When it comes to the crunch...

How councils are responding to the recession

Local government

August 2009
The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.
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Executive summary

The recession is affecting each area differently; areas that were already deprived have been worst affected so far.

- Councils in the West Midlands and Yorkshire and The Humber regions have reported the most impact, those in the South West and Eastern the least.
- Manufacturing, finance and distribution have seen the greatest falls in job numbers, and the NHS and education the greatest increases.
- Low-skilled jobs have been worst affected; these are often concentrated in deprived areas.

Most councils have taken sensible, low-risk steps to support businesses, labour markets and vulnerable households.

- Councils expect the impact of their initial responses to be modest.
- Some councils have been more ambitious and active, developing tailored interventions to support important local employers and other, more complex, responses.
- The more ambitious councils tend to have experience of widespread deprivation, and the capability and resources to develop responses and manage any risks involved; most councils do not.
- More than two-thirds of single-tier and county councils (ST&CC) believe current pressures are strengthening partnership working, but not all partnerships are operating as well as they might.
- A sound overall plan, understood by everybody, targeted on local issues and delivered in partnership, should make local action more effective.
Government action needs to widen from business support to tackling employment and social issues as the recession progresses.

- The country is suffering the initial economic effects of the recession, where businesses fail and jobs are lost.
- An extra 720,000 people registered unemployed in the 12 months to June 2009. Average forecasts are for 750,000 more registered unemployed by mid 2010, with unemployment not falling markedly until 2012.
- Debt problems and house repossessions are increasing, but broader social problems, such as homelessness and mental health issues, are expected to follow.
- Long-term social problems may blight whole communities that fail to see growth once the recession has ended.

Many councils, including those that have escaped the worst effects to date, should be doing more to prepare for the future.

- All areas can expect to be affected by increasing unemployment, including those that have yet to be badly hit.
- There has already been greater demand for benefits, debt and welfare advice. Councils are anticipating increased demand for school places and for services for older people, children and people with mental health problems, but only a third have experienced them to date.
- The role of councils will become increasingly important as the recession spreads from businesses into communities.
- Councils should be preparing now for the social, financial and economic development challenges ahead.
Executive summary and recommendations

Councls are very uncertain and concerned about the level of future funding.
- The three-year grant settlement has meant central government funding has been stable.
- But all councils' finances have been affected by the recession; 90 per cent of districts have lost income, for example planning fees, car parks and interest.
- Almost all councils have stepped up their efficiency programmes.
- Addressing one pressure can exacerbate another; for example, over half of councils have redundancy programmes, which will increase local unemployment.

Councls find the plethora of national schemes confusing, and are unclear whether, or how, the schemes will address their specific, local problems.
- There are around 50 central government schemes mitigating the recession. Councils find it hard to keep track of them, especially when there is a delay between headline announcements and details.
- Too few national schemes utilise the local knowledge and targeting that councils can provide. Many have complex or restricted eligibility, or bureaucratic application processes.
- Local interventions can be quicker and more effective.
Recommendations

Councils should ensure they:
- avoid complacency over the recession’s impact, since the most substantial pressures have yet to emerge;
- fully understand their economy, and the impact of the recession on businesses, people, capital developments and demand for services;
- work with local partners, business leaders, property developers, neighbouring authorities and regional bodies to gather intelligence and agree a strategic response; and
- implement a strategy that has clear objectives, is tailored to local issues and focuses on both the coming social impact and the future recovery.

Central government should work more effectively with councils and local strategic partners by:
- clarifying its overall strategy and the outcomes desired from each national scheme, and explicitly assessing whether local knowledge would help achieve them;
- designing simpler schemes that can quickly address emerging local problems by: devolving funding to local authorities or local strategic partners; joint commissioning; or applying flexible qualification criteria;
- explaining the rationale for involving local bodies, or not, in all national schemes;
- managing national schemes against planned outcomes, avoiding detailed, bureaucratic processes; and
- engaging now with the localities that will need support as the wider recovery begins, using mechanisms that already exist, including local and multi-area agreements.

The Audit Commission will support councils to mitigate the effects of recession.
- Further reports will track development of the recession and provide information about responses by local public bodies.
- Comprehensive Area Assessment (CAA) will challenge local strategic partnerships to operate effectively in delivering outcomes in areas.
Recession is affecting local areas

1 In the second quarter of 2008, the UK economy contracted following 16 years of growth. By the summer of 2009, economic output had fallen for five consecutive quarters with a cumulative decline in output of 5.7 per cent.

2 The downturn has affected labour markets, demands on public services and public finances. Central, regional and local government can all contribute to reducing the impact and supporting the future development of the economy.

Audit Commission research

3 This is the second in a series of Audit Commission reports on the recession. The first, Crunch Time? (Ref. 1), published in December 2008, considered the impact on local authority finances. An updated review of the financial impact will be the subject of a third report in early 2010.

4 The Commission has produced other relevant reports including A Mine of Opportunities (Ref. 2), which reviewed the regeneration of coalfield areas; Room for Improvement (Ref. 3), which assessed asset management; and an examination of strategic housing management, Building Better Lives, which will be published in the autumn.

5 This report draws on emerging findings from the CAA

i CAA is the new framework through which the major public service inspectorates will jointly make independent assessments of how well local people are being served by their local public services.

Purpose of report

6 This report provides up-to-date information on how local areas have been affected by the recession. Although the research gained evidence about partnership working, it largely focused on local authorities. It will help local and central government to improve their activities by providing a picture of the variety of responses and the factors that should be taken into account as they decide on their next steps.
Methodology

7 This research used the following elements in its methodology (see Appendix 1):
- a survey of local authority chief executives carried out in May and June 2009. This attracted a response rate of 55 per cent;
- structured interviews carried out by CAA Leads (CAALs)\(^i\) and their teams, in over half of ST&CCs;
- in-depth case study visits to 11 local areas, which included interviews with local partners; and
- specially commissioned academic research.

8 More material will be made available on the Audit Commission website including the full survey results, a list of the government’s national recession schemes, and a checklist for members.

\(^i\) These are Audit Commission local leads for CAA.
Chapter 2

The local effects of the recession

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The life cycle of a recession

Economic waves

9 A recession is a period during which economic output declines. The impact this has is complex, and affects individuals and households in many different ways.

10 The Audit Commission has developed a model describing the stages of a significant recession, and the subsequent recovery:

- **Wave 1: Economic.** A relatively short period where economic output declines; firms fail or reduce staff numbers; unemployment rises quickly; and real incomes fall.
- **Wave 2: Social.** A longer period in which output growth returns, but job losses continue. Unemployment remains high, bringing with it increasing housing, health and domestic problems.
- **Wave 3: Unequal recovery.** Recovery occurs when the economy is expanding and unemployment has passed its peak. Investment and economic development return, but not all areas benefit. Some continue to decline, while others bounce back.

11 A fuller analysis of the waves is included at Appendix 2.

12 Different tiers of government have distinct roles in each wave. Central government has a leadership role throughout but, as the initial effects spread widely into local communities, local government and its partners become ever more relevant:

- **Wave 1: Protect.** Central government acts to stabilise the economy and support key business sectors, while providing a safety net of benefits. Councils can take steps to save local businesses and help local people.
- **Wave 2: Support.** Central government continues economic and welfare interventions, but councils and their partners become more important as local people increasingly need their services. Councils develop specific responses to address local priorities and deliver central government programmes.
- **Wave 3: Recover.** Recovery is uneven. Central, regional and local government often work together to invest in areas unable to recover through training, labour market and social programmes.

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1 Recessions are often defined as two quarters or more of negative growth. However, sustained below trend growth is often also viewed as recessionary.
Figure 1 illustrates these waves, their impact and the way that government bodies respond.

Not all places see all of the effects at the same time, since they depend on the local economy; nor are the waves entirely discrete. For example, unemployment and bankruptcies continue into wave 2, and some social effects develop while the economy is in wave 1.

Figure 1: Responses to the three waves of a recession

Economic effects generate social problems, and some areas are left behind in a recovery.
Local government in a recession

Councils play a fundamental role in shaping their economies, as employers and purchasers and through their local leadership and economic development activities. There are three main strategies (Ref. 4):

- **Growth management** is needed during periods of economic growth. Councils try to manage demands by expanding services, development control and planning restrictions.

- **Economic restructuring** comes after recessions or when national growth has bypassed a locality. Efforts are made to reshape local economies by attracting capital investment, encouraging entrepreneurs, and building skills.

- **Recession management** is needed during downturns. Councils defend economic capacity by helping local businesses, and preserve social capital by focusing on local employment and skills.

Councils therefore can play an important role at all stages of the economic cycle. In periods of growth, some councils will have been involved in growth management, but others in economic restructuring. All have to adopt different policies during the recession, since growth is absent – applying recession management in wave 1, then switching to restructuring for waves 2 and 3.

Deprived areas, with a long-standing focus on reshaping their local economies, have more experience of dealing with the effects of economic decline than prosperous areas where the focus would have been on growth management.

Councils make their own decisions on how best to support their local economies and citizens. Councils and others must ensure that public money invested in recession responses is well spent. This report identifies the criteria and approaches to increase the probability that they will do so.

The 2008/09 UK recession

**Economic change**

The decline in UK economic output started in the second quarter of 2008. By mid 2009, it had continued for five quarters, with a cumulative fall of 5.7 per cent, the worst for 30 years. The economy was still contracting in the second quarter of 2009, when the research for this report was carried out. The UK was, for the most part, in the first wave of recession.
This recession followed a period of nearly 16 years of economic expansion at an average rate of nearly 3 per cent per year. The second part of this expansionary period saw public spending rise, as a share of GDP, from 36 per cent in 1999/2000 to 43 per cent in 2008/09.\(^1\)

Following the global banking crisis, banks tightened lending criteria and businesses and individuals have found it harder to access capital. Consequences of this include:
- falls in output – most marked in manufacturing, construction and retailing;
- a rise in (claimant count) unemployment of 720,000 in the 12 months to June 2009;
- a sharp fall in house prices from their peak in the last quarter of 2007, with falls of around 20 per cent in all regions of England;\(^{ii}\) and
- a 70 per cent fall in housing transactions between 2007 and 2009.\(^{iii}\)

The fall in GDP is slowing, and some predict the economy will grow in the third quarter of 2009. However, if the pattern of the last two recessions is repeated, unemployment is likely to keep rising for some time, bringing inevitable social consequences. Average forecasts are that 750,000 more people will register as unemployed by mid 2010 and unemployment will not fall noticeably until 2012 (Ref. 5).

The local impact of the recession

Figure 2 shows how different aspects of local economies have been affected.\(^{iv}\) Private sector developments have been badly hit, and are the most widespread issue caused by the countrywide shortage of credit and falling property values. Employment, businesses and vulnerable households have been affected to some degree in most places, but the most serious effects are concentrated in fewer areas. All the reports of significant negative impacts were made by only 29 per cent of councils.\(^{v}\)

So far, employment levels have been more badly affected than vulnerable households, as the financial effects of redundancies have yet to be felt.

\(^1\) Source: HM Treasury.
\(^{ii}\) Source: Nationwide house price index.
\(^{iii}\) Source: Land Registry. Figures are for England and Wales.
\(^{iv}\) The analysis of impact on the economy in this chapter uses the survey results for ST&CCs to provide a local area agreement area focus and to avoid double counting of district council and county council views on the same area.
\(^{v}\) Negative impacts on employment, businesses and vulnerable households.
The local effects of the recession

Figure 2: Impact of recession on different issues (ST&CCs)
Private sector developments are most severely affected

Source: Audit Commission survey of council chief executives, June 2009
**Examples of impacts**

**Oxfordshire** – Businesses report a shortage of credit. House building has virtually stopped and community infrastructure is threatened due to a shortfall in private sector contributions through Section 106 agreements.

**Somerset** – Generally, unemployment has risen but it is still low compared with national and regional levels. Some industries have been affected but, again, not to the national levels.

**Plymouth** – In the short term, job losses are the biggest problem. The number of people claiming Jobseeker’s Allowance has doubled in 2008/09. Two large firms are currently looking to shed jobs.

**Bournemouth** – The recession has had limited impact so far. The main financial institution in the area has not been affected by the downturn in the financial sector. Unemployment rates have increased, but are still comparatively low.

**South Gloucestershire** – For now, the impact of the recession is mostly on small businesses and a reduction in opportunities for those leaving education and those wishing to start or return to work.

**Lambeth** – The Council and its partners, especially the South Bank Employers Group, have been monitoring the effects of the recession since mid-2008. There has been no impact on tourism on the South Bank, which remains healthy in line with other parts of inner London.

**Scarborough** – The lack of liquidity in money markets has had an impact on some of the Council’s development partners in the bigger schemes in the area. The Council has intervened in one case to change a scheme to ensure that it can progress.

**Scarborough** – The slowdown in retail has had disproportionate effects in some areas, such as Whitby, where Woolworths’ closure increased unemployment by almost 100 people.

**St Helens** – Working with the police, the council acknowledged that community tensions may rise during the economic downturn and have therefore put enhanced intelligence processes in place, as part of the Prevent Strategy, to enable officers to better respond to any issues that emerge.

Source: Audit Commission Comprehensive Area Assessment Leads (CAALs)

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**Geographical variations**

25 There is a wide variation in local impact. In the survey, councils in the West Midlands and Yorkshire and The Humber Regions reported the most substantial effects, while those in the South West and the East felt significantly less affected. Eighteen per cent of ST&CCs (almost all of them county councils and unitary authorities) already perceive signs of an upturn.
Some areas are seeing major local job losses, while others are relatively unaffected. There are a number of reasons for these variations:

- The impact of the recession on sectors – the greatest job losses have been in manufacturing, distribution and hospitality, and finance and business services. Employment in health and education has increased (Figure 3).
- The types of jobs lost – unskilled workers have been most affected by the rise in unemployment (Figure 4).

These factors particularly affect deprived areas as:

- they have higher proportions of unskilled workers; and
- their economies tend to rely on manufacturing, on routine jobs in financial and business services (such as mortgage processing and call centres) and have a high number of distribution jobs.

![Figure 3: Number of jobs lost by sector in England (March 2008 to March 2009)](image)

Jobs have been lost in manufacturing, distribution and hospitality, and finance and business services.

Source: (ONS – Workforce Jobs)
Figure 5 illustrates the broad pattern of how different types of ST&CCs have been affected. Areas covered by metropolitan district councils are generally more deprived and have been worst hit. London boroughs varied from very deprived to very prosperous before the recession, but generally have not been as badly affected. County councils are least affected, tending to be more rural and relatively prosperous. Farming and UK-based tourism, for example, are holding up relatively well.

### Table: Unemployment Growth by Occupation

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<th>Share of total employment 2008 (%)</th>
<th>Share of total additional Jobseeker’s Allowance claimants June 2008 to June 2009 (%)</th>
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<td>Managerial and professional workers</td>
<td>44</td>
<td>19</td>
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<tr>
<td>Skilled non-professional workers</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>Low and unskilled workers</td>
<td>26</td>
<td>50</td>
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Source: Annual Population Survey and NOMIS Claimant Count data set

This pattern is based on the perceived impact of the recession, and councils, assessment of their pre-recession position as reported in the survey, findings from structured interviews with councils and statistical analysis.
Overall, a clear pattern emerged in which the areas worst affected by the recession were those that already had the weakest economies, with many still to recover fully from the last recession. This is reflected in national statistics. Figure 6 shows that areas with the highest levels of unemployment before the recession have seen the greatest percentage point increases in their unemployment rates.

Percentage point change is a measure of the absolute number of additional unemployed as a share of the working age population (a 2.3 percentage point increase equates to 23 additional unemployed per 1,000 working age population). Percentage change in the number of unemployed is a measure of change relative to the original unemployed base. Prosperous areas have seen higher percentage increases in numbers of unemployed as they start from lower bases. Deprived areas have had higher percentage point growth as they have seen larger increases in absolute numbers.
Areas with the worst unemployment rates to start with have seen the largest increases in their Jobseeker’s Allowance claimant rates.¹

Figure 6: Change in Jobseeker’s Allowance rates in local authority areas

Average Jobseeker’s Allowance rate June 2008 – Quintiles

Source: Office for National Statistics and NOMIS

¹ Percentage point change is a measure of the absolute number of additional unemployed as a share of the working age population (a 2.3 percentage point increase equates to 23 additional unemployed per 1,000 working age population). Percentage change in the number of unemployed is a measure of change relative to the original unemployed base. Prosperous areas have seen higher percentage increases in numbers of unemployed as they start from lower bases. Deprived areas have had higher percentage point growth as they have seen larger increases in absolute numbers.
Chapter 3

Recession responses

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The most persistent negative impacts of a recession are linked to long-term unemployment. This scars the lives of families and communities and is costly for the taxpayer. Preventative action in each wave can lessen the negative impacts of the next. Saving a firm during wave 1 can prevent its workforce from becoming unemployed, avoiding wave 2 issues such as depression and homelessness. Providing training during wave 2 can help workers re-enter the jobs market – preventing short-term unemployment from becoming long term. It is important that all tiers of government play to their strengths, and recognise where they have weaknesses, so that the recession response is co-ordinated and effective.

National and regional responses

The government has recognised the need for early macro-economic and industrial policy interventions, and for providing support to people affected by economic decline. It has announced a substantial increase in public expenditure in the short term, paid for by borrowing, leading many commentators to expect reductions in public expenditure in years to come. The Bank of England has cut interest rates sharply and engaged in a policy of repurchasing government stock to stimulate the economy.

Under the Real Help Now programme, the government has provided advice and support for businesses and people. It has taken direct action to reduce the chances of households that fall behind with their mortgages having their homes repossessed. The government has also announced a range of schemes to help business.

Regional development agencies provide support to businesses, primarily new start-ups and small and medium-sized companies. They provide direct finance and a wide range of advice, as well as managing Business Link, a key access channel for business support and advice. The Homes and Communities Agency (HCA), the national housing and regeneration agency for England, also plays an important role. Formed in December 2008, it has responsibility for administering some key programmes to stimulate the housing market, including Kickstart Housing Delivery and funding for local authorities to deliver new council housing.
Challenges for local government

34 Central government has asked local authorities, as local area leaders, to take active steps using their well-being powers. Local Strategic Partnerships (LSPs) are expected to put the local economy high on the agenda, but also need to manage their finances, and deliver efficient and effective services.

35 Councils believe that it is possible to mitigate the effects of the recession. Three-quarters say councils can make a substantial difference to local economies and nine-tenths say that they can support vulnerable households. This conviction has translated into an active response to the recession by most.

36 But there are limits to what councils and LSPs can achieve in a global recession. They are significant employers and purchasers, but they may feel constrained.

- The availability of resources limits what councils and LSPs can do. They may not be able to invest on a big enough scale to make much difference, and their own financial pressures may require them to make redundancies.
- Councils recognise that European Union law precludes them from favouring local firms. However, if it is relevant and proportionate to a contract, they can specify requirements that improve the chances that any jobs created will accrue to the local area, for example that environmental impact and travel should be minimised.
- Forty per cent of councils think that limitations in their powers are a barrier, although their powers are, in fact, extensive.

Council responses

37 Most councils are acting to support businesses, people and capital projects in their area. Helping businesses and the unemployed are their highest priorities. Planning for the recovery has been given a somewhat lower priority.

The analysis of councils’ responses in this chapter accounts for the different responsibilities of county councils compared with single-tier authorities. In each figure the denominator is only councils that provide that service. For example, counties are not included in the denominator for housing-related actions such as rent rebates.
Local priorities vary

Kent County Council has two explicit corporate programmes in response to the recession: Backing Kent Business and Backing Kent People. The focus on Kent’s business sector is significant; it has over 50,000 businesses, of which 98 per cent are small and medium enterprises employing fewer than 100 people. Backing Kent Business covers ten commitments to the business community including prompt payment, delivering the Council’s capital programme, and establishing a Property Enterprise Fund.

London Borough of Lambeth has focused on people issues. As a deprived residential area, it has acted by:
- expanding capacity in its advice centres to provide more financial and debt advice to residents;
- creating a home-visiting advice service on energy efficiency;
- reviewing the role of the credit union as a possible vehicle for delivering financial services to a broader range of residents; and
- undertaking a project for 2010/11 to map council tax and rent arrears and identify households in need of financial or debt advice.

Supporting businesses

The main council activities to support businesses are set out in Figure 7. These fall into three main groups:

- **Changing corporate behaviour.** All ST&CCs have changed their behaviour. Eighty-nine per cent have introduced prompt payment schemes, usually reducing payment times to either 10 or 20 days. Around 40 per cent are promoting local firms within their procurement processes and encouraging the use of local labour by contractors. Just under 50 per cent are supporting firms in paying business rates, usually by extending payment periods from 10 to 12 months.

- **Providing basic information.** All ST&CCs have offered basic support and advice, directed firms to national schemes, and/or alerted businesses to Small Business Rate Relief.

- **Complex, targeted interventions.** Some ST&CCs have provided specific support to save struggling local firms, liaised with banks to help firms access credit, or set up banks. These complex, targeted interventions have been much less common, since they tend to be more difficult and risky, and require greater expertise. However, they can have high impact.
Recession responses

The focus to date is appropriate for wave 1. However, as the recession moves into waves 2 and 3, the focus will need to shift towards addressing social issues arising from long-term unemployment.

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- Changing corporate behaviour.
  - All ST&CCs have changed their behaviour. Eighty-nine per cent have introduced prompt payment schemes, usually reducing payment times to either 10 or 20 days.
  - Around 40 per cent are promoting local firms within their procurement processes and encouraging the use of local labour by contractors.
  - Just under 50 per cent are supporting firms in paying business rates, usually by extending payment periods from 10 to 12 months.

- Providing basic information.
  - All ST&CCs have offered basic support and advice, directed firms to national schemes, and/or alerted businesses to Small Business Rate Relief.

- Complex, targeted interventions.
  - Some ST&CCs have provided specific support to save struggling local firms, liaised with banks to help firms access credit, or set up banks. These complex, targeted interventions have been much less common, since they tend to be more difficult and risky, and require greater expertise. However, they can have high impact.

Figure 7: Support for businesses (ST&CCs)

Source: Audit Commission survey
Supporting people to find jobs

Actions taken to help local people access jobs are set out in Figure 8. Again, there are three main groups:

- **Enhanced partnership working.** Most ST&CCs are working more closely with other unemployment and training service providers including Jobcentre Plus, learning and skills councils and relevant third sector bodies. This reduces the risk of duplication and should provide a more joined-up service for people needing help.

- **Advice and support.** Some ST&CCs are helping redundant workers with job search support and advice on training and employment. Over 90 per cent are working with Jobcentre Plus and other partners, focusing on supplementing, rather than duplicating, their services.

- **Direct employment and training.** Fewer ST&CCs are currently undertaking these relatively costly options, though most are planning some. Direct employment may be a difficult option at a time when many councils are making people redundant.
Recession responses

Figure 8: **Action to help people find jobs (ST&CCs)**

- Closer working with Jobcentre Plus
- Closer working with relevant third sector bodies
- Closer working with learning and skills councils
- Providing information on job opportunities
- Providing employment and training support and advice
- Joined a local employment partnership as an employer
- Introduced or provided more apprenticeships
- Introduced or provided more work placements

<table>
<thead>
<tr>
<th>Partnership working</th>
<th>Information and advice</th>
<th>Direct employment and training</th>
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<th>Percentage of respondents</th>
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<td>15</td>
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<td>32</td>
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</tbody>
</table>

Source: Audit Commission survey
Working with unemployment partners

**Rotherham Metropolitan Borough Council (MBC)** is acting as a coordinator for business advice, support and retraining while working with regional partners, including Jobcentre Plus, to monitor trends in the job market. Through this, Rotherham helped 88 staff (over 50 per cent of the workforce) made redundant by a local manufacturing firm to find alternative employment or training before the closure of the plant.

**The London Borough of Ealing** has introduced Jobcentre Plus personal advisors at three children’s centres. The aim is to help parents of children living in poverty to access advice about re-training and entering the labour market.

Job search support and employment advice

Executive Plus is an employment advice service provided by the **London Borough of Sutton**, working with Jobcentre Plus, the local chamber of commerce and the Citizen’s Advice Bureau. It is aimed at professionals and executives who lost their jobs in the recession, and gives advice tailored to this client group on re-entering work, retraining and starting a business.

Jobseekers in Harrow will have a jobs service brought to their doors. Officers working for the **London Borough of Harrow**’s Xcite outreach employment project will bring Jobcentre vacancies and training opportunities to residents at their housing estates and at children’s centres. They will offer advice to those who are unemployed, living in social housing and lone parents.

In **Derby**, the Council and the Jobcentre Plus are working with local industry to identify aerospace engineers who have recently been made redundant from Rolls Royce. They are finding them jobs in local manufacturing or high-tech firms that require similar skill-sets. By doing so, they retain high skills and also stop the newly unemployed from becoming the long-term unemployed.

Providing employment

**Gateshead Metropolitan District Council (MDC)** will double the number of apprenticeships that it offers. It has already started the search for new recruits and is looking for people aged between 16 and 18 to become apprentice highways operatives, joiners, bricklayers, electricians, heating and ventilation engineers and motor vehicle fitters. The commitment on apprenticeships is part of a £200 million, ten-point plan to help the local economy cope with the recession.
Recession responses

Supporting vulnerable households

41 Two main types of support for vulnerable households are available (Figure 9):

- **Basic information and advice.** Most ST&CCs are providing advice on benefits and debt.
- **Financial support.** About 50 per cent of ST&CCs have changed policies on council tax or rent payments, and provided support for credit unions, council tax rebates and home insulation schemes. Mortgage loans and loan guarantees are more risky and complex, requiring greater expertise. They have been offered far less frequently, and almost exclusively by metropolitan districts and unitary authorities.

Support and advice for households

**Reading Borough Council** has offered assistance to the local credit union, and together they have launched a targeted campaign offering financial advice and warning of the dangers of loan sharks. **Derbyshire County** and **Derbyshire Dales District Councils** have both increased efforts to promote debt advice, with the latter putting £125,000 over two years towards supporting debt advice through the Citizens Advice Bureau.

Financial support for vulnerable households

**Essex County Council** has given a £100 council tax rebate to 30,000 vulnerable households. **North Yorkshire County Council** has spent £167,000 on the creation of a credit union, and has made available another £200,000 for cashflow purposes. Libraries and district councils will provide offices for the credit union, with staff taking deposits.

**Doncaster Metropolitan Borough Council** is offering a deposit loan scheme, providing support to people raising deposits to rent properties.

Supporting places

42 About two-thirds of ST&CCs and nearly half of districts have acted to support capital programmes, to maintain investment, and to ensure that projects key to an area’s future recovery in wave 3 are completed. A number of councils cited the HCA as a helpful part of this process.
Figure 9: Actions to support households (ST&CCS)

- Provision of debt and financial advice and counselling
- Benefits take-up initiatives
- Extending deadlines for council tax payment
- Extending deadlines for rent payment
- Support for credit unions
- Provision of free or discounted home insulation
- Council tax rebate schemes
- Mortgage loans
- Mortgage loan guarantees
- Helping with bills
- Financial support
- Information and advice
- Implemented
- Planned

Source: Audit Commission survey
When it comes to the crunch...

Audit Commission

**Private capital schemes**

As a result of the recession, a large MDC’s preferred developer for a prime retail site has withdrawn from a £500 million transformation project. Other developments are also affected.

More is planned than has yet been delivered, perhaps because renegotiations and rescheduling of these long-term projects can be complex and time consuming.

44 Over 40 per cent of ST&CCs have brought forward their capital programmes.

**Bringing forward capital programmes**

**East Riding of Yorkshire Council** has brought forward £4.5 million for:

- refurbishing houses to the decent homes standard;
- highways and property maintenance;
- flood resilience;
- new council houses; and
- an expansion of the customer service centre network, to improve the provision of front line services and access to those services throughout the East Riding.

Some ST&CCs have supported private capital programmes through flexibility around planning permission and section 106 payments. They have also directly invested, providing support to developers, or increasing their stake in joint public/private schemes where private partners are unable to access finance. These actions are expensive and the investment decisions are difficult. They have been pursued largely by metropolitan districts and unitary authorities.

45 There has been no new private sector housing activity in the Borough for the last six months. The local housing association is continuing with some schemes that are supported by the HCA.
Figure 10: **Actions to support capital programmes (ST&CCs)**

- Bringing forward major capital programmes: 23% implemented, 30% planned
- Renegotiating Section 106 agreements: 38% implemented, 25% planned
- Increased council’s stake in joint public/private capital projects: 19% implemented, 15% planned
- Reviving stalled private housing development by purchasing land: 27% implemented, 21% planned
- Providing financial support to developers: 28% implemented, 19% planned
- Buying unsold new private housing for social use: 28% implemented, 19% planned

**Source:** Audit Commission survey
Recession responses

Themes within responses

46 At a broad level, the response of local councils to the recession appears extensive. All councils have responded in some way. Most have taken sensible, low risk steps to support businesses, help labour markets and support vulnerable households.

Most responses have been basic and low risk

47 The level of sophistication of council responses varies. Actions range from straightforward, universal services, such as debt advice, through to more complex interventions. The more sophisticated approaches, such as bespoke support for individual firms facing bankruptcy, require targeting, good local intelligence and a flexible approach. Some also require specialist expertise, and a willingness to take risks, for example in establishing a bank.

48 The more straightforward actions are easier to introduce and helpful for individual businesses or people, but may have limited impact on the overall local economy and community. The more complex responses are more difficult and potentially more risky. However, they can bring great benefits, sometimes at low cost, provided the council has the capacity and the risks are well managed. Few councils have attempted many of these actions.

49 A number of publications have highlighted the more interesting approaches being adopted by some councils. However, the Commission’s research provides an overview of the response of the whole sector, and the story is somewhat different. Innovation is rare; most councils have focused on tried and tested activities. Many have followed the sensible suggestions made by the Improvement and Development Agency. Some deprived areas are carrying on with slightly scaled-up versions of their previous strategies. A few councils are offering comprehensive, strategic responses, which include more difficult, but potentially more impactful, options.
Variation by council type

In general, metropolitan districts and unitary authorities have been more active than other types of council, which may reflect the variation in impact to date (as shown in Figure 5). For example:

- more are using complex and targeted interventions. On average metropolitan districts and unitary authorities have implemented twice as many of these actions as counties and London boroughs;
- county councils and districts are substantially less likely than single-tier councils to be offering employment support measures; and
- around half of counties, metropolitan districts and unitary authorities have brought forward their own capital programmes. A much smaller proportion of London boroughs and districts have done so.

District councils have been much less active than other types of council. They are not the economic development lead in two-tier areas and more are reporting that their financial position has been negatively affected by the recession, constraining their ability to respond.

Example of a comprehensive approach

Wakefield MDC’s actions are split into business and individual support.

Individual support includes:
- A mortgage assistance scheme which provides interest-free loans to homeowners with mortgage arrears and is intended to prevent homelessness. Loans of £2,000 to £15,000 (secured on the home) cover arrears and up to 12 months of mortgage instalments over a 3 year term, subject to eligibility criteria. This scheme has now been adopted across West Yorkshire and run by Wakefield. In 2008/09, 25 loans were granted from 45 applications at an average of £7,500 per loan. Funds raised from the Regional Housing Board allocation were supplemented by over £200,000 from the Council’s wider programme.

Business support includes:
- A dedicated website for business support and an economic helpline have been created. To date the website has attracted over 10,000 hits, and around 50 calls received via the helpline have resulted in meaningful support in the majority of cases;
- Business buddies, who are established business leaders supporting small and medium enterprises. An example is an eminent businessman going with a young entrepreneur to his bank to help secure a loan which had originally been refused; and
- The Economic Taskforce also liaises directly with large employers who have been considering redundancies. For example, the taskforce worked with a mail order company on their building leasing arrangements to persuade them to remain in Wakefield rather than relocate abroad, saving 400 jobs.
Limited preparation for increasing social impact

52 Apart from on capital programmes, there is little more action planned. However the full social cost of the recession has not yet been felt, with most areas reporting only minor increases so far in crime, mental health problems, and demand for children's and older people's services. Some councils are actively monitoring for emerging issues, for example, working with primary care trusts to identify increasing reports of depression, or with the police to identify recession-related crime. Others have gone further to develop preventative schemes, for example enabling GPs to prescribe financial advice to patients with debt-related stress.

53 Actions to spot or prevent the social problems and widening inequalities likely in waves 2 and 3 are rare. More councils, with their partners, should be planning the unemployment and social programmes that will be needed over the next year.

Some councils are not preparing for increasing social impacts

‘There has been little emphasis so far on meeting increased demand for services or the possibility of other knock-on effects of the recession such as crime or social issues.’

CAAL for a unitary in the East Midlands

But some are monitoring and planning for social impacts

A metropolitan council is actively looking for emerging social issues. The Council has contacted GPs with a series of recession-related questions, and has found that there has not yet been any significant increase in recession-related health problems.

Essex County Council is investing more in domestic violence initiatives with the crime disorder reduction partnership as both are expecting this to increase.

Tameside MBC’s objectives are two-fold – to ensure that the effects of the recession are mitigated for businesses, and to prevent further inequality developing in neighbourhoods that are already the most disadvantaged in the Borough.
Planning for recovery

54 The importance of preparing for the recovery has been stressed in a recent review of the impact of the recession on regeneration (Ref. 6). Current policies should concentrate on preserving businesses and skills that will be of long-term value in the local economy. Planning for the future, for example by developing strategies for a post-recession economy and reviewing capital programmes, should be an integral component of wave 1 responses.

55 However, the extent to which councils are taking a long-term view varies. One in four has placed a very high priority on planning for the recovery. These typically have experience of economic development following periods of industrial decline. But one in five has not prioritised it at all, and some areas are entirely focused on the short term.

Planning for the upturn

In Sheffield there is a clear focus to position the city in readiness for an economic upturn, for example by working with developers to ensure the continued viability of regeneration initiatives. The Council is also taking advantage of the opportunities presented by the recession. This includes Creative Sheffield’s programme to market the city as a target for business relocation via the People Space Now campaign.

Rochdale MBC is seeking to position itself for recovery by:
- working on developing the skills of the local population;
- reviewing current strategies in light of sub-regional developments; and
- working on its Local Development Framework Core Strategy and the Borough masterplan;
- ensuring that sufficient land is available for development.

‘The council has learnt and applied lessons from the previous recession and from the decline of major industries in the area, notably steel. Early investment means that the impact for individuals and families is shallower and shorter-term, preventing benefit dependency and poor health.’

CAAL for deprived MDC
Local authorities: Finances and service demand

Financial challenges 40
Service challenges 42
Response to these pressures 44
Some recession benefits 47
The recession has also affected councils themselves, with income falling and demand for services rising. These issues will be the subject of a more detailed Audit Commission report early in 2010.

**Financial challenges**

_Crunch Time?_ (Ref. 1), published in December 2008, set out the financial pressures facing councils in 2008/09. Some costs had risen, driven by higher inflation. The slowdown in the property market had affected capital developments and associated income sources, such as planning fees, but high interest rates were ensuring good returns on investments, and the situation was manageable for most authorities.

Central government funding has remained stable under the three-year settlement, but financial conditions have changed markedly. While inflation is less of a concern, the fall in interest rates has reduced returns on investments. The continuing slowdown, especially in the property market, has affected income in many councils, particularly districts, putting finances under stress:

- All councils’ finances have been negatively affected, but this is especially true for districts. Forty per cent of district councils report a substantial negative impact (Figure 11).
- Over 70 per cent of districts (42 per cent of ST&CCs) are very concerned by falls in locally generated income.
- Over 70 per cent of districts (63 per cent of ST&CCs) are very concerned by the increased cost of meeting higher service demands.
When it comes to the crunch...

Local authorities: Finances and service demand

Figure 11: The impact of the recession on councils’ finances
District councils report the worst financial impacts

Source: Audit Commission survey
Falls in local income

In **Wakefield**, the slowdown in the housing market, fewer completions and more empty property discounts has resulted in less income through council tax (reduced income forecast of £1.6 million).

**West Somerset** had budgeted for a 6 per cent interest rate, rather than the actual figure of 1 per cent or less, which leaves a significant shortfall.

The impact of the credit crunch on **Rotherham**’s services and finances includes:
- £6 million reduction in treasury management income;
- council tax collection down by 0.1 per cent;
- business rates collection down by 0.7 per cent;
- current tenants’ rent arrears increased by 0.5 per cent in 2009 compared with 2008;
- 1,200 increase in housing benefit applications;
- 10 per cent increase in housing benefit overpayments recovered;
- planning application fees down £550,000;
- land charge searches fees down £150,000;
- building control inspections and applications down £175,000;
- £20,000 (2.5 per cent) reduction in commercial property rents;
- £30,000 reduction in fees due to decreases in property sales;
- 10 per cent rise in abandoned vehicles;
- 100 per cent increase in Jobseeker’s Allowance applications; and
- capital receipts down – impact on capital programmes.

Service challenges

59 Demand has increased for housing benefit, and for debt and welfare advice and business support in almost all councils (Figure 12). This is to be expected in wave 1. But around a third of councils have also seen increases in demand for mental health services, children’s services, and state school places (up to 34 per cent from 9 per cent in *Crunch Time?* (Ref. 1)). Most councils expect further demand in these areas as wave 2 brings longer-term effects of unemployment.

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i Housing benefit is paid by the government, and councils are reimbursed for the administration costs. However, the rapid increase in claims has caused organisational issues.
Local authorities: Finances and service demand

Figure 12: Changes in demand for council services

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Already Experienced Increase</th>
<th>Anticipated Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare or debt advice</td>
<td>94%</td>
<td>3%</td>
</tr>
<tr>
<td>Housing benefits</td>
<td>93%</td>
<td>6%</td>
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<tr>
<td>Business support or advice</td>
<td>77%</td>
<td>19%</td>
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<tr>
<td>Services for homeless people</td>
<td>47%</td>
<td>44%</td>
</tr>
<tr>
<td>Free school meals</td>
<td>42%</td>
<td>47%</td>
</tr>
<tr>
<td>School places</td>
<td>34%</td>
<td>54%</td>
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<tr>
<td>Children’s services</td>
<td>32%</td>
<td>53%</td>
</tr>
<tr>
<td>Mental health services</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Services for older people</td>
<td>29%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Primary effects of job loss or lower household income

It takes time for this to transfer into need for other services such as social care

Source: Audit Commission survey
There is evidence of other behaviour change due to the recession:

- children moving from private to state sector schools. This has partly been driven by rising unemployment, but may also be linked to the slowdown of the property market halting a common practice of young families moving out of central urban areas as the children reach school age (Ref. 7);
- extra demand for council-run leisure services as individuals switch from private gyms; and
- more fly tipping, abandoned vehicles and stray dogs.

Example of behaviours changing as the recession develops

In Blackburn, demand for recycled furniture has risen considerably, forcing charities to draw up eligibility criteria for a service where demand had always previously been met.

District councils have been particularly badly affected. They are more reliant on income from planning fees, car parking and interest, and have also experienced rapid increases in demand, principally through their housing functions.

Response to these pressures

Councils have a number of options when faced with rising demand and falling income. They can:

- meet demand, either by improving the efficiency of the service or funding the increased cost through compensatory savings elsewhere;
- control demand, for example through changed eligibility criteria; or
- if not a statutory service, choose not to meet the demand.
Most are currently using the first option, but the others may need to be considered as service demands increase. Most aim to improve efficiency (Figure 13). Some councils, particularly districts, are drawing on reserves and cutting service budgets.

Figure 13: **Actions to address financial problems in 2009/10**

Most councils aim to improve efficiency

Source: Audit Commission survey
Recruitment freezes, and voluntary and compulsory redundancies have been introduced. Figure 14 shows the most significant action taken by each council to cut staffing. Sixty-five per cent of ST&CCs have yet to make any job cuts. However, 22 per cent have made compulsory redundancies and a further 11 per cent have voluntary programmes. If current plans are implemented, by the end of 2009/10 a third will have made compulsory redundancies, and a further fifth will have voluntary schemes. Districts are significantly more likely to be cutting staff numbers.

Figure 14: Changes in local authority employment
More than half of councils have started, or are planning, redundancy programmes.

Source: Audit Commission survey

Recruitment freezes and voluntary and compulsory redundancies are not mutually exclusive – all three can be introduced simultaneously at a council. To avoid double counting across the three strategies this analysis records only the most severe action taken by a council (for example, councils that have introduced both voluntary and compulsory redundancy programmes are recorded only under the compulsory column).
Coping with higher demand for housing benefit

Most housing benefit services have changed working practices to cope with increases in demand. These include encouraging staff overtime, including Saturday working; employing agency staff; temporarily moving staff from other areas to frontline processing and managing direct customer access, for example by introducing answerphones and appointment systems. Some have already looked at longer-term revisions to working arrangements, by making better use of telephones and technology, increasing efficiency through home working or revising customer service staff working hours to maximise staffing levels at peak enquiry times. Many have also changed or increased outreach work and some of their customer literature because the source of new demand is changing. Some now work directly with businesses to reach those who may lose their jobs, identifying them in a variety of ways that include liaising with Jobcentre Plus, local chambers of commerce and economic development staff.

Source: Audit Commission survey of housing benefit managers

Some recession benefits

A small number of councils reported some benefit from the recession. One in ten ST&CCs felt that the recession had had a positive impact on their own capital programmes, and a number have taken advantage of lower property and land values. Recruitment has become easier for councils that previously had to rely on agency staff.

Taking advantage of lower property prices

Newcastle is considering a potential purchase, for £21 million, of the Northern Rock building. The Council is in the advanced stages of purchasing the building and leasing it to a local company with international business interests. This company will sub-let parts of the building, part of it to the Council itself. The arrangements include the creation of up to 500 new jobs as well as secondary employment for those maintaining the building. The City Council consider the deal to be a good medium-to-long-term financial investment, which it is funding using its prudential borrowing powers, as well as giving a boost to the property market and local economy.

To be published in autumn 2009.
Effective responses

Components of a good decision 49
Confidence in their effectiveness 60
How are councils performing? 62
Summary of how councils have approached the recession 64
66 It is important to develop early and effective responses. In previous recessions, a lack of effective preventative action in the early years led to long-term issues. The social impacts, for example in ex-mining areas, are still being felt many years after the initial economic shock. The cost to the taxpayer of dealing with these has been significant.

67 It is too soon to measure the outcomes of local partnerships’ actions to help their areas through the recession. However, the way in which their approaches have been developed can give a good indication of their likelihood of success.

Components of a good decision

68 A recession response should be constructed in a way that gives it the best possible chance of delivering good outcomes and value for money. Management theory and research on the most effective interventions in previous recessions define a sound overall approach that is:

- built from a base of good local knowledge and current intelligence;
- part of a sound overall strategy, understood by everybody and delivered in partnership;
- guided by clear objectives, with progress monitored;
- well targeted, aligned with local priorities and adapted as circumstances change;
- creatively resourced; and
- on the right scale to make a difference.

Current intelligence, local knowledge

69 Many councils are looking for proven, off-the-shelf initiatives that they can adopt wholesale. Using tried and tested approaches is sensible, but interventions should be matched to the particular issues each area faces. Sound knowledge of local issues, married with an understanding of the underlying economy, is the foundation of an effective, tailored response that makes best use of scarce public funds.

70 Councils felt that they were on top of these issues. Around 90 per cent were confident or very confident that they have the knowledge they need. Most had undertaken a wide range of actions and involved partners in their efforts to understand their local issues (Figure 15).
Approaches matched to local issues

A critical issue in one deprived metropolitan council has been access to credit for people with a poor credit history, where unscrupulous moneylenders may take advantage. This situation is exacerbated during a recession, with vulnerable people being attracted to this source of finance. The Council has run an anti-loan shark campaign and is implementing a financial inclusion programme. Responsible financial institutions such as credit unions are promoted as part of this programme.

Figure 15: Actions taken to build knowledge
Councils have taken a wide range of actions to understand local issues

Source: Audit Commission survey
The economy of an area is its long-term economic history and situation, while the recession is a short-term shock. It is important that councils understand both. In terms of the recession, they need to be aware of its effects on businesses, job losses, specific groups in the community and demand for their services. Most have at least a reasonable understanding of these issues, with over half having a good understanding.\(^i\)

The main gap is that 30 per cent of ST&CCs do not understand their local economies well. Those that were more deprived before the recession tend to have a better understanding. However, in many prosperous areas, the recession has made councils focus attention on their economy for the first time. The proposed local authority economic assessment duty is expected to come into force from April 2010. This would require councils and their partners to develop a shared understanding of local economic conditions to inform their interventions.

Many councils are working hard to build a detailed picture of the impact of the recession. However, more is known about effects on businesses and services than on local people. Some councils need to improve their understanding of how individuals and communities are being affected in preparation for increasing social impacts.

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\(^i\) This is based on findings from structured interviews with over half of ST&CCs in May and June 2009, carried out by CAALs and the Audit Commission research team. The judgements are preliminary. Full CAA reports will be published in December.
Developing a shared strategy and common approach among partners

Developing a strategy for the recession requires management capacity and joint working to gain partners’ support. Action includes setting up recession task forces, organising conferences to discuss the issues facing the area, and working with regional and local partners to develop a joint approach (Figure 16).

Building a rounded picture of impacts

South Gloucestershire Council closely monitors debt and welfare advice patterns, business support requests, housing (prices, repossessions, and so on), and a range of other service-related indicators to help monitor and inform recession response activity. This includes council revenues and benefits, welfare advice services, homelessness, children’s care referrals, family support, free school meals, free nursery places, people not in employment, education or training, planning applications, local property searches, and council asset sales and property asset management costs. This information is shared with partners to help inform plans and actions. Forward plans, such as the medium-term financial plan and service plans, reflect the anticipated impact on demand and costs of services. This is being monitored and updated regularly.

But some councils are not focused on the impacts on people

‘The approach to tackling the recession appears to be rather one-dimensional, with little apparent focus on the social effects of recession in communities hardest hit.’
CAAL in the Midlands

‘Knowledge of how the recession is affecting older people, young families, and migrant workers is developing but not complete.’
CAAL in the South
When it comes to the crunch...

Figure 16: Developing a shared understanding and common approach (ST&CCs)
Most councils have taken steps to develop their response to the recession

Source: Audit Commission survey
This is a broadly positive picture, but some key actions have not been taken in a minority of councils. Eleven per cent of ST&CCs have not developed a recession action plan, while 24 per cent have not worked with neighbouring authorities and 19 per cent have not worked with regional bodies.

Clear objectives
Councils' objectives are mainly externally focused, particularly on supporting businesses. Objectives to address social problems or to prevent the exacerbation of inequalities are rare.

Deprived areas have generally been quicker to develop their objectives, with some simply adjusting existing approaches, for example on addressing worklessness. Others have been slower to respond and were still in the early stages of their planning in June 2009.

<table>
<thead>
<tr>
<th>Some councils responded quickly</th>
<th>But some have been slower to develop plans</th>
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<tbody>
<tr>
<td>The Council has been focused on the potential impact of the recession for some time. There is clear recognition that the Council has a role in trying to help local business and those individuals and families who are adversely affected. Regular ‘Credit Crunch’ meetings have been held since early 2008. A recession plan was presented to the executive in November 2008. <strong>Newcastle City Council</strong></td>
<td>‘Policy papers began to highlight the impact of the economic slowdown in early November 2008, on businesses, the community, and council services. The broader impact on partners became clearer in early 2009. By May 2009, partnership funded (LSP) multi-agency action emerged.’ <strong>CAAL for an authority in the East Midlands</strong></td>
</tr>
</tbody>
</table>
When it comes to the crunch...

Most councils had developed clear objectives, but in one in ten councils, objectives were not clear, or did not exist at all.

Clear objectives?

‘The Council cannot clearly articulate what it is trying to achieve in the recession. The separate districts within the county area are continuing to develop their own responses to the recession. This has led to a disjointed and often confusing response. For example, it can be difficult for businesses to see where they should go for advice and guidance, or how to access resources.’

CAAL for a county council

A few councils believe that it is not the role of a local authority to save local businesses or provide jobs. They are not taking major steps to intervene in the local economy. Instead, they are focusing on cost saving or improving efficiency, often aiming to reduce or freeze council tax.

Local objectives

‘The council’s emphasis is on supporting local residents by reducing costs and delivering a 0 per cent increase in council tax in 2009/10. In the Council’s words ‘letting residents keep more of their money in their own pockets will ease the burden on many in the borough.’

CAAL for London borough

‘A political decision was taken that the Council would not intervene directly with failing companies.’

CAAL for unitary authority
Monitoring
80 Issues can change quickly during a recession. Actions should be monitored, using pre-determined metrics, against the objectives set for a programme or individual scheme, allowing them to be adapted if necessary. This is a weak area. Few recession responses include effective monitoring processes.

Monitoring is poor
‘There is an absence of clearly articulated outcomes in respect of initiatives, and no overall structure for reporting impact.’
CAAL for a London borough

‘The Council has not set out a clear performance framework for its specific activities on the recession. It has focused on getting interventions underway.’
CAAL for a unitary authority

Partnership involvement in recession response
81 The strategy for the recession must be developed and delivered in partnership with key local and regional bodies. A mixed picture has emerged on this.

82 The recession has clearly strengthened partnership working, according to two-thirds of councils, and there are some good examples of joint working. In some areas, the LSP is leading the recession response; others have task groups led by local business leaders.

Partnership working
Wigan MDC has a close relationship with partners in assessing the impact of the recession. Joint working with the health sector is particularly good. Health colleagues have stated that the recession has a number of effects:
- There is an increased demand for mental health services, especially presentations at GP services on grounds of stress.

- There is some under-use of lifestyle health services because of alterations in behaviour leading to poor eating, alcohol dependency and so on.

The Council has worked with the health sector to address challenges which have occurred during the recession. The LSP has engaged with GPs to ensure that patients are offered employment or debt advice rather than automatically prescribed drugs when presenting for stress-related complaints.
However, a surprising amount of strategy development work is being undertaken by councils in isolation, rather than through an LSP. Some 37 per cent of ST&CCs with a recession action plan and 35 per cent with a recession taskforce categorised these as ‘council only’ actions. There is some scepticism about whether more can be achieved in partnership than by the council acting alone.

**Targeting**

Bespoke actions specifically designed to address the particular issues facing an area, employer, or group, can be an effective way of delivering high impact interventions.

**Bespoke interventions for struggling businesses**

- **Medway Council** has eased the criteria for its business loans, no longer requiring them to have bank backing.

- **Northumberland County Council** maintains contact with major employers through a programme of strategic account management. Through these links, issues were identified in January 2009 with Cheviot Foods in Amble – a key local employer with 190 staff. The Council was able to provide in-depth support, and some funding (£45,000), for a management buyout, helping to secure local jobs.

Although many areas have the knowledge, and links with businesses and communities needed to design bespoke initiatives, not all are fully exploiting this in targeting their actions. A quarter of ST&CCs, for instance, are not targeting any of their business support actions (Figure 17). The extent of targeting is even lower in districts.
With public funds stretched, any additional investment must be justified and affordable. Recession plans need creative resourcing, underpinned by good financial management (Figure 18). Options include:

- using appropriate powers, such as for prudential borrowing, to support actions;
- influencing the spending plans of other bodies; and
- redirecting resources from existing budgets.

Creative resourcing

86 A county council is finding that cash efficiency savings are becoming more difficult to realise. Its action plan to address the recession will cost £5 million. This includes some virement of budgets within the county council and use of funding streams from Business Link, rural regeneration funds, district council contributions and the Regional Efficiency and Improvement Partnership.

A unitary authority has continued to offer free swimming for young people and older people. The LSP feels this is key to its objectives and take-up has increased by 60 per cent. The primary care trust has paid the extra cost to allow the service to continue.
When it comes to the crunch...

Effective responses

Figure 18: Delivering recession strategies – creative resourcing (ST&CCs)

Source: Audit Commission survey
On the right scale

The effectiveness of any action is clearly linked to its scale. Many councils are investing in recession programmes, with around half agreeing that this represents a significant new area of spending. Metropolitan boroughs and unitaries are spending the most, and counties the least. Examples include:

- **Lambeth** – £5 million of Workless Neighbourhoods Funding redirected to recession projects.
- **Tameside** – £14 million to help small businesses.
- **Milton Keynes** – over £2 million on supporting communities and businesses through the recession
- **Camden** – £6 million recession fund over two years.
- **Northumberland** – £1 million of Workless Neighbourhoods Funding reallocated to respond to needs arising from the recession.

However, council interventions are often on a modest scale when compared with the size of the issue in their economy. For example, one authority with a working-age population of over 350,000 is increasing apprenticeships by 20. This is helpful, but unlikely to have a significant effect on the economy of the area.

Confidence in their effectiveness

Almost two-thirds of councils agree or strongly agree with the statement that ‘local councils can make a significant difference to the impact of the recession in the local area’. However, they are much less confident that their own actions will make a big difference (Figure 19).

- Very few ST&CCs believe that they will have a significant or very significant impact on preventing local job losses or helping local businesses survive.
- They are more confident in supporting vulnerable households and the unemployed.
- A third of the ST&CCs that have taken steps to support capital programmes think their actions will have little or no impact.
- District councils are generally more pessimistic about their impact.
Effective responses

Figure 19: Most ST&CCs think they will have some, but not significant, impact
Given the scale of the recession in your area, what level of impact will the actions taken by your council have in terms of …?

![Bar chart showing the level of impact for various measures:]

- Supporting vulnerable households
- Getting redundant workers back into work
- Supporting the completion of capital programmes
- Helping local businesses survive
- Preventing local job losses

Percentage of respondents

- Very significant impact
- Significant impact
- Some impact
- Little impact
- No impact
- Don’t know

Source: Audit Commission survey
How are councils performing?

Within the general picture described above, there are clear variations in performance, with good performers meeting most of the criteria and others struggling. Four clear groups of ST&CCs emerge from the survey (Figure 20).

Figure 20: ST&CC areas fall into four groups

<table>
<thead>
<tr>
<th>Group 1 – Strategic, creative, active</th>
<th>Group 3 – Investment, but limited analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>35%</td>
<td>19%</td>
</tr>
<tr>
<td>Extensive use of strategic actions</td>
<td>Relatively high spend</td>
</tr>
<tr>
<td>Acted to build knowledge/intelligence</td>
<td>But fewer actions taken to develop an informed strategy</td>
</tr>
<tr>
<td>Creative use of funding and powers.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 2 – Informed, but modest actions</th>
<th>Group 4 – Limited analysis, limited actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Strategic, informed response but actions and spend are more modest</td>
<td>Very limited use of strategic actions to develop an informed approach</td>
</tr>
<tr>
<td>Appropriate for areas not yet badly affected</td>
<td>Limited investment</td>
</tr>
<tr>
<td></td>
<td>Low engagement with partners</td>
</tr>
</tbody>
</table>

Source: Audit Commission survey

i These groupings are based on council’s approaches to decision making. The positions are based on a basket of indicators including the extent of partnership working, recession planning, funding options used, and perceptions of levels of investment in recession responses. This comes from our anonymous survey.
Below are descriptions of the four groups.

<table>
<thead>
<tr>
<th>Group 1 – Strategic, creative, active</th>
<th>Group 3 – Investment, but limited analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>These are mainly large, experienced councils in previously deprived areas that have been badly affected by the recession. They have good leadership, partnerships and strategic planning. They have introduced wide-ranging programmes with a high level of expenditure, much of which is on capital programmes. Supporting their areas through the recession is clearly a priority. They are the most heavily involved group in all interventions, introducing most of the basic interventions and many of the complex actions. They have made the most creative use of funding options and powers to support their programme. They are the most confident that their actions will make a difference.</td>
<td>These are mostly smaller councils in relatively deprived areas that have felt the impact of the recession. The survey showed that they have struggled with partnership working and capacity issues. They have also been relatively weak in terms of introducing strategic actions to underpin their recession responses. Nonetheless, they feel they have invested significant resources. They have introduced many basic interventions, but few more complex actions.</td>
</tr>
<tr>
<td><strong>Group 2 – Informed, but modest actions</strong></td>
<td></td>
</tr>
<tr>
<td>These councils are often in relatively prosperous areas that have not been badly affected by the recession. They are not particularly experienced. They have responded strategically and creatively with full programmes, but avoided high risk and high cost interventions. They have prioritised internal over external issues. They have introduced most of the basic interventions, a similar level to group 1, but fewer of the complex actions.</td>
<td><strong>Group 4 – Limited analysis, limited actions</strong></td>
</tr>
<tr>
<td></td>
<td>This group contains many prosperous areas. They have generally not been badly affected to date. They have not been very active in addressing the issues, rarely using the more complex interventions. This is understandable where their local impact has been limited to date. However, they have not done all they could to assess their situation and develop a jointly agreed response. Hence they may be ill prepared for the worsening effects of the recession. Group 2 councils have a similar starting point, but have made a more informed decision to limit their actions. They are pessimistic about their impact.</td>
</tr>
</tbody>
</table>
Areas where partners have worked well together to develop a joint approach and have a good understanding of how the recession is affecting their area, have the confidence to act on a bigger scale where necessary, and the local intelligence to introduce bespoke and targeted initiatives.

Councils that have been relatively unaffected to date, and have not yet taken significant action, are likely to be in group 2 or group 4. The former have assessed the situation and agreed an approach with partners; the latter have not responded, apparently without this being a fully informed decision. An exception to this might be a council that has taken a policy decision not to intervene in the local economy. It would be in Group 4, but its lack of action would be a conscious choice.

Responses need to be proportionate to the issues that each area faces. However, the effects of the recession are going to increase and few councils will avoid serious impact indefinitely. All should prepare for the future by learning from the experiences of those already badly affected.

Summary of how councils have approached the recession

The right approach to decision making can improve the likely effectiveness of actions. Councils with a sound overall plan, understood by everybody, targeted on local issues, creatively resourced and delivered in partnership are likely to be most effective.

Over half of councils (those in groups 1 and 2) have followed this approach, developing their strategies in partnership with a wide range of other local and regional stakeholders, with plans built on a sound understanding of the local issues.

Around a third of councils (those in group 1) have used this firm foundation to develop an active, targeted and sophisticated approach to the recession. These are often larger councils in deprived areas which have been more badly affected, but are also experienced at dealing with economic issues.

However, some councils need to improve. There is a group of councils (group 4), many of which have been relatively unaffected to date, that have been complacent and may not be prepared for the worsening economic conditions. Another group (group 3) may be investing resources without a sound overall plan to underpin this investment.
This analysis does not include district councils, many of which are struggling to respond and have been substantially less active than ST&CCs. They have been able to commit less finance, have less capacity, and are less positive about their potential impact.

A checklist for elected members, who wish to assess or challenge their council’s performance is included in Appendix 3.
Barriers to effective action

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<th>Page</th>
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<tbody>
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<td>67</td>
</tr>
<tr>
<td>Resource issues</td>
<td>68</td>
</tr>
<tr>
<td>Partnership working</td>
<td>71</td>
</tr>
</tbody>
</table>
Barriers to effective local action

Local areas reported a number of barriers, see Figure 21. These fall into two broad groups:
- issues with resources; and
- partnership working.

Figure 21: Barriers faced by ST&CCs in developing their recession responses

Source: Audit Commission survey
102 Issues linked to national government schemes are considered in Chapter 7.

Resource issues

Balancing internal and external pressures

103 Just as their local economies and communities are most in need, many councils’ opportunities for action are being restricted by the recession’s impact on their finances. Addressing one issue can have consequences for another:

- making redundancies in a council’s workforce reduces costs, but exacerbates local worklessness;
- free town centre car parking can promote business, but reduces council income; and
- local procurement campaigns can support local businesses, but may mean councils have to pay more.

104 Most ST&CCs are seeking to balance the internal and external challenges. However, the pattern for districts is different, with internal challenges taking priority for many. Their concerns over additional service demand, falls in income, and maintaining service standards are markedly higher than for ST&CCs, and their capacity to intervene in the economy is more limited.

Balancing internal and external pressures

‘A small district council has focused on the impact on its own financial stability and its ability to deliver services. Its response is one that is founded on a realistic understanding of what a relatively small district council, with limited capacity, can actually achieve in economic terms.’

CAAL for a district council

‘Actions undertaken reflect a fairly even-handed approach to dealing with both internal and external issues. External actions may have had a higher profile in that they have been widely reported and have involved more time for senior managers and politicians.’

CAAL for a metropolitan district

A district council struggling to balance its budget has introduced a wide-ranging efficiency programme. It has frozen recruitment, suspended its apprenticeship scheme, and ceased its support for a number of voluntary groups, including victim support and a refuge for women fleeing domestic violence.
Finances – current and future

Unsurprisingly, insufficient finance was cited as a barrier by almost all councils (Figure 21). The impact of the recession on council finances will be covered in an Audit Commission report to be published early in 2010.

## Barriers – Insufficient finance

<table>
<thead>
<tr>
<th>Source: Audit Commission survey – free text responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘The recession is affecting the Council’s finances and making its trading and operating environment even more difficult, which impacts on our ability to respond. Reductions in local government funding to district councils over years has seriously reduced our ability to respond effectively to this economic crisis.’</td>
</tr>
<tr>
<td>‘We do not have the finance to do the type and intensity of business support that I would like.’</td>
</tr>
<tr>
<td>‘With more available funding or government finance, we could achieve more. We could offer more financial support to our credit union; have a more proactive communications programme, for example around a benefits take-up campaign; and offer more support to the voluntary sector.’</td>
</tr>
<tr>
<td>‘The risks that a small council can take have to be proportionate. Financial reserves do not allow the exploration of some of the more supportive measures such as bringing forward capital programmes, loans, municipal banks.’</td>
</tr>
</tbody>
</table>

But councils’ biggest concern is that future spending rounds will involve real-terms cuts in council settlements. Over 90 per cent of councils were ‘very concerned’ about this issue in the survey of chief executives. Some councils have radical cost restructuring plans in place. Most are taking some steps to improve efficiency, but without clarity about future settlements, particularly beyond the end of the current three-year period, for local government, it is difficult to say whether these preparations will be sufficient to meet the challenges ahead.
Barriers to effective action

Capacity and expertise

107 Capacity is a major barrier for a third of ST&CCs and half of districts. Unitary authorities, particularly in the South East and Eastern regions, are significantly more constrained by lack of capacity than other single-tier councils. Lack of expertise is also a barrier for some.

108 However, there are also broader knowledge gaps. These include:
- the course that the recession is likely to take;
- the types of economic activity likely to drive recovery; and
- evidence of the types of social and economic intervention most likely to be effective.

Efficiency programmes

Essex already has in place a significant Transformation Agenda, and is looking to save about £200 million. 25.5 million was saved in 2008/09 toward this target, and a further £39 million will be saved in 2009/10.

South Tyneside is planning to save £52 million over the next ten years through a programme of efficiencies. The aim is to save money and promote local procurement.

Barriers – Capacity and expertise

‘The Council has only a small economic development team and associated revenue budget. The team is stretched, serving a wide variety of partnerships which will help deliver a sustainable recovery, but it does not have the capacity to divert significant resources to short-term matters related to the economic downturn.’

County council

‘A small, stretched council relies on key staff and councillors. The actions taken have to be limited to the skills and time available.’

District council

Barriers – Knowledge

‘During the early stages of the downturn a key barrier to effectiveness is evidence of the length and depth of the recession internationally, nationally, regionally and, most importantly, within the borough…’

Lambeth LB

‘There is a lack of comprehensive evidence on the success rates of different initiatives to support sustainable employment.’

London borough
Barriers to effective action

Data: reliability and sharing

109 Over half of councils suffer a lack of reliable local data. Concerns include a shortage of timely economic data and difficulties in identifying new, hard-to-reach groups such as redundant managers and professionals.

110 More data could be shared between local partners. Councils particularly want access to Jobcentre Plus data to enable them to target their actions better.

Partnership working

111 Although, generally, councils think partnership working has been strengthened by the recession, there are some difficulties. There are few serious concerns about local partners, but around one in eight councils report major barriers linked to their dealings with Jobcentre Plus, the learning and skills councils or regional bodies (see Figure 21). Issues raised include:

- addressing skills and training issues, as learning and skills councils are winding down;
- financing further education college capital programmes;
- a perceived lack of flexibility in Jobcentre Plus, especially where redundancies have hit new groups, for example professionals and graduates;
- relationships between districts and counties in some areas, are preventing consideration of ambitious savings options such as shared services and shared management teams;
- the capacity of partners, especially business and the third sector, to engage in strategic planning for the recession; and
- engaging the primary care trust in some areas, as the recession has not yet greatly affected NHS finances.

112 In addition, some councils noted that the sheer volume of activity is putting strain on some partnerships.
National government schemes

Government strategy for the recession – Councils’ role 73
Complex, inflexible and hard to track 75
Redirecting resources 77
Local versus national delivery and control 78
Central government has so far announced around 50 economic, labour market, social, and housing recession initiatives (listed on the Audit Commission website).

Councils are concerned about a number of aspects of the government’s programme:
- They are not sure how they fit into the government’s recession strategy.
- There are practical concerns about the operation of national schemes:
  - they tend to be one-size-fits-all, and centrally controlled, making them difficult to apply to local issues;
  - some are seen as complex and bureaucratic; and
  - there have been long time lags between announcements of new programmes and implementation.

Councils have specific concerns about the impact of the redirection of regional development agency funds to other schemes.

**Government strategy for the recession – Councils’ role**

The government expects councils to play an important role in supporting their economies and communities through the recession. However, councils are generally unclear about if, and where, they fit in with the national strategy; whether they are expected to participate in national programmes; and if so, how.

The government’s overall objectives include supporting whole industries, such as banking, car manufacturing and house building; preventing homelessness; stimulating lending and supporting the unemployed. Within each broad objective, there can be multiple specific schemes, with their own criteria for eligibility, their own guidance, and their own application processes (Figure 22).
### Figure 22: Some national recession schemes

<table>
<thead>
<tr>
<th>Objective</th>
<th>Objective</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>To prevent homelessness</td>
<td>To support the unemployed</td>
<td>To support housing developers and meet targets for new-build housing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How?</th>
<th>How?</th>
<th>How?</th>
</tr>
</thead>
<tbody>
<tr>
<td>By helping those struggling with mortgages avoid repossession</td>
<td>Through provision of training and employment</td>
<td>By encouraging new build housing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schemes</th>
<th>Schemes</th>
<th>Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Rescue Scheme</td>
<td>Flexible New Deal</td>
<td>Growth point funds</td>
</tr>
<tr>
<td>Enhancements to support for mortgage interest</td>
<td>100,000 jobs in growth sectors</td>
<td>Housing and planning delivery grant top-up</td>
</tr>
<tr>
<td>Homeowners Mortgage Support</td>
<td>Future Jobs Fund</td>
<td>Kickstart Housing Scheme</td>
</tr>
<tr>
<td>Funding for local authority homelessness prevention, including new Preventing Repossession Fund</td>
<td>Local employment partnerships</td>
<td>Homebuy Direct</td>
</tr>
<tr>
<td>Debt advice funding</td>
<td>Additional public sector apprenticeships</td>
<td>Local authority Energy Efficient New Build Scheme</td>
</tr>
<tr>
<td>Court desks scheme</td>
<td>Expansion of private sector apprenticeships scheme</td>
<td>National Clearing House Scheme</td>
</tr>
</tbody>
</table>

*Source: Audit Commission*
118 This complexity undermines effectiveness; it would be better to have fewer, larger and more flexible schemes managed against outcomes, such as preventing homelessness. As local issues vary, greater flexibility would enable a quicker and more tailored response. Too few national schemes harness the local knowledge that would maximise their impact.

National schemes, local issues

One unitary stated that ‘The response to the downturn must be tailored to local circumstances at the right level. Funding programmes are often top sliced to deliver national and regional work which is sometimes much less effective than that delivered in local communities’. The Council set out a number of specific concerns:
- a lack of flexibility and discretion at sub-regional and borough level. It felt that more should be delegated to the sub-region or local authority level as appropriate;
- short notice on introduction or bidding for new initiatives;
- complexity of initiatives and extent of criteria sometimes significantly limit eligibility, for example the Mortgage Rescue and Homebuy schemes; and
- a lack of integration of objectives for national schemes.

Another unitary was exercised by the focus on private housing in the government’s recession responses. It feels that providing financial assistance to first-time buyers is largely irrelevant to its area, as many residents are in low-wage jobs and not in a position to own their own homes.

Complex, inflexible and hard to track

119 A number of different government departments are running national schemes, mainly Business, Innovation and Skills, the Department for Work and Pensions, Communities and Local Government and HM Treasury. They have been announced over a number of months, and it is not always easy to link schemes to the original press statements.

120 Others have had long delays between announcement and implementation. The Homeowners Mortgage Support scheme was announced in December 2008, but only started in April 2009.

121 Authorities have struggled to keep track of all the schemes. Compiling a list for the purposes of this research (provided on the Commission’s website) proved to be a complex and time-consuming task.
Some schemes have inflexible eligibility criteria. The national two-year Mortgage Rescue Scheme has a strict set of criteria designed to ensure consistency with national homelessness legislation, and a long application process given the complexities involved in house-buying. It had 5,000 enquiries between January and May 2009. Of those, 750 applied for assistance, but only six were successful (though the number of final approvals may understate the scheme’s impact, as the stages in the application process can themselves prove helpful).

Local schemes can be more timely and effective than central ones. For example, a scheme in one metropolitan district council that also sought to help people with mortgage arrears, was designed more simply. It received 45 applications and helped 25 local families in 2008/09.

Audit Commission survey – free text responses.

**Metropolitan district**

‘There have been many national announcements relating to different initiatives. Trying to track them and find out how and when to access them is difficult and confusing.’

‘National initiatives for skills and training are too numerous and uncoordinated and probably nobody knows how many there are. DWP, BIS, DCSF and CLG are all offering different pots of money for sustainable job opportunities.’

‘The Council wants clarity of message from government. With the plethora of announcements authorities are spending time unpicking communications to see if there is something new being offered, whether it is a repackaging or promotion of existing provision, or whether it will be some time before the proposals can actually be implemented.’

‘There is a multiplicity of funds all designed to address employability. The schemes all have their own merits, but each is run in isolation, resulting in high transactional costs.’

**London borough**

**District**

122

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Audit Commission

National government schemes

Complexity of operation

‘The application process for the new Energy Efficient Homes Scheme is very detailed and intensive, with many barriers presented to the authority before the money becomes available.’

Metropolitan district

Redirecting resources

124 Central government has redirected resources to tackle recession issues. For example, £300 million, around 13 per cent of their budgets, has been deducted from regional development agencies to help fund the Homebuy Direct Scheme (HDS) administered by the HCA. This is a shared equity scheme that aims to help first-time buyers onto the property ladder and stimulate construction activity, retaining capacity within the sector for when the market recovers. Public investment is matched by participating private developers.

125 Although the objectives of the HDS scheme are a pragmatic wave 1 response, redirecting resources involves a number of shifts:

- proportionately from investment in regions containing highly deprived areas (the North and London) to prosperous regions (the South and East) (Figure 23).
- from planned economic development work into private housing construction;
- from regional to national control; and
- from schemes focused on employment and investment (issues that are important in waves 2 and 3), to support for business in wave 1.

126 The rationale for these is not clear at a local level, where the impact is difficult to track. Many councils noted the loss of resources to regional development agencies, raising concerns that economic development projects important for local recovery, such as the regeneration of Weymouth’s sea front, or a town centre project in Bishop Auckland, will be cancelled or delayed. It is important that councils understand national schemes such as the HDS better, so they see the potential benefits as well as the losses, and can plan to manage the local consequences better.

\[\text{i} \quad \text{The HCA accepted bids for £485 million, but a substantial number will not reach completion. Although this will reduce the total cost of the scheme, the distribution shown in Figure 23 is expected to be approximately as shown. The points made in this section will therefore remain valid}\]
Local versus national delivery and control

Current situation in wave 1 – Focus on business

Figure 24 maps the government schemes based on the extent of local delivery (horizontal axis) and the degree of local control over the funding (vertical axis). This shows that:

- despite the policy direction of recent years towards localism, the balance of the central government programme has been largely centralist, both in terms of numbers of schemes and funding;

For example, councils are administering the first stages of the Mortgage Rescue Scheme on behalf of the government, so local delivery is relatively high. However, the criteria for the scheme are set nationally, so local control is low.
When it comes to the crunch...

Audit Commission

National government schemes

Figure 24: **National recession schemes**
The balance of government schemes have been centrally managed.

- schemes are split between helping business, employment, housing and other, but most of the investment has been in helping business;
- there are several different schemes of varying sizes for each policy area; and
- the balance of the money and schemes is towards the top of the graph. Local discretion is limited.

Source: Audit Commission analysis of government information
Wave 2 – National resources, local targeting on social impacts

128 The majority of initiatives have little or no defined role for local councils, but there are schemes where more local involvement would be beneficial.

129 It may be appropriate in wave 1 for the balance of actions to be largely central. However, local circumstances can greatly vary, even between neighbouring areas. Local knowledge and targeting is crucial for addressing many problems, especially the social ones that will emerge in wave 2. Future schemes, particularly those focused on social issues, should provide for more local delivery and control.

130 For public resources to be used efficiently, central government should establish national priorities with clear outcomes and allocate resources, but work in partnership with councils to ensure they are deployed well. The Future Jobs Fund, which applies this principle, is expected to be more effective as a result.

Wave 3 – Help for struggling areas, working with councils

131 A Mine of Opportunities (Ref. 2) demonstrated the importance of addressing social issues as they emerge. Failure to do so may be paid for over the next 30 years. Economic development initiatives, labour market and social programmes will be vital in areas where growth does not return quickly.

132 In wave 3, programmes should respond to the significant local variations in need and be targeted at areas that have not recovered. Councils and LSPs need to be central to area-based programmes for addressing long-term worklessness and social issues.

133 Councils need to work across boundaries and engage a wide range of partners. The Dearne Valley Partnership, which spans the borders of Rotherham, Barnsley and Doncaster, is an example from the mining towns. This used transport improvements to connect the communities into a larger, more viable economic and social unit. Planning for such actions needs to start early, using existing mechanisms such as local and multi-area agreements, to stop social problems becoming ingrained.

134 Investment in economic development is important as recovery picks up and economic development becomes both viable and important. The HCA and regional development agencies are important participants in this process, with regional development agencies being a potential source of additional expertise and capacity. The Commission has not independently
assessed the contribution of regional development agencies or the HCA in combating the recession. However, feedback from councils on regional development agencies is broadly positive, with the main concerns being about their financial resources. Many councils mention Business Link as a key partner in their local work. Generally, councils also report that the HCA has been helpful, particularly in re-starting stalled developments.

### Working with regional development agencies

One metropolitan district has worked with the regional development agency and the Learning and Skills Council to introduce Time to Train. This is a pilot scheme for staff in selected firms that have moved to reduced working hours and pay. They can take part in training schemes for one to two days per week. Payment is received for those days. The regional scheme pays the minimum wage and the Council is proposing to supplement this to raise the payment level to average wage level.

A district council attributes its progress to local partnership working between its LSP and a small regeneration company, both established with strong and effective regional development agency support.
Conclusions

Next steps

84
The recession is affecting each area differently, and council responses vary:

- Most councils have taken sensible, low-risk steps to support businesses, help labour markets and support vulnerable households, but expect the impact to be modest.
- Some councils are more ambitious. They have a coherent action plan agreed with their LSPs, which includes tailored interventions to support important local employers, and other, more complex, responses. These can be effective, but risky. Some councils, often with experience of widespread deprivation, have the capability and resources to develop these and manage the risks, but the majority do not.
- However, some councils are investing in recession responses without the backing of a sound, well-informed plan
- Councils find the plethora of national schemes confusing, and are unclear whether, or how, the schemes will address their specific local problems.
- Many councils should be doing more to prepare for the expected social, financial and economic development challenges ahead. This includes councils that have escaped the worst effects to date, some of which are complacent.

It is too early to say which local or national actions are being effective, but those that are part of a sound overall plan, understood by everybody, targeted on local issues and delivered in partnership, are most likely to be successful.

Most councils have a clear understanding of the local impact of the recession. But having knowledge is not the same as using it. Few are targeting their efforts effectively, and only half of ST&CCs have a recession plan that is agreed with the LSP. Monitoring of outcomes is poor.

Too few national schemes harness local knowledge to maximise their impact. Some local schemes, for example for mortgage support, have been quicker, better-targeted and more effective than national ones.
Next steps

139 Most councils need to build their capacity to develop local approaches to local problems, and deploy resources effectively through local partnerships. In particular, they should:

- work to ensure they understand the structure of their economy, and to build a rich picture of the impact of recession on businesses, people, capital developments and demand for local services;
- work with a wide range of stakeholders, including their LSP partners, local business leaders, property developers, communities, neighbouring authorities and regional bodies, using these links to gather intelligence, and develop joint approaches;
- set clear objectives for the approach to the recession, including a focus on the future;
- develop an approach that is specifically designed to address the particular issues each area faces;
- be prepared to take calculated risks if necessary, and manage them well;
- be creative in resourcing recession plans; for example by using good financial management principles, redirecting other funding streams, levering in investment from partners or accessing money from government schemes;
- play to their strengths, and be aware of their limitations. If an intervention needs a level of expertise that a council does not have internally it should seek help and advice;
- those in relatively prosperous areas need to learn from the experience of those which have been through previous economic shocks or are already badly affected; and
- set realistic goals for each main initiative, develop metrics, and monitor impact.
Central government should work more effectively with local government and LSPs by:

- clarifying its overall strategy and the outcomes desired from each national scheme, and explicitly assessing whether local knowledge would help achieve them;
- designing simpler schemes that can quickly address emerging local problems by; devolving funding to local authorities or LSPs, joint commissioning, or applying flexible qualification criteria;
- explaining the rationale for involving local bodies, or not, in all national schemes;
- managing national schemes against planned outcomes, avoiding detailed, bureaucratic processes; and
- engaging now with the localities that will need support as the wider recovery begins, using mechanisms that already exist, including local and multi-area agreements.

The process of CAA will challenge councils to ensure they are well placed to address their local issues. It will highlight both good practice and inadequate area-based or organisational responses. The local CAA results will be published in December 2009.

The Commission intends to publish a third report in this series on the impact of the economic downturn early in 2010.
## Appendices

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<th>Title</th>
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<td>References</td>
<td>97</td>
</tr>
</tbody>
</table>
Appendix 1 – Methodology

This research used the following methodology:
- an online self-completion survey of all local authority chief executives carried out in May and June 2009. This achieved a response rate of 55 per cent (see Figure 25);
- structured interviews carried out by the Commission’s Comprehensive Area Assessment Leads (CAAL) and their teams, in 79 (over half) of the ST&CCs and six district councils;
- in-depth case study visits to 11 local areas, which included interviews with 33 local partner bodies (see Figure 26); and
- a literature review by the University of Birmingham and Coventry University on the role of local authorities in recessions.

Figure 25 Survey response rates by council type

<table>
<thead>
<tr>
<th>Council Type</th>
<th>Number of responses to survey</th>
<th>Total number of councils</th>
<th>Response rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ST&amp;CC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County council</td>
<td>17</td>
<td>27</td>
<td>63</td>
</tr>
<tr>
<td>London borough</td>
<td>22</td>
<td>33</td>
<td>67</td>
</tr>
<tr>
<td>Metropolitan borough</td>
<td>17</td>
<td>36</td>
<td>47</td>
</tr>
<tr>
<td>Unitary</td>
<td>28</td>
<td>56</td>
<td>50</td>
</tr>
<tr>
<td><strong>District councils</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District councils</td>
<td>109</td>
<td>201</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>193</td>
<td>353</td>
<td>55</td>
</tr>
</tbody>
</table>
Figure 26: **Councils and other bodies interviewed in case studies**

<table>
<thead>
<tr>
<th>Borough of Telford and Wrekin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tranforming Telford</td>
</tr>
<tr>
<td>Telford Business Partnership Network</td>
</tr>
<tr>
<td>Director of the Shropshire Chamber of Commerce</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reading Borough Council</th>
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<tbody>
<tr>
<td>Reading Credit Union</td>
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<tr>
<td>Reading CAB</td>
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<tr>
<td>Thames Valley Police</td>
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<tr>
<td>Reading UK CIC</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>South Tyneside Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of South Tyneside LSP, and Chair of the Business Forum</td>
</tr>
<tr>
<td>South Tyneside PCT</td>
</tr>
<tr>
<td>North East Chamber of Commerce</td>
</tr>
<tr>
<td>Voluntary Organisation Network North East</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Blackburn with Darwen Borough Council</th>
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</thead>
<tbody>
<tr>
<td>Twin Valley Homes Housing Association</td>
</tr>
<tr>
<td>East Lancashire Chamber of Commerce</td>
</tr>
<tr>
<td>Blackburn with Darwen Community and Voluntary Sector Organisation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City of Wakefield Metropolitan District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wakefield Skills, Workforce and Enterprise Partnership Board</td>
</tr>
<tr>
<td>Mid Yorkshire NHS Trust</td>
</tr>
<tr>
<td>Voluntary Action Wakefield District</td>
</tr>
<tr>
<td>West Yorkshire Police</td>
</tr>
<tr>
<td>Wakefield District NHS Trust</td>
</tr>
</tbody>
</table>
Appendix 2 – Evidence for Wave Framework

No two recessions are the same. Each has different drivers, and takes place in particular economic and regulatory contexts. Equally, each is addressed through distinct policy responses. However, there are a number of broad trends relating to their life cycle that are shared across most recessions:

- Falls in output are accompanied by lagging, but sharp, increases in unemployment as employers’ efforts to retain staff ultimately prove unsuccessful.
- Output growth often returns at a low rate and does not bring an immediate return to job growth. Employers remain cautious, particularly when growth is required in new sectors. Instead, job losses continue, increasing unemployment for some time.
- High and sustained unemployment, particularly as it converts from short term to long term, leads to certain health, deprivation and housing indicators becoming worse, though the latter are also shaped by interest rate policy.
- Falls in total unemployment occur sometime after the initial return of positive output growth, bringing with them improvements in deprivation and housing indicators.
- But there are geographical variations, with some areas returning to employment growth while others remain in decline for some time.

These principles convert into a model of three phases or waves (see Figure 27):

- Wave 1: a relatively short period containing the entire phase of falling output, alongside rapid job loss and a steep rise in unemployment.
- Wave 2: a longer period of positive, but low-output growth accompanied by continued job losses and rising unemployment. This is the phase in which unemployment and its associated social and housing issues are most apparent.
- Wave 3: unemployment has peaked and output continues to grow, providing greater opportunities for investment and economic development. Not all areas benefit, with some continuing to decline while others bounce back.

This model is illustrated below, and evidenced through an examination of the early 1980s and 1990s UK recessions. Despite the different drivers underlying each, they share many similarities in their lifecycles.
Wave 1 – Falling output

(Qtr1 1980 – Qtr1 1981 / Qtr3 1990 – Qtr3 1991)
The early 1980s and 1990s recessions saw relatively brief periods of declining GDP (five quarters in each case) (see Figure 28). These were accompanied by falls in job numbers and increases in unemployment\(^{ii}\), which lagged relative to output and worsened towards the end of each period of falling output. Company

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\(i\) NEETs are young people that are Not in Employment, Education or Training.

\(ii\) The number of jobs lost does not always equal the increase in unemployment as not everyone who loses their job will look for work (a pre-requisite to being counted as unemployed). Some withdraw from the labour market altogether, for instance, through early retirement or to become an adult student or a homemaker.
liquidations and insolvencies increased in this phase in both recessions.

The rise in unemployment was related to a fall in median household incomes in the first year of both recessions. Household consumption levels also began to fall and the number of individual insolvencies accelerated markedly in this phase.

Many housing indicators were also negative. Particularly in the 1990s recession, the worsening trends in house prices, mortgage arrears and repossessions preceded negative output growth – a reflection of movements in interest rates and previous trends in the property market. The rise in unemployment related to the downturn in the mainstream economy exacerbated these processes.

Overall, wave 1 is a relatively brief phase of falling GDP accompanied by rapid job losses, increases in unemployment and a downturn in many housing indicators.

Figure 28: Changes in GDP and unemployment since 1979

Source: ONS – Chained GDP measure / Labour Force Survey

i Unemployment peaked in Qtr1 1993, but owing to transfers onto various health benefits such as Incapacity Benefit, unemployment in its broad sense, did not fall noticeably for a further four quarters. Consequently, wave 2 of the 1990s recession extends beyond the unemployment peak.
Wave 2 – Positive growth, continuing unemployment and social issues

(Qtr2 1981 – Qtr3 1984 / Qtr4 1991 – Qtr1 1994)

In each case, the return of output growth did not represent a return to positive economic conditions overall. In both recessions, a new and longer phase of rising unemployment ensued, bringing associated social difficulties.

Output growth returned slowly, especially in the 1990s, which saw an annual rate of only 0.5 per cent directly after the recession. Improvements in output were not reflected across all indicators. For example, company liquidations peaked 6 and 12 months after growth returned in the 1980s and 1990s respectively, as firms that had struggled through the recession finally ran out of options.

Continuing liquidations is one of the factors behind both ongoing loss of jobs and the growth of unemployment once growth returns. The negative trend in job loss / unemployment growth lessened slightly just before the return of positive output growth. But absolute decreases in job numbers and increases in unemployment continued for some time after.

Table 3 shows that the period of job losses following the return of positive output growth (wave 2) in the early 1980s lasted longer than the phase of negative output growth (wave 1). Also, the job losses in wave 2 marginally outstripped those in wave 1. Substantial job losses also occurred in wave 2 of the 1990s recession.

Unemployment also increased after the return of economic growth in the 1980s. Of the total increase in unemployment occurring in this recession, 47 per cent emerged over the three-year period after this point.

In the 1990s, 38 per cent of the total unemployment resulting from the recession occurred over an 18-month period after output growth had returned. However, unemployment figures for the 1990s under-represent real unemployment growth, as redundant workers increasingly withdrew from the labour market onto other benefits such as incapacity benefit. An additional 500,000 claimants, above those shown in the table, registered for these benefits in the six quarters following the recession and the numbers did not fall noticeably for a further four quarters. So in fact wave 2 of the 1990s recession lasted for 10 quarters, two and a half years, after the return of positive output growth – extending beyond the peak in unemployment shown in Figure 2.


In the early 1990s recession, homelessness peaked in 1992, and did not fall to pre-recession levels until 1994. Repossessions also peaked in 1992, but did not fall back to pre-recession

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See previous footnote.

Based on an analysis of claimant count and health benefits data.
When it comes to the crunch...

Appendices

Figure 29: **Job loss and unemployment in the 1980s and 1990s recessions**

<table>
<thead>
<tr>
<th></th>
<th>Job losses</th>
<th>Unemployment growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1980s recession</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wave 1 – Phase of falling GDP</td>
<td>986,000 – over 5 quarters</td>
<td>934,000 – over 5 quarters</td>
</tr>
<tr>
<td>Wave 2 – Phase of positive output growth</td>
<td>1,015,000 – over 8 quarters</td>
<td>828,200 – over 13 quarters</td>
</tr>
<tr>
<td>Total</td>
<td>2,001,000 – over 13 quarters</td>
<td>1,762,200 – over 18 quarters</td>
</tr>
<tr>
<td><strong>1990s recession</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wave 1 – Phase of falling GDP</td>
<td>1,084,000 – over 5 quarters</td>
<td>619,000 – over 5 quarters</td>
</tr>
<tr>
<td>Wave 2 – Phase of positive output growth</td>
<td>871,000 – over 5 quarters</td>
<td>383,000 – over 6 quarters</td>
</tr>
<tr>
<td>Total</td>
<td>1,955,000 – over 10 quarters</td>
<td>1,002,000 – over 11 quarters</td>
</tr>
</tbody>
</table>

Source: ONS – Workforce Jobs and Labour Force Survey

levels until towards the end of the decade. Twelve-month mortgage arrears peaked in 1993, and slowly decreased through the rest of the 1990s. Peaks in these housing indicators again preceded those for unemployment, but still they occurred some time after positive output growth had returned at the end of 1991.

The social problems developing in wave 2 arise from the effects of long-term unemployment. Systematic data on the relationship between recessions and social outcomes does not exist. But there are well-established links between two key features of recessions – low incomes and stressful life events such as loss of employment or housing – and features such as common mental health disorders and alcohol and drug abuse, especially in men (Ref. 8). Similar links between male unemployment and increases in acquisitive crime have also been identified (Ref. 9), as have links between long term welfare dependence and domestic violence (Ref. 10).

Overall, wave 2 is a long phase of low output growth and high absolute unemployment, leading to stresses in household finances and housing arrangements, and a variety of associated health and domestic issues.

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i This low figure reflects the shift from unemployment to health benefits and underestimates real unemployment.
Wave 3: Unequal Recovery

(Qtr 4 1984 onwards / Qtr 2 1994 – Qtr 3 1997)

As GDP growth strengthens, job growth returns to a reasonable level and unemployment starts to fall and return to pre-recession levels. Income, expenditure and housing indicators also improve.

Gradually, different aspects of the economy return to their pre-recession levels. In the 1990s, total national unemployment did not return to pre-recession levels until 1997, more than three years after unemployment had reached its peak. However, national unemployment never returned to pre-recession levels after the 1980s recession. There was a marked fall in unemployment towards the end of the decade, but the 1990s recession arrived before wave 3 of the 1980s recession was fully over.

These improvements occurred unevenly, however. Growth returned to different localities at different rates, and some areas were by-passed altogether. Some areas bounced back quickly, but others continued in recession for some time after. Many areas failed to return to pre-recession levels (Ref. 11).

Wave 3 is a long phase of national growth and recovery that is shared unevenly across local economies and communities, with some being by-passed altogether.
Appendix 3 – Checklist for members

This checklist is designed to support members and officers who are reviewing or carrying out a self-assessment of a council’s approach to the recession. It is based on the components of a good decision set out in Chapter 5. The key elements covered in this checklist are:

- **Knowledge** – A sound understanding of the economy and the impact of the recession on it.
- **Partnerships** – Good partnership working.
- **Sound decision-making principles** – Setting a clear strategy and objectives, monitoring and learning.
- **Responses that are flexible, targeted and bespoke** – An approach to the recession that is informed by local circumstances and targeted at key groups.

There is also a section on planning for the recovery.

The checklist is presented as a series of questions, but these should be used as prompts for discussion rather than to elicit simple ‘yes’ or ‘no’ answers.

1. Knowledge

It is important to understand the structure of the local economy and to build a rich picture of the impact of the recession on businesses, people, capital developments and demand for local services. From April 2010, the proposed local authority economic assessment duty is expected to come into force. This would require councils and their partners to develop a shared understanding of local economic conditions to inform their interventions.

1a Does the Council understand its local economy?

Does the Council:

- have an economic assessment of the area (their own or externally commissioned);
- understand their area’s role in the sub-regional economy;
- understand which are their key business sectors and biggest employers;
- know where their residents work and where their workers live (i.e. employment and commuting patterns);
- understand the reasons for unemployment / worklessness; and
- understand the relationship between the skills and knowledge of the local labour force and the needs of local employers?

1b Does the Council know how the recession has affected the area?

Does the Council have good intelligence about how the recession is affecting its area, businesses and citizens?

- Is the Council using recent data on impacts where available, for example claimant count and notified redundancies?
- Does the Council know where its knowledge is lacking, and is it working to fill the gaps?
- Is the Council working with its partners and others to build a picture of impacts? This could include:
  - LSP partners, such as the primary care trust and the police;
  - neighbouring authorities;
  - regional bodies;
  - the business sector;
  - private-sector developers;
  - the voluntary sector;
  - Jobcentre Plus; and
  - the Learning and Skills Council.

- Does the Council know how the recession is affecting partner organisations?
1c Does the Council know how the recession is affecting particular communities and individuals?
- For example:
  - older workers
  - younger workers
  - vulnerable groups
  - deprived communities
  - migrant workers
  - long-term unemployed
  - recently unemployed

1d Does the Council know how the recession is affecting businesses?
- Is the Council in touch with its biggest employers?
- Does the Council know how the main sectors in its economy are faring in the recession?
- Is it aware of the main issues for local firms, for example cash flow or falls in consumer spending?

1e Is the Council monitoring changing demands for services?
- Is the Council looking for early warning signs of higher demand, for example new families needing social work involvement or housing enquiries that could lead to homelessness?
- Has the Council developed informed forecasts of where and when increases in demand are likely to be seen, and in which services?

2a Is there a jointly agreed approach for the area?
- Has the response to the recession been developed with the LSP, or
- has each partner determined their own response?

2b Are partners implementing recession plans?
- Are partners implementing recession policies to maximise impact? For example are they:
  - changing their corporate behaviour by paying invoices more quickly or trying to buy locally?
  - making their staff and users of their service (for example patients at the local hospital and users of voluntary services) aware of local initiatives such as debt advice, anti-loan shark campaigns and training opportunities?

2c Where increases are already being experienced, for example for housing benefit claims, is it monitoring levels of demand and the impact on staffing, budgets and service standards?
- Is the Council working with partners to detect changes in demand, for example, increasing levels of mental ill-health or other social issues?

2. Partnerships

It is important to work in partnership through the LSP\(^i\) to maximise the impact of the recession response. Actions should be agreed through the LSP and implemented by all relevant partners. The views and experiences of a wider range of stakeholders should inform these plans.

2a Is there a jointly agreed approach for the area?
- Has the response to the recession been developed with the LSP, or
- has each partner determined their own response?

2b Are partners implementing recession plans?
- Are partners implementing recession policies to maximise impact? For example are they:
  - changing their corporate behaviour by paying invoices more quickly or trying to buy locally?
  - making their staff and users of their service (for example patients at the local hospital and users of voluntary services) aware of local initiatives such as debt advice, anti-loan shark campaigns and training opportunities?

\(^i\) or other local partnerships such as multi-area agreements if relevant.
3. Decision-making principles

In deciding on a recession response, councils and partners should follow sound principles of good decision making, including setting clear objectives, developing a sound plan, appraisal of options, and monitoring.

3a Are objectives clear?
- Is the Council clear about what its role should be in the recession and what it is trying to achieve? Objectives might include:
  - To slow economic decline / promoting economic growth.
  - To deal with extra service demand and carrying on ‘doing the day job’ well.
  - To prevent the development of social problems / inequalities linked to recession, unemployment and increased levels of deprivation.
  - To make efficiency savings and reducing council tax.

3b How is the Council prioritising its efforts?
Just as their local economies and communities are most in need, councils’ opportunities for action may be restricted by the recession’s impact on their finances. Addressing one issue can have consequences for another, for example making redundancies in a council’s workforce reduces costs, but exacerbates local worklessness. Councils need to be clear about how they are prioritising between these two pressures.
- Is the Council more concerned about:
  - **internal** issues – increasing service demand and pressure on finance; or
  - **external** issues – their efforts to make changes in the local economy; or
  - both?

3c Do actions match priorities?
- What are the issues that:
  - senior management has spent most time discussing?
  - have been the subject of new research?
  - have dominated agendas?
- Is this consistent with the priorities of the Council?

3d Have responses to the recession been well thought through?
- Why were specific interventions chosen?
  - Are they specifically targeted at addressing an issue for the local economy?
  - Were potential alternatives considered and rejected?
  - Were benefits weighed against cost and felt to represent value for money?
  - Have the risks been fully assessed?
  - Are any risks being effectively managed?

3e How will success be measured?
- Are the objectives and outcomes for each intervention clearly articulated?
- Are there metrics available and pre-determined to measure effectiveness?
- Is progress being monitored?
- If effectiveness is dependent on targeting specific groups, are the methods of identification and means of communicating with each group clear?

3f Learning and capacity building
- Is the Council aware of any skills, experience or capacity gaps that could hamper effective action?
- Is the Council taking steps to fill significant skills or capacity gaps?
Is the Council taking steps to learn from the experience of others – particularly if it has limited experience of economic development and / or the area has not yet been badly affected?

Are the results of monitoring being used to improve recession interventions?

5 Planning for recovery

Even in the early stages of a recession, it is important to ensure that the area is well placed to share in economic growth once the recession is over.

Does the Council have a clearly articulated vision for its post-recession economy?

Does the Council have a clear view of whether its economy is well placed to benefit from the recovery when it comes? For example, which of its industries and sectors have potential for future growth?

Have long-term capital and economic development plans been re-evaluated in the light of the recession?

Has the Council discussed its future economy with the regional development agency and other relevant regional or sub-regional bodies (for example, if they are part of a multi-area agreement)?

4. Targeting

The Council’s response needs to be matched to the extent and type of local issues, and should be an appropriate combination of universal and specific approaches.

Is the Council using its knowledge and local intelligence (section 1) to develop an overall approach to the recession that is matched to the specific issues its economy faces?

Is the Council using links with key employers to identify and, if appropriate, respond to the specific issues they are facing?

Does the Council’s systems and delegation arrangements allow for flexible responses, in an appropriate timescale, while still managing risks?

Is the Council using its knowledge of its community, and of how local people are being affected, to develop responses that target specific issues, for example addressing particular training needs or preventing homelessness?

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\[i\] Intervention in local businesses may not be council policy.
References


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**Audit Commission**
1st Floor
Millbank Tower
Millbank
London
SW1P 4HQ

Telephone: 0844 798 1212
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