

## CABINET ITEM COVERING SHEET PROFORMA

### **AGENDA ITEM**

### **REPORT TO CABINET**

**5<sup>th</sup> November 2009**

### **REPORT OF CORPORATE MANAGEMENT TEAM**

## **CABINET DECISION**

**Regeneration and Transport – Lead Cabinet Member – Councillor Bob Cook**

### **Local Economic Assessment**

#### 1. Summary

The sub-national review of economic development and regeneration (SNR), completed by HM Treasury in 2007, identified a new duty for local authorities to complete a Local Economic Assessment. This is currently progressing through legislation as part of the Local Democracy, Economic Development and Construction Bill and will become a requirement from April 2010 and is expected to be completed within the following six months. The evidence base established will be used to identify the strengths, weaknesses, opportunities and threats of the local economy and hence inform comprehensive area assessment, local area agreement targets, local development framework and to underpin a range of local strategies. The document will also enable more effective representation for the borough in sub-regional and regional plans such as the Tees Valley City Region Business Case and the Integrated Regional Strategy.

Working with the Tees Valley Joint Strategy Unit (JSU) and to early guidance, officers from Stockton Council have been identifying the statistical evidence base and collating details from partners. This reports sets out the work that has been completed to date and the proposed route for future partnership working.

#### 2. Recommendations

- Members note the work completed to date and the process for finalising the local economic assessment.
- Agree to the involvement of Stockton Renaissance in the preparation of the Local Economic Assessment
- Agree for the final document to be presented to Cabinet

#### 3. Reasons for the Recommendations/Decision(s)

To assure members of the progress in meeting the new duty for a local economic assessment.

#### 4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct

**(paragraph 8)** and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest **(paragraphs 10 and 11 of the code of conduct)**.

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter **(paragraph 12 of the Code)**.

**Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

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**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION**

**Local Economic Assessment**

**SUMMARY**

1. The sub-national review of economic development and regeneration (SNR), completed by HM Treasury in 2007, identified a new duty for local authorities to complete a Local Economic Assessment. This is currently progressing through legislation as part of the Local Democracy, Economic Development and Construction Bill and will become a requirement from April 2010 and is expected to be completed within the following six months. The evidence base established will be used to identify the strengths, weaknesses, opportunities and threats of the local economy and hence inform comprehensive area assessment, local area agreement targets, local development framework and to underpin a range of local strategies. The document will also enable more effective representation for the borough in sub-regional and regional plans such as the Tees Valley City Region Business Case and the Integrated Regional Strategy.
2. Working with the Tees Valley Joint Strategy Unit (JSU) and to early guidance, officers from Stockton Council have been identifying the statistical evidence base and collating details from partners. This reports sets out the work that has been completed to date and the proposed route for future partnership working.

**RECOMMENDATIONS**

- Members note the work completed to date and agree the process for finalising the local economic assessment.
- Agree to the involvement of Stockton Renaissance in the preparation and future management of the Local Economic Assessment
- Agree for the final document to be presented to Cabinet

**DETAIL**

**Background**

3. In July 2007, HM Treasury completed its review of sub-national economic development and regeneration (SNR). A major finding of the SNR is that there is often an unclear link between what strategies are aiming to achieve and what is actually achieved, due to a lack of understanding of local economies, how they work and where genuine opportunity lies. The links between physical infrastructure such as transportation, urban realm and public buildings - the place; business support networks and inward investment – the business; worklessness schemes and skills – the people, are all known to impact on the economy though the extent of this impact is rarely understood.

4. The introduction of the local economic assessment duty was announced in November 2008 through the draft Local Democracy, Economic Development and Construction Bill, which had its first reading in parliament during July 2009 with the second reading scheduled for October 2009.

### **Current Guidance**

5. Draft guidance was made available alongside the bill and subsequent revisions have become available through 2009. The guidance is due to be finalised on the final reading of the bill, though it is not expected to be substantially revised. Within this it outlines specific points such as worklessness and skills, the environment, regeneration challenges and the role of local authorities and partners.
6. This guidance also notes that not all local authorities represent closed economic areas and that where this is the case, assessments should join together to form assessments of effective economic areas. This is the case with Stockton and we are working closely with the Tees Valley Joint Strategy Unit (JSU) to ensure that while the Stockton Assessment will examine local factors and neighbourhood economics, the Tees Valley Assessment will look at wider economic drivers and feed effectively into the Regional Strategy.
7. Additional guidance has been produced by the Improvement and Development Agency (IDeA) that is structured around a number of diagnostic questions that highlight where activities are focussed, where understanding is high and where gaps in service provision or knowledge exist.

### **Work to Date**

8. Working to this guidance, Council Officers have been developing a structure for the document (appendix I) and are discussing content with officers of the JSU (This will be accompanied by an executive summary for wider more general circulation). The diagnostic questions have been addressed internally and partner's views on areas where detail was incomplete gathered through a workshop held in July to which public and third sector partners were invited.
9. The Centre for Local Economic Strategy (CLES) assisted officers in the workshop to ensure that the detail and purpose of the assessment was understood and to gather views on how best to take it forward. We have also been making direct links with the North East Regional Information Partnership (NERIP) who are undertaking a number of statistical studies in conjunction with the Office for National Statistics (ONS) to map the economic geography of the North East, showing work travel patterns, supply chains and markets to link areas of economic activity with residential and deprived areas.
10. The JSU are producing the Tees Valley version to an accelerated timetable and in advance of the duty requirement. A final draft will be prepared for November so that it can be used to support the revisions to the Tees Valley City Region Business Case that has become necessary as a result of the current impact of the economic downturn.

### **Next Steps**

#### **Evidence Base**

11. A full dataset is being prepared that takes advantage of the freely available information through government statistics. This will be prepared in partnership with Stats@Stockton and the JSU economic forecasting team. It is important that we do not replicate the sub-regional detail but provide a greater local focus, drilling down to neighbourhoods to show how the pockets of deprivation and affluence are influencing the economic growth of the borough.

12. Close working alongside sub-regional partners will ensure that the impacts these have on the wider economy are effectively considered in the sub regional and regional assessments, giving best representation of the strengths and opportunities that we have locally.

#### Public and Third Sector Input

13. Building on the workshops held in July, we will be widening the involvement of partner organisations and incorporating the issues raised at the workshop within the assessment. Feedback and progress reporting to partners is ongoing and existing plans and strategies, including the current work on the Local transport Plan, will be considered through the drafting process. A draft document will be made available for comment prior to the final draft being presented to Cabinet.

#### Private Partnership Development

14. It is essential that the assessment takes into consideration the wider views of the business community and does not rely on statistical evidence alone. Direct input will be solicited from businesses and business forums and partnership arrangements established for future input. Whilst the assessment will be a council document to meet the required duty, Stockton Renaissance will be fully involved in the process of completion, monitoring and revision.
15. We are not approaching companies on a pure consultation basis but will be ensuring that the benefits to them, in terms of future policy and strategy leading to improved economic and trading conditions, are fully understood. The consultation undertaken will therefore be through direct one to one meetings and presentations for forums. Appendix II gives details of the organisations that we will be contacting.
16. This approach will identify how the economy is functioning across all sectors and improve our understanding of how sectors can be encouraged to grow and invest.

#### Strengths Weaknesses Opportunities Threats

17. The identification of these will be one of the later stages, taking into consideration all statistics and information available following our investigations.

#### Proposals for ownership

18. The guidance states that this is a Statutory requirement for Local Authorities but recommends that the development, monitoring and any future revisions are undertaken in consultation with the Local Strategic Partnership, enhancing the links between the Sustainable Community Strategy, the local Area Agreement and other key strategic documents.

#### **FINANCIAL IMPLICATIONS**

Cost of preparation is expected to be primarily in officer time and as a local authority duty some funds are expected to be made available to cover these costs.

#### **LEGAL IMPLICATIONS**

Through the Local Democracy, Economic Development and Construction Bill the production of a Local Economic Assessment is a new statutory duty for all local authorities.

## RISK ASSESSMENT

### Strategic Risk – score 2 (low)

- Political – The new duty has been planned for following the sub national review and 2008 pre budget report. The Council is therefore well placed to meet the requirement of the new duty.
- Economic – use of existing staff and information will minimise the cost of completing the assessment.
- Social – The assessment will help in identifying economic trends to better place the council to meet its objectives.
- Technological – The technology required to complete the work is already accessed by the council.
- Legislative – The document will enable the council to meet its legislative requirements
- Environmental – The climate change agenda and living environment will be considered by the assessment.
- Competitive – better knowledge from the assessment will make the council more competitive in its approach to service delivery
- Customer/Citizen – the assessment will give a better understanding of the needs and expectations of its customers

### Operational Risk - score 3 (low)

- Professional/Managerial – assessment to be embedded within the work programme of Stockton Renaissance for effective management and monitoring
- Financial – Underpinning of Local Area Agreement and other strategic documents to improve financial planning
- Legal – N/A
- Physical – N/A
- Partnership/Contractual – N/A

### Overall Risk – score 3 (low)

## SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

All areas of the Sustainable Community Strategy will be affected as the economic assessment is expected to inform future revisions.

## EQUALITIES IMPACT ASSESSMENT

Not applicable at this stage as the report makes no recommendation for significant change to policy or service delivery. A full Equalities Impact Assessment has been built into the development timetable for completion at an appropriate time.

## CONSULTATION INCLUDING WARD/COUNCILLORS

A Member's seminar is to be arranged following Cabinet to discuss the final draft prior to submission to Government.

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### Background Papers

Review of sub-national economic development and regeneration (HM Treasury, July 2007)  
Pre Budget Report (HM Treasury, November 2008)

Prosperous Places; taking forward the review of sub-national economic development and regeneration, the government response to public consultation (Communities and Local Government, November 2008)  
Local Authority Economic Assessment Duty, Impact Assessment (Communities and Local Government, December 2008)  
Transforming Places, Changing Lives, taking forward the regeneration framework (Communities and Local Government, June 2009)

Driving Economic Prosperity, benchmark and diagnostic for local authorities (I&DEA, November 2008)  
Local Economic Assessments, draft statutory guidance (Communities and Local Government, August 2009)

Tees Valley City Region Business Case  
Tees Valley Unlimited papers and minutes (November 2008 to present)  
Economic statistics for boroughs in the Tees Valley (Joint Strategy Unit monthly report)

Ward(s) and Ward Councillors:

All Wards and Councillors

Property:

N/A