

Fit for the Future

Local Authorities Supporting Businesses and Communities to Recover from the Recession



Working together for the
East Midlands



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Foreword

The recession affected people and businesses across the region. Local authorities were hit by falling revenues and face increasing challenges from tightening public spending.

In the face of these challenges, Councils have been innovative and radical in driving operational efficiencies whilst delivering the high quality services expected by our communities. As community leaders, Councils have actively helped businesses and communities to recover, following a variety of approaches tailored to local needs.

Councils understand their communities and have a unique democratic mandate giving them the responsibility to lead. In meeting local needs, Councils have worked effectively together, with other parts of the public sector and with business. Councils have the capability, innovation and dynamism to effectively support local economic growth in the future.

This report gives a flavour of the range of economically valuable actions taken by Councils and illustrates there is no 'one size fits all' approach that applies across Councils and communities.

Significant challenges lie ahead for local authorities. They face the prospect of further freedoms from Government control and powers to support local economies, through the proposed Power of Competence and the ability to form Local Enterprise Partnerships with business. However,

Councils also face significant reductions in their income. In short, Councils may have the responsibility to do more with, at least in the short term, fewer resources. In developing new approaches in challenging times, Councils can draw on the wealth of experience, expertise and activity that is documented in this report.

As a representative and consultative forum, East Midlands Councils is the voice for all Local Authorities in the East Midlands. We represent 46 councils, covering an area of over 6000 square miles with a population of 4.4 million people. The central challenges facing the East Midlands are clear: a fragile economy from the deepest recession in over 60 years alongside a public spending squeeze to address the Coalition Government's priority to reduce the budget deficit.

Quite clearly we need to manage resources within an increasingly tight financial environment. Through delivering more locally, Local Government has the opportunity to provide greater leadership on behalf of communities to ensure the effective delivery of key services.



Cllr. David Parsons CBE
Chairman
East Midlands Councils



Cllr. Martin Hill OBE
Chairman
East Midlands Improvement
and Efficiency Partnership



Executive Summary

- The recession had a major impact on businesses, communities and local authorities. It has increased demand for services and hit revenues.
- Responding to the recession has driven innovation by Councils to deliver services more efficiently and support businesses and communities to recover. The range and scope of Councils' responses reflects their comprehensive role as community leaders with a unique local democratic mandate.
- The partners we interviewed recognise that local authorities have driven effective and wide-ranging responses to the recession at the local level although not everything that Councils have tried has worked. We haven't identified an approach to supporting the local economy that would be replicable in every area, but we have uncovered a wealth of good practice that every Council can learn from.
- We found that councils are increasingly working together to deliver better services at a lower cost and, although there are many examples of good practice, there is the potential to achieve more through joint working. Through collaboration, Councils can achieve economies of scale in effectively addressing common issues.
- Although the recession may be over, Councils will be dealing with its effects for years to come. Even when the economy returns to historically 'normal' levels of growth, Councils will continue to face economic challenges.
- In supporting new economic growth, Councils will be operating with fewer resources, with upper tier authorities likely to be significantly challenged. Cities, with their areas of concentrated deprivation, face particular pressures through reductions in area-based grants and forecast contractions in public sector employment.
- Whilst Councils will face resource constraints, there is the prospect of greater freedom through the proposed Power of General Competence and, in partnership with business, they may take on some of the functions undertaken by Regional Development Agencies by establishing Local Economic Partnerships.
- Any new structures for economic development will need to be flexible, driven by Councils working with business, designed locally to fit local circumstances, and cutting across administrative borders where it better meets the needs of business and communities.
- Councils' activity will continue to evolve as economic circumstances change alongside the resources and powers available to Councils. Councils can benefit from continuing to exchange information about supporting local economies and adapting to changing economic circumstances, budgets and powers.
- Councils have demonstrated that by being community leaders, accountable locally, they can react innovatively to address local issues and work together to address strategic challenges. The public sector partners and business representative organisations interviewed were 'up for the challenge' of working together more closely with Councils to drive out efficiencies and support the economic recovery.
- We conclude that;
- Councils' place-shaping role gives them the responsibility and accountability to do things that others can't.
- Councils are continuing to undertake a wealth of economically valuable activity in the East Midlands that supports businesses, communities and Councils themselves to recover from the recession and become fit for the future.
- In these challenging times, resources will remain tight but there are still many things that Councils can do, especially if they continue to work together to;
 - a. share information to learn from each other and support improved practice,
 - b. achieve greater efficiencies and economies of scale, particularly in procurement, property and support services, and
 - c. work flexibly with business and other partners to support businesses and communities to maintain their recovery from the recession.

1. Introduction

- 1.1 East Midlands Councils, in partnership with East Midlands Regional Improvement and Efficiency partnership commissioned this study to help local authorities improve their economic development practice by learning from each other. This project has been overseen by an Advisory Board comprising;
- Cllr Jim Harker, Leader, Northamptonshire County Council (Con)
 - Cllr Martin Hill, Leader Lincolnshire County Council (Con)
 - Cllr Robert Parker, Lincolnshire County Council (Lab)
 - Cllr David Perkins, Northampton Borough Council (LD)
- 1.2 In undertaking this project, we have found Councils across the region undertaking a huge range and variety of activity, from small projects to ambitious multi-agency partnerships.
- 1.3 We found that the recession has put Councils' finances under pressure, hit communities and businesses and increased demand for services. In this challenging environment, not everything that Councils have done has been universally effective, but all Councils have responded. In this report we detail the nature of that response, we look at how Councils have coped with the pressures placed on them corporately and also the action that they have taken to support businesses and communities to recover. However, this can only be a snapshot at one point in time. Economic circumstances continue to change and Councils continue to develop new and innovative ways of responding.
- ## Evidence Gathering and Structure of the Report
- 1.4 East Midlands Councils and East Midlands Improvement and Efficiency Partnership commissioned Rose Regeneration Ltd to gather evidence to support this project. In gathering evidence they have:
- Surveyed every local authority in the region about their activity in tackling the recession and supporting the economic recovery
 - Undertaken interviews with business organisations and other partners about the impact of the recession and local authorities' actions
 - Identified a number of case studies of good practice in local authorities' activities
 - Analysed, in broad terms, the impact of the recession on the East Midlands and the potential impact of current economic circumstances for the public sector going forward
- 1.5 In presenting the evidence, Chapter 2 details the impact of the recession on the economy and local communities, providing the context for why Councils have undertaken the actions they have.
- 1.6 In Chapter 3, the report summarises the activity undertaken by Councils in response to the recession. It considers what they are doing to operate efficiently, to support businesses and to support communities.
- 1.7 We then report, in Chapter 4, on stakeholder views, based on interviews with representatives of;
- One East Midlands (regional voluntary sector partnership)
 - Job Centre Plus
 - East Midlands Further Education Consortium
 - Homes and Communities Agency
 - Federation of Small Businesses
 - East Midlands Universities Association
 - EEF (The Manufacturers Organisation)
 - Derbyshire & Nottinghamshire Chamber of Commerce
 - *emda*
 - Business Link (East Midlands)
 - Government Officer East Midlands
 - Institute of Directors
- 1.8 In Chapter 5, we detail case studies of effective practice by local authorities, including;
- Derby City Council's 'Trains, Planes and Automobiles' research into the key sectors underpinning manufacturing in the City
 - Bassetlaw District Council's joined up local and small business based response to the recession
 - Leicestershire County Council and Leicester City Council's Total Place pilot
 - Nottingham City Council's 'Whole Council' corporate response to the recession

- East Lindsey District Council's Courts Service; a family based service supporting individuals at risk of losing their home developed specifically in response to the recession
- The iCon centre in Daventry, a national centre of excellence in construction skills developed specifically to offer opportunities around construction during the recession

- 1.9 We then present the conclusions of our research in Chapter 6 for Councils to consider in continuing to improve their practice.
- 1.10 Appendix 1 includes details of Rose Regeneration's forecast of potential public sector job losses in the East Midlands.
- 1.11 Appendix 2 includes the full results of our local authority survey, details of various activities undertaken and relevant contact details. You can download Appendix 2 from www.emcouncils.gov.uk.

2. The Impact of the Recession on the East Midlands

2.1 In this Chapter we look briefly at the impact of the recession on the East Midlands, providing the context for Councils' responses. We also look forward to the potential impact of reduced employment in the public sector on local economies and the challenge that this may present for Councils.

2.2 The 'time lag' in the collection, analysis and publication of data means that up-to-date figures that could be used to map the impact of the recession are limited. To overcome this, a number of key measures were identified. These datasets are derived from the Office for National Statistics and include:

- Unemployment at regional level;
- Unemployment at sub-regional level;

- Stock of workforce registered by places of work in the region;
- Unfilled vacancies; and
- Unfilled vacancies by sector.

Unemployment

2.3 Figure 1 and Table 1 illustrate how claimant count unemployment rose significantly between July 2008 and February 2009 before stabilising. Since February 2009, notwithstanding a recent quarterly growth rate of 0.3%, unemployment in the region has continued to grow and has remained at around 5% over the last 13 months – twice the level compared to January 2008.

Figure: 1 Regional Monthly Claimant Count Unemployment

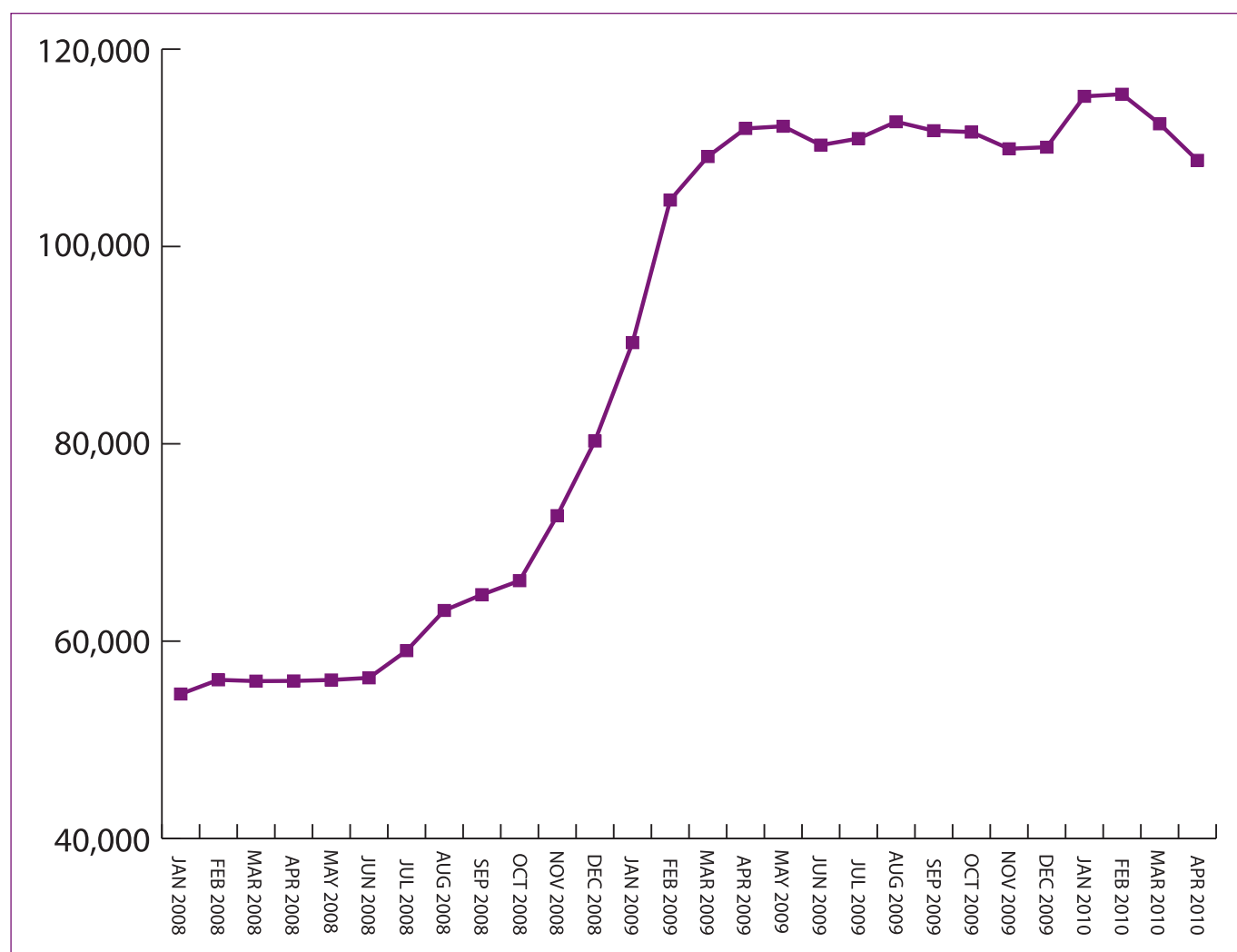


Table 1: Regional Unemployment: Claimant Count

Month	Total	%	Month	Total	%
January 2008	54,643	2.5	March 2009	109,115	4.9
February 2008	56,078	2.5	April 2009	111,959	5.0
March 2008	55,951	2.5	May 2009	112,183	5.1
April 2008	55,969	2.5	June 2009	110,278	5.0
May 2008	56,067	2.5	July 2009	110,941	5.0
June 2008	56,279	2.5	August 2009	112,641	5.1
July 2008	59,035	2.7	September 2009	111,735	5.0
August 2008	63,110	2.8	October 2009	111,598	5.0
September 2008	64,714	2.9	November 2009	109,902	5.0
October 2008	66,125	3.0	December 2009	110,063	5.0
November 2008	72,724	3.3	January 2010	115,218	5.2
December 2008	80,283	3.6	February 2010	115,431	5.2
January 2009	90,252	4.1	March 2010	112,429	5.1
February 2009	104,703	4.7	April 2010	108,731	4.9

2.4 Taking the dataset on sub-regional distribution of unemployment (Figure 2 and Table 2), cities have proved more resilient. Excluding Lincolnshire, unemployment has more than doubled in all the counties in the region, with Leicestershire and Northamptonshire faring particularly badly.

Figure 2: Sub-Regional Unemployment: Claimant Count

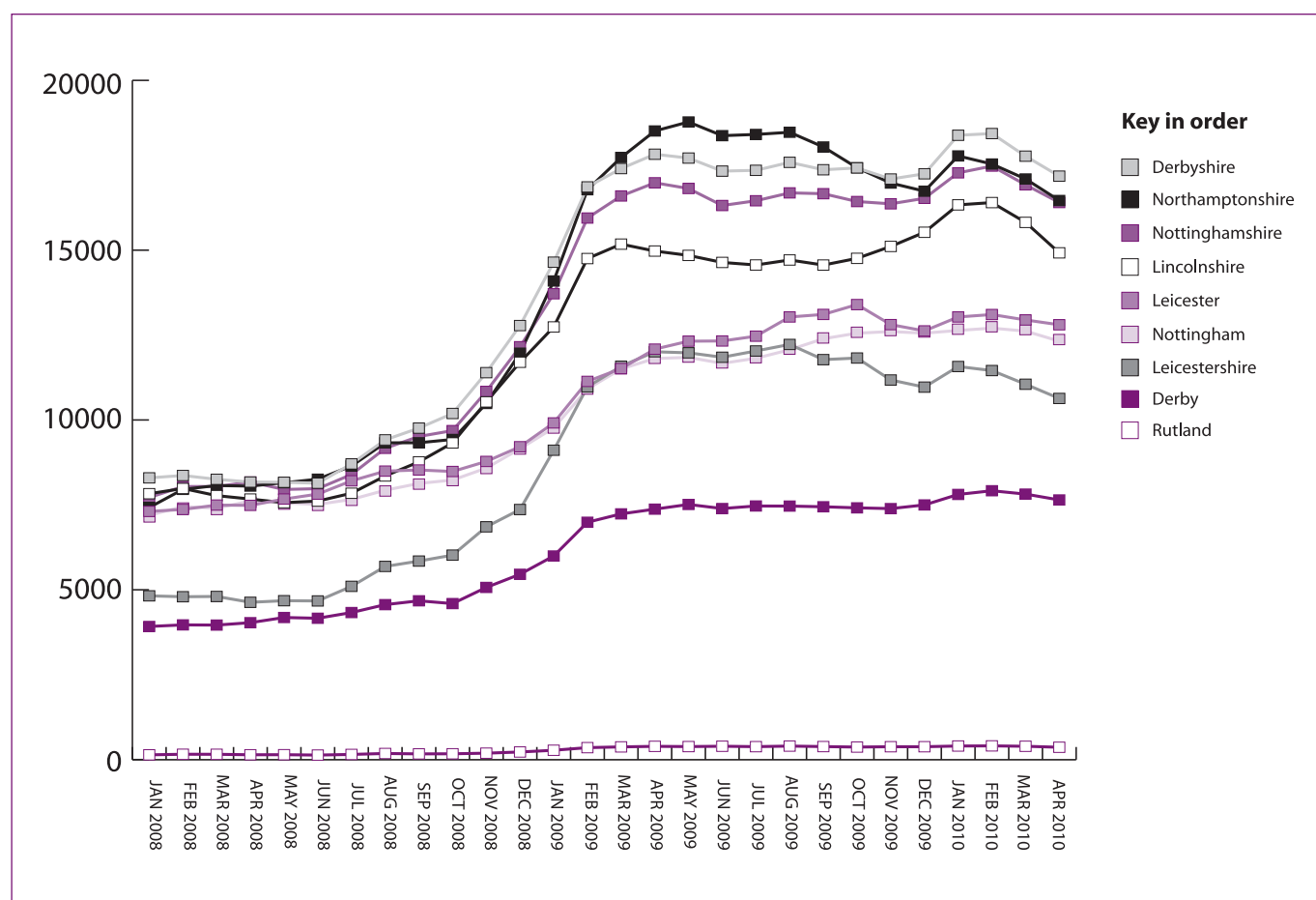


Table 2: Sub-Regional Unemployment: Claimant Count

	Derby	Derbyshire	Leicester	Leicestershire	Lincolnshire	Northamptonshire	Nottingham	Nottinghamshire	Rutland
Jan 2008	3,919	8,295	7,308	4,821	7,829	7,423	7,192	7,717	139
Feb 2008	3,966	8,365	7,365	4,795	7,983	7,956	7,451	8,041	156
March 2008	3,960	8,253	7,494	4,803	7,772	8,069	7,404	8,041	155
April 2008	4,031	8,172	7,485	4,631	7,671	8,053	7,613	8,172	141
May 2008	4,183	8,165	7,671	4,678	7,565	8,152	7,556	7,954	143
June 2008	4,161	8,138	7,817	4,671	7,612	8,256	7,515	7,977	132
July 2008	4,329	8,706	8,207	5,101	7,842	8,645	7,660	8,394	151
Aug 2008	4,562	9,414	8,494	5,687	8,351	9,327	7,931	9,165	179
Sep 2008	4,675	9,760	8,527	5,845	8,766	9,329	8,131	9,514	167
Oct 2008	4,593	10,191	8,483	6,020	9,324	9,426	8,231	9,687	170
Nov 2008	5,069	11,393	8,779	6,853	10,532	10,486	8,583	10,841	188
Dec 2008	5,456	12,780	9,212	7,636	11,699	11,967	9,153	12,157	223
Jan 2009	5,995	14,646	9,913	9,109	12,739	14,093	9,767	13,716	274
Feb 2009	6,988	16,863	11,136	10,974	14,753	16,780	10,912	15,946	351
March 2009	7,235	17,403	11,513	11,583	15,178	17,729	11,505	16,596	373
April 2009	7,374	17,825	12,086	12,008	14,974	18,510	11,809	16,984	389
May 2009	7,512	17,712	12,320	11,977	14,846	18,775	11,843	16,816	382
June 2009	7,392	17,328	12,326	11,847	14,639	18,372	11,667	16,315	392
July 2009	7,467	17,351	12,467	12,032	14,564	18,408	11,817	16,455	380
Aug 2009	7,464	17,586	13,033	12,224	14,711	18,472	12,067	16,687	397
Sep 2009	7,444	17,368	13,108	11,777	14,562	18,039	12,392	16,663	382
Oct 2009	7,412	17,422	13,398	11,824	14,759	17,427	12,556	16,432	368
Nov 2009	7,390	17,095	12,808	11,177	15,110	16,976	12,603	16,365	378
Dec 2009	7,498	17,249	12,623	10,967	15,527	16,737	12,557	16,527	378
Jan 2010	7,807	18,383	13,033	11,574	16,334	17,775	12,636	17,277	399
Feb 2010	7,916	18,434	13,105	11,455	16,401	17,537	12,704	17,476	403
March 2010	7,817	17,768	12,945	11,052	15,818	17,097	12,617	16,924	391
April 2010	7,645	17,180	12,803	10,634	14,921	16,463	12,320	16,403	362
Multiplier: Jan 2008 to April 2010	1.95	2.07	1.75	2.21	1.91	2.22	1.71	2.13	2.60

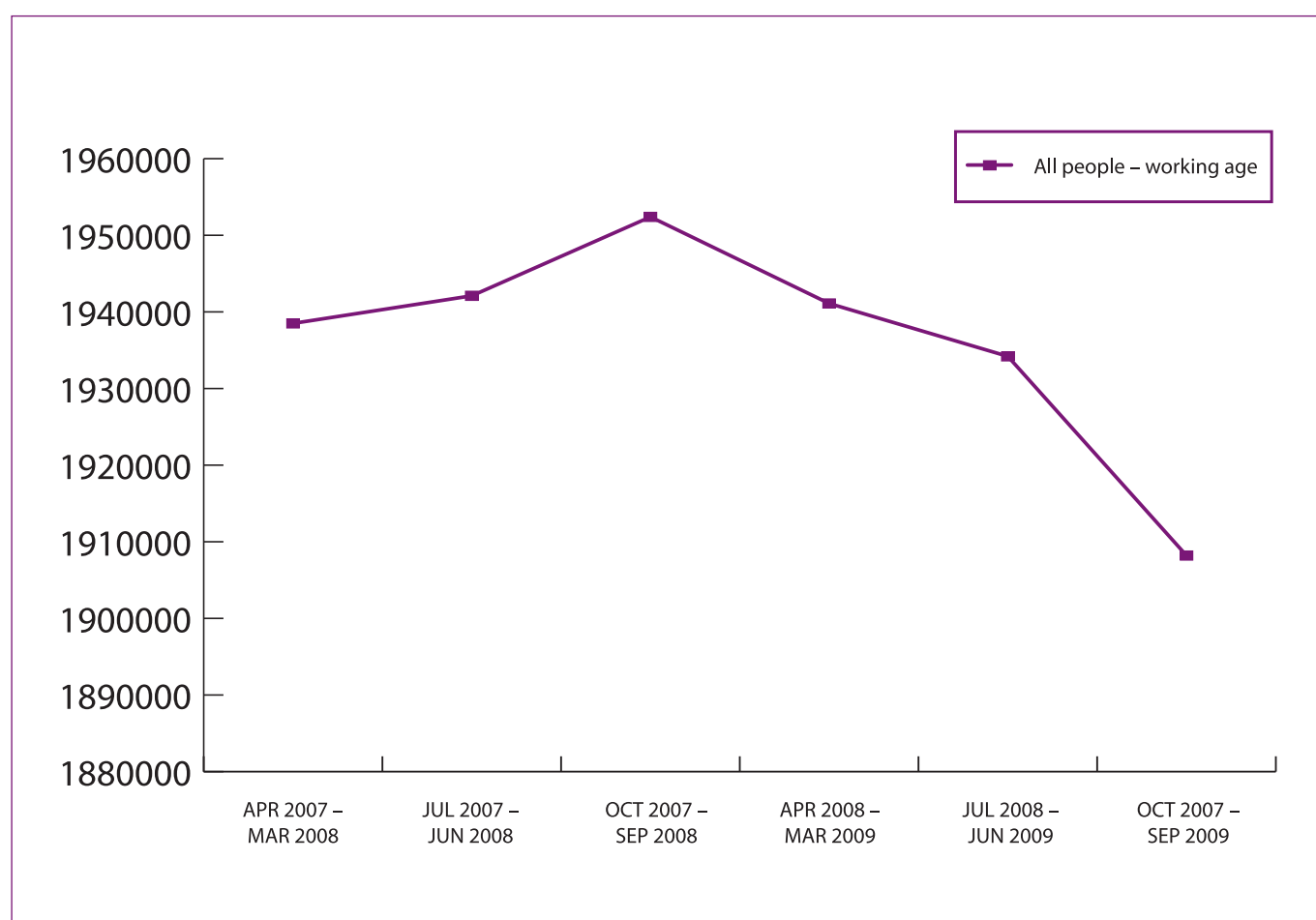
Total working population registered at place of work – East Midlands

Table 3: Total Working Population Trends

Apr 2007- Mar 2008	Jul 2007- Jun 2008	Oct 2007- Sep 2008	Apr 2008- Mar 2009	Jul 2008- Jun 2009	Oct 2008- Sep 2009
1,938,500	1,942,100	1,952,400	1,941,100	1,934,200	1,908,200

2.5 The percentage of the total working population recorded by place of work provides an indication of fluctuations within the labour force. The data in Table 3 suggest a significant decline from June 2009 of 30,000 people in the overall workforce in the region recorded through this measure. This implies, as the recession took effect, a significant trend towards individuals leaving the regional labour market (set out in Figure 3).

Figure 3: Total Working Population



Notified Vacancies

2.6 The dataset on unfilled vacancies provides an indication of the level of employment confidence in the regional economy. Taking into account seasonal variations, it is still possible to see how confidence fell significantly between November 2008 and January 2009. Throughout 2009 confidence recovered very slowly. Figures for 2010 suggest a better starting point compared to 2009, although subsequent upward trends for the first quarter of the year are running at a lower rate than in 2008. Overall, the higher rate of vacancies than in 2009 does give cause for some optimism in relation to a modest recovery beginning to show in the region (see Figure 4 and Figure 5).

Figure 4: East Midlands Notified Vacancies

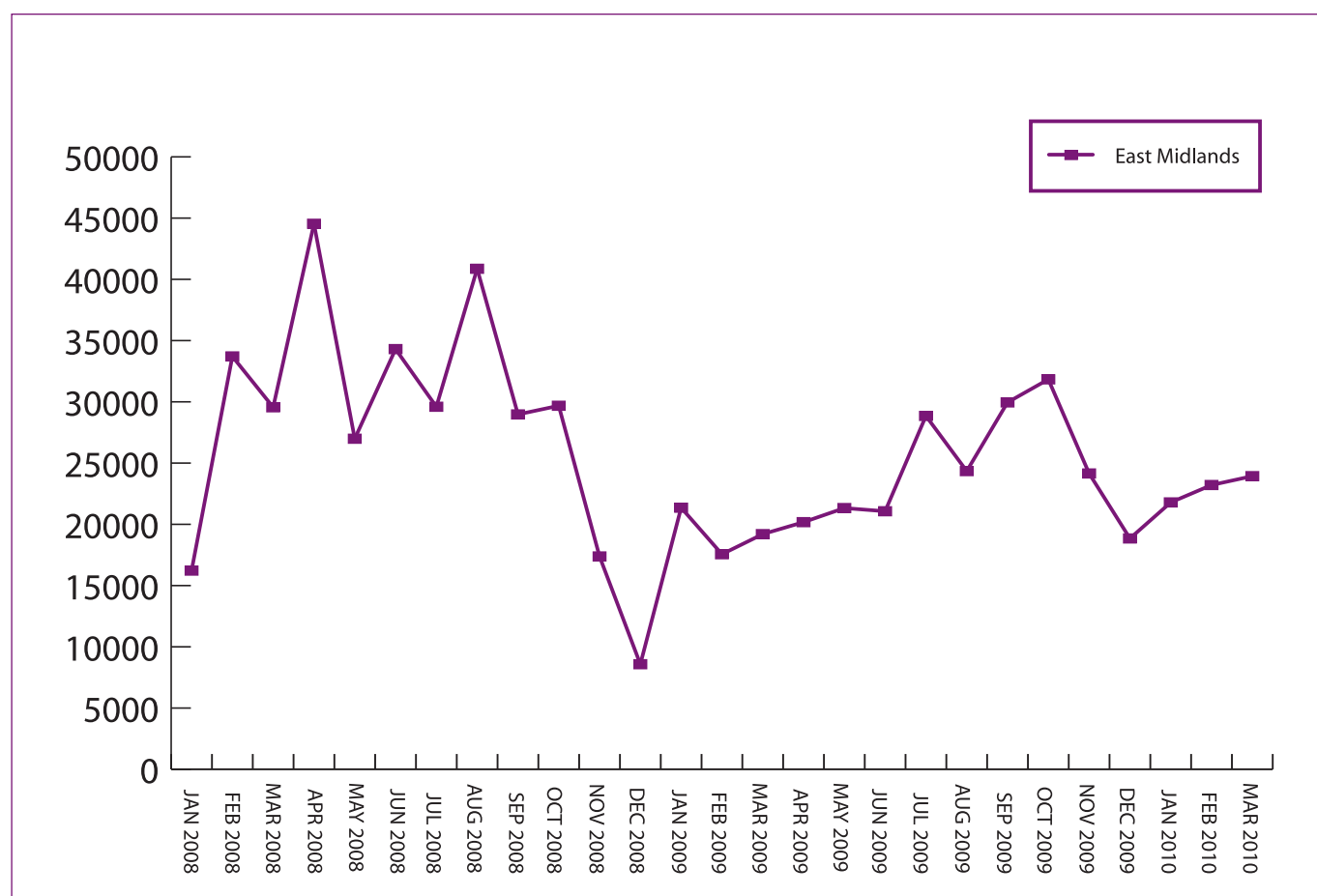
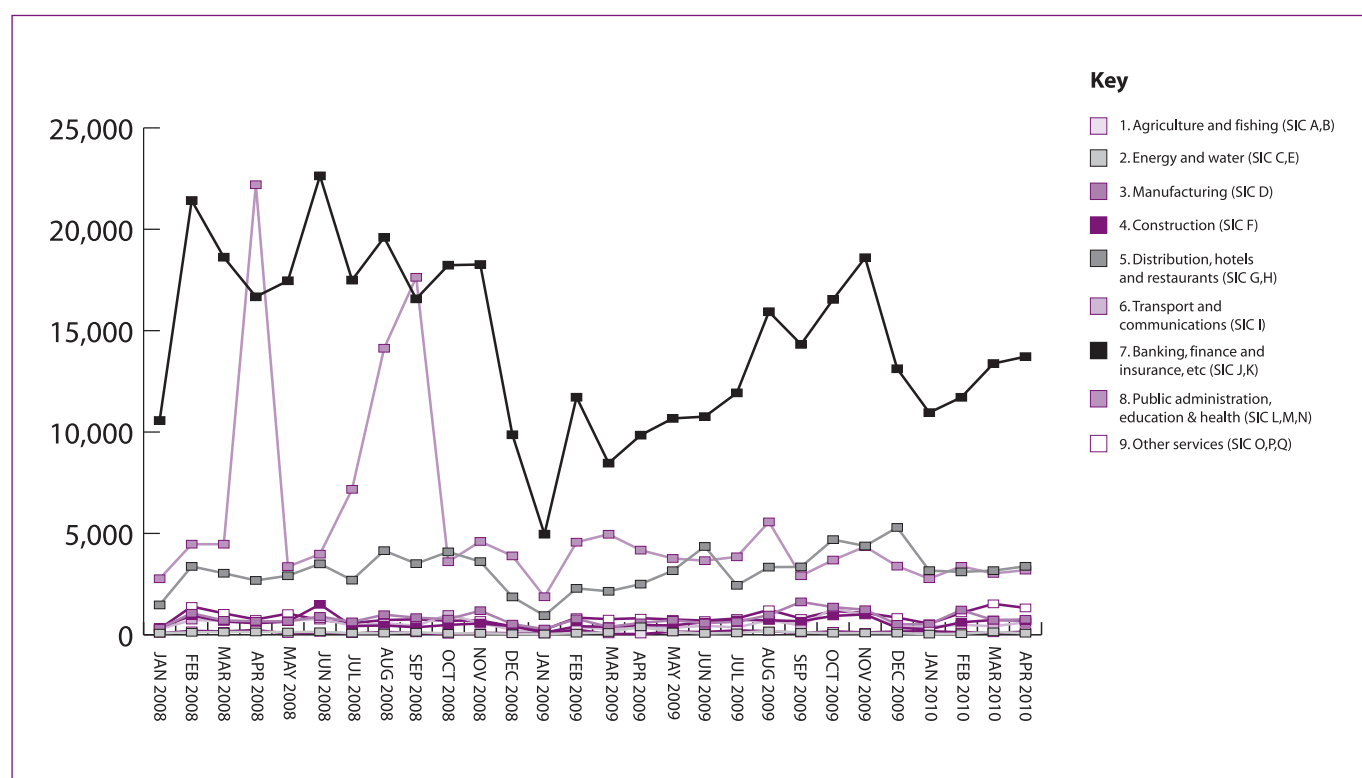


Figure 5: Sectoral Vacancies



- 2.7 Figure 5 illustrates fluctuations in vacancies in: public administration, education and health; banking, finance and insurance; and to a lesser but significant extent, distribution, hotels and restaurants.
- 2.8 Interviews conducted with local authority officers and partners suggested that the construction and manufacturing sectors were experiencing major job losses. Whilst data to substantiate these comments is not easily accessible, trends in vacancies for these sectors do show a major decline in vacancies in 2008, reaching a low ebb in early 2009 and a relative recovery particularly in terms of the last few months.
- 2.9 For construction and manufacturing respectively, the number of vacancies for the first quarter of 2008, 2009 and 2010 are as set out in Table 4:

Table 4: Construction & Manufacturing Vacancies

Year	2008	2009	2010
Construction	1965	920	1624
Manufacturing	2089	1459	2463

- 2.10 Public sector employment has remained stable throughout 2008-2010 although the first quarter of 2010 did show a modest decline. The plans of the new Coalition Government to make significant reductions to public spending suggest that this sector has future job losses to come. The significant scale of the sector in the region (31%) suggests that a high number of job losses in this sector may have an impact on the speed and nature of recovery.
- 2.11 First quarter results for Public Administration, Education and Health over the last 3 years are shown in Table 5.

Table 5: Public Sector Vacancies

Public Administration, Education and Health	2008	2009	2010
	11702	11402	9169

- 2.12 Table 6 sets out the number of recorded vacancies for each of the three headline sectors underpinning the analysis, for the whole of the last two years.

Table 6: Key Sectors Vacancies Trends

Month	Construction	Manufacturing	Public Admin, Education, Health
January 2008	365	315	2,765
February 2008	943	1,063	4,469
March 2008	657	711	4,468
April 2008	571	666	22,197
May 2008	650	665	3,364
June 2008	1,501	905	3,977
July 2008	429	637	7,175
August 2008	459	990	14,132
September 2008	373	846	17,632
October 2008	487	771	3,604
November 2008	561	1,189	4,604
December 2008	425	526	3,892
January 2009	103	283	1,877
February 2009	421	787	4,567
March 2009	396	390	4,958
April 2009	476	589	4,176
May 2009	464	714	3,765
June 2009	623	578	3,656
July 2009	733	638	3,846
August 2009	719	974	5,567
September 2009	669	1,623	2,913
October 2009	931	1,365	3,686
November 2009	1,005	1,236	4,350
December 2009	341	516	3,386
January 2010	275	521	2,767
February 2010	619	1,221	3,375
March 2010	730	721	3,027
April 2010	705	764	3,190

2.13 'From Recession to Recovery – The Local Dimension', a report prepared for the Local Government Association by PACEC, provides a series of regional benchmarks. This allows a consideration of the likely impact of the recession from 2008-2010 in terms of job losses. The report suggests that the East Midlands is the most vulnerable region in the country – at risk of losing 150,000 jobs equating to 6.9% of its overall job stock. London is deemed least vulnerable at 5.7%, with the West Midlands and East of England projected to face similar losses to the East Midlands at 6.8% and 6.7% respectively. Although data is not currently available to test these forecasts, a comparison of increase in the percentage of unemployment suggests that the East Midlands has fared less negatively than this report predicted might be the case.

Table 7: Increase in percentage rate of unemployment January 2008 – April 2009

North East	North West	York & Humber	East Midlands	West Midlands	East	London	South East	South West
2.6	2.3	2.9	2.4	2.7	2.1	1.9	1.9	1.7

Table 8: Percentage of overall jobs in the public sector

North East	North West	York & Humber	East Midlands	West Midlands	East	London	South East	South West
37	33	32	31	31	29	27	31	33

2.14 The position of the region with regards to the percentage rate of unemployment (Table 7) shows how the East Midlands is in the lower half of regions and is the fourth most significantly affected. In terms of vulnerability to public sector job losses, assessed by the percentage in 2008 of all jobs in the region in the public sector (using ABI data), the East Midlands can be deemed to have a middle-ranking level of vulnerability, with the North East and South West most vulnerable (set out in Table 8).

Future Recession Issues

2.15 The recession in the UK was associated with an exceptionally large fall in GDP of around 6% between end-2007 and end-2009, since when the economy has recovered somewhat. In their Budget forecast, the Office for Budget Responsibility (OBR) predict that in 2010 as a whole GDP will rise by 1.2 per cent, followed by 2.3 per cent in 2011. From 2012 onwards GDP growth recovers to above trend, reaching 2.9 per cent in 2013, before easing in 2014 and 2015. A period of above-trend growth is normal following recessions as the economy makes up ground lost during the recession. The OBR also draws attention to the very large inherent uncertainties in economic forecasting.

2.16 Private sector output contracted sharply during the recession whilst public sector output continued to grow, for instance as capital spending was brought forward to maintain activity in the economy. It is also the case that public sector spending tends to be planned at least one year and often more in advance and not to adjust rapidly to changing circumstances.

2.17 Growth in the public sector and shrinkage of the tax base have combined to produce the well-publicised budget deficit. There is a consensus that the deficit needs to be reduced though not about how quickly and by how much. Deficit reduction will produce a further phase of economic difficulty. During this

phase, public sector output will either contract or grow very slowly and public sector employment will fall. The Office for Budgetary Responsibility (OBR) predicts that nationally there will be 610,000 fewer 'general government' employees in 2015-16 than in 2010/11, representing a reduction of approximately 11%¹. General Government Employment includes most but not all of the public sector. Specifically it includes central and local government and the NHS, but does not include sectors such as colleges and universities, where employment is expected to be affected by public expenditure reductions. However, OBR predict that, nationally, public sector job losses will be more than offset by creation of 1.95 million jobs in the private sector over the same period.

2.18 When the economy revives, the deficit will reduce as tax revenues recover and benefit payments fall. These effects will be reinforced by a reversal of the position on capital account. The 'bringing forward' of public sector capital spending into 2009/10, which boosted the deficit in that year, will correspondingly reduce the deficit in later years.

2.19 In the June 2010 Budget, the Chancellor announced reductions in public spending. Public spending is divided between 'Departmental Expenditure', which broadly speaking is for government and local government activities, such as schools, universities, the NHS or the police; and 'Annually Managed Expenditure', which is mainly for transfers such as the payment of benefits and debt interest. It is Departmental Expenditure that affects public sector jobs directly. Budget Table C13² shows that Current Departmental Expenditure is planned to be £340bn in 2015/16, whilst it would have been £386.5bn in 2015/16 had it grown in line with inflation. This implies a real terms saving of £46.5bn or 12% (of £386.5bn). The distribution of savings between departments will not be known until completion of the Comprehensive Spending Review on 20 October

1. OBR forecast: Employment, 30th June 2010 2. Table C13, p102, Budget Report, Her Majesty's Treasury, June 2010

2010. However, Government has stated that the NHS (which accounts for about one-third of Departmental Expenditure) is to be protected and other areas enjoy varying degrees of protection as well, which may mean that other departments will face current expenditure savings significantly greater than 12%. Savings in departmental capital expenditure are forecast to be £17.5 billion between 2010/11 and 2015/16, the approximate equivalent of a 30% reduction.

- 2.20 It is unclear how the Budget will affect the East Midlands. Aside from general economic uncertainty (which is very great), there are no official economic forecasts for the region; the OBR forecast for the national change in General Government employment is not for the (wider) public sector considered here and is not for this region. Alongside this, there are many uncertainties about how government may seek to apportion savings and employment reductions between the 'centre' and other regions.
- 2.21 There are numerous factors that contribute to this uncertainty. For example, Government has stated that it will wish to protect, so far as possible, 'frontline' services. Many 'frontline' services are necessarily dispersed around the country. The greatest savings in property costs may come from divesting property in London and the South East and, separately, the Smith Review makes plans to move 10% of Civil Servants out of London in the next five years. The full extent of any reduction in public sector employment in the East Midlands will not be apparent for a number of years and will be further subject to policy decisions to be taken by Government and operational decisions to be taken by employing bodies.
- 2.22 The Government has also indicated that so far as they are successful in reducing welfare payments (within Annually Managed Expenditure), smaller cuts will be possible in Departmental Expenditure. Additionally, managing significant reductions in public sector employment has proved challenging for previous Governments.
- 2.23 Rose Regeneration has reached a considered judgment to estimate potential reductions in employment with economic activities primarily within the public sector in different areas of the East Midlands based on a regional reduction of 6% by 2015/16. In light of the very many uncertainties

inherent making such forecasts, this is a deliberately conservative estimate.

- 2.24 It should be carefully noted that this is not a formal forecast based upon econometric modelling, but a judgment based upon our analysis of the regional economy, national forecasts, government announcements, and the consultations described elsewhere in this report.
- 2.25 Actually, OBR envisage a rise in employment across the UK in the period to 2015/16, but we have assumed stability for the East Midlands because of the region's slightly greater dependence on the public sector and because of the (admittedly limited) evidence of regional under-performance during the recession.

The East Midlands Baseline

- 2.26 East Midlands GVA³ was 87.9% of the UK average in 2008, down from 88.3% in 2007. In that sense the first year of recession appears to have hit the East Midlands harder than the nation as a whole. It should be recalled, however, that GVA has been on a slow declining trend for some years, having been 90.2% in 1999, and is subject to statistical revision. The GVA data therefore provides an early indicator of East Midlands under-performance rather than decisive evidence.
- 2.27 The table below shows that some 30% of East Midlands employment is in industries that are dominated by the public sector. The table is a good guide to public sector employment but it should be remembered that some public sector employees are in other industries and that a small part of employment in the industries shown is in the private sector.
- 2.28 In order to forecast the potential implications of public sector employment contraction for different parts of the region, Rose Regeneration have made estimates of the differential extent to which various parts of the public sector will suffer employment contraction. The estimates, based on their assumptions, such as that cuts in NHS employment are likely to be smaller than in local government administration, have been informed by analysis of government communications. The rationale for the estimates is given in the 'comment' column in Table 9 below and the estimates are constrained to average the overall cut of 6% discussed above.

3. Data in this paragraph are from: Office for National Statistics Regional, sub-regional and local gross value added 2009 published 9 December 2009

Table 9: Rose Regeneration Reductions in Public Sector Employment in the East Midlands to 2015/16

Mainly public sector activities in the East Midlands ranked by size: employment and possible reduction

SIC and Activity	% of all EM emp	Possible reduction	Comment
851: Human health activities	7.5%	2%	Demographics, public opinion, new technology make it very difficult to reduce spend. Some reduction in non-core activities
853: Social work activities	4.7%	8%	Less 'visible' than NHS; the main non-school local authority expenditure
801: Primary education	3.8%	5%	Schools 'protected' but possible job losses e.g. in admin and teaching assistants; and natural wastage
751: Administration of the State	3.1%	15%	Core local authority; some central government but little in East Midlands
802: Secondary Education	2.9%	5%	As primary
752: Services to the community (police, fire, military etc)	1.9%	5%	Potentially cuts throughout
803: Higher education	1.7%	4%	Substantial spending cuts likely. Cuts in teaching budgets may be offset by increased fees; cuts in research council budgets likely to have direct effect on employment
926: Sporting activities	1.4%	6%	Mainly but not exclusively local authority
930: Other service activities	1.2%	6%	Mainly but not exclusively local authority
804: Adult and other education	0.8%	8%	Further Education. Partly 'discretionary' and vulnerable to cuts
927: Other recreational activities	0.4%	8%	
925: Library, archives, museums and other cultural activities	0.4%	15%	An area of local authority spending that may be vulnerable to cuts
900: Sewage and refuse disposal	0.4%	4%	Activity cannot easily be cut but efficiency gains possible
753: Compulsory social security activities	0.2%	6%	Administration, e.g. through JobCentre Plus, where savings are already being sought.
Total/Average	30.4%	6%	

Area-based distribution of public sector employment

- 2.29 Rose Regeneration has used Annual Business Inquiry data for 2008 to look at the relative dependency of each area of the East Midlands on public sector employment. ABI data are a robust source, but it should be noted that they relate to the location of jobs, whilst job-holders may live elsewhere and that they exclude self-employment.
- 2.30 Table 9 shows that the region as a whole has 575,000 public sector jobs representing just over 30% of employment. The largest locations for public sector employment are Nottingham and Leicester, with 68,000 and 58,000 jobs respectively. Derby and Northampton come next with around 37,000 each. There is then a gap to the remaining districts, headed by Lincoln (19,000). Even the district with fewest jobs, Corby, has over 4,000.
- 2.31 Perhaps more significant is the percentage of jobs accounted for by the public sector. On this measure, Nottingham and Leicester are second and third, but the top spot is occupied by Rushcliffe, which is more dependent on public sector employment than any other district. These three and Chesterfield, Rutland, Derbyshire Dales and Lincoln each have over 36% of employment in the public sector. At the other extreme, many smaller districts have less than 25% of employment in the public sector, Corby having the lowest figure (15%).
- 2.32 Some public sector activities, such as primary education, are necessarily very spread out whilst others are not. Employment in universities is especially concentrated in Charnwood (for University of Loughborough), Nottingham and Leicester, the three districts accounting for over 60% of regional Higher Education (HE) employment. In contrast, most East Midlands districts have very low HE employment.
- 2.33 Health employment is also spatially concentrated though less so than HE. Nottingham and Leicester each have approaching 20,000 jobs in Health, though as a percentage several other districts are more dependent than those cities on Health. In the most extreme case, Kettering, Health accounts for one job in every six.

- 2.34 Areas heavily dependent on public sector employment tend to have above-average proportions of employment in each of the main industries within the public sector. This is true especially of Leicester and Nottingham. The least dependent districts (such as Corby) tend to have low proportions in each industry. Those in the middle are in some respects the most interesting cases, tending to have high employment percentages in one or two industries. For instance, Boston and Charnwood, each with close to the regional average share of total public sector employment, have respectively high employment in Health and Higher Education.

Vulnerability of areas in the East Midlands to change

- 2.35 The implications of the loss of public sector employment on different areas within the East Midlands will depend on the current absolute number of public sector jobs in each locality and their 'mix' across the various public sector industries. The forecast absolute loss of public sector employment shows the **scale** of the challenge that local and sub-national agencies may face.
- 2.36 The column chart (Chart 1) at Appendix 1 suggests that the highest number of public sector job losses will be in Nottingham and Leicester, and secondarily in other large towns and cities. Nine Council areas in all account for one half of all job losses.
- 2.37 The **intensity** of the challenge each area may face as a result of the forecast fall in public sector employment will depend on the share of public sector employment as a percentage of all employment in the area.
- 2.38 Chart 2 (Appendix 1) shows possible public sector job losses as a percentage of all employment in each district. Nottingham, Leicester and other large towns and cities have relatively high percentages, but the highest figures of all are for Rushcliffe and Derbyshire Dales, districts with many public employees concentrated in the most vulnerable parts of the public sector.
- 2.39 The regional average appears roughly in the centre of the chart and, given our assumptions, is necessarily 1.8%, i.e. the roughly 30% of employment in the region that is in mainly public sector industries multiplied by our assumed 6% average job loss.

- 2.40 The net effect of public sector employment loss and private sector employment growth will vary from area to area. Areas with high shares of public sector employment, especially in the most vulnerable parts of the public sector, may lose out, whilst districts with relatively few public sector workers may gain.
- 2.41 All of this assumes uniform patterns of growth and contraction across the region, and it is for regional, sub-regional and district agencies to decide whether this assumption is reasonable in their particular cases. Under a 'uniform' pattern of growth and contraction, the main 'net losers' are Nottingham, Leicester, Chesterfield and Lincoln, but perhaps more surprisingly Rushcliffe, Rutland and Derbyshire Dales as well. The 'net winners' tend to be smaller districts. In no district, however, is the net gain or loss very large.
- 2.42 The overall economic impact on areas of the forecast loss of public sector employment will however depend on the extent and quality of employment created in the private sector over the same period.
- 2.43 It is likely that whatever the national trend in employment growth, different areas will experience different patterns of growth and some areas will continue to face challenges arising from the extent of change in the labour market.

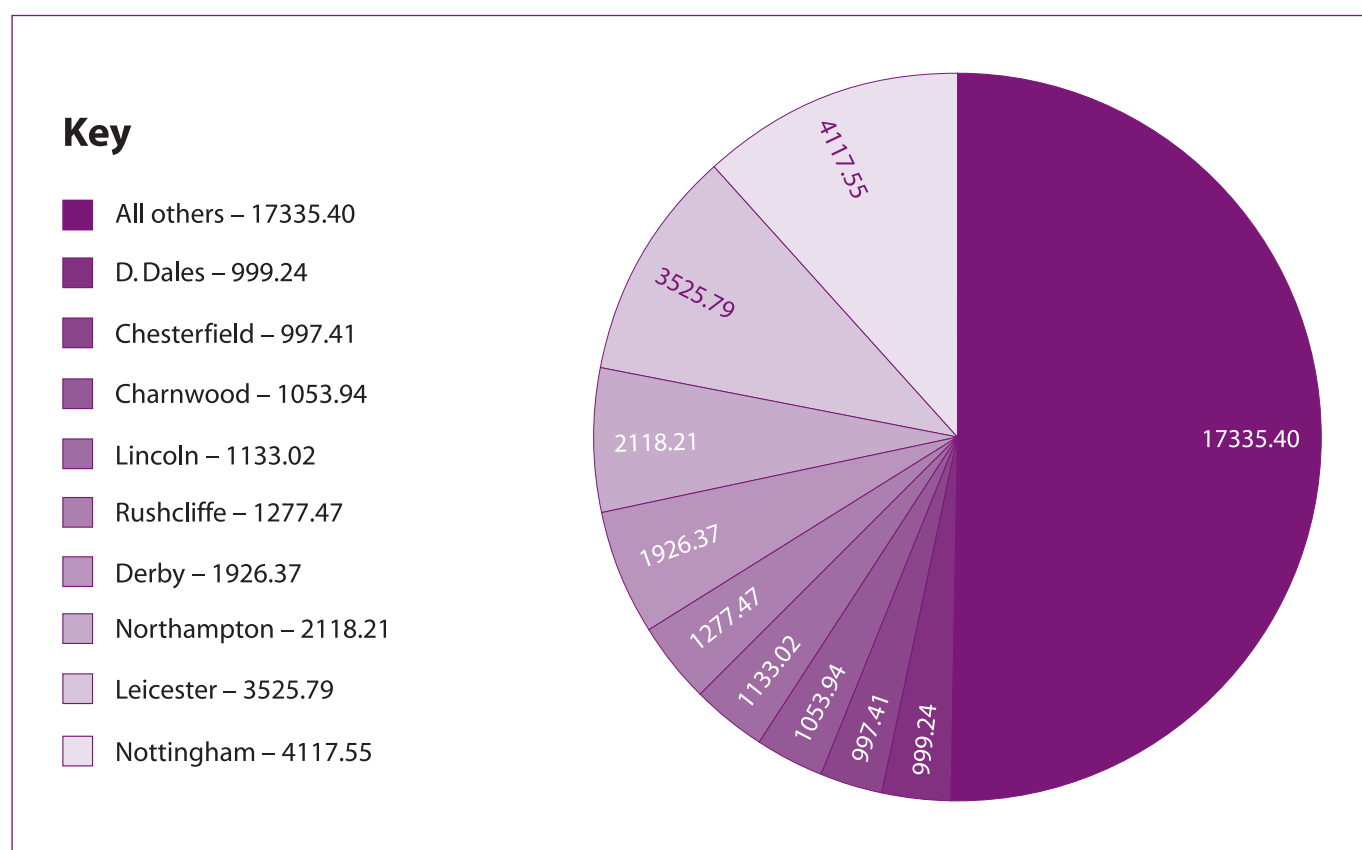
Capital spending

- 2.44 We have conducted no specific calculations on capital expenditure. In assessing the impact on their respective localities, however, local authorities and other agencies will need to allow for substantial reductions even in capital schemes already agreed in principle.

Summary

- 2.45 The recession in the East Midlands really began to impact in mid 2008 and, measured in terms of unemployment, has remained at the same level of impact since then. The three Cities and Lincolnshire have proven most resilient with the most significant increases in unemployment found in Leicestershire and Northamptonshire.
- 2.46 Observers perceive the sectors most badly affected to have been construction and manufacturing, however, an examination of unfilled vacancies suggests that these sectors are stabilising and beginning to recover. Public sector vacancies have recently started to decline and it is anticipated that this sector will experience significant declines over the next 2 years as a result of the high level of proposed budget cuts linked to the economic management plans of the Coalition Government. The analysis suggests the cities which have proven relatively resilient to date will be significantly affected as part of this process. The Pie Chart below (Figure 6) sets out those places likely to be most significantly affected.

Figure 6: Predicted Public Sector Job Losses



2.47 The East Midlands may be a relatively vulnerable region to recession given its overall sectoral profile, though if one takes the projections of the LGA report ‘From Recession to Recovery – the Local Dimension’, it can be argued that the region has been more resilient than predicted. Looking forward, with the prospect of significant job losses in the public sector across the region, the East Midlands is moderately placed with the 5th highest percentage of public sector employees in England. Our indicative estimates in Appendix 1 show the spatial distribution and relative impact of the changes that we have assumed.

3. Local Authority Activity

- 3.1 To gather evidence about Councils' activities in response to the recession and to support the economic recovery, we interviewed the Heads of Economic Development, or their equivalent, in each of the region's 46 local authorities. A comprehensive overview of Councils' activity is included in Appendix 2 of this report, which can be downloaded from www.emcouncils.gov.uk.
- 3.2 Councils' activities can be grouped into three areas;
- Responding corporately to the pressures placed on Councils by the recession
 - Activity to support businesses to recover from the recession
 - Activity to support communities to recover from the recession

Responding Corporately to the Recession

- 3.3 The recession has had a major impact on Councils, causing capacity problems in the smaller ones and challenging service review options in the larger ones. Local authorities have been hit by falling revenues and face increasing challenges from tightening public spending. The challenge for Councils is to continue to deliver high quality services that meet the needs of businesses and communities in difficult economic times with fewer resources or the prospect of fewer resources in the near future. In response to this challenge, Councils have taken a variety of steps.

Procurement

- 3.4 At the County level, a number of partnership sourcing approaches have been developed as a means of achieving lower costs and value-for-money. For example, the East Midlands Property Alliance (EMPA), led by EMIEP (East Midlands Improvement and Efficiency Partnership), is an approach to driving out cost efficiencies through procurement that has a strong local supplier element. More detail in relation to this organisation is provided in the second theme 'business support activities' under procurement.

Economic Assessment

- 3.5 The process of developing an economic assessment, as required by the Local Democracy Economic Development and Construction Act, is causing debate about the impact of the recession on different parts of the region. A number of District Councils are working in more than one configuration,

for example Amber Valley in the assessment for Derby and the assessment for Derbyshire. In the former coalfield area, there are links to the Sheffield City region and joint economic development strategies embrace a number of authorities, for example: Chesterfield, Bolsover and North East Derbyshire. Many of the local authority officers interviewed indicated that the impact of the recession would be a key element of their assessment but also that useful 'real time' data, particularly on issues facing the business community, was difficult to source.

- 3.6 Consideration of economic issues outside of the East Midlands will be a challenge for councils in joining up with their neighbours to develop economic interventions to respond to the recession. There are, however, some examples of working across regional borders, particularly around the efficiency agenda, such as between South Northamptonshire and Cherwell (Oxfordshire) and High Peak and Staffordshire Moorlands.

Partnership Activities

- 3.7 Many partnership configurations involve authorities working together and working with partners including Business Link, their sub-contractors (e.g. Nottingham Business Venture in the context of business start up) and Job Centre Plus. Many authorities at the District level have funded additional activity, with Business Link support, to work with companies at a local level affected by the recession. South Kesteven provides a good example of this approach, having led a package of support for businesses in Grantham. The Federation of Small Businesses has played a key role in working with a number of authorities to develop business-friendly transactional practices including ensuring prompt payment of invoices.
- 3.8 There is a varied pattern of partnership activity by local authorities across the region. This may reflect the distribution of funding to meet specific and locally determined resources between local authorities or indicate that some local authority areas provide a better range of support in terms of the recession than others.

Asset Management

- 3.9 Approximately two-thirds of authorities still have significant property holdings, with many considering how such assets should be managed in the current economic circumstances. Nottinghamshire County Council currently uses over 900 buildings in the County, including schools, which are the subject of a long term rationalisation project. In Mansfield, the District Council's economic development estate forms a key plank in its revenue generation strategy to raise discretionary expenditure for investment in economic development. In East Lindsey, the Council is considering a review looking at the scope to raise income from strategic disposals.
- 3.10 In a number of authorities, land ownership has enabled the council to stimulate schemes that have beneficial impacts on local town centres. In South Northamptonshire, the Council is using a key building as part of the regeneration agenda for Towcester. In Clay Cross, North East Derbyshire has used its assets as key ingredients in the development of the town centre.

Total Place

- 3.11 Although there are examples of cost sharing and rationalisation, the only formal 'Total Place' pilot project is taking place in Leicester and Leicestershire, (see Chapter 5). The County and City Councils and partners in Leicestershire have developed a dynamic and active programme, calculated to have a major impact on preserving front line services, including activities focused on tackling the recession, through driving out cost efficiencies in a public sector partnership. Derby has what may be regarded as an advanced 'non Total Place' but similarly focused approach to Leicestershire through its 'Property Alliance', which involves all public sector bodies in the City working together around rationalised property solutions. Nottinghamshire and Lincolnshire cited similar major efficiency programmes.
- 3.12 In June 2010, the EMIEP invested £1.1million in pieces of work using a Total Place approach in Leicester, Leicestershire, Nottingham, Northamptonshire, Lincolnshire and Derbyshire. These schemes are intended to generate efficiency savings of approximately £20 million.

Supporting Businesses to Recover from the Recession

Procurement

- 3.13 Councils are significant procurers. EMIEP estimate that in 2005/6, Councils in the East Midlands procured goods and services with a value of over £3bn. Whilst there is a lot of goodwill and honest endeavour around the theme of local procurement there is limited evidence of very effective local sourcing. Many District Councils have organised 'Meet the Buyer' and 'How to Sell' to the Council' events – East and West Lindsey do this in partnership. Larger authorities have also worked hard to build a requirement for lead contractors to procure locally, Northampton being an example of this approach.
- 3.14 Procurement is another area in which Councils have sought greater impact by working together. There are big scale procurement initiatives operating across most counties and a dialogue about what might be achieved in terms of procurement. Working through the East Midlands Property Alliance (EMPA), developed on the initiative of the East Midlands Regional Improvement and Efficiency Partnership, arrangements have been put in train to facilitate the use of local companies by OJEU⁴ winning tenderers in the region.
- 3.15 EMPA, have worked with Go2Frame to develop a supply chain register whereby any East Midlands company can register an interest in working on EMPA member projects. This is not a tender exercise, purely a means for supply chain companies to have a presence via the website www.buideastmidlands.co.uk. The Framework Contractors must select their supply chain from those registered. Each Framework Contractor has their own supply chain selection criteria and procedures to follow.
- 3.16 The EMPA Framework Contractors have held 'meet the buyer' events across the East Midlands for supply chain companies to find out more. A total of 1251 companies are registered across all disciplines.

4. Through contracts advertised in the Official Journal of the European Union

Sectoral focus

3.17 The East Midlands economy has a bigger manufacturing sector than the UK average although the large majority of employment remains in service industries. Different sectors are more significant in different areas of the region. Bigger Councils have developed a number of approaches to considering the sectoral implications and opportunities around the recession. Derby City Council has commissioned research into their rail, air and car manufacturing sectors – ‘Trains, Planes and Automobiles’. In Northamptonshire, the County Council has advanced a £10 million loan to Silverstone Holdings to sustain the high tech motorsport engineering cluster in South Northamptonshire and to support the ongoing viability of Grand Prix. Across Northamptonshire, Councils including East Northamptonshire and South Northamptonshire have developed an interest in supporting manufacturing. In Amber Valley, the Council has developed active recession ‘aftercare’ relationships with Thornton’s and Denby Pottery. In East Lindsey, the Council is working to assemble funding and training to support a cluster of skills development around its tourism sector including care, hospitality and retail.

Town Centres

3.18 District Councils across the region are making public realm and retail investments to generate business confidence through visible improvements. Significant town centre redevelopments led by Councils are underway in Bassetlaw, Daventry, Northampton, South Holland, North East Derbyshire and Wellingborough. A wide range of authorities are active in developing proposals for Business Improvement Districts (BIDs) and there has been a renewed commitment to Town Centre Management in authorities such as Melton. Authorities including Oadby and Wigston and Amber Valley have developed schemes of focused support for retailers.

Workspace Provision

3.19 In previous recessions, Councils have played an active role in providing new sites and premises. In the current period, there is little evidence of new investments in sites and premises. However, Lincolnshire County Council is amongst a small cohort of authorities still actively engaged in managed workspace provision and the Council has a new centre coming on stream in June 2010 at Market Deeping near Peterborough. There are also

innovative and interesting ‘one off’ approaches being undertaken. In the Derbyshire Dales, the Council is working with *emda* to bring forward new workspace at a world heritage site in Cromford. In the medium term, Nottinghamshire County Council is optimistic that it will be able to support the development of an employment site for low carbon businesses at the former Welbeck Colliery. Overall, however, the constraints authorities are facing in terms of developing new sites and premises and the current climate of considering the disposal of assets demonstrates the impact of the recession on authorities themselves.

Support for Local Business

3.20 At the District level, there are examples in the majority of authorities of local responses to the recession. The Federation of Small Businesses has had a major impact in stimulating some of these approaches. In some authorities, Bassetlaw is a good example, significant work has been put into supporting local retailing through ‘Backing Bassetlaw’ (further information about this project can be found in Chapter 5 of this report). A number of authorities that are property owners have acted sensitively in rent collection for tenants facing difficulties. Wellingborough is one example where the local authority has worked actively with its business stock to ensure that they maximise the take up of business rate relief.

Low Carbon Activities

3.21 Although it may once have been thought that there is a tenuous link between low carbon activities and ‘recession busting’, many councils have been pursuing activities to support a sustainable and low-carbon economic recovery. In Bolsover, the council is supporting the development of a community wind farm. In Daventry, the ‘iCon’ has been developed as a national centre of excellence in sustainable construction. Lincolnshire County Council has assembled a £1.5 million initiative called ‘Sustain’, which is providing advice and support to companies seeking to develop business opportunities around the low carbon agenda. Nottinghamshire County Council is considering the development of a sectoral approach to business support in the context of the low carbon agenda.

Supporting Communities to Recover from the Recession

Workforce Strategy

3.22 The majority of authorities have a workforce strategy; over 50% have apprenticeship schemes and more than 50% were participating in the Future Jobs Fund. Many of the larger authorities had well developed approaches that supported local employment and recruitment. A number of smaller authorities are finding the pressure to cope with the recession internally is negatively impacting upon their local recruitment and employment support strategies. Bolsover can be considered to be an exemplar with a wide ranging approach to supporting its local economy through apprenticeships and graduate retention. Many authorities realise that they have a key role to play in this context; notwithstanding the pressures they are facing themselves as one of the largest, if not the largest, employers in their areas. Approximately 50% of authorities had actively considered this issue as part of their own cost efficiency work. A typical example is Broxtowe where the Council has made an up-front commitment to avoid compulsory redundancies.

New Business Start Up

3.23 A number of authorities had offered additional funding to Business Link to run local support for new business start ups in their areas. In Ashfield and Mansfield the Local Employment Growth Initiative (LEGI) programme, called 'LEO' (Local Enterprise Organisation) is now entering its third year, featured a range of dynamic and focused approaches to stimulate business start ups. Although LEO's funding was conceived in advance of the recession, it has had a positive impact around this agenda. Overall, less attention is focused on business start up outside of the standard Business Link offer. This may be an important area of future consideration as more individuals with reasonable resources face unemployment. Councils' discretion to pursue such activities in future may be significantly constrained by recent reductions in allocations of Area Based Grants to Councils.

Impact of the recession on individuals

3.24 There is significant evidence of work around adult social care and housing functions within councils to support individuals facing hardship as a consequence of the recession. Examples include 'Recession Action Plan' interventions to tackle the

personal implications of the recession in Broxtowe, and a suite of activities in Kettering under the banner 'Find your Way Back to Work', which includes. 'life plan' advisers and benefit advice for those facing unemployment. In Blaby, a major employment fair led to a number of work placements and the creation of new jobs in the locality. In Nottingham City, the Economic Resilience Forum developed a series of programmes offering social support and guidance. This is relatively unusual as in most authorities responses have been based around particular areas of intervention and support with some unfulfilled scope for further joining up.

Skills

3.25 A significant number of authorities have used national programmes including the Future Jobs Fund and Working Neighbourhoods Fund. Some authorities have taken established approaches such as the LEGI (Local Employment Growth Initiative) programme (in Ashfield and Mansfield) to support retraining and the development of basic skills, thus providing individuals with greater employment mobility in the recession.

3.26 There are also examples of joint working between Universities and authorities to realise opportunities to enhance economic performance. The University of Northampton, for example, intends to develop a campus at Silverstone. More broadly, Higher and Further Education are sources of partnership action. The physical development of facilities such as the relocation of South Leicestershire College will have a positive impact in the Districts of Oadby and Wigston and Blaby. In both cases, the Councils are thinking about how to maximise the impact of these developments in their local areas to help alleviate the impacts of the recession. Rushcliffe has been working with Castle College on the provision of business start up training.

Council Communication and Community Engagement

3.27 There is evidence of authorities developing a dialogue with their local communities on recessionary issues and of demonstrating their value-for-money credentials. Amber Valley has sought to achieve this through their Citizens Panel, Ashfield has undertaken a community led 'Service Shaping' exercise and Rushcliffe has held a series of citizen groupings. Many authorities have concentrated on developing their web consultation and presence in this context.

4. Partner Perspectives

Recession Perspectives

- 4.1 Many of the partners interviewed were directly engaged in regional approaches to tackling the recession through the East Midlands Economic Cabinet and/or membership of the East Midlands Business Forum. The majority of partners had a view of the differential impact of the recession on sectors and geographies within the region. The biggest current challenges that they identified were:
- An ongoing level of high unemployment amongst 18-24 year olds; and
 - The potential of significant funding reductions (particularly in terms of F/HE).
- 4.2 Partners also identified the social implications of the recession, highlighting the supply of affordable housing and the decline of capital investment schemes.

Priorities

- 4.3 All the partners identified key issues, linked to the responsibilities of their respective organisation. Taken together, a number of themes arose from the interviews, including:
- the need for local authorities and regional organisations to be focused in their activities to derive the maximum impact (the wide range of activities undertaken could be viewed as both a strength and a weakness);
 - the challenge facing all organisations in terms of their capacity to respond to the recession;
 - a clear picture that certain sectors merited most attention both going forward in terms of future trends/opportunities (i.e. low carbon) and in view of the 'big hit' they had faced (i.e. Construction); and
 - concerns that future reductions to public expenditure (most of the interviews were undertaken before the public expenditure announcements on 24 May) could exacerbate the ability of authorities and regional bodies to respond to the recession.

Partnership Arrangements

- 4.4 Partners cited local authorities as having an important role. A number of partners pointed to their experience of capacity challenges for second tier authorities in tackling the recession. Local authorities

were not perceived, apart from their representative groupings, as lead players although there was recognition that they were doing effective work in this context. This links to a broader need to find effective ways of joining up partners with the regional tier of 45 councils.

Partners' Responses to the Recession

- 4.5 The majority of stakeholder organisations had a national context. Although partners had lobbied for measures by others to ensure that they maximised their impact in tackling the recession (e.g. FSB lobbying around prompt payment and local sourcing by local authorities) they had relatively little scope to do much directly themselves. Exceptions to this included *emda* and EMB (Business Link), both of whom made significant efforts to develop programmes and service responses around business support. DWP and the F/HE sector also provided workforce and learning responses to the recession, with some evidence emerging that it has been a challenge to fully engage all local authorities in some of these activities.

Interactions with Local Authorities

- 4.6 The engagement of partners around recessionary activities has been conditioned by the nature of their respective organisations. Business representative organisations have been heavily involved in lobbying and influencing how local authorities support businesses. GOEM has undertaken a communication and representative role, linked in part to the work of the Regional Economic Cabinet, but has had limited resources to broker coordination. *emda* and EMB (Business Link) have sought to engage widely with authorities and draw them into a dialogue about service design and delivery to address the recession. Although there have been 'one off' small authority responses to the issues, in most cases these organisations have sought to coordinate activity at the regional or sub regional (upper-tier) level.
- 4.7 There is a common perception amongst the representatives of further and higher education that there is scope for more engagement with local authorities. This needs to be encouraged and resourced. There are perceived threats and opportunities in terms of the third sector, with a view that it has a key role to play in helping provide cost

effective and community solutions to aspects of the recession. However, this is accompanied by a concern that reduced local authority resources may lead to reductions in funding for key areas of activity.

Experiences of Local Authority Activity

4.8 Partners had a range of experiences of local authority activities. A number of examples were cited; the Nottingham Resilience Forum and the Derbyshire Financial inclusion network were seen as examples of good practice. Partners recognised that authorities had worked hard within the resource and capacity constraints to tackle the recession in their localities. The role of authorities in prompt payment of suppliers was recognised as a valuable response to the recession. There was not, however, a clear or consistent view of the role local authorities had played nor a consistent view of a specific set of responses that they should be leading in the future. This is double edged; on the one hand it suggests that the response of local authorities might be seen as inconsistent; on the other hand it suggests that the diversity of the region and the widely varied range of issues faced by local authorities characterises their individual responses.

Priorities for Local Authority Action

4.9 A number of priorities were identified:

- partners wanted to encourage local authorities to sharpen their involvement with national schemes of recessionary support including the Future Jobs Fund;
- taking a longer term view, opportunities for partners and local authorities to work more actively with the voluntary and community sectors and social enterprises to support a number of responses to the challenges thrown up by the recession were identified, particularly around developing alternate approaches to service design and delivery;
- an enhanced dialogue between partners and local authorities around specific themes (e.g. skills, employment, worklessness) was seen as beneficial and may address the patchy coverage of employment and skills boards at the local level; and
- a number of business focused partners identified the importance of getting closer to business communities.

Challenges Facing Local Authorities

- 4.10 There was a broad awareness of and sympathy for local authorities in terms of the challenges they are facing in relation to reduced budgets and increasing pressure to support those affected by the recession. A number of partners drew attention to the need for authorities to focus clearly on using their resources to do some simple things well rather than seeking to cover a wide and complex range of interventions which may eventually have a diffuse impact on their effectiveness.
- 4.11 Some partners were unclear about the link between regional forums, such as the Regional Economic Cabinet and the East Midlands Business Forum, and the more locally focused responses of local authorities.
- 4.12 Business facing intermediaries (e.g. FSB), Chambers of Commerce and EEF) suggested that local authorities could more substantively engage with their business community in responding to the recession.
- 4.13 Skills based organisations (i.e. EMFEC, East Midlands Universities Association, University of Lincoln) identified scope for local authorities to work with them around skills interventions and helping further and higher education providers to maximise their impact as big public sector bodies. There was some evidence of this taking place in parts of the region (e.g. Total Place participation in Leicester and Public Sector Property dialogue in Derby).
- 4.14 National Schemes, including Future Jobs Fund and Working Neighbourhoods Fund, have been drawn upon significantly by some authorities in developing their responses. There is some evidence, particularly around worklessness and unemployment, that there is insufficient capacity to cope with demand for services.
- 4.15 There is evidence in the responses of *emda* and East Midlands Business of a dialogue between these organisations and individual local authorities.

5. Case Studies

Nottingham City Council – Economic Resilience Programme

The Case Study

5.1 Nottingham City Council has developed a Council wide strategy to adjust and refocus their activities to tackle the recessionary issues facing those living in the City. This work has stimulated a programme of new and realigned activities including:

- The development of a series of financial inclusion events for residents, a Volunteer Adviser Training Programme and the appointment of 13 extra money advisers (funded through Working Neighbourhood Funding) working alongside voluntary sector partners in the City to provide support around financial challenges to residents – including support with benefits claiming and debt management.
- The Nottingham Jobs plan including:
 - Up to 1000 jobs for long-term unemployed people, funded through Future Jobs Fund (FJF) and Working Neighbourhoods Fund (WNF);
 - 600 volunteer placements through a Community Programme;
 - 200 public sector apprenticeships;
 - a programme to support enterprise;
 - Multi-agency support for local workers facing redundancies, including help with C.V. writing, accessing vacancies and broader welfare advice;
 - The City Council offers an ‘immediate intervention’ to complement the Jobcentre Plus ‘rapid response’ programme;
- A programme of free and cheap leisure activities for children and families during the school holidays.

5.2 These activities have been set in the broader context of the Nottingham Plan to 2020 (Nottingham’s sustainable community strategy) commitment for Nottingham to become a world class city. They have also been supported by a focused communication programme that operates under the title of ‘We’re on your side’.

5.3 Whilst these are the outward signs of the approach to the recession, a very deep seated internal programme has led the Council to put the issue of

the recession corporately at the heart of its planning and make it the key context for its interaction with its partners.

5.4 Other key council activities are being carefully designed to maximise their positive impact in the context of the recession including: relocation of the Council itself to Loxley House and improvements to its network of neighbourhood offices and revamping of the Council’s approach to procurement.

How is it managed/governed?

5.5 A Task and Finish Group of 15 officers representing each Department has been formed from across the Council to coordinate departmental thinking about tackling the challenges of the recession. This has a direct input into the Council’s Corporate Leadership Group and is chaired by the Chief Executive. The Group has been in place since October 2008. The Task and Finish Group has developed a programme with short, medium and long term planning horizons – each element within the programme being developed by the Group has targets linked to the City Council’s Local Area Agreement where relevant and work is taking place on exit strategies. The officer group has external representation from the Crime and Drugs Partnership, Job Centre Plus, Nottingham Community and Voluntary Service and the PCT.

5.6 Each of the main work strands within the programme has milestones and target dates associated with it but programme management bureaucracy is kept to a minimum with an overview of activity and progress being managed through the simple but effective use of spreadsheets.

5.7 The Council also convened the Nottingham Economic Resilience Forum to help the City and One Nottingham (the LSP) prioritise its medium and longer term responses. The Resilience Forum has high calibre private sector leadership. The Chair is John Peace, Chairman of Standard Chartered Bank and Burberry Group and there are other very significant national players represented on the Forum. The Forum has helped shape the economic resilience programme of the Council around 3 key strategic themes: skills, support for SMEs and confidence in the credentials of the Nottingham as a city.

What does it cost/how is it funded?

- 5.8 There is no significant additional budget for the programme. £150,000 from the Nottingham share of the Local Authority Business Growth Incentive fund has been used to support costs such as business consultation and to match-fund the money advice project but the vast majority of cost has been met from realigning officer time and established budgets where required. The real secret of the programme has been to develop approaches to use of key national budgets linked to activities such as the Future Jobs Fund (FJF) and Working Neighbourhoods Funding to support the key initiatives within the programme. In the case of FJF the Council worked with DWP to ensure that the scheme was targeted to meet the particular unemployment needs in Nottingham.

What challenges have been faced/addressed in developing the programme?

- 5.9 Resources have been a challenge although creativity over the use of funds such as LABGI, Working Neighbourhood Fund and Future Jobs Fund has helped develop a resource base for the programme
- 5.10 The key agencies who participate alongside the City have been very engaged and positive. There has been a collegiate sense of the significant challenges arising from the recession
- 5.11 Making sense of the complexities associated with each element of the funding matrix supporting the programme has been a challenge. Each funder has their own terms and outcome requirements and it has required significant commitment and hard work to get to a point where the broader needs of the overall programme can be accommodated with the particular perspectives of each individual funding programme.
- 5.12 The scale of the programme has been a challenge. It has quickly grown in size and range as a consequence of its early success. There is a deep seated corporate enthusiasm to maintain it.

Success and outcomes

- 5.13 The key targets set out in the Local Area Agreement and shared with One Nottingham form the backdrop to measuring the success of the programme. Youth Unemployment is a very significant priority. On the growth and development side the achievement of a high growth business profile, maximising the opportunities offered by Nottingham's status as a

Science City is very important in terms of future sustainability.

Learning Outcomes for others

- 5.14 There is no reason why any authority could not put a programme like this at the heart of its activities. One key corporate criteria for success has been the personal drive and enthusiasm of the Chief Executive and Deputy Leader of the Council to make the programme a success. This was crucial in facilitating the engagement of key high level private sector champions.
- 5.15 Because events happened quickly the City Council realised the recession would impact on a wider range of Council services, so it started by ensuring its own responses were co-ordinated before formally involving partners. Partners have come on board and added value to the Task & Finish Group and the overall programme. The establishment of evaluation criteria which provide the best scope to measure the impact of the programme at the earliest stage is important. John Moores University is currently evaluating the programme and they have identified that measures of impact, established earlier in the life of the initiative, would have been helpful. This is being addressed as the programme goes forward.
- 5.16 In terms of the particular shape and focus of the programme, and these are not reasons why a similar approach could not be successful elsewhere, the role of Nottingham as a major city has helped in terms of the range and calibre of business champions available to the programme. Nottingham's scale as a City and its eligibility for significant resources in terms of Working Neighbourhood Fund and Future Jobs Fund has made a difference to the scale of the programme it has been able to assemble.
- 5.17 Geography is a positive challenge in assembling programmes of support. Partnership has been important in focusing resources on activities in the City but appreciating the broader 'multiplier impact' these activities have in terms of those who live in neighbouring districts and interact with it. In the context of this programme there have been positive dialogues with Nottinghamshire County Council and public sector partners who deliver services across the wider area e.g. Business Link.

Leicester and Leicestershire – Total Place – Public Service Board Programme – 'Better Services for Less'

The Case Study

5.18 The Leicester and Leicestershire Total Place project is a thorough-going programme of public service efficiencies spanning a significant range of public bodies in Leicester and Leicestershire including all local authorities, the police, three universities and the health community.

5.19 Currently the initiative is looking at a number of front line services including: Drugs and Alcohol (original Total Place theme), Housing and Planning. Two further waves are proposed which will encompass:

- Wave 2 – Leisure and Culture, Economic Development and Building Control
- Wave 3 – Health and Well-being, registration services, sexual health and teenage pregnancy, development control, waste collection, management of emergency demand, passenger transport and regulatory services

5.20 County and City Projects around efficiency which also chime in with the frontline services include;

- County - Access to services/locality planning, older people, joint commissioning, health promotion, community safety
- City – Access to services/locality planning, prevention/reablement, joint commissioning, children with complex needs, mental health, learning disabilities
- Over 20 additional single service areas are in scope across the partnership

5.21 The overall target for the programme is the realisation of the Leicester and Leicestershire Multi-Area Agreement to achieve £200 million of efficiency savings.

How is it managed/governed?

5.22 The initiative began in the context of the national 'Total Place' Programme developed by Lord Michael Richard as part of a Treasury/CLG initiative – the Operational Efficiency Programme. It was set up with a Ministerial level Steering Group attended by the Leader of LCC and a Senior Officers Group attended by its Chief Executive. A number of authorities were chosen as participants around specific themes. The principle involved seeking greater flexibility in terms of monitoring and regulation by Government to

support the process of driving out greater efficiencies in public service delivery around a number of service themes in localities. The other pilots were: Dorset, Poole & Bournemouth, Kent, Croydon, Lewisham, Luton & Central Bedfordshire, Coventry & Solihull, Worcestershire, Birmingham, Bradford, Manchester City Region, South Tyneside, Gateshead & Sunderland and Durham

5.23 In Leicestershire, the initiative has developed its own broader governance mechanism through the establishment of a Public Service Board (PSB) comprising 7 representatives drawn from the Police, Health and Local Authorities. This is supported by a Programme Board, which sits below the formal PSB, and a single Joint Improvement and Efficiency Manager. Each component of the programme has a partner nominated project manager who leads its detailed transactions.

5.24 Specialist programme boards to support the implementation of key projects within the overall programme, reporting to the PSB have been developed for example covering HR, finance and legal issues.

5.25 The programme has engaged partners from the private and voluntary sector in helping shape its approach.

What does it cost/how is it funded?

5.26 The programme is funded in modest part by Regional Improvement and Efficiency Fund and Health Modernisation funding. The resources from these funds have been used to support 'Invest to Save' activities – whereby a short term up front investment in new systems and equipment is repaid by a long term reduction in overall costs. It is important to emphasise that most of the costs of the programme development, which are linked to staffing, are borne by the partners and the vast majority of work concerned is delivered through partnership working.

What challenges have been faced/addressed in developing the programme?

5.27 The Programme has grown significantly from its original Total Place focus on one theme – Drugs and Alcohol. It is now very broad and wide ranging with a complex number of partners and yet it is able to run largely using the refocused resources of its partners.

- 5.28 Some innovation has been needed to help with the development of approaches to particular challenges. For example in considering a joint use of public buildings to drive out efficiencies and more effectively support and manage the delivery needs of partners the formation of a joint company to own the public premises in scope is being considered. Joint service hubs for the delivery of services in localities are now being planned across the county and one of the first to come on stream is likely to be in Melton Mowbray. The underpinning rationale for area hubs is to support the process of delivery planning at the local level to enable the joining up of service delivery on the ground as part of the implementation of the work of the PSB.
- 5.29 Sharing sensitive and cost based information across partners has been challenging and an information sharing protocol has been developed to support this process.
- 5.30 Communications has been a big challenge needing significant effort in such a large scale programme. This has been overcome because of a realisation of the importance of the work in the light of the severity of the recession.
- 5.31 One key innovative approach to the planning of the programme has been a formal programme within the finance sub-group working to the PSB of seeking to identify and ameliorate the risk of any 'unintended' financial consequences (ie unforeseen costs) arising from the development of service efficiency planning.

Success and outcomes

- 5.32 So far the main focus of the programme has been on Drugs and Alcohol, Resilience and Learning Development – the next big item in scope is Older People although all the priorities set out in the description above are in scope.
- 5.33 Other key themes are in detailed discussion/development including:
- Access to Services
 - Waste Collection
 - Establishment of a Health and Social Care Joint Commissioning Unit between the County Council and the County PCT.
- 5.34 It is too early to highlight detailed, costed successes but expected savings include £10m pa from reducing the costs of drug and alcohol treatment and

reducing cross agency duplication in customer service points and call centres.

Learning outcomes for others

- 5.35 Total Place has formed a useful rallying call and brand but the programme which has been developed is more wide ranging and about a more significant number of interactions than the formal national Total Place programme.
- 5.36 This programme has been driven by commitment from the top in terms of LCC (the Leader and Chief Executive). It has not however required a significant investment in external expertise. The capacity harnessed has been from within the participants.
- 5.37 Whilst there are challenges in bringing together a significant number of partners across the public sector, the recession has proved a galvanising force in driving joint working.
- 5.38 Progress has been pragmatic but determined. There are no detailed set timescales for the delivery of the efficiency programme but there are detailed plans and technical processes for ensuring that each of its strands progresses effectively and efficiently.
- 5.39 The Multi-Area Agreement has formed a very important context for the scoping of the service.
- 5.40 The original MAA efficiency target of saving £200 million is likely to be revised upwards as a consequence of the growth and success of the programme.

Derby City Council – Planes Trains and Automobiles

The Case Study

- 5.41 Derby has a strong industrial base across three complementary clusters (aerospace, rail and automotive) and is the national base for a number of world leading brands including Rolls-Royce, Toyota, Citibank/Egg, Bombardier and a leading retail property company, Westfield.
- 5.42 In September 2009, Derby City Council commissioned a piece of research to look at the scale and significance of these transport clusters. The research, called 'Planes, Trains and Automobiles', involved:
- Quantifying the importance of the three sectors (e.g. in terms of their employment and supply chains);

- Assessing the strengths, weaknesses, opportunities and threats in each of the sectors and enumerating the impact of each;
 - Recommending local interventions to support the retention and growth of these sectors; and
 - Understanding the inward investment and development opportunities.
- 5.43 The project was undertaken because of concern about the rail sector, where a significant number of jobs are reliant upon a single manufacturer securing government contracts. The project also assisted the Council with their understanding of the impact of the recession on different industrial sectors and how they could best support them in the future.
- 5.44 The key findings included:
- The aerospace sector in Derby contributes £4.6 billion of economic output to the local economy – this is 27% of the total output generated in the City – and provides 12.2% of all employment locally.
 - The rail sector contributes £2.6 billion of economic output to the local economy - this is 16.6% of the total output generated in the City – and provides 7% of all employment locally.
 - In Derbyshire, the automotive sector contributes £3.1 billion of economic output to the sub regional economy and supports 22,100 jobs.
- 5.45 The findings were used by Derby City Council to review how they support SMEs (particularly around skills and training) and to identify ways of encouraging greater collaboration between the three clusters and their supply chains. By looking at how central government spending allocations and decisions impact upon local economies, the research was used to communicate the importance of these sectors to investors and government officials to help deliver further growth and support.
- 5.46 The recommendations contained in the Final Report have been taken forward internally at the Council in a review of how services are designed and delivered. This has led to the proposed establishment of a new 'skills and innovation team' to work with SMEs and build relationships between them and with Further and Higher Education providers.
- 5.47 Two further pieces of research are also helping the City Council re-configure its services and support to business in the city:
- a. An Economic Prosperity Assessment – this was undertaken as a pilot with an IDeA Toolkit.
 - b. An evaluation of business support requirements specific to Derby (to be commissioned).
- How is it managed / governed?**
- 5.48 Derby City Council prepared a brief for the project in August 2009. The research was commissioned through a Framework Contract, with three companies submitting bids. URS was successful and employed to undertake the work.
- 5.49 The project started in September 2009 and involved:
- The analysis of national data such as the Inter-Departmental Business Register (IDBR) and Annual Business Inquiry (ABI);
 - The assessment of local databases provided by the Chamber of Commerce;
 - Fifty semi-structured telephone interviews with public and private sector partners; and
 - A literature review.
- 5.50 The research was overseen by a Steering Group comprised of Derby City Council, Derbyshire & Nottinghamshire Chamber of Commerce and East Midlands Development Agency (*emda*), with businesses representing each of the clusters being consulted throughout.
- 5.51 The findings of the research were presented at a consultation workshop attended by eighty local companies. The workshop was used to validate and further refine the research findings and help devise the recommendations contained in the Final Report.
- What does it cost/how is it funded?**
- 5.52 The project cost £26,500 and was funded by Derby City Council (£10,000), the East Midlands Development Agency (*emda*) (£14,000) and Derbyshire & Nottinghamshire Chamber of Commerce (£2,500). In taking forward some of the recommendations contained in the Final Report, the following activities have been funded:
- a. The Council's proposed new Skills and Innovation Team will employ up to 5 staff, with the cost met from established budgets; and
 - b. Preparation of a bid to Government for part of the National Skills Academy for Rail Engineering to be based in Derby.

5.53 Furthermore, the additional research projects will feed their findings into a complete new Economic Strategy for Derby. This strategy will shape the way the Council interacts with businesses and help guide the development of new partnerships, projects and programmes.

What challenges have been faced/addressed in developing the programme?

5.54 At the outset of the project, finding an organisation to support the research that understood the local geography and the three clusters was a challenge. This was overcome by procuring the work through a Framework Contract.

5.55 During the research, there were methodological issues around how to define the aerospace and automotive sectors and their supply chains. The researchers therefore used the Standard Industrial Classification (SIC) coding generated by the Office for National Statistics (ONS).

5.56 There are limitations in using national datasets, which can be difficult to interpret and make meaningful at a local level. National data analysis was supplemented by looking at local data and contacts supplied by the Chamber of Commerce and by carrying out interviews with local companies and partners. This revealed how the number of companies in supply chains had been underestimated.

5.57 Another challenge was the difficulty of forecasting macro-economic trends in global engineering markets that these three sectors operate within. This is because there are so many unanticipated factors that could affect the local economy. This led the research team to produce three alternative scenarios based upon stakeholder consultation, assessing employment opportunities and threats, and looking at historical trends.

Success and outcomes

5.58 The research improved the understanding of the importance of the three sectors to Derby and the wider regional economy. It demonstrates how all three sectors play a major role in delivering employment, productivity and well-being benefits to the economy.

5.59 The research has been used by the Council to:

- Gear business support more towards SMEs within each supply chain.

- Provide a wider environment for investment. The council has been helping businesses win work outside the UK – including establishing links with similar companies in the Chinese province of Shaanxi and organising trade visits.
- Work across departments to look at how the Council delivers services. This has included looking at infrastructure (e.g. issues relating to premises, skills and training).
- Review its Regeneration Department and propose the establishment a new 'Skills and Innovation Team' within the Department.
- Improve its economic forecasting models based upon a 5-10 year timeframe whilst recognising how sudden shocks such as the recession cannot always be accurately predicted.
- Undertake a business support evaluation (targeted at SMEs) and funded by emda.
- The research has been more widely disseminated through the 'Aerospace Communities Alliance', a local authority led group that Derby City Council chairs and whose members include other local authorities whose communities are particularly dependent on aerospace companies and their supply chains.

Learning Outcomes for others

5.60 'Trains, Planes and Automobiles' demonstrates the importance of building a sound evidence base to ensure effective policy and decision making and produce better outcomes that deliver sustainable economic growth. Also timely, the research reveals the relevance of central government spending allocations and how their decisions impact upon local economies and communities.

5.61 Although other local authorities may not have two or three industrial clusters that are influential in their local economy, a broader research approach can be taken.

5.62 This project illustrates effective partnership working between business and local authorities. Involving a range of companies and partners that may find the research useful and/or wish to participate in it at the outset has been important. Similarly, establishing an ongoing dialogue with 20-30 local companies that are not necessarily the biggest companies in your locality but are the most significant has been vital.

5.63 Finally, the project also shows effective cross departmental working within the Council, with departments working together to recognise their impact and influence on the private sector (especially SMEs) and how to assist them.

Further information

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The PTA report is available on *emda's* website.

'Backing Bassetlaw' – Retail Loyalty Scheme

The Case Study

5.64 'Backing Bassetlaw' is an innovative, comprehensive and multi-strand approach to supporting people and businesses in a small, relatively sparsely populated area. It is an example of a local, close to the ground, approach to tackling retail issues in the context of the recession by a District Council. Activities have included:

- A shopping loyalty card scheme;
- A targeted free car parking reduction scheme;
- Training courses for local retailers;
- Market trader development;
- Events and street entertainment; and
- Promotions and developments.

5.65 The loyalty card scheme has the following objectives:

- To encourage collaboration between local businesses to develop a more attractive offering to current and potential customers, to help drive business growth;
- To increase the number of customers using the businesses in Bassetlaw, their frequency of usage and spend per head per visit;
- To provide a benefit to the local community by developing a vibrant and attractive environment, which will have a beneficial effect on inward investment;
- To contribute towards a healthy labour market, improve employment prospects by stimulating the business economy, improving the attractiveness of existing businesses and the area;
- To contribute towards providing an attractive retail environment to a wide range of people from across the area, to attract more of them to use the area on more occasions; and

- To create an enhanced sense of community and loyalty towards the area.

5.66 In addition, Bassetlaw District Council (BDC) is attempting to improve the public realm through the Town Centre Forum. A new cinema and the re-location of the market will be a catalyst for this process in Worksop.

5.67 In addition to the loyalty card scheme, BDC set up an event under the 'Backing Bassetlaw' banner called 'BizEx'. This was designed to give local businesses an opportunity to meet public sector buyers. Prior to the event, three workshops were held ('Making the Pitch', 'Selling to the Public Sector' and 'Being Contract Ready') to assist people not familiar with the requirements of public sector procurement. The three workshops were not as well attended as BDC had hoped, but still attracted approximately 25 participants each.

5.68 Another series of events entitled 'Shop Doctor Workshops' and aimed at helping local retailers to improve their offer to the public, have been organised and will take place in June and July 2010. These are funded and run by BDC.

How is it managed/governed?

5.69 The programme is managed by the District Council.

5.70 The programme was suggested at a meeting of the LSP in February 2009, when, because of the bad weather, some people were unable to attend and the proposed agenda was abandoned in favour of a brainstorming session. The session looked at whether activities could be developed to take advantage of L(ocal) M(ultiplier) 3 (that is, every £1 spent in the local economy would have a benefit equivalent to £3). The participants suggested that with less money around than before the recession, developing schemes that maximise money circulating in the local economy would be beneficial.

5.71 A working party was established, involving some local businesses; breakfast meetings were held (80 local businesses attended). The slogan, 'Think local, buy local', was devised; and it was decided to proceed with two projects: a loyalty card scheme (based on an existing, successful scheme in Penzance) and an increased effort into local networking (e.g. a dedicated website and a series of events). These activities took place under the banner, 'Backing Bassetlaw'.

- 5.72 Key partners involved in the loyalty card scheme include:
- Businesses – 115 businesses have signed up to the loyalty card scheme and offer free local delivery, a free cup of coffee, a percentage discount, free goods (old stock), etc. Businesses can change their offers on the scheme's website (www.backingbassetlaw.co.uk). BDC checks the site quarterly to see whether businesses have updated their records.
 - Shoppers – cards are held in each shop and issued on-the-spot to members of the public who want to join. The cards are also available at Council Offices, local college, Citizens Advice Bureau and Post Offices. A central database of the cardholders is held and maintained by BDC.

What does it cost/how is it funded?

- 5.73 Approximately £170,000 of Local Area Business Growth Incentive (LABGI) money has been allocated to the project. To date, £15k has been spent on the campaign with an additional £25k to £30k spent on free car parking concessions before Christmas. The balance will be used to support the work of the Town Centre Forum on the public realm and the free hour in the car parks, once the initial fund of £10k has been used.

What challenges have been faced/addressed in developing the programme?

- 5.74 The main challenges were around engagement, getting people to 'do' things and not just talk about them. As long as the local businesses continue to see benefits from the scheme, it will continue, unless other (funding) priorities supersede it over time.

Success and Outcomes

- 5.75 Businesses have signed up to the loyalty card scheme, the pre-BizEx workshops have been held. BizEx itself will take place in June 2010 and 24 retailers have paid to participate in the 'Shop Doctor Workshops'. As local businesses have seen the Council deliver on the project, they are becoming more actively engaged in the scheme.

Learning outcomes for others

- 5.76 'Backing Bassetlaw' was an innovation for BDC, but it was based on a successful project in Penzance, so it was not wholly new.
- 5.77 The scheme started at a time when the Town Centre Manager had left and his replacement(s) had not

been appointed. With the benefit of hindsight it would have been better to have recruited the new Town Centre Manager prior to launching the campaign, primarily because the leaflet drops were not particularly effective and someone was needed to promote it on a one-to-one basis.

- 5.78 If it were starting again, BDC would endeavour to find a better way to deal with the administrative side of the loyalty card scheme as it involves a significant amount of data processing.
- 5.79 It is worth emphasising that BDC went into the original workshops with local businesses with an open mind and a willingness to be flexible in response to their suggestions. The loyalty card scheme was chosen by a democratic vote and became a collaborative effort with everyone behind it.

East Lindsey Courts Service

The Case Study

- 5.80 This scheme, established in January 2008, involves the deployment of a dedicated 'Courts Worker' in East Lindsey to support individuals facing court action to re-possess their homes. It has two principle objectives: to prevent homelessness and to maximise income for the individuals concerned.
- 5.81 The project was started with funding from the Lincolnshire Supporting People budget in direct response to a view from the housing team at East Lindsey District Council (ELDC) that the level of housing repossessions was in danger of increasing as a consequence of the recession in the District. This is a partnership project linked by a Service Level Agreement with the local Citizens Advice Bureau. The Courts Officer and CAB Case Officer work together to offer support to individuals in repossession court hearings. The scheme is currently running as a pilot project.
- 5.82 The Courts worker identifies referrals from Registered Social Landlords, CAB and other charities and through having a dedicated space in the County Court to offer support for individuals as they arrive at Court to face repossession hearings. The scheme is delivered on a non-judgemental basis to all in need in the District.
- 5.83 Having established an adjournment in repossession proceedings, the Courts Officer undertakes a wide ranging diagnostic of the key issues underlying the

challenges faced by each client. Clients are then signposted to intensive or more general support within the housing support section of ELDC. The ELDC housing support team work on a multi-agency basis with other public and private sector bodies to ensure that the needs of each client are supported on a joined up basis, thus providing the best opportunity for a long term solution to the housing problems of the individuals concerned.

- 5.84 At its heart, this project is a public sector commitment to sustaining the personal well-being of the residents of the District.
- 5.85 To date the project has supported 65 families in East Lindsey to remain in their own homes. The service is also provided to South Kesteven District Council through a Service Level Agreement with ELDC.

How is it managed/governed

- 5.86 The initiative is delivered from within the ELDC housing team as part of the remit of the housing support service. The housing support service was established itself in 2002 using housing benefit transitional funding.
- 5.87 The housing support service is accountable to the Supporting People Team at Lincolnshire County Council for the delivery of the courts service. There is a strategic plan and quarterly performance management meetings are held to review progress.

What does it cost/how is it funded

- 5.88 The service is funded by the Supporting People Budget. The cost of the service is the employment of the Courts Officer. It is funded on a pilot project basis (with scope to roll it out across the County if successful) with funding currently in place until January 2011.

What challenges/issues have been faced/addressed in developing the programme

- 5.89 The Courts worker had to quickly develop an effective working knowledge of the key issues facing individuals at risk of losing their own home. The worker also had to develop a support network arrangement with other related organisations and is supported by the Service Level Agreement in Place with Citizens Advice Bureau for the delivery of the service.
- 5.90 Managing the referral of individuals needs careful thought and management. Referral needs to

maximise the effectiveness of outcomes for the clients and ensure that the Courts officer has sufficient capacity to help those in need without getting swamped by intensively needy individuals.

- 5.91 Building the trust of referral agencies and of the judiciary was an initial challenge. As a consequence of the achievements and outcomes of the work of the officer these relationships are now a strength of the scheme.
- 5.92 Strong third party relationships with charities and other funders is now in place. These support the scope for the Courts officer to maximise the input from third party organisations to support clients in addressing the wider issues (e.g. poverty, alcohol and drug dependency, mental health, unemployment) which often underlie the challenges facing individuals at risk of losing their own homes.
- 5.93 Systems around diagnostic and referral processes for those at risk have developed and provide a very strong overall context for the efficiency of the service.
- 5.94 The medium/longer term challenge for the service is around funding.

Success and Outcomes

- 5.95 The initiative has supported 80 individuals and 65 families in staying in their own homes. The average case load for the Courts Officer at any one time is 15-20 clients.
- 5.96 The service has drawn upon wider charity and statutory organisational inputs as a means of developing a sustainable solution to the housing problems of the individuals supported by the service.
- 5.97 There would be merit in a formal evaluation of the wider benefits of the scheme. Statistics indicate the wider benefits including highlighting the fact that it costs, on average, £30,000 to evict a family from a house. There are then significant additional on costs for the housing authority in the area concerned in providing emergency housing support for the individuals made homeless.

Learning Outcomes for Others

- 5.98 East Lindsey is 'atypical' in having a housing support service within the authority. There are real strengths in this model, however, providing the Courts Officer with focused and collegiate access to other staff

within the council who can contribute to the wider challenges facing clients of the service is important.

- 5.99 An 'in house' based approach to supporting individuals rather than drawing upon the resources of charities and other organisations to provide the support is unusual. Yet finding robust funding to support it in the longer term is proving challenging.
- 5.100 A well-designed and run scheme of this type provides scope for significant inter-agency working, a cost reduction for Councils and supports the well-being of individuals facing significant personal loss and hardship. It also galvanised the work of housing related and other person-centred charities in the District, helping them achieve their mission and providing resources for individuals at risk in the community that they would otherwise be unable to access.

The Daventry 'iCon'

The Case Study

- 5.101 The 'iCon' Centre will comprise three elements: office space for the administration of the iNet (an *emda* sponsored innovation network led by the University of Northampton concerning sustainable construction) and its own management; 60 incubator units for construction-related and innovative 'green' start-ups; and state-of-the-art conference facilities for events.
- 5.102 In addition, it is an integral part of Daventry Town Centre Vision 2021. It is expected not only to provide jobs and add value locally, but by maintaining and enhancing the existing manufacturing base in the region, to have many positive knock-on effects. It is hoped that the 'iCon' Centre as a whole and the conference venue in particular will increase the profile of Daventry, both regionally and nationally, enabling it to attract people, companies and jobs to the district.
- 5.103 The 'iCon' Centre, which will have a BREEAM Excellent rating, is an important part of the sustainability agenda in Daventry. Daventry District Council (DDC) is continuing to develop further initiatives in this field, including the Resources Recovery Park, the redevelopment of Prospect Way and the GRP (Group Rapid Transport) system (see Success and Outcomes below), as well as pioneering the use of biomass boilers at Abbey Retail Park. Daventry District Council is looking into the feasibility of a local heat network for Site 3, which

could ultimately be extended to cover the whole of the town centre, and developing a Renewable Energy Strategy for the district.

- 5.104 The project was conceived before the recession began, but the economic downturn made the partners even more determined to succeed than they had been, as it became apparent that the construction industry was being affected.

How is it managed / governed?

- 5.105 'iCON' (East Midlands) is a registered charity which has been established to run the iNet and 'iCon' Centre
- 5.106 Partners in the project include the University of Northampton, which champions innovative thinking in the construction industry; West Northamptonshire Development Corporation (WNDC), which drives the infrastructure delivery and growth agenda in Northampton, Daventry and Towcester; the East Midlands Centre for constructing the Built Environment ('EMBCE'), which works to improve the social, economic and environmental performance of the region's construction industry; *emda*, the Regional Development Agency for the East Midlands; and DDC, which committed land for the access road, agreed to allow 68 car parking spaces in the Undercroft Car Park to be reserved for the 'iCon' Centre and has dealt with procedural issues, including planning permissions. In addition, Northamptonshire County Council performed an enabling role by agreeing to the re-alignment and reduction in size of the road and roundabout adjacent to the site and allowing the resultant land to be included in the project.

What does it cost/how is it funded?

- 5.107 The total cost of the project is £8.7 million. *emda* has contributed £3 million, WNDC £2 million, with the balance coming from the ERDF.

What challenges/issues have been faced/addressed in developing the programme?

- 5.108 The Centre is under construction and will not be fully operational until 2011. In addition to potential challenges that may arise with the construction work onsite, other challenges include:
- Initially, ensuring that the project was not lost to another area.
 - influencing *emda* to become involved in a significant project on the outer edges of its remit.
 - Tackling issues around statutory utilities

5.109 Technical challenges included:

- Planning permission (the site was not allocated for development in the Local Plan, but was classified as a mixture of road, roundabout and greenbelt).
- Stopping up the highway, which was required because of the modifications to the road layout.
- DDC used powers under the Local Government Act 2000 and the Local Authority Land Act 1964.

Success and Outcomes

5.110 Key successes to date have included: the development of a new landmark building, creating a 'brand' and profile for Daventry; the generation of significant capital funding for a project which sits at the heart of the broader development agenda in terms of the Town Centre; the generation of positive capital spend in the construction sector in Daventry during the recession; the creation of a major new workspace facility in Northamptonshire adding the 'mix' of key sites and premises in the sub-region; the development of a new 'ingredient' in the infrastructure to deliver the challenging growth agenda around homes and communities, the expansion of HE within Northamptonshire and specifically into Daventry.

5.111 The project is also linked to a broader plan which it is helped to facilitate Abbey Retail Park (Site 4 in the Masterplan), a development of 12,000 sq.m. of retail space, which has been built by Ashfords and opened in February 2009. The park includes national retailers such as Homebase, Dreams, Halfords and Pets at Home. Despite difficult economic times, retailers appear to be trading reasonably well. In addition to the construction of the park itself, the developer created additional parking spaces in the Undercroft Car Park and it is these spaces which DDC has now allocated to the 'iCon' Centre.

5.112 A second retail development behind the High Street is planned and a scheme has been agreed with Henry Boot, for which a planning application is expected by the end of 2010. This will provide 10,000sqm. of new retail space, mainly for clothing shops.

5.113 DDC is also looking to develop Site 3 (near the 'iCon' Centre) for further employment uses (B1), which would include 'move-on/grow-on' space for tenants from the 'iCon' Centre. DDC already owns 132 commercial units (mainly light industrial) in the district and has an active programme of refurbishment in place.

5.114 DDC has embarked upon the redevelopment of old industrial units at Prospect Way for a growing business. The new building will be of modern design, visually attractive and incorporating recycled materials, high standards of insulation, renewable energy via ground source heat pumps and a number of other features in its design and construction, which will improve its sustainability and reduce its environmental impact.

5.115 DDC is also looking into the possibility of creating a Group Rapid Transit ('GRP') system in Daventry to improve public transportation in the town. GRPs use automated buses running on dedicated roadways (i.e. separate from other traffic) and operate only when there is demand. A GRP system would have a number of spin-off benefits: for economic development; the creation of intellectual property (i.e. an exemplar for other towns) and reduced carbon emissions. The obvious route for a GRP system in Daventry runs from a site next to the 'iCon' Centre to the other end of the town, where another site for housing development could be developed.

Learning Outcomes for Others

5.116 This kind of project needs a partnership with a clear vision and a unique selling point, probably through the involvement of an academic institution, to enable funding to be secured in competition with other developments.

5.117 It is worth stressing the importance of people working together towards the common objective and not being too precious about their roles or status.

5.118 Success will be a building with a reasonable level of occupancy, with room at the bottom for start-ups to move in and at the top a flow of businesses moving out to other units elsewhere in the district; a series of successful conference events, raising public awareness of Daventry and attracting inward investment to the town with knock-on effects on jobs and prosperity.

6. Key Findings

The Challenge

- 6.1 The recession had a major impact on businesses, communities and local authorities themselves. It increased demand for services and hit revenues, particularly of District Councils. Cities and Counties, or 'upper tier' Councils, have been able to use their greater capacity and resources to tackle the recession, notwithstanding its impact on them, and their expenditure has continued to grow. Our report finds both 'upper tier' and District councils making concerted efforts to support communities and businesses to recover from the recession.
- 6.2 Looking forward, as the coalition Government tackles the budget deficit by cutting public expenditure significantly, upper tier authorities, which account for 96-7% of all local authority expenditure nationally and approximately 80% in the East Midlands, may be significantly affected. This will lead to a different 'second wave' of recessionary challenge for local authorities. However, Councils across the region have been dealing with the reality and prospect of constrained budgets for some time. The partners interviewed in this report recognise that local authorities have been badly affected by the recession and face significant funding challenges.
- 6.3 The impact of the recession has not been even across the region. The partners we interviewed identified sectors, such as construction, and areas, such as Northamptonshire and Leicestershire, where the impact had been greatest. Some partners suggested that the diversity of the region had enabled it to be more resilient than other regions such as the West Midlands.

Responding to the Challenge

- 6.4 Responding to the challenge of the recession has driven new areas of innovation by Councils to continue to deliver services in a resource constrained environment and a huge range of activity to support businesses and communities to withstand its impact. Many recession tackling activities have developed from pre-recession programmes, such as the Local Employment Growth Initiative. This does not make them any less relevant, but it does illuminate how they may have taken place, albeit differently, without the recession. Shaping existing and 'mainstream' activities and services to recessionary circumstances

is seen by Councils to be as necessary as developing wholly new programmes.

- 6.5 It is hard to measure empirically the overall impact of activity undertaken by Councils, and there have been very many valuable initiatives, but not everything that Councils have tried has worked. On the whole however, the partners interviewed recognised that local authorities have driven effective and wide-ranging responses to the recession at the local level. This study hasn't uncovered a single approach that would be universally replicable in every area, but we have uncovered a wealth of good practice that every Council can learn from. This very broad range of activity shows that Councils have been hugely active in responding to the recession. The activity of every Council in the East Midlands is documented in Appendix 2 to this report, available on East Midlands' Councils' web-site at www.emcouncils.gov.uk.
- 6.6 Upper tier Councils have undertaken a comprehensive range of activities. Nottingham City Council in particular have pioneered a 'whole Council' approach to recovering from the recession. Partners view upper tier authorities as having more capacity to intervene around the recession and, in a number of cases, have sought to work with them. District Councils, with a traditional regeneration agenda, have advanced sets of activities and have worked on many of these in partnership with other partners. There is an active agenda at District level around town centres, with evidence of a move towards a workforce and regeneration agenda that supplements simple (if often costly) public realm works.
- 6.7 Small rural authorities seem to be the most challenged in terms of responding to the recession, particularly as a number of these are being badly affected by it themselves.
- 6.8 The impact of national schemes to get people back to work, such as the Future Jobs Fund and Working Neighbourhood Fund, has varied across the region. Some authorities have been heavily engaged in them whilst others not engaged at all. City Councils in particular have benefited from area-based grant funding to tackle the recession and promote recovery. The recent Government announcement to end these programmes in-year will inevitably have an

impact on the ability of those authorities that have used them going forward to maintain their response to tackling the recession.

- 6.9 In the East Midlands, promoting sustainability and the low carbon economy has not been a 'victim' of the recession. Rather many Councils have driven forward sustainable economic development. It is seen as being a path to new growth, new opportunities and new jobs. Councils have promoted a range of sustainable economic initiatives such as the 'iCon' national centre of excellence in sustainable construction in Daventry and Bolsover's plans for a community wind farm.
- 6.10 In responding corporately to the recession, Councils are increasingly working together to deliver better services at a lower cost. The most significant example of this is the Total Place pilot in Leicester and Leicestershire. Elsewhere in the region, Councils are also sharing services, sharing good practice and saving costs. Councils are rightly also working across regional boundaries such as in the joint working arrangements between Cherwell and South Northamptonshire Council and between High Peak and Staffordshire Moorlands Council. Although there are many examples of good practice, there is the potential for more Councils to collaborate and learn from the challenges and successes of those Councils who have actively pursued joint working.
- 6.11 As corporate bodies, Councils are economically influential in local communities. Across the region in 2005/6, Councils procured goods and services with an estimated value of £3bn. Councils have taken a variety of steps to make their procurement more efficient, working together to realise economies of scale, but also to support local suppliers. The effectiveness of the actions taken will need to be carefully monitored over time and continuous improvements pursued in both efficiency and support for the local economy.
- 6.12 The range and scope of Councils' responses to the recession reflects the comprehensive role of Councils as community leaders with a unique local democratic mandate. There is as much variety within the region as between the region and elsewhere. Councils' responses to the recession have therefore varied according to the needs of local areas, but Councils have also recognised the benefits of working together where needs are common. Further joint

working may be driven by a need to achieve economies of scale in a resource-constrained environment as well as addressing common issues.

Looking Forward

- 6.13 The 'recession' may be officially over but Councils will be dealing with its effects for many years to come. Our research suggests that the issues facing many communities in the region will continue and for some circumstances may even worsen.
- 6.14 Before the recession some communities suffered from persistent concentrations of worklessness and other factors of deprivation. Whilst worklessness has been exacerbated by the recession, Councils' active workforce strategies and engagement with the opportunities presented by additional funding, such as the Future Jobs Fund, has helped create opportunities for some. Even when the economy returns to historically 'normal' levels of growth, Councils will continue to face economic challenges and would continue to benefit from exchanging information about effective approaches to tackling them. There is a comprehensive overview of Councils' current activity in Appendix 2 of this report, which can be downloaded from www.emcouncils.gov.uk.
- 6.15 This report is only a snapshot of current activity and Councils' activity is not 'static'. Economic circumstances will continue to change as will the resources and powers available to Councils. The future for Councils is not just about fewer resources. It also includes the prospect of greater powers to support communities and businesses through the proposed Power of General Competence. There is also the prospect of Councils, in partnership with business, taking on some of the functions undertaken by Regional Development Agencies. The Government is proposing to abolish Regional Development Agencies and support the establishment of Local Economic Partnerships, which will be new partnerships between Councils and businesses operating in 'functional economic areas' to create more flexible local economic development.
- 6.16 Any new structures are, for Councils, new vehicles for navigating familiar journeys. As demonstrated by this report, Councils are already undertaking a huge range of activities to support local economies and have demonstrated considerable variety and innovation in supporting businesses and

communities to recover from the recession. Councils, as the democratically elected and accountable servants of the public in local areas are well placed for new responsibilities. New structures for economic development will need to be flexible, driven by Councils working with business and designed locally to fit local circumstances.

- 6.17 Effectively addressing issues such as skills, housing, transport and supporting important business sectors may mean working flexibly with organisations covering different geographies. Councils will continue to collaborate at different levels on different issues and carefully consider the benefits of working through Local Enterprise Partnerships.
- 6.18 To make the most of new opportunities, Councils can build on existing good practice, strengthening collaboration between Councils, businesses and other partners to support local economies. Some of this partnership work will be driven by identifying 'functional economic geographies' that reflect common issues and some will be driven by the need to achieve economies of scale in effectively tackling those issues. In working more closely with business Councils should work flexibly across administrative borders where it better meets the needs of business and communities. Our interviews with partners show business representative organisations actively welcoming the prospect of closer working with Councils.
- 6.19 Although the future for Councils is not just about constrained resources, they do face a significant funding challenge. Councils have already demonstrated innovation and efficiency in adapting to the effects of the recession and, through continued exchange of information and good practice, Councils can drive further improvements. However, with recent 'in year' cuts to Area Based Grants such as the Future Jobs Fund and Working Neighbourhood Fund, cuts to Local Area Agreement Reward Grant, curtailing of capital spending, particularly on transport projects and the potential of the Government's recently announced Regional Growth Fund yet to be realised, some Councils face real challenges in sustaining their programmes to support businesses and communities.
- 6.20 City Councils in particular have benefited from area-based grant funding to tackle the recession and promote recovery, leaving their programmes more

vulnerable to continuing reductions in area-based grants. The challenge for cities is compounded by their containing areas of persistent deprivation and, particularly for Nottingham and Leicester, their vulnerability to forecast contractions in public sector employment.

- 6.21 Whilst Councils will continue to drive out efficiencies, innovate and take advantage of new powers and responsibilities, the availability of funding will significantly affect the extent and effectiveness of Councils support for local economies in future.
- 6.22 In this resource constrained environment, it will become more important for Councils across the region (and beyond) to benefit from a mechanism to support 'real time' information exchange to share good practice, such as that detailed in the case studies and Appendix 2 of this report, and learn from experience in delivering support to businesses and communities.
- 6.23 There is scope for local authorities to work together to continue to share good practice in supporting local economies and adapting to changing economic circumstances, budgets and powers. This could be facilitated by any continuing joint 'platform' for Councils in the East Midlands, perhaps through the development of a web-based Community of Practice based on the Local Government Improvement and Development Agency template. This could then also involve information about nationally significant areas of good practice outside of the East Midlands
- 6.24 The need to realise efficiency savings will become ever greater, to lessen the tax burden on communities and businesses but also to support programmes to address continuing issues and support economic progress. The high level efficiency programmes in major authorities, such as the Leicester and Leicestershire Total Place pilot provide significant scope for new service design which could make a major impact both on public service costs.
- 6.25 The programme of relocating civil service posts out of London, instigated by the Smith Review, may present opportunities for Councils, particularly when considered alongside the public estate efficiencies being pursued through 'Total Place' and similar initiatives.
- 6.26 There may be opportunities for business arising from public sector efficiency programmes, but also

challenges from lower overall spending on goods and services, particularly capital projects. This underlines the importance of Councils seeking to maintain continuous improvements to their procurement processes to make further savings and support local businesses.

- 6.27 The partner organisations that were interviewed recognised that Councils had taken action in response to the recession and also that the public sector in general was facing a very challenging environment of constrained resources and continuing economic challenges. However public sector partners and business representative organisations interviewed were 'up for the challenge' of working together more closely with Councils to drive out efficiencies and support the economic recovery.

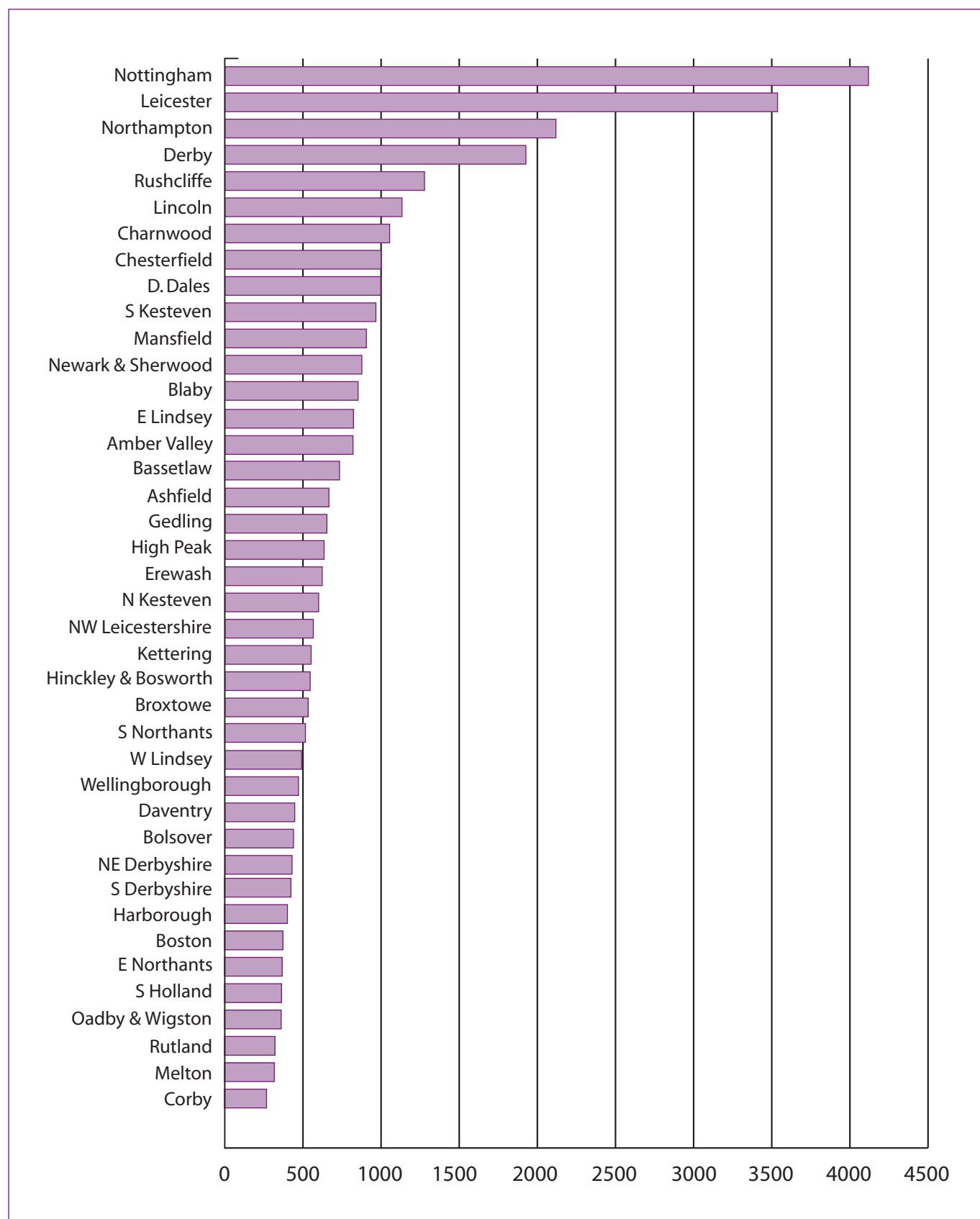
Conclusion

Councils have demonstrated that by being community leaders, accountable locally, they can react innovatively to address local issues and work together to address strategic challenges. Councils' place-shaping role gives them responsibility and accountability to do things that others can't. Councils are continuing to undertake a wealth of economically valuable activity in the East Midlands that supports businesses, communities and Councils themselves to recover from the recession and become fit for the future. In these challenging times, resources will remain tight but there are still many things that Councils can do, especially if they continue to work together to;

- a. share information to learn from each other and support improved practice,
- b. achieve greater efficiencies and economies of scale, particularly in procurement, property and support services, and
- c. work flexibly with business and other partners to support businesses and communities to maintain their recovery from the recession.

Appendix 1: Potential Loss in Public Sector Employment⁵

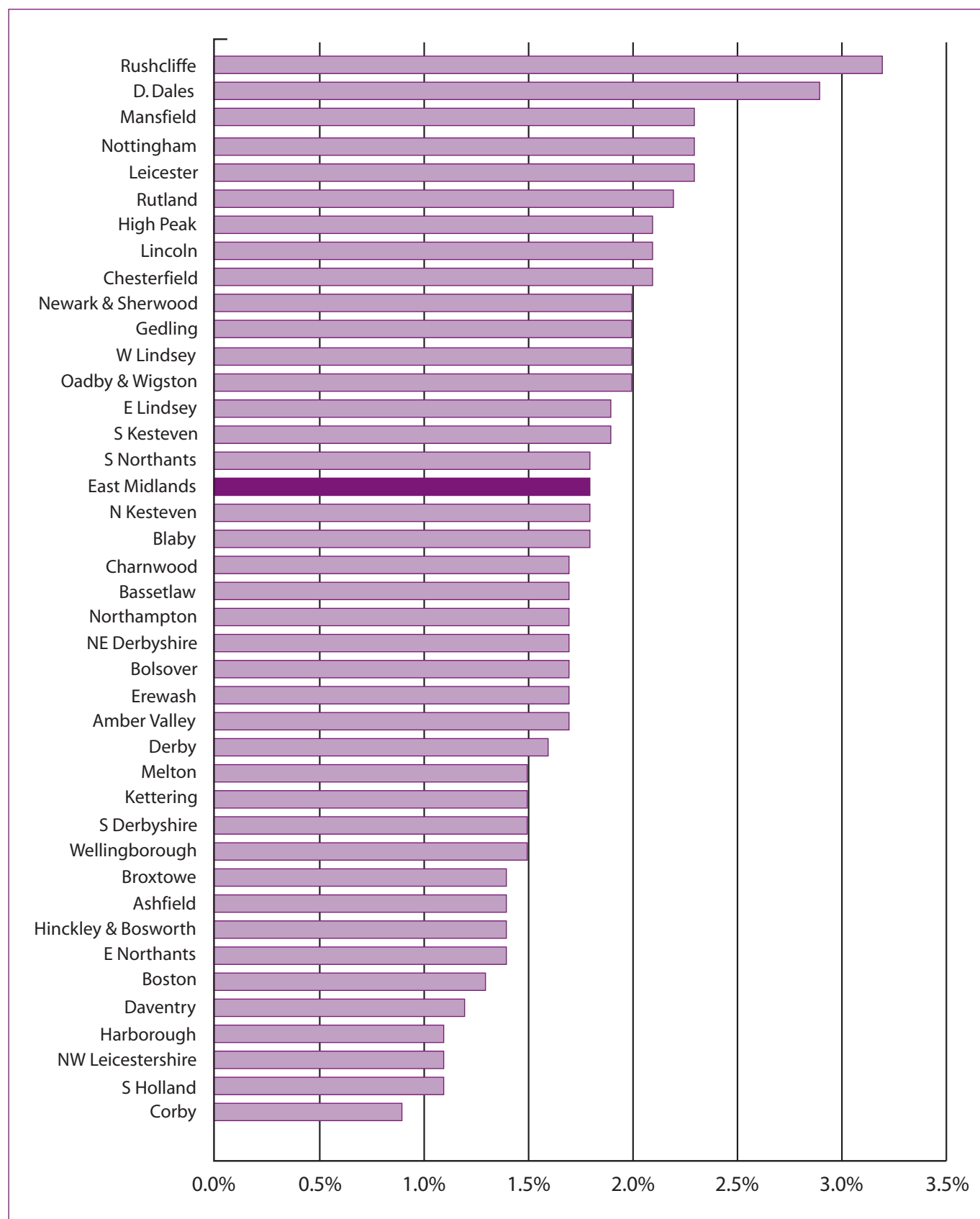
Districts and Unitaries



5. Developed by Professor Glyn Owen for Rose Regeneration Ltd.

Potential loss of public sector employment as % of all employment

Districts and Unitaries





In developing new approaches in challenging times, Councils can draw on the wealth of experience, expertise and activity that is documented in this report. Appendix 2 contains details of every Council's activity and key contacts. It can be downloaded from www.emcouncils.gov.uk



As a representative and consultative forum, East Midlands Councils is the voice for all Local Authorities in the East Midlands. We represent 46 councils, covering an area of over 6000 square miles with a population of 4.4 million people.

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