

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

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CONTACT OFFICER: Shabnam Ali – Economic Policy Development Officer
Rafiq Chohan – Assistant Director for Economic Development
and Inclusion
(01753) 875849

(For all Enquiries)

WARD(S): All

PORTFOLIO: Opportunity and Skills – Councillor Matloob

PART I **NON-KEY DECISION**

LOCAL ECONOMIC ASSESSMENT

1. Purpose of Report

The purpose of this report is to make the Overview and Scrutiny Committee aware of:

- Our obligations under Part 4 of the Local Democracy, Economic Development and Construction Bill (clauses 63 and 64) which places a new duty on county councils and unitary authorities to assess the economic conditions of their area based on its functional economic area.
- The legislation will provide £65,000 through the Area Based Grant which is to be used for developing the local economic assessment and conducting economic development activities.

2. Recommendation(s)/Proposed Action

The Committee is requested to note the report.

3. Community Strategy Priorities

- **Celebrating Diversity, Enabling inclusion** - this priority is met by ensuring that all sections of the community are aware of the services being made available specifically as a result of the economic downturn to minimise effects as far as possible.
- **Prosperity for All** – supporting people that have become unemployed as a direct result of the downturn and those that are facing even tougher conditions in obtaining employment. Supporting the redundant executives in realigning their skills and supporting them into either alternative sectors or enterprise.

4. **Other Implications**

(a) **Financial**

There will be an allocation of £65,000 for this purpose. This funding will be available through the Area Based Grant April 2010 – March 2011. It will be important to ring fence this allocation so that it can be used for the purpose of the assessment and any other economic development activity that arises from it.

(b) **Human Rights Act and Other Legal Implications**

There are no legal or Human Rights Act implications arising from the recommendations in this report

5. **Supporting Information**

5.1 **Policy Context**

The government believes that local authorities should have a central role in leading economic development and regeneration. They have an important role to play in generating the potential for business growth and improving the attractiveness of an area to new and existing employers. SBC are well placed to develop and deliver support to local business for example through planning and infrastructure provision and to ensure that these activities are joined up with complementary activities to link local people to jobs. SBC's role in economic development is particularly important in an economic downturn.

- 5.2 The Government believes that the new local economic assessment duty will help to ensure that local authorities have a clear understanding of the conditions required for business to flourish in their area and for people to advantage of economic opportunities. The duty will underpin local authorities' power to promote the economic, social and environmental well being of their area. It will ensure that all economic and regeneration interventions are informed by a thorough and robust place based assessment of the comparative economic strengths and weaknesses of their area.

5.3 **Core Principles**

A local economic assessment should provide local authorities and their key economic partners with a clear understanding of local economic conditions at all spatial levels, from urban through to rural areas. It should map economic linkages and identify the key factors enabling and constraining sustainable economic development. This understanding, embedded in the activities of the local strategic partnership, should lead to improved economic intervention including better spatial prioritisation of investment, and contribute to the overall aim of delivering sustainable development.

- 5.4 There are a number of broad principles that should be applied to local economic assessments to ensure that they have maximum impact. In particular, a local economic assessment should:

1. Identify the economic linkages, including the links between it and the wider administrative boundaries.
2. Identify the comparative strengths, weaknesses, opportunities and threats facing the local economy.

3. Review the key ways in which local authorities and their partners influence local economic development and their impact. – the assessment could also take account of the economic role of the local authority itself including its procurement policies and the role its regulatory service can play in supporting local businesses.
4. Review the regeneration challenges of the area.
5. Analyse causes of wordlessness
6. Consider the impact of local economic development on the environment and how the local economy will be affected by the transition to a low carbon economy.

5.5 **Geographic Scope**

The Government believes that economic assessments should not be constrained by local authority boundaries. They should seek to identify the functional economic areas within and across boundaries. For Slough the functional economic areas have been provisionally decided as Windsor and Maidenhead, South Bucks, Wycombe, Spelthorne, Hillingdon and Hounslow. The main determination for this grouping is data on commuting patterns which shows that there are high numbers of inflow and outflow between these areas. Also, there is already some links with Hounslow and Hillingdon through Heathrow Airport with initiatives such as Meet the Buyer, Heathrow Retail Academy and Housing market similarities.

5.6 Slough's Local Economic Assessment will be based upon the following geographic areas:

1. LEVEL 1: Berkshire Local Economic Assessment (conducted by BESB)
2. LEVEL 2: Slough Local Economic Assessment
3. LEVEL 3: Slough Economic Assessment based upon its Functional Economic Area.

5.7 **Informing Local and Regional Strategies**

Assessments should form a significant element of the evidence base underpinning local and regional strategies. To achieve this will require a high level of co-operation amongst local authorities in the region and with other regional partners such as SEEDA.

5.8 An assessment should form part of the evidence base for the Sustainable Community Strategy. Flowing from this, the assessment should also inform local area agreement (LAA) and multi area agreement (MAA) negotiations.

5.9 Local Economic Assessments should also inform Local Development Frameworks. Section 13 of the Planning and Compulsory Purchase Act 2004 requires local planning authorities to keep under review the matters which may be expected to affect the development of their area or the planning of its development, including the principal economic characteristics. Linked to this, the Government consulted upon a new Planning Policy statement (PPS4) planning for Sustainable Economic Development in December 2007. This explained how local planning authorities should draw upon a wide evidence base to understand both existing business needs and likely changes in the market, so that they can prepare policies to support sustainable economic development in all of their areas.

5.10 **Timing and frequency of assessments**

The Government believes that it should be for each local authority to decide when it needs to review or revise its assessment taking into account local circumstances. Authorities may wish to review their economic assessments as

part of any review of their Sustainable Community Strategy or ahead of LAA negotiations or refreshes.

5.11 **Measuring impact of assessments**

It is envisaged that the local economic assessments will complement the national indicator set in providing a useful source of evidence for inspectors in carrying out a CAA. Inspectors are also likely to look at how local authorities and their partners have built on this work to inform development of their local priorities and strategies.

5.12 **Engaging Stakeholders**

The Local Democracy, Economic Development and Construction Bill will place a duty on local authorities undertaking local economic assessments to consult certain named partners. (For a list of these partners please see appendix A)

5.13 The legislation also requires local authorities to consult such other persons as they consider appropriate eg social, environmental and economic partners including local businesses, the voluntary and community sector, social enterprises.

5.14 **Economic Development Activities**

It is anticipated that the funding will be used in 3 main ways:

1. A sum to be agreed, which will contribute to the Berkshire wide Economic Assessment. This will be paid to BESB who will lead on this.
2. Slough's local and Functional Economic Area Assessment, it is yet to be decided who will lead on this.
3. The main bulk of the funding will be spent on economic development activities that are key priorities of the economy as identified and highlighted in the assessment.

6. **Appendices Attached**

'A' - Local Democracy, Economic Development and Construction Bill Local Economic Assessments Policy Statement

7. **Background Papers**

None