



*Local Government Association*



# supporting local business

what can we learn from the beacons?



*Produced with the support of*

**I&DeA**  
improvement and development agency

## foreword

Building a strong local business base is central to promoting economic vitality, one of the shared priorities between local and central government.

The recent local authority enterprise 'beacons' represent some of the leading councils in building and fostering local business. Successes of the beacon councils range from the development of 73 hectares (180 acres) of land in Bexley to the creation or preservation of 7000 jobs in Blackburn with Darwen, new investment by 250 companies in Rotherham and the restoration of over a 41 hectares (100 acres) of derelict land in Knowsley.

Councils committed to improving the economic health of their areas may face a range of seemingly intractable challenges. They might be operating in disadvantaged areas, trying to engage disadvantaged groups or coping with large scale de-industrialisation.

This report serves as a best practice guide. It considers the lessons local government can learn from Beacons, the factors that make the Beacon councils successful, and the added value that these councils offer. Case studies and quotes from the local business community and key messages are distilled from the varied examples of innovative practice. They confirm the legitimate and central role played by local councils in addressing these key questions and in building and supporting enterprise.

Both the IDeA and LGA are working with local authorities to achieve better services for local people through a variety of methods and the Beacon scheme is a key resource of excellent practice and learning for all councils. We hope this report highlights what can be achieved for the fortunes of the local business base through vision, leadership, joined-up working and creativity.



**Colin Barrow**  
Chair, Improvement and Development Agency



**David Sparks**  
Chair, LGA Economic Regeneration Executive

## introduction

Local authorities as regulators, advisers, grant-providers and strategic players have a key role to play in creating the conditions for investment.

Authorities provide community leadership, encourage local interests to work together in pursuit of local well-being, deliver services on which companies depend, and provide a range of business support in conjunction with partner agencies. They also have a positive part to play in performing their regulatory duties, especially in planning, environmental health and trading standards. These roles are endorsed by HM Treasury in *Productivity: 4 – The Local Dimension*, a policy paper which argues that local authorities have a critical contribution to make in increasing sustainable economic growth and overcoming local productivity gaps.

*"Local authorities have a crucial role to play in leading and developing partnerships and networks particularly with business organisations and individual businesses, but also with the public sector and individuals to create meaningful and achievable strategies."* (pp8)

The recent round of Beacon Councils\* on *fostering business growth* highlights what leading councils are doing to build local business competitiveness. What lessons can be learnt that could help others facing similar challenges in, for example, overcoming legacies of industrial dereliction, promoting enterprise in disadvantaged areas, helping individual companies tackle locational constraints or make the most of advances in technology? What are the keys to their success that can be developed by other councils to suit their own circumstances?

\* Beacon councils are recognised as centres of excellence within a given theme, under the national programme supported by the Office of the Deputy Prime Minister, the Local Government Association and IDeA (the Improvement and Development Agency for local government). Each year, several priorities are selected – fostering business growth was a theme of round three in 2002–03. In 2003–04, there are related themes of supporting the rural economy and removing barriers to work (under which Knowsley and Rotherham have again won Beacon status). Round six themes include supporting new business.

## project objectives and approach

These are the questions which lie behind this publication which intends to be a short guide illustrating Beacon Council innovation, good practice and achievements. It draws out success factors and lessons – what have these local authorities done that has really made a difference and why? Our brief was to draw these out and highlight the added value that the councils have realised. The research involved interviews with 22 business people from the Beacon council areas and lead officers in five councils.

In the sections which follow, we look at the roles that the Beacon councils have performed and the added value that they have created, before going on to review factors underlying their success. Whilst each area is very distinctive in terms of its industrial structure and community, there are common themes which help explain the difference they have made. We finish with a set of key messages for local authorities, central government and business audiences.

**Table 1** some Beacon council activities

Who are the Beacon councils for *fostering business growth*? Activities that make them distinctive – just a few examples...

Bexley (London)	<ul style="list-style-type: none"><li>• Business Support Network (joining-up services)</li><li>• Developers Forum</li><li>• Belvedere Business Centre</li><li>• Resources (employment and training services to local businesses)</li></ul>
Blackburn with Darwen (North west)	<ul style="list-style-type: none"><li>• Blackburn Partnership and business involvement in service development</li><li>• e-business programme</li><li>• ethnic minority business support programme</li><li>• Guardian Angels (business mentors)</li><li>• Training services, including pre-recruitment training support for incoming companies</li></ul>
Eastleigh (South east)	<ul style="list-style-type: none"><li>• use of section 106 planning agreement to create resources (through IBP Ltd) for employment and training services for local companies and jobseekers</li><li>• practical solutions to bring redundant buildings into use as workspace</li><li>• co-ordination of business support activities and new initiatives in partnership (eg, for women entrepreneurs)</li></ul>
Knowsley (North west)	<ul style="list-style-type: none"><li>• business-led strategic partnership (Knowsley Economic Forum)</li><li>• account management relationships with local companies</li><li>• Business Resource Centre (one stop shop)</li><li>• Knowsley Development Partnership: joint venture to ensure a pipeline of secure, affordable premises for SMEs</li></ul>
Rotherham (Yorkshire)	<ul style="list-style-type: none"><li>• making a success of major developments (eg, Magna Science Adventure Centre)</li><li>• REACT (Rotherham Engineering and Computing Technology Centre Ltd)</li><li>• major brownfield land programme</li><li>• workspace including Youth Enterprise Centres</li></ul>

## beacon councils and added value

The Beacon councils are characterised by a keen drive to add value, focusing on the difference they seek to make for their area, on how they can make things happen that wouldn't otherwise happen (or make them happen sooner, or on a larger scale).

They have a strong sense of the distinctive local authority contribution to economic regeneration, most notably in their:

- continuity and commitment in pursuit of community well-being...
- ...with an ability to take a long term view of needs, opportunities and risks;
- closeness to the needs of individual businesses, appreciating the range of issues that affect business competitiveness, both internal and external to the company, and not treating individual issues in isolation;
- flexibility to fill gaps (eg, in creative use of redundant buildings, restoring brownfield land, and supporting minority ethnic business and social enterprise);
- ability to bring resources together, from within the council and externally; and
- role as employers, investors, purchasers in many areas, as the biggest or one of the biggest single economic entities.

The focus of councils on the needs of their communities, rather than as an agency of central government, is a positive factor, energising local commitment and bringing resources to bear on significant local issues. They can address business needs in ways that other agencies cannot, because, for example, they are not constrained by national policy priorities or programme rules. That all five councils include within their service portfolio a range of recruitment and training services is an example of this. What they do is to package services geared to individual company needs, typically involving resources from Jobcentre Plus, local Learning and Skills Councils and the EU, in ways which the government agencies are not charged or able to do themselves.

**Table 2**      **beacon council outcomes and achievements**

outcomes

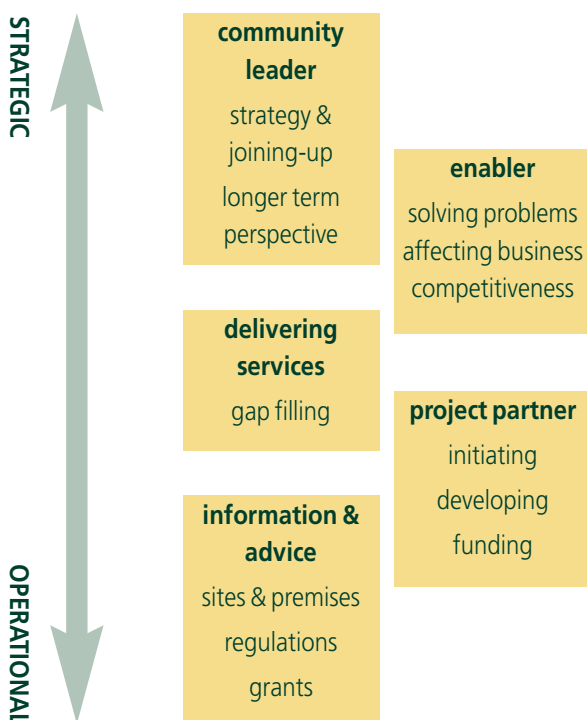
Examples of the results the Beacon councils can demonstrate

Bexley the	<ul style="list-style-type: none"><li>• 75 hectare (180 acres) of land developed and occupied, contrasted with minimal development in the previous 10 years</li><li>• in 2002/03: 306 jobs created and 1,142 safeguarded (figures confirmed by companies concerned) and over 3,000 in all in recent years</li><li>• 56 business starts in 2002/03; also 306 people assisted into jobs</li><li>• unemployment rate has fallen faster than national and London rates</li></ul>
Blackburn with Darwen	<ul style="list-style-type: none"><li>• higher rate of development of brownfield land</li><li>• over 7000 jobs created/preserved in the past five years</li><li>• increased business birth rate</li><li>• more knowledge-based jobs and increased use of e-business</li><li>• £10 million per annum new investment by companies assisted by the council</li></ul>
Eastleigh	<ul style="list-style-type: none"><li>• 1,000 new jobs</li><li>• 50 new businesses</li><li>• £5m new investment</li><li>• 260 companies assisted with workforce development</li></ul>
Knowsley	<ul style="list-style-type: none"><li>• contributing to Knowsley being the fastest growing borough on Merseyside (in terms of GVA) 12.9 per cent 1996–2001 cf 3.2 per cent. Unemployment has dropped by 11 per cent in the last year (from 4963 to 4370)</li><li>• assisted 160 companies since 1995 to create 6,540 jobs and safeguard 8,715 (23 inward investment projects)</li><li>• 118 hectares of derelict land developed</li><li>• improvement in land values of 125 per cent between 1998 and 2001, with 11 per cent improvement on property yields on new development</li><li>• 16 companies provided with financial assistance. £2.16m investment in the last year</li></ul>
Rotherham	<ul style="list-style-type: none"><li>• substantial new investment by over 250 companies since 1995</li><li>• 9,942 additional jobs since 1995</li><li>• fall in unemployment rate 50 per cent greater than that for GB and region</li><li>• attraction of 80 overseas-owned companies</li><li>• three per cent increase in new business survival rate</li></ul>

## beacon council roles

The Beacon councils fulfil a range of roles in promoting competitiveness, for their area as a whole and for individual businesses. Some roles are unique to local authorities, because of council powers and duties, while others are shared with local partners in ways which avoid duplication. They range from strategic to operational, creating the conditions for business development and providing services which businesses need.

### beacon council roles in fostering business growth



In any given area, the scope for local authorities to promote business growth is very wide but importantly, the Beacon councils have consciously sought to avoid trying to do everything.

### community leadership for economic development

Bexley's approach has been to provide community leadership, through identifying what needs to be done, and making sure it is done but not necessarily by the council. It stresses a 'mixed economy' of provision, involving different organisations who are best placed to deliver particular projects or services, through partnerships where this makes most sense. For instance, the Economic Development Service became involved in the council's response to a failing school. They developed adult training facilities on the site, making use of redundant space, attracting European Social Fund monies, and sourcing training management expertise to run the centre.

*"We're not about empire building: we want to get things going and look for others to pick them up"*

*Graham Hammond, Head of Economic Development, Bexley Council*

### adding value in service delivery

For Blackburn with Darwen, the key is not to get involved unless the council is convinced that it can make a real difference.

*"We concentrate on the sharp end. Whatever we do must improve competitiveness, investment, enterprise. We need to understand why: what is the intervention intended to achieve?"*

*Steve Hoyle, Assistant Director, Blackburn with Darwen Council*

As with Bexley, they see their role often as to initiate, then withdraw. A typical example is the Guardian Angels initiative, where they worked with Blackburn Partnership to launch a business mentoring programme, in which larger local companies volunteer staff time to advise smaller businesses. This has been a big success, with the numbers of participating organisations and the benefits for mentee and mentor alike far exceeding expectations.



In other cases, they see their role as providing complementary services through addressing local priorities. There is evidence of a real need, for example, for product and process innovation in local manufacturing companies. The council now supplements the Business Link East Lancashire (BLEL) resource on technology, employing six dedicated staff. This compares to one (BLEL) technology adviser operating across all of east Lancashire.

### **longer term perspective**

Another aspect of the community leadership role lies in encouraging local businesses and partners to anticipate longer-term issues:

*"Many companies don't, or can't, take the time out to look at issues that are coming up which could have a big impact. Take for example EU environmental directives coming into force in three years' time. We bring companies together to review such developments and what they mean. This approach is welcomed by companies – they take a line of least resistance, and think, 'thank goodness, someone's got a solution'."*

*Steve Hoyle, assistant director, regeneration, Blackburn with Darwen Council*

### **levering resources through collaboration**

Eastleigh council have a similar philosophy, with extra emphasis, given their location where there is limited access to pots of external public funding, on how to lever most pounds through partner collaboration.

*"Our approach is to set out our stall, through research, with a clear strategy and tangible objectives. We use these to draw in partners and harness their efforts. And we have balanced strategy with action: we wouldn't have been able to do what we've done without demonstrating meaningful impact. You must 'win a few' before you can really extend your influence."*

*Peter Grant, Economic Development Manager, Eastleigh council*

Eastleigh have made effective use of their regular business

survey to gather evidence of business needs and views. Each time they include topical questions (for example on IT/e-commerce and staff travel) to pick up current and emerging business concerns, and use the findings to influence others (eg action by the sub-regional sector forum, Wired Wessex to map local access to broadband).

### **mobilising effort**

For Rotherham, the route to added value is through a concerted strategy and service delivery with a strong customer focus.

*"We draw people together there and then when it really matters to deal with a company's needs. Showing we can do this, and following through is our route to credibility."*

*Richard Poundford, Head of Economic Regeneration, Rotherham council*

Rotherham also stress their willingness to take risks, for example, in deciding to invest in the REACT technology management centre; and in conceiving and developing the nationally renowned Magna Centre, the tourist attraction and education centre born out of an old steel mill. They gained confidence stage by stage, for instance in developing workspace for small businesses. They started by converting an old school to provide easy-in, easy-out accommodation with business advice on-site. Ready success in filling the centre encouraged them to invest in more high-tech premises (with EU money), including a Youth Enterprise Centre (with special provision for businesses started by young people).

We can draw six themes from analysis of the success of the five Beacon councils, which underlie council performance and their credibility amongst the local business community:

### beacon council success factors



All the Beacon councils stress the need for a coherent strategy, well-argued evidence and sound rationale, embodying clear logic from needs through to priorities and action. Understanding market failures, the barriers to business competitiveness and community well-being through business development, is essential, along with approaches which help local companies and the community shape the local future. Local Strategic Partnerships and Community Strategies provide an important new focus for this.

This approach provides a context for the action of others and breeds confidence that the authority is providing leadership in the right direction. Credibility in the business community grows with the evidence that the authority consults effectively, makes hard choices reflecting limited resources, and does not try to do everything.

### setting direction

Blackburn have produced a single Economic Development Strategy with partner agencies including Business Link Lancashire, the local enterprise agency, and Bootstrap Enterprises (who advise unemployed people setting up in business and social enterprises). They identified areas where the economy was weakest and have developed responses for each, in conjunction with partners, seeking to promote, for example:

- improved take-up of e-commerce, bringing together a partnership to tackle this;
- greater levels of enterprise start-up and survival;
- stronger minority ethnic businesses; and
- higher levels of innovation and investment in research and development of modern technology and equipment in the manufacturing sector.

Current priorities reflect a shift over time: 10 years ago the strategy was greatly about improving premises whereas now it stresses building capabilities within companies. There are many small manufacturers who are losing out in



shrinking supply chains; the challenge is to inject new ideas and processes, eg, with council support in the form of investment in rapid prototyping equipment and low-cost access for companies wishing to innovate.

Blackburn council has succeeded in embedding economic development as a corporate priority, with broad understanding across the authority that “getting the core economy strong is as crucial to well-being”. They have been interested to find that this is increasingly shared by other partners: the Primary Care Trust, for example, recognises that this relates directly to its own efforts to reduce health inequalities: a good job is a key to good health.

For Rotherham, the strategic prerogative has lain in diversifying the local economy, away from the legacy of coal and steel. This has meant opening up new industrial areas, remediating brownfield land, opening up new industrial areas through road investment and devoting energy to promoting inward investment. Success now, however, is encouraging a shift in balance to growing more from within, encouraging the development of existing companies. Over the years, Rotherham has stayed with an emphasis on support for new business – to get away from the older culture dominated by employment in large enterprises.

### **filling strategic gaps**

Beacon councils stress gap filling in the context of these strategies, whereas local authorities can do things that others cannot or are less able to do (eg, in improving the supply of land and premises through action on redundant buildings and brownfield land). Rotherham highlights gap-filling in some of the more difficult aspects of economic regeneration, where community development and economic development go hand in hand:

*“Who else has the patience to address enterprise and the harder to reach?”*

*Richard Poundford, Head of Economic Regeneration, Rotherham council*

An example in the case of Bexley is workforce development, where the council has sought to meet business needs in ways outside the scope of what the Learning and Skills Council can do. It has developed training through its own accredited training organisation to ‘industry standards’, ie, those defined by employers and not defined as NVQs. Local employers were also looking for highly responsive arrangements regarding when, where and how the training is delivered. The council took a flexible approach with ESF funding, exploiting match funding in the use of company training facilities, buying laptops and setting them up for the companies concerned as a network. The success of the project is now encouraging local education and training providers to respond better to business needs, eg, for CAD/CAM training.

### **evidence for strategy and action**

The Beacon councils all place value on having hard evidence on which to act, to:

- demonstrate needs, determine priorities and justify particular actions;
- inform understanding of actions most likely to succeed, about what you can influence locally and what you cannot; and
- illustrate effectiveness, thereby building confidence, internally and externally.

Bexley place high importance on tracking performance, and Knowsley on research (including employer surveys and a skills audit of residents, to improve the local match between people and jobs). Rotherham analyse their enquiry database and issue random follow-up letters. This has made them change how they market their property, using local small ads to reach smaller companies, and to encourage other property owners and agents to alter their promotional activities too.

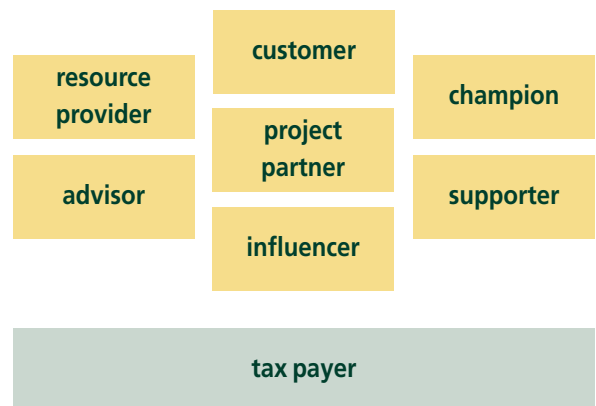
Eastleigh have used research in determining priorities and developing new initiatives, eg, in responding to evidence

## 2 business engagement

on under-representation of women in business ownership. They proceeded to negotiate, as part of their service level agreement with South West Hampshire Enterprise Agencies, the provision of seminars for women on the implications of self-employment/business start-up. These have proved very popular, with over 200 applications for a limited number of places.

All of the Beacon councils are successful in engaging local businesses in their activities, be it through one-to-one relationships, local forums and task groups, or consultations. All have businesses involved in setting priorities, developing new initiatives and advising on ways of improving services. Working with business forums generally proves very valuable. These groupings pursue their own, business-to-business agenda while offering opportunities for the local authorities and other public agencies to debate issues and seek solutions to shared problems.

### business roles in working with local authorities



Bexley stress the importance of finding out what business people want at three levels of involvement: strategy/policy; operational/delivery (through involvement in project steering groups, like local labour schemes, helping to provide job-ready recruits for local employers); and one-to-one, in identifying and meeting company needs. The council values the Belvedere Business Forum in the north of the borough. The forum came together in response to a shared need, to improve road access to the area, and then broadened its approach to tackle barriers to local competitiveness, eg, lobbying on Crossrail and the new Thames crossing. The Bexley Developers Forum is another example.

### **bexley developers forum**

Bexley council brought together developers and agents to review development prospects and overcome impediments to new development. Developers were involved in appointing consultants as part of an SRB-funded initiative to improve the image of north Bexley – where there was significant land available but a down at heel image – and target companies in specific sectors.

Their efforts have been successful in remedying the image problem, and in winning sustained developer support through conveying a 'Bexley' rather than 'Bexley council' brand. Forum members paid for a promotional folder with sheets on individual sites, to a common format. They have also worked together to tackle some specific issues, eg, London Electricity pricing and investment plans, and broadband access (lobbying for a fibre optic spine).

The council responded to developers' concerns about the speed of the planning application process, which they had not regarded as a problem. Their performance was rated 'medium' amongst planning authorities, but the challenge from the developers' forum led to a review. The council found that actual performance was better than average for residential applications and fairly poor on the industrial/commercial side. The Head of Development Control took steps to effect a turnaround within two years. Bexley is now amongst the top performing London boroughs.

### **knowsley economic forum**

The Knowsley Economic Forum (KEF) is the main vehicle for strategic engagement, bringing business, the council and other public agencies together to provide leadership on economic issues linked to the Local Strategic Partnership. Like Blackburn, this partnership was created some years ago, and has built real local credibility. It grew out of a situation of previous antagonism between the council and the business community, when in the early 1990s all parties agreed that the interests of Knowsley were more important than factionalism. A key stage in its development came when the council was prepared to place the control of the forum wholly in the hands of the private sector, through the Chamber of Commerce. For David Moore, Head of Economic Development in the council, "this has ensured that the agenda is consistently oriented to that of business, and that its business is tightly run and well-managed". KEF has responsibility for determining, with consultation, the economic objectives for the Community Strategy, fleshed out through an economic regeneration strategy for Knowsley. This is being developed for the forum by the council, in conjunction with partner agencies.

KEF has working groups, again all private sector-led, which the council sees as crucial to business engagement. Covering business support, employment and skills, and environment and infrastructure, these are task-oriented, implementing their own action plans. There are related human resources and e-business offshoots, spun off in response to business wants.

KEF hold an annual 'have your say' event, open to any business. This year's had an attendance of over one hundred. A consultation document is sent out in advance, with written questions invited. The event reviews the past year, discusses current issues, concluding with the Q & A session. The proceedings are published soon afterwards, helping to show that the council takes the consultation seriously.

## business leadership

The Blackburn Partnership was a long-standing strategic partnership set up over 12 years ago by the council and local business. It became a respected vehicle for leading local economic revival, and has provided the platform for the creation of the Local Strategic Partnership for Blackburn and Darwen. The original economic partnership has now become the Economic Regeneration Forum, and as before has its own management resource to service the partnership and deliver initiatives such as Guardian Angels. It also supports employers' forums in the more deprived parts of the borough, typically involving larger companies and SMEs with a strong interest in the locality. These have proved to be a very effective means of capturing the voluntary efforts of local companies to community renewal ends.

Like Blackburn, Knowsley have invested time and effort in building relationships with local businesses and looking to them to provide a source of community leadership.

## encouraging practical involvement

Blackburn with Darwen Council is in the happy position of having built up good relationships with local companies over the years, helped by continuity of staff in key roles.

*"We have lots of informal relationships – we have contacts and groups to work with all the time companies find it easy to knock on our door. They know the council will listen and get things done. This goes not just for economic development, but across the council, the Chief Executive and councillors."*

*Steve Hoyle, Assistant Director, Regeneration,  
Blackburn with Darwen Council*

The Blackburn Partnership has the advantage for the council of being closer to the business community than the council itself can ever be. Practical benefits for the council include the ability to obtain a better quality response and more robust results from employer surveys undertaken by the partnership rather than the council. The partnership can access more company time in

carrying out face-to-face interviews. For the council, these surveys provide a 'reality check': "are our perceptions of business needs and priorities the same as those of business?". The council has acted on what the surveys say, eg, in asking what businesses value and what they don't. One consequence was the decision to drop the council's international trade service, on the grounds that businesses look to the Chamber of Commerce as their preferred port of call. "Having asked, we couldn't ignore the response". Otherwise businesses put forward a similar set of priorities, and this led to the development of new services for e-commerce.

Blackburn always involve companies in the 'ideas' phase of new initiatives. Councillors value the down-to-earth perspectives a business presence tends to bring, and expect their involvement as a matter of course, a recent example being the introduction of a floodlighting scheme in the town centre, where councillors wanted a business person to be involved in assessing bids for funding.

*"Councillors always want someone there to ask: does this make sense? As a council, we know that it's important not to be frightened of being challenged, of being told we're wrong, though we won't always agree."*

*Steve Hoyle, Assistant Director, Regeneration,  
Blackburn with Darwen Council*

The advantages of a close working relationship can be seen in the case of Blackburn working with A2B Taxis, where there have been clear business and community benefits.

## **A2B Taxis, Blackburn**

When Umar Talaty set up his A2B taxi service he had plans to use the best technology available. Six months later he was able to consider introducing a global satellite positioning system (GPS). He approached the council's Digital Development Unit who helped him source suitable equipment and provided a £5,000 grant to equip 10 cabs with GPS linked to a new central control system. Drivers were trained by the supplier and the scheme went live with few hitches. The system has given the company a competitive edge; A2B has doubled its staff, and economised in its fuel costs. There is increased safety for driver and passenger (with both identified to each other) and rapid contact can be made with the police in an emergency.

A2B proceeded to set up a town centre marshalling scheme. Marshallers wearing distinctive uniforms use mobile phones to book cabs and ease queues of people waiting for a ride home late at night. The GPS system is used to good effect, routing cabs from other firms as well as A2B. The police are very keen on the scheme because it reduces risks of sex attacks, helps to disperse crowds and tracks the movements of drug dealers.

Over the past two years A2B have become involved in lifelong learning, following discussions initiated by the council. There were concerns that taxi workers "were being left behind" in their skills, and there was potential to make taxi drivers "more into ambassadors for the area". Practical courses were set up, eg, in martial arts (safety for the taxi drivers); first aid (safety for general public); disability awareness; a knowledge test; and English, maths and basic accounting. For Umar, "it's a new achievement, working as a team. We feel more proud. The older people as well have benefited". The council is now trying to involve the taxi trade in helping with domestic violence, on the grounds that someone rushes out of the home and into a taxi to escape. There is training now for "calming people down, Relate-type work ...". Umar is full of praise for the council: "This has been excellent. I can't knock them. It's been so much of a joint effort, I don't know who in the council to thank. We've had nothing but help from them. If we don't know who to ask, we always get put on to the right person, or someone who knows."

### 3 problem solving

A 'problem solving' approach pervades the work of all the Beacon councils, where they help companies to overcome barriers to competitiveness, clarifying needs and working out how best to address them. They take responsibility for finding solutions, whether or not it is directly within their remit. For Bexley council, "it's our culture to crunch issues" (Graham Hammond), reflected above, for example, in their work with the Bexley Developers Forum. Another is the Chandlers Ford Commuters Group, convened by transport officers in Eastleigh District Council to help local companies overcome transport problems and develop green transport plans. These quotes are typical of many comments in our interviews with businesses in the Beacon council areas:

*"The major thing is that no matter what, they know the answer or where we can get the answer"*

*Judith Clarkson, Toyoda Gosei, Rotherham*

Illustrations from Knowsley include how the council worked with JCM Media (a spin-off from Littlewoods catalogue shopping) after their move from Liverpool. The challenge was to alter bus timetables: shifts of 10 minutes in the morning and afternoon made a big difference in overcoming a practical barrier to recruitment and productivity. In the case of the Vertex call centre, the council helped the company reduce high staff turnover through arranging pre-recruitment training and providing contacts in local agencies. They assisted long-term unemployed people with their transition to employment, helping them understand and become accustomed to day-to-day work requirements relevant in an area of inter-generational unemployment.

### **recruiting for Capita TV licensing centre, Blackburn**

For Capita, the support of Blackburn with Darwen Council was greatly appreciated when they set up a contact centre for BBC licensing records.

*“They gave us an awful lot of help, especially in helping with our recruitment. The council pulled together all the agencies; the Jobcentre, disabled agencies, regeneration teams and the like, to make the whole process slicker. They have helped us meet our targets, and we have not wasted time or money. And what they promised on this was a selling point when we came to decide on the location. We have not been disappointed.”*

*Simon Pill, training and recruitment manager, Capita TV licensing*

Capita are now one of the biggest employers in Darwen, with 280 employees: 93 per cent from the council's area.

*“They have just always been there for us. If something has happened and we need help quickly, they are there.”*

Call centres are a new sector for the area, replacing jobs lost from traditional industries over the past 20 years. The council has arranged training – not just for the Capita project – to prepare candidates for interview, help them understand what call centre employers are expecting of new employees, and raise their computer and customer service skills.

Blackburn with Darwen Council have an Employment Intervention Team leading on projects such as Capita, and work with partners through a Strategic Employment Group (Jobcentre Plus, Connexions, Blackburn College, Sure Start, Council Education and Lifelong Learning Department) to deal with skill shortages, major redundancies and neighbourhoods with high concentrations of unemployment. Social services were part of the team involved with Capita, helping the company recruit people who are visually impaired or who have other disabilities. The council persuaded Capita to adapt their approach to recruitment to open up opportunities for local people (eg, in using partner services rather than advertising; and in producing a five minute video to illustrate the work on offer).



## 4 customer focus

Feedback from our interviews with companies across the Beacon areas consistently highlights how much they value:

- advice and information (eg, in obtaining grants, finding business accommodation, dealing with regulations);
- the quality of workspace provided (with regard, for example, to the quality and appearance of the building, facilities like kitchen and showers, and 24/7 security); and
- ready access to other business support.

The companies typically appreciated clear explanations relating to planning, grants, help with local recruitment, etc. They also welcomed council efforts to engage with local business groups, explain what's going on locally or planned and the reasons for any difficulties, eg, in opening up new land for development. The councils seem good at managing expectations, such that if there are difficulties, businesses know why and understand how

the council is responding, even if they might not always agree about action needed.

The councils stress the importance of "getting out and visiting companies rather than expecting them to come to you", and some have systematised their relationship management, planning regular visits with members of staff responsible for portfolios of companies. In Knowsley, companies new to the area are allocated to members of the Inward Investment and Business Support Team. This task may be shared with partners (eg, Bexley with the London Development Agency and the new Gateway to London inward investment body). Such account management arrangements give companies a named individual to deal with for matters concerning the council and partner organisations – with the staff concerned taking the responsibility of keeping in touch and helping to sort out problems, raising issues as needed with other parts of the council and with partners.

For Rotherham, it is seen as crucial to get out and visit

### attracting Toyoda Gosei to Rotherham

One of the most significant inward investment projects in recent times in Yorkshire has been Toyoda Gosei, Japanese-owned manufacturers of motor components. When deciding where to locate, the company found that Rotherham "were a lot better" than other authorities, providing very detailed information to a very short deadline.

*"To be honest, to a Japanese company, there isn't much difference between the English regions. Rotherham council provided such comprehensive information so quickly, it really helped make up our minds. And our senior management team are now unfailingly supportive of RIDO, because they are supportive of us, no matter how ridiculous our requests.*

*"We bombarded them with questions about the location of floodplains, earthquake frequency, bus routes, wage rates, the quality of local schools and hospitals, availability of Japanese foods, rainfall, etc and they came back to us with extremely comprehensive details. They put a lot of effort in. They recognised we wanted the information quickly.*

*"They are very professional and commercially aware, and the things they say make sense to business people."*  
*Judith Clarkson, Toyoda Gosei, Rotherham*

With the company's agreement, the council alerted the local press, leading to 1,200 job enquiries before any were advertised. Local partners laid on pre-employment training courses and undertook initial sifting of candidates, which the company much appreciated. They are now working together to open up further opportunities for disadvantaged jobseekers, including refugees, who are given extra support (language lessons, translating publications, etc).

local businesses. Their customer orientation is exemplified by “competition to answer the phone” while in the office. This is similar to a sales culture, with an attitude that “every call could be a new customer, or an existing customer to please”. Staff are always looking to improve their market knowledge through asking questions of enquirers and local companies, and being ready to use appropriate arguments to promote their services. They network extensively, eg, through participating in Chamber of Commerce and the local manufacturers group meetings.

### **working with minority ethnic businesses**

Customer focus is shown in Blackburn’s approach to reaching minority ethnic businesses. Previously minority, ethnic-owned businesses were not accessing publicly-funded business support, and were relying on contacts and resources within their own communities. The council sought to build levels of trust, concentrating initially on working with a small number of companies, one-to-one, dealing with specific, basic needs (eg, robust management information and computerised accounts). “They’re now role models, hungry for support. Companies will now come to anything we organise. And we’ve created a route into the minority ethnic business community which other agencies can use.” (Steve Hoyle). The level of interest in engaging is now such that 200 people attended a recent minority ethnic business awards ceremony.

### **working with developers**

Our interviews with businesses in the Beacon council areas provided several examples of customer focus in dealings with developers, who found typically “a different attitude...really refreshing... ‘can-do’ approach... easier to deliver... more of a partnership approach... they look to break down red tape... they don’t just present the site and leave the developer to get on with it...” The councils are at pains to guide developers through the system and make sure that all sides understand critical timescales within the company and within the council. They also put potential tenants or purchasers in touch with developers

and their agents. The results can be seen in higher rates of development of brownfield land, and developers with confidence to pursue further fully commercial projects.

Eastleigh and Rotherham both employ a dedicated development control planner to deal with job-related developments. They stress the need within their planning function to understand business needs, imperatives and timescales, to provide a regular point of contact and to see the planning process in the bigger picture of community well-being.

## 5 performance culture

The Beacon councils are characterised by a 'performance culture', where there is a strong focus, as in business, on accountability for results. They are high or well-performing councils as demonstrated by their ratings on Comprehensive Performance Assessment (CPA).

Bexley council is very performance-oriented, dating back to 1970s when the then Chief Executive introduced a business planning process. Targets are in place for the longer term. True to Best Value, continuous improvements are expected year-on-year, and customer satisfaction levels are monitored systematically. Changes have been made, eg, in the running of the council's business centres and in providing customised training. In Blackburn: "councillors expect a lot of officers and give support. There's no blame culture. They want to be informed, and have no surprises" (Steve Hoyle).

The Economic Development Manager in Eastleigh provides a year-end report quantifying performance to the council executive, which is welcomed by the councillors who appreciate tangible evidence of the results of what they fund. The council knows how many businesses it has supported, directly or indirectly. Eastleigh negotiate Service Level Agreements with organisations they fund, keeping the content simple and within two pages and specifying the outputs and evidence they require.

Knowsley have introduced a new business plan format within the Regeneration and Development Department, incorporating the new Audit Commission indicators for economic regeneration. "Their format requires staff to identify relevant indicators down to project level – such as grants and funding attracted – which has the benefit of helping the council keep focused on successful outcomes." (David Moore)

## 6 joining up

The Beacon councils share a desire to ensure ready and seamless access for business clients, requiring serious efforts behind the scenes to join up the work of different parts of the council and partner agencies.

### joining up with partners

In Blackburn, the local business support agencies sat down together to find solutions as to why there was a low business birth rate locally. They reviewed the evidence and concluded that there was a need for start-up grants and a single entry point (to overcome the confusing array of support available), leading to the introduction of the 'Get Set' programme for new businesses offering small grants and counselling as part of a package. More generally, the Blackburn partners have struck an agreement to avoid chasing the same clients and wasting their own and company time.

Eastleigh use the annual production of their Business Support Plan to engage with partners, consulting them early (eg, about new initiatives like support for women entrepreneurs) and featuring their work in a published document. They have convened the Eastleigh Business Support Network which has proved very useful in simple ways, for example, in producing a calendar of events planned by public and private sector bodies. This has helped raise business interest and attendance, and avoided duplication (eg, a proliferation of events about the budget or the euro).

Knowsley promote a 'single product book', covering the services of five key partner agencies, including Greater Merseyside Enterprise (Business Link) and Knowsley Chamber of Commerce. Several partners are co-located in the Knowsley Business Resource Centre with the council's Economic Development Service, and increasingly interact to the benefit of business clients. They also have a Business Support Working Group, and are resolving data protection issues in setting up a common database. The council has taken the lead in developing an Enterprise Strategy – a comprehensive approach to stimulating enterprising behaviour and business creation, involving schools and colleges as well as business support agencies. A significant element will be the setting up of a Youth Enterprise Academy, to be located in the North Mersey Business Centre, blending with current educational reforms for 14-19 year-olds. Knowsley have plans for a Technology Management Centre at Kings Business Park in Huyton (involving, for example, the Defence Diversification Agency, Jaguar Cars, and local universities) which will also provide a new one stop shop for partner services.

### levering resources

All of the Beacon councils have made significant use of external funding, demonstrating that they can not only prepare a good bid but also deliver effectively. They have tried to be 'funding-fed not funding-led', pursuing funding which will enable them to deliver their strategies,

### Bexley Business Support Network

Bexley Business Support Network brings together Business Link for London, Learning and Skills Council London East, Bexley College, Greenwich University and Bexley & Greenwich Chamber of Commerce to improve services to local businesses. Its original purpose was to increase mutual understanding about each other's activities. As relationships developed, the network has grown to become more proactive, especially with partners referring businesses to the other agencies as appropriate and cross-selling each other's services. They have also undertaken some joint marketing, eg, taking a business advice caravan around industrial estates, with shared staffing. The council has also provided a 'hot desk' facility in the Belvedere Business Centre for use by partners.

Bexley council itself plays a prominent role in the delivery of business advice, holding a contract with Business Link for London, and also hosting a financial specialist (a secondee from Greater London Enterprise). In addition it provides administrative support for Bexley Business Club, which provides networking opportunities for very small companies.

rather than chasing pots of money for one-off projects. Success has brought further success, in reinforcing their ability to secure more funding in future (from RDAs, EU funds, government offices, etc).

Blackburn with Darwen have some dependence on outside sources, with nearly half of their activities and staff supported by external funds. Their experience gives them confidence, however, in their ability to manage the consequent risks, and they are now working up a major five year programme for NWDA Single Pot funding, via the Local Strategic Partnership. Funders look on Blackburn positively for their ability to spend allocations to profile.

Councillors are more prepared to invest council monies to lever more external funding and private sector investment. They can see the impact around the borough. Year-on-year, the council's activities contribute to around 1,000 jobs, the formation of 50 new businesses, and over £5m of new investment.

Eastleigh have limited sources of external funding to access. They have been imaginative in finding ways of creating low-cost accommodation for small businesses. For example, they brokered an arrangement whereby Chloride were able to dispose of a redundant warehouse to the charity, the Enham Trust. At 12,000 sq ft, the premises were too large for the trust's needs and the council agreed to market the remainder to social enterprises/not-for-profit organisations – thus creating one of the first social enterprise workspace projects in the country. The council provides the reception facility, and helps ensure that tenant organisations are aware of business support on offer. The centre has around 90 per cent occupancy, has reduced the commercial risk for Enham and the council has covered its own costs. Eastleigh have also promoted Wessex House, creating more workspace and solving a problem for a company with an empty building and an outstanding lease. This too has been successful, with a high level of occupancy.

Eastleigh's experience in using Section 106 provisions in negotiating planning agreements has also been productive:

### **Eastleigh: Section 106 and IBP Ltd**

Eastleigh council made use of Section 106 of the Town and Country Planning Act 1990 (the power for local planning authorities to negotiate planning obligations when granting planning consent) in negotiations with developers of Southampton International Business Park, adjacent to Southampton Airport. On the grounds that the development of this industrial area would have knock-on effects on local businesses (eg, by exacerbating skill shortages), the council were able to make the case for funding to provide training services for local small companies and for unemployed people.

This led to the creation of IBP Ltd, an arms-length employment and training agency serving local employers and jobseekers, steered by a private sector-led board with representatives of BAA plc, Jobcentre Plus, Eastleigh College and others, and capable of developing its own funding streams. IBP has a very successful track record, and is now hosting a south east pilot 'Employer Learning Hub', testing new approaches to employer engagement in workforce development.

### **joining up within the council – future directions**

All the Beacon councils recognise the importance of very good relationships within the council in pursuit of economic development objectives. The 'problem solving' ethos described above is part of this; another aspect is the recognition that local authority regulatory services must play a positive role in supporting business development, rather than seeking to police and control what businesses do.

Areas where Beacon councils are looking to do more to promote and co-ordinate their activities across the council include:

- business crime (eg, in Eastleigh, where the economic

development team is working with the Community Safety Officer to target hot spots, making use of their business contacts and intelligence);

- town centre redevelopment (Rotherham, as one of the towns featuring in the Yorkshire Renaissance Towns initiative); and
- procurement (where economic development teams are keen to explore how the substantial purchasing power of their authorities can be used to local economic development ends).

On procurement, Bexley council are identifying how their contracts can be broken down into smaller chunks to enable SMEs to compete, and mounting seminars to explain how the local authority tendering process works. Knowsley are looking at the likely effects of e-procurement on supply chains, including how this may make it more difficult for small businesses to compete. They are proposing meet the buyer events, help for SMEs to improve their capacity, and reviewing ways of opening access to contracts. These developments fit with the draft National Procurement Strategy for Local Government. This has as part of its vision that by 2006, all councils will be "confidently operating a mixed economy of service provision with access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, minority businesses and voluntary and community sector suppliers".

## key messages

From the interviews with Beacon Councils and local employers, the following key messages stand out:

### for local authorities

Provide leadership for economic development

- Develop well-argued, well-researched strategies, in conjunction with partners and deliver change.
- Invest time and effort in understanding the local economy, local businesses and decision-making, and the interplay of wider economic forces.
- Help businesses and other stakeholders to take a longer-term perspective. What action is needed to anticipate future local challenges and ensure that the area remains a competitive location for business?
- Encourage businesses and local communities to see where there are mutual gains. How, for instance, authorities and partner agencies can work with employers to create job opportunities for disadvantaged local residents.
- Don't try to do everything:
  - concentrate on those activities where the local authority can best add value, and...
  - ...support partners doing the rest.

### engage business

- Go out to local businesses. Build and sustain relationships. Make special efforts where relationships may be limited at present, eg, with minority ethnic business communities.
- Listen hard to what businesses are saying. What are the factors driving them and concerning them? What can the local authority do in response?
- Support means of bringing businesses together to address common agendas, eg, in unlocking infrastructure barriers to area competitiveness.

- Make it easy for businesses to get involved in strategies and developing services and initiatives.
- Value the leadership and the 'reality checks' business people can bring.

#### **adopt a problem solving, customer-oriented approach**

- Take responsibility for responding to business problems and issues. Promote a 'can do' approach.
- Mobilise effort, within the council and with partners, to help local businesses overcome barriers to competitiveness.
- Understand business requirements and expectations, and go out of your way to meet these.
- Make it easier to engage with planning processes, and help developers create the space that new and growing businesses need.

#### **Join up activities with partners and within the council**

- Understand the roles and contributions of different parts of the local authority and partner agencies. What drives and what constrains them, and how can synergies be best exploited?
- Ensure seamless services for local businesses.
  - Plan service development with partners.
  - Avoid duplication and harness resources in a common direction.
- Foster a performance culture across the authority, with accountability for action, tracking delivery and achievements, and learning from what works and does not work.

#### **for central government and agencies**

- Pursue more effective partnership working with local authorities. Encourage stronger links between economic development and other themes like crime reduction and community safety where businesses have an interest.
- Provide greater flexibilities and freedoms for local authorities to play a fuller role in fostering business growth.
- Promote new flexibilities that have been introduced, eg, in legislation relating to the disposal of land at less than 'best consideration', and encourage wider use of the community well-being power.
- Understand how local authorities add value in packaging the activities of partners at local level, in addressing local needs. Apparent overlap in agency responsibilities does not necessarily mean duplication of effort and resources. Local authorities can and do make things happen outside the specific remits and priorities of government agencies.
- Encourage authorities to develop their procurement strategies in order to open up opportunities for small firms, social enterprises, minority businesses and voluntary and community sector suppliers.
- Seek to reduce bureaucratic requirements in programme bidding, management and reporting. Co-ordinate monitoring across funding streams.



## resources

### beacon council websites

[www.eastleigh.gov.uk](http://www.eastleigh.gov.uk)

[www.bexley.gov.uk/business/business.html](http://www.bexley.gov.uk/business/business.html)

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(Beacon site:

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IDeA Knowledge ([www.idea.gov.uk/knowledge](http://www.idea.gov.uk/knowledge))

Local economic strategies route map

Economic development and regeneration self-assessment for service improvement

Local Government Association (2001) Shaping future prosperity: a survey of the local authority role in economic regeneration and future economic regeneration: the local authority role

[www.lga.gov.uk](http://www.lga.gov.uk)

National Audit Office (2001) Joining Up to Improve Public Services

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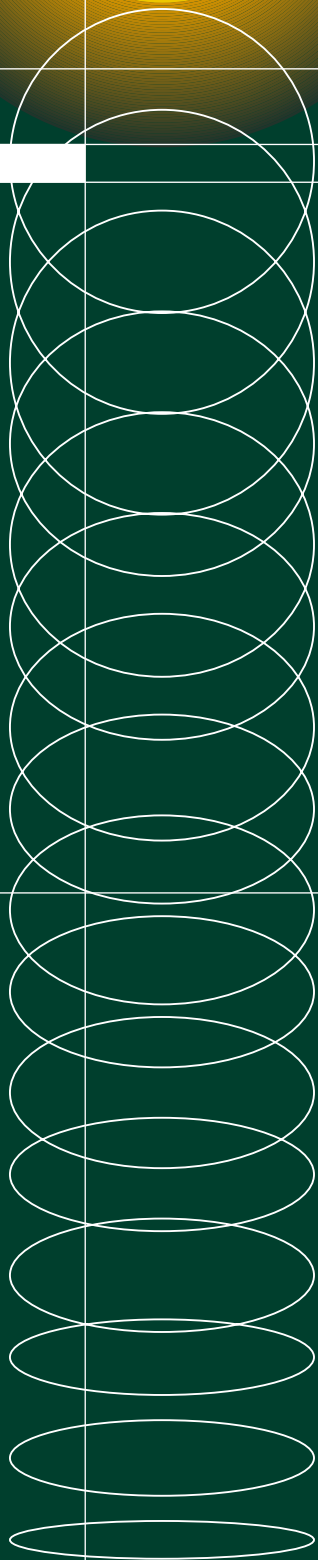
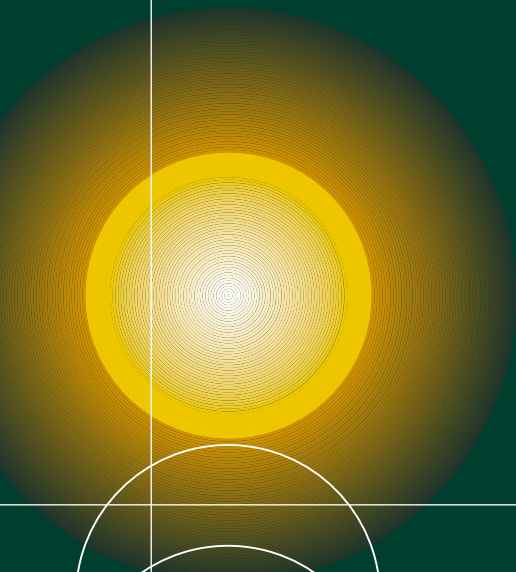
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