



CEDOS

CHIEF ECONOMIC DEVELOPMENT OFFICERS' SOCIETY

ADEPT

ASSOCIATION OF DIRECTORS OF ENVIRONMENT, ECONOMY, PLANNING
AND TRANSPORT

Local Economic Assessments – Government Consultation on Draft Statutory Guidance

Views of CEDOS & ADEPT

March 2010

The Chief Economic Development Officers Society [CEDOS] provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives

The Association of Directors of Environment, Economy, Planning & Transport [ADEPT] represents local authority Strategic Directors who manage some of the most pressing issues facing the UK today. The expertise of ADEPT members and their vision is fundamental in the handling of issues that affect all our lives. Operating at the strategic tier of local government they are responsible for crucial transport, waste management, environment, planning, energy and economic development issues. ADEPT membership is drawn from all four corners of the United Kingdom.

LOCAL ECONOMIC ASSESSMENTS – GOVERNMENT CONSULTATION ON DRAFT STATUTORY GUIDANCE

Joint views of the Association of Directors of Environment, Economy, Planning and Transport [ADEPT] and the Chief Economic Development Officers Society {CEDOS}

INTRODUCTION

1. We welcome the Government's consultation on the draft statutory guidance and this opportunity to provide views on how local economic assessments should be taken forward, the key issues they should address and how they should inform local and regional strategy and delivery. We agree to our response being made public.

OUR OVERALL VIEWS

2. Overall, we support the scope and key elements of local economic assessments (LEAs) as set out in the draft guidance, the importance of LEAs in informing local and regional strategies, and the need to keep them up to date and fit for purpose. In connection with the detailed comments set out below in response to the specific consultation questions, we would like to emphasise in particular the following points:

- whilst a broadly consistent approach is necessary to enable comparability, it is essential that LEAs focus on and reflect local circumstances and priorities;
- whilst LEAs should reflect the linkages with wider social and environmental issues, their primary focus should be to inform the economic policies and interventions of the local authorities and their partners;
- whilst LEAs should reflect the fact that economic flows can cross both local authority and regional boundaries, the definition and consideration of 'functional economic areas' should be a matter for local judgement;
- the guidance should require regional and national partners/agencies to take LEAs fully into account in their strategy development and service delivery;
- the guidance should make clear how the timetables for preparing integrated regional strategies and other strategies/plans will align with that of the first round and subsequent refreshes of LEAs;
- whilst we broadly support the benchmark timescales for preparing and refreshing LEAs, their ongoing nature needs to be built into the Government's funding provisions.

THE CONSULTATION QUESTIONS

1. Do you agree with the Government's view with regard to what should form the key elements of local economic assessments?

CEDOS/ADEPT Views:

3. We broadly support the core set of themes identified in the draft guidance. Whilst it acknowledges that the identified core themes are not exhaustive, we consider that the issue of the demand for and supply of employment land is an omission. Although the subject is referred to in paragraph 7.4 in connection with local planning, it should be one of the identified core themes of local economic assessments. We support the intention that LEAs should be forward looking and consider future economic scenarios. In this context, the core theme of the structure of local economies should cover identifying emerging sectors and specialisms as well as existing ones.

4. We welcome the recognition in the draft guidance that local authorities should be free to decide what other issues they wish to address to reflect local circumstances and priorities. It is essential that local economic assessments genuinely reflect local conditions and issues of local importance, and it is important that local authorities retain the flexibility to focus on these.

5. At the same time, we acknowledge the value of a broadly consistent approach so that LEAs are comparable and can readily inform sub-regional and regional strategies. This underlines the importance of data availability at upper-tier local authority level. We welcome the intention of the Office of National Statistics to produce data-driven profiles at local authority level on a number of themes including demography, skills and the labour market. There is, however, a need for continued development of data provision at the local authority level to enable local profiles to support fully the key themes identified in the draft guidance, with a requirement placed on national and regional bodies to produce data at both upper and lower-tier local authority level. In particular, further work and development is needed to support key themes such as enterprise, innovation and economic competitiveness.

6. Notwithstanding the importance of data availability, we believe it is important that local economic assessments should not become buried in a plethora of unfocused detail. We strongly support the statement in the draft guidance that LEAs should not be just a data gathering exercise. The use of data should be appropriate and proportionate with the clarity to identify the key messages required to inform economic development policies and interventions.

2. Do you agree with the Government with regard to the proposed scope of local economic assessments?

CEDOS/ADEPT Views:

7. In broad terms, we support the scope of local economic assessments and the core objectives set out in the consultation draft – to:

- provide a sound understanding of the economic conditions in the area and how they affect the well-being of residents and businesses;
- identify the economic linkages between the area assessed and the wider economy;
- identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities;
- identify the constraints to local economic growth and employment and the risks to delivering sustainable economic growth.

8. We agree that the LEAs should be place-based, draw out the economic diversity of their area and be forward looking. We recognise that 'economic flows' can often overlap both local authority and regional boundaries. It is therefore important that when analysing relevant data, reference needs to be made to 'functional economic areas'. We agree that, as appropriate, there will be a need to work with neighbouring authorities to identify cross-boundary risks, opportunities and economic and infrastructure linkages. In this, we must emphasise the importance of local judgement in defining and considering 'functional areas', given that they can vary with different economic activities. It is important not to over-complicate the local economic assessment duty. Through the core themes outlined in the guidance, it should be possible for local authorities, working within whichever spatial areas they consider appropriate, to develop a strong understanding of their economies, which can inform policy and interventions at different spatial levels when it is relevant to do so.

9. We agree that, where applicable, local economic assessments should draw out the inter linkages between economic performance and other wider social and environmental issues. Within authorities, there will be a need to look across different service areas and to ensure local economic assessments interact with other local evidence related, for example, to child poverty, social exclusion, housing, education and transport. In doing so, however, a balance needs to be struck and we must not lose sight of the fact that the primary purpose of LEAs is to provide local authorities and partners with a robust analysis of local economic conditions to inform their economic policies and interventions. We must guard against LEAs becoming too general to achieve this.

3. Do you agree with the Government's proposals on how local economic assessments should inform local and regional policy making?

CEDOS/ADEPT Views:

10. Local economic assessments will have an essential role in informing and underpinning local policy-making and the economic development actions and interventions of local authorities and their partners. As the draft guidance says, a key purpose of LEAs will be to inform the community strategies of county, unitary and non-unitary district councils as well as Local Area Agreements, Local Development Frameworks, Local Transport Plans and other relevant strategies and plans.

11. We welcome the intention that Comprehensive Area Assessments (CAAs) will consider how local authorities and their partners have conducted and used LEAs to inform the development and delivery of their local priorities and strategies. The draft guidance states that as an element of CAA "inspectors will consider the performance of local economies and the effectiveness of local partners' actions in support of sustainable economic growth". In this context, we would emphasise that whilst future revisions of local economic assessments will be useful in tracking the economic outcomes of local strategies, as the recession has underlined, it will be important to recognise the impact of external factors and events on progress. It will be equally important to avoid overly short-term judgements and to recognise that some policies and interventions may need medium to long-term timeframes to achieve real impact and discernable change, perhaps especially in more disadvantaged areas.

12. The draft guidance states that local economic assessments "should form part of the evidence base for the preparation of the regional strategy and the implementation plan that accompanies it". We welcome the intention that there should be a two-way flow of information between local economic assessments and regional strategies and that LEAs should be a key tool for ensuring that the regional strategy connects properly with localities and is informed by local issues. However, we consider the guidance should go further than this, with an explicit acknowledgement that local economic assessments should form fundamental building blocks of regional strategies and of sub-regional policies and strategies. Indeed, we believe that the guidance should require regional and national partners/agencies to take local economic assessments fully into account in their strategy development and service delivery, to provide a stronger basis for the identification of needs, priorities and interventions.

13. As regards informing regional strategies, the draft guidance refers to responsible regional authorities, local authorities and other regional partners establishing a 'structured regional dialogue'. We strongly support this as a means of ensuring that local and regional economic evidence bases are aligned as much as possible. In addition, the guidance needs to recognise that local economic assessments will be important in

providing information on linkages across regional boundaries, which regional strategies will need to take into account and the 'structured regional dialogue' will need to facilitate.

4. Do you agree with the Government's view on the timing and frequency of local economic assessments?

CEDOS/ADEPT Views:

14. The timescale for producing the first assessments appears reasonable and it is clearly important that local authorities should keep them up to date and fit for purpose. As the draft guidance says, the frequency with which local authorities refresh their assessments will be largely determined by the timescales for the preparation or updating of relevant local strategies. Nevertheless, the suggested benchmark that assessments should be reviewed annually and fully refreshed every three years seems generally appropriate.

15. In reality, of course, local economic assessments will be an ongoing process in terms of data collection and analysis and, as the guidance says, updates will be needed as major new data is made available and if economic events require it. The ongoing nature of assessments is something that needs to be recognised and built into the Government's funding provisions. Whilst we appreciate that the funding for the new statutory duty will not be ring-fenced, it will be helpful if the area-based grant allocation can make clear that it contains a specified amount of funding for carrying out the new duty.

16. The draft guidance states: "local authorities should also work to a timescale that complements the cycle for the development of the regional strategy, which assessments will support". However, concerns have been expressed from a number of areas around the country that the process for preparing integrated regional strategies and indeed other strategies/plans, is out of alignment with the timetable for producing the first LEAs. We consider the guidance should make clear how the timetables for preparing integrated regional strategies and other strategies/plans e.g. the Homes & Communities Agency local investment plans, will align with that of the first round and subsequent refreshes of local economic assessments.