



Centre for Local Economic Strategies

Economic footprint of Local Government

Neil McInroy, Chief Executive

APSE Full Association Meeting, 25th January 2008

Edinburgh

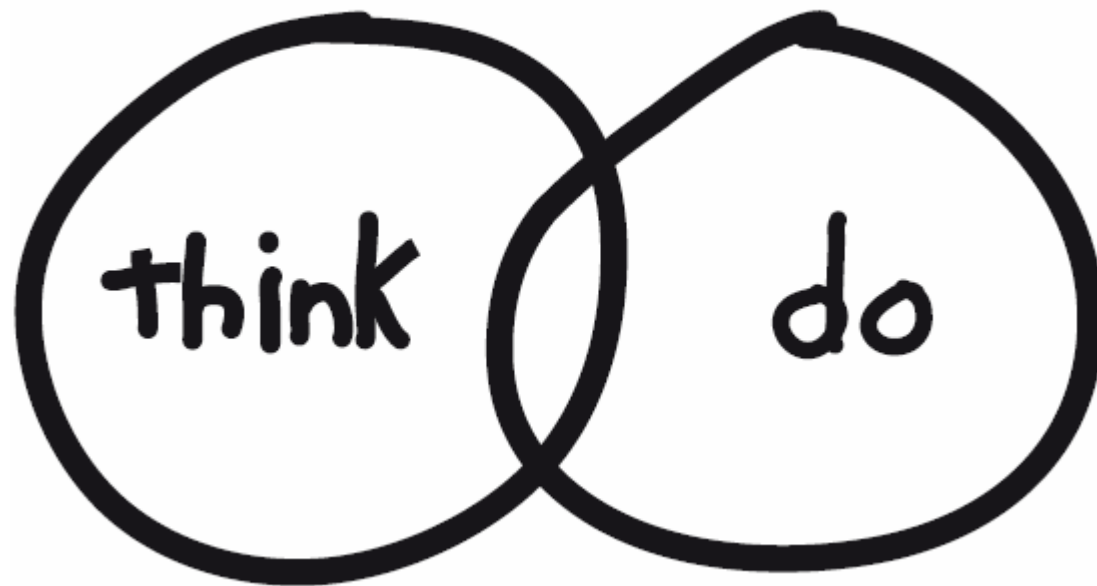


Outline of presentation

- Background to work
- Emerging issues from research field work in Swindon
- The importance of the local authority to the local economy
- Measuring the spend of local government employees in their local area
- The wider economic impact of local government's supply chain



About CLES





About CLEES: Policy Priorities

Our Mission

“The Centre for Local Economic Strategies is a registered charity which is committed to places and communities experiencing social and economic inequality and lack of opportunity. We want to improve the effectiveness of local groups, agencies and government in addressing these problems, by informing policy and developing practice.”



About CLEES: Policy Priorities

- The 'new economy' and employment
- Place shaping and local economics
- Local environment and the economy
- Future Cities



Background: the key debates

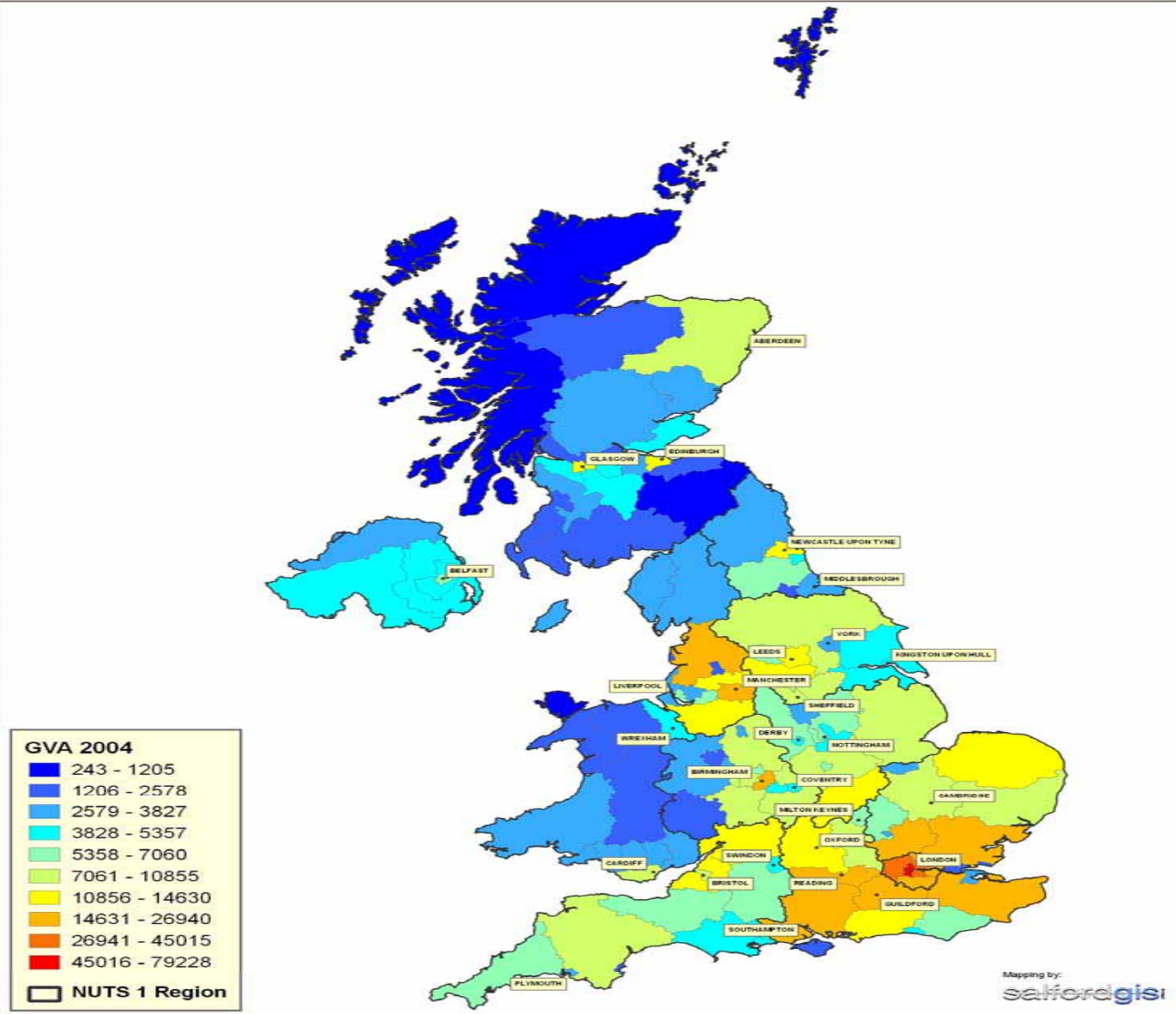
- Different approaches and debates
- Efficiency versus equality
- Neo liberal -v- keynesianism and new institutionalism economics (place shaping)
- Progressive procurement
- Well being



Background: the key policy debates

- The role of the public sector?
 - Deliverer or enabler of public goods and services or both?
 - New public management and public value
 - Marketisation of public services
 - Values associated with public delivery are not the preserve of the Public sector
 - Local Government and Public Involvement Health Bill 2007, Local Government in Scotland act 2003

UNITED KINGDOM : ABSOLUTE GVA



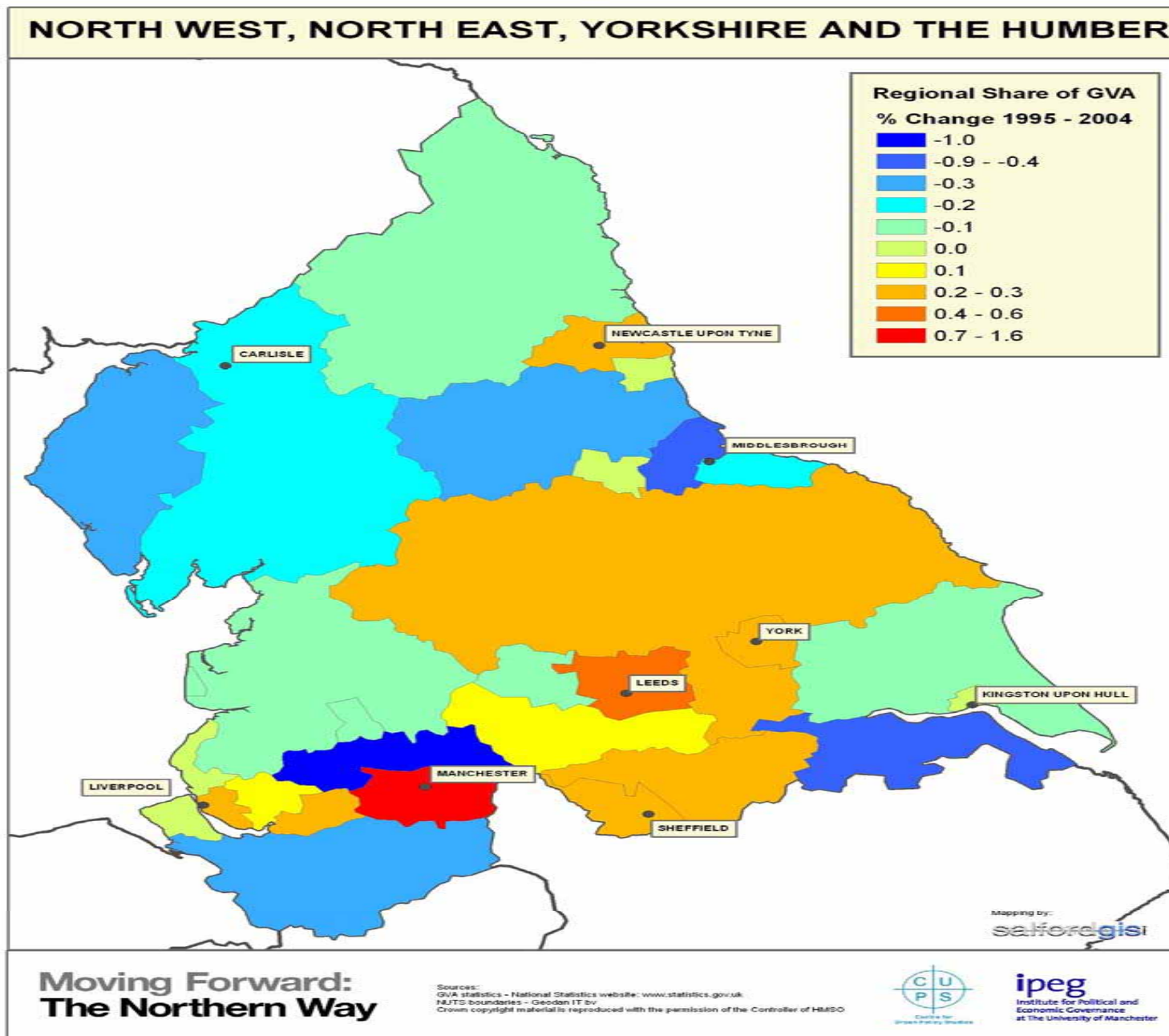
**Moving Forward:
The Northern Way**

Sources:
GVA statistics - National Statistics website: www.statistics.gov.uk
NUTS boundaries - Geodan IT by
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ipeg
Institute for Political and
Economic Governance
at The University of Manchester

% Change regional share of GVA





Background to this research work

- Focus on the local economy.
- Fuelled by 4 Key frustrations
 1. Under recognised. Important role that the public sector plays in the local economy
 2. Poor Understanding. Failure to truly understand the contribution and what can be done to maximise the use of public sector spend
 3. Narrow 'value for money dominates'. Over emphasis on narrow efficiencies based on value for money, rather than wider economic multiplier, social and cultural and environmental benefits
 4. Negative assumptions. The Public sector sometimes viewed as parasitic, flabby, and self serving.



Danger of losing the benefits?

- Public sector has embraced modernisation
 - Personalisation of service and choice
 - Emerging new orthodoxy assumes that Pragmatic public service = outsourcing?
- Need to re-assert benefits of public economy
- If we don'tdanger of losing enduring economic and social benefits
- Putting down a marker...Exploring the contribution that public sector delivery makes to the economy and beyond.
- We subsequently want other sectors and providers to meet these benefits or better these benchmarks.



The research

Stage 1.

- 'Towards a future for public employment' July 2007
 - Sets out the case into the general value of public employment

Stage 2.

- Economic footprint of a local authority department: Pilot methodology (CLEES)
- Assess governance mechanisms (INLOGOV)
- Stage 2 work
 - Pilot with Swindon Borough Council (Swindon Commercial Services)
 - Work ongoing but due to be completed by March 2008



Stage one findings

- Impact on local economies
 - Concentration of employees
 - Local spend
- Shaping places and co-ordinating activity
 - Link between employment, communities and identity of place
 - Managing costs and transactions and the capacity to act
 - Ensuring democratic accountability
 - Developing the potential of a workforce
 - Benchmark of ethical employment practice



Background

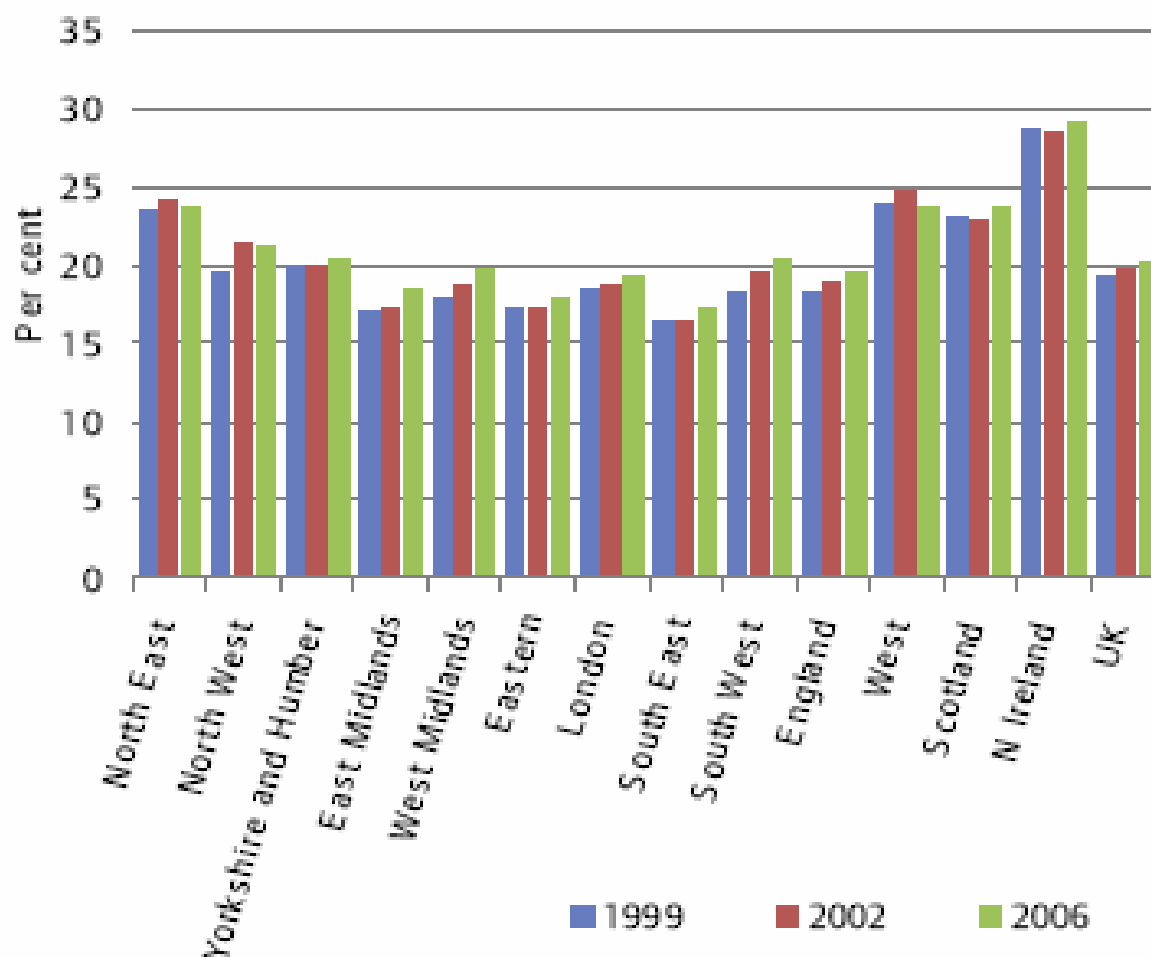
Table 2.6: Dynamics of public sector employment in the UK, 1991–2006

Year	Central government ('000s)	Local government ('000s)	Public corporations ('000s)
1991*	2,336	3,078	569
1994*	2,241	2,760	434
1997*	2,107	2,734	338
2000	2,154	2,776	359
2003	2,434	2,838	373
2006	2,560	2,942	348

*not seasonally adjusted

Source: ONS 2007a

Figure 2.7: Public sector employment as a percentage of all employment, per region



Source: Labour Force Survey in Millard 2007



Stage 2 research

- More detailed specific work within a Local Authority Department
- A pilot methodology
- Research Aims
 - Gather evidence on how public sector resources are being spent
 - Gather evidence on where they are being spent
 - Work out the effects of spend – the multiplier
 - Inform public service departments as to the how public spend can contribute to local economic health
 - Provide a benchmark



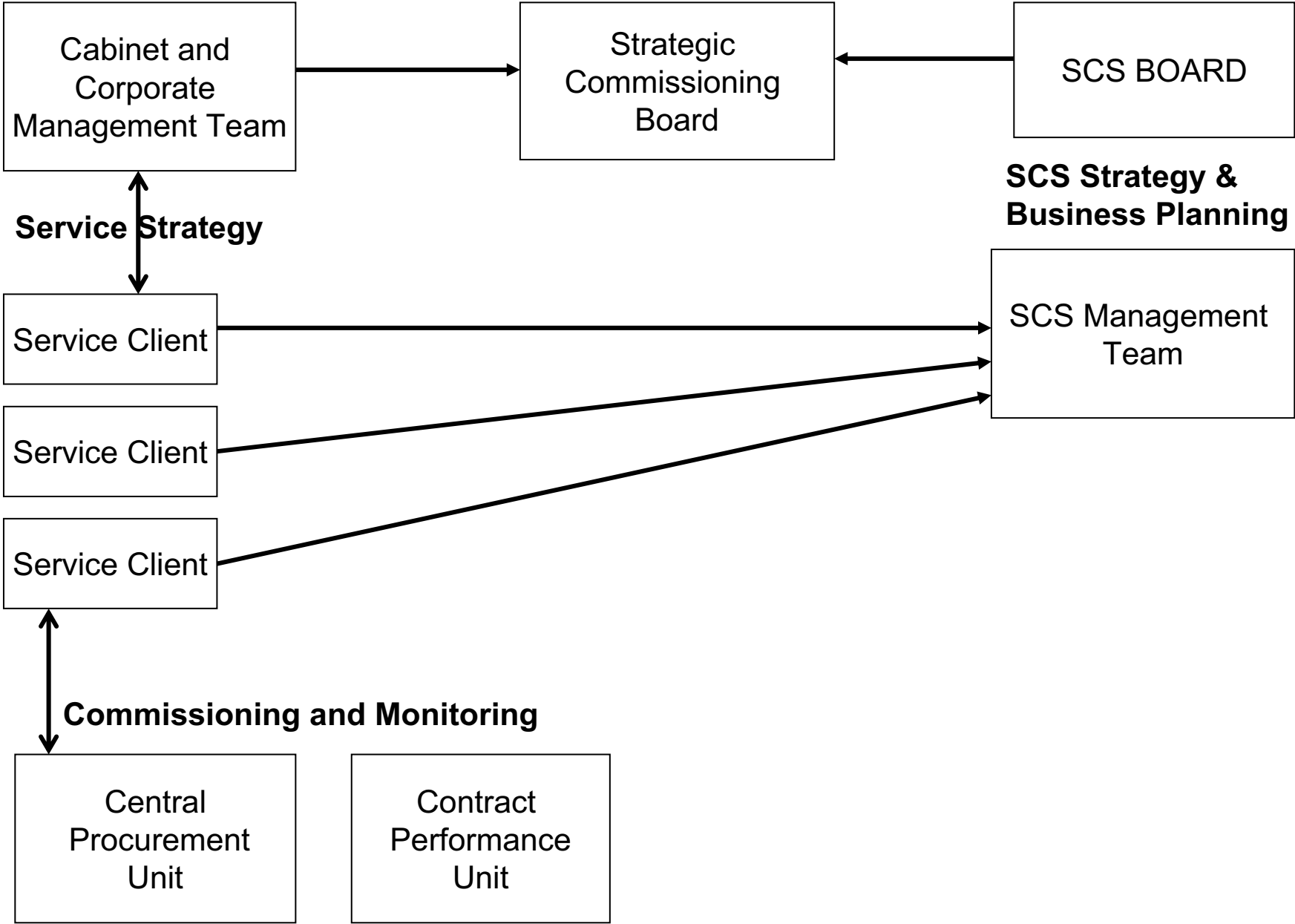
Key principles in research

- Geography
- Supply chains
- Footprint
- Multiplier..3 levels. 1. Total spend. 2. Spend on suppliers and employees. 3. Reinvestment of spend in local economy by supplier and indirect and direct employees.



About Swindon and Swindon Commercial Services

- ***Building Services*** (building projects, PCVu, Civic Works, Housing Revenue Account);
- ***Street Scene*** (street cleaning, grounds maintenance, public toilets, refuse, recycling, waste disposal, building cleaning);
- ***Highways*** (highways maintenance, asbestos surveys, street lighting);
- ***Commercial Catering;***
- ***Security Services;***
- ***Recreation;***
- ***Home to School;***
- ***Support Services*** (transport and fleet management, procurement, overheads, administration);





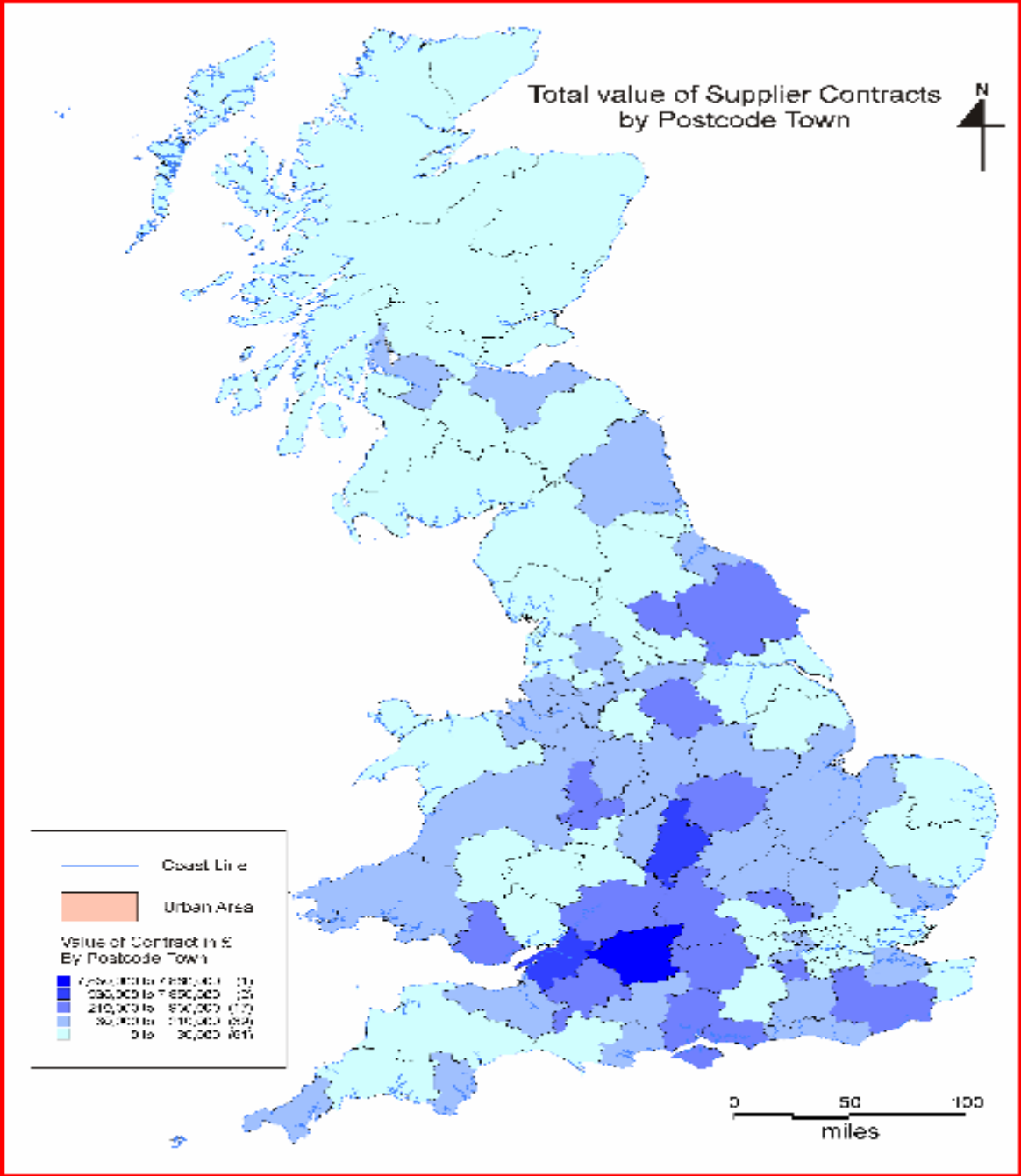
Early findings

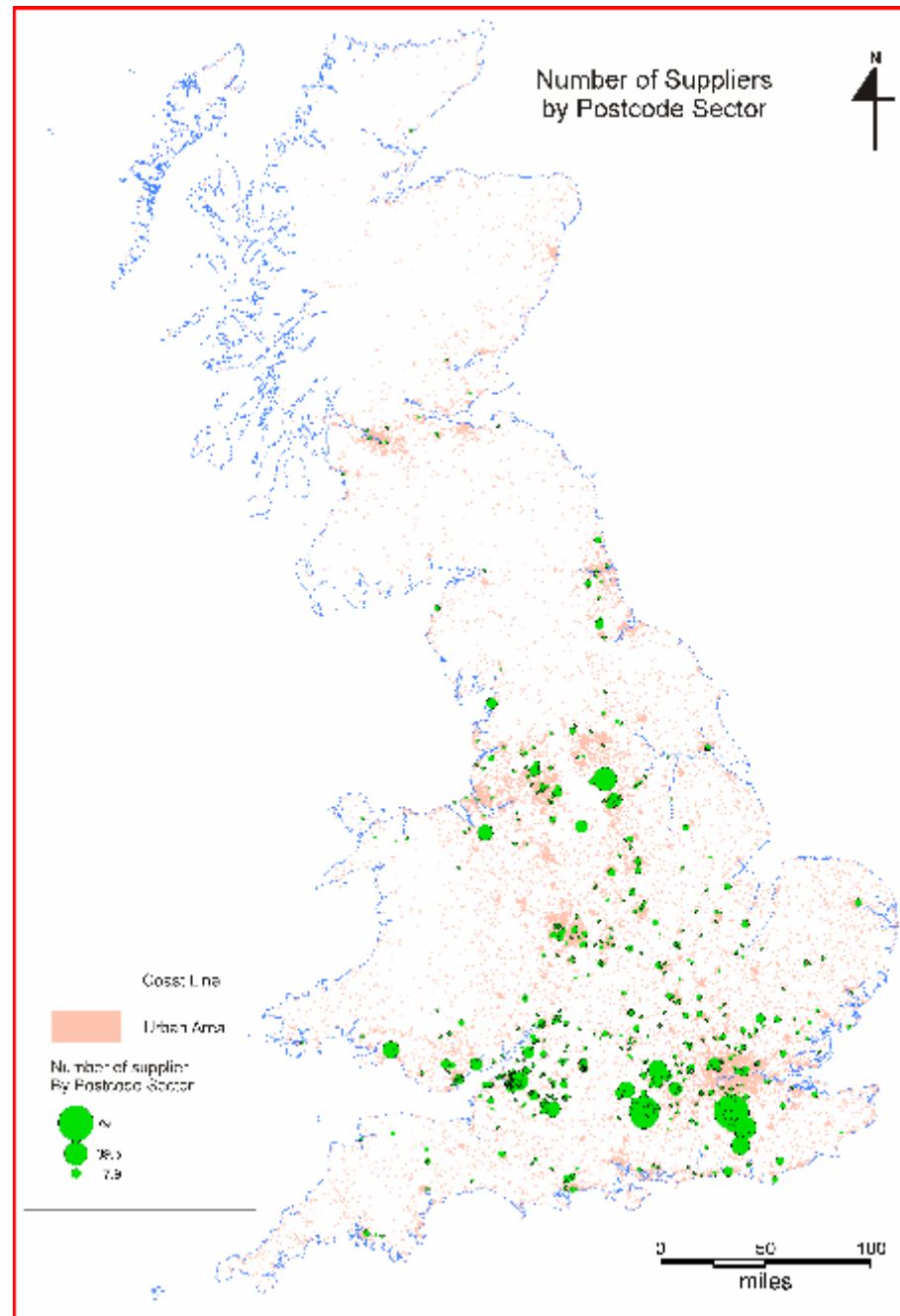
- Making link with Economic development departments
- Significant variation between business units in terms of:
 - Number of suppliers
 - Localness of suppliers
 - Localness of employees
 - Number of employees
- Of total spend 49% on suppliers and services and 37% on employees
- 30% of suppliers (600) and 32% of supplier spend have a postcode within Swindon Borough Council area
 - Balanced spread of large and small suppliers



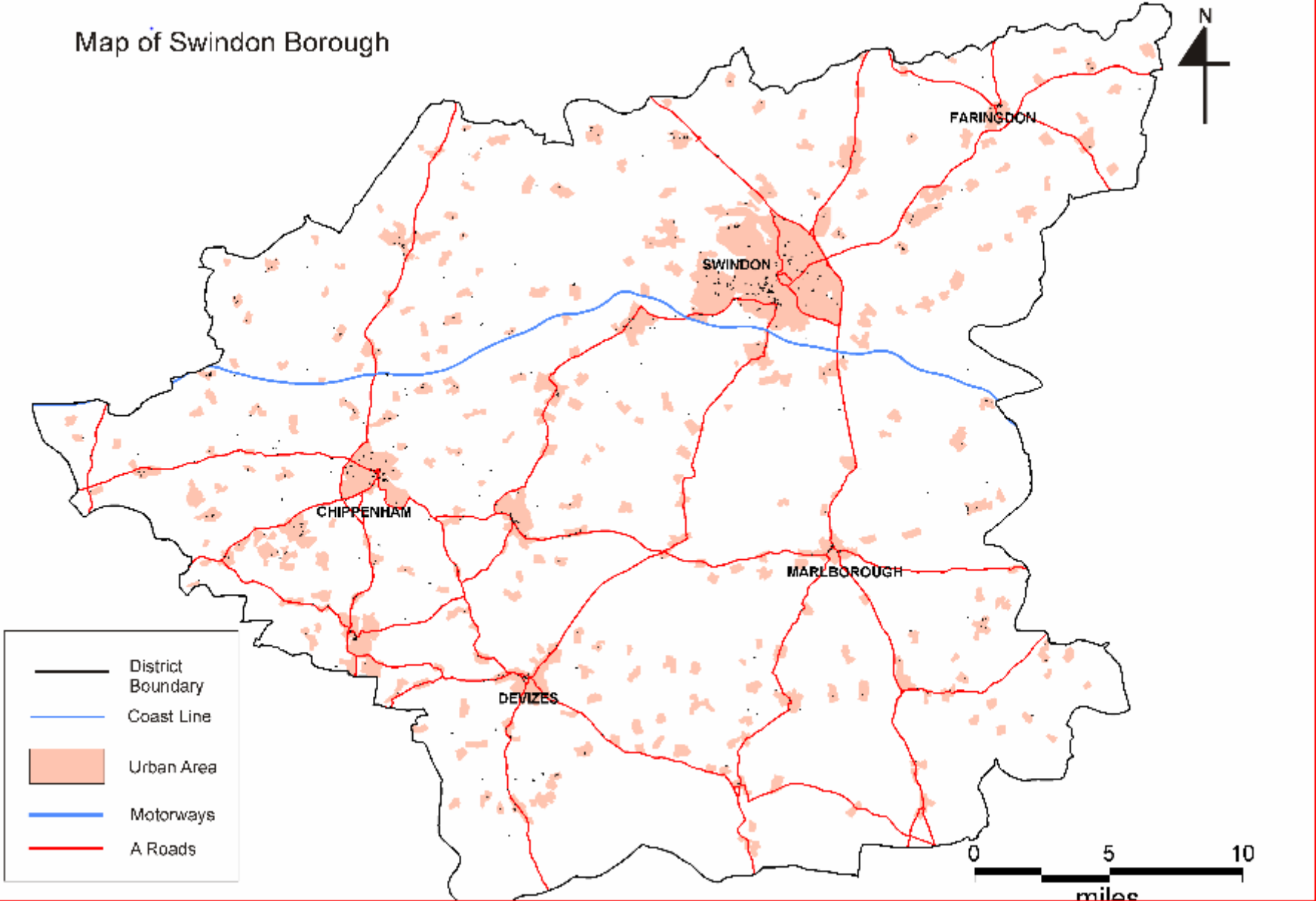
Early findings

- Variation between different types of suppliers by business area) 49% of spend on highways is local, but only 16% of recreation
- Of highways 49% local spend (£1.6m)..only 38% of suppliers (61 out of 157)..indicating high value local contracts
- Total of 1021 employees
- 96% of direct employees live in Swindon Borough Council postcode area

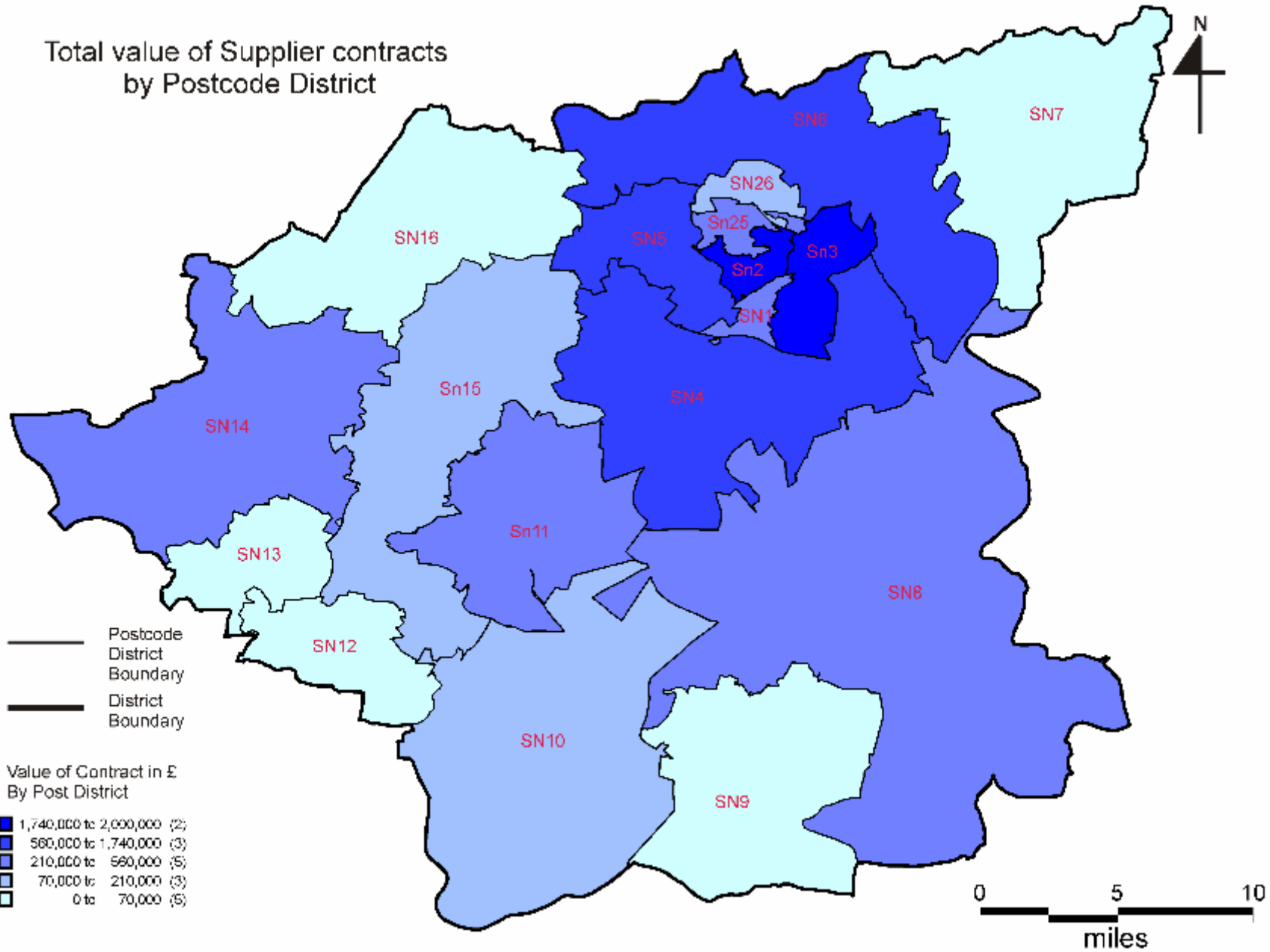




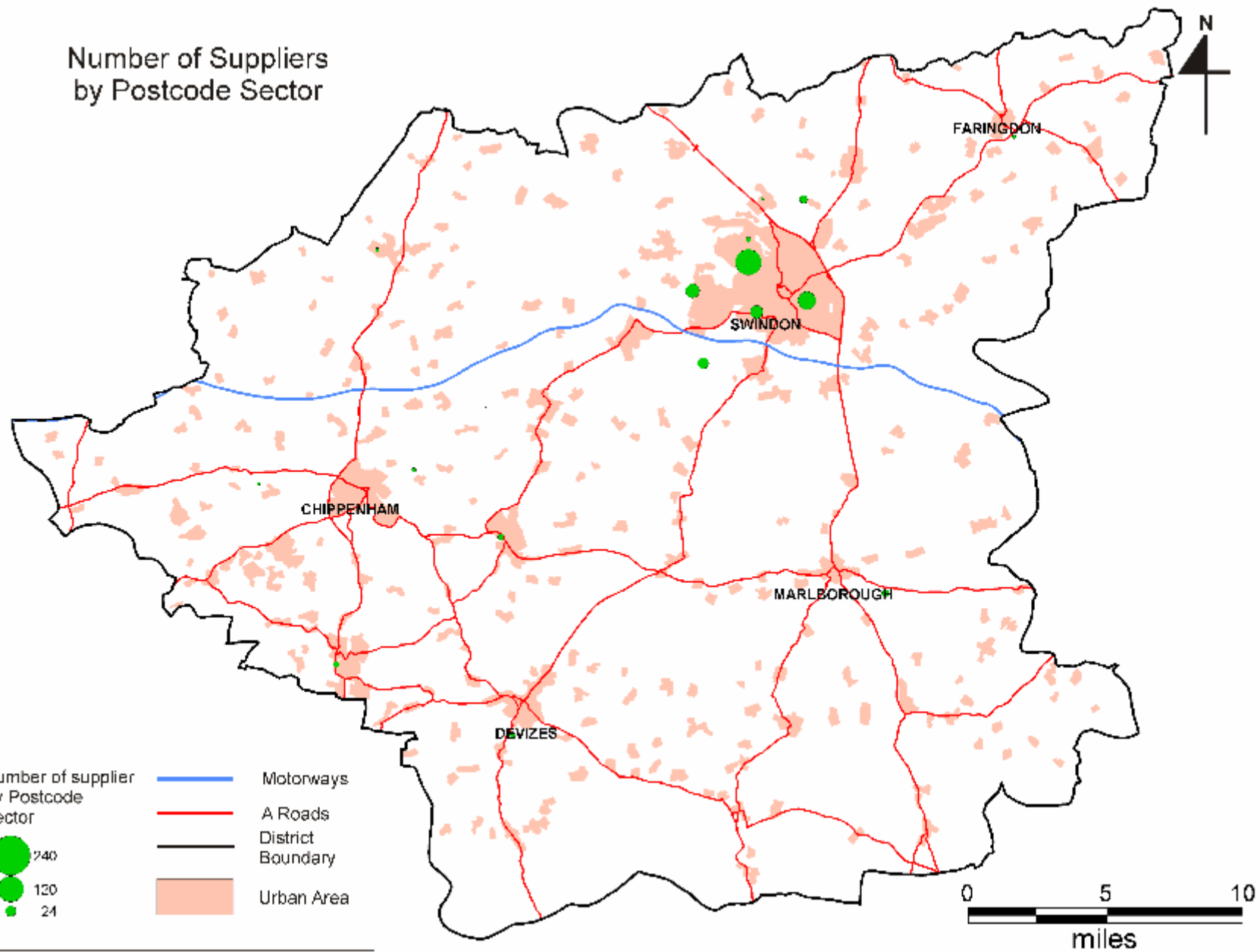
Map of Swindon Borough



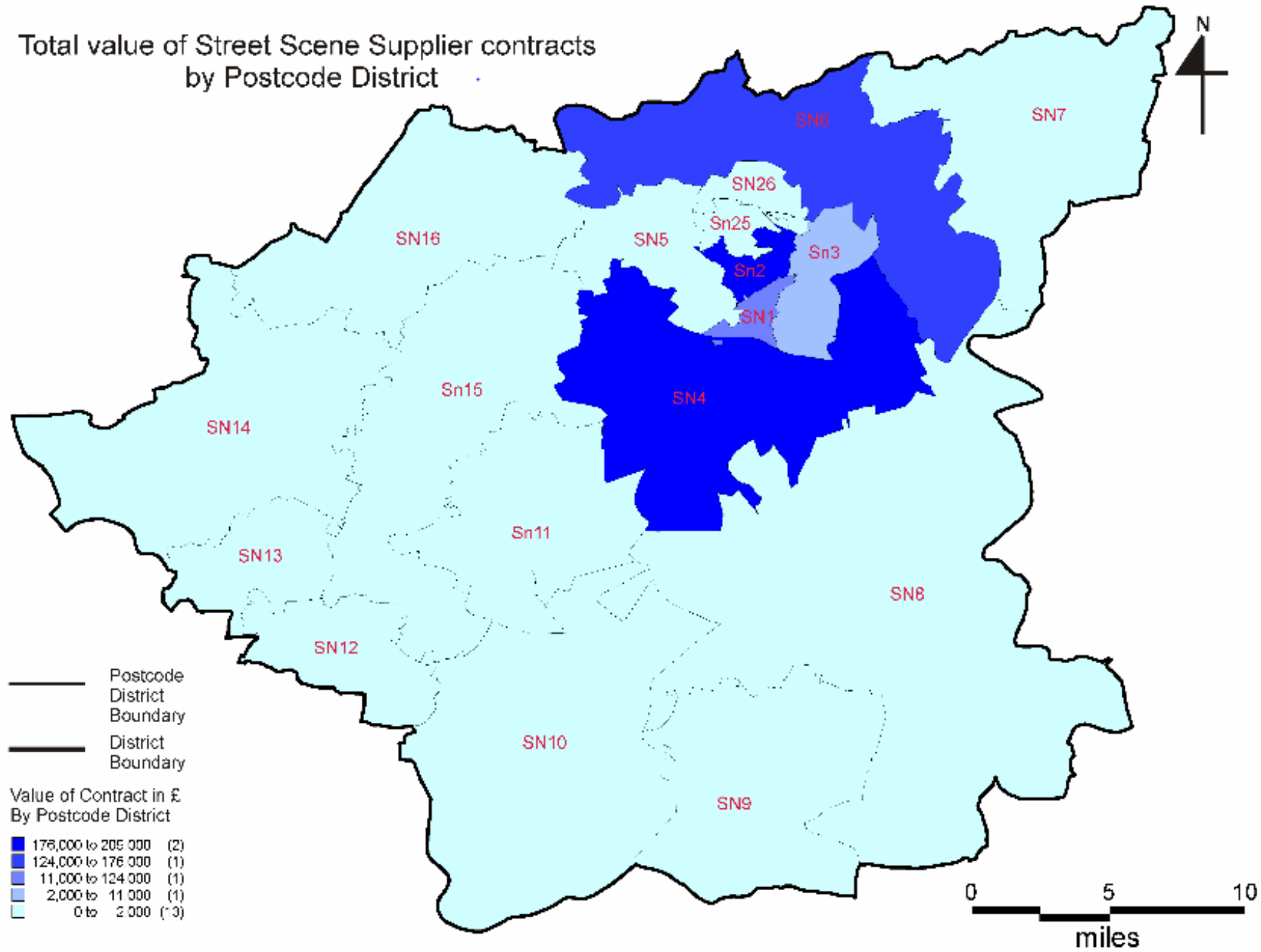
Total value of Supplier contracts by Postcode District



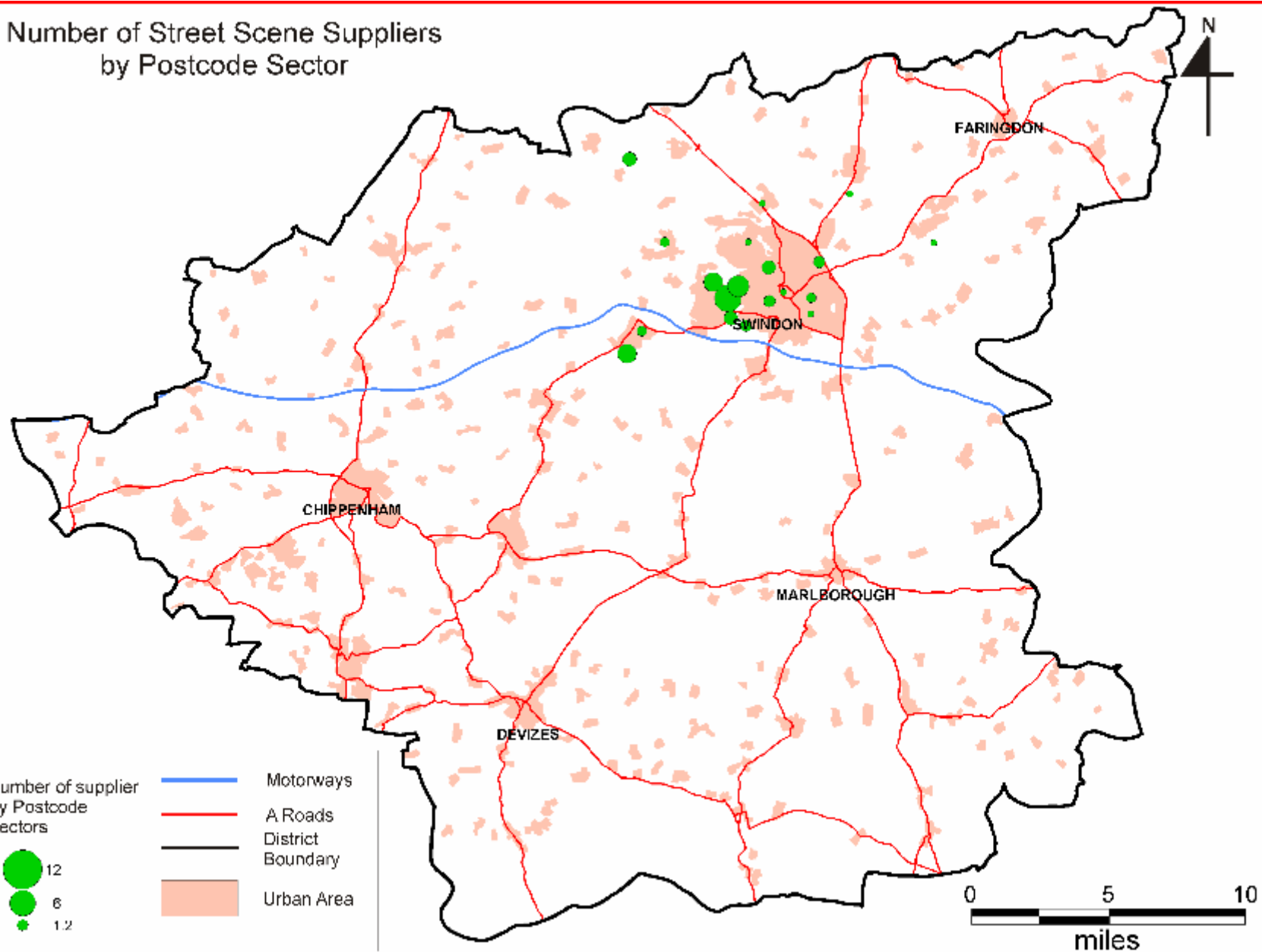
Number of Suppliers by Postcode Sector



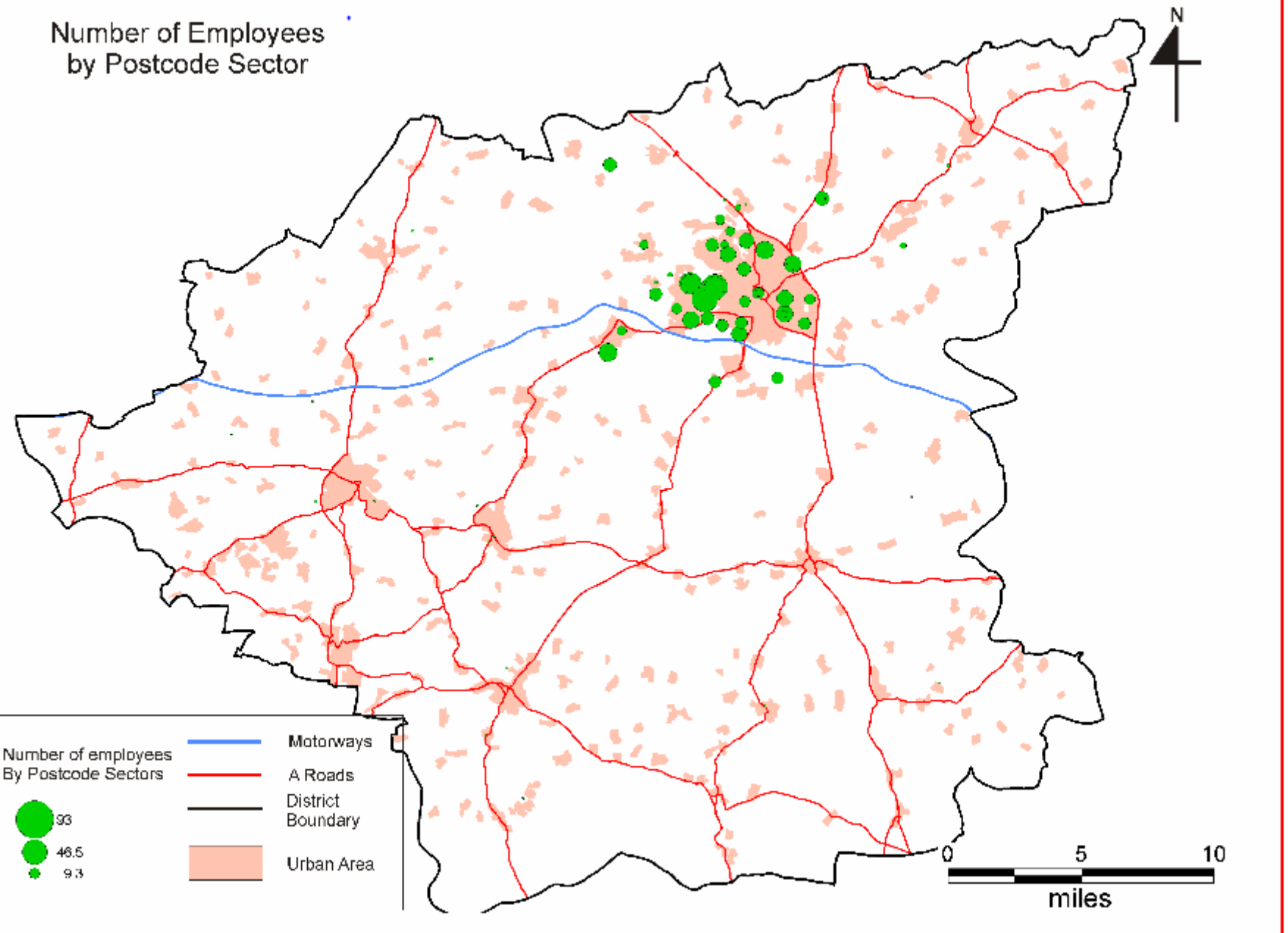
Total value of Street Scene Supplier contracts by Postcode District



Number of Street Scene Suppliers by Postcode Sector



Number of Employees by Postcode Sector





Work to do

- Survey of supplier spend
 - Sub contractors
 - Employees
- Survey of Employees
 - Spending patterns.
- Overlay spend with deprivation and other economic/social indicators
- Analyse
- Tighten up methodology
 - Make it affordable and replicable
- Do it again..somewhere else!!



Questions to ponder

- How does local government strategically act so that it can maximise economic impact?
- Can we make government think beyond bottom line efficiency but toward triple bottom line efficiency?



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