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Banking on Essex: using local powers to support Essex through the downturn

Brandon Hallam

Director of Policy, Essex County Council

Using Local Powers to Drive Local Economies

25th February 2009

Essex County Council

National context

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In the last 12 months:

- FTSE100 down 34%;
- Mortgage approvals down 52%
- Car sales down 23%;
- Retail energy costs up 21% ;
- Manufacturing output down 2.3%;
- Consumer confidence down 25pts to -35;
- Unemployment up to 1.97million

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Impact on residents - jobs

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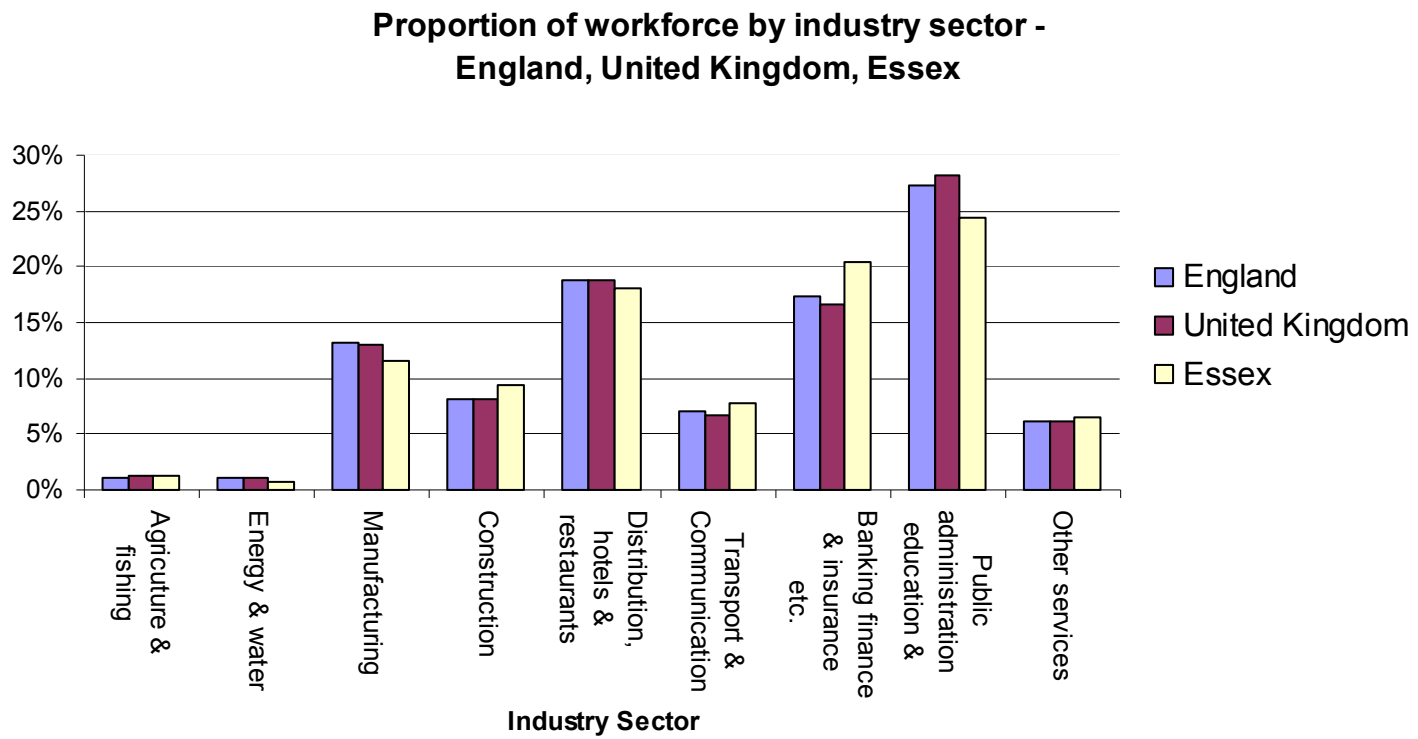

Essex workers over-represented in construction, and financial service – those sectors most at risk during the current economic downturn – estimated 25,000 job losses in Essex over 2009/10.

Essex County Council

Pressures on services

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Reduced revenue income as property market cools

Increased subsidies to support services

Housing supply lags yet further behind demand

Capital receipts lower than anticipated

Reduced income as leisure spending falls

Developers reluctant to engage in regeneration schemes

CSR07 settlement worth £500m less in real terms

Wage inflation and service cost pressures

Reduced S.106 monies

Uncertainty around PFI bids

Fuel cost uncertainty

5m in need of social housing by 2010

Possible approaches

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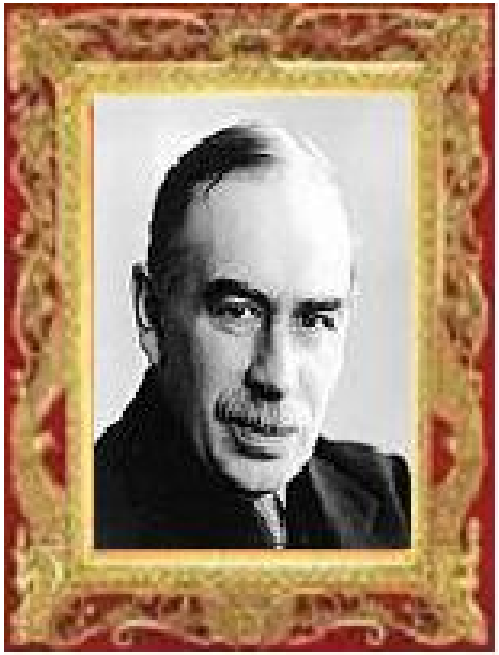

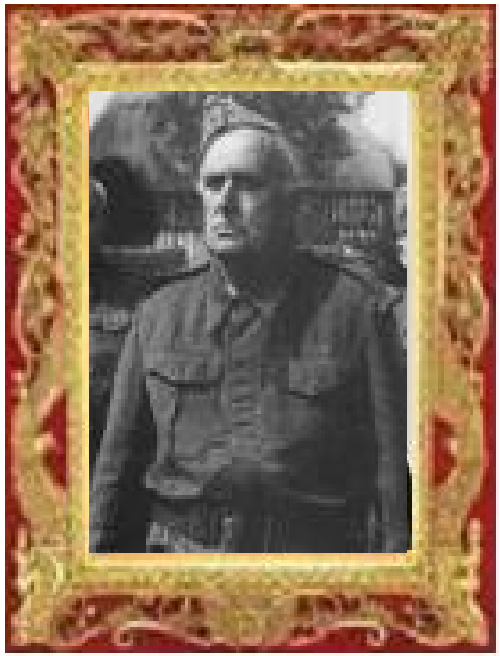

Not acceptable to throw hands up in despair

- fair-weather community leadership is not community leadership

Further enablers

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Local Government Act 2000 and Sustainable Communities Act 2007

2 Promotion of well-being

(1) Every local authority are to have power to do anything which they consider is likely to achieve any one or more of the following objects—

(a) the promotion or improvement of the economic well-being of their area,

(b) the promotion or improvement of the social well-being of their area, and

(c) the promotion or improvement of the environmental well-being of their area.

Essex response

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Our county-wide Local Strategic Partnership has come together behind a range of programmes to support our local residents and businesses

- Benefits take-up campaigns
- Investor programmes
- 'Bank of Essex'
- Partnering with Cambridge's IfM
- Build capacity with local credit unions
- Small business rate relief
- Business support signposting
- Save Essex Post Offices
- Council Tax - financial support for vulnerable residents
- Apprentices
- Improved procurement

Potential Legacy

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The more far-sighted councils are up and walking. Essex, not content with reopening post offices, is planning to set up a bank to disburse European Investment Bank funds to local small and medium enterprises, aiming to offer direct financial support to the 30,000 most vulnerable households in the county, proposing to develop a local credit union, and setting up an Essex apprenticeship scheme to make trainees available to local businesses. The overall winner of the 2008 Guardian Public Services Awards, Glasgow city council, has already established a hugely successful financial services arm for people spurned by the mainstream industry.

This is the kind of territory that councils need to be occupying at this time, and the kind of can-do image they need to be projecting. If, when the economy revives, we can look back on perhaps 20 Essexes, and maybe the same number of Glasgows, we may be able to say that local government has truly broken through to another level.

David Brindle, *The Guardian*, 7th January 2009

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