

REPORT TO: CABINET MEMBER - REGENERATION
DATE: 16TH DECEMBER 2009
SUBJECT: LOCAL ECONOMIC ASSESSMENT
WARDS AFFECTED: ALL WARDS
REPORT OF: ANDY WALLIS (PLANNING & ECONOMIC REGENERATION DIRECTOR)
CONTACT OFFICER: MARK LONG (x3471)
EXEMPT/ CONFIDENTIAL: NO

PURPOSE/SUMMARY:

To introduce the new statutory duty to undertake a Local Economic Assessment to members, and explain preparations for implementing Assessments in the North West, Merseyside and Sefton.

REASON WHY DECISION REQUIRED:

Compliance with a new statutory duty under the Local Democracy, Economic Development and Construction Act 2009.

RECOMMENDATION(S):

- (i) That members note the report
- (ii) That the Planning & Economic Regeneration Director report back on plans for the preparation of the Sefton Local Economic Assessment, and any financial implications
- (iii) That in principle agreement is given to the preparation of a Sustainable Economic Development Strategy.

KEY DECISION: No

FORWARD PLAN: N/a

IMPLEMENTATION DATE: After expiry of call-in period.

--

ALTERNATIVE OPTIONS:

None – this is a statutory duty.

IMPLICATIONS:

Budget/Policy Framework: No budget currently exists to pay for the completion of a Local Economic Assessment. However Members will be informed once costs and funding are determined.

Financial: The costs and funding for the development of the Local Economic Assessment are, as yet, not known. Some DCLG funding is expected to be ring fenced to Local Authorities in 2010/11 to assist with this work. A further report outlining both the costs of the work and funding available will therefore be brought back to this Committee at a future date.

	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
<u>CAPITAL EXPENDITURE</u>				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: tbc

Risk Assessment: N/a

Asset Management: N/a

CONSULTATION UNDERTAKEN/VIEWS

FD253 – the Finance Department and its Director has been consulted and his comments have been incorporated into this report.

CORPORATE OBJECTIVE MONITORING:

Corporate Objective		Positive Impact	Neutral Impact	Negative Impact
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity	✓		
4	Improving Health and Well-Being		✓	
5	Environmental Sustainability		✓	
6	Creating Inclusive Communities		✓	
7	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8	Children and Young People		✓	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

DCLG (2009), Local Economic Assessments: Draft Statutory Guidance

Improvement & Development Agency (2009), How to do a Local Economic Assessment

Introduction

1. On 13th November 2009, the Local Democracy, Economic Development and Construction Bill received the Royal Assent.
2. The Act creates a requirement for local authorities to undertake a Local Economic Assessment (LEA) of their area. The Assessment is designed to improve their understanding of the local economy, and contribute to the development of local and regional economic strategy.
3. The rest of this report summarises the duty on local authorities, and explains what is included in the scope of an economic assessment. It goes on to describe how the duty is being implemented in the North West and Liverpool City Region, and makes recommendations for the development of a Local Economic Assessment by Sefton Council.

The Draft Statutory Guidance

4. Now that the legislation is enacted, the government intends to consult formally on statutory guidance. However, draft statutory guidance was issued in August 2009, and this gives us the best insight into how government sees the LEA working in practice.
5. The four core objectives of an LEA (DCLG 2009 para 4.3) are to:
 - Provide a sound understanding of the economic conditions in the area, and how they will affect residents and businesses
 - Identify the comparative strengths and weaknesses of the local economy, and the nature and form of local economic challenges and opportunities
 - Identify the local economic geography, including the economic linkages between the area being assessed and the wider economy
 - Identify the local constraints to economic growth and employment, and the risks to delivering sustainable economic growth.
6. The guidance says the assessment should cover a set of themes (there are no prescribed indicators), including business and enterprise, people and communities, and sustainable economic growth. It also says the assessment should reflect “real economic geographies” i.e. real units such as travel-to-work areas or retail catchment areas, rather than administrative boundaries of the local authority.
7. The primary purpose of local economic assessments should be to “inform... councils’ sustainable community strategies. This in turn will inform their LAAs and, where appropriate, any subsequent LAA revision proposals and the economic interventions of LSPs” (para 7.2).
8. LEAs are also intended to inform a variety of other local strategies and plans:

- ❑ Local Development Frameworks (as part of the evidence base on employment land etc)
 - ❑ Local Transport Plans
 - ❑ City Regional strategies
 - ❑ Housing Strategies
 - ❑ Work & Skills Plans
 - ❑ Local authority commissioning for 16-19 learning
 - ❑ Child Poverty plans
 - ❑ Future rounds of CAA (LEA as risk assessment).
9. Critically, the guidance expects LEAs to contribute to the evidence base for Integrated Regional Strategies (IRS) and accompanying Implementation Plans. The Regional Development Agency and its local authorities must enter into a “structured regional dialogue” (para .4) to ensure a core evidence base common to all LEAs. As a result, the LEA evidence base may be tested in the IRS Examination in Public.
 10. In preparing an Assessment, the local authority should consult those organisations it considers appropriate, similar to the duty of consultation the Council has with regards to the Local Area Agreement.
 11. Local authorities should aim to complete their first assessment within 6 to 9 months of the duty coming into effect i.e. by December 2010. There is no fixed start date, but DCLG is encouraging an immediate start on planning and LEA management. There is no fixed review cycle, but a local authority may revise an assessment, or any part of it, at any time. DCLG has suggested a full baseline assessment to start with, a “light touch” review each year, and a full review every three years.
 12. DCLG has indicated that a grant will be paid into local authorities’ Area Based Grant to support the additional costs of preparing an LEA. The Council will, of course, be able to top up this grant with other resources if the total costs of the LEA exceed the DCLG allocation.

Comments

13. Central government has been saying for some years that it wishes to see a progressively greater devolution of powers and responsibilities to lower levels of government. However, ministers have also been concerned at the preparedness of local authorities to receive these powers. The purpose of the duty to prepare assessments is therefore to build confidence in both local and central government that it is safe to invest in devolved structures – in particular, that local authorities have a well-informed view of their local economy before investing scarce public resources.
14. For areas like Merseyside this presents little difficulty because economic regeneration has been a sustained priority over several decades, and many economic assessments have been prepared in that time to guide our regeneration investments. Sefton Council has often assembled a strong

evidence basis in support of major bids for funding (e.g. Atlantic Gateway SIA), or to guide partners' engagement with a priority area (e.g. Southport Investment Strategy).

15. However, the creation of a statutory duty will take the need for a strong evidence base out of the timescales imposed by funders and place it on a firm footing within the corporate planning cycle of the Council. We welcome the mainstreaming of economic assessment within the Council's capacity to "know and understand its communities", which as we know is a key line of enquiry for the Comprehensive Area Assessment.
16. Members should bear in mind that, although preparing an assessment is a statutory duty, preparing a plan or acting on the assessment are not. As a discretionary activity, local economic development has taken many different forms depending on need, opportunity, priorities and available resources. Sefton has for many years taken a strategic and robust approach to regeneration. The level of worklessness on Merseyside, and the size of the productivity gap with the rest of the country, justify a continuing flow of external resources to rectify the city region's weaknesses. Economic assessments are therefore an essential tool to spend public money wisely and effectively.

Implementing the Local Economic Assessment in the North West and in Liverpool City Region

17. The Regional Leaders Board (4NW) issued a draft Regional Framework for Statutory Local Economic Assessments in November 2009.
18. This is a "light touch" guidance document with the aim of setting some basic parameters for the production of LEAs to allow benchmarking and comparisons across the North West – also, to ensure consistency when LEAs are used to inform the Integrated Regional Strategy (RS2010).
19. The Regional Framework encourages collaboration within each of its five sub-regions, as the most practical way of aligning the LEAs with real economic geographies. However, it recognises the Economic Assessments will need to show awareness of adjacent sub-regions.
20. 4NW ask that all LEAs are completed by September 2010, in line with the agreed timetable for submission of Parts 1 & 2 of the Regional Strategy to be submitted to the Examination in Public Panel in November 2010.
21. Regional support for local authorities will include:
 - Regional Intelligence Unit of the NWDA
 - Regional Statisticians of the Office for National Statistics
 - North West Improvement and Efficiency Partnership (via its Economy Commission)
22. The Liverpool City Region Leaders & Chief Executives have asked The Mersey Partnership to co-ordinate the production of a single City Region Economic

Assessment with local perspectives picked up by sections on specific themes and localities. TMP has set up a working party of local authority officers to take this forward, on which Sefton is represented. The working party has replied to a consultation from 4NW on suggested core indicators for North West LEAs. TMP has also proposed that the City Region Economic Assessment should be overseen by an Independent Commission for the Liverpool City Region Economy to ensure private sector input.

23. In the longer-term, the Merseyside Multi-Area Agreement (signed off in September 2009) says that partners would like the proposed Economy Board to lead the preparation of future economic assessments for the City Region, but how this would work in practice has not yet been discussed or decided.

Comments

23. The statutory duty has been placed on local authorities and it is for the local authorities concerned to make final decisions on the purpose, delivery and use of their assessments.
24. However, it is entirely reasonable to take account of the “real economic geography” of Sefton in setting the limits to its assessment, and in its choice of research partners:
 - ❑ Sefton has an obvious link with Liverpool because of travel-to-work flows. We need a cross-border analysis of the south Sefton/north Liverpool area, building on the current Strategic Regeneration Framework study.
 - ❑ Sefton also has an important connection to Ormskirk, West Lancashire and the Preston City Region area. Within the Liverpool City Region, Sefton has offered to act as “friend at court” for West Lancashire Council. In terms of “real economic geographies”, it would be desirable for West Lancashire to be included within the spatial boundary of the City Region LEA so these real economic relationships are properly addressed.
25. We already have some experience of monitoring the city regional economy through the Merseyside Economic Review, now in its 9th year. While this is a good platform for comparing Liverpool City Region with other city regions and the UK as a whole, it lacks detail of assets, threats, opportunities and linkages within the city region itself. There is a definite gap in understanding which could be usefully filled by a tier of local assessments.
26. The challenge will be how to fit together the top-down vision of TMP with the bottom-up vision of the local authorities. Although this has yet to be resolved in detail, it is clear that both TMP and the local authorities need a strategic agreement on a framework for data collection, interpretation and reporting. Work on defining these key questions is ongoing and will be reported back to members.

Implementing the Local Economic Assessment in Sefton

27. The Local Economic Assessment is one of a family of assessments that Sefton is (or will be) responsible for. The others include:
 1. Worklessness assessment – All local authorities bidding for Future Jobs Fund (Sefton is included in the successful City Employment Strategy bid) must carry out a worklessness assessment and prepare a Work and Skills Plan by April 2010. This was announced in the government's response to the Houghton review "Tackling Worklessness".
 2. Child poverty assessment – Section 21 of the Child Poverty Bill will place a duty on local authorities to work with partners to prepare an assessment of the needs of children living in poverty in their area.
 3. Local Development Framework Core Strategy evidence base – Planning Policy Statement 12 requires spatial policy to be founded on a robust and credible evidence base, based on the views of the local community and others who have a stake in the future of the area. For example, the Employment Land and Premises Study was commissioned by a group of local authorities including Sefton, and forecasts demand and supply for business accommodation.
 4. "State of the Borough" Core Evidence Report – following the review of Sefton's governance, a core evidence base has been assembled to enhance the LSP's strategic understanding of local communities. This work will inform the LSP's "Sefton Informed" group, and the Council's "Knowing and Understanding Your Communities Working Group".
 5. Joint Strategic Needs Assessment – "Better Life, Better Health", was undertaken in partnership between Sefton Council and Sefton PCT and published in March 2008. It summarised Sefton's local health needs and generated insights into local health inequalities.
28. There is a clear and pressing need to ensure that the different assessments are joined up and consistent. It is also important that they mutually support each other and tell the same "story of place". This can best be achieved if the LEA is prepared in partnership between the Council, its LSP partners, and TMP, with the Council ultimately responsible for approving its preparation and quality.
29. To deliver the assessment, the following internal arrangements are recommended.
30. The lead member for the assessment is the Cabinet Member for Regeneration. His role is to:
 - Keep check on the progress of the LEA, working closely with the lead officer
 - Maintain relationships with neighbouring local authorities (inside and outside the City Region) to ensure all relevant relationships are taken into account
 - Unblock internal obstacles to progress.
31. Within Sefton Borough Partnership, the Cabinet Member – Regeneration chairs the Economic Development & Sustainability Thematic Group, so it is convenient

for that group to co-ordinate the SBP's input to the Local Economic Assessment.

32. Senior management responsibility for the Local Economic Assessment in Sefton rests with the Planning & Economic Regeneration Director. His role is to:
- Prepare a project plan for Sefton's input to the assessment, underpinning the City Region Economic Assessment work plan as a whole
 - Secure support for the assessment from internal and external stakeholders
 - Lead on the commissioning of local information and analysis, whether in-house or external
 - Keep members informed.
33. PERD will convene (i) a Steering Group of key officers to supervise the study, and (ii) a Stakeholder Panel to advise and support the Steering Group. We anticipate needing the following range of support internally and externally:

Local Authority	Partners
Adult Social Care Children, Schools & Families Community Safety Corporate Policy & Performance Corporate Procurement Environmental Protection Leisure Neighbourhoods & Housing Renewal Planning & Economic Regeneration Technical Services Tourism Transportation	Business Link NW Confederation of Social Entrepreneurs Environment Agency/Natural England Federation of Small Businesses Jobcentre Plus Knowsley MBC Liverpool CC LSC Merseytravel NWDA Sefton Chamber of Commerce & Industry Sefton PCT St Helens MBC The Mersey Partnership West Lancashire DC Wirral MBC

34. The exact scope, phasing and cost of the study will be worked up by the LEA Steering Group, and reported to subsequent meetings of Cabinet Member – Regeneration.

Comments

35. The duty is fulfilled by the preparation of an assessment. However, the Council and its partners will want to apply that understanding and insight to their plans for economic improvement.

36. To guide those plans, to embrace responses to the recession, and to embed carbon reduction in everything we do, it is recommended that the Council commits itself to preparing a Sustainable Economic Development Strategy by the end of 2010/11.
37. The new Strategy will inform the Sustainable Community Strategy, generate priorities for any future Local Area Agreement, attract new funding, guide the development of strategic programmes and key projects, and lay the foundations for our wider corporate objective of increasing social, economic and environmental well-being. It will also show how Sefton is delivering the Integrated Regional Strategy and maximising its potential within the City Region.