

some commentators and journalists that reports of the concept's demise, prevalent at the time of the white paper's publication, were greatly exaggerated. "Those who said that were wrong," he says.

With city-regional devolution now a Treasury-endorsed prospect, what's next? In his speech to the House of Commons, local government minister John Healey spoke of creating "powerful city-regions" to which the Government could devolve more powers in the future. Greater Manchester is arguably the city-region best placed for such a move and could launch its senatorial authority ahead of other interested conurbations, such as Greater Birmingham or the Tees Valley.

Manchester has a history of joint working through the Association of Greater Manchester Authorities, and is in discussions with Whitehall on the democratic structure behind its proposed body. "We are already talking with Government about more formal arrangements," says Leese. "And my discussions with civil servants tell me they are up for it."

"Greater Manchester is arguably the city-region best placed for such a move"

though the Government has yet to say how these will work. But a spokesman for the Department for Communities and Local Government, says councils will be unable to veto RDAs' draft strategies. "The current thinking is that, if no agreement can be reached between councils and RDAs, then ultimately the secretary of state will arbitrate," he says.

This puts the power firmly back in the lap of central government. Which does not say much for its professed desire to kick-start regeneration by devolving power to local government.

Paul Raynes, Local Government Association programme director, says: "Clearly if this is the case, it gives less democratic accountability than at present. If councils can't reject a strategy they disagree with then this won't be a package we can support."

Brown reveals his local economic masterplan

REGIONAL DEVELOPMENT The release of the Treasury's economic review marks a shift of policy that aims to put Britain on a more even keel, says Adam Fineberg

Last week's publication of the sub-national review charts the Brown government's scenario for the sustainable economic development and regeneration of local areas. The process of policy development has been rooted in the Treasury for several years and stems from concern over the plethora of roles, responsibilities, and structures currently in place to revive deprived areas.

In 2003, a Treasury report focused on the role that local authorities have in the economic development of their areas, the success of their regions and, ultimately, the prosperity of the UK. Then in 2005, Number 10's Strategy Unit published a deprived areas review detailing measures to be implemented to strengthen local economies and improve public service delivery.

As chancellor, Gordon Brown commissioned the sub-national review at the beginning of 2006. Around the same time, then communities and local government minister David Miliband said "strategic leadership requires the local authority to put itself at the centre of a local coalition for change, involving other public services, the private sector and the voluntary sector".

This year's local government white paper, which followed on from last year's Lyons review of local government finance, drew together key developments in the field. It called for:

- "Local government as a strategic leader and place-shaper."
- A duty for councils and other local partners to work together to agree priorities in local area agreements: deals giving local bodies greater control over the distribution of central government funding.
- Local authorities to be able to choose 35 out of 200 targets for the second phase of local area agreements from 2008, enabling them to tailor their targets to focus on local needs and issues.

And now the sub-national review. The review outlines the Government's plans to devolve both powers and responsibilities to encourage economic growth and tackle deprivation. The intention is to empower all local authorities to promote economic development and neighbourhood renewal, with greater flexibility, stronger partnership working and cooperation from other agencies. It proposes giving councils more financial incentives for achieving economic growth and ensuring that disadvantaged areas contribute to and benefit from that growth.

In practice, this means that councils will take a lead role in their area, creating a coalition for growth by working with local strategic partner-

Key recommendations

The sub-national review's recommendations include:

- An enhanced role for local authorities in leading economic development at the local level through the provision of new powers and incentives.
- Clarity about local economic objectives, with clear targets for local area agreements and neighbourhood renewal, and a duty for public service bodies to cooperate locally.
- A greater role for the private sector locally, facilitated by attempts to revise local structures to more successfully engage business, particularly in local strategic partnerships.

ships and developing local area agreements. The sub-national review also proposes giving regional development agencies a stronger focus on driving economic growth, subject to scrutiny by local authorities and simpler and stronger performance management by central government. The RDAs would be expected to devolve responsibility for spending to councils, city-regions and sub-regions.

For the first time, each region would have a single strategy coordinating jobs, economic growth, housing, planning and environmental objectives. These would replace the current myriad of overlapping strategies. RDAs would take on a new role to develop the single economic strategy on behalf of their region in consultation with businesses, local authorities, trade unions, the education sector, environmental and voluntary groups and others.

The review aims to begin the rolling back of the multitude of structures and initiatives created to address economic development and regeneration over the past ten to 15 years. There has been serious concern over the range of disparate strategies. There has been little coordination of these initiatives, nor proper incentives to encourage those managing them to line them up properly.

Economic development as the key driver for regeneration will continue to be a key theme, especially for the forthcoming Comprehensive Spending Review, to ensure that there will be greater bang for the public purse buck, while helping to alleviate uneven patterns of regional development and hence engender more productive operation of the economy.

- *Adam Fineberg is an independent policy and regeneration consultant. He advised the Treasury on the sub-national review.*