



Briefing paper on: Local Democracy, Economic Development and Construction Bill

Commission for Rural Communities (CRC) – key messages:

- The proposed new economic assessment duty on local authorities is welcome. But parish and town councils deserve (on behalf of their local communities, businesses and partnerships) to be statutory consultees alongside others. The Bill should be amended accordingly.
- There should be a requirement on the new Regional Strategies to be Rural Proofed. 'Rural Proofing' is a Government commitment and this should be reflected within guidance on the new Regional Strategies.

Introduction

This Bill aims to promote local democracy and economic development and to devolve greater power to local government and communities.

Part One (Democracy and Involvement)

The CRC supports the proposed duties on local government to promote democracy and to respond to petitions. These proposed duties build on the good practice evident in much of local government already.

In 2008 the CRC published the results of a national inquiry into the role of rural councillors. This explored the opportunities and challenges for rural councillors in bringing decision-making closer to their communities. Our inquiry resulted in ten recommendations for action. One of these supported proposals for strengthening petitioning within local democracy and we are pleased to see this being taken forward in this Bill.

Part 2 – Local Authorities: Governance and Audit

The CRC supports these proposals to establish joint scrutiny committees between county and district councils. These joint committees would have powers to support the scrutiny of partners signed up to delivering targets within Local Area Agreements. These proposals should support stronger local scrutiny and accountability in rural two tier areas.

We are also aware that the National Association of Local Councils (NALC) is promoting amendments to the Bill to modernise and protect the efficiency of parish and town councils. They believe that measures need to be taken to ensure that local councils are not vulnerable to vexatious objections to their accounts, in the form of a safety net (of a required minimum number of objectors), against malicious and vexatious objections.

The NALC are also seeking recognition of the need to remove rules which mean that parish and town councils can only make payments by cheque. This would then allow the use of debit cards,

BACS and CHAPS under controlled circumstances. This proposal commands wide support and has the backing of both the Audit Commission and the Society of Local Council Clerks.

We think that both of these proposals have merit and would help improve the management of parish and town councils on behalf of local people.

Part 4 – Local Authority Economic Assessments

The CRC supports this proposed new economic assessment duty being placed on local authorities. We feel that this builds on much existing good practice. We feel that it would underline the centrality of elected local authorities in leading and responding to economic development challenges within their localities.

The duty should not include any presumption that the focus should be on *the* local economy of the local authority area. In our view any such an assumption is flawed. Particularly in more rural areas the focus should be on 'local *economies*'. This would recognize (a) that administrative areas do not generally reflect functional economic identities and (b) particularly for large geographic administrative areas (such as shire counties and unitaries), this is particularly and obviously the case.

We think there is a case for some focus on localised economies and their interrelationships and needs, for example on market and small towns, coastal strips, strings of communities along valleys and/or transport corridors. This is a point well recognised by the Local Government Association. In their report 'Productivity and place – economic performance in remote areas' (LGA, 2007) they acknowledge that 'market town structures are the key economic drivers of productivity in non-urban areas'.

Most market towns have active town partnerships which initiate and often manage economic planning and initiatives for their towns. Their town councils (which are legally within the 'parish council' class of local authorities) are essential members of these town partnerships.

A particular feature of local democracy in rural areas is the existence of parish councils. These are statutory local authorities which represent the interests of thousands of communities across the country. There are approximately 8,500 parish councils in England (and 80,000 local councillors). They have powers to raise their own precepts, and serve electorates ranging from small rural communities to medium sized towns and cities. They are the first tier of local government and provide employment for over 25,000 staff, while their annual expenditure is in the region of £600 million.

Town councils are the largest of our parish councils. Examples of communities represented by town councils include: Stowmarket, Yeovil, Oswestry, Salisbury, East Grinstead, Chichester, Devizes, Pershore, Bodmin, Truro, Clitheroe, Skegness, and Dunstable.

These parish and town councils equally deserve (on behalf of their local communities, businesses and partnerships), to be statutory consultees in the preparation of the new economic assessments alongside other named partner authorities. They will have much of value to contribute to the proposed new local economic assessments. Arguably, this is especially the case given their local democratic mandate compared to the appointed nature of most of the other listed named partners.

Both the National Association of Local Councils (NALC) and Action for Market Towns (AMT) are supportive of such an amendment.

Part 5 – Regional Strategies

The CRC supports the proposed joint responsibility for preparing Regional Strategies between Regional Development Agencies (RDAs) and new Leaders' Boards of local authority leaders.

However, some rural interests and local authorities have expressed concerns that the RDAs are not sufficiently interested in the development of local rural economies. The CRC does not feel there is sufficient evidence to show whether this is or is not the case. Certainly, we know that RDAs can point to examples and evidence of their support and investment into rural economies. We feel they could do more to demonstrate to local people and local authorities the extent of and success of their rural investments.

We also recognise that, uniquely, each RDA is required to have at least one Board member with experience of rural living or rural economic activity. This was an important aspect of the legislation establishing the RDAs some ten years ago.

Similarly, there are concerns from some rural interests (including from some local authorities) that the new Leaders' Boards may become rather exclusive clubs where the big urban authorities may exclude the views and needs of smaller and more rural authorities (including district councils).

Finally, it is also the case that many rural interests (including some local authorities) have concerns that the new Regional Strategies may not reflect the needs of rural communities and economies.

The CRC believes that the new Regional Strategies should be *required* to be Rural Proofed. 'Rural Proofing' is a Government commitment. It requires that as policy is developed and implemented, policy makers should: think about possible differential impacts in rural areas; assess what these might be; and then make appropriate adjustments.

We think this requirement should be reflected within the guidance on the new Regional Strategies being prepared by the Government. We would like to see a clear statement in the guidance of the Government's expectation or requirement that the Regional Strategies will be rural proofed. This responsibility should be placed jointly on the RDAs and the Leaders' Boards. It should be a requirement that runs through the whole strategy process, for example from preparing and collecting the supporting evidence base through to the development of policy options, and through all relevant consultation processes and onwards to implementation and review and monitoring.

It is worth asking 'why' amongst all the different geographies of England should 'rural' get special treatment?

The Government is committed to Rural Proofing as a matter of equity. England is a highly urbanised society. But approaching 20% of the population live in rural areas. Yet population sparsity creates challenges for efficient delivery. For example, relative lack of scale economies, access and transport challenges. The nature of deprivation can also be different. Typically rural poverty is scattered rather than concentrated. Recent research published by the CRC shows that only 2.4% of deprived English areas are in rural England yet 17% of all deprived households are rural households.

Rural proofing should not be about rural special pleading, or about urban versus rural. Rural proofing does not mean that rural communities and interests get exactly what they want. Rural needs and circumstances have to be weighed in the balance alongside other needs and circumstances.

Part 6 – Economic Prosperity Boards and Part 7 – Multi-Area Agreements

The CRC is aware that some rural interests and local authorities have concerns that the Economic Prosperity Boards (particularly where these are City Regions by another name) will squeeze out attention and funding to rural areas. This would be regrettable, especially at a time when the *potential* for rural economies should be at the forefront of our thinking and planning to respond to and recover from the recession.

Assessment of financial and other impacts

It should be noted that the often complex local governance arrangements in shire England – involving districts, towns/parishes and also involving nine new unitary authorities, and complex economic geographies spreading across local and regional administrative boundaries – will all involve their local authorities in additional costs.

These ought to be reflected in the impact assessment and in consequential resource allocations.

June 2009