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13<sup>th</sup> April, 2017

Dear Northern Powerhouse Team,

### **Northern Powerhouse Strategy: BSA Response**

The Business Services Association - the BSA - is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors. A list of members is included as an Annex.

The industry we represent encompasses ICT, business process outsourcing, facilities management, construction and infrastructure services, and managed public services. Together these sectors account for 8 per cent of the economy. They are responsible for nearly 700,000 jobs across the Northern Powerhouse area - some one in ten.

This is therefore an industry which has a crucial role to play as an engine of inclusive growth and prosperity across the Northern Powerhouse, helping companies improve their productivity as well as contributing to the delivery of public services and achieving wider social value objectives.

Our response is based on submissions from BSA members operating across the North - full members providing the services listed above, and associate members who are professional services companies working for clients across the business services community and elsewhere. All these companies invest heavily in the Northern Powerhouse economy and make a significant contribution to output across all sectors.

Key points from our submission are as follows:

- All the themes listed in the Strategy are considered important, but connectivity and skills, along with civic leadership, will themselves help to stimulate enterprise, innovation, trade and investment. Addressing connectivity and skills will have a direct and immediate effect on the most precious component of any service-based economy: people. Furthermore at the heart of efforts to produce growth which benefits everyone must be policies which help draw more people into the labour market and then help them benefit from rewarding careers. Improved connectivity and skills are vital in achieving these goals.
- These themes - and others outlined in the Strategy - are interconnected and need to be addressed as a coherent whole. For example improved connectivity across and within the Northern Powerhouse area will help attract and retain skilled staff; innovation and improved digital skills will help improve connectivity.



- The Northern Powerhouse Strategy recognises that, just as important as recognising the particular strengths of each town and city, is recognising interdependence between towns and cities. It is important that a focus on city regions as drivers of growth should not be at the expense of those sectors which are more evenly spread, or those which are clustered in areas other than urban centres.
- Equally it is important to recognise interdependence between *sectors*, and the role that industries such as business services can play in improving productivity and exports, and generating inclusive growth across the economy as a whole.
- More integrated public services will also help. Services such as employment support, skills provision, and health and social care provision not only improve people's quality of life but help provide a healthier, more skilled and more productive workforce. So service integration and improvement should not be seen as an alternative to policies which achieve inclusive economic growth, but as part of them. The aim should be to produce a virtuous circle of local service delivery which will help generate inclusive growth - which, in turn, generates the income for services to be provided.
- Improving the integration between employment services and the healthcare profession is particularly important. For example, in the localities where they deliver, employment service providers should be members of local Health and Wellbeing Boards and contributors to the development and delivery of Sustainability and Transformation Plans.
- Devolution can be used to help break down the barriers which have existed between services, and between economic and social infrastructure. When decisions about economic and social policy and across service streams are taken at the same strategic level, this should enable the needs of 'place' to be considered as a whole and allow all interconnected policies to be considered together to help meet those needs.
- The local level is the right level for this consideration to take place. Whitehall cannot provide a proper analysis of the factors most responsible for limiting inclusive growth across the Northern Powerhouse, as they are unique to each area, and nor is it best placed to set out the solutions. Only the areas concerned can enable these issues properly to be addressed.
- All sectors - public, private and VCSE - have an important role to play if challenges set out in the Strategy are to be addressed. 'Place leadership' is central. The process by which public services are commissioned is an important part of the place leadership role, and should be the foundation for partnership working for inclusive growth. Commissioning decisions need to be taken at a high enough level for them to be based on a view of the needs of the community as a whole - with a broad picture of the needs of a 'place' and how these can best be met.

Yours faithfully,

**Mark Fox**  
Chief Executive, The Business Services Association

cc: Rt Hon Philip Hammond MP, Chancellor of the Exchequer  
Rt Hon Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy  
Rt Hon Sajid Javid MP, Secretary of State for Communities and Local Government  
Andrew Percy MP, Minister for the Northern Powerhouse



## **Northern Powerhouse Strategy: BSA Response**

This note addresses the four Northern Powerhouse Strategy themes. All these are considered important, but connectivity and skills, along with civic leadership, will themselves help to stimulate enterprise, innovation, trade and investment.

The themes set out in the Strategy are interconnected and need to be addressed as a coherent whole. Devolution will help give local areas the tools to do so.

### **Connectivity**

The underlying belief behind the Northern Powerhouse concept is that city regions and their surrounding areas, acting together in aggregate, can produce economic and social outcomes which are greater than the sum of their parts.

Improved connectivity is absolutely fundamental to this. This is in part because of the physical transportation of goods, including in supply chains. But in particular it is because of the effect of connectivity on the most precious component of any service-based economy: people.

If BSA members with offices and operations across the North were able truly to agglomerate these operations they would be able to improve productivity substantially. In particular they would be able to:

- deploy their wide and varied skills base in a way which best matches the specific circumstances of a particular client;
- offer improved opportunities for employees themselves and a reduction in non-productive travel time;
- recruit as one unit, rather than requiring graduates and schools leavers to select an office to apply to;
- offer career progression opportunity more easily across the business - quality of employment being one of the key factors in providing an economy that works for everyone; and
- help staff improve their work / life balance.

All these would help in attracting and retaining talent, including young wealth-creators, reversing the flow to London that has been seen in recent years.

For the Northern Powerhouse economies to achieve their full potential requires transformational improvements to the area's transport infrastructure, to enable the key cities of the North to function as one interlinked economy, pooling their labour and expertise and thus opening up opportunities.

Successive Governments have failed to invest in transport in the North, as shown for example in IPPR North's study pointing to the North being six times less well funded per capita than London on infrastructure<sup>1</sup>. In rail for example there are pockets of very poorly serviced areas that rely on outdated and inefficient infrastructure and rolling stock.

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<sup>1</sup> <http://www.ippr.org/news-and-media/press-releases/transport-secretary-urged-to-close-1-600-per-person-london-north-spending-gap>



There is now an opportunity to rectify this, given projects such as HS2 which the North can take advantage of in improving its own infrastructure. There is particular need for investment in the rail infrastructure - and especially for regular, speedy and modern East/West rail links across the Pennines to allow Manchester and Leeds and their respective regions to perform to their potential.

However often the biggest differences can be made by improvements in local transport schemes, involving journeys of 30 minutes or less. These are often the schemes that will be prioritised if decision-making is in the hands of local residents, businesses and their representatives.

Developing a Regional Transport Strategy will help by allowing local priorities and local economic benefits to be considered within a wider joined up strategy, benefiting from political support and economies of scale not available if projects are developed simply at a city level.

Therefore we welcome Transport for the North and sub-regional bodies such as Transport for Greater Manchester, Nexus, Merseytravel, and West Yorkshire Metro, and their role in joining up priorities and setting out a visible, longer-term programmes of work. We also welcome the greater local control of funding that stronger regional bodies will facilitate and encourage. BSA members have worked with both transport authorities and local authorities to deliver improvements in connectivity.

#### *Partnerships with Transport Bodies*

Serco's footprint in the North includes the operation of Merseyrail, contracted through Merseytravel, which covers all the rail public services and wider urban services throughout the Merseyside network. There is a real drive towards modernising transportation and Serco, as a JV partner in Merseyrail, will be responsible for the introduction of the new trains.

Serco is also a JV partner of Northern Rail - one of the UKs largest and most complex railways, contracted by the Department for Transport and co signatories of the five transport authorities in the North of England. Serco operated this franchise for 12 years after two contract extensions for improving performance. This gives the company a real knowledge of the area and the demands that need to be addressed. This experience has demonstrated the importance of an integrated, all-modes approach to drive an inclusive economic development strategy.

#### *Partnerships with Local Authorities to deliver Transport Improvements*

Urban Vision, Capita's joint venture partnership with Salford City Council and Galliford Try, has delivered on key Salford schemes such as Media City UK, the A580 Bus Priority Scheme, the Higher and Lower Broughton Development Agreement and Chapel Street public realm and highway improvement scheme. Other achievements include securing an additional £22 million of funding for highway improvements in Salford, generating £4 million of revenue for the Council through advertising on the highway and creating 472 work opportunities for local suppliers.

Capita's partnership with Blackburn and Darwen has delivered key schemes such as the design and project management for Pennine Reach (a £45 million public transport investment scheme connecting Pennine Lancashire), the design and installation of LED street lighting across Blackburn with Darwen and highway design and project management of Blackburn's Freckleton Street link road. The partnership has also created over 1500 jobs.



### *Digital Connectivity*

Improved connectivity across the Northern Powerhouse must include improved digital connectivity - not just in the North but across the UK, and encompassing both rural and urban areas.

The UK is at the forefront of innovation with a proud history on which to build. But there are significant discrepancies across the country. There are key tech clusters, one of which is Manchester, but this needs to translate across the whole of the Northern Powerhouse geography and across all areas of business.

Partly this is about infrastructure, and partly about the need to help enterprises and individuals exploit faster broadband and the associated technology to drive growth and inclusion. This is as much about developing new business skills as it is about understanding technology.

This is now more important than ever before. Businesses need to be enabled to use new technology in order to improve performance, access new markets and expand.

Digital technology also provides real opportunities to address some of the pressures faced by local public services. It has the potential to engage new businesses, build local supply chains and deliver social value within this process, but only if used carefully and appropriately and if connectivity and skills are improved in tandem and across society as a whole.

Capita's partnership with Sheffield City Council provides a range of revenues, benefits, ICT, HR, Payroll and financial solutions, including the launch of online services for residents and Council employees. Its Channel Shift programme won the Excellence in Innovation Award at the Institute of Revenues Rating and Valuation (IRRV). This programme covers software, e-forms, electronic billing, facilities to support residents, reshaping processes to encourage customers online, sophisticated IVR, marketing packs, and a programmes and communication plans to encourage online take up.

Since 2007 Serco has delivered 38 business support contracts specialising in digital, international, rural and social enterprise. Most recently it has led the delivery of 7 UK superfast broadband exploitation and inclusion projects providing information to over 85,000 businesses, through over 780 workshops and providing one-to-one support to over 2,000 businesses. The quality of Serco's business support can be seen in the fact it achieves in excess of 90 per cent customer satisfaction.

Meanwhile Serco's Connecting Cheshire Superfast Business was delivered between September 2013 and June 2015. The service provided a fully funded business support package to eligible SMEs, facilitated through a programme of locally held events explaining digital technology and exploring applications which can impact upon a business. Business advisors and specialists with in-depth knowledge were also available to provide the additional expertise required to drive an organisation's plan forward.

The whole UK still suffers from a shortage of digital skills. Basic digital education, especially coding, needs to start in schools. Digital skills make people more productive and employable, and better able to access on-line public services. The industry can then play its part by training people on specific programmes.





## Education and Skills

Skills more widely are just as important as connectivity in determining the productivity of an area, and will become ever more so. Indeed, if labour is able to move more freely to areas where particular skill sets are required, the two are inextricably linked.

The Government should fully recognise the importance of skills in enhancing productivity, in such initiatives as the National Productivity Investment Fund.

Business services are 'people businesses' which employ huge numbers in each part of the UK. In the North East, North West and Yorkshire and Humber regions combined they are responsible for nearly 700,000 jobs - one in ten of the workforce<sup>2</sup> - and provide a wide range of services to the private and public sectors.

Capita alone has over 22,000 people working in the region. Capita operates place-based partnerships within some of the key cities across the North, and wishes to support them and their economies. In particular it has four major local authority strategic partnerships in the North that are shaping and regenerating place, improving public services, bringing innovation and creating significant savings.

Carillion employs over 5,700 people in the Northern Powerhouse. It has a strong track record of supplying local authority clients with innovative, efficient, cost-saving and sustainable solutions across a range of sectors and on a number of high profile projects. An example of this is Carillion's strategic alliance with Stockport Metropolitan Borough Council. Carillion has carried out a review of community performance, service delivery and assets across the Borough which has led to greater efficiencies and has identified and driven the potential for new development opportunities.

The work of Serco covers a wide range of services and support, in many different contracts. Its work includes managing Doncaster prison; the Emergency Planning College near York; the Work Programme in South Yorkshire; contact centres in Liverpool and Bolton notably a 10 year contract with DWP delivering child maintenance support; Merseyrail; a number of leisure facilities in the North West, Mansfield and Nottingham; providing operation and maintenance support to the Solid State Phased Array Radar (SSPAR), part of the UK/US Ballistic Missile Early Warning System located at RAF Fylingdales, North Yorkshire; the National Careers Service and National Apprenticeship Service contact centres from offices in Newcastle upon Tyne; and environmental services contracts in Derbyshire.

KPMG, an associate BSA member, employs 2,000 people across offices in Yorkshire, the North East and North West, with over £200 million in revenue between them. For example it has a strong financial services practice and national managed services centre in Leeds, and its business services offering is an important part of its business in the region.

<sup>2</sup> [http://www.bsa-org.com/uploads/publication/file/162/OE\\_BSA\\_report.pdf](http://www.bsa-org.com/uploads/publication/file/162/OE_BSA_report.pdf) pp31-24



As 'people businesses', the industry therefore has a particular responsibility in helping people develop rewarding careers:

- improving in-work training and career progression to ensure there is an economy that works for everyone, not only providing employment but also enabling employees to progress; and
- developing links with schools and with training and employment support providers, both to make sure training matches the jobs available and also to help expand the horizons of young people as to the full range of opportunities open to them across the industry.

BSA members alone employ 17,000 apprentices. Many see the recruitment of apprentices as a crucial part of their recruitment, retention and succession strategies. The introduction of the Apprenticeship Levy is an opportunity to increase the use of apprenticeships as a way of investing in training and development and shaping the workforce in line with the needs of the region. Perhaps traditionally seen as a route for the 16-17 year age cohort, apprenticeships are increasingly relevant for older recruits and, if providing genuine apprenticeships training, existing employees. Their vocational nature gives real scope to ensure the needs of both the individual and the employer are met.

One particular concern relates to the infrastructure industry. The number of projects in the pipeline means that demand for skills could outstrip supply. This would push up prices and cause delays. To avert this problem government must work to retain the skills of people who have already migrated and continue attracting talent into the UK, in tandem with working with industry to upskill UK workers so we increasingly become self-sufficient over the medium to long term. This requires the National Infrastructure Commission and the National Productivity Investment Fund both to recognise the need to match infrastructure ambitions with ambitions on skills. At the same time the private sector should be provided with a clear pipeline of projects into the future so providers can plan ahead and align their investments with those made by the public sector.

Initiatives like the National College for High Speed Rail, partly based at Doncaster, are one way in which training needs in particular sectors can be addressed.

It is also important that resources for training can be used by employers as flexibly as possible, as training needs - and the age profile of those who require training - will vary from area to area.

Education more generally is also of vital importance. It is only by looking at the quality of education for all, from pre-school to adult life, and attuning it to the needs of the modern economy and society, that many of the challenges outlined in the Strategy document will be addressed. Relating education to the labour market in each place is a particular challenge.

### *Employment Support*

Employment support for those furthest away from the labour market is an important part of making sure the whole population can help benefit from - and can help drive - economic growth. As the economy improves, historically those closer to the labour market move into work quicker. This means that people experiencing more complex barriers to work, often coupled with mental and physical health conditions, take up a much greater proportion of those outside employment. This, in turn, means employment support programmes must be flexible enough to adapt and respond to an evolving market.



Improving the integration between employment services and the healthcare profession is also fundamental to enhancing service delivery and consequently outcomes for individuals who are disabled or have a health condition. There is limited evidence of integration between the two sectors and there is a growing appetite to develop these links.

Knowledge and awareness needs to be strengthened across the entire healthcare profession, so everyone better understands the benefits of employment to an individual. The focus of early diagnostic GP assessments, for example, would then become identifying what people can do, not simply what they cannot.

Several BSA members are directly involved in this work, partnering with a large numbers of providers in the SME and VCSE sectors. In the localities where they deliver, employment service providers should be members of local Health and Wellbeing Boards and contributors to the development and delivery of Sustainability and Transformation Plans. This would help to develop joint aims and objectives and a shared commitment to the agenda. It would also allow employment providers to share data and intelligence about gaps in health services and needs of people using their provision. There should be a joint commitment to develop and deliver to meaningful employment targets.

Serco has sought to adopt a whole person approach to health and overall well-being, for example offering support to Employment and Support Allowance (ESA) claimants through its own internal business opportunities. Working with Serco Leisure and using Serco facilities, it has recently piloted a healthy living course for ESA claimants covering fitness, team building, healthy eating, condition management (including mindfulness, work experience/shadowing), motivation and attitudinal change. The course has received very good feedback with participants feeling significantly more positive about work and recognising their abilities and skills.

Serco has also piloted and invested in courses with specialist organisations such as Genius Within - experts in diagnosing and working with people with neurodiverse conditions (including mental health). They focus on cognitive improvement, boosting confidence (focusing on what people can do) and motivation and developing the working memory. All of this leads to improvement in the softer skills so highly valued by employers, including attendance and punctuality.

### *Housing*

Making sure there is an adequate supply of affordable housing is an important way to ensure people with a range of skill levels are able to live close to where they work, across the Northern Powerhouse and beyond.

The measures outlined in the Government's recently published White Paper should go some way towards developing a strategy to fuel housing growth, and measures such as the strong support for off-site construction is particularly encouraging. Self-build, custom-build and manufactured homes have been effective components of housing strategies in other countries for many years, but delivery in the UK will be dependent on building a robust supply chain and successfully tackling the challenge of delivering at volume in complex urban settings.

The promise to free up more public sector sites for development may not be new, but providing local authorities with more Compulsory Purchase Order powers could lead to a welcome acceleration if there is support for local authorities to use those powers. Reducing the timescales for developers to implement housing development permissions from three to two years is also reassuring; improving the speed of delivery will be crucial to enable a meaningful influx of new homes.





Strengthening the requirement for local authorities to have up-to-date local plans is a step in the right direction, but building a stable supply of homes requires greater emphasis on sustainable, long-term strategic planning. The private sector has a role to play alongside government in boosting the lack of skilled resources within local areas to accelerate plan production. Looking beyond small, incremental increases requires local authorities to plan for up to 25-years in advance, creating well-connected new communities close to transport links in areas where people want to live.

### Enterprise and Innovation

The Northern Powerhouse Strategy highlights four sectors on which the North can build, as highlighted by Transport for the North's Independent Economic Review: manufacturing, pharmaceuticals, energy and digital. These are all vital sectors for delivering a more enterprising and innovative economy.

However there are two important points to bear in mind.

The first is that these sectors are not confined to the major urban areas in the North. A focus on city regions as drivers of growth should not be at the expense of those sectors which are more evenly spread, or those which are clustered in areas other than urban centres. An important example is the energy industry, of which the North is a key player.

AECOM has had a presence in Cumbria for 30 years. The area has an especially important role to play in helping the UK reach a lower carbon future.

Low carbon technologies such as biomass, wind, hydroelectric, solar and nuclear power require further investment and research to increase their distribution and effectiveness as providers of UK energy. Improved infrastructure support is also required in order to help Cumbria meet the energy needs of the wider UK. This could in-turn mean the potential for significant employment prospects for skilled workers in the North. Sellafield for example is already the largest private employer in Cumbria with 10,000 employees.

Global companies like AECOM are helping to connect the North to areas of world-leading expertise and innovation. AECOM is currently focused on delivering the fundamental building blocks to guide future infrastructure investment in Cumbria. It believes a business-led approach is the way forward in positioning Cumbria as a strategic investment opportunity with real potential for future growth.

Over the next 15 years Cumbria is expected to see £25 billion of investment. Given the rich potential of the county to meet the strategic energy, defence and advanced manufacturing policies of the UK government, the area should be more prominently involved in plans for the Northern Powerhouse and in the overall economic development of the North.

Second, as well as recognising the importance of areas outside the main urban clusters, and interdependence between them, it is important to recognise interdependence between *sectors*. Indeed, the Economic Review itself acknowledged the importance of enabling sectors. Industries such as business services can play a vital role generating inclusive growth across the North as a whole.

The business services sector invests in providing the best administrative services, facilities management, infrastructure and IT, so other businesses can do what they do best - whether that is manufacturing, retail or internet-based businesses. Helping businesses to work smarter means they are more productive and innovative.



Research commissioned by the BSA shows the link between the use of business services and productivity. An increase in outsourcing of 1 per cent adds £2 billion in productivity gains to the UK economy each year, as businesses focus on delivering their core activities more efficiently<sup>3</sup>.

Furthermore analysis of sectors which use outsourced services shows this resulting productivity growth is not coming at the expense of jobs.

Business services companies - including larger national and international companies with substantial resource and national and international experience - contribute to growth across the Northern Powerhouse. As well as improving productivity in the companies they work for, they

- bring inward investment into an area;
- employ local workers and offering them career development opportunities across the business which might not otherwise be available;
- develop people capacity, amongst employees and the wider community, through training, employment support and related services;
- build up local business capacity by working in partnership with smaller companies in the supply chain. BSA members have supply chains which include over a quarter of a million SMEs; and
- scale and replicate innovation and change in service delivery which has taken place elsewhere, thus spreading best practice.

#### *Working with Local Providers*

Serco's model for delivering is to combine the company's strengths as a prime contractor with the knowledge and expertise of local providers and stakeholders delivering a localised offer. This means that, even as a large organisation, it still seeks to provide a very local offer. Its partnership approach means that customers receive the expertise and experience of the very best regional and local providers from the private, public and third sectors.

In many cases Serco uses a 100 per cent subcontracted delivery model, demonstrated through its Work Programme contracts in South Yorkshire and the West Midlands (where 46 per cent is delivered through the voluntary, community and social enterprise (VCSE) sector) and European Social Fund Skills Support for the Workforce programmes. This approach means Serco can increase delivery capacity quickly and respond to any localised issues such as the closure of a large employer or specific skills needs.

In light of these points, it is important that government does not simply replace the old approach of picking national winners from Whitehall with picking regional winners from Whitehall. It certainly needs to recognise the particular strengths of each town and city, and to help them specialise in those sectors where they excel. But the old barriers between the sectors are breaking down - with market, digital and technological change leading to servitization in manufacturing and increasingly an 'internet of things'.

<sup>3</sup> Oxford Economics - The use of business services by UK industries and the impact on economic performance - September 2015.

[http://www.bsa-org.com/uploads/publication/file/200/Oxford\\_Economics\\_Report\\_for\\_BSA.pdf](http://www.bsa-org.com/uploads/publication/file/200/Oxford_Economics_Report_for_BSA.pdf)



In today's world a thriving service sector helps other sectors thrive as well. That is a constant theme across industries and across the UK. It needs to remain a constant theme in the Northern Powerhouse Strategy.

### Trade and Investment

A number of fast-growing, world-class business services companies have been able to take their experience working with both the public and private sector as they expand their operations across the globe. For instance, BSA members provide taxi information services in Singapore, offer business process outsourcing and facilities management services in Kenya, and install ICT systems for the US Navy. Their global footprint is an integral part of the UK's trade network and their growth and success feeds directly into the UK economy.

The UK also leads Europe in attracting corporate headquarters, software companies, financial services, and the manufacturing sector, all of which rely on the availability of state-of-the-art offices and commercial outlets as well as services such as facilities management, business process outsourcing, and ICT outsourcing to support their core work.<sup>4</sup> A strong business services sector helps the UK remain one of the easiest places to do business in the world.

Sectors that invest a higher proportion of their output in business services have seen faster growth in the value of their exports (as well as enjoying higher productivity growth than the UK average).<sup>5</sup> The business services sector is important not only in contributing to the UK's trade balance in itself, but in helping other UK companies do so as well (see table below).

*Spending on business services and growth in productivity and export value<sup>6</sup>*

	Spending on business services in 2013	Annual productivity growth	Annual export value growth
Professional services	14.6%	2.3%	11.8%
Support services	14.6%	2.2%	6.8%
Information and communication	11.2%	3.2%	11.4%
Financial services	10.7%	3.0%	12.8%
Average across sectors	7.7%	1.6%	5.3%

### Connecting the themes - and services - together

One of the recurring points across this note is that the themes outlined in the Northern Powerhouse Strategy are intertwined. It's only by tackling them as a coherent whole that the challenges the Strategy sets out can be addressed.

That goes for service streams too. Services such as employment support, skills provision, and health and social care provision not only improve people's quality of life but help provide a healthier, more skilled and more productive workforce.

<sup>4</sup> EY - The UK Attractiveness Survey 2015

[www.ey.com/Publication/vwLUAssets/The\\_UK\\_Attractiveness\\_Survey\\_2015\\_-\\_full\\_report/\\$FILE/1595088\\_UKAS\\_report\\_2015\\_FINALWEB.pdf](http://www.ey.com/Publication/vwLUAssets/The_UK_Attractiveness_Survey_2015_-_full_report/$FILE/1595088_UKAS_report_2015_FINALWEB.pdf)

<sup>5</sup> Oxford Economics - The use of business services by UK industries and the impact on economic performance - September 2015

<sup>6</sup> Oxford Economics - The use of business services by UK industries and the impact on economic performance - September 2015



The focus in devolution, initially at least, has been on stimulating economic development, especially through transport and infrastructure. Commissioned wisely such projects are vital for inclusive growth. But wider service integration and improvement should not be seen as an alternative to policies which achieve inclusive economic growth, but as part of them.

The aim should be to produce a virtuous circle of local service delivery which will help generate inclusive growth - which, in turn, generates the income for services to be provided.

Devolution can be used to help break down the barriers which have existed between services and between economic and social infrastructure. When decisions about economic and social policy and across service streams are taken at the same strategic level, this should enable the needs of 'place' to be considered as a whole and allow all interconnected policies to be considered together to help meet those needs.

The local level is the right level for this consideration to take place.

Recently the *Financial Times* has analysed ONS data to look at the particular strengths and weaknesses of each of the areas which have metro-mayoral elections in May, three of which are in the Northern Powerhouse region<sup>7</sup>. Liverpool for example is among the better performers on unemployment and productivity, but has the most very poor areas with 45 per cent of neighbourhoods in the most deprived 20 per cent nationally. Tees Valley meanwhile has the lowest pay of the six areas, and also the lowest population growth. And Greater Manchester, while doing better than other areas on a range of measures, has an unequal spread of success and of deprivation within its large footprint.

Whitehall cannot provide a proper analysis of the factors most responsible for limiting inclusive growth, as they are unique to each area, and nor therefore is it best placed to set out the solutions. It is only the areas concerned that enable these issues properly to be addressed.

'Place leadership' is central.

The process by which public services are commissioned is an important part of this place leadership role, especially when budgets are tight, and this should be the foundation for partnership working for inclusive growth.

Commissioning strategies need to be set at a high enough level in the council for them to be based on a view of the needs of the community as a whole - with a broad picture of the needs of a 'place' and how these can best be met. That then should determine specific public procurement decisions, which should be based not just on a need for a specific pre-determined project, with the contract then decided solely on lowest cost.

Use of private sector skills in analytics and customer engagement can help ensure commissioning is resident-led.

Focusing commissioning on outcomes means partners can help scale and replicate innovation and change in service delivery.

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<sup>7</sup> *Financial Times*, 15<sup>th</sup> March, 2017: <https://www.ft.com/content/4c8f384e-08ca-11e7-97d1-5e720a26771b>



Depending on the particular needs of the community, commissioning can also promote, for example:

- employment of local workers, including specifically those further away from the labour market;
- scaling up local SME capacity, making full use of the external expertise and supply chain management which larger companies can bring to the table; and
- providing specific skills training where this is the key limiting factor in an area.

By enabling a coherent strategic view to be taken of the needs of an area as a whole, devolution can provide a real opportunity to integrate local employment, skills and health provision and most importantly focus, to meet local outcomes and targets. It will enable closer links between economic development opportunities and local skills' requirements and will drive the strategic development of employment services in the region.

BSA members are able to contribute to the horizontal and vertical integration now required:

- horizontally across boundaries, whether geographical or across organisations or service streams, such as health, social care, employment support and skills, to focus on the well-being of people themselves not individual services; and
- vertically, to bring together the same services and deliver them to a wider audience by effect delivering efficiencies and savings, in common standard support functions including HR payroll, ICT, finance and procurement.

All sectors - public, private and VCSE - have an important role to play if the challenges set out in the Strategy are to be addressed.





## List of BSA Members

### Full Members:

Accenture Plc  
AECOM  
Amey Plc  
ARAMARK Ltd  
Atos  
Balfour Beatty Plc  
BAM Construct UK  
Bellrock Ltd  
Berendsen Plc  
Bouygues Energies and Services  
Capita Plc  
Carillion Plc  
Compass Group Plc  
Corndel Ltd  
Costain Group Plc  
Elior UK Ltd  
ENGIE UK & Ireland  
Freidman FM  
Fujitsu UK  
G3 Systems Ltd  
G4S Plc  
Ingeus UK Ltd  
Interserve Plc  
ISS UK Ltd  
Kier Group Plc  
Maximus UK Ltd  
Mitie  
NSL  
OCS Group UK Ltd  
Optum Health Solutions UK Ltd  
Pinnacle Group  
Prospects Services Ltd  
Robertson FM  
Seetec Group Ltd  
Serco Group Plc  
Sodexo Ltd  
Sopra Steria Ltd  
TerraQuest Solutions Ltd  
VINCI Facilities

### Associate Members:

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Clyde & Co LLP  
Deloitte  
DWF LLP  
ECI Partners  
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