

**23 September 2010**

**Local Economic Assessment**

**Ward(s)** All

**Portfolios:** Councillor Adrian Andrew (Deputy Leader) - Regeneration

**Summary of report:**

- 1.1 The Local Democracy, Economic Development and Construction (LDEDC) Act 2009 places a new duty on county councils and unitary district councils to prepare an assessment, by April 1<sup>st</sup> 2011, of the economic conditions of their area.
- 1.2 The assessment will help identify customer needs and any gaps in the provision of services to meet those needs. In a climate of reduced resources, having a clearly-evidenced approach to priorities, outcomes and the required actions we need to deliver against is a vital aspect of the economic development agenda.
- 1.3 Preparation of Walsall's local economic assessment is well underway. A staff team of experts has been assembled, with resources allocated by the government through the Area Based Grant (£65k) and through the councils Working Neighbourhoods Fund programme (£50k).
- 1.4 The role of the LEA is currently to;
  - Establish a sound understanding of our economic conditions and how they affect the well-being of residents and businesses,
  - Identify economic linkages between our borough and the wider economy,
  - Identify the comparative strengths and weaknesses of our local economy and the nature and form of local economic challenges and opportunities
  - Identify the constraints to local economic growth and employment and the risks to delivering sustainable economic growth
- 1.5 Where areas or gaps have been identified in either ability or data, work streams have been developed and are now being implemented to plug these gaps, to sustain the integrity of the work to draft the LEA. This includes the engagement of consultants (Ekogen), who have been appointed to complete a discrete piece of work that will allow us to understand our economy and its business sectors, their vulnerability and where growth potential exists.
- 1.6 The panel will receive a presentation, attached as appendix 1, detailing the work so far, the outcomes we intend to gain from this process and the

timeframes associated with this work.

- 1.7 To bring clarity to the process a Blue Print for the LEA was developed with partners, attached as appendix 2, which aims to set out clearly in one page a summary of what our LEA is and why we are completing this work.
- 1.8 In order to guide the process and develop an understanding of the information that should be included in the assessment, we have developed, attached as appendix 3, what we currently believe to be the 10 key challenges which face Walsall, if we are to truly develop a sustainable economy, with the ability to grow.
- 1.9 To facilitate the development of the LEA, governance arrangements have been formed, including revisions to the existing cross party members group that assisted with the development of the Joint Core Strategy, which will now adopt a wider role in support of Regeneration Priorities / Policies, which will include the LEA.
- 1.10 The aim is to complete the first Walsall LEA and publish this during April 2011, with draft versions going out for consultation prior to this date.

### **Background papers:**

Attachment 1 – Presentation to be presented at the Scrutiny Panel.

Attachment 2 – The LEA Blueprint.

Attachment 3 – The 10 Key Economic Challenges facing Walsall today.

### **Reason for scrutiny:**

To bring Scrutiny Panel members up to date with this key piece of work, to seek their comments, challenge and input into the work so far together with agreeing how we can continue to involve them in this work.

### **Recommendations:**

#### **That Scrutiny Panel:**

1. Supports the work and the approaches taken so far.
2. Accepts the 10 key challenges and asks officers to continue to work on identifying the full scope of these challenges.
3. Asks staff to continue with the development of the LEA document, reporting back on progress.

### **Resource and legal considerations:**

There are no capital costs involved in the preparation of the local economic

assessment. Revenue costs for staff, consultation and external work streams will be met through the Area Based Grant and Working Neighbourhoods Fund. The LEA will not in itself result in any cashable or non-cashable savings, however the LEA will become an essential tool to support the development and updating of the Sustainable Community Strategies (SCS), and to establish what are our real economic development priorities.

By informing and shaping our collective understanding of the issues based on true data, all participants (council and its partners) will benefit from the additional value that the LEA evidence base provides. Importantly, it will strengthen our ability to bid for resource and sustain our place as a priority for funding etc. both locally, regionally and nationally.

The Local Democracy, Economic Development and Construction (LDEDC) Act 2009 places a new duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area. It requires the authority to consult “those organisations they consider appropriate”

### **Citizen impact:**

The LEA will evidence the needs of the area and the Citizens of the borough and if developed and used correctly should enable better informed investments and services to be delivered to improve the lives of Walsall Citizens.

### **Environmental impact:**

The assessment includes chapters on quality of place, sustainable economic growth, infrastructure and low carbon opportunities. These will allow a greater understanding of the environmental impacts of Walsall’s economy, as well as the economic impact of environmental assets, in order to tailor policies to minimise negative impacts and maximise benefits.

### **Performance management:**

The assessment will help identify customer needs and any gaps in the provision of services to meet those needs. In a climate of reduced resources, having a clearly-evidenced approach to priorities and outcomes is a vital aspect of the economic development agenda.

### **Equality Implications:**

The economic assessment includes various headings that will allow a greater understanding of differing needs of social groups in relation to skills and enterprise. This in turn will allow better targeting of policies to take account of those needs.

### **Consultation:**


Preparation of the local economic assessment has included initial consultation with

key stakeholders, as well as a business needs survey to a wide sample of Walsall businesses. Public consultation in the form of a survey seeking information about barriers to employment, attitudes to enterprise and to set priorities is due to take place in September and October.

Consultation on the draft local economic assessment is expected to take place in November, with final consultation during early 2011.

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# Walsall Borough Local Economic Assessment (LEA)

## Presentation to Scrutiny Panel



**Walsall** Council



# Background

- Local Economic Assessments (LEA's) were Introduced through the Local Democracy, Economic Development and Construction Bill, which placed a statutory duty falling to all councils to have one in place by April 2011.
- If we get ours right it will help to establish our key challenges, the opportunities and help to shape our solutions / actions required to develop / transform our economy.
- It will also be used to inform /revise a number of key strategies and processes, including;
  - The Sustainable Communities Strategy
  - The content and Priorities for our Local Enterprise Partnership (LEP)
  - Local and Regional Strategy development



# LEA Roles

The role of the LEA is currently to;

- Establish a sound understanding of our economic conditions and how they affect the well-being of residents and businesses,
- Identify economic linkages between our borough and the wider economy,
- Identify the comparative strengths and weaknesses of our local economy and the nature and form of local economic challenges and opportunities
- Identify the constraints to local economic growth and employment and the risks to delivering sustainable economic growth



# Why ?

The LEA is a real opportunity for Walsall to shape its future based around real evidence, to maximise both its tapped and untapped resources, and to build on its historic sense of place and culture.

This will allow Walsall to understand its economy, what it must do to survive and indeed prosper, providing reassurance that it is able, structured and delivering against the agreed priorities, and is continually moving in the right direction.





# Outcomes

- Establishing clearly our key economic strengths, weaknesses and opportunities
- An evidence based / supported approach that both identified and assists us in dealing with these issues
- As a basis from which we can then form our Economic / Regeneration strategies for the borough
- A tool that can be used to support the articulation regionally and nationally of our case for political support, positioning and subsequent resources
- Guiding our land use and transportation policies and priorities in support of our economy
- Guiding/ informing the development of; Worklessness, Employment, Skills and Child Poverty Assessments and Plans
- Developing our Inward Investment case and strategy
- In bringing these together hopefully the formation of our Unique Selling Points (USP's) for the Borough.

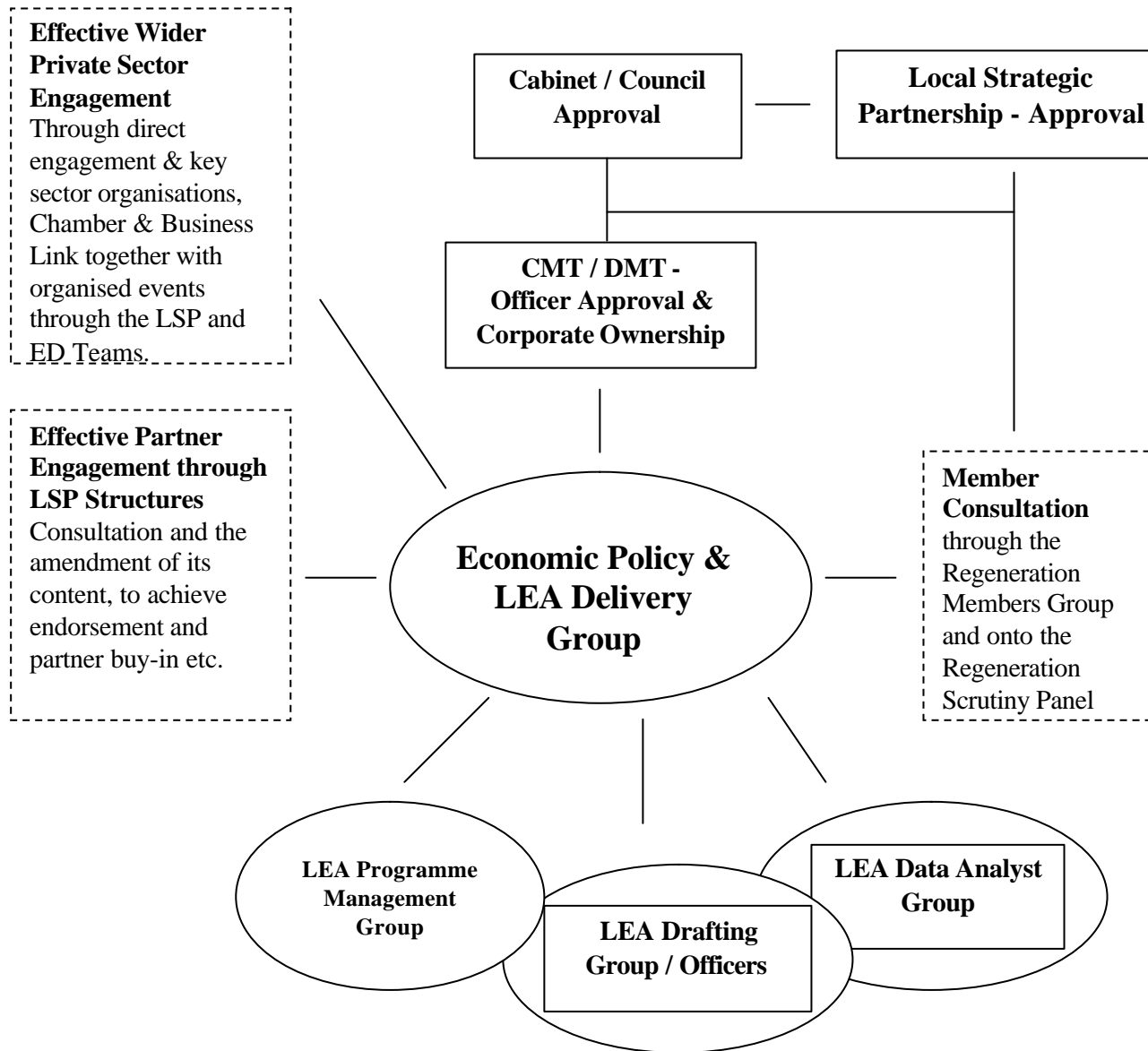


# LEA Progress

The Council has so far worked with key partners to;

- establish a 'Blue Print' and governance arrangements / proposals for the Walsall LEA
- Formed a consistent structure for both the Walsall and a sub-regional Black Country LEA, in line with the guidance available
- Tasked key lead officers with the necessary responsibilities
- Identified resources to support its development / publication.

# LEA Governance / Management Arrangements





# LEA Themes

The LEA must address the following themes;

- Economic Geography
- Business & Enterprise
- People & Communities
- Sustainable Economic Growth; and
- Economic Competitiveness



# LEA Timeframes

We plan to;

- Produce a ‘Stock Take’ document setting out what we understand so far from existing evidence / work
- Produce a first draft LEA for initial consultation / circulation during October / November 2010
- Produce a second (hopefully complete) LEA for final consultation in February 2011
- Seek all approvals and publish the LEA during March 2011.



# Key Economic Challenges (so far)

Please refer to Handout



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## **Attachment 2 - The Blueprint for the Walsall Local Economic Assessment**

**Why** - The LEA is the opportunity for Walsall to shape its future based around real evidence, to maximise both its tapped and untapped resources, and to build on its historic sense of place and culture.

This will allow Walsall to understand what it must do to survive and indeed prosper, providing reassurance that it is able, structured and delivering against the agreed economic priorities, and is continually moving in the right direction.

**The business case** for the LEA extends well beyond the simplistic statutory duty imposed by government on all councils to produce their first ones by April 2011, as it represents an opportunity for Walsall, possibly for the first time to bring together the key players and evidence within the Economic field, so they may form a structured document which will allow the key messages to be articulated acting as a sound basis for;

- Evaluating our key economic strengths, weaknesses and opportunities
- Developing an evidences based / supported approach to dealing with these
- Seeking the input and support of key stakeholders and partners
- As a basis from which we can then form our Economic / Regeneration strategy for the borough and or targeted areas within it, such as the town centre, DSDA etc.
- A tool that can be used to support the articulation regionally and nationally of our case for political support, positioning and subsequent resources,
- Guiding our land use policies and priorities in support of our economy
- Guiding/ informing the development of; Worklessness, Employment, Skills and Child Poverty Assessments and Plans.
- Developing our Inward Investment case and strategy
- Developing based on a mix of the above, our Unique Selling Points (USP's)

It is also to inform a variety of key local and regional strategies in their development as the draft guidance clearly states the primary purpose of the LEAs is to inform **Sustainable Community Strategies (SCS)** in their development and updating.

The guidance expresses the need to ensure that LEA's are owned by LSP's and that LEA's help them assess all partners' contributions to sustainable economic growth, across the whole of the **Local Area Agreement (LAA)**.

There is also flexibility for the development of approaches appropriate to regional circumstances, in our case the Black Country sub region, we have worked up a common format for each of our LEA's, so they can be easily grouped together into one, to provide a coherent sub regional intelligence base for feeding onto and influencing the development of our sub regional economy.

We need to consider and build **Functional Economic Geographies**, into the LEA to gain a better understanding of how and what Walsall trades with other areas, where our people live and work and the benefits of developing better linkages, economic flows and dependencies.

**The Core Objectives of the LEA re therefore to;**

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



## Attachment 3 - The 10 key economic challenges for Walsall

We are working to develop statements that capture the key challenges that face us, and which need addressing if we are to develop and move forward our borough's economy. The following represents our starting point in this articulation.

### 1. An over-reliance on vulnerable employment sectors

There is a continued high dependence on traditional sectors for employment opportunities in the borough. These are often low grade and low-value added sectors and are also those that are more vulnerable to economic downturns. The size and scope of the private sector in the borough needs to be expanded to provide sufficient levels of employment and profitability that are in line with those seen nationally.

### 2. A shortage of appropriate, employer-focused skills

There is a lack of appropriate employer-focused skills within both the current and prospective workforce. The shortage exists at all levels, ranging from a lack of basic skills to limited numbers of people qualified at higher managerial levels or those who are trained in value-added or research & development skills.

### 3. A lack of appropriate higher education opportunities

The Black Country needs to develop a wider and more appropriate higher education provision that is marketable to the most talented prospective students from within the sub-region and beyond. The university offer must be linked into effective knowledge transfer partnerships to ensure that the private sector has access to highly-skilled graduates, who are attracted to and retained in the sub-region.

### 4. The need to create an environment for enterprise and innovation

There is a need to create a thriving environment within Walsall through which entrepreneurial skills and innovation can be developed, fostered and supported to maximise business start-ups and sustainable growth.

### 5. A lack of understanding about the opportunities for future economic growth

Our capacity to understand, articulate and drive forward sustainable economic growth in the borough is limited by gaps in our knowledge around both the current structure of Walsall's economy and the shape and direction of its potential future growth. This lack of understanding will be addressed through the completion of the LEA, allowing us to shape our solutions through targeted inward investment and the appropriate development of new sectors, such as environmental technologies.

### 6. A limited availability of suitable employment land

Walsall has only a limited amount of high quality employment land that is fit for purpose, most of which is not complemented by effective transport networks. Many sites in the borough continue to suffer from a historical legacy (including

land contamination and proximity to housing) that limits their suitability. Together with low connectivity of sites, degraded environments and poor security, these issues can result in negative equity values.

#### **7. The importance of developing thriving social and cultural facilities**

In order to attract and retain both people and new employers, Walsall must develop the right mix of 'social infrastructure', which includes housing, schools, education, culture and leisure – in a sustainable environment. This must match the expectations of the businesses and workforce that we are seeking to draw into the borough.

#### **8. Issues of social exclusion acting as a barrier to economic participation**

Walsall is a very diverse borough, with many residents who experience multiple disadvantage in terms of living in poverty, experiencing poor health or having limited skills; this type of social exclusion can act as a barrier to involvement in the economy. We need to ensure that all local people, no matter what their circumstances, are able to play an active role and benefit fully from our economy.

#### **9. Communities where high levels of worklessness are coupled with low aspirations**

Some areas of the borough suffer disproportionately from high levels of (often long-term) worklessness which are coupled with low aspirations and poorly developed skills. This problem can result in child poverty, which consequently affects the aspirations and attainment of the next generation – creating an inter-generational cycle of workless and poverty that is endemic, and particularly entrenched, in some communities.

#### **10. Sustaining and creating successful public/private sector partnerships**

Sustaining and creating successful public / private sector partnerships, which support and deliver the planned physical transformation and regeneration of Walsall's strategic centres and impact investment locations – ultimately raising market confidence and securing increasing levels of inward investment in support of sustainable economic growth.