



ASSOCIATION OF
NORTH EAST COUNCILS



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**Executive Summary:
Economic Recovery Task
and Finish Group Report**
December 2009



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FOREWORD



The current economic recession is having an impact at every level of society, with implications for national, regional and local economies, citizens and communities.

Local government in the North East has a crucial role to play in identifying opportunities and finding solutions for helping the region out of recession and into recovery. The Leaders and Elected Mayors of the North East's 12 strategic authorities have given a commitment to work together to address the challenges and opportunities for the North East, through strong, cohesive leadership and a consistent voice.

Councils, individually and collectively, are stepping up their community leadership role to support people in localities, particularly vulnerable families and individuals on low incomes, people unemployed or facing the prospect of redundancy, those in poverty and with debt. With their in-depth knowledge of local areas, together with the ability to shape and target services according to local needs and circumstances, authorities are supporting people to manage the worst effects of the downturn.

As local authorities we are also working together to identify the region's strengths to best position us for an economic upturn and allow us to make the most of opportunities linked to growth areas and new industries.

We are a 'can do' region and it is that 'can do' approach that will help us into a position of recovery and strong future prospects.

We are developing strong strategic partnerships with public, private and voluntary sector organisations which focus on short term initiatives, as well as longer term strategies aimed at creating a vibrant and sustainable future for the North East.

Cllr Paul Watson
Chair
Association of North East Councils



Early in 2009 the Association of North East Councils published 'Call to Action', which illustrated a comprehensive range of practical activities that councils in the region are taking to help tackle the downturn. Case studies and examples of good practice demonstrated positive and

creative approaches to managing the impacts of economic recession. Building on this, elected members were keen to exercise their political leadership role to identify what further actions councils could take to help economies, businesses, citizens and communities.

With this as its focus, an Economic Recovery Task and Finish Group convened to discuss and suggest a series of actions and recommendations which local government is uniquely or strongly placed to take forward and deliver and, at the same time, consider recommendations for other partners including the Government. To inform its recommendations, the Task and Finish Group drew on research and evidence presented by a range of stakeholders in the public, private, voluntary and community sectors, which were gratefully received.

We have not sought to give a broad overview of the state of the region's economy or to delve into an analysis of where the opportunities for sustainable economic growth might emerge in the future. This was beyond the scope and timescale of the Task and Finish Group's work. We have, however, concentrated on three key themes: 'support for people in localities', 'support for business' and 'managing the change and impacts on the local government sector' with some recommendations in each of these areas.

Clearly, the impact of recession on social issues extends deeper and wider than the themes highlighted here. We recognise that a number of health, including mental ill-health, and social issues have become increasingly apparent as a consequence of recession, and are at risk of deepening. All councils in the region, as part of their role and responsibility for the well-being of citizens and communities, are reviewing their support for the most vulnerable people in localities.

Cllr John Williams
Chair
Economic Recovery Task and Finish Group





THEME 1: SUPPORT FOR PEOPLE IN LOCALITIES

In addressing the worst impacts of recession, and in preparing for economic recovery, the Task and Finish Group considered that we should ensure that no one is left behind. The needs of vulnerable people are paramount, as is embedding equalities into the partnerships and services that local authorities are responsible for.

Working Differently

The region's **Total Place pilots** are seeking to take a whole area approach to public sector services to accelerate improvements in services to people and places by analysing spend in a locality and seeking to identify and avoid overlap and duplication between organisations. As we enter a period when resources are likely to be constrained, Total Place is seen as an opportunity for partners to accelerate the pace of change, delivering better service for less.

- We should commit to ensuring that the benefits of Total Place are shared across the region and beyond, not just from the pilots, but from all authorities following a similar process. The North East Regional Improvement and Efficiency Partnership (RIEP) is already taking a lead for the region by acting as a focal point for tracking progress, successes and barriers, and in ensuring that learning from authorities' experiences is shared.

- We should use the work being undertaken in the region to highlight further changes required by the Government – including continuing to press the case for better and more efficient joining up between Government Departments.
- We should use the experience of the Total Place pilots and the work of the RIEP 'Customer Insight' programme as a strong contribution to the development of seamless, people-centred processes across the public and voluntary and community sectors in localities. This should support people who are in need of financial, employment or other specialist services, including mental and emotional support irrespective of who provides it.
- We will press the Government to progress towards area based budgeting and strong cross public sector partnerships as a mechanism to release efficiencies and improve customer experience.

Working together to secure financial inclusion

Councils are instrumental in bringing together advice agencies, employers, trade unions, the Department for Work and Pensions, Her Majesty's Revenue & Customs (HMRC), the Pension Service, parents, carers and many others to look at ways to help people claim the benefits and tax credits to which they are entitled. The Task and Finish Group acknowledged that local authorities have a crucial role to play in helping people manage money

and in helping provide access to financial services and skills that many perhaps take for granted.

- We support a more strategic approach to ensuring that everyone in the North East has access to Credit Unions, and we will work together to achieve this.
- At a practical level, council staff and councillors should be encouraged to join and make regular payments to their local Credit Union (See ANEC Child Poverty Task and Finish Group report, October 2009).

Addressing Fuel Poverty

We know that rising energy costs adversely affect the most vulnerable people in society, such as the elderly, people with disabilities or illness, children and those on pre-payment meters who pay disproportionately higher tariffs. The Task and Finish Group noted that councils are strongly supporting efforts to improve the energy efficiency of homes, with a positive impact on reducing energy consumption and fuel bills.

- We encourage all local authorities to work with partners in developing clear plans to address fuel poverty.

The role of the Voluntary and Community Sector

The Task and Finish Group considered that as the public purse tightens the role of the voluntary and community sector will continue to be particularly important.

- We should actively encourage authorities to support, participate in, and promote volunteering schemes, including initiatives such as North East Volunteers.
- We should develop the voluntary and community sector Regional Compact and associated action plans, along with other public sector partners, which focus on the need to help shape, develop and implement policy in ways that reflect communities across the region.





THEME 2: SUPPORT FOR BUSINESS

The global economic downturn is clearly having a significant impact on businesses in all sectors.

In its discussions, the Task and Finish Group focused on three issues where it considered future work would continue to be important in the future:

- Promoting business, enterprise and investment – including looking at how joint working between local government and the business community could make a real difference.
- Skills to support business – thinking about issues which will need to be tackled if we are to continue to drive growth and prosperity.
- Opportunities linked to industries of the future – starting to consider what our approach should look like and what the opportunities might be for sustainable economic growth.

The challenge for local government and its partners as finances contract is to continue to invest in place. This goes beyond education and green spaces and covers a strong housing offer, including having sufficient supply of quality housing, good transport connectivity and other infrastructure requirements – including ‘public realm’.

Tackling this will require creativity and collaboration and an understanding that public sector partners will need to work together to support place-based investment.

- The importance of continuing to invest in quality places as a driver for inward investment and economic development should continue to be pressed with Government and its agencies.

The Task and Finish Group considered that the sector and other, relevant public sector agencies should work to continue to ensure that we foster a **pro-business and enterprise strategy and reputation**.

- Authorities should work with Government to ensure that the national planning framework is responsive and enabling and that in the region, we continue to have an enabling, supportive and responsive system that will encourage and stimulate business, enterprise and innovation.
- The Government should ensure that its agencies (including those listed above) actively play a positive role with local authorities, who, after all, have a key role in shaping places and are responsible for development through planning and regeneration.
- All 12 strategic authorities are focusing their efforts on support for businesses and helping to maintain business confidence. Working closely with Business Enterprise North East, authorities are being encouraged to support initiatives that streamline access for businesses to advice and support through a ‘one stop shop’ approach.
- Authorities are encouraged to support the principles and practice set out in the Small Business Engagement Accord.

- With **capital and procurement spend** totalling billions of pounds, local authorities in the North East have a direct and significant impact on regional and local economies. Local government, through the RIEP, is seeking to improve how local government procures goods and services, with input and advice from organisations such as the North East Chamber of Commerce on how we can better standardise and harmonise the process to make it easier for business to access local authority procurement processes. We should also, wherever possible, align public sector procurement spending with local job creation and employment opportunities.

Skills to support business

In support of business development and the promotion of business enterprise and innovation, we need to continue to invest in skills for the future.

14-19 and adult skills

The Task and Finish Group considered that we need to match a national industrial and skills strategy with the leadership, expertise and local knowledge vested in local communities, sub regions and at the regional level.

In particular, **we need to ensure that there is a strong connection between the 14-19 agenda, for which local authorities will have lead responsibility, and the adult skills agenda, so that the focus of our overall skills offer reflects local employment needs**

and future prospects in the region. Where Employment and Skills Boards are being established, these are in a position to play a key role in creating a coherent approach.

The strategic question of where power and resources lie to commission provision to meet future skills needs is a fundamental point.

Devolution is a key issue. Skills needs in the North East are different from elsewhere and they also vary within the region.

Planning and commissioning of skills for young people (14-19) and adults needs to be aligned and undertaken at the right spatial level to offer join up with opportunities, ensure that worklessness is being tackled and build a coherent demand-led approach.

Young People

The Task and Finish Group considers that central and local government, business and employers should seize the opportunity to **encourage young people to study STEM qualifications** by promoting the skilled and exciting job opportunities that will be the backbone of future economic success and competitiveness.

We should support a concerted campaign being run by One North **East and SCHOOLS NorthEast in the region to promote the image of STEM subjects**, highlighting the exciting career opportunities and prospects to which they can lead.

In addition:

- Government should ensure that for the future, the Young People's Learning Agency has resources available to support this and similar types of activity.
- We should support a regional conference in 2010, organised by young people for young people, on raising and realising aspirations, which will identify barriers and opportunities and involve decision-makers in the North East, including local government.
- North East local government should continue its commitment to promoting apprenticeships and to ensuring through the NAS that apprenticeships are designed and offered in the North East economy's growth areas, ensuring young people have the skills to take up employment opportunities as they arise.
- We will develop a strategic relationship with organisations including NCGE, Enterprise UK and others to ensure the North East benefits more from initiatives to encourage and inspire young people, students and graduates to become entrepreneurial and consider self employment and business as career opportunities in this region.

Older people

The Task and Finish Group also emphasised the issues associated with an ageing population, which presents potential skills problems as the working-age population shrinks as a proportion of the overall population.



It was agreed that the North East should be actively considering increasing opportunities for older people's skills to make a positive contribution to local and regional economies, and that the forthcoming discussions on a Regional Strategy for the North East should take into account the skills needs of older people and the opportunities this might present for the region.

It is clear that, in the future, the North East economy will look different. The Task and Finish Group agreed, however, that we are in a good place as the North East is no longer reliant on one particular industry or economic future. The Task and Finish Group felt that we have been innovative in developing diversity in our economic base and this approach over a number of years has positioned us well.

But in order to position all parts of the economy to take advantage of the upturn, the Task and Finish Group **reinforced the need to invest now in developing the knowledge and skills base which will equip people to adapt to the specialist needs and business opportunities, of a low carbon economy,** and in other areas of opportunity across the region.

Moving towards a low carbon economy in the North East is about exploring all opportunities, from large scale industrial projects for the region to small scale initiatives at a local and community level.

- The North East should play to its strengths, including further exploring some of the opportunities that having excellent natural resources may produce.
- In the context of continuing to promote a diversified approach, we should commit to further developing opportunities for the whole of the North East as a Low Carbon Economic Area, in the context of also being conscious of the need for the region to continue to consider and promote 'low impact' growth.
- We will support North East local authorities in developing Sustainable Energy Action Plans, as part of their commitment to achieve at least 20% carbon reduction targets by 2020, as a condition of all 12 councils becoming signatories to the EU Covenant of Mayors.
- We should encourage the take up of microrenewables in communities, together with take up of the micro-renewable toolkit, in order to stimulate the design and production of micro-generation technologies and encourage the up-skilling of the region's workforce in preparation for local installation.
- We should commit to sharing good practice and promoting activity aimed at changing behaviour such as the 'Local Motion' sustainable travel initiative in Darlington to national Government and to other councils in the region, possibly with a view to regional roll-out.

THEME 3: MANAGING CHANGE AND IMPACTS ON LOCAL GOVERNMENT

Local authorities in the North East have achieved high performance ratings for their financial management and a resilience arising from robust economic development strategies over a number of years. At the same time, there is a clear recognition that we are witnessing the most challenging economic circumstances in generations.

Local government needs to focus its efforts on how it can work together to manage the changes ahead, continue to deliver efficiencies and, at the same time, work to ensure that we create the conditions for future growth.

There are a range of tools currently available, which the Task and Finish Group considers we should maximise.

North East Improvement and Efficiency Partnership (RIEP)

The Task and Finish Group noted that **the RIEP is playing a valuable role in helping to achieve efficiency gains for the region**, providing a stage for sector-led challenge, innovation, consideration of shared services, re-design of front-line public services, sharing of best practice, capacity building and training, leading to the improved performance of all our councils for the benefit of our communities.

Strategic Partnerships and Collaborations

The region is also well placed to explore the potential benefits from other local authority led collaborations, at different spatial levels, alongside the Total Place work, including, for example, the Tyne & Wear Shared Services agenda and the Darlington and Stockton Partnership.

Capital Investment

Local authorities have had to deal with the impact of falling land values, of declining capital receipts and a stalling of the private finance market. Public sector capital spending is, however, vital for stimulating the economy and local authorities are actively doing what they can to maintain spend (just under £1.2bn is to be deployed in 2009/10) through prudential borrowing, drawing down reserves and using capital receipts in hand, for example, as well as accessing grants and contributions from other sources.

The challenge for the future will be to find new and creative ways of continuing to support the regeneration of the region, given the squeeze on the public purse.

- The achievements of the RIEP should create a lasting legacy for the region, through tangible outcomes across the Partnership's work programmes, which make a real difference to people's lives.
- We should convene further discussion involving local authority Leaders/Elected Mayors and Chief Executives on managing change and improving efficiencies, including through the North East Local Government Summit 2010.
- We should work to ensure that the Government's capital programmes such as BSF, Primary Capital and health funding have a requirement that there should be development of opportunities for training provision in local areas as part of their delivery.
- We should give focus to exploring new models for regeneration.
- We will continue to support the introduction of tax incremental finance to provide tax incentives for developments in target areas and tax breaks for priority development projects that have stalled.



- We will continue to press for greater flexibility about how councils can spend capital, requiring increased and speedy joining up of different capital spending streams within and across government departments and in the type of projects councils are able to bring forward (including, for example, small-scale maintenance projects such as schools and roads maintenance).
- We will continue to press for a 'place' based approach to the allocation of funding, allied to a longer-term, more certain approach so that we can move forward to take action with confidence that we will have both the capital and revenue streams going forward.
- We will press for a reduction in the complexity of approval and appraisal processes including those required by Government agencies.

NEXT STEPS

The recommendations made by the Task and Finish Group aim to assist the North East in recovering from the economic downturn to help ensure that it has a sustainable and vibrant future. We now need to translate recommendations into implementation to ensure that we are able to deliver real and lasting improvements that will benefit citizens, businesses and our communities.

A Delivery Plan is being developed by the Association of North East Councils, working with local authority members and external partners. This Plan will clearly set out the actions we need to take, along with the timescales involved, responsibilities and also the monitoring arrangements, so that we can assess the progress being made.

It is clear that the Association of North East Councils, local authorities in the North East as well as our external partners all have a key role in helping to address the issues identified and we will continue to work positively and constructively to secure the best possible outcomes now and provide a platform for further regional prosperity into the future.





ECONOMIC RECOVERY TASK AND FINISH GROUP

The Association of North East Councils would like to acknowledge the following for their contribution to the Economic Recovery Task and Finish Group and to thank them for their support.

Association of North East Council members:

Councillor John Williams (Chair)	Darlington Borough Council
Councillor Heather Scott	Darlington Borough Council
Councillor Neil Foster	Durham County Council
Councillor John McElroy	Gateshead Council
Councillor Pam Hargreaves	Hartlepool Borough Council
Councillor David Budd	Middlesbrough Council
Councillor Gareth Kane	Newcastle City Council
Councillor Nick Kemp	Newcastle City Council
Councillor Frank Lott	North Tyneside Council
Councillor Dave Ledger	Northumberland County Council
Councillor Roger Styring	Northumberland County Council
Councillor Bob Gibson	Stockton-on-Tees Borough Council

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Chief Economist, One North East

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Head of Policy & Research, North East Chamber of Commerce

Customer Services Director, Jobcentre Plus North East

Regional Director, National Apprenticeship Service

Chair of Association of North East Councils Finance Officer Group &
City Treasurer, Newcastle City Council





ASSOCIATION OF
NORTH EAST COUNCILS



The Association of North East Councils is the representative body for local government in the North East. It encompasses the 12 local authorities in the North East in Northumberland, Tyne and Wear, Durham and the Tees Valley, on issues of concern to them and the communities they serve.

It is a cross-Party organisation, with all of its Members democratically elected and accountable politicians.

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Vice Chair: Cllr Simon Henig
Vice Chair: Cllr Ken Lupton
Chief Executive: Melanie Laws
Deputy Chief Executive: Hilary Knox

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