for Business, Enterprise and Regulatory Reform (DBERR), Communities and Local Government (DCLG), Work and Pensions (DWP), Culture, Media and Sport (DCMS), Environment, Food and Rural Affairs (DEFRA), Transport (DfT), Innovation, Universities and Skills (DIUS) and Children, Schools and Families (DCSF). Interestingly, the DoH and HO were not part of these negotiations, feeling that their regional remit was not sufficient enough to warrant contributing. A number of key motivations underpinned the proposals in the SNR, including:

- *Responding to globalisation.* The government believes that regions and localities need to build on their indigenous assets so that they can respond quickly to changing economic circumstances.
- *Tackling economic disparities.* This is essentially focussed at two levels (i) to reduce disparities between regions and (ii) tackle disadvantage in Neighbourhood Renewal areas.
- *Simplifying structures and streamlining decision making.* As a Treasury official stated 'the SNR was born out of a desire to get to grips on all of the initiatives and devolved decision making arrangements that the Government has introduced since 1997'.
- *Devolving further responsibility to the sub-national tier.* It was accepted that any new settlement aimed at decentralising further powers would have to be matched with efforts to ensure greater accountability.
- *Addressing the democratic deficit.* It was widely felt across departments that existing regional structures were not adequately accountable. A Treasury official explained that 'Regional Assemblies do not address the democratic deficit in the regions and there was a need to look again about how to improve accountability to the regional tier'.

SUB-NATIONAL REVIEW PROPOSALS

The SNR contained a range of proposals which potentially have far-reaching implications for the future development of the regional tier. These include:

- *The abolition of Regional Assemblies by 2010.* Strategic planning, transport and housing functions are to be transferred to the RDAs. However, support within Whitehall was mixed. For example, DCLG's preferred position was to maintain the Assemblies, while DWP officials expressed a desire to abolish RDAs, which they saw as operating 'at odds with national policy'.
- *New roles and responsibilities for RDAs.* RDAs are to be responsible for preparing a Single Regional Strategy (SRS) that sets out the economic, environmental and social objectives for each region. The SRS will be signed off jointly by the Secretaries of State for DBERR and DCLG. Nonetheless, there appears to be some confusion in Whitehall about these arrangements. Treasury, DBERR and DCLG officials were absolutely clear that DBERR has control over the economic and DCLG over the spatial elements. However, interviews with DEFRA and DWP officials indicated that they viewed the SRS as requiring more of a 'cross-departmental sign-off'.
- *An enhanced role for Local Authorities (LAs).* LAs are to be strengthened and given better incentives to work with their local partners to deliver improved performance on economic development and neighbourhood renewal. LAs are to be consulted in developing the SRS, although the wording of the SNR does not offer them a veto.
- *The creation of Multi-Area Agreements (MAAs).* Groupings of local authorities are to come together on a voluntary basis for three year periods to agree collective targets and performance indicators, rather than having individual targets in separate Local Area Agreements. A DCLG official suggested that MAAs would mostly involve city regions, although 'that term is not being used as it is seen to marginalise peripheral and rural areas'.
- *Increased regional accountability.* In addition to the enhanced role of LAs, the SNR identifies the role of Regional Ministers and Regional Select Committees. However, the design and role of committees has yet to be finalised and Regional Ministers were perceived by a DCLG official as 'championing the government in regions and addressing barriers to delivery. They are not there to lobby central government on the regions' behalf.'

IMPLICATIONS FOR REGIONAL INSTITUTIONS AND POLICY

- The SNR arguably provides the clearest statement yet of the Government's intention for the regional tier - English regionalism is about economic development. While economic productivity has always been a core driver of English regionalism, the Treasury-led SNR gives it greater prominence.
- Although the SNR was borne out of a desire to promote simplification and flexibility, there are some complex issues and contradictions that require further attention.
- SNR reforms present an opportunity to rectifying some of the current weaknesses in English regional structures but they also harbour new dangers in the form of local authority turf wars and the marginalisation of economic and social interests.
- There is a danger that constant institutional repositioning could threaten existing collaborative structures and goodwill between stakeholders and governance tiers.
- The SNR will undoubtedly result in winners and losers but until regional and local actors begin to digest and put in place new working arrangements it is impossible to accurately predict the full implications.

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For more information see the project website at www.bristol.ac.uk/sps/regionalism/default.shtml