

The East Midlands Economy – A joint response to changing economic circumstances

A report prepared by *emda*, HMT and BERR

August 2008

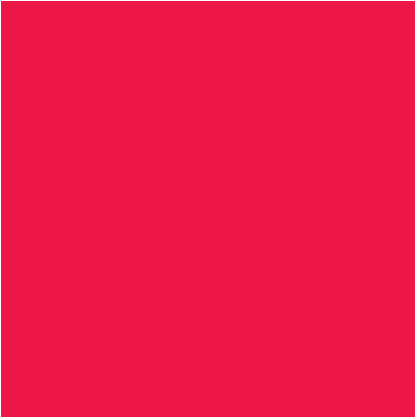
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The East Midlands Economy

A joint response to changing economic circumstances

August 2008

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FOREWORD

It is clear that the global economy is facing significant challenges. Tighter credit conditions, rising input and commodity costs – particularly energy costs – mean that we must all prepare ourselves for more difficult times ahead, for the UK economy as a whole and the economy and businesses of the East Midlands.

The East Midlands has embraced a vision to become a flourishing region, one that is prosperous and productive, enjoying high levels of sustainable economic wellbeing. Over recent years the region has experienced a period of above average economic growth and has been one of the fastest growing regions in England. Structural change in the economy has made the East Midlands more resilient than in the past, with a more diverse business base, meaning that the region is better placed to withstand the current economic difficulties.

It is critically important that Government and regional agencies listen carefully to the experience of businesses, and others, to understand further what is happening on the ground and what more needs to be done to help steer our economy through the challenging period ahead. This document has therefore been drawn up by Government and East Midlands Development Agency (*emda*) to stimulate debate and discussion with all those with an interest in supporting the economy, building on the strengths of the East Midlands and helping our families

and businesses through tougher times. The document also sets out the support that is available to businesses and consumers.

In addition to the activity described in this document, there is other extensive work being done by local authorities and the third sector to support economic development in their areas. Alongside these regional documents the Government has recently announced a new Regional Funding Advice exercise, which invites regional and local partners to advise Government on their long term priorities to support sustainable economic growth. Partners in the East Midlands are being asked to provide advice on the prioritisation of regional funding allocations of approximately £1.9bn over the next three years. The advice will enhance the East Midlands input into policy development and public spending decisions that affect the region.

This document encourages local businesses, the third sector and other partners to continue communicating with regional agencies and Government about how the economy is changing in their area, whether

current policies are working and what more needs to be done. Whilst times may be harder in the coming months, there is no doubt that the East Midlands economy is well placed to respond. This document sets out how *emda*, working with other local agencies, together with Government will ensure that the region's economy can withstand these current challenges and continue to flourish in the years ahead.

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Minister for the East Midlands

YVETTE COOPER

Chief Secretary to the Treasury

PAT MCFADDEN

Minister of State, Department for Business and Regulatory Reform

BRYAN JACKSON

Chairman, East Midlands Development Agency

COPING WITH TOUGHER ECONOMIC CONDITIONS

Two international shocks are impacting on the UK economy: the global credit crunch and the global surge in oil and food prices. The practical implication for business is that it is harder to raise capital to fund investments. Operational costs – especially for energy – are also rising. Costs of commodities like steel, wood and fertiliser are increasing, which in turn squeezes profit margins and puts pressure on prices. These challenges also have an impact on the individual consumer, particularly in terms of higher prices at the petrol pump and a more expensive weekly shop.

We expect these tougher economic conditions to hit all businesses, but their impact will vary across regions and sectors. The East Midlands has so far proved relatively resilient to these challenges, due to our diverse economy and the high number of East Midlands residents in employment. We also have less reliance than other regions on financial services and property related activities, both of which have been particularly affected by the recent global downturn. Manufacturers in the region have reported an increase in export sales and orders, helped by the fall in the value of sterling during the past year.

However, despite these positives, there is now evidence from the RDA National Business Survey, and other surveys, that activity has begun to ease in the region. It will therefore be vital to take action to reduce the impact of the slowdown and ensure that our businesses are able to continue to benefit from the economic stability which the East Midlands has seen over recent years.

The **manufacturing sector**, after undergoing significant restructuring through the 1990s, remains an important part of the regional economy. Manufacturing accounts for 16% of the region's employment, compared to 11% nationally. Recently manufacturing has been out-performing the service sector in the region, although we have seen a sharp rise in the number of businesses reporting concerns over the price of raw materials and energy.

However, manufacturing companies continue to be positive about short term conditions, and a higher proportion of businesses in the region (17%) expect the business climate to improve over the next 12 months than nationally (11%).

The **service sector** has grown in importance in the region over the last decade, and now accounts for 77% of the region's employment – the sector has generally been more affected by recent conditions than manufacturing, with service sector companies less

likely to expect increases in output during the next 12 months as consumer confidence falls.

The East Midlands labour market remains relatively strong compared to other regions. Figure one shows that our employment rate has remained high over the last decade, whilst unemployment has fallen and has remained low ever since. The East Midlands is the only one of the northern and midlands regions with above average rates of employment. The latest quarterly employment rate in the East Midlands of 75.5% is higher than the UK average of 74.9%.

The downturn in the **housing market** and the **commercial property sector** represent two significant risks for the East Midlands. The number of house sales has fallen and house prices were 5% below their peak at the end of the second quarter of 2008. A number of national house building firms with a significant presence in the region have also recently announced job losses, including Allison Homes, Jelson and



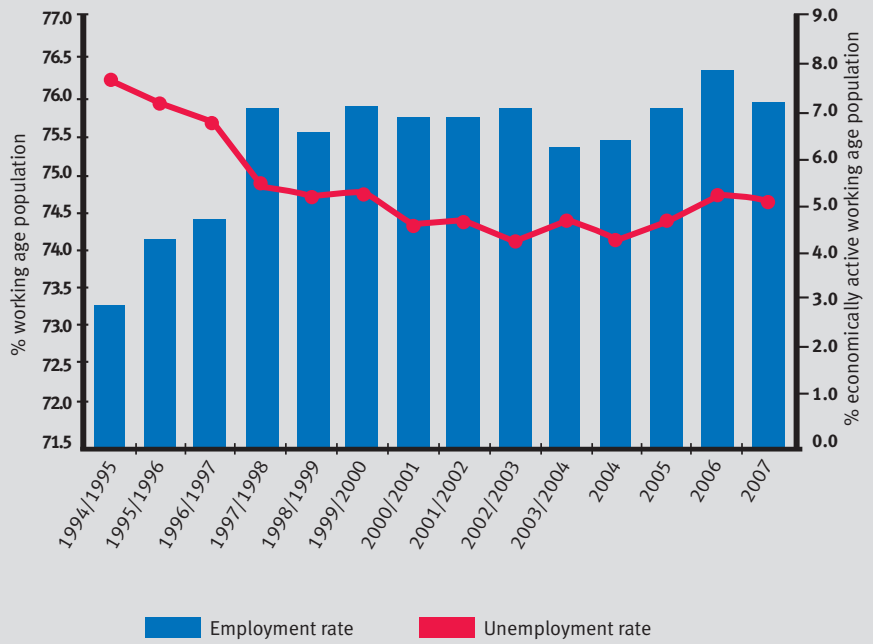
Persimmon. The downturn is also having an impact on suppliers such as JCB and Caterpillar who have announced redundancies as demand for their products has fallen. In addition there has been a reduction in commercial developments and speculative building has slowed significantly. As the property market continues to decline, there is a risk of further job losses in the sector.

The construction sector is also key to the continued regeneration and development of our towns and cities. A crucial element of this is the house building programme in the Milton Keynes South Midlands Growth Area and our other housing growth points.

It is vital that public and private sector partners work together to ensure continued investment in regeneration during the current downturn so we can successfully compete as an attractive location for businesses and for people to live, work and study.

This section provides a snapshot of the current state of the region's economy. It is crucial, both nationally and regionally, that we keep up with ongoing economic developments by continuing to listen to businesses and other regional organisations, and remain responsive to their needs.

**FIGURE ONE:
Employment and unemployment in the East Midlands**



Source: ONS Crown Copyright Reserved [from Nomis on 30 July 2008]

THE EAST MIDLANDS ECONOMY: RESILIENCE THROUGH DIVERSITY

The onset of more challenging economic conditions needs to be viewed against the backdrop of significant changes the region has experienced over the last two decades.

With a growing population of 4.4 million people, the East Midlands has seen considerable inward migration, both from other regions and from overseas. We are forecast to experience the most rapid rate of population growth of any region, including London, over the next decade.

The East Midlands has historically suffered from a reliance on low skill and low value activities, resulting in lower productivity and fewer high quality, well paid jobs. But this picture is changing. Employment in knowledge intensive industries, an essential ingredient of any successful economy, has been increasing at a faster rate than the UK. This is reflected in increased productivity levels and higher skilled jobs in the region. *emda* has led a strategy to build on this success, emphasising the need to create a ‘flourishing region’ that has a strong and resilient economy through a diverse range of activities and with innovative businesses that are less exposed to a downturn in the economy. Figure two demonstrates that the East Midlands has a more diverse business base than the UK generally.

The East Midlands has a more diverse economic geography than many other regions. Economic activity is concentrated in the cities of Derby, Leicester and Nottingham, with significant centres in Northampton and Lincoln. Thirty per cent of the region’s population live in rural areas.

The region has very favourable transport links, serviced by the M1 and A1 road networks and the Midlands, West and East Coast railway lines. This has contributed to the rapid growth in population because of the ease of commuting to the major cities within neighbouring regions. East Midlands Airport, located in close proximity to Leicester, Derby and Nottingham, is the country’s principal dedicated freight hub, and has also seen rapid growth in passenger flights.

The East Midlands has a strong higher education sector, with 10 universities. This has brought a number of notable developments, examples of which include:

- The University of Nottingham has established a campus in Ningbo, China. This has increased both academic and commercial links with China’s rapidly growing economy.
- The growth of the University of Lincoln has brought significant and very visible impacts on the regeneration of Lincoln city centre.

The East Midlands has also made considerable progress against the ‘five drivers of productivity’ – skills, enterprise, innovation, competition and investment.

Skills: the East Midlands has historically had a slightly lower proportion of people with higher level skills than average. However, in recent years we have seen an increase in the proportion of the active population qualified to NVQ Level 4 or above. 28.1% of the

economically active in the region were qualified to this level in 2006 compared to 25.0% in 2003. In line with these favourable developments, we are also beginning to see a significant increase in businesses demanding higher skills in the region.

Enterprise: with a steady rate of new businesses registering each year, the region has seen a net gain in the number of businesses over the last decade. As well as providing a healthy basis for business start-ups, a strong regional economy relies on the survival of these new businesses and the East Midlands has a strong business survival rate. In the East Midlands 72.2% of businesses that registered for VAT in 2002 survived for three years compared to 71.3% for the UK.

Innovation: businesses in the region have consistently invested more than average in innovation. Business Enterprise investment in Research & Development (BERD) is above the UK average, as is Gross Domestic Expenditure on R&D, which was equivalent to 1.9% of GVA in 2005 in the East Midlands, compared to 1.8% for the UK.

Competition: the East Midlands has a higher percentage of businesses exporting their goods than in the UK as a whole (4.1% as compared to 3.7%). As well as increasing the existing customer base for those exporting firms, this also acts as a buffer to shocks in the domestic economy.

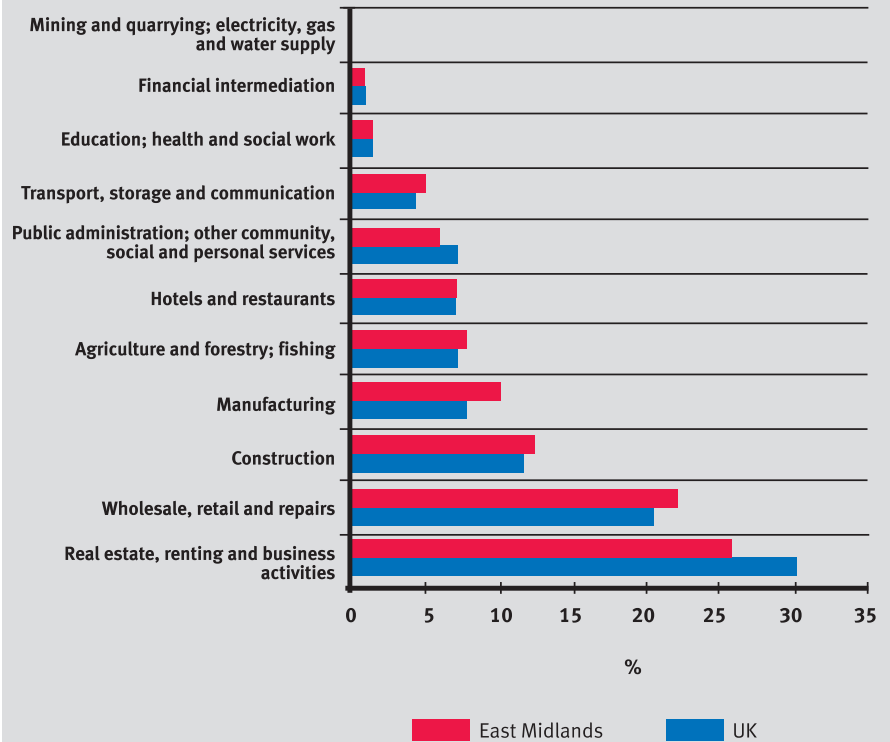


Investment: we have had significant success in attracting investment from foreign businesses into the region, which has increased for the fourth year running. UK Trade & Investment highlight that 5,960 jobs were created or safeguarded in 2007/08 as a result of international investment successes. Of the international investment successes secured by *emda*, 73% were classed as knowledge driven with average salaries exceeding the regional average (by 11%). This shows that we are both attracting and keeping high-value companies that are improving the quality of job opportunities in the East Midlands.

However, despite these clear strengths, long term challenges remain. The legacy of industrial restructuring and the loss of employment in mining and traditional manufacturing still affects communities in the north of our region, especially the former coalfields in North Nottinghamshire and North Derbyshire. Although many parts of our rural region are relatively prosperous, the more isolated areas – especially along the Lincolnshire coast – suffer from a dependence on seasonal labour, low skills and poor transport connections.

Tackling these long term challenges remains a priority, along with continued support for the more vulnerable parts of the region to ensure that they are not disproportionately affected by the current economic downturn.

FIGURE TWO:
Percentage of business stock by industry



Source: Small Business Service 2006

RESPONDING TO CURRENT ECONOMIC CHALLENGES

Despite the fundamental improvements of recent years, the challenges of the current economic conditions will require a clear and comprehensive response. This response should seek to reduce the impact of global economic conditions on individuals and businesses. All agencies – from local groups to national Government – are already working closely together to ensure the East Midlands is as well placed as possible to respond to these economic challenges.

emda – working with other regional and local partners – is helping businesses in the region prepare for the challenges ahead. The East Midlands Regional Economic Strategy (RES), A Flourishing Region, sets the framework for ensuring the long term sustainable economic growth of the region up to 2020.

The RES promotes a shared vision for the region which aims to deliver:

- Growing, innovative and globally competitive businesses
- Higher skilled people working in good quality jobs
- Healthy and inclusive communities
- Thriving and attractive places.

The RES also seeks to ensure that our future growth is sustainable by supporting a move towards a low carbon economy, by improving the opportunities of disadvantaged groups and by helping people find jobs and by improving their skills and life chances.

The RES is informed by a broad evidence base which has ensured that we are prepared for the current economic challenges we face. This included an assessment of the potential impact of a surge in global oil prices. The findings of this work helped us develop the policies within the Strategy, ensuring that our RES remains relevant in more testing economic times.

The RES brings together a strong partnership to deliver the economic priorities of the region. A whole range of programmes are in train across the East Midlands, led by a range of different agencies from the Government through to local level. Further details of the types of initiatives being taken forward in the East Midlands are provided on pages 9-15.

Government is also acting to address current economic challenges at both the national and international level.

INTERNATIONAL ACTION

No single government can stop the global economic slowdown, or solve the challenges of high prices immediately, but the British Government is working closely with other countries to face up to the international causes of the problems. It has recently discussed with Saudi Arabia and other oil producers how the world might be able to increase oil production in the short term, and is simultaneously working with European and other countries to cut the world's dependency on oil in the medium term. The Government has also worked closely with the IMF to support financial stability and take steps to get global credit markets moving again.

NATIONAL ACTION TO SUPPORT STABILITY

Nationally, it is essential that we avoid a temporary international inflation shock being transferred into domestic inflation, leading to a return to the price wage spirals of the 1970s and 1980s. The Government has made clear the need for responsible wage setting in both the public and private sector, from the boardroom to the shop floor.

The independent Bank of England has a responsibility to set interest rates so that inflation is kept under control. The Bank has an agent in all regions, including the East Midlands, to ensure that the Bank's decisions on rates are informed by conditions on the ground. To address the blockages in mortgage markets, the Treasury is facilitating the Bank of England's Special Liquidity Scheme.

By providing increased liquidity to the banking system this will help take pressure off the banks and building societies during the present period of uncertainty, maintaining the stability of financial markets. It will create the right conditions to ensure banks will be able to lend to each other, and to others, which will in turn support the provision of new mortgage lending to households.



Government is also looking at a range of measures to help stimulate the housing market and providing additional investment to improve the provision of affordable housing in the East Midlands. More details are provided on pages 13-14.

INVESTMENT IN THE EAST MIDLANDS

During this period it will be crucial for a wide range of partners in the region to work together to inform Government about regional priorities in the short, medium and long term.

Alongside these regional documents, the Government has recently asked regional and local partners to take part in the **Regional Funding Advice (RFA)** exercise, which sets out over £1.9bn of investment in housing, transport and economic development in the East Midlands during the next three years.

This opportunity will enhance the East Midlands input into both national policy development and public spending decisions that affect the region. This will help ensure that investment in our region is focused on the right developments, at the right time and in the right place.

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SUPPORT FOR BUSINESSES

emda is leading a wide range of actions regionally and locally, together with other agencies, to ensure the region is best prepared for both current and future economic challenges.

The global business climate is becoming increasingly difficult to operate in, particularly with rising cost pressures, such as energy and waste disposal, coupled with a general contraction of debt financing. Evidence also suggests that many regional businesses still have relatively low-skilled workforces and are operating in highly competitive markets with little room for increasing added value.

Yet the region is well placed for our businesses to succeed. Our central location and assets such as the country's principal dedicated freight hub at East Midlands Airport, our universities and our base of large businesses all provide significant opportunities. However, a step change will be needed in business, possibly now more than in previous years, to look again at their products, processes and people in order to achieve success.

Providing the information and expertise to make these risky decisions is where the public sector can help most, particularly for small and medium sized businesses. *emda* is currently preparing a regional Business Support Strategy, which will be available in October 2008. The

Strategy, which seeks to simplify regional arrangements for business support, will have the flexibility to meet the changing needs of businesses at all stages, and in more challenging economic conditions.

THE ROLE OF BUSINESS LINK

Business Link is the Government's primary service to provide information, diagnostic and brokerage to businesses. The Business Link service is the main access channel to the business support products detailed below.

One of the first steps taken in the region was to ensure that Business Link advisers were equipped with the tools to advise businesses in the current economic climate. It has updated its diagnostic process to quickly assess business needs by placing more emphasis on helping those companies that are having particular difficulty with, for example, increasing debtor days, rising stock levels, dealing with a dwindling or static customer base and coping with a reducing forward order book.

The regional Business Link website contains a significant amount of information to help businesses through the current economic conditions and can be accessed via www.businesslink.gov.uk/eastmidlands/creditchunch Alternatively, Business Link can be contacted on 0845 058 6644 and should be the first port of call for all business support needs.

Business Link is also providing a series of workshops specifically aimed at dealing with these more challenging economic conditions throughout October 2008. The section below outlines additional support available in the East Midlands.

SIMPLIFYING SUPPORT FOR SMALL BUSINESSES

The Government, through RDAs, Business Link, local authorities and others, invests £2.5bn each year in support for business. *emda*, working with Government and the region's local authorities, is simplifying and rationalising this support, making it much easier for businesses to access. It is also enabling more resources to be redirected to front line support services helping to expand provision to more East Midlands businesses than ever.

In 2007/08 *emda* invested some £34m at the regional level in a range of direct support services to East Midlands businesses. This included nearly £12m for Business Link branded services. In addition, over £3m was invested to support the establishment of new businesses and over £10m was provided to businesses through a range of grant programmes to support business transformation, investment, resource efficiency, research and development and flood recovery. A further £4m was focused on innovation support for the region's priority sectors and the Manufacturing Advisory Service.

Through the regionalised Business Link service, businesses in the East Midlands now have a single, easily accessible gateway to quality public and private sector external support and advice.

As well as providing additional general advice about financial and cashflow management, Business Link is providing more specific and focused support to help businesses respond to and combat the effects of the current economic climate – including advice on how to generate new business opportunities, access public sector contracts and improve operational business efficiency through directing businesses to a

limited number of specialised solutions. In addition, all the region's local authorities are working actively with *emda* to simplify and rationalise the support they provide to business in order to provide a more coherent regional business support offer so that businesses are clearer about who does what.

Support in this area is available through Business Link East Midlands and ranges from the Mentoring for All initiative that provides a mentor for businesses in order to share experience and expertise on how to deal with common issues, through to the Route to Market programme that helps businesses both retain their existing customers and consider how to enter new markets.
www.businesslink.gov.uk/eastmidlands

HELPING BUSINESSES TO CUT ENERGY COSTS

An immediate priority for many businesses is to cut costs and to make their operations less dependent on increasingly high energy costs. *emda* is investing over **£4m in mainstreaming resource efficiency** into the regional business support model, including the development of a resource efficiency diagnostic tool and grant support for businesses to improve competitiveness through resource efficiency (energy, waste and water) improvements. *emda* is also investing £500,000 in a pilot programme to assist businesses with climate change adaptation measures.

National partner organisations, notably the Carbon Trust and Envirowise, have a vital role in improving resource efficiency. East Midlands businesses can also benefit from the Government's Enhanced Capital Allowance (ECA) scheme. The ECA scheme enables businesses to save money on energy efficient

equipment by writing off the whole cost of an investment in designated energy-saving technologies and products against their taxable profits of the period during which the investment was made.

Business Link East Midlands has introduced an online resource efficiency diagnostic tool to help companies identify areas where businesses can improve their resource efficiency and reduce their energy, waste and water cost base. Once a company has been through the resource efficiency diagnostic and subsequent consultation they may also be eligible for a grant of up to £10,000 to implement the recommendations.
www.businesslink.gov.uk/eastmidlands

HELPING BUSINESSES TO ACCESS FINANCE

emda has launched a range of new forms of finance to support East Midlands businesses to start and grow – the regional 'escalator of finance'. A total of **£18.5m is currently available over the next three years through a combination of grant and loan finance**. A number of the products in the finance escalator help businesses facing difficulties in acquiring the finance they need from banks and other lenders. This is particularly important during the current climate as lending from banks has tightened.

The **Selective Finance for Investment** grant is providing finance for companies embarking on a programme of investment in buildings, plant and machinery and equipment, and there is **£3.5m of funding available to companies this financial year**. The EnterpriseLoans East Midlands programme is lending amounts of between £3,000 and £20,000 to small businesses that are unable to obtain bank finance.



These funds are even more important during the current climate as they ensure that businesses with viable business plans can continue to secure much needed finance for stability and growth. Those businesses which need to continue to innovate in the face of changing economic conditions can access grants of up to £250,000 through the **Grant for Research and Development programme**, which has **£4.1m available in 2008/09**.

The Government's Enterprise Strategy – published in March 2008 – announced new measures to help business competitiveness. This included an increase of £60m in the amount of lending that the banks can approve under the Small Firms Loan Guarantee Scheme to a total of £360m this financial year.

Financial support is available to businesses through a number of products, including the Selective Finance for Investment grant, the EnterpriseLoans East Midlands loan programme and the Grants for Research and Development programme. Information on all these products is available at www.emda.org.uk/funding

PROVIDING ASSISTANCE TO BUSINESSES THAT ARE STRUGGLING WITH DEBT

In the current climate it is more important than ever that business pays close attention to debt management. Businesses in the East Midlands can get advice from Business Link on how to identify potential cashflow problems early enough to take action before getting into debt. More generally, the Government recognises that late payment, and uncertainty on payment times, can also cause

difficulties in cashflow and financing costs for small businesses. BERR is working across Government to promote prompt payment in the public sector and is also exploring non-legislative options to tackle late payment issues.

In addition to the help available from Business Link on debt recovery and preventing late payment, businesses in the East Midlands that are currently finding it difficult to balance their books can access one of 500 debt advisors employed by the Citizens Advice Bureau and Advice UK network. The National Debtline on 0808 808 4000 also provides free, confidential and independent advice on how to deal with debt problems.

Business Link East Midlands can help businesses with understanding debt factoring and invoice discounting, recovering late payments, helping businesses avoid insolvency, providing an assessment of the financial health of the business and advice on how best to recover debts. www.businesslink.gov.uk/eastmidlands

WORKING WITH BIG BUSINESS

In the East Midlands large companies employ half the commercial workforce, generate two thirds of the region's business research and development spend and support large numbers of SMEs in their supply chains. *emda*, Jobcentre Plus, the Learning and Skills Council (LSC) and sub-regional partners have formed the Large Business Support Partnership to work together to build relationships with the region's largest businesses so that their importance to the local economy and their future plans are factored into

investment decisions. In 2007/08 this partnership ensured the creation and safeguarding of over 4,000 jobs.

This rapid response partnership also has a vital role in responding to industrial restructuring and closure, helping people who are made redundant gain access to additional training and linking them to other companies who are seeking individuals with their unique skills.

Support in this area includes helping UK management teams win new investment from their parent companies, recruitment of a skilled workforce, developing supply chains and manufacturing efficiency. www.englandseastmidlands.com/AlreadyHere.aspx

HELPING COMPANIES TO ACCESS NEW OVERSEAS MARKETS

Businesses that trade overseas are likely to be more competitive, have a higher level of productivity, enjoy higher than average growth rates, employ more people, and are able to better deal with domestic downturns. As domestic markets have tightened over the last six months, companies may be re-considering whether to diversify overseas, particularly to exploit opportunities in markets that are growing strongly.

emda has established both the East Midlands China Business Bureau and the India Business Bureau to proactively develop the opportunities arising from the growth of the Chinese and Indian economies. Both provide dedicated support to assist regional companies in developing business in these growing markets. *emda* is also working closely with UK Trade & Investment (UKTI) on the recently

established High Growth Markets programme to support regional companies to access new opportunities in 17 rapidly growing markets.

UKTI's International Trade Teams in the English regions, and its network of offices in some 100 markets around the world, support UK-based companies to access global markets. In the East Midlands in 2007/08 UKTI assisted almost 400 experienced exporters to grow by entering new overseas markets and an additional 180 'new to export' companies to expand overseas. The East Midlands International Trade Team generates on average £25 worth of benefit to business for every £1 spent.

Support in this area includes: the provision of advice to small and medium sized companies on a number of key issues, particularly business culture; providing information on the China and India markets; promoting awareness of sector specific opportunities and giving businesses access to specialist language providers. Further information can be obtained via
www.eastmids-china.co.uk
www.eastmidlandsindia.org.uk
www.uktradeinvest.gov.uk

BRINGING OVERSEAS INVESTMENT TO THE EAST MIDLANDS

emda is proactively targeting new inward investment opportunities within the region's priority sectors. In line with UKTI strategy the region targets knowledge driven, R&D intensive companies and projects, exploiting regional strengths in leading-edge technologies.

The region is continuing to attract and retain innovative and high value companies. Last year *emda* exceeded its annual international investment targets, resulting in 4,254 jobs being created or safeguarded in the region (of the

overall regional total of 5,960). Some 73% of these successes were classed as knowledge driven. *emda* has not yet seen any notable shifts in Foreign Direct Investment trends as a result of the current economic conditions, apart from in North America where there have been some signs of a general slowdown.

Support in this area therefore includes: assistance to investors with relocation, expansion or collaboration; provision of regional information, property and site searches; coordination of regional tours and visits; introductions to research experts and centres of excellence and introductions to Government and private sector companies.
www.englandseastmidlands.com

HELPING BUSINESSES TO INNOVATE

Innovation is a key driver of competitiveness through which our region can prosper. A systematic and long term support programme is required in order to address these challenges and to enable businesses to realise the benefits of investing in innovation. The Innovation Strategy and Action Plan for the East Midlands 2007 – 2010 was launched in November 2006. This provides a framework of integrated support covering innovation networks, advisor and mentoring teams and access to dedicated finance, technology and skills programmes. The strategy, and the related **£50m investment by *emda* and partners**, has been led by East Midlands Innovation, the region's Science & Industry Council. This is an advisory group of senior individuals drawn from business, universities and the public sector.

Innovation Networks, or iNets, bring together partnerships of regional businesses, universities, the public sector and innovative individuals to deliver the actions of the Innovation Strategy. They provide support to

businesses in the region's priority sectors and work in a broad partnership with organisations such as Business Link to deliver innovation focused support. Specific support for businesses includes grants to address innovation challenges, stimulate university collaboration and to explore the commercial potential of a new technology. A dedicated support programme has also been established to help business access funding available through the €50 billion European Framework Programme 7 initiative.

Support in this area therefore includes: working closely with iNet advisors to source innovation grants; support for collaborative working; technology focused pathfinder grants and support to access the European Framework Programme 7 funds.
www.eminnovation.org.uk

PROVIDING ADDITIONAL SUPPORT FOR SPECIFIC SECTORS

The East Midlands Regional Economic Strategy (RES) recommends targeting four priority sectors (healthcare & bioscience, food & drink, transport equipment and construction) selected on the basis of their contributions to the regional economy, global competitiveness and potential for growth.

The investment in the Innovation Strategy and Action Plan is focused on the priority sectors. Additionally, specific action is being taken to ensure that the generic support for businesses, skills, export and inward investment fully meets the needs of priority sectors.

Over the next three years, *emda* will be investing over **£10m to fund improvements to the East Midlands Manufacturing Advisory Service**. This aims to make the service more relevant and available to regional manufacturers, helping them to cut costs and to improve efficiency, profitability and competitiveness.



Support in this area is available through the iNets for specific sectoral interests (see above) and through the Manufacturing Advisory Service. www.eminnovation.org.uk and www.mas-em.org.uk

2

SUPPORT FOR EMPLOYMENT AND SKILLS

MEETING SKILLS NEEDS OF BUSINESS

A dynamic, flexible and skilled workforce is crucial to businesses remaining competitive and profitable, even more important during an economic downturn. The Government is committed to putting employers at the centre of the skills delivery system, through employer led Sector Skills Councils and free, employer-specific skills brokerage services through Train to Gain.

The Minister for the East Midlands, Phil Hope, together with the LSC and Jobcentre Plus, is working with employers to help them understand the benefits of signing up to the Skills Pledge. This is a voluntary commitment by businesses to support their workers to develop their basic skills, and work towards relevant and valuable qualifications. This helps businesses develop skilled and competent workers who can make a full contribution to the company's success. *emda*, in recognising the importance of high level skills, is helping businesses access training opportunities through the East Midlands Train to Gain brokerage service.

To contact a skills broker call 0800 015 5545 or visit the Train to Gain website at www.traintogain.gov.uk

Work-based training for adults and young people delivered through apprenticeships is key to meeting the future skills needs of business. The Government has doubled numbers starting apprenticeships to 180,000 in the last decade and raised completion rates to an all time high of 63% in 2006/07. The LSC is leading the drive to increase apprenticeship take-up in the East Midlands.

For further details on the Apprenticeship Service and to register as an employer, go to www.apprenticeships.org.uk or call 0800 015 0400.

Partners are also working together to deliver 14-19 Diplomas, ensuring they meet employer skills needs and provide high quality vocational training. The Minister for the East Midlands will lead an event in the autumn to increase the take-up of apprenticeships and the acquisition of skills across the region's workforce.

Equally important is the need for business to utilise graduate talent. To assist companies in this, *emda* supports a graduate recruitment service called 'Hot Prospects'. Businesses can advertise their vacancies and receive recruitment support at www.hotprospects.org.uk

MATCHING PEOPLE TO JOBS

Skills partners in the East Midlands are working together to help integrate employment and skills support activity, with the ultimate aim of improving the service to local people and businesses. £17.7m of the European Social Fund (ESF) will be used to deliver a new flagship programme to help 60,000 people in

the East Midlands be ready for work over the next three years. A key ESF programme for the region is JobMAETS (Job Multi Agency Employment Teams). This brings together teams from a range of partners to help get unemployed people back into work, and to support their training needs once they are in employment.

The Pan-Business Redeployment Programme is an established regional initiative providing pre-redundancy support, skills development and redeployment to engineers being made redundant in the East Midlands. The programme provides support to up-skill and re-skill the workforce (under threat of redundancy) to fill recruitment shortages in engineering. This flexible and responsive programme offers support in advance of the formal 90 day notice period and prior to any statutory response from Jobcentre Plus. **Businesses can access this service on 01623 827 900.**

3

SUPPORT FOR THE HOUSING MARKET

The property and regeneration sector is being hit particularly hard by the slowing economy. Across the region – as nationally – housebuilding is slowing rapidly whilst first time buyers and others are finding it harder to get mortgages, despite falling prices. Action is underway to tackle the various challenges in the housing market.

SUPPORT FOR THE MORTGAGE MARKET

The Government is committed to improving the housing market and is supporting the Bank of England's Special Liquidity Scheme. Under this scheme banks can temporarily swap their mortgage assets and other securities for UK Treasury Bills. The ultimate aim of this is to improve the liquidity position of the banking system and increase confidence in financial markets.

INVESTMENT IN AFFORDABLE HOUSING

Over the next three years Government is allocating new funding totalling £449m to the East Midlands to improve the quality and accessibility of housing in the region. Within this pot £317m is earmarked for the creation of new affordable housing, £57m will be to support local authorities in meeting Decent Homes targets and £75m will be allocated to support vulnerable households in private sector accommodation. Government has also recently introduced flexibilities into the National Affordable Housing Programme including the new Rent to HomeBuy scheme to help prospective first time buyers.

The Minister for the East Midlands, Phil Hope, is working with partners, including the Regional Housing Group, to bring forward a revised Regional Housing Strategy, which is due to be published in the autumn. The Minister is also bringing together a group of key stakeholders in the autumn to examine issues around affordable housing. This aims to ensure that everyone in the region has access to a decent home at a price they can afford, in a place they want to live and work. This work is a major priority for Government.

SUPPORT FOR THE HOUSING SECTOR

Together with the other Regional Development Agencies, *emda* is involved in a new national initiative

to promote opportunities for the housing 'retrofit' industry. This activity will look at whether the skills and experience of construction sector workers can be applied to the refurbishment of existing buildings at a time when we are seeing a reduction in new building projects.

SUPPORTING REGENERATION PROGRAMMES

The region's housing renewal partnership, Meden Valley Making Places, is to be extended by a further two years in order that its innovative work can continue in renovating and renewing housing across communities in the National Coalfields Area. Elsewhere in the region, various urban partnerships are looking at the potential to create new Economic Development Companies that can link urban regeneration and housing development to projects with wider initiatives for economic development and stability. A particular priority is the desire to reverse the trend of families and older age groups leaving urban centres. Nottingham's new local housing company has been confirmed as a national pilot to take this work forward in the city.

4

SUPPORT FOR CONSUMERS

HELPING FAMILY FINANCES

It is important for the success of local businesses that consumer demand holds up. The Government is committed to achieving this through reforms to the tax system. Most families across the East Midlands with children should be getting extra cash this year already as Tax Credits have gone up, and basic rate taxpayers can expect an

extra £120 from this autumn due to the changes in tax allowances too.

HELPING FAMILIES TO PAY THEIR MORTGAGE OR RENT

Families struggling to pay their mortgage should talk to their lender as soon as they start to experience difficulties. Those out of work or getting Pension Credit may also be able to get support with paying their mortgage interest through the Support for Mortgage Interest Scheme. Details can, for example, be found at www.thepensionservice.gov.uk The Financial Services Authority (FSA) has a detailed website which provides advice for those worried about increases in mortgage payments or coming to the end of their fixed rate mortgage. The website www.moneymadeclear.fsa.gov.uk/mortgages contains impartial advice and practical tools for the people of the East Midlands to help them make informed decisions. The Community Legal Advice helpline on 0845 345 4345 also provides independent advice about debt, benefits and tax credits, employment and housing problems, and will call back for free.

SUPPORTING FAMILIES IN MEETING FUEL AND OTHER BILLS

Rising fuel bills are causing stress to many families, but there are initiatives that can help. The energy companies have pledged an extra £225m over three years to help support vulnerable consumers. Energy Watch www.energywatch.org.uk can help families reduce their bill by switching supplier or getting a better deal. Switching to a water meter could also help save money. Certain groups can get a government grant to pay for insulation and heating improvements and pensioners on low incomes can receive free central heating or other fuel discounts. Further information can be found at both www.warmfront.co.uk or www.energysavingtrust.org.uk



The Government's Winter Fuel Payments give help to pensioners, and more to the over 80s, including extra money for this winter.

ASSISTANCE FOR THOSE IN DEBT OR STRUGGLING TO MAKE ENDS MEET

Families in debt may be able to manage their payments better following government reforms to provide access to affordable credit. The Government has proposed changes which will make it easier for people to access responsible credit provided by local credit unions. The Government has also expanded access to free legal representation at county courts throughout England for households at risk of repossession.

Those struggling with debt can also access one of the many debt advisors employed by the Citizens Advice Bureau and the Advice UK network throughout the East Midlands, or phone the National Debtline, which provides free confidential and independent advice on how to deal with debt problems, on 0808 808 4000.

Those worried about making ends meet and payment of regular bills may be able to access a range of benefits and support from the state depending on their circumstances. Some may be entitled to Tax Credits and help with childcare costs.

Jobcentre Plus across the region will be able to advise on what they might be entitled to. People who cannot afford to pay their Council Tax may be able to get help by way of benefits. This can provide a full or partial rebate, depending on a

household's council tax liability, income and savings, and there are more generous rules for pensioners. Advice is available from the relevant

local authority. The local authority also manages Housing Benefit, which may help those who cannot afford to pay their rent.

NEXT STEPS

emda and the Government will be working closely with a range of local and regional partners over the coming months to address the challenges described at the start of this document, to respond flexibly and to build on the support and initiatives described above.

Looking forward, the East Midlands will be refining its spending plans following the publication of Regional Funding Advice and the Government will set out further steps to support the economy in the Pre Budget Report.

The regional Business Support Strategy will be published in October 2008. The Strategy, which seeks to simplify regional arrangements for business support, will have the flexibility to meet the changing needs of businesses at all stages, and in more challenging economic conditions.

emda will continue to use its strong links to individual businesses, developers and the CBI, IOD, Chambers of Commerce, FSB and EEF to provide in-depth and timely intelligence and analysis to ensure that Government, including the Minister for the East Midlands, understands the challenges that businesses in the region are facing.

emda welcomes views from local businesses, third sector organisations and business groups on any of the issues contained in this document.



FOR FURTHER INFORMATION PLEASE CONTACT

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Nottingham
NG2 4LA
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www.emda.org.uk

Business Link East Midlands

Innovation House
Riverside Park
Raynesway
Derby
DE21 7BF
info@businesslinkem.co.uk
www.businesslink.gov.uk/eastmidlands
0845 058 6644

Citizen's Advice Bureau

There are a number of Citizen's Advice
Bureaux across the East Midlands
For details of the nearest branch go to:
www.citizensadvice.org.uk

If you require alternative formats of
information in this document, please contact
the Communications team: 0115 988 8509.

यह जानकारी आपकी भाषा में उपलब्ध है।

कृपया मार्किटिंग डिपार्टमेंट से 0115 988 8509 पर सम्पर्क करें।

یہ معلومات آپ کی اپنی زبان میں بھی دستیاب ہیں، براہ مہربانی
مارکیٹنگ ڈیپارٹمنٹ سے فون نمبر 0115 988 8509 پر رابطہ کریں۔

આ જાણકારી તમારી ભાષામાં ઉપલબ્ધ છે.

કૃપા કરી માર્કેટીંગ ડીપાર્ટમેન્ટનો ટેલીફોન નંબર
૦૧૧૫ ૯૮૮ ૮૩૦૦ પર સંપર્ક કરો.

ਇਹ ਜਾਣਕਾਰੀ ਪੰਜਾਬੀ ਦੇ ਵਿੱਚ ਉਪਲੱਬਧ ਹੈ। ਕ੍ਰਿਪਾ ਕਰਕੇ ਮਾਰਕਿਟਿੰਗ ਡੀਪਾਰਟਮੈਂਟ
ਨਾਲ ਫੋਨ ਨੰਬਰ 0115 988 8509 ਤੇ ਸੰਪਰਕ ਕਰੋ।