

# Local Economic Assessments

## **1. Financial Appraisal**

1.1 The Local Economic Assessments (LEA) Duty for upper tier local authorities was enshrined in the Local Democracy, Economic Development and Construction Act, which received Royal Assent on the 12<sup>th</sup> November. All Local Authorities will receive an ring fenced funding recognising the additional burden the new duty places on all local authorities. The recently announced allocation for Area Based Grants 2010/2011 includes a sum of £65,000 for all Upper Tier authorities and £6,000 for District and Borough Councils.

## **2. Background Information**

2.1 A review of Sub National Economic Development & Regeneration, led by the Financial Secretary to the Treasury, Communities & Local Government (CLG) and the then Department for Business, Enterprise and Regulatory Reform, was first announced in the 2006 budget. It suggested that local authorities needed to play a stronger role in local economic development and regeneration. Following this 'The Review of Sub-National Economic Development and Regeneration' (more commonly referred to as SNR) was published July 2007 and proposed that a new duty be placed on all counties and unitary authorities to assess the economic conditions of their area.

2.2 There are a range of other provisions within the Act, such as the creation of a Regional Integrated Strategy, which the LEA is expected to feed into and inform from a bottom up perspective. The final Draft Guidance on LEAs was issued on the 22<sup>nd</sup> December 2009 with the final Statutory Guidance being issued by CLG 30<sup>th</sup> March 2010. The LEA will be an area of focus under the Comprehensive Area Assessment, under the question "How strong is the local economy", as will the proposed East Sussex Economic Development Strategy which will develop from the LEA.

2.3 East Sussex is fortunate that partners have focused for a number of years in ensuring that it has a strong robust evidence base of the local economy, so we will be starting from a relatively strong position. However, the proposed extent and reach of the LEA is demonstrated in the attached appendix 1 which highlights the range of areas the LEA is expected to cover. It is important to note the very strong linkages that are expected to be made, amongst other things, to the Local Development Frameworks (LDF's), the ESCC Local Transport Plan 3 and the 'Single Conversation' with the Homes and Communities Agency (HCA).

## **3. Implementing the New Duty**

3.1 The development of the LEA coincides with the need, under the Pride of Place Sustainable Community Strategy, for East Sussex to develop a new Economic Strategy for the County by April 2011. It is therefore proposed that the two are run concurrently with the LEA informing the development of the new strategy and being its supporting evidence base. A draft Project Timetable is attached at appendix 2 for information. The Economic Development Strategy will be the responsibility of the ESSP and the draft timetable includes appropriate time for workshops and consultation throughout the development of the strategy to ensure robust partner engagement.

3.2 The 4<sup>th</sup> East Sussex Annual Business Survey took place in February/March 2010 and will provide a clear articulation of the local business voice as part of the requirements and the development of the new LEA. Business engagement on the

development of the new economic strategy will also be factored in throughout the process.

3.3 An East Sussex County Council internal officer group has already been established led by the Strategic Economic Development & Skills Team (Shelagh Powell) and has already met twice to consider a draft timetable and the range of issues involved. Similarly, the East Sussex Chief Executives Group has identified a lead contact within each District/Borough and the first meeting of this external reference group has also now taken place.

3.4 The development of a robust LEA, needs to be linked to and inform and be informed by other activity at a District/Borough level, for example LDF's and their evidence base, Local transport Plan 3 and in particular the HCA Single Conversation and future housing allocations through the LDF process.

3.5 It is currently envisaged by the Government that the LEA will need to be updated annually with a major refresh every 3 years and funded accordingly.

#### **4. Partner Engagement**

4.1 The new duty falls upon the County Council who also have a duty to engage, in particular with District/Boroughs, who in turn have a duty to co-operate. Parish & Town Councils and other relevant Statutory bodies (e.g. The Environment Agency) are also included. The CLG Guidance also says that local authorities for local economic assessments should consult such persons as they consider appropriate but should include business. All relevant stakeholders are key however and this includes partner organisations which may be involved in the delivery of the Economic Development Strategy, for example voluntary & community representatives, Job Centre Plus, further and higher education.

#### **5. Conclusion**

5.1 The new duty recognises the critical role local authorities and their partners play in the development of their local economy. The development of a robust LEA which informs both regional and local policy and related investment frameworks and a new Economic Strategy for the County will therefore be an important focus over the coming year.

## **Appendix 1 Local Economic Assessment Duty – Areas of Proposed Coverage by CLG Statutory Guidance**

### **Economic geography**

**Economic linkages** – Identify the economic linkages within the area assessed and between it and the wider economy. This should involve analysing ways in which local areas fit into wider sub-regional and regional markets and, where applicable, the links between urban and rural economies.

### **Business and enterprise**

**Structure of local economy** – Identify the sectoral structure of the local economy, including the size and types of businesses, comparative strengths of sectors and the significance of particular businesses. Also identify any economic specialisms and/or sectoral clusters and potential growth sectors. Take proper account of the economic contribution businesses that are embedded in the local community and help to support the local economy, such as retail markets. Authorities should also assess whether any dependence on a particular business or sector affects the vulnerability or resilience of the local economy.

**Enterprise and innovation** – Gauge the levels of and trends in business start ups and closures, growth of small and medium-sized enterprises and self employment; and gauge the challenges and opportunities to employment and growth in knowledge intensive industries and other high growth sectors. Also explore the extent to which universities and other higher education institutions are linked up to local businesses.

**Business needs** – Gauge the views of the local business community on what is contributing to and what is hindering business investment and economic growth and the development of future growth sectors.

### **People & communities**

**Demography & geography** – Assess the demographic profile of the area, (looking at past and future trends and breakdowns of particular equality strands such as gender, race and disability) and its geography, such as population density and location, and the impact this has on economic performance.

**Labour market** – Assess the local occupational structure, including employment and unemployment rates and earnings. In analysing labour market conditions, give particular regard to levels of worklessness and the economic and social factors behind these, including travel to work patterns. Worklessness assessments, should be integrated into the wider local economic assessment and local areas need to develop a detailed understanding (and profiles) of benefit claimants and economically inactive residents of working age & reasons for this economic inactivity.

**Skills** – Assess local skills levels, including educational attainment and its impact on employability. Analyse any evidence of skills gaps and explore the extent to which local skills levels match the current and future needs of local business and businesses in neighbouring areas; and where lack of basic skills acts as a significant barrier to work – considering particularly whether these are concentrated by area or group. This should include consideration of the skills needed to support the demand of future growth sectors.

**Economic and social exclusion** – Identify communities or particular demographic groups that face high levels of deprivation, economic, financial and social exclusion and identify the key underlying economic and social barriers to economic participation. Where applicable, draw out the connections between economic

exclusion and wider social issues around child poverty, risks to deep seated social exclusion, health and crime.

### **Sustainable economic growth**

**The natural and historic environment** – In considering the sustainability of the local economy, assessments should consider and make a judgement over the extent to which economic activities are supported by or impact negatively on the natural and historic environment and the positive contribution the natural and historic environment makes to sustainable economic growth. Relate economic activity levels within the context of environmental indicators and limits such as carbon emissions, waste production and use of natural resources.

**Low carbon economy** – The Government has set ambitious plans for the low carbon economy. Assess the challenges and opportunities this presents to all sectors of industry and business. They should, in particular, examine the trends, challenges and the opportunities in low carbon and environmental goods and services in the local economy and their scope to boost employment and economic output. They should also consider how well placed local infrastructure is for the move to such an economy.

**Transport provision & other infrastructure** – Examine how intra and interurban transport provision, together with the provision of transport in rural areas, supports sustainable economic growth. Also consider whether environmental infrastructure (ie. waste, water supply, sewerage and flood defences), energy and broadband provision, is sufficient to meet the current and future needs of the local economy.

**Housing** – Examine the extent to which local housing provision meets the needs and demands of the economy. Drawing on the evidence assembled to underpin local development frameworks, such as housing market need assessments, as far as practicable examine whether there is sufficient housing of the right type, size and tenure to support sustainable economic growth and economic inclusion.

### **Economic competitiveness**

**Overall economic competitiveness of area** – Taking account of the evidence gathered in relation to the above themes, as well as any evidence gathered around economic productivity, local authorities should seek to reach a judgement about the overall economic competitiveness and productivity of the area, drawing out specific strengths and weaknesses of the local economy.

### **Additional Thematic Areas**

The Work & Skills Plan will be considered in developing the full local economic assessment.

In addition Section 21 of the Child Poverty Bill is likely to place a new duty on local authorities to work with their partners to prepare an assessment of the needs of children living in poverty in their area. Wherever relevant, this aspect will be integrated in the preparation of a local economic assessment. This is intended to ensure that the economic development of an area supports the understanding of poverty and works to reduce child poverty in the local area.

## Appendix 2 *DRAFT* PROJECT PLAN/Milestones – EA/EDS

Action	Who actions	Audience, respondents	How	Date(s)	Repeat	Completion
Set up: 'Economic Assessment Internal Reference Group' /Local Economic Assessment External Reference Group (B/DCs); Agree TORs	SP	EAIRG/LEAERG	Meetings/email	By 02/10	YES	YES
Core ONS/RDA Indicator set	SP (EAIRG& LEAERG)	N/A	Meetings/e mail	By 02/10	X	Draft Library of core data sets produced
Set up document store; indicators and source policy/ strategy documents	(SP)	All	Virtual library on ESIF being investigated	01/10	X	On going
EA/EDS intro to LDF Group	T&E (SP)	LDF Group	Meeting + briefing	24.11.09	YES	YES
EA Guidelines issued	CLG	All	Discussion: E mail./meetings	12/09, deadline 15/03	X	Draft response circulated (SP) 02/10 Sent 14/03
EA Statutory Guidelines issued	CLG	All	Web	30/04/10	No	YES
<i>Interim Work &amp; Skills Plan</i>	<i>FJF Steering Group/SP/KT/ Consultants</i>	<i>Adult Learning &amp; Skills Partnership Board} GOSE; JCP+; Regional Improvement &amp; Efficiency Partnership; National Worklessness Learning Forum Advisory Panel</i>	<i>Workshop (FJFSG)  Sign Off: ALSPB</i>	<i>31/03</i>	<i>YES to full Work &amp; Skills Plan 31/03/11</i>	<i>WaSP sent to ALSPB mid April, for approval/sign off end April</i>
Business Survey consultation, commissioning & Final report	SP/KT	Business Development & Enterprise Task Group/All	Meetings/ email	Consultation 07/12/09 Commissioning 02/10	X	N/A

				Final Report 05/10		
EA/EDS Initial/introductory Brief	SP	Members	Members' Briefing report	01/10	YES	Briefing 01/10
EA Information insert in 'Your County'	SP	All	Your County	Spring Issue	YES	
Progress Report to ESSP	KM/SP	ESSP	Presentation	28/04/10	YES	
First full scoping of EA: indicators /EDS initial scoping	SP (EAIRG)	LEAERG/ESSP	Draft scoping	04;05/10	X	
Consider use of external consultants – thematic specialists or general – issue tender	SP (EAIRG commissioning sub group)	EAIRG (LEAERG)	Tender(s)	04;05/10	X	
Consultant (?) led Workshop presentation of 1 <sup>st</sup> draft EDS	SP/consultants	All stakeholders	Workshop /breakout	05;06/10	X	
EDS 'inclusion' of workshop response	SP/consultants (EAIRG)	EAIRG		06/10	X	
Focused informal consultation of draft EDS	SP	EAIRG/LEAERG/LDF	Meetings	06/10	X	
Report to ESSP on draft EDS progress	SP	ESSP	Report	06;07/10	X	
EDS inclusion of workshop/ESSP response	SP (EAIRG)	N/A	N/A	08/10	X	
EDS Formal consultation	SP	Stakeholders; statutory consultees; ESSP	Web + email	09 – 11/10	12 weeks formal consultation (As per COMPACT)	
EDS response Collation & publish ESCC response	SP (EAIRG/LEAERG)	Public/ stakeholders	Web	12/10	X	
EDS Draft final production	SP (EAIRG)	N/A	N/A	12/10	X	
EDS draft final	SP	Cabinet/ESSP	Report	03/11	X	
EDS Sign off	SP	Cabinet/Council/ESSP	Report	31/03/11	X	
Process evaluation	SP (EAIRG)	EAIRG/project customer/sponsor	Report	04/11	X	