

REPORT TO: Employment Learning & Skills
Policy & Performance Board

DATE: 8th March 2010

REPORTING OFFICER: Strategic Director Environment

SUBJECT: Local Economic Assessment

WARDS: Borough wide

1. PURPOSE OF REPORT

1.1 To provide a briefing on the Local Economic Assessment of Halton.

2. RECOMMENDED: That

2.1 The Board considers the development of a Halton Local Economic Assessment and identifies any specific requirements it wishes the assessment to consider.

3. SUPPORTING INFORMATION

3.1 From April 2010 there will be a duty on councils to prepare a Local Economic Assessment (LEA) for their area. Once completed local authorities may revise a LEA at any time and that they should consult with organisations that they feel appropriate in developing them. Local authorities will need to adhere to any guidance published by the Secretary of State with regard to what an assessment should contain. Draft guidance has been issued by the Department for Communities and Local Government (DCLG). Initially government was suggesting it should take 6-9 months to prepare LEAs but more recently has suggested it may take up to a year.

3.2 LEAs should equip local authorities and partners with a common understanding of local economic conditions, economic geography and the economic, social and environmental factors that impact on economic growth. This understanding should lead to improved economic interventions and better spatial prioritisation of investment. Assessments should provide a mechanism for bringing a range of data and evidence together within a common evidence base that tells a story of place. The evidence base should then inform local, sub-regional and regional economic strategies. This should ensure that policy making at all levels is based around a shared understanding of local economic challenges.

3.3 Local authorities will need to take account of a broad range of factors that impact both positively and negatively on their area and will need to work across different service areas such as economic development and regeneration, education and skills planning, transport, sport and culture in preparing assessments. The Government believes that the core objectives of local economic assessments should be to:

- Provide an understanding of the economic conditions in the area and how they affect residents and businesses
 - Identify comparative strengths and weaknesses of the local economy and the nature of local economic challenges and opportunities
 - Identify local economic geography including linkages with the wider economy
 - Identify local constraints to economic growth and employment and the risks to delivering sustainable economic growth.
- 3.4 Local authorities are requested to adopt a broadly consistent approach so that assessments are comparable and can be readily aggregated to inform sub-regional strategies. Local authorities should work with the RDA and other regional partners to achieve consistency across the region. As such assessments should address a core set of themes:

Business and Enterprise

- Structure of the Local Economy
- Overall economic competitiveness of the area
- Enterprise and innovation
- Business Needs

People and Communities

- Labour Market
- Skills
- Economic Inclusion

Sustainable Economic Growth

- Environmental Sustainability
- Housing and Infrastructure

- 3.4 LEAs should draw out the linkages between economic growth and wider social and environmental issues and should interact with evidence about the local environment. They should also interact with local evidence assembled around social issues such as health, poverty and crime and examine the extent to which sport and cultural facilities, broadband provisions and the quality of a place can hinder or attract investment and a well qualified workforce. Section 21 of the Child Poverty Bill will 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. Local authorities should, wherever possible, seek to integrate the preparation of a local economic assessment and a child poverty assessment, helping to ensure that the economic development of an area supports understanding of poverty.
- 3.5 Local economic assessments should be place based, forward looking and based on appropriate and proportionate evidence and data. However, assessments should not be seen as purely data collection exercises and should also set out a clear narrative, explaining the

methods employed and with any limitations noted. Where appropriate, local authorities should build on their existing evidence base.

- 3.6 As far as possible, local economic assessments should match real economic geographies or functional market areas. A widely used set of indicators such as labour markets measured by travel to work areas, retail markets by catchment areas etc could be used as a suite to pick a combination that best reflects the key drivers of the local economy. This will require a strong evidence base. Where strong economic links are identified local authorities should consider the benefits of working with neighbouring authorities. Collaboration could take the form of a joint economic assessment, with perhaps an overarching sub-regional assessment of the broad economic conditions, below which would sit more detailed assessments by individual authorities. The Government expects those local authorities that have a multi-area agreement (MAA) to prepare a joint assessment or collaborate closely in preparing their individual assessments.
- 3.7 The primary purpose of local economic assessments should be to inform Sustainable Community Strategies and in turn Local Area Agreements (LAAs). Where appropriate they may lead to LAA revisions and economic interventions by LSPs. Flowing from this, economic assessments should also inform other strategies such as local development frameworks, local transport plans, housing strategy and work and skills plans, as well as local authorities' commissioning role for 16-19 learning following the transfer of responsibilities from the LSC in 2010. Local economic assessments should also inform any review of economic development activities.
- 3.8 As an element of Comprehensive Area Assessment (CAA), inspectorates will consider the performance of local economies and the effectiveness of partners' actions in support of sustainable economic growth. Local economic assessments will complement the national indicator set in providing evidence for CAA inspections. The CAA process may highlight red flag areas where current local action is unlikely to deliver improvement and local authorities would need to take into account these CAA identified risks when revising or conducting local economic assessments.
- 3.9 Local authorities should seek to actively involve partners from the start of the process when undertaking local economic assessments. As a minimum, local authorities should consult with LAA partners with functions related to economic development. Ideally, local authorities will embed the preparation of local economic assessments into the role of the LSP. It is particularly important that representatives of local business and social enterprise are consulted in the preparation of assessments and their views represented.
- 3.10 The Local Democracy, Economic Development and Construction Bill provides for new integrated regional strategies for each region. Each strategy will set out a region's economic, social and environmental priorities. Local economic assessments should form part of the evidence

base for the preparation of the regional strategy and accompanying implementation plan. Local economic assessments should also inform the preparation of annual monitoring reports for the regional strategy. This will mean that economic conditions in a region need to be assessed in a consistent way and using a core evidence base that should be common to all local economic assessments.

- 3.11 As the Liverpool City Region does have an MAA there either needs to be a joint assessment or close collaboration between authorities. The present proposal is for The Mersey Partnership (TMP) to lead on the development of a City Region Assessment. The content of this will be the subject of agreement with the local authorities and other partners. Whilst this will provide an overarching assessment for the city region, it will also provide all the information disaggregated for each local authority area. As such it will provide the core information for each local authority's LEA. Each local authority will commission any additional detailed work it considers pertinent to its own area and use the results to supplement the core information provided by TMP to complete its own assessment.
- 3.12 Appendix A gives a flavour of the type of questions and areas to be picked up through the sub-regional arrangements described above.
- 3.13 TMP is presently developing a project plan and costings for this work which will be reported to the City Region Cabinet in due course. A small core group involving all six local authorities and others is starting to look at the content of the LEA. It is important to note that where ever possible existing sources of information will be used and the commissioning of additional work will be kept to filling in gaps and adding value. An important part of the process will be mapping all the up to date information that partners hold. The Merseyside Information Service will be supporting the development of the LEA under the provisions of the existing contract it has with the local authorities and such costs will be contained within existing budgets.
- 3.14 In terms of developing the Halton LEA, once it is clear what the city region assessment will cover it will be possible to look at any additional work thought appropriate. A brief LEA summary has been given to Employment Learning and Skills Specialist Strategic Partnership members to introduce the subject. More thought now needs to be given to participation and consultation arrangements of the wider community.

4. POLICY IMPLICATIONS

- 4.1 The LEA will provide substantial economic information and foster understanding of the economy that will be fed into the future development of the Community Strategy, Corporate Plan and also enable the development of a new Economic Strategy. .

5. OTHER IMPLICATIONS

- 5.1 The government has awarded local authorities specific monies as part of the Area Based Grant to enable the preparation of LEAs, but of course this must be seen within the light of overall reductions. In Halton this is £65,000 in 2010/11 but it is unclear whether this is just a one off.

6. IMPLICATIONS FOR THE COUNCIL'S PRIORITIES.

- 6.1 Children and Young People in Halton.
Draft guidance makes it clear that child poverty should be part of the LEA. Also, the assessment will provide significant amounts of information for the 14-19 partnership to consider when developing its programmes and activities.
- 6.2 Employment Learning and Skills in Halton
The Employment, Learning and Skills agenda is already heavily intelligence driven though the economic development analysis and review that is undertaken every three years and by the large scale business survey that takes place every other year. However, the LEA is likely to be much broader than previous work and is likely to foster a greater understanding of how factors interact. One area of particular interest is worklessness and debt.
- 6.3 A Healthy Halton.
With such high levels of economic inactivity in the city region, much of which is linked to ill health, the LEA should seek to explore and understand this area better than we do already. As such, the Primary Care Trusts in the city region should be encouraged to play an active role in the development of the LEA.
- 6.4 A Safer Halton
The extent to which crime impacts on economic prosperity should be an area of consideration for the LEA, but this may turn out to be an area where detailed study is more relevant at local authority or neighbourhood level as opposed to city region.
- 6.5 Halton's Urban Renewal
The creation of wealth generating activity and the need to improve where people live and work should be an essential part of the LEA. Initial scoping documents were somewhat light on property issues and this has already been flagged to TMP as an issue. An important part of this area will also be the consideration of climate change and the challenge of how to increase economic activity and jobs whilst seeking to reduce emissions.

7.0 RISK ANALYSIS

- 7.1 It is difficult to formally assess the risks at this time until the statutory guidance is issued later this year. If the final guidance is similar to the draft and if there is a revised timescale of up to a year, then the production of the LEA is achievable.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Equity is a central feature in realising the potential of the local economy. The LEA may well foster a better understanding of equality and diversity issues at the local and city region level, but ultimately it is the resultant actions that are put in place that will need to make a difference.

9. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT

9.1 None under the meaning of the Act.