

Institution: Anglia Ruskin University
Unit of Assessment: 28 History
Title of case study: Helping local government create new revenue streams through entrepreneurial activities
Period when the underpinning research was undertaken: January 2014-December 2017
Details of staff conducting the underpinning research from the submitting unit:
Name(s): Richard Carr
Role(s) (e.g. job title): Senior Lecturer in History and Politics
Period(s) employed by submitting HEI: February 2013-present
Period when the claimed impact occurred: 2014-December 2020
Is this case study continued from a case study submitted in 2014? No
1. Summary of the impact (indicative maximum 100 words) Set against the background of austerity following the 2007/8 financial crisis, Richard Carr's work on commercialisation in local government and the role of Local Enterprise Partnerships (LEPs) in business regeneration has led to significant changes in policy to address the financial challenges faced by English councils. This work has directly resulted in the generation of significant income from commercialisation to keep council services open, and new staff training and development to achieve wider cultural change. Further benefits from these impacts include plans for the regeneration of a town centre and saving many jobs through the continued staffing of council services.
2. Underpinning research (indicative maximum 500 words) Since 2010, English local government has faced a perfect storm. The combination of austerity – in the form of falling central government grant – and rising demand, in particular from ageing local populations, has brought to the fore questions about the long-term viability of the services councils provide. Given this context, councils have been eager to seek out a range of new activities to generate revenue and make savings. Carr's distinctive contribution has been to expand on themes in his archive-driven historical research (the balance between central and local government, the impacts of austerity, and the creative use of new financial mechanisms), to identify specific ways that local councils and other regional bodies can navigate the recent economic difficulties. These policy suggestions include forming new trading companies (arms' length businesses owned by a council but operationally independent), joint ventures (i.e. jointly owned projects with private or third sector sources), and selling current in-house provision to other parts of the public or private sectors. His academic research, disseminated in a range of outputs, has underpinned his work with the local government focussed think tank Localis – an organisation based in Westminster which publishes reports whose main audience is local and national politicians, and policy focussed journalists. His work with Localis has drawn on interviews and surveys of current local government stakeholders, and the use of central departmental statistics – to make contemporary policy recommendations.

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Carr's research has a strong historical underpinning. It has used standard tools of historical analysis (archival research, primary and secondary literature) to identify a long-term trend – economic depression causing central government austerity, in turn creating problems for local government – and has sought to utilise contemporary tools to address this issue in the present.

To give a sense of the historical background, in his 2014 book *One Nation Britain* (ref 1) Carr took politicians' arguments for greater powers for English local government from the 1930s to the 1950s, and demonstrated (e.g. p.10, pp.152-3) their relevance to Britain in a new 'age of austerity'. This included discussing local authority trading powers, and contextualised those historical figures, like Tony Crosland and Harold Macmillan, who had made the case for extending these powers.

Elsewhere, Carr's research has revealed both the adverse consequences of rapid budget cuts, and the related consequences of reduced economic growth. As such, Carr's academic work (ref 2) has set out the damaging impacts of central government austerity in the interwar era, including its potentially negative effects on the contemporary public health picture, and the knock-on effects for English local government in the 1930s. Equally, in 2017, Carr's 'Responsible Capitalism' (ref 3) drew on the experience of a shrinking and passive state in the 1980s, and explored the idea of a National Investment Bank to spread growth across the regions. Both aforementioned articles included comparisons with more recent policy.

Carr's underpinning research has therefore led to two key impact strands:

1. the increased use of commercial activities by English local authorities to manage their immediate financial position and deliver/improve services
2. the handing down of powers and funds from Whitehall to councils and other arms' length bodies which can deliver long term, strategic investment.

Having made the case for the above in his academic outputs, to achieve impact for key impact 1, Carr authored a report for the think tank Localis: *Commercial Councils* (ref 4). This called for 'Councils and appropriate professional bodies [to] increase the focus on commercial and financial skills as part of officers' professional development.' It further argued for councils to seek to establish trading companies to generate revenue in areas from legal services to waste management and housing.

As to handing down of powers and funds from Whitehall to councils and other arms' length bodies, *One Nation Britain* (chapter 6) and Carr's 'Responsible Capitalism' article (passim) further outlined the historic balance between central government, local economies outside London, and the former's willingness to hand power to non-Whitehall institutions to drive investment. This research was again disseminated in a policy focussed manner through another report Carr authored for Localis, *The Next LEPs* (2015) (ref 5). This argued for greater devolution of budgets to Local Enterprise Partnerships – 38 sub-regional bodies set up by the 2010-15 Coalition government to coordinate local growth, which involve participation from council and private sector leaders - but also made the case for greater diversity amongst LEP board members and increased public accountability.

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3. References to the research (indicative maximum of six references)

1. Richard Carr, *One Nation Britain: History, the Progressive Tradition, and Practical Ideas for Today's Politicians*, London: Routledge 2014.
<https://doi.org/10.4324/9781315598901>
2. Bradley W. Hart and Richard Carr, 'Sterilization and the British Conservative party: rethinking the failure of the Eugenics Society's political strategy in the nineteen-thirties,' *Historical Research*, 88/242, pp.716-739, (2015). Submitted in REF2.
<https://doi.org/10.1111/1468-2281.12084>
3. Richard Carr, 'Responsible Capitalism: Labour's Industrial Policy and the idea of a National Investment Bank during the long 1980s' in Jonathan Davis and Rohan McWilliam (eds.) *Labour and the Left in the 1980s*, Manchester: Manchester University Press, 2017. ISBN: 978-1-5261-0643-8. Publisher's proof returned for Davis in REF2.
4. Richard Carr, *Commercial Councils: The Rise of Entrepreneurialism in Local Government*, Localis (2015): <https://localis.org.uk/wp-content/uploads/2016/02/Localis-Commercial-Councils-FINAL.pdf>
5. Richard Carr, *The Next LEPs: Unlocking Growth Across Our Localities*, Localis, 2015: https://www.localis.org.uk/wp-content/uploads/2015/03/LOCJ2390_thenextleps_WEB_FINAL.pdf

4. Details of the impact (indicative maximum 750 words)

The two reports Carr authored for Localis - *Commercial Councils* (2015) and *The Next LEPs* (2015) - have proved influential in: changing attitudes and perspectives in local government towards commercialisation; the development of training for public sector staff; increasing commercialism in local authorities; and the push for greater diversity amongst LEP leadership. They were grounded in interviews and surveys with local government figures, and thereby used quantitative and qualitative data regarding the current economic situation to provide recommendations for future decision making. Welcomed by politicians from then Shadow Secretary Business Secretary Chuka Umunna to Mayor of Birmingham and the West Midlands Andy Street, they were disseminated through physical launch events in central London, and through freely available downloads of the reports themselves on the Localis website.

Since publication, English local councils have implemented strategies recommended in the reports, creating growth in commercial income and/or producing savings - enabling them to continue to run public services and avoid cuts. In the case of the more than GBP1,000,000+ savings generated for Hounslow (**S1**), this equates to underpinning the median salary of 33 employees at the council. (**S1**). All told, the impact of Carr's work falls under four strands.

1. Influencing local council strategies and creating financial benefit

At least 19 local authorities (5% of the total number of English authorities) have cited Carr's findings from his *Commercial Councils* report in public-facing documents justifying and influencing their moves towards more entrepreneurial, medium-term financial strategies. These councils include: West Berkshire, NE Derbyshire, Lancashire, Medway, Lewisham, Harrow, Merton, Sutton, Flintshire, Charnwood, Northumberland, Halton, Warrington, Hounslow, and West Lindsey (**S2**).

The report's emphasis on the creation of trading companies (arms' length businesses owned by a council but operationally independent), has struck a real chord. Hounslow's Executive Director of Finance & Corporate Resources noted the report was 'influential in our commercial strategies, and ... is a document that Elected Members in particular refer back to when the council reflect on

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trading company performance and consider options for future strategy and growth.' Referring to the creation of Hounslow's trading company, their Executive Director of Finance notes that *Commercial Councils* 'has proven a very useful tool for defending the existence of Lampton360 (a local authority owned trading company), and its revenues now allow the council to underpin more jobs through the umbrella of the Council family' (S1). In June 2019 the Managing Director of Lampton360 noted that the company has 'saved [Hounslow council] in excess of GBP1,000,000 p.a. on a new service contract over the first 14 months of operation' (S1). Hounslow's Executive Director goes on to state that '*Commercial Councils* has helped change minds and, in concrete terms, allowed the council to offset...a tight financial picture.' It has been 'a key influence on a strategy that is generating new money that the council can use to reinvest [in] services' (S1).

Hounslow is no fluke. Citing Carr's research as 'align[ing]' with their desire to 'identify new opportunities for generating income, Lewisham allocated GBP200,000 to 'fund strategic procurement and commercial services work' (S3). Cambridgeshire County Council drew on it in devising their Commercialisation Strategy, while a member of East Hertfordshire Council noted that *Commercial Councils* influences his 'approach as...a member of some relevant committees and groups seeking to increase the entrepreneurial ethos and techniques towards commercial generation of revenue' (S3).

Most significant is the influence of Carr's report on Merton Council's decision to embark on a commercial joint venture. In 2016 Merton Council noted the need to overturn a GBP2,700,000 deficit and change its approach to become more commercial (S4). Citing Carr's report, it argued for a change in culture, and advocated the establishment of joint ventures. It proposed as an example, a joint venture for the development of Morden Town Centre because the council, citing Carr's report noted it would 'receive maximum return' from such an approach. In January 2018 the Council formally resolved to take such a step alongside Transport for London: the ten-year scheme which was approved has an anticipated Development Value of approximately GBP1,000,000,000 (S4).

2. Impact on key bodies in the sector

Key bodies such as the Chartered Institute of Public Finances and Accountancy (CIPFA) have been influenced by Carr's work (S5). CIPFA has cited *Commercial Councils* in presentations and articles to councils in the promotion of a commercial approach. The Managing Director of CIPFA's Advisory Service subsidiary C.co, cited Carr's report extensively when discussing the need for a commercial approach in the public sector, while CIPFA's Policy Manager for Local Government, states that 'local authorities are taking seriously the skills needed to develop commercially, and staff are now being trained to support this agenda' (S5). The Association for Public Sector Excellence (APSE) drew on Carr's report when discussing the management of commercial risk by councils, and the Information Commissioner's Office have also cited Carr's work in a 2019 Report to Parliament when making the case for making changes to access to information (S6).

3. Training and development

Carr's report identifies a need for cultural change amongst councils and for training and development, as a necessary corollary for the necessary commercialisation. Sutton Council refers to Carr's report in promoting entrepreneurialism amongst its staff (S7). Likewise, Lewisham Council notes the need for support and training to 'develop a widespread commercial culture at the Council', as recommended in *Commercial Councils* (S3), a call responded to by a training programme for council members. Merton cited the report as evidence that 'officers must be willing to expand their traditional way of doing things [and] not regard profit making as a role purely for the private sector' (S4).

4. Reforms to LEPs' purpose and leadership

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Carr's report on LEPs has also been influential. Widely cited in the media from the *Financial Times* to *The Municipal Journal*, *The Next LEPs* conclusions on aligning local labour markets' supply and demand has led to take-up from The Association of Colleges in its lobbying materials (**S8**). The Royal Town Planning Institute has further claimed that 'accountability...continues to be central to debates on the on-going developments of LEPs' based on findings from Carr's research (**S9**).

Central government policy has also been influenced. Carr's report highlighted the lack of diversity in the composition of LEPs' boards, a point included in the 2018 Ministry of Housing, Communities, and Local Government report 'Strengthened Local Enterprise Partnerships' which follows Carr's recommendation of requiring greater public accountability of the LEPs and their actions (**S10**).

5. Sources to corroborate the impact (indicative maximum of 10 references)

1. Sources related to the impact of Carr's report in relation to Hounslow Council including: Statement by Managing Director of Lampton360 confirming £1m *per annum* made for Hounslow Council; Letter from the Director of Finance and Corporate Resources, London Borough of Hounslow; and source to confirm, average salaries at Hounslow Council 2018.
https://www.hounslow.gov.uk/download/downloads/id/765/pay_statement_2018.pdf
2. Sources confirming the citation, awareness and influence of Carr's report in council minutes and documents.
3. Sources confirming the impact of Carr's *Commercial Councils* report on attitudes and decisions by local councils and councillors and including evidence from Lewisham, Cambridgeshire and East Hertfordshire councils.
4. Sources relating to the impact of Carr's report on Merton Council's decision to embark on a joint venture to develop Morden town centre.
5. Managing Director of C.co, CIPFA's Advisory Service: 'How To Drive A Commercial Approach In The Public Sector', available at <https://slideplayer.com/slide/12411304/>.
6. Reports using Carr's work: (a) Association of Public Service Excellence, *Risk and Commercialisation: A Guide for Local Scrutiny Councillors* (2019); (b) The Information Commissioner's Office, *Outsourcing Oversight? The Case for Reforming Access to Information Law* (2019).
7. Sutton Council, Leadership Expression available at:
https://www.sutton.gov.uk/downloads/file/4073/sutton_leadership_expression_explanation_-_final_v30
8. Association of Colleges, *The Long Term Implications of Devolution and Localism for England*, 2016, available at:
https://www.aoc.co.uk/sites/default/files/Devolution%20and%20Localism%20for%20FE%20%28final%29_0.pdf
9. Royal Town Planning Institute, *Planning for Growth*, 2015, available at:
<https://www.rtpi.org.uk/media/1423/planning-for-growth-the-role-of-leps-final-report-2015.pdf>
10. HM Government, *Strengthened Local Enterprise Partnerships*, 2018, available at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf