



## Local Economic Assessment Duty: How are local authorities rising to the challenge?

*Rapid Research 17*

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### 1 INTRODUCTION

From April 2010, every upper tier and unitary local authority in England will have a statutory duty to prepare a Local Economic Assessment (LEA) for their locality. It is envisaged that this assessment will provide the local authority and sub-regional and regional partners with a common understanding of local economic conditions and economic geography of a place; and of the economic, social and environmental factors which impact upon future economic growth.

Despite the publication of official guidance and the opening of a consultation on the guidance, little so far has been said about how local authorities are preparing to undertake an LEA and the challenges it presents. To address this gap, this latest edition of Rapid Research sets out to uncover local economic development practitioners' views on how they are going about the process and the challenges they are facing locally. The central question guiding this research is: how are local authorities responding to the Economic Assessment Duty? Within this there are a number of specific research aims:

- to understand local authorities' progress on LEA to date;
- to identify key challenges experienced so far and strategies developed to overcome them;
- to find out how local authorities plan to undertake the LEA, and what will happen afterwards;
- to gain an understanding of practitioners' views on the Economic Assessment Duty, including perceived opportunities and threats.

CLEES has taken a keen interest in the Economic Assessment Duty and its place in the wider package of economic development policy that has emerged as a result of the Review of Sub-National Economic Development and Regeneration (SNR), published in 2007. In 2009 CLEES and the Association for Public Service Excellence (APSE) launched the *Performance Network for Local Economic Development*<sup>1</sup>. Through network meetings it soon became apparent that responding to the Economic Assessment Duty is a key concern of many economic development practitioners.

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<sup>1</sup> The network is a tool for measuring and comparing local authority performance with regard to local economic development. The added value of the tool is that the network provides opportunity for local economic development officers to discuss performance and also wider service delivery through regular network meetings.

This Rapid Research begins by offering a contextual overview of the Economic Assessment Duty, which considers some of the associated policy documents and accompanying guidance. Next it outlines the methodology used to carry out our research, before moving on to outline and analyse the key themes that have emerged, offering an insight into how local authorities are responding to the Economic Assessment Duty. Finally, CLES offers a number of conclusions and recommendations arising from our research.

## **2 CONTEXT**

### **2.1 Where has the Local Economic Assessment come from?**

The Economic Assessment Duty became law following the Royal Assent of the Local Democracy, Economic Development and Construction Bill on 12 November 2009, meaning that the Bill is now an Act of Parliament<sup>2</sup>. The Act placed a new duty on all top-tier local authorities, from April 2010, to prepare an LEA of the economic conditions of their area. It is envisaged that the LEA will provide the local authority and importantly local, sub-regional and regional partners with a common understanding of local economic conditions and economic geography, and of the economic, social and environmental factors which impact upon economic growth.

### **2.2 What are the main objectives of Local Economic Assessment?**

A. To provide a robust evidence base for a local authority:

- sound understanding of the economic conditions in an area and how they affect residents and business;
- identify the comparative strengths and weaknesses of the local economy and the nature and form of the 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 risk to delivering sustainable economic growth.

B. To inform and influence future strategy:

- to inform the sustainable community strategy which will then inform subsequent Local Area Agreement (LAA) revision proposals and economic interventions of Local Strategic Partnerships (LSPs);
- to provide part of the evidence base for preparation of Local Development Frameworks (LDFs) linked to Planning Policy Statement 4 (PPS4);
- to provide part of the evidence base for an authority's Comprehensive Area Assessment (CAA).

### **2.3 What does the guidance say?**

In recent months two key guidance documents related to the LEA have been published by Communities and Local Government (CLG) and the Improvement and Development Agency (IdeA) for local government.

#### ***CLG Guidance***

In August 2009, CLG released the eagerly awaited statutory guidance on LEA<sup>3</sup>. The guidance provided an overview of the types of issues and principles local authorities will need to consider in preparing their LEA. Primarily, the guidance sets out the process of the LEA as being one very much of quantitative data collection and analysis. It sets out common themes which local authorities will be expected to measure their economies against, including:

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<sup>2</sup> OPSI (2009) 'Local Democracy, Economic Development and Construction Act', accessed at: [http://www.opsi.gov.uk/acts/acts2009/ukpga\\_20090020\\_en\\_1](http://www.opsi.gov.uk/acts/acts2009/ukpga_20090020_en_1)

<sup>3</sup> CLG (2009) 'Local economic assessments: Draft statutory guidance', accessed at: <http://www.communities.gov.uk/documents/localgovernment/pdf/1314939.pdf>

- the structure of the local economy;
- the needs of business;
- levels of enterprise;
- the state of the labour market.

In addition, there is recognition of environmental issues and particularly how local economies need to adapt to mitigate the damaging effects of climate change. Reflecting the policy messages of the SNR in terms of the growing importance of sub-regional economic development, the guidance states that "*local economic assessments should, as far as possible match real economic geographies or functional economic areas*" (p.14), thus giving the go-ahead for cross-authority collaboration in the preparation of the LEA. Moreover, the guidance outlined the intention that LEA is linked to other strategy development, such as the Local Development Framework and Local Area Agreement processes. The guidance also states that local economic assessments should contain a Worklessness Assessment and that local authorities may wish to include a Work and Skills Plan. Finally, the guidance provides an insight into the approach that CLG suggests local authorities adopt in order to undertake the LEA; namely, the emphasis on quantitative methods using secondary numerical data.

In December 2009, CLG published a formal consultation<sup>4</sup> on the draft statutory guidance discussed above; its purpose is to get stakeholders' 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*" (p.6). The consultation invites responses to the following questions:

1. Do you agree with the Government's view with regard to what should form the key elements of local economic assessment?
2. Do you agree with the Government with regard to the proposed scope of local economic assessment?
3. Do you agree with the Government's proposals on how local economic assessments should inform local and regional policy making?
4. Do you agree with the Government's view of the timing and frequency of local economic assessments?

Beyond the inclusion of the questions for consultation, the consultation document is largely a repetition of the August guidance.

### ***IDeA Guidance***

The Improvement and Development Agency (IDeA) and the Planning and Advisory Service (PAS) have also produced guidance<sup>5</sup> on how to prepare a local economic assessment, published in October 2009. Accompanying the guidance is a diagnostic tool that aims to help local authorities identify their 'starting point' and an online 'Communities of Practice' forum<sup>6</sup>. The guidance outlines:

- **the process for undertaking an economic assessment** - the guidance suggests that the assessment should be about more than just data, it should consider the "*the story of your area, its history, relationships, economic and social profile*" (p.15);
- **discussion around what the assessment should look like and what it should contain** - the guidance does not prescribe how the assessment should look and what it ought to contain. It suggests that local authorities should have a clear idea at the outset about who will use the assessment and how and why it will be used and suggests that these considerations should shape the form and content of the LEA;
- **areas that the LEA should cover** - suggested themes include: spatial context and connections; demography; inclusion; employment; skills; enterprise and business; land, buildings and infrastructure; and the environment;

<sup>4</sup> CLG (2009) 'Local Economic Assessments: Consultation on draft statutory guidance', accessed at: <http://www.communities.gov.uk/documents/citiesandregions/pdf/1420761.pdf>

<sup>5</sup> Guidance prepared by Rocket Science UK Ltd & Globe Regeneration Ltd, published by IDeA & PAS (2009) 'How to do a Local Economic Assessment', accessed at: <http://www.idea.gov.uk/idk/aio/15128932>

<sup>6</sup> See: <http://www.communities.idea.gov.uk/welcome.do>

- **potential data sources** - these include: the Office for National Statistics; Connexions; and government departments;
- **step by step guidance** - the publication also outlines suggested guidance for each stage of the LEA process.

### **Funding**

At present, the amount of funding that will be available to local authorities to carry out LEA remains unclear. However, whilst unconfirmed, practitioners of local economic development believe that Unitary authorities will receive £80,000, Shire authorities will receive £65,000, and District authorities will receive £6,000. It is also believed that the funding will come through the Area Based Grant although it will not be ring-fenced.

## **2.4 What are the opposition parties saying?**

According to Committee Stage Reports<sup>7</sup> published whilst the Local Democracy, Economic Development and Construction Bill was going through the House of Commons, a number of objections were raised by members of the opposition parties towards the Economic Assessment Duty:

- **Conservative Party:** John Goodman MP and Shadow Minister for Communities and Local Government introduced an amendment (which was subsequently rejected) that sought to remove the statutory nature of the Economic Assessment Duty. He is recorded as having said "*any reasonably sized local authority worth its salt*" would already be reviewing local economic conditions. This view had also previously been expressed by Lord Hanningfield, Conservative Shadow Minister and leader of Essex County Council. Interestingly, Goodman is also said to have queried the Government's emphasis on economic rather than social, environmental or sustainability assessments.
- **Liberal Democrat Party:** The Liberal Democrats supported the Conservative's amendment and Julia Goldsworthy MP also expressed concern that the LEA would not reflect "*the boundaries of economic experience*". However, Labour Minister Rosie Winterton countered this highlighting that there would be flexibility for local authorities to collaborate across boundaries. Like John Goodman MP, Baroness Hamwee for the Liberal Democrats has expressed concern that the emphasis on economic matters would mean the social and environmental facts of sustainable development are likely to be overlooked.

## **3 ABOUT THIS RESEARCH**

The introduction of the Economic Assessment Duty is a significant step in local economic development policy and in this research CLES set out to find out how local authorities are responding to the challenges and opportunities it may present. This report is based on the findings from an online survey which was distributed to Heads of Regeneration and Economic Development at local authorities throughout England. The survey combined both closed-answer questions and a large number of open-ended questions in order that respondents could express their views and experiences freely. In total, 21 local economic development and regeneration practitioners, a number of whom were heads of departments, responded to the survey. Therefore, whilst the views expressed in this report are based on just a small sample of economic development practitioners, we hope that the findings provide some interesting early insights into how local authorities are responding to the duty.

Following the identification of key themes in the online survey, semi-structured interviews were carried out with two respondents and these interviews inform the case studies that follow. This Rapid

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<sup>7</sup> House of Commons Library (May 2009) 'Local Democracy, Economic Development and Construction Bill: Economic, regional and construction aspects', accessed at: <http://www.parliament.uk/commons/lib/research/rp2009/rp09-046.pdf>

House of Commons Library (July 2009) 'Local Democracy, Economic Development and Construction Bill: Committee Stage Report, Research Paper 09/68', accessed at: <http://www.parliament.uk/commons/lib/research/rp2009/rp09-068.pdf>

Research is also informed by CLES' involvement in the Performance Network for Local Economic Development and ongoing discussions about LEA between CLES and our members.

## **4 RESEARCH FINDINGS**

### **4.1 About the respondents**

Many of the respondents appear to already know what their role in the Economic Assessment Duty will be. For instance, a number of respondents stated that they are 'Lead Officer', 'Project Lead' or 'Project Sponsor'. Other respondents described their role in more detail. For example, one respondent indicated that their role would include supporting the development of the LEA across the Multi Area Agreement area. Some of the respondents were not yet clear as to what their exact role would be in the Economic Assessment Duty, however there was evidence that they were being 'primed' to take a role by attending events and receiving briefing papers.

### **4.2 How local authorities have responded so far**

How local authorities are responding to the duty varied amongst the survey respondents. One commented that their draft assessment and scoping of available data was complete, but that this process had served to identify gaps in information. Another respondent noted that their LEA document had been completed and ready for formal consultation in January 2010. Amongst other respondents, progress has so far been made in a variety of ways, including:

#### ***Studying guidance and learning activities***

A number of respondents commented that their progress to date has included studying the draft guidance produced by IDeA and CLG, reading briefing papers, scoping for best practice and attending events hosted by organisations such as the Local Government Association. One respondent also said that their local authority had hosted a workshop with the aim of thinking about how local economic development is currently being strategised and creating a vision for the future.

#### ***Sourcing data and thinking about methodology***

Initial data mapping activities are also being undertaken, with respondents suggesting that work is underway to map data that is available within different services and partner organisations. As the CLG guidance suggests (see p.13), this might be neighbourhood level data accessed on data4nr.net, ONS, or data held by regional and local partners, such as administrative data, local survey results, and local consultation and planning exercises.

As well as sourcing data, we were keen to find out whether the respondents intended to undertake any qualitative research as part of their LEA. Of the survey respondents, 43.8 % said that they did intend to undertake qualitative research as part of their LEA; 50% of respondents said that they did not know and 6.3% replied that they would not be undertaking qualitative research. Of those that said that they would be undertaking qualitative research, it was suggested that this would supplement the use of secondary data and would include anecdotal findings gleaned through liaison with partners and local partnership managers. Of the respondents, 56.3 % said that they did have plans in place to analyse the results from the LEA, whilst 31.3 % did not. The remaining 12.5 % did not know.

#### ***Engagement with partners and stakeholders***

As the IDeA guidance highlights, it is important that local authorities "*position the LEA with internal and external stakeholders and identify where it should sit and what it should inform*" (p.52). A number of the practitioners surveyed commented that they were, or were planning to, meet with key partners and stakeholders to discuss the LEA process and also how the material produced can be used in the future.

The survey found that for those local authorities that are already a part of an MAA, the systems for engaging stakeholders were already established. Thus, stakeholders are expected to include local authorities in the sub-region, the County Council, the Regional Development Agency and Chambers of

Commerce. Other respondents, whilst having not yet identified their prospective stakeholders, expected them to include: all local authority departments; local businesses; local education institutions; Jobcentre Plus; the Learning and Skills Council; Local Strategic Partnership; and the Voluntary and Community Sector. One of the respondents mentioned consultation with individual members of the public; however this was described as being an *"outside chance"*.

In terms of how the respondents would be engaging with these stakeholders, many of the respondents felt that it was perhaps too early to say. Some of the respondents suggested that existing partnerships would be utilised, whether that be through MAAs or LSPs. As one respondent put it, *"We will therefore maximise the opportunity afforded by existing arrangements"*. The development of workshops was highlighted a number of times as a strategy for engaging with stakeholders, along with formal consultation on draft documents and statistical findings. One respondent to the survey commented that they were likely to utilise web-based technology to encourage engagement and comment.

#### ***Developing capacity, managing the process***

As well as working with external partners, some local authorities have already assembled internal teams and groups to develop and deliver the LEA. Very few of the respondents commented that they would be recruiting in order to undertake the LEA, with most confident that their local authorities would have the necessary capacity 'in-house'. Of the survey respondents, 43.8 % said that they do not know whether they will commission external research, whilst 31.3 % stated that they did not have plans to commission external research. However, it was suggested that commissioning research might be advantageous to fill gaps in knowledge and also to benefit from *"the independence which [external consultancy work] brings to the process"*.

#### ***Consideration of geography***

The CLG guidance states that LEA *"should, as far as possible, match real economic geographies or functional market areas"* (p.14). Indeed, many of the practitioners we surveyed suggested that they have considered the geographical scale at which the LEA will be undertaken. In particular, a number of respondents stated that their LEA will be sub-regional in scope and discussions are underway with MAA partners. Ensuring that the LEA is developed at the right geographical scale emerged as a significant challenge, which will be explored in more detail later in section 4.5 of this report.

#### ***Timescales***

The new duty will come into force in April 2010. Nearly all of the responses indicated that timescales for developing and carrying out the LEA were either drafted or finalised. The timescales given for the completion of a first draft varied from April to December 2010.

### **4.3 LEA themes**

We were keen to find out what local economic development practitioners see as the key priorities for their LEA. As the table below illustrates, we asked respondents to indicate how important they perceived given themes to be. Perhaps unsurprisingly, more traditionally 'economic' themes, such as labour market, education, and skills and business and enterprise, were deemed most important. In contrast, less explicitly economically-focused themes, such as environment and resources and the voluntary and community sector were not deemed as important. This can perhaps been seen as a reflection of the narrow conception of the local economy that is presented in the guidance.

**Table 1: Thematic priorities**

	Very important	Important	Neutral	Unimportant	Very unimportant
Geographical considerations	64.7%	35.3%	0.0%	0.0%	0.0%
Demographics	47.1%	47.1%	5.9%	0.0%	0.0%
Labour market, education and skills	88.2%	11.8%	0.0%	0.0%	0.0%
Business and enterprise	88.2%	11.8%	0.0%	0.0%	0.0%
Social and economic inclusion	70.6%	29.4%	0.0%	0.0%	0.0%
Environment and resources	41.2%	41.2%	17.6%	0.0%	0.0%
Housing and planning	47.1%	47.1%	5.9%	0.0%	0.0%
Voluntary and Community Sector	17.6%	70.6%	11.8%	0.0%	0.0%

#### 4.4 Local Economic Assessment Duty: Challenges and Opportunities

##### *Challenges to developing the Local Economic Assessment*

Our survey found that 62.5 % of respondents had experienced challenges in terms of responding to the Economic Assessment Duty. This next section outlines some of the key challenges being faced by the local economic development practitioners we spoke to.

- **Determining the geography**

Our research uncovered that determining the geography of the LEA will perhaps be *the* biggest challenge facing local authorities; namely whether or not a sub-regional or local assessment is to be developed and negotiating the relationship between functional economic areas and administrative boundaries of local authorities. Indeed, one respondent commented *“The key challenge we anticipate is getting the economic geographies and the balance between regional and local right”*.

It was suggested by some that there is a tension between the need, and expectation for LEA to support the ambitions of sub-regional governance structures, i.e. MAAs, and the necessity to reflect the needs and challenges of the neighbourhood level. For areas with complex geographies and governance structures, such as Lancashire for example, this challenge may be particularly pertinent. Another challenge highlighted was the need to ensure that the LEA ‘fits’ with regional strategy making. To overcome this challenge, a number of respondents highlighted that they were working to develop effective dialogue with sub-regional partners.

- **Uncertainty about requirements**

Whilst one respondent stated that the published guidance had given them a greater understanding of what was expected from the LEA, another felt that there is a lack of clarity as to what needs to be incorporated. The CLG guidance highlights that the Child Poverty Bill will put 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”* (p.11), and that this assessment ought to be integrated into the LEA. However, how a local authority would achieve this in practice is not fully explored or what is the minimum content required.

- **Dealing with data**

Whilst a number of respondents suggested that they would consider using qualitative techniques, it is likely that data analysis will be a significant part of the LEA as it features prominently in the government guidance. It was suggested by some of the respondents that weaknesses in available

data, for instance a lack of up to date statistics, could hinder the validity and usefulness of the LEA. Interestingly, one respondent identified that developing an effective methodology could prove challenging. It was suggested that there was some confusion between a data heavy approach and the need to ensure that *“assessment, interpretation and action takes place subsequently”*. Ensuring the LEA is ‘not all about data’ might therefore prove to be a challenge for local authorities.

- **Inconsistency between LEAs and potential consequences**

As local authorities have been granted flexibility in terms of how they develop and undertake their LEA, this is likely to mean that LEAs are not consistent between local authorities. One respondent expressed concern that whilst inconsistent, LEAs will nevertheless be used for inter and intra regional comparisons upon which to direct future funding. Moreover, it was also suggested that LEA documents could become marketing tools for competition between functional areas and a lack of consistency between LEAs could therefore be misleading.

- **Will it add value?**

Some respondents were sceptical about the added value that the LEA would bring to their economic development activities, indeed a number of respondents stated that they were already undertaking this sort of activity, just not under the banner of LEA. As one respondent commented, *“[We are] already doing most of what is suggested in the guidance – so probably little added value except that it now becomes a statutory requirement”*. Another respondent suggested that undertaking the LEA may distract from more important local issues, whilst others suggested that the ambiguity about the availability of additional resources for LEA may mean more work for no extra funding. One respondent suggested that delivering LEA against a backdrop of public sector resource reductions could also be challenging.

- **The purpose of assessment**

There is debate in some areas about the purpose of the final assessment with different views emerging about the purpose of the assessment document. Some areas are of the opinion that the final document should be an ‘honest’ assessment which presents a ‘warts and all’ approach providing an overview of an area’s strengths and weaknesses based on the data analysis. Others think that the final assessment document should present an opportunity to focus on an area’s strengths rather than its weaknesses to maximise future economic opportunities of investment and new enterprise start-up.

### ***Opportunities***

Despite the challenges raised in our research, the majority of respondents (68.8 %) said that they felt very positive about the introduction of the duty. We asked respondents what they saw as the opportunities of LEA and the key themes are outlined below:

- **Putting local economic development at the forefront**

Amongst the positive comments was the suggestion that the duty *“highlights the value of the economic development service and the work it delivers as a non-statutory function”*. This was supported by another respondent who commented that the duty brings *“economic development issues centre stage”*. Some of the respondents felt that LEA presents an opportunity for local economic development practitioners to influence the strategic priorities of the local authority.

- **The encouragement of collaborative working**

It was also suggested that LEA has the potential to bring stakeholders together for serious consideration of the local economic prospects, and/or to formalise what partners are already saying. For example, one respondent commented that the LEA might encourage local government to work with the private sector to gather and share business intelligence in a more structured way. Moreover, it was suggested that LEA may encourage local authorities to consider how *“economic development issues can be fed into and support other policy areas”*, such as reducing child poverty.



#### 4.5 Local authorities' preparedness for LEA

Finally, we sought to find out how prepared local authorities feel about undertaking an LEA and asked respondents to rank how they felt on a scale of one to five; one being very prepared, five being very unprepared. The results showed a mixed picture. In total, 50 % of respondents stated that they were 'very prepared' or 'prepared' whilst the remaining 50 % stated that they were 'unprepared', 'very unprepared' or 'neutral'. However, a number of respondents expressed that they were confident they were prepared for LEA because they had a strong track record and that they had experience in this field. One respondent commented that they had *"been working on this since [it was] first mooted in the SNR"*.

#### 4.6 After Local Economic Assessment: How local authorities will use the LEA

We were keen to find out how local authorities intend to maintain the LEA as such we asked respondents whether they had considered how they will continue to review the LEA once complete. Of the respondents, 62.5 % stated that yes, they had thought about how they will continue to review the LEA. In terms of how they intend to do this, the following approaches were outlined:

- by recruiting a permanent member of staff who will produce and review the document;
- through the overall MAA programme management;
- by responding to additional data as and when it becomes available;
- through annual statistical updates;
- by tailoring subsequent LEAs to changing circumstances;
- through depth analysis of particular issues, either sectoral or thematic.

We were also interested to find out how local authorities intend to use the information gleaned from the LEA upon completion. A number of respondents commented, unsurprisingly, that the information would be used to underpin strategy and policy development. Indeed, reflecting the Government's intention, it was a common theme amongst responses that the LEA will not act as a policy or strategy in itself, rather that the findings of the LEA would be used to underpin and provide an evidence base for strategy and initiative development, such as the Local Development Framework, the Sustainable Communities Strategy and Skills Strategy, and Housing, Transport and Spatial Planning.

Others commented that the information would support priorities within the MAA and would be used in the preparation of the new LAA and Sustainable Communities Strategy. One respondent commented that the LEA would enable the local authority to decide at what level various activities are best carried out at. A number of respondents also suggested that the findings of the LEA would inform the development of a new economic strategy.

### 5 CASE STUDIES

In addition to the online survey, we undertook a number of semi-structured telephone interviews with respondents. The aim of this part of the research was to provide a more detailed understanding of local authorities' progress to date.

#### ***Case Study: Lewisham Borough Council***

##### **Progress to date**

Lewisham Borough Council first started thinking about how they were going to approach the Economic Assessment Duty over nine months ago and started to read and reflect on the available literature. They established a team comprising members of staff from Economic Development, Strategy and Performance, Regeneration, Policy and Partnerships and the LSP Team. This team got together to read through the available literature (including the IDeA benchmarking publication *'Driving Economic Prosperity'*), to discuss the emerging issues and to examine the draft guidance. A basic report was drafted and distributed to colleagues and the Executive Management team, explaining what the Economic Assessment Duty means and what the LEA will look like.

In June 2009, a member of staff also pulled together a draft document detailing the likely data sources that would be required for an LEA. Since the publication of the guidance, Lewisham have gone back to this document and amended it accordingly. However, one of the considerations facing Lewisham is how to ensure that the LEA is not just a 'number crunching' exercise. They believe that to be valuable it has to convey Lewisham's vision and 'story of place'. In recognition of this, Lewisham Borough Council organised a workshop which brought together approximately 40 people from within the local authority and from outside organisations such as Jobcentre Plus, the Chamber of Commerce and Further Education institutions. This event was used as an opportunity to discuss progress to date and a vision for Lewisham's future.

In terms of timescales, Lewisham Borough Council has decided to make use of all the time that is available to them and aim to have undertaken the LEA by Christmas 2010. With a local election due in May 2010, it is felt that these timescales will allow any new members to be involved in the LEA.

### **Priorities**

With the backdrop of the economic recession, Lewisham Borough Council anticipates that worklessness and skills will be a key priority of the LEA. It is perceived that the LEA will inform future interventions and allow Lewisham to reflect on the effectiveness of current approaches to 'closing the gap'.

### **Challenges**

- developing an effective approach to consultation and engagement;
- ensuring that the LEA is more than just a collation of 'dry' data. This will be overcome by having conversations with stakeholders and using this anecdotal evidence to support findings from the data;
- getting the geographical economic boundaries right. In other words, how to negotiate the challenge of telling a story that is Lewisham specific, whilst recognising Lewisham's position within Greater London and also the Thames Gateway;
- conveying to stakeholders and colleagues what the purpose of the LEA is, namely that it is not an end in itself but a means to developing and reflecting upon strategy and policy.

### **Opportunities**

Despite these challenges, Lewisham Borough Council is very positive about the introduction of the LEA, because it is seen as signalling a mainstreaming of economic development considerations into wider statutory activities. They feel it will encourage local authorities to think about the links between economic development and other departments, thus promoting cross-department working. So far, the LEA has already stimulated greater communication between different departments and stakeholders through the aforementioned workshop event. It is also perceived that the LEA will help with the development of the new economic development strategy, in particular by strengthening the focus on economic development.

### **Additional support**

It was suggested that opportunities for informal discussion across local authority geographies would be welcome, for example at the regional level, or amongst groupings of London Borough Councils. This would help local authorities to work through emerging issues and learn from others' experience. This 'face to face' conversation would complement the IDeA's online 'Communities of Practice' forum.

## ***Case Study: Blackburn with Darwen Borough Council***

### **Progress to date**

Blackburn with Darwen Borough Council began thinking about the Economic Assessment Duty long before the publication of guidance from IDeA and CLG. This is largely due to the fact that Blackburn with Darwen is part of the Pennine Lancashire Multi Area Agreement. As part of the MAA negotiations, Blackburn with Darwen had to undertake a significant amount of work into local economic conditions and plan to build on this existing research for the LEA. Blackburn with Darwen

do not currently have plans to recruit new staff in order to undertake the LEA and are considering at what level the LEA is best delivered. Blackburn with Darwen will not go ahead with the LEA until this is decided.

#### **Priorities**

One of the biggest priorities for Blackburn with Darwen is skills, with a gap between the aspirations of industry and the skills level of the population. Other priorities will include responding to the local effects of the recession, for example promises for inward investment not materialising. Blackburn with Darwen also intends to prioritise the role of Further and Higher Education institutions in ensuring communities' aspirations are realised. Finally, Blackburn with Darwen have identified 'community cohesion' as a priority, in particular its link with economic activity.

#### **Challenges**

The only challenge that has so far been identified by Blackburn with Darwen is the issue of what scale the LEA is best developed, i.e. at the level of Blackburn and Darwen Borough Council, Pennine Lancashire, or Lancashire County Council.

#### **Opportunities**

It is felt that the LEA process will help to reinforce the collaboration already taking place as part of the Pennine Lancashire MAA. The key strength of the LEA, according to Blackburn with Darwen, will be that it will reinforce the obligation for local authorities to work together.

## **6 CONCLUSIONS AND RECOMMENDATIONS**

### ***Challenge of scale: An opportunity to show leadership***

Negotiating the appropriate geographical scale to undertake the LEA is a significant challenge facing local economic development practitioners. Undertaking assessment purely at the sub-regional scale risks generalising the challenges and opportunities over a larger area and could mean that specific area based issues are overlooked. Conversely, an assessment focused purely on an individual locality risks an isolationist approach to economic development which does not recognise the fluid nature of an area's economy and its links to adjoining markets. This issue becomes even more complex where different tiers of governance are present, for example, where a County Council area encompasses an MAA or a unitary authority. CLES believes that more government guidance is not the answer. Instead, the challenges of scale provide an important opportunity for local authorities, leading on economic assessment, to take responsibility and establish the parameters and scales of the LEA for themselves.

### ***Understanding the worklessness assessment element of the LEA***

Following the recommendations of the Houghton Review, the CLG guidance states that the LEA should include a Worklessness Assessment and that local authorities may also wish to produce a Work and Skills Plan. Again, similar to the point made above, the geographical scale at which to undertake the Worklessness Assessment may be problematic. Moreover, despite their commitment to LEAs and associated Worklessness Assessments, Government has not released detailed guidance on how local authorities and partners are expected to put them together. CLES has made suggestions as to how local authorities may go about developing a Worklessness Assessment and Work and Skills Plan which can be found in a recently published bulletin entitled, *'Linking the worklessness and skills agendas: new assessments and plans'*.<sup>8</sup>

### ***LEAs must be about more than data collection***

It is important that LEAs are not simply about the collation and analysis of data. Collecting evidence and using this to direct policy and strategy is important for creating successful interventions. Local authorities must however, be wary of falling into an information trap, where too much capacity, resources and energy are expended in managing so called 'evidence', and in reality all that is

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<sup>8</sup> See <http://www.cles.org.uk/information/104825/cb71/>

achieved is collecting data and collating information. Often local authorities find that they tend to be 'information rich, but intelligence poor'.

Assessment cannot be about collecting and shuffling data together to create a mountain of information. Assessments have to be about prioritisation, analysis and exploration of how this evidence relates to, and in practice works with strategy and policy. In short assessments need to be 'intelligence rich'.

### ***The important role of qualitative data in assessment***

CLES argues that whilst quantitative methods and the use of secondary data will no doubt be an important aspect of LEA, statistics can only say so much. Qualitative data can help play an important role in explaining the trends and patterns in data, particularly at a local level. CLES was disappointed that in the guidance from CLG the value of qualitative analysis was not considered. CLES recommends that local authorities developing a methodology for their LEA should think creatively about how to best capture information about their economy. CLES advocates that local authorities undertake qualitative analysis to complement the use of data and statistics. For example, interviewing local business people, seeking feedback from local economic practitioners, and collecting the views and opinions of local stakeholders. Not only will the qualitative data enhance overall understanding of the local economy, it is also likely to promote the purpose and value of LEA amongst local stakeholders and the role of local economic development activity more broadly.

### ***Recognising the importance of wider economic issues***

Our survey found that whilst (un)employment and business and enterprise were considered high priorities for the LEA, there was also an awareness of other themes that were 'less economic' in focus, such as the voluntary and community sector and environment and resources. Again, CLES was disappointed that CLG's guidance maintained a rather narrow conception of the local economy, with little consideration given to the social economy, for example. CLES recommends that local authorities think beyond traditional measures of the strength of a local economy. Building on our recent research into economic resilience<sup>9</sup>, CLES suggests that LEA presents an opportunity for local authorities to consider the size and influence of the social and public economies and environmental considerations, alongside more orthodox understanding of local economies.

### ***Using LEA as a tool for future planning***

There was wide recognition amongst the respondents that the purpose of the LEA was to inform strategy, rather than being a policy document in its own right. CLES therefore recommends that local authorities develop an understanding of how the LEA will be used to practical effect, ensuring that the assessment is a useful and living document which can be used to inform the future direction and delivery of economic development activity in an area and which can act as a catalyst towards encouraging greater integration of economic development priorities within local authority departments.

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<sup>9</sup> Centre for Local Economic Strategies (2009) 'Towards a new wave of local economic activism: the future for local economic strategies', accessed at: [http://www.cles.org.uk/information/104168/pp26\\_economic\\_activism/](http://www.cles.org.uk/information/104168/pp26_economic_activism/)