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**To:** Regeneration and Economic Development Policy Overview and  
Scrutiny Committee - 19 January 2010

**Subject:** Local Economic Assessment: Progress update

**Classification:** Unrestricted

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**Summary:**

Under new legislation, Kent County Council has both a duty to prepare a Local Economic Assessment and a number of opportunities to take advantage of new measures to devolve economic development powers to sub-regional level.

The Regeneration and Economic Development Policy Overview and Scrutiny Committee received at its November meeting a summary of these new duties and opportunities. This report sets out progress in taking them forward and in particular highlights the approach that is being taken to work jointly with Medway Council and District colleagues in developing the Local Economic Assessment.

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**1. Introduction**

- 1.1. In November 2010, the Local Democracy, Economic Development and Construction Act received Royal Assent. The Act contains a number of measures intended to support sub-regional devolution, including:
- A new requirement on county and unitary authorities to carry out assessments of the economic conditions of their areas
  - The introduction of new 'integrated regional strategies' linking economic development and spatial planning, which the local economic assessments will inform
  - The development of joint approaches to investment planning between local authorities, regional development agencies, the Homes and Communities Agency and other partners, again informed by local economic assessments; and
  - A series of possible arrangements for the delivery of economic development at sub-regional level.
- 1.2. The measures contained in the Act reflect the outcome of the 2007 Review of Sub-National Regeneration and Economic Development, which placed an increased emphasis on the role of local authorities, but which also emphasised the need for authorities to work together more closely at sub-regional level. Kent's ability to take advantage of potential devolutionary powers therefore

depends on our ability to develop effective economic development partnership structures with Medway Council and the twelve Kent Districts. In view of this, our approach in taking forward the main elements of the Act is focused on maximising this engagement.

## **2. The Local Economic Assessment duty**

- 2.1. The Act requires upper tier authorities to produce Local Economic Assessments for their areas. The Local Economic Assessment is intended to be a robust and evidence-based exercise which will provide KCC and its partners with a strong understanding of the economic character of the county and which will contribute to informing, among other things, future Local Development Frameworks and Local Area Agreement negotiations.
- 2.2. We have now reached agreement with Medway Council that we will prepare a joint Local Economic Assessment. Following this, a draft Scoping Report for the Assessment has been prepared (see Annex 1) which seeks to link the development of the Assessment with the responsibilities placed on KCC and Medway through other legislation and guidance for assessments of (for example) worklessness and child poverty. We have now consulted on this Scoping Report with the Kent Districts, SEEDA and the South East England Partnership Board at officer level and have received a positive response.
- 2.3. In December, the Government issued draft statutory guidance on the contents of Local Economic Assessments. The draft guidance anticipates that the Assessment will take a broad approach to the economy, although provides significant flexibility to local authorities to focus on those issues that are of local importance. The draft guidance is therefore broadly compatible with the approach outlined in the draft scope.
- 2.4. Although the duty to undertake the Assessment rests with Kent County Council and Medway Council as upper-tier authorities, the Government's draft guidance emphasises the importance of extensive District involvement. For that reason, we are seeking to involve District leaders or their elected member representatives in a joint consultative meeting to be held in February, at which a revised version of the scope of the Assessment can be discussed and the joint Kent/Medway response to the Government's consultation agreed.
- 2.5. In the meantime, initial work on the substance of the Local Economic Assessment will be progressed from January, in anticipation of the Assessment's potential value as a basis for future resource prioritisation.

### **3. Joint investment planning**

- 3.1. The Act anticipates a joint investment planning approach between the local authorities, the Regional Development Agency and other partners. This approach is reflected in the Homes and Communities Agency's brokerage of 'Single Conversations' with local authorities and other development partners. Within Kent and Medway, we are participating in one of three pilots for the HCA's approach in North Kent, building on the successful conclusion of a Multi-Area Agreement last year. This will lead to the completion of a Local Investment Plan for North Kent by the end of March, setting out the area's future investment requirements. It is anticipated that similar plans will be put in place across the rest of Kent over the next 18 months and that these will form the basis for future investment by the HCA and potentially other agencies.

### **4. Future mechanisms for economic co-operation**

- 4.1. The Act proposes a range of mechanisms for greater co-operation in economic development and regeneration activity at sub-regional level. These mechanisms fall into two categories:
- Further developments of existing Multi-Area Agreements, through which groups of authorities agree to meet certain outcomes in exchange for flexibilities in delivery; and
  - Economic Prosperity Boards, intended as local government-led, sub-regional bodies which could potentially aggregate funding and powers from regional or national agencies in relation to economic development
- 4.2. Through the Regeneration Framework, KCC is committed to the establishment of an Economic Prosperity Board or equivalent body. However, as the legislation has only just passed, it is unlikely that any EPBs will be established before the next general election. At the same time, the future of sub-national economic development policy is somewhat fluid, given the recent reduction in the Regional Development Agencies' budgets and their potential abolition under a future Conservative government.
- 4.3. Nevertheless, there is likely to be a continued emphasis on joint working between local authorities regardless of the outcome of the general election. Co-operation in taking forward the Local Economic Assessment duty will be a useful precursor to the establishment of any formal arrangement and the Assessment itself will provide a useful base on which a future sub-regional strategy may be developed, should KCC and its local authority partners wish to.

### **5. Recommendations**

The Policy Overview and Scrutiny Committee is recommended to note the contents of this report.

## **Annex**

Annex 1: Kent and Medway Local Economic Assessment: Scoping Report (Consultation Draft), October 2009

### **Background documents**

Department for Communities and Local Government (December 2009), Local Economic Assessments: Draft Statutory Guidance

<http://www.communities.gov.uk/publications/localgovernment/localeconomicassessments>

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