

# Local Economic Assessments



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## The Local Democracy, Economic Development and Construction Act 2009 places a new duty on County Councils and Unitary Authorities to assess the economic conditions of their area by preparing a Local Economic Assessment (LEA).

The Act states that an LEA (or any part) can be revised at any time, or at the direction of the Secretary of State (SofS), and defines a series of consultation requirements (between authorities and with named partners).

Draft statutory guidance published by CLG (August 2009) sets out the Government's intentions; namely that LEA should:

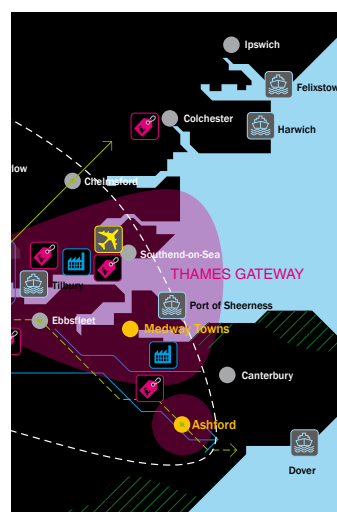
- provide a sound understanding of the economic conditions in the area and how they affect residents and businesses;
- identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities;
- identify the local economic geography, including the economic linkages between the area being assessed and the wider economy; and
- identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth.

### Core Requirements

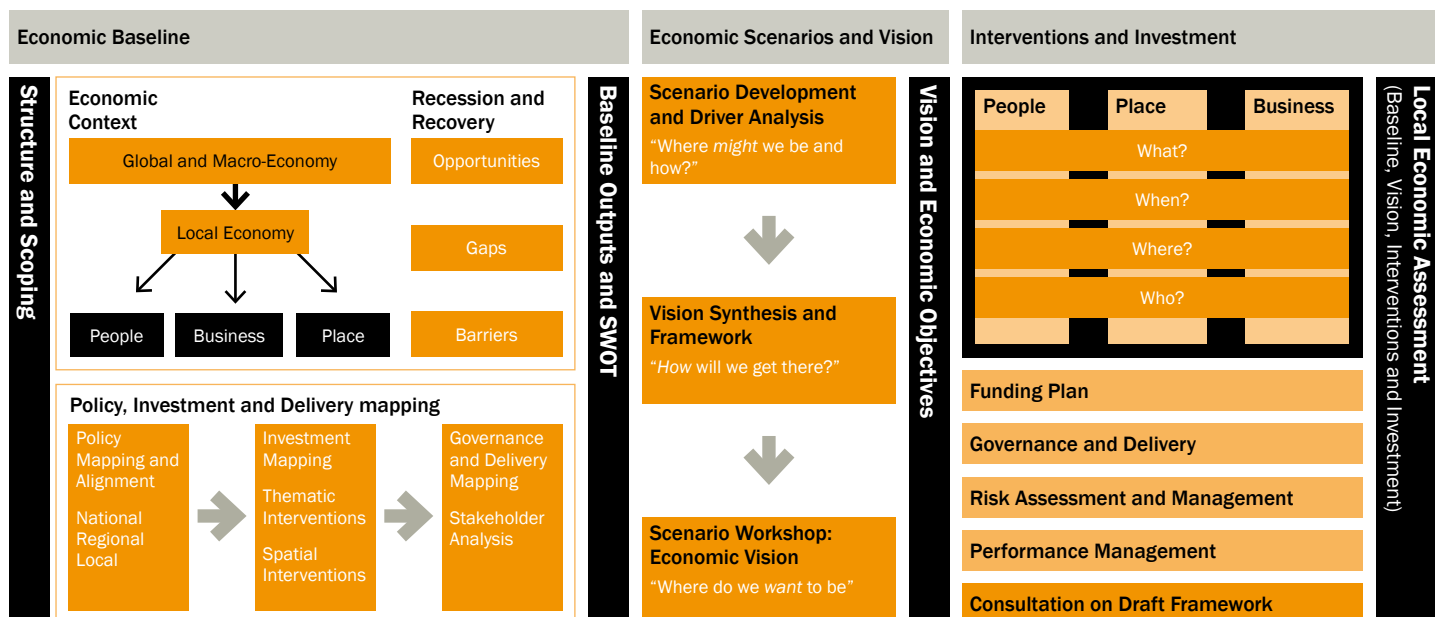
Based on these objectives, the core requirements of LEA are likely to consider:

- population and demographic change
- economic performance and future opportunities
- housing need and affordability
- labour market structure and economic inclusion
- transport and infrastructure requirements
- impact of environmental objectives and transition to low carbon economy
- quality of place and the economic value of place-shaping.

However, it is clear that throughout the country, different localities have already made varying levels of progress in shaping their understanding of economic change; and local authorities will need to develop their own approaches that reflect the specific economic challenges of their areas. In particular, this will depend on the extent to which they see the LEA as providing a new opportunity to genuinely shape their economic strategy, or to synthesise the key messages from an existing evidence base. In this regard, the LEA can be both a single process and output, or the collation of a 'basket' of separate pieces of evidence and strategy.



## LEA Framework



This framework recognises that any LEA baseline must look at the following:

- The need to properly structure and scope the LEA at beginning, including the key questions around spatial coverage, the engagement of stakeholders, and political challenges, and how far down the vision and strategy chain the LEA process is intending to travel;
- The need to assess the economic context with both breadth and depth, looking at the people, place and business drivers of the local economy, taking account of both existing characteristics and of the future changes (e.g. around technology, global change, access to finance etc);
- Identifying the key economic opportunities, gaps and barriers to economic growth and, particularly at the current time, considering these through the prism of the recession and recovery, recognising the need to take a long term view; and
- Given the range of public policy interventions and investments, the need to analyse the alignment of economic policy at a national, regional and local level as it relates to the local economy; the scale, range, alignment and impact of thematic and spatial investments in the economy; and the effectiveness of existing and future governance and delivery arrangements.

### Vision and Economic Objectives

The challenge for many local authorities will be to translate the LEA baseline into an agenda to define a clear perspective on the future of the economy; the local economic vision (how will this location earn its living?); and a defined set of objectives to shape future policy and investment across a range of areas (spatial planning, education/skills, business support etc) around which stakeholders can align. The LEA process can:

- Develop a series of economic scenarios drawing on both economic modelling and qualitative driver analysis to look at possible economic futures/trajectories;
- Shape a discussion over the economic vision – where does this locality want to be in the future? economic terms?
- Synthesising the vision and its drivers to define how the locality will get there.
- Crystallising the above into a clear and distinctive economic vision and a set of smart objectives and Key Performance Indicators that can form the basis for shaping interventions.

### NLP Approach

This provides the framework for the locality to develop a series of interventions and a Strategic Action Plan, underpinned by a framework for funding, delivery, performance and risk management. In implementing this framework, the Nathaniel Lichfield and Partners (NLP) approach:

- draws together a robust and authoritative evidence base around the economy, utilising a broad range of skills on economics, housing, infrastructure and area regeneration;
- uses a range of analytical tools to unpack and explain a complex range of issues and draw out the critical factors that will shape a locality's economic future;
- engages stakeholders, including local businesses, economic development providers, property market specialists, and others to secure consensus around the future of the economy;
- evaluates the range of economic interventions and approaches to delivery; and
- translates the assessment to fit-for-purpose outputs that act as an investment prospectus for public and private sectors, and is rigorous and capable of withstanding independent scrutiny.

### About NLP

NLP is one of the UK's largest independent planning and economics consultancies, with over 130 professional staff. NLP's dedicated Economics and Regeneration group has a strong track record of advice to public and private sector organisations on a wide range of economic development matters, and is therefore well placed to help take forward Local Economic Assessments. For more information or to have an informal discussion about how NLP can help, please contact one of our offices.

We have recently provided economics advice to a range of local authority and other public sector clients, including: Manchester City Council; Cornwall Council; Luton and South Beds Joint Technical Unit; Bassetlaw District Council; Rushmoor Borough Council, Royal Borough of Windsor, Maidenhead and Maidstone Borough Council, Gateshead Council and NewHeartlands Housing Market Renewal Pathfinder.

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