



Review of economic assessment and strategy activity at the local and sub-regional level



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Executive summary

The Review of Sub-National Economic Development and Regeneration includes a proposal that will require upper-tier and unitary local authorities to carry out an assessment of the economic conditions of their local area. This report reviews the range of types of economic assessments currently being produced at the local and sub-regional level. It also examines the changing forms of sub-regional structures and identifies tensions that need to be addressed in the development of future economic assessments and strategies.

Local and sub-regional economic assessments cover activity related to enterprise, labour markets, property, regeneration and community economic development. The types of assessment undertaken vary considerably, due to their differing objectives and the roles of different types of local authorities and sub regional partnerships.

Identifying and mapping sub-regional partnerships is difficult due to frequent changes and varied structures. The types of sub regional partnerships (SRPs) with an interest in economic assessments include those related to Regional Development Agencies, City Strategy Pathfinders, Economic Development Companies/Agencies, City Development Companies, Urban Regeneration Companies and Local Enterprise Growth Initiatives. These differences in the types and functions of SRPs are reflected in the types of economic assessments they produce.

In the absence of a statutory requirement to produce a local economic strategy/assessment, local authorities tend to focus their local economic assessment activity in relation to where there are requirements to do so (e.g. the production of Community Strategies or planning functions). The depth of analysis in assessments and their contribution to strategy development varies. The study has identified examples of comprehensive assessments using a range of indicators and, data sources and commissioned research, and more limited assessments that are centred on basic SWOT/scoping assessment.

Variation in the types and scope of economic assessments produced by local authorities is influenced by two key factors:

- Scale and capacity of authority: Larger unitary authorities have greater in house capacity and resources. Smaller authorities, especially rural ones, have less capacity
- Funding availability: Given limited resources, the availability of additional funding sources strongly influences the scale and nature of economic assessment activity.

In addition other factors affecting local variability include:

- Nature of local economic challenges: The scope of assessments reflect particular local histories and trajectories of economic development
- Uneven sub-regional/regional structures: Where the activities of RDAs or other factors have led to the development of strong sub-regional bodies, these may take a lead role in undertaking economic assessments
- Local politics: Local authorities may be keen to retain strategic economic roles and be reluctant to cede power to sub-regional partnerships.

The challenges for effective working across spatial scales reflect the weak and variable development of sub-regional level bodies and tensions evident within and between governance levels. The City Region agenda presents particular tensions between large urban and small rural authorities with the latter fearing a marginalisation of their interests. Many local authority produced assessments pay little attention to the wider sub-regional/city economies within which they are embedded and display little integration and co-ordination of activity across spatial scales.

The impacts of economic assessments upon processes of sub-regional economic development are difficult to assess, reflecting wider problems of evaluating the impact of local economic interventions upon economic development paths. However key lessons for policy development include the need to ensure economic assessments genuinely engage with local specificities and form part of an ongoing process of strategy development involving all key economic stakeholders if they are to have any meaningful impact. Where effective working in assessment and strategy activities is evident, this reflects the evolution of clear roles and responsibilities and a shared understanding among key local partners.

Section 1

Objectives

The Sub-National Review of Economic Development and Regeneration (SNR) includes a proposal for a statutory duty requiring local authorities to assess the local economy. The objective of this short review is to better understand what the state of play is in terms of the scale and range of local level and sub-region economic assessments currently being undertaken by existing bodies operating at the sub-regional and local level.

To achieve this, this review will clarify:

- (a) the range of sub-regional bodies currently operating and their principal type of economic development activity
- (b) the nature and scale of economic assessment and strategy activity that local authorities and sub-regional bodies are commonly undertaking
- (c) the nature of the relationship between different spatial scales (local, sub-regional, regional) in the area of economic assessment and strategy activity.

These objectives are pursued through a review of the economic development assessments and strategies currently being undertaken by local authorities (of differing types) and sub-regional bodies (of different types) within four selected English regions (North East; East Midlands; South West; London).

Section 2

Project method

The project method comprised two basic elements. First, the compilation of a comprehensive list of sub-regional bodies operating in the sphere of economic development and regeneration across all nine English regions was achieved by web searching combined with information obtained from a range of other sources and directories (eg Government Offices, RDAs, LGA, Communities and Local Government etc). For the four regions studied in greater depth, this information was supplemented and checked via telephone interviews where possible. It should be noted that this work is exploratory and further analysis is required to understand the rapidly changing governance environment.

Second, a review of sub-regional and local economic assessments¹. In order to understand the extent of important differences in governance arrangements and practice at the local and sub-regional levels, four English regions were selected (East Midlands, North East, South West, London). These regions were selected as the authors had recently completed research work in these regions (see North et al, 2007), and therefore had greater prior knowledge of the often complex governance arrangements in these regions. Information was obtained via web search, review of assessment and strategy documents and telephone interview with relevant officials/practitioners (around 10 in each region), supplemented by findings from prior research.

Local/sub-regional economic assessments were selected for review to ensure coverage of practice by different types of local authorities (eg urban/rural; large/small) and different types of sub-regional partnerships. Economic assessments were reviewed against a number of basic criteria which comprised: objectives; approach; content; time frame; geography.

Insights into the nature of relationships between different bodies working at different spatial levels were obtained from telephone interviews combined with findings from existing work (North et al, 2007a; 2007b). In seeking to identify examples of better practice in terms of the form and impact of economic assessments, the researchers were guided by the views of respondents. However such data is clearly only very impressionistic, and to attain robust insights would require a systematic and in-depth evaluation that was beyond the scope of this review.

¹ This review of assessments is not included in this overview document and will be published at a later date.

Section 3

Context

3.1 Definition of local/sub-regional 'economic assessments'

In this review, the term 'local/sub-regional economic development' is used in its widest sense to cover all areas of activity related to enterprise, labour markets, land and property, inward investment, place promotion, business retention, innovation, technology, regeneration activity, community economic development and neighbourhood renewal, which is being undertaken at the local and sub-regional level.

The development of local economic assessments which support the development of local strategy and policy formation are pursued under a variety of terms. These include local economic assessments, audits, forecasts, and analyses. This variety of names is reflected in a variety of form and content. Such economic 'assessments' may be comprehensive (ie an overview of all key elements of a local economy for a given locality) or more sectorally focused (ie labour market audits; property needs analysis; business support analysis; tourism development strategy etc). This report will use 'economic assessment' as a generic term to cover all of these different types.

3.2 Local government and economic development

Within the English regions, local authorities (LA) have no specific duty related to local economic development and hence vary in the extent to which they pursue such activity. This variation reflects differences in the capacities between councils, their access to different funding streams, histories of intervention, the nature of local economic challenges, party political control, and the nature and development of sub-regional and regional arrangements.

There are major differences relating to the size of local authorities. Smaller district councils tend to often only have a small team of no more than two to three people working specifically in economic development. In larger city councils or county councils, the capacity may be significantly larger. The large metropolitan cities and industrial northern cities where socio-economic deprivation predominates also have access to a larger set of funding streams with which to develop their activities. In contrast, in relatively affluent small

towns and rural areas there is often little or no additional money available for economic development.

In general the role of LAs in economic development activity has declined over the last decade. This is due to a combination of a lack of statutory requirement for action in comparison to other areas of LA activity, limited funding, reduced capacities and the development of activities at regional and sub-regional levels.

LAs and Local Strategic Partnerships (LSPs) have a remit to deliver sustainable economic, social and physical development. To date activity related to economic development within LSPs has been relatively underdeveloped and shows significant local variation (ODPM, 2005). The introduction of LEGI and Local Area Agreements (LAAs) between local authorities and other key local partners has increased the level of attention given to economic development issues. The initial block(s) of funding earmarked for economic activities and assessment has increased the attention given to addressing the economic needs of deprived localities, with greater coordination of the targets and activities of a number of relevant agencies. Consequently much recent local economic and regeneration activity has been aligned to the neighbourhood renewal agenda.

3.3 Economic development focused Sub-Regional Partnerships (SRPs)

There is no formal tier of governance at the sub-regional level for economic development within England. However a wide variety of sub-regional economic bodies and partnerships now exist in all English regions utilising a wide variety of names. In this review the term 'sub-regional partnership' (SRP) will be used as the generic term for any partnership or body operating above the level of an individual LA and below that of the region which is involved in any area of economic development and regeneration.

The defining features of SRPs within England are their sheer diversity and profusion of forms, roles and names. This makes just attempting to identify SRPs highly problematic. Many undergo frequent name changes, existing partnerships are constantly evolving into different forms with different names, and many have structures where there are multiple but related bodies, which leaves it unclear which, if any, is the lead body. There are also judgement issues related to whether a given SRP is primarily concerned with economic development or other related areas (e.g. housing). Given these difficulties and the rapidly evolving landscape in relation to SRPs the list assembled under this review provides only a snapshot of the current situation.

The variations that characterise partnerships is apparent along a number of dimensions: geographic scale (from localised co-operation between two or more local authorities through to major city-regions); the role of different

partners (e.g. from public sector led and dominated partnerships to those which are private sector led independent companies); their history and length of time they have been operating; the balance in their role between strategic and operational activity; and critically, the power and resources with which they operate.

Given this variety, it is useful to distinguish a number of key SRP types. These SRP types are not mutually exclusive and some SRPs may in practice combine several types:

- **SRPs as bodies related to Regional Development Agencies:** At the current time a large proportion of existing SRPs have been created, or developed out of existing partnerships, with the primary purpose of producing and delivering sub-regional economic development strategies and implementation plans that are closely linked to the RDAs' Regional Economic Strategies. These bodies therefore provide an interface between the RDAs and local authorities/LSPs in the development and implementation of the Regional Economic Strategy.

The influence and responsibilities of these SRPs varies significantly, reflecting their lack of a statutory role, and is largely dependent on how the RDAs, along with GOs and Regional Assemblies, have sought to develop the sub-regional tier within any given region alongside the historical development of pre-existing partnerships. Certain RDAs adopted a strong sub-regional partnership model from the outset, devolving significant resources to this level. (eg North East). The sub-regional partnership model was also relatively well developed in the East Midlands, being the favoured response by the East Midlands Development Agency to the governance challenges resulting from the lack of regional cohesiveness. In contrast, despite facing similar challenges, the South West of England Development Agency preferred not to adopt a strong sub-regional model. However, the evolutionary nature of the situation is well exemplified here. Recent changes have seen the SW adopting a comprehensive two tier model of SRPs, whilst within the North East, previous SRP arrangements are undergoing change driven by the move towards the development of city-regions and City Development Companies.

- **City Strategy Pathfinders:** The DWP launched various pilot City Strategy Pathfinders in 2006 focused on developing more locally sensitive employment and training provision including a range of public and private sector partners. In many cases these City Strategies are being seen as a stepping stone towards developing SRPs that operate more widely than just employment.
- **Economic Development Companies/Agencies:** There are a number of economic development SRPs that have been the product of previous rounds of funding and partnership activity (eg EU Objective 1 and 2 Structural Funds, SRB, City Growth Strategies etc). Again these are variable in form. Normally they operate as independent organisations with a

variable mix of public/private partners, and focus on providing a variety of information, business support and training services informed by sub-regional needs. Many of these pre-existing partnerships have been transformed into SRPs used by the RDAs, and others are considering becoming CDCs.

- **City Development Companies (CDCs)/City-Regions:** CDCs are special purpose vehicles (independent companies) that bring together businesses, developers, local authorities and investors to drive economic growth across cities/sub-regions. The development of CDCs is still at an early stage of development following consultations earlier in 2007. There are a small number of CDCs in existence (Sheffield, Plymouth), and a number of other cities currently in the process of creating such bodies. These are focused primarily among the major cities of the North and Midlands (eg Liverpool, Manchester, Sheffield, Leeds, Newcastle, Nottingham etc as well as some smaller cities (e.g. Telford, Wolverhampton, Preston). Other smaller towns and cities, particularly from the Southern and Eastern part of the country (eg Hastings, Reading, Chelmsford, Southend), have also shown some interest in developing CDCs although the appropriateness of this style of organisation to their needs remains, as yet, unclear.

The findings of the SNR combined with the proposals for the creation of CDCs has given added impetus to the development of 'city-regions'. The concept of the city region has gathered momentum over recent years, particularly as part of the Northern Way, which has promoted their development among a number of Northern cities. The status, development and scale of operation of city-regions and their relationship to various forms of sub-regional partnerships is again variable.

- **Local Enterprise Growth Initiative (LEGI):** LEGI was launched in 2006 to support enterprise and economic development related activity. To date 20 LEGIs involving 29 local authorities have been designated, but many more local authorities have been involved in putting together bids. The initial funding provided for economic assessments and bid preparation, which has meant some impact beyond just those areas awarded LEGI funding. In a number of cases these bids involved local authorities working together in partnership, although others are just focused at the local authority level.
- **Urban Regeneration Companies (URCs):** URCs are independent companies created out of a partnership between local authorities, RDAs English Partnerships and other stakeholders, primarily focused on physical development and related opportunities. These often operate at the geographical scale of a local authority, but a number operate at a wider level. These are included in the list of SRPs as some might provide the basis for the development of future SRPs and CDCs, particularly as the CDC model is similar in key aspects to the URC one.
- **Urban Development Corporations (UDCs):** UDCs are non-departmental public bodies which are established under the Local Government, Planning and Land Act 1980. Since 2003 a new round of UDCs has been created as

a mechanism to drive forward development in growth areas (eg Thurrock, East London, West Northamptonshire, Milton Keynes). UDCs are limited-life bodies tasked with a broad remit to secure the regeneration of their designated areas operating in relation to land and buildings, encouraging the development of existing and new industry and commerce, creating an attractive environment, and ensuring the provision of housing and social facilities.

- **County Councils:** county councils form part of the local government apparatus within England, but operate at a sub-regional level across a number of district, borough and city councils. The extent of the role of county councils in economic development varies. In some areas, county councils provide the primary sub-regional units for SRPs (eg in the South West) whilst in others their role may be more peripheral. In this respect, much depends on the extent to which county borders relate to economically functional units or the boundaries of other SRPs. For example in the East Midlands, the county of Northamptonshire coincides with the SRP of the RDA and is a reasonably cohesive economic area which is not the case for the other counties in the region (eg Leicestershire, Nottinghamshire etc)
- **Other SRPs:** In addition to the above there are also a number of other SRPs operating in fields closely aligned to the area of economic development (eg skills, housing, tourism, culture etc) which may operate closely with the above SRPs or as more separate entities.

Section 4

Local authorities and SRPs: Economic assessments and strategies

The economic assessments produced by local authorities and SRPs are highly variable in their objectives, approach, content, depth of analysis and geographical coverage. This reflects the variability in local, SRP and regional arrangements already detailed.

Within the regional case studies of the North East, East Midlands, the South West and London this study reviewed a number of economic assessments undertaken by local authorities and SRPs. These were purposely selected to demonstrate a range of types of current assessment activity by different local and SRP bodies across England.

A number of general points emerge across the four regions in relation to economic assessments carried out at the local authority and sub-regional level. Most local authorities and SRPs produce/commission a range of different types of economic assessments rather than having a formalised single document. Economic assessments vary in their scope with some taking a broad approach and other focussing on specific issues such as employment, transport or enterprise.

The term economic assessment is interpreted in different ways and different terminologies are apparent. However within the assessments four elements can be identified, which are variably present:

1. basic SWOT scoping assessment
2. assessment based on analysis of existing data
3. especially commissioned data collection; and
4. consultation process on strategy derived from economic assessments.

4.1. Local authority economic assessments and strategies

The extent and nature of economic assessments and strategy development undertaken at local authority level is variable reflecting their variable capacities discussed earlier (see 3.2).

Many local authorities are not routinely producing detailed comprehensive local economic assessments and related strategies at present. The lack of a statutory requirement to produce a local economic strategy/assessment is a key factor limiting LA activity in this field. Given limited capacities, LA economic development, regeneration and planning departments tend to focus their local economic strategic activity in relation to where there are requirements to do so. The requirement of LAs/LSPs to produce a Community Strategy which has to address issues of 'economic well-being' requires a degree of local level economic analysis in relation to spatial patterns of deprivation. However, in general economic assessments carried out in relation to Community Strategies are of limited extent. The planning role of LAs also requires some level of economic assessment of the local context. However, again the scope is limited in extent. More generally, the planning function of LAs means that activity in relation to land and property remains one area where most LAs undertake some audit activity.

There are however many local authorities that do undertake more comprehensive economic assessments. For example many, larger cities and large towns and most London Boroughs had some sort of local economic strategy. More common is for local authorities to produce local economic assessments of limited scope, reflecting some requirement to do so, and/or some more sectorally focused economic assessment reflecting a particular local concern or funding availability.

The type and scope of economic assessment undertaken is strongly influenced by two key factors:

Scale and capacity of authority

Larger bodies (eg unitary city authorities and to a lesser extent county councils) are more likely to have a well developed economic development function than smaller authorities. Many smaller LAs have a very limited in-house capacity to develop strategy and undertake economic assessments. Where this activity is undertaken, much of it is outsourced to consultants. Smaller local authorities increasingly rely upon SRPs, that this type of activity is often their primary purpose and that economic analysis at this level often makes more sense given the functional operation of local economies.

There is evidence of some recent improvement in the availability of local level socio-economic data. Many local authorities have developed, or are in the process of developing, their own 'observatories' driven by the need for better sub-regional, local and neighbourhood level data for economic development

and neighbourhood renewal activities. In terms of economic development, basic statistics related to the labour market are regularly available. However there remains a lack of good quality local statistics related to many other aspects of local economic development (eg business start ups and levels of private sector investment). More fundamentally, resource limitations constrain the ability for much in house analysis of such data.

Funding availability and national/EU policies

Given limited resources and capacities, the nature and scope of local economic development activity is strongly influenced by the availability of additional funding sources which permits greater scope for action. In addition to funding, certain policies (eg City Strategies; URCs) also provide greater local flexibility which is also attractive to LAs.

Funding sources and policies that have been important in guiding LA economic and regeneration activity and stimulated economic assessment activity include: Neighbourhood Renewal; EU Objective One (eg in Cornwall); EU ESF funding; EU LEADER funding (in rural areas); LEGI; City Strategy Pathfinders; URCs; and CDCs,

In bidding for, or gaining support under these policies/funding sources, there is normally a requirement to undertake some degree of local assessment, the scope for which is often set out by the funder. For example bids to be included in the LEGI programme required relatively detailed understanding of the local area, and a number of LAs commissioned specific research to support the development of bids, using resources allocated by Communities and Local Government to all eligible authorities.

In addition there are a number of other factors that impact upon what economic assessments are carried out within any given local/sub-regional context:

Nature of local economic challenges

Given limited resources and scope for action, LA economic development activity is often selective reflecting particular local economic histories and trajectories of development. For example in rural areas economic challenges might relate to diversification into tourism, the development of small market towns or lack of industrial/commercial units, whilst in urban areas it may be related to problems of concentrated worklessness. Local priorities result in economic assessments narrowly focused on particular local needs in order to support strategy development and action plans.

Nature of sub-regional/regional structures and arrangements

The nature and extent of sub-regional/regional structures differs significantly between different regions and areas of England. The sub-regional level therefore provides an important differential context within which LAs operate. For example across the South West, where district councils are

predominantly small and rural, there is a set of localised SRPs (comprising two or three local authorities and called Local Strategic Partnerships) in addition to larger SRPs operating at the county level. In contrast in the North West, SRPs are increasingly organised more around a city-region arrangement.

Where SRPs are well developed and active, LAs are increasingly likely to leave a considerable component of local economic assessment/strategy development to this level. However, the extent of their input into this process varies as does the extent to which local level activity is informed by such strategy in practice.

Local politics

Local economic development remains an important component of the local political arena, which results in many LAs being keen to retain a strategic economic role. LAs are sometimes reluctant to cede power and control to SRPs particularly given that the majority of SRPs are unelected, sometimes private sector led bodies, and often lacking in local accountability.

This is particularly the case for larger LAs. Thus in the East Midlands and North East the major city councils are seeking to ensure they retain a prominent role within the region/sub-region through the development of their own CDCs/SRPs, which ensures a degree of tension with existing SRP arrangements. In London many Boroughs see economic strategy as one means of asserting their power in relation to the city-wide institutions of the Mayor and GLA, notably in terms of outer London boroughs such as Bromley, Croydon and Barnet.

4.2. SRP economic assessments and strategies

Fundamental to the remit of most economically focused SRPs is a strategy and implementation role, thus the producing of some form or sub-regional economic assessment and strategy is a basic requirement of their operation. The extent, depth and degree of sophistication of the economic assessments produced is highly variable. In some cases these analyses are highly derivative, being largely guided in structure and data content by the wider Regional Economic Strategy. In contrast others may be more independent in focus and involve the commissioning of original research and analysis.

Differences in the nature and content of SRP economic assessments reflect the type of SRP and its particular needs and functions. The economic assessments undertaken by a UDC or URC, with their greater physical development focus, have a strong focus on land and property markets, whilst those of City Strategy Pathfinders concentrate on labour market analysis. The assessments produced by SRPs aligned to RDAs tend to be of a more generalised and comprehensive nature.

SRPs vary significantly in their capacities, both in terms of their internal resources and their ability to mobilise action from other partners. Most SRPs have limited internal resources with which to undertake assessments,

particularly in terms of staff, and some are little more than umbrella organisations with extremely limited resources (staff and budget) of their own. The ability of SRPs to engage and mobilise the resources of partners, whether from the public, private or voluntary and community sector, is normally a crucial test of their effectiveness.

The overlap in coverage which emerges as a result of multiple SRPs and local authorities working to different geographical areas can lead to a degree of duplication, confusion and competition in economic assessment and strategy functions, as it does more widely across all elements of local economic development activity.

An interesting feature is the extent to which environmental and social sustainability considerations are being reflected in some assessments and strategies. For example, in the South West many strategies/assessments refer to 'sustainability' issues and a few to the need to address climate change by promoting 'the low carbon economy', alongside more narrowly defined economic objectives (increasing GVA, economic growth etc).

The extent of the similarity between strategies relating to places of very different economic and social contexts raises the concern that, in some cases at least, strategy may be related to policy fashions and aspirational objectives that may be unrealistic or even in conflict with other aspects of the strategy. Even where there have been economic assessments, the way in which these have been used to inform strategy is not obviously apparent. Strategy development needs to build on local economic assessments, with additional work in terms of analysis of long term trends and possible future scenarios, in order to identify a strategic direction and policy design. A central part of strategy development should also be a process of continuous learning through testing interventions, piloting approaches, and measuring and analysing impacts. This has been lacking in previous strategies as evaluations have not been robust and have been carried out too soon after the end of an initiative. Therefore existing strategies may not have the chance to learn from past experience.

4.3. Examples of Better Practice

On the basis of reviewing documents and talking to a relatively small number of people involved within each region, it is not possible to make soundly based judgements on the relative effectiveness of different assessments. However a number of economic assessments can be identified from the review to illustrate different types of practice:

Local authorities

- *Wansbeck District Council* (North East) provides a very comprehensive assessment which draws upon a range of existing previously commissioned research material and analysis of NOMIS data undertaken to support the LEGI programme

- *Harborough District Council* in the East Midlands in their economic development strategy 2007-12 present a good example of a smaller town local authority producing a thorough comprehensive economic assessment
- *London Borough of Waltham Forest* provides an example of a LA assessment within London, analysing key sectors and its relationship with the wider sub-regional economy

SRPs

- *Tees Valley Unlimited*: provides a very detailed sub-regional economic assessment including overview and more detailed background documents, although does not analyse differences within the sub-region
- *Gloucestershire First* is an active SRP in the South West with a comprehensive website documenting a detailed programme of assessments related to economic development and sector-based development work, which has attracted the interest of both regional bodies and government departments.
- *Derby and Derbyshire SSP Economic Assessment and Strategy* provides an example of an SRP producing a comprehensive analysis of the sub-regional economy but clearly based within the wider RES produced by the East Midlands Development Agency (emda).
- *City Strategy Pathfinder East and South East* (London) provides a strong analysis, albeit one limited to the sub-regional labour market combining existing secondary statistics and additional survey work.

Section 5

Challenges for effective working across spatial scales

Within the current highly complex, rapidly evolving and fragmented system for the governance of economic development, there is a need for integration and co-ordination of action across the local, sub-regional and regional levels if effective action is to be achieved.

By selecting different regional contexts this brief review has been able to generate some insights into the working of particular regional and sub-regional arrangements with regard to economic assessment and strategy activity. Such insights are necessarily impressionistic and partial given the timescale of the review, however they build upon findings from other recently completed research (North et al, 2007a, 2007b) to permit the identification of key challenges faced in the development of more effective working across spatial scales:

- **Weakness of sub-regional level**

The sub-regional level for economic development remains weakly developed in the English governance system. Whilst current developments are strengthening its role, it remains structurally weak in relation to local authorities, which derive their legitimacy from being democratically elected bodies, and to a lesser extent the regional level, which has seen its role and powers strengthened since the late 1990s. For example, within London, the SRPs remain very weak vis-à-vis the London Boroughs, the Mayor and GLA. Although SRPs in London have become better established and now have a clear implementation role, they remain highly dependent on the co-operation of the London Boroughs if they are to be effective. The weakness of the sub-regional level means that certain local and regional bodies remain well placed to ensure they retain power within their existing spheres of influence, and are reluctant to engage with what they see as the latest policy fashion in support of the sub-regional level.

- **Tensions within and between governance levels**

There are a number of clear tensions evident within the current evolution of the economic governance system:

- The development of the city-region agenda is creating tensions within existing regions, SRPs and LAs. In the North East and the East Midlands, the development of the city-region agenda has produced a degree of conflict with the previous arrangements of SRPs, and different bodies are manoeuvring for position in relation to newly emerging arrangements.
- Smaller rural district council and small/medium sized towns in these regions feel particularly threatened by the move towards city-regions, fearing the potential marginalisation of their interests within an agenda dominated by large city interests.
- Tensions also emerge from issues related to political power and legitimacy of action. Certain SRPs are distrusted by LAs who see them as ineffective and lacking in accountability and legitimacy and acting to remove powers from the democratic local political arena. Larger cities and county councils in particular have the power and resources to develop their own economic agendas outside of existing SRP arrangements if these are not to their liking.

- **Sub-regional integration and co-ordination**

Many local authority produced assessments pay little attention to the wider sub-regional/city economies within which they are embedded and display little integration and co-ordination of activity across spatial scales. There are examples of more harmonious working across and within different spatial scales. Where this occurs this normally reflects a longer term history of partnership working and a conscious and active attempt to construct particular SRPs (eg in Manchester, Tees Valley) and/or where geographical borders or existing geographical units provide a relevant basis for economic action (eg Northamptonshire, Gloucestershire). Effective working is also aided when there is clarity and shared understanding with respect to the roles and responsibilities of different spatial levels in undertaking economic assessments and strategy formation.

Section 6

Key Lessons for Policy

Although there is a need for a more in depth and systematic assessment of the effectiveness of local and sub-regional economic assessments, this short review has identified a number of key points that should inform policy development:

- It is possible to produce a detailed and well informed economic assessment and strategy document that has little impact. Many LA and SRP assessments and strategies within a region can appear rather bland as they adopt a particular approach, perhaps in line with the Regional Economic Strategy (RES), and fail to really engage with the specificities of the sub-region or local area.
- The effectiveness of an assessment is ultimately rooted in how it forms part of an ongoing process of reflexive analysis which engages all the economic stakeholders within the area to advance a clear economic strategy that can be effectively implemented. A number of LAAs and SRPs have clearly had some success in using economic assessments as a means of developing new working relationships and arrangements and developing the political agenda (eg West London City Strategy Pathfinder; County Durham LEGI, Harborough DC, Northamptonshire Enterprise etc). However, evaluating the consequences of such changes for other stakeholders and whether these arrangements have led to effective local economic intervention requires a longer term, systematic critical analysis which triangulates the views of multiple stakeholders.
- There remain important barriers to the integration and co-ordination of local and sub-regional economic assessments emanating from the evolving nature of sub-national governance arrangements. To overcome these requires clarification over roles and responsibilities of different bodies and the development of a shared understanding between partners. However, given pre-existing variation in sub-regional arrangements, how this is best achieved in any given context will vary.
- The problems of accurately evaluating the impact of economic assessments relate to more general problems of evaluating local economic interventions and area based initiatives (Lawless, 2007). These result from a lack of robust baseline data, the problems of identifying the counterfactual, the impacts of displacement effects and the appropriate time frame for evaluating initiatives seeking to promote longer term change.

Section 7

References

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