



Local economic assessments: Consultation on draft
statutory guidance
Summary of responses



Local economic assessments: Consultation on draft
statutory guidance
Summary of responses

Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 0303 444 0000
Website: www.communities.gov.uk

© Crown Copyright, 2010

Copyright in the typographical arrangement rests with the Crown.

This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the publication specified.

Any other use of the contents of this publication would require a copyright licence. Please apply for a Click-Use Licence for core material at www.opsi.gov.uk/click-use/system/online/pLogin.asp, or by writing to the Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU

e-mail: licensing@opsi.gov.uk

If you require this publication in an alternative format please email alternativeformats@communities.gsi.gov.uk

Communities and Local Government Publications
Tel: 0300 123 1124
Fax: 0300 123 1125
Email: product@communities.gsi.gov.uk
Online via the Communities and Local Government website: www.communities.gov.uk

March 2010

Product Code: 09MAA06326

ISBN: 978-1-4098-2411-4

Contents

Section 1	Background	5
Section 2	Outcome of consultation	6
Section 3	Analysis of consultation responses	7
Section 4	Consultation questions and response	8
Annex A	List of respondents	16

Section 1

Background

- 1.1 Part 4 of the Local Democracy, Economic Development and Construction (LDEDC) Act 2009 places a duty on county councils and unitary districts in England, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly to prepare an assessment of local economic conditions.
- 1.2 The new duty will come into force on 1 April 2010. From that date local authorities should begin to prepare an assessment, if they do not have an up to date assessment in place.
- 1.3 Under the LDEDC Act, local authorities must have regard to any guidance published by the Secretary of State with regard to what an assessment should contain, how it should be prepared and when to prepare and revise it. Before publishing any guidance, the Secretary of State must consult representatives of local government and such other persons as the Secretary of State considers appropriate.
- 1.4 The Government published draft guidance on the new duty for consultation on 22 December 2009. This set out the Government's proposals with regard to the scope of assessments, the key themes they should address and the framework within which they should be taken forward. The consultation ended on 15 March 2010.
- 1.5 Consultees were asked four questions:
 - (1) Did they agree with the Government with regard to the key elements of local economic assessments?
 - (2) Did you agree with the Government with regard to the proposed scope of local economic assessments?
 - (3) Did they agree with the Government's proposals on how local economic assessments should inform local and regional policy making?
 - (4) Did they agree with the Government's view on the timing and frequency of local economic assessments?
- 1.6 This document summarises the responses received and the Government's response to these comments. This document is being published alongside the Government's final guidance on local economic assessments.

Section 2

Outcome of consultation

- 2.1 The main points raised in the consultation are listed specifically under the relevant questions in chapter 4. The Government has taken account of the comments received in preparing the final guidance on local economic assessments, published alongside this publication. Although each point was considered individually, this response seeks to focus on the key issues raised where there was a significant degree of consensus amongst respondents. It should also be noted that, although the majority of respondents responded directly to the questions posed in the consultation, others provided more general comments that were not necessarily specific to any of the questions.
- 2.2 There a number of general principles that the Government has consistently applied in establishing the new duty. It has always been of the Government's view that local economic assessments should be primarily driven by local circumstances. However, the Government believes that there should be an element of consistency in economic assessments, so that the economic performance of different areas can be compared in the context of sub-regional and regional strategies and investment plans. Through the draft guidance the Government has sought to set out some key themes that it believes all assessments should, at the very least, address and to provide some clarity with regard to the scope of local economic assessments and their contribution to policy development and implementation.
- 2.3 The Government has, therefore, sought to keep prescription to a minimum and allow room for local flexibility and innovation. It has never been the Government's aim to provide a toolkit that local authorities should follow in preparing their assessments. The Government agreed with local government representatives early on that more detailed guidance on preparing assessments and data availability should be prepared by the sector.
- 2.4 The Improvement and Development Agency (IDeA) has been taking forward its own programme of activity to support local authorities in preparing for the new duty. In October 2009 it launched its detailed 'how to' guide for producing local economic assessments – *Preparing local economic assessments*. This was prepared in liaison with a number of organisations, including Communities and Local Government and the ONS. The IDeA will be extending its programme of support for local authorities in relation to the duty into 2010-11.

Section 3

Analysis of consultation responses

3.1 The total number of responses received was 45. Responses were received from:

- 8 county councils
- 9 district councils, borough and city councils
- 7 government agencies and advisors
- 7 local authority organisations
- 6 regional bodies
- 2 professional bodies
- 1 third sector body
- 2 interest groups
- 2 private companies and business organisations.

3.2 A full list of the organisations which submitted responses to the consultation is at annex A.

Section 4

Consultation questions and response

Question 1:

Do you agree with the Government's view with regard to what should form the key elements of local economic assessments?

- 25 of the 45 responses answered this question
- 21 agreed
- 4 disagreed
- 12 provided detailed comments.

Key messages

- 4.1 The majority of organisations that responded to this question welcomed the broad range and the cross-cutting nature of the key themes identified in the draft guidance and saw them as providing a comprehensive picture of the local economy. The proposal that economic assessments address issues around economic inclusion as well as business competitiveness was particularly welcomed. Shropshire welcomed the Government's assurance that the themes identified were not exhaustive, whilst CEDOS/ADEPT¹ stressed the need for assessments to reflect local circumstances and that local authorities should, therefore, be free to consider what other issues they consider in their assessments.
- 4.2 Hertfordshire County Council and Watford Borough Council argued that sustainable development should run right through local economic assessments and should not be confined to a specific theme and that the final guidance should clarify that.
- 4.3 A number of amendments and additions were suggested in relation to the key themes text at paragraph 4.5. It was suggested that greater emphasis be given to sport and culture, the historic environment, the visitor economy, environmental infrastructure and gender issues.
- 4.5 On the other hand, other organisations were concerned by the number and breadth of themes that needed to be addressed. Concern was expressed that the requirements around the natural and historic environment theme were very detailed and out

¹ Chief Economic Development Officers' Society/Association of Directors of Environment, Economy, Planning and Transport.

of sync with the broader messages around the other themes. Hertfordshire and Watford questioned whether local authorities should be encouraged to base judgements around the natural and historic environment on inadequate data whilst Norwich suggested that work around this theme would be a complex undertaking.

- 4.6 London Councils also argued that gathering hard data around low carbon industries would be challenging and that the Government should make allowances for that. The RDA network suggested that it was important for the guidance to recognise that preparing local economic assessments should be an iterative process and that assessments are likely to develop over time as they are updated and refined.
- 4.7 Hertfordshire County Council, Westminster City Council and Watford Borough Council sought further clarity around the transport theme. It was argued that it would be inappropriate for local economic assessments to examine what transport improvements were needed to open up economic opportunities and regeneration.

Government response

- 4.8 The Government believes that it has set out a broad set of issues that are essential to understanding the factors that impact on business in their area and the economic well-being of communities. But the Government does not see this list of themes as being exhaustive and does not necessarily expect local authorities to strictly adhere to these specific theme headings in preparing their assessments. It would, however, encourage local authorities to consider these themes in some form in preparing their assessments. The final guidance reinforces the point that assessments should primarily reflect local circumstances and priorities.
- 4.9 The Government agrees that sustainable development should underpin local economic assessments and has reinforced that argument in the final guidance. The Government believes though that there are some key issues assessments should assess around the relationship between economic activity and the environment. It believes, therefore, that it is important that this relationship should be identified as a key theme.
- 4.10 The Government also accepts that the preparation of local economic assessments is likely to be an iterative process and that they are likely to be updated and refined as new data becomes available. The Government also appreciates that data around low carbon industries is currently not as advanced as other data and so local authorities may need to rely on other evidence such as local soft intelligence. But the Government believes it important that local authorities start to think about strategic long term issues, such as the move towards a low carbon economy, as part of their local economic assessment.

4.11 The Government also accepts the argument that local economic assessments should not be the vehicle for identifying and evaluating transport solutions. The sentence referring to evaluating local transport improvements within the transport theme has been removed from the final guidance.

Question 2:

Do you agree with the Government with regard to the proposed scope of local economic assessments?

- 23 of the 45 responses answered this question
- 17 agreed
- 6 disagreed
- 14 provided detailed comments.

Key messages

- 4.12 A number of respondents raised issues around the identification of functional economic market areas (FEMA). Northumberland County Council suggested that the messages around FEMAs were too city-region focused and did not take account of polycentric counties. The Commission for Rural Communities suggested that some smaller local authorities would require more detailed guidance on identifying FEMAs. Hertfordshire and CEDOS/ADEPT argued that there should not be a uniform approach to identifying FEMAs and that this should be a matter for local judgement. It was also suggested that assessments address international economic linkages and that authorities that border Scotland or Wales should consider any cross-border linkages.
- 4.13 Although most respondents accepted the need for local authorities to consider wider social and environmental issues in local economic assessments, concerns were expressed about the complexities of achieving this and the danger that assessments might lose their focus on the economy. Tees Valley Joint Strategy Unit suggested that there should be further guidance on these linkages whilst CEDOS/ADEPT stressed that, although these linkages need to be considered, the primary focus of local economic assessments should be the local economy.
- 4.14 A number of respondents stressed that the local economic assessment should be an assessment of local economic conditions and not the strategic response to these conditions. In that context, it was suggested that it would be inappropriate for local authorities to consider the extent to which local authorities and partners are supporting local businesses when addressing the needs of businesses within the assessment. It was suggested that the relevant reference in paragraph 4.5 be removed.

- 4.15 Most respondents that commented on the issue agreed that local authorities should collaborate with neighbouring authorities where there are close economic linkages. The Environment Agency and Natural England, however, suggested that local authorities should also take account of cross-boundary environmental issues, including environmental infrastructure. The West Midlands shadow Joint Strategic Investment Board suggested that there should be further guidance on how to deal with economic linkages that straddle regional boundaries, in the context of the regional strategy.
- 4.16 A number of respondents stressed the need to give proper consideration to future growth sectors. Sunderland suggested that assessments should take account of the future needs of these sectors.

Government response

- 4.17 The Government agrees that there is no definitive way of determining any FEMA and that local authorities will need judge for themselves which features of the economy should be considered, taking account of local circumstances. The final guidance further clarifies that point.
- 4.18 In February 2010 Communities and Local Government published an economic note *Functional Economic Market Areas*.² This sets out some of the issues that local authorities may need to consider in identifying a FEMA. The Government does not believe that its messages on FEMAs are exclusive to cities and urban areas. It believes that the same principles apply for counties as well as urban areas and that both need to develop an understanding of the economic relationship between different localities within the area assessed and, where applicable, any economic flows which overlap local authority boundaries.
- 4.19 The Government agrees that, although local economic assessments need to pick up any linkages between economic conditions and wider social and environmental issues, their primary focus should be on the economy. The final guidance on local economic assessments provides further clarification on this issue.
- 4.20 The Government has accepted the other comments received relating to the strategic response to local economic conditions, the need to address cross-boundary environmental issues and better address the needs of future growth sectors. This has been reflected in the final draft guidance. Where local economic assessments straddle regional boundaries, the Government would expect the relevant regional authorities to co-operate on any cross-boundary issues identified.

² Functional Economic Market Areas: An economic note, CLG, February 2010.
www.communities.gov.uk/publications/localgovernment/ecomarketareaseconote

Question 3:

Do you agree with the Government's proposals on how local economic assessments should inform local and regional policy making?

- 26 of the 45 responses answered this question
- 23 agreed
- 3 disagreed
- 17 provided detailed comments.

Key messages

- 4.21 The majority of respondents that responded to this question agreed with the Government's proposals for how local economic assessments should inform local and regional policy making. However, a number of suggestions were made with a view to further clarifying this relationship.
- 4.22 The English National Park Authorities Association suggested that as national park authorities are local planning authorities for national park areas, they should have the same status as non-unitary district councils in two tier areas.
- 4.23 A number of respondents were concerned that the evidence base for the new regional strategies is already being gathered and that local economic assessments and regional strategies would, therefore, be out of sync. East Sussex County Council and CEDOS/ADEPT, in particular, called for the guidance to provide advice on how the timetables for local economic assessments and regional strategies should be aligned.
- 4.24 A number of county councils called for an explicit requirement for district councils to take account of the local economic assessment in preparing their local development framework (LDF). It was also suggested that the guidance require national partners, including Government agencies, to take account of local economic assessments.
- 4.25 Further clarification was sought with regard to the relationship between local economic assessments and the requirement under PPS4³ to prepare an economic evidence base. Westminster City Council asked whether a local authority would have met the requirement to prepare a local economic assessment in carrying out the requirements under PPS4. The RDA network also asked for clarification on how the Government would quality test local economic assessments.

³ Planning Policy Statement 4: Planning for Sustainable Economic Growth, CLG, December 2009. www.communities.gov.uk/planningandbuilding/planning/planningpolicyguidance/planningpolicystatements/planningpolicystatements/pps4/

Government response

- 4.26 The Government accepts that, given the local planning role of national park authorities, their contribution to a county wide economic assessment should be akin to the contribution of a non-unitary district. This is reflected in the final guidance.
- 4.27 Where work on the regional strategy is already under way, the Government would encourage the relevant regional authorities to build the consideration of future local economic assessments into the programme plan for the preparation of the first strategy. It would also encourage local authorities to complete those elements of their local economic assessment that would inform the regional strategy early on. Essentially, this is an issue for the regional authorities and the relevant local authorities to consider as part of their ongoing dialogue. The Government does not believe it appropriate to provide any further guidance on this issue.
- 4.28 The Government's expectation has always been that local economic assessments would inform the preparation of the LDF. The Government would, therefore, expect non-unitary district councils in two tier areas to take account of local economic assessments in the preparation of their LDF. Likewise, local economic assessments should inform the regional strategy and, therefore, the Government would expect the relevant regional authorities to take account of local economic assessments in the preparation of the regional strategy. The Government does not think that it would be appropriate to place a blanket requirement on all national partners to take account of local economic assessments. It would not be appropriate to set out such messages in statutory guidance unless it was clear which organisations it applied to, and the extent to which different partners operate in different areas would vary. But the Government believes it important that local authorities and their partners work together with a view to reaching a shared view of local economic conditions that should inform their respective strategies and investment plans.
- 4.29 The local economic assessment should be a broad based assessment of local economic conditions that should inform a variety of local policies and strategies, of which planning strategy is but one. The requirement to assemble an economic evidence base under PPS4 is tightly focused around the need to understand the needs of business and likely change in the market in order to inform planning policies. The local economic assessment gives local authorities greater scope to look at a broader range of factors that have implications for the local economy. However, there is likely to be a close synergy between the two evidence bases and authorities will need to address both requirements in a joined up way to avoid duplication.

4.30 The Government does not propose to establish new specific arrangements for the quality testing of local economic assessments. Essentially, a local economic assessment is a tool that should enable local authorities and their partners to gain an accurate assessment of local economic conditions which should inform policy interventions. The Government believes that there is a strong incentive for local authorities to develop a robust economic evidence base because the more accurate it is the more likely it is that policy interventions will be effective. The Government would encourage local authorities and their partners to come to a shared view of local economic conditions and, within such a dialogue, partners would be free to challenge any assumptions set out in a draft economic assessment. LAA negotiations will also provide a forum for testing and challenging assessments and future Examinations in Public would need to ensure that future policies are based on robust evidence.

Question 4:

Do you agree with the Government's view on the timing and frequency of local economic assessments?

- 24 of the 45 responses answered this question
- 18 agreed
- 6 disagreed
- 11 provided detailed comments.

Key messages

4.31 Most consultees were broadly comfortable with the messages around the timing and frequency of local economic assessments and agreed with the Government that they should be kept up to date. Many believed that an annual update and a full refresh every three years was realistic. However, a significant number argued that the preparation of assessments should be an ongoing process and that assessments should essentially be live documents that would need to be updated as and when required. It was suggested that future funding provisions for the local economic assessment, beyond 2010-11, should reflect the ongoing nature of preparing and updating an economic assessment.

Government response

- 4.32 The Government accepts that the preparation and updating of local economic assessments is likely to be an ongoing process. The timing and frequency of reviews of local economic assessments should be considered in the context of future reviews of sustainable community strategies, LDFs and other key local and sub-regional strategies as well as the preparation and updating of the regional strategy. The Government has provided funding for local economic assessments for 2010-11 through Area Based Grant allocations. It will take account of local authorities' future funding requirements post 2010-11 in terms of updating and refreshing local economic assessments as part of the next spending review.

Annex A

List of respondents

Norfolk County Council & Norfolk District Councils

English National Park Authorities Association

Association of Regional Observatories

Chief Economic Development Officers' Society/Association of Directors of Environment, Economy, Planning and Transport

Hertfordshire County Council

London Councils

Local Government Yorkshire and Humber

Campaign for National Parks

Tyne and Wear Research and Information Unit

Central Lincolnshire Joint Planning Committee

Tees Valley Joint Strategy Unit

Passenger Transport Executive Group

Basingstoke and Deane Borough Council

Newark and Sherwood District Council

Bedford Borough Council

Staffordshire County Council

Northumberland County Council

Essex County Council

Lincolnshire County Council

East Sussex County Council

Shropshire County Council

Sunderland City Council

Hull City Council

Norwich City Council

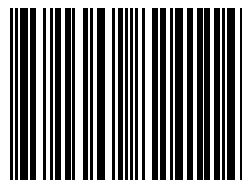
Watford Borough Council

Milton Keynes Council

Sandwell Metropolitan Borough Council
North West Regional Development Agency
English Regional Development Agency's Network
Commission for Rural Communities
Environment Agency
Arts Council/English Heritage/Museums, Libraries and Archives Council and Sport England
English Heritage
Natural England
Planning Officers' Society
London Gatwick Airport
Retail Markets Alliance
British Horse Society
Partners for England
One East Midlands
South East England Partnership
West Midlands shadow Joint Strategy and Investment Board
South West Observatory
Women's Resource Centre
Great Lincoln Partnership

ISBN: 978-1-4098-2411-4

ISBN 978-1-4098-2411-4



9 781409 824114