



## What happens next for Local Economic Assessment?

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### Introduction

Ever since the publication of the Sub National Review of Economic Development and Regeneration in July 2007, local authorities and partners have been hopeful that the opportunity to understand the shape and function of their economy through the Local Economic Assessment (LEA) process would become a statutory reality. Whilst there was always some uncertainty about what political change might mean for the Local Economic Assessment Duty, at a local level, there has been a great deal of activity and enthusiasm in taking forward the LEA, including: setting up working groups; developing datasets; understanding economic geographies; debating the purpose of place; and in some cases putting together draft assessments.

However, the announcement on 8 July 2010 from the Communities and Local Government (CLG) confirms that the statutory guidance on LEAs would be one of the areas of legislation that the Coalition Government will be seeking to revoke<sup>1</sup>. CLES' understanding of this announcement is that although the guidance will go, the duty to produce the economic assessment will remain in place. So, what happens to the hard work of the last twelve months? Does the revocation of the guidance change anything? Well, from the Centre for Local Economic Strategies (CLEs) perspective, the message is clear. The process of understanding and assessing the characteristics of your local economy is more important than ever, as councils and their partners continue to steer our communities out of recession and through a difficult period of public sector cuts. Just because the guidance is being revoked there will always be a need to understand how local economies work. We've identified a number of key messages on why LEAs is important and how local authorities can respond positively to this change.

### Why the assessment of local economies is important

#### 1) The LEA will be crucial to setting up your Local Enterprise Partnership (LEP)

The work on LEA contains just the type of data and intelligence that local authorities will need to set up and run a new LEP. Having the information and data to hand is useful in order to set

priorities. Work with other local authorities to see how you can use the opportunity of the LEP to tackle the economic challenges for your locality and to make decisions on the scale and function of your LEP.

## **2) Economic development is a core corporate activity**

The LEA provides a powerful evidence base which can help to well and truly put the function of local economic development on the map. At CLES, we are advocates of economic development as a core corporate function of local government as it underpins the work of other departments; it should not be buried away under layers of regeneration and policy. The evidence within the LEA can be used to highlight local economic opportunities and challenges, working across your organisation and with partners to help rebalance local economies.

## **3) Using your LEA to climb out of the silo**

The LEA provides a space for authorities to develop strategic economic alliances across the public, commercial and social sectors. There is now a much more effective understanding of who delivers what and where and how economic development works collectively and strategically. In addition, CLES has seen evidence of where the LEA has enabled local authorities to reconsider the economic purpose of place and debate how we can create more resilient economies for the future.

## **4) Use the LEA to prioritise scant resources**

The LEA provides a comprehensive overview of the health of your local economy and the regeneration challenges that a locality faces, whether the labour market, local enterprise, business infrastructure or productivity. At a time when public finances will be under extreme pressure, the LEA can help to remind us of what the most urgent challenges are for local authorities, particularly those who are most vulnerable. This intelligence will be vital when it comes to mitigating the damaging impacts of public sector cuts.

## **5) Rebalancing the economy**

The LEA provides critical intelligence about the balance of the economy in your area between the public, commercial and social sector. One of the key objectives of the new Coalition is to rebalance the economy and encourage private sector demand. Local government and LEPs will play an important role in making this happen and the information from the LEA will be crucial to inform this process.

## **6) Take ownership of your LEA**

For many organisations, the revocation of the guidance will be a disappointment and there will be a temptation to ditch the LEA and move on. However, there is an opportunity to take control of the LEA and use it in whatever way local authorities think best to inform and support evidence led strategy and delivery in the future. The development of the LEA has also helped to strengthen capacity, build skills and improve local knowledge, so the question is how you can use this new intelligence to tackle the challenges the LEA has highlighted.

## **7) Don't give up on the LEA process**

The majority of local authorities were involved in regular assessments of their local economy long before it became law. Economic assessment is standard good practice for a local authority and will continue to be so in the future. The fact that you don't need to slavishly follow guidance or wait for additional guidance is a good thing; this is a chance to make the process your own.

## 8) Keep your eye on the ball

The Coalition Government is churning new ideas, policy and change out of Whitehall every day and it is a very interesting time for all of us working in the sector; however it is tempting to get distracted by the conversation on policy and structures and to lose sight of the fact that our communities still face deep challenges. In fact, in some places, the challenges may be getting worse. Increasing levels of unemployment, young people not in employment, education or training, rising inequality, and resources use; all of these issues are real and alive to the people in our communities and our first priority should be to continue to support them in any way we can.

## 9) Local leadership is key

The Government has published their draft Communities and Local Government Structural Reform Plan and we are currently awaiting the publication of the Localism Bill which is due later in the summer. Whilst the details are still hazy, the direction of travel is clear, and whether you agree with it or not, local leadership will be crucial to both manage the change and make the most of the opportunities that localism may provide.

If you would like to discuss the issues discussed in this bulletin in further detail or have further questions or queries, please don't hesitate to contact CLES on 0161 236 7036.

**Bulletin** is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is a not-for-profit think-doing organisation, consultancy and network of subscribing organisations specialising in regeneration, economic development and local governance. CLES also publishes Local Work, Rapid Research and Briefing on a range of issues. All publications are available as part of CLES membership services. To find out more about membership visit the CLES website or contact CLES to request a membership leaflet.

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<sup>i</sup> CLG have stated that the Coalition will “end statutory guidance on local economic assessments which will free up local authorities to decide locally how they monitor their local economy”.

<http://www.info4local.gov.uk/documents/publications/1633840>