



Commission for Rural Communities

Tackling rural disadvantage

Economic well-being
- guidance for local
authorities

The Commission for Rural Communities acts as the advocate for England's rural communities, as an expert adviser to government, and as a watchdog to ensure that government actions, policies and programmes recognise and respond effectively to rural needs, with a particular focus on disadvantage.

It has three key functions:

Rural advocate:

the voice for rural people, businesses and communities

Expert adviser:

giving evidence-based, objective advice to government and others

Independent watchdog:

monitoring, reporting on and seeking to mainstream rural into the delivery of policies nationally, regionally and locally

Introduction

Economic well-being – guidance for local authorities provides guidance to local authorities interested in promoting economic well-being. It explains the relevance of economic well-being to local authorities and makes links to their statutory roles.

Both our publications, *Economic well-being – guidance for local authorities* and *Understanding economic well-being*, are based on research carried out for the CRC in 2009 by consultants Globe Regeneration and Rural Innovation. This research is summarised in their report *Promoting sustainable economic well-being – Spreading good practice*.

For further copies of this or the other publications in our economic well-being series please visit our website at:
www.ruralcommunities.gov.uk/projects/economicwellbeing/overview.

Why is economic well-being relevant to local authorities?

Where local authorities seek to pursue the economic well-being of their residents, businesses and the local community they are helping to ensure that they address the economic health of every section of the community. At the same time, they are balancing the pursuit of economic growth with the social and environmental welfare of both individual citizens and the community as a whole.

Do local authorities have a responsibility to pursue economic well-being?

The pursuit of economic well-being is strongly aligned with the core purpose of local authorities, with the mandate for local authorities to promote economic well-being provided by the *Local Government Act 2000*. This empowers local authorities to do anything they consider likely to promote or improve the economic, social or environmental well-being of their area and its inhabitants, The Local Government Association (LGA) says that such is the breadth of the well-being power that councils often regard it as a power of “first resort”¹.

The ‘*Review of Sub-National Economic Development and Regeneration*’ (2007, HM Treasury, Department of Communities and Local Government (CLG), BERR) laid out a more general expectation that local authorities will undertake economic development and/or regeneration activities within their areas. For many local authorities, particularly those smaller authorities with strong cross-departmental working, this means that they are already undertaking economic well-being projects although they may not be necessarily making specific reference to the well-being power.

¹ The wellbeing power – how it relates to the Sustainable Communities Act, LGA, Dec 2008

How does economic well-being fit with the place shaping responsibility of local authorities?

The Government sees place shaping as being at the heart of a local authorities' purpose. Their democratic legitimacy allows them to provide vision and leadership to partners and communities. The Local Government Act 2000 introduced Sustainable Community Strategies as a means of delivering well-being. The objectives and vision set by the Local Strategic Partnership (LSP) within their Sustainable Community Strategy should therefore be strongly aligned with an aspiration to improve economic well-being across the territory.

More recently, the *Local Government White Paper 2006* gave more weight to the Sustainable Community Strategy, placing it “at the heart”² of local authorities' roles. It makes a strong link with the power of well-being describing the purpose of the Sustainable Community Strategy, as being to “set out the strategic vision for a place... deciding how to address difficult cross-cutting issues such as the economic future of an area, social exclusion or climate change.”³

The Sustainable Communities Act (2007) re-focuses local authorities' attention on well-being. The Act re-affirms the objective for the “promotion of economic, social and environmental well-being”⁴ first set out in the Local Government Act 2000. Taken together these two pieces of legislation provide a clear lead to local authorities to make economic well-being a corporate priority.

What relevance does economic well-being have to other public service providers?

The Local Government and Public Involvement in Health Act (2007) places a statutory duty on a group of named public sector agencies and organisations (PCTs, police authorities, Regional Development Agencies, Natural England, etc.) to co-operate with the local authority in developing and delivering a Local Area Agreement. These public service providers are therefore jointly committed with their local authority partners to promoting economic well-being.

² Paragraph 1.23; Strong and Prosperous Communities, White Paper, CLG, 2006.

³ Paragraph 5.31; Strong and Prosperous Communities, White Paper, CLG, 2006.

⁴ Paragraph 2; Chapter 23, Sustainable Communities Act, 2007.

How does an approach to economic well-being fit with local authorities' economic development role?

The *Review of Sub-National Economic Development and Regeneration* (2007, HM Treasury, CLG, BERR) established economic development as a key role of local authorities and made a clear link to economic well-being. It argues that local authorities should “ensure that local economic development is central to their mission and the policies that they implement to increase quality of life, or well-being, in their locality.”⁵ The development of economic well-being projects however, need not be limited to economic development officers. Departments across councils, for example community services, housing, and planning services departments, could all lead or be involved in such projects.

The Local Economic Assessment Policy Statement (2009, CLG) accompanying the Local Democracy, Economic Development and Construction Bill makes the link between a council's local economic assessment duty and economic well-being. The Bill requires local authorities to carry out an assessment of economic conditions (at all spatial levels, from urban through to rural areas), while the Statement highlights that “in undertaking their assessments local authorities will need to take account of the broad range of factors that impact, both positively and negatively, on the economic well-being of individuals and communities.”⁶

Where does economic well-being fit within the performance management and reporting obligations of local authorities?

Where local authorities include a specific objective to promote and improve economic well-being in their Corporate Plan or Sustainable Community Strategy some means of measuring their performance will be needed.

Improvements in economic well-being over time can be assessed by looking at the performance of local authorities against elements of the Local Area Agreement (LAA) National Indicator Set. In order to fully measure economic well-being these should go beyond the traditional economic development indicators, for example, NI 151 Overall Employment rate or NI 171 VAT Registration rate. For example the Place Survey includes a number of questions which seek to assess whether the area's residents feel that the quality of their life has improved. It includes questions about involvement in volunteering and levels of satisfaction with the respondent's local area as a place to live.

The companion publication *'Promoting sustainable economic well-being – Spreading best practice'* includes an analysis of other potential economic well-being indicators from the LAA National Indicator Set, mapping them against the individual components of the Regional Index of Sustainable Economic Well-being (R-ISEW) pioneered by East Midlands Development Agency. This shows that it should be possible to measure, or for a third party to assess, change in economic well-being across a local authority territory over time.

⁵ Paragraph 2.3; *Review of Sub-National Economic Development and Regeneration*, 2007.

⁶ Paragraph 3.2; *Local Democracy, Economic Development and Construction Bill, Local Economic Assessments Policy Statement*, 2009.

The R-ISEW is one of a number of indices that offer an alternative measure of economic health at a sub-national level. Regeneris Consulting's Sustainable Prosperity Index (2007) performs a similar function, providing a measure of the economic well-being of England's regions and local authority areas which takes into account the social and environmental costs of economic growth.

Are there examples of local authorities making an intervention to support economic well-being?

The 2003 LGA report *'Powering Up: Making the Most of the Power of Well-being'* and the CLG report *'Practical use of the Well-Being Power'* provide some useful well-being examples.

The thirteen case studies in our companion piece also illustrate local authorities' engagement in projects which seek to promote or improve economic well-being. In some instances, the local authority was the lead partner and was ultimately responsible for the design and implementation of the project, while in others they were a supporting or enabling partner. In the majority of the projects however the involvement of the local authority was hugely important and influential.

Who might local authorities work with to promote economic well-being?

Any form of private, public, community or voluntary sector organisation. Examples from the various case studies include businesses, charitable trusts, local councils, single interest organisations and community groups.

Is funding available to support economic well-being projects?

The projects described in our case studies received investment from a variety of funding sources. Often this included core local authority revenue funding relating to the service area which the project sought to address.

It may also be possible to secure funding contributions from partners' mainstream budgets. For example the Out of the Rut project which helped people with mental health problems to enter the workplace obtained start-up funding from a mental health grant.

Economic well-being projects predominately offer excellent value for money as they involve a range of partners and provide multiple outcomes. They also, more often than not, operate in the 'not for profit' sector.

What qualities in particular can local authorities offer projects to promote or improve economic well-being?

Local authorities bring their statutory power to promote economic well-being to any project. This provides a powerful mandate for action. Analysis of the CRC's good practice case studies shows that local authorities are at their best when they can be:

- internally agile – operating across silos, placing the quality of the outcome ahead of standard procedures;
- patient – taking a long view and offering continuity of involvement;
- enabling – working as agents to involve others and to support partnership working; and
- supportive – willing to providing strategic and political support, as well as 'seed corn' financial help to nascent projects.

What would be the first steps for local authorities in exploring economic well-being?

As well as reading the other publications in this series, the following steps can help local authorities to establish viable economic well-being projects in their area.

- Explore the use of economic performance measures within the authority which are wider than traditional measures of economic health.
- Identify other departments within the authority that are addressing problems or opportunities which could potentially be tackled by an economic well-being project.
- Begin discussions on the potential for developing economic well-being projects within the LSP.
- Consider whether there are any groups outside the 'working population' within the local authority area requiring assistance who have traditionally not been the subject of economic development projects.
- For inspiration, review examples of other economic well-being projects and other projects which have used the economic well-being power.

Why is economic well-being important for rural areas?

We believe that an economic well-being approach is particularly valuable in rural areas. The nature and outcomes of economic activities in these areas are often wider than those which are traditionally perceived to be produced by an area's 'working population'. As strong community involvement and partnership working are a regular feature of projects in rural areas, economic activities will often also deliver environmental and social goals and benefit all sections of a community in a more integrated way.

Where can I find out more?

The Commission for Rural Communities is committed to promoting increased understanding of and commitment to economic well-being at local, regional and national levels.

For further copies of this or other publications in our economic well-being series please visit our website at:
www.ruralcommunities.gov.uk/projects/economicwellbeing/overview
or contact the CRC Rural Economies team on 01242 534062.

We would like to thank all those individuals and organisations who were involved in the project either through putting forward a project; providing more detailed information on their project; participating in the Project Reference Group or in the project roundtable. In particular we would like to thank all those individuals and organisations from the Project Reference Group and the 13 case studies for their contributions of time, knowledge and experience.

We have listed all of the organisations who helped us in *Promoting sustainable economic well-being – Spreading good practice*.

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