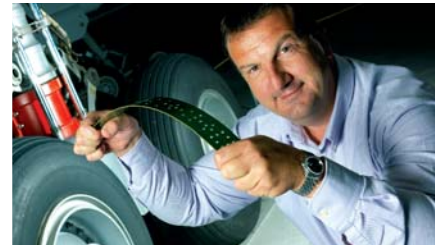


The East of England Economy

A joint response to changing economic circumstances
August 2008



HM TREASURY

BERR | Department for Business
Enterprise & Regulatory Reform

EEDA
East of England Development Agency

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FOREWORD

The global economy is facing unprecedented challenges. The twin impacts of tighter credit conditions and increases in global commodity prices, in particular oil, mean we can expect difficult times for the UK economy in the coming months. This will affect each region in different ways in line with their different economies. After the unprecedented growth of recent years, the East of England and other regional economies will need to prepare themselves for a more challenging economic climate.

At this time it is critically important that national Government and regional bodies listen carefully to the experience of businesses and other local groups to ensure they understand what is happening on the ground. And it is important that businesses are clear what support is offered by Government and by regional agencies to help them manage in these difficult times.

This document has been drawn up by the Government and the East of England Development Agency (EEDA) as an initial framework for discussion with business, councils, housing groups, the voluntary sector and community groups. It sets out how the Government and EEDA will work with other agencies across the East of England to support the economy, build on the region's strengths and help East of England families and businesses through the tougher times ahead. In addition to the work detailed in this document, there is other extensive work being done by local councils and the voluntary sector to support economic development in their areas.

This will feed into a comprehensive programme of work across a range of different organisations across the East

of England, as well as informing the Government's work in the run-up to the Pre-Budget Report.

Recently, the Government launched the second round of the Regional Funding Advice exercise, which offers regional and local partners the opportunity to advise on their long-term priorities to support sustainable economic growth. The East of England is being asked to provide advice on regional funding allocations between now and 2011 and for indicative funding to 2019. These allocations amount to over £800 million alone in 2008/09. The advice will enhance the East of England's input into policy development and public spending decisions that affect the region, to help ensure that investment is focused on the right developments, at the right time.

This document encourages local businesses, the voluntary sector and other local groups to continue communicating with regional bodies and with central Government about how the economy is changing in their area, whether current policies are working and what further needs to be done in specific areas or sectors.

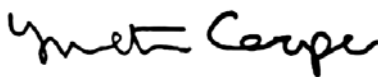
Whilst times may be harder over the coming months, there is no doubt that the many strengths of the East of England economy will help it through this difficult period. This document sets out how EEDA, working with other regional and local agencies, together with central Government, will support the region's economy to perform well in the coming months and years.



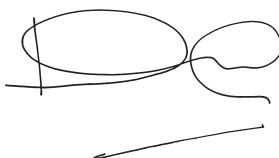
Barbara Follett
Minister for the East of England



Pat McFadden
Minister of State, Department for Business and Regulatory Reform



Yvette Cooper
Chief Secretary to the Treasury



Richard Ellis
EEDA, Chair

COPING WITH TOUGHER ECONOMIC CONDITIONS

The economic environment has changed in the UK and for the East of England. Two world shocks have thrown the UK economy off course – the global credit crunch and the global surge in commodity prices, in particular in oil and food. This new situation is impacting on businesses as it becomes more difficult and more expensive to borrow money. Increases in commodities and fuel costs push up prices which in turn erode profit margins. Consumers are also being affected, as they are less likely to borrow to spend on the high street. Higher producer costs translate into higher consumer prices, with household budgets also being affected by higher fuel and food prices.

We expect these challenging economic conditions to impact on all businesses and consumers. The degree of impact will vary across the different sectors and parts of the region which constitute the East of England economy. In the first half of 2008, the East of England has held up well to these challenges, with little indication of employment restructuring or increases in unemployment.

What is clearly apparent in the East of England is that there has been a fall in business confidence across a range of measures. In particular, many businesses expect their rate of growth in turnover and profits to slow and many have indicated that new orders for goods and services are falling below 2007 levels. Businesses in the region cite a major acceleration in input cost inflation, which is linked to high and rising commodity and fuel prices. Sectors such as distribution are being acutely affected by rising fuel prices.

Prospects for **sectors and localities** within the region are mixed. On the one hand, the region's manufacturers are facing increased energy and materials costs. On the other, the reduction in the value of sterling has stimulated export activity. The agricultural sector, whilst dealing with the impact of higher fuel prices and input costs, is likely to benefit from higher food prices. Overall, the region is very active in international markets, and if demand in these markets remains buoyant, this may help to alleviate some of the impacts of a downturn in domestic demand. The sectoral structure of the region's economy is similar to the national structure – with 82 per cent of employment in services, 11 per cent in manufacturing and utilities, five per cent in construction, and just over one per cent in agriculture and fishing.

Businesses in the **manufacturing** sector are facing cost pressures, especially in raw materials, and have been

more likely than other sectors to have reduced employment. A number of firms whose products are closely tied to house building have notified small-scale redundancies to Jobcentre Plus. However, survey evidence suggests that overall levels of job shedding in the East of England have been lower than in other UK regions.

Finance and business services are important in the region, accounting for 483,000 employees, representing 20 per cent of total employment. Significantly, financial intermediation businesses in the region are more optimistic about future business conditions than other sectors. With almost 290,000 residents commuting to London for work, the performance of London's financial and business services sectors is of importance for the regional economy. Commuting is especially high in areas of Hertfordshire and Essex, and future developments in the London economy will be of particular concern to these two counties.

Tourism businesses indicated that levels of visitors to the region were unchanged between April and June, compared to the previous year. However, the majority of tourism businesses expected a decrease in visitor numbers between July and September in 2008 compared to the previous year.

In **property and development** activities, there have been notable changes to the market environment and operations of businesses. There have been redundancies in the construction sector in the East of England according to Jobcentre Plus data on notified redundancies. However, despite the forward risk of further decline in growth rates and job losses, property values and rental yields continue to hold up.

In the residential property market, whilst the volumes of transactions have decreased in line with the national situation, regional house prices have continued to increase in the past year. Land Registry data records an average increase of 3.3 per cent in house prices between May 2007 and 2008.

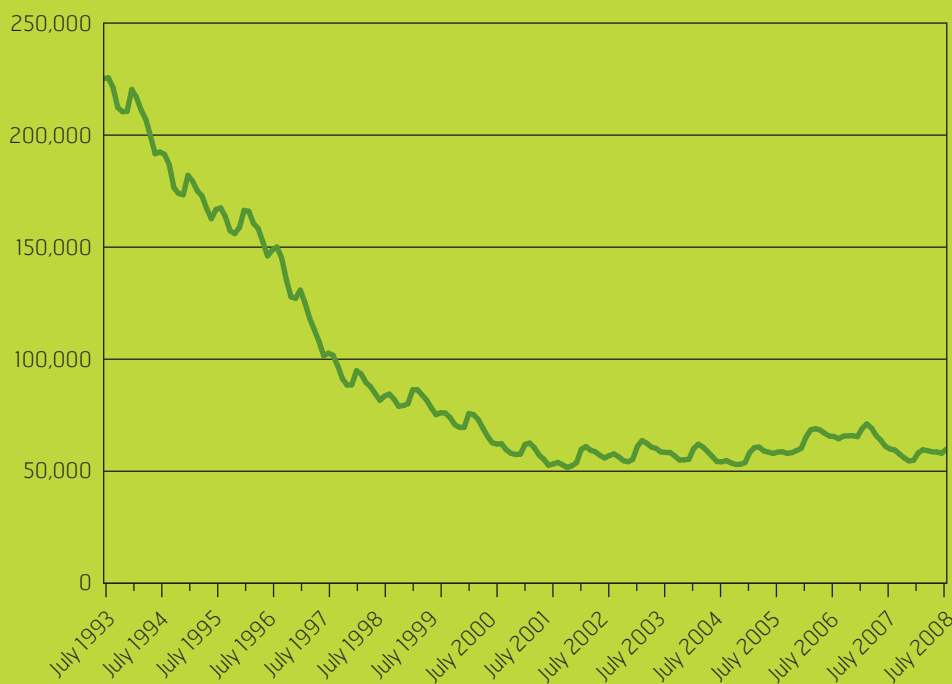
The commercial office market has continued to experience growth in rental and yield levels. However, growth has been either static or slight in the retail and industrial markets respectively. Market uncertainty and tightening credit availability is affecting the viability of new property deals, and there are examples of developments in progress being stalled.

The East of England’s **labour market** has remained remarkably robust in the first half of 2008. Despite some increase in notified redundancies and jobs at risk of redundancy, the changes in economic conditions have yet to translate into the region’s main labour market indicators. As indicated in Figure 1, unemployment levels are stable within the region, and there have been no marked changes to levels of unemployment benefit claimants since February 2008.

It must also be remembered that the East of England is economically successful and has many strengths on which to draw – which are described in more detail in the next section.

The challenges of the current economic conditions will require a coherent and comprehensive response. Whilst it is not possible to alter global economic conditions, it is possible to mitigate their impact of individuals and businesses, and equip them to take advantage of the consequences. For example, high transport costs open up new opportunities for local firms. All agencies – from local groups to national government – have already begun working closely together to ensure that the East of England is as well-placed as possible to respond to any economic

Total unemployment related benefit claimants in the East of England, monthly July 1993 to July 2008



Source: Office of National Statistics

FIGURE 1

THE NEW EAST OF ENGLAND ECONOMY

The East of England is an economic success story, experiencing significant economic growth and development over the past 20 years. However, continuing this success in changing economic condition will require proactive and well-planned action. A number of challenges face the region in terms of sustaining growth and making improvements in underperforming parts of the region. Our region is one of the fastest-growing in terms of population. Between 2001 and 2006 the population grew by around 206,000 to 5.6 million. This represents a growth of 3.8 per cent in five years in the region, compared to a growth of 2.5 per cent over the same period in Great Britain as a whole. The region's population is further expected to increase to over six million by 2021. This growth is bringing important challenges such as housing, environmental, infrastructure and resource-use pressures.

The East of England is a £110 billion economy with over 450,000 businesses and is the fourth-largest regional economy in the UK after London, the South East and the North West. When commuter incomes are taken into account, the region performs above the

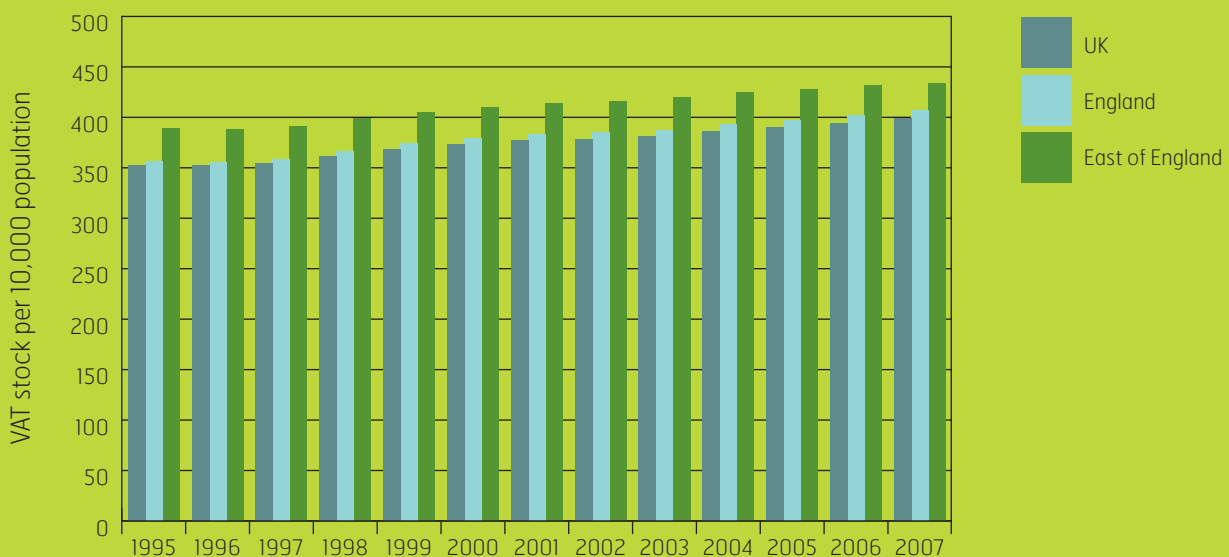
national average and has one of the highest long-term economic growth rates among UK regions. Historically, there have also been higher numbers of businesses and business start-ups for the size of the population than the national average.

Over the past few years the East of England has become the country's top location for private-sector research and development (R&D). In 2006, Business Enterprise R&D expenditure had reached £3.57 billion in the East of England, putting it ahead of the next highest region, the South East of England with an expenditure of £3.28 billion. It is also among Europe's three most R&D intensive regions.

The East of England plays an important role as the UK's gateway to global markets. The region's ports currently account for 53 per cent of UK container capacity and more than 20 per cent of UK port employment. When fully operational, the planned expansions at Felixstowe South, Bathside Bay and London Gateway will increase this to over 70 per cent of the UK's container capacity. In 2007 the East of England accounted for nine per cent of the UK's exports - around £20 billion.

FIGURE 2

East of England business stock – the number of VAT registered businesses per 10,000 population



Source: Business Start-ups and Closures: VAT Registrations and De-Registrations in 2006, BERR

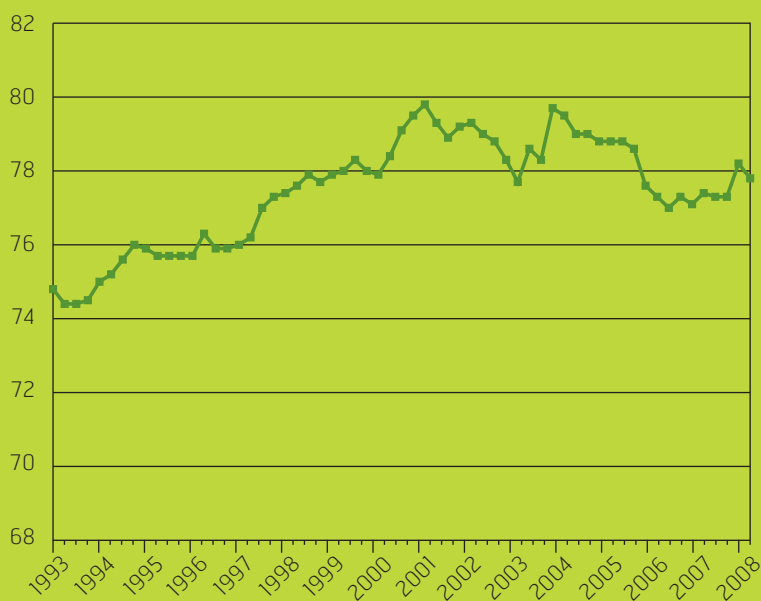
The East of England has one of the highest rates of labour market participation in the UK, with an employment rate of 78 per cent. Long-term unemployment is declining in the East of England with 26 per cent fewer people classed as long-term unemployed than at the same time last year. The share of people claiming key benefits remains well below the national average, at ten per cent. However, a good overall regional performance masks some significant variations in benefit dependency within the East of England. For example, less than four per cent of the adult population claims key benefits in South Cambridgeshire, compared to 13 per cent in Great Yarmouth.

The East of England is below the national average in terms of skill levels but in recent years the region has developed a more highly-skilled workforce. While the share of adults with basic and intermediate skills is increasing, the improvement in higher-level skills is the most marked with 200,000 more people qualified to degree level or higher than in 2000 – around six per cent of today’s working-age population. This is being supported by the expansion of higher education (HE) capacity in the region. A new university and college

campus has opened at Southend-on-Sea with major progress also being made on new university presences in Ipswich, Peterborough, Harlow and Thurrock. These developments, which together will increase available HE places by eight per cent will support increased graduate recruitment by local businesses and boost spending in these local economies.

Over the past 18 months EEDA has led on the development of a new regional economic strategy (RES) for 2008-2031. This sets out a clear direction of travel for the East of England to be internationally competitive with a global reputation for innovation and business growth, and as a region that harnesses and develops the talents and creativity of everyone and is at the forefront of the low-carbon and resource-efficient economy. The RES also sets ambitious targets for productivity, skills, employment, CO₂ emissions and resource use.

Employment rate of working age residents in the East of England 1993 to 2008



Source: Office of Nations Statistics

FIGURE 3

THE RESPONSE TO CURRENT ECONOMIC CHALLENGES

Although the context is changing, EEDA is well positioned to focus on economic growth and performance. Despite a successful 20-year period of economic development and growth, the region has faced the challenge of a rate of economic growth that has lagged behind the national average over the past five years. Raising economic growth above past trends is an explicit objective of the new regional economic strategy for 2008–2031 and of the EEDA corporate plan for 2008–2011.

As a scenario of lower growth emerges, a programme of activity has begun across the East of England involving a range of agencies and partner organisations. As well as specific activities that are detailed in the following pages, EEDA will work strategically with partners to enhance leadership in the regional economy. For example, a new East of England Economic Council will involve business leaders, major employers and academic experts to provide advice and strategic direction on the performance of the regional economy.

Government is acting to address current economic challenges on both a national and international level.

INTERNATIONAL ACTION

No government in the world can stop the global economic slowdown, or solve the challenges of high prices immediately, but the 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 International Monetary Fund (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 agents in all regions, including the East of England, 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, some of which are based in the East of England, 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.

INVESTMENT IN THE EAST OF ENGLAND

In July, the Government set out £2.5 billion worth of investment in the East of England for housing, regeneration, transport and economic development over the next three years. The Government also set out indicative funding for the period 2011–2019 for the region, which is estimated to be £7.5 billion. The publication of "Regional Funding Advice: guidance on preparing advice" marks the launch of the second round of the Regional Funding Advice exercise and seeks views from regional and local partners on their priorities to support sustainable economic growth. The advice will enhance the East of England's input into policy development and public spending decisions that affect the region, to help ensure that investment is focused on the right developments, at the right time.

EEDA will be working closely with the East of England Regional Assembly (EERA), the business community and other partners to develop a clear and effective plan on how this funding is best invested for the region's prosperity. This will include proposals for innovative funding mechanisms that unlock additional private sector investment to help deliver the infrastructure necessary to underpin our long-term growth.

SUPPORT FOR BUSINESSES

EEDA is leading a wide range of action regionally, together with other agencies, to ensure the East of England is best prepared for any future economic challenges.

Simplifying support for small businesses

The Government is making its support to business simpler, making it easier to access the £2.5 billion-worth of tools and techniques available through Business Link and other routes. EEDA is leading this initiative, having transformed the way that business support is delivered in the region. Business Link in the East of England now provides a single, easy to access gateway to quality business advice with 50 per cent more advisors available in 14 physical locations around the East of England and a mobile facility as well. EEDA and Business Link are working with local government to simplify the business support landscape with no diminution of funding, providing consistent front line support services and opening up specialist advisory services to the private sector. Business Link already provides bespoke advice and a credit crunch survival guide to help businesses manage the current climate. A major feature of this simplification is the inclusion, from April 2009, of the Train to Gain brokerage service within Business Link, so that businesses can access the whole skills offer, from basic to technical and graduate level skills through Business Link. This will include transferring the regional universities' collaborative i10 website and specialist

brokers which offers access to innovation and knowledge transfer support available to businesses.

Helping businesses to cut energy and resource costs

As results from the 2008 National Business Survey indicate (figure 4 below), the main cost pressures facing businesses relate to transport, energy and materials. To help reduce business exposure to increasingly high energy costs EEDA is investing £2.1 million over the next three years in Resource Efficiency East which will help regional businesses to improve competitiveness by using resources more efficiently. Expert support can be accessed through Business Link to undertake energy and resource audits and identify solutions to cut costs and improve business efficiency. Given the tightening environment for business-lending, this advisory support will be supplemented by an additional £1 million of capital funding to provide businesses with grants to part-fund energy and water efficiency equipment.

East of England businesses – and those across the country – can also benefit from the Government's Enhanced Capital Allowance (ECA) scheme. The ECA

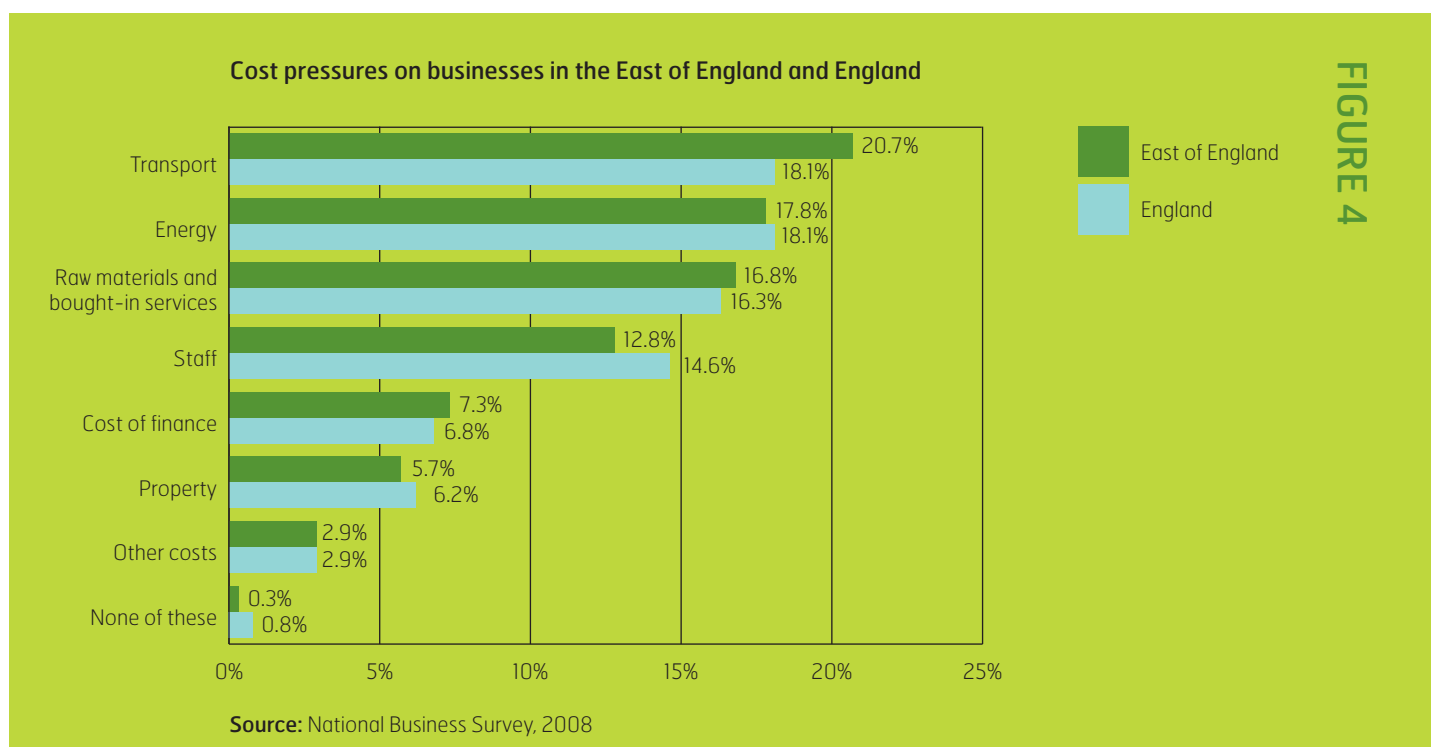


FIGURE 4

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.

Helping companies to access new overseas markets

As domestic markets have tightened over the past six months, there is clear evidence that East of England businesses are looking to diversify overseas to exploit opportunities in markets which are growing strongly. In addition to companies seeking advice as to how to export to developed trade markets such as the US, France and Germany, East of England International (EEI) are seeing particular interest in advice to help export to China, India, Russia and Dubai. Businesses which trade overseas are more likely to be competitive, have a higher level of productivity, enjoy higher than average growth rates, employ more people and be able to deal with domestic downturns.

EEDA provides £2.6 million per annum to enable EEI to provide business with advice and support to trade and operate in international markets. EEI provides a fully integrated service with UK Trade and Investment's International Trade Teams in the region. UKTI's network of offices in some 100 markets around the world is there to support companies for whom the UK is a base from which to go for global growth.

Bringing overseas investment to the East of England

There are 2,000 overseas-owned companies within the East of England, and in the current economic downturn it is imperative that we retain these operations. In the first few months of the year we have seen an increased demand for EEI's investor development services, which works with these overseas investors on their expansion and retention plans in the region. In addition, mergers and acquisitions activity involving overseas companies buying companies within the region remains strong, and in the past 12 months 45 per cent of inward investment into the East of England was related to this.

Helping businesses to access finance

EEDA will provide £37 million over the 2008-11 period, to enable businesses to develop and bring to market new products and services. This includes:

- **Big Fish:** an EEDA campaign – backed by Business Link and drawing on expertise of private and public organisations – that opens the door to EEDA's full business support portfolio, including an investment readiness programme
- **Selected Finance for Investment in England:** supporting businesses to make investments to expand – whether that is for land, premises, new machinery or patent rights and licenses.

In addition, EEDA aims to launch a revolving loan fund of over £5 million which is designed to directly address the lack of debt finance for early-stage ventures. EEDA already runs a regional £1 million loan fund for businesses that are viable, but unbankable, through the Community Development Finance Institution, Foundation East. This targets social enterprises and businesses from deprived communities, who traditionally find it difficult to access capital for starting or growing their businesses.

The Government's Enterprise Strategy – published in March 2008 – announced measures that will help increase business competitiveness. These include an extra £30 million for enterprise education and establishing the first enterprise academy and an increase in the amount of bank lending through the small firms loan guarantee scheme by £60 million to a total of £360 million for this financial year. EEDA is enhancing enterprise support in response to the strategy including in excess of £2 million of new support for female entrepreneurs.

Helping businesses to innovate

EEDA will bring online, through Business Link, a new innovation support service from November 2008, which will be integrated with the Designing Demand programme sponsored by the Design Council. Designing Demand boosts performance, speeds up growth and improves the bottom line by putting design at the centre of business strategy. In addition, EEDA provides specific funds to support businesses to innovate:

- **Proof of Concept Fund:** helping entrepreneurs in the East of England test the commercial viability of innovative business ideas. It is specifically aimed at helping define the market and assess customers' needs

- **Grant for Research and Development:** helping technology-focused entrepreneurs carry out research and development work on innovative products and processes
- **Framework Programme 7 (FP7):** providing support to enable businesses to access FP7, the European Union's biggest funding for collaborative research, development and supply chain projects across Europe.

EEDA expects to launch a low-carbon venture capital fund, which with private finance should make £30 million available for investment in high-growth, clean-technology companies.

Nationally, measures in the "Innovation Nation" White Paper will keep the UK at the forefront of innovation. The Government is piloting a refocused small business research initiative and has recently undertaken a pilot project of Innovation Vouchers. EEDA will commit a fresh £250,000 to an Innovation Voucher pilot scheme in the East of England. EEDA will also re-run the Life Sciences and Health Care Capital Equipment competition – with target sectors to be determined by external evaluation – with a fresh £1 million investment. The R&D Tax Credit scheme continues to provide unprecedented levels of support for innovative companies, having provided over £1 billion of support to small and medium sized enterprises (SMEs) since its introduction in 2000.

Helping businesses to make effective use of IT

Better use of information technology makes a major contribution to increased turnover and profitability. However, a recent benchmarking survey found that there are still a large number of businesses in the East of England which are failing to see the benefits of IT. Good systems and processes are vital to the success of a modern-day business and are crucial to gaining new customers and to driving sales. With the changing economic climate, businesses can benefit from increased investment in, and better use of, IT to increase sales and cut costs. EEDA is providing £2.9 million to support the takeITon campaign which provides practical advice to SMEs wishing to implement IT in their business and provides grants to eligible business to support implementation.

Helping businesses to meet their skills needs

A dynamic, flexible and skilled workforce is crucial to businesses remaining competitive and profitable, which is 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 in Train to Gain.

Through the East of England Skills and Competitiveness Partnership (EESCP), key organisations work together to ensure that the region's main employment sectors and key growth sectors receive an appropriate and flexible skills offer. This includes delivering and enhancing Train to Gain, and the continued delivery of EEDA's flagship £7 million programme of training subsidy to SMEs, whereby small businesses that have not accessed government funded training are offered training needs analysis and a subsidy for their training of choice. EESCP members are further developing actions to deliver the recently produced Adult Skills and Employment strategy, and are developing a Higher-Level Skills Strategy that will agree actions to deliver the higher-level skills, innovation and knowledge-transfer needs of the region's businesses.

During periods of economic uncertainty, employees are more likely to seek training and development that will secure their position and enhance their chances in the employment market. EEDA is working hard with the EESCP to ensure that the skills offer to adults and the workforce is more coherent and accessible, especially for technician and higher-level skills. This is reflected in the ambitious plans for the integrated Business Link service. New national initiatives are also contributing to better skills provision for business such as the development of a more integrated employment and skills service, which is being trialled nationally and in the East of England. A national adult advancement and careers service is also being developed, which will be implemented regionally.

Matching people to job vacancies and getting people back into work

EEDA and Jobcentre Plus are experienced at getting people straight back to work after major redundancies. In some types of jobs, particularly in the service and care sectors, the numbers of vacancies far outweigh

the numbers of people claiming Job Seekers Allowance that are seeking work. Jobcentre Plus is working to develop innovative ways of meeting such mismatches across sectors and geographic areas. EEDA's Regional Intelligence Centre will support Jobcentre Plus by providing intelligence relating to growing sectors and companies so that the most relevant information is available to jobseekers.

Responding to redundancies

EEDA is providing £2.2 million to support a regional Response to Redundancies programme. This provides support, advice and training to people facing redundancy and advises companies faced with the prospect of job losses. EEDA will work with Jobcentre Plus Rapid Response team where there are significant local shocks.

Government is also focused on ensuring the right employment support is available to businesses who need to consider short-time working or making redundancies. Business Link offers practical advice on the procedures to follow and how to keep employees or their representatives informed. Jobcentre Plus provides a proactive service to employers and employees experiencing redundancy situations, working with other organisations such as the Learning and Skills Council, regional development agencies and business organisations.

Providing assistance to firms which are struggling with debt

Businesses which are finding it difficult to balance their books can contact Business Link or 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.

Improved cash flow management can also help businesses. Research commissioned by the Department for Business, Enterprise and Regulatory Reform (BERR) found that over 80 per cent of business-to-business transactions are on a trade credit basis. The Government recognises that late payment and uncertainty on payment times, cause difficulties in cash-flow and financing costs for small businesses. BERR is working across government to promote prompt payment in the public sector. Additionally BERR is exploring non-legislative approaches to tackling late payment issues.

Providing additional support for specific sectors

EEDA is launching enhanced manufacturing, design and innovation services with a base budget of £2.6 million over the next three years. This will enhance the services available to regional manufacturers, helping them to cut costs and to improve efficiency, profitability and competitiveness. EEDA hopes to boost the budget for this by attracting match-funding from the European Regional Development Fund (ERDF). A further £2.5 million will be provided for training packages tailored to the needs of ten key economic sectors in the East of England, including financial services and manufacturing which are experiencing particular pressures.

SUPPORT FOR HOUSING

The property and regeneration sector is being hit particularly hard by the slowing economy. Across the East of England, and nationally, house building 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 strengthen mortgage markets and, as well as facilitating the Bank of England's Special Liquidity Scheme, has recently published analysis by Sir James Crosby on improving mortgage finance.

Investment in affordable housing

To ensure continued investment, the Government will be providing over £10.4 billion from the Regional Housing Fund in England over the 2008-11 period, of which over £8.4 billion is being invested in affordable housing, and has recently introduced flexibilities into the National Affordable Housing Programme including the new Rent to HomeBuy scheme to help prospective first-time buyers. The housing allocation for East of England totals £1.3 billion over the next three years. Spending has been agreed for the East of England totalling £799 million; £711.7 million from the National Affordable Housing Programme, £38.2 million for improving local authority homes and £49.1 million to help improve private sector homes.

Supporting regeneration programmes

In parallel, EEDA is working closely with developers, investors, local authorities and the emerging Homes and Communities Agency - following the merger between English Partnerships and the Housing Corporation - to ensure that regeneration schemes in towns and cities across the region are re-structured to respond to the changing market conditions. EEDA, together with English Partnerships and local authorities, will focus on physical "de-risking" of sites, including access and services, while the market is slowing, with the intention of taking schemes to market at a later date.

The East of England region also contains a large part of the Thames Gateway, covering Thurrock, Basildon and Southend-on-Sea. The Thames Gateway Delivery Plan published in November 2007 provides an indicative allocation of £137 million to directly support development and regeneration projects. These projects directly funded by the Department for Communities and Local Government (DCLG) are part of a £9 billion investment programme by Government in the Thames Gateway. The London Gateway Port at Shellhaven is one of the four major economic transformers in the Gateway, with ambitious plans by DP World to invest £1.5 billion in creating over 12,000 new jobs and businesses in South Essex. Recently, the three Thames Gateway RDAs and DCLG jointly established an economic development investment fund totalling £200 million over the 2008-11 period, and expect to see a range of specific innovation and enterprise projects funded in South Essex, as well as a new pan-Gateway inward investment service.

Support for the development of community assets

Through its Building Communities programme, EEDA is investing £3 million per year to support communities to take on ownership of local assets. This includes the development of Community Land Trusts in the region, supporting communities to take on ownership of land and property, which they can then manage and generate an income from. For example, EEDA is funding a pilot scheme in Thetford to develop this model in partnership with the Keystone Development Trust.

SUPPORT FOR CONSUMERS

Helping family finances

It is important for the success of local businesses that consumer demand holds up through more challenging

times. The Government is committed to achieving this through reforms to the tax system. Most families across the East of England with children should be getting extra cash this year through an increase in tax credits, and basic rate taxpayers can expect an extra £120 from this autumn due to the changes in tax allowances.

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 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 of England to help 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 utility bills

Rising fuel bills are causing stress to many families, but there are initiatives that can help. The energy companies have pledged an extra £225 million 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. Information can be found at www.warmfront.co.uk or www.energysavingtrust.org.uk. The Government's Winter Fuel Payments give help of at least £200 to pensioners, and more to the over-80s, including extra money for this winter. EEDA is currently funding the £2.5 million Cut your Carbon campaign that aims to help communities in the East of England work together to apply fresh thinking to cutting their carbon emissions. These projects can offer major long-term financial savings for the communities

concerned, for example by allowing them to organise bulk buying deals on insulation and other energy saving measures.

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. EEDA has carried out research on financial exclusion over the past six months in partnership with the Citizens Advice Bureau (CAB). The report highlights the key barriers that people face in accessing bank accounts and low cost loans. A new task force will be established to take forward proposals within the report. The Government has proposed changes which will make it easier 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 CAB and Advice UK network throughout the East of England, 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 paying 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 Council Tax Benefit. 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 local authority. The local authority also manages housing benefit, which may help those who cannot afford to pay their rent.

NEXT STEPS

This document sets out an initial framework for discussion with stakeholders across the region. EEDA and the Government will be working closely with a whole range of local and regional partners over the coming months to address the challenges described at the start of this document and to build on the support and initiatives described above. We will be asking councils, regional agencies and voluntary sector organisations to add to this framework and to work with us on how best to support businesses and households in the region. We expect this to feed into a comprehensive programme of work across a range of different organisations across the East of England, as well as informing the Government's work in the run-up to the Pre Budget Report.

Looking forward, the East of England will be refining its spending plans following the publication of "Regional Funding Advice: guidance on preparing advice", and the Government will set out further steps to support the economy at the Pre-Budget Report.

EEDA will continue to use its strong links to individual businesses, developers and the Confederation of Business Industry, Institute of Directors, Chambers of Commerce, Federation of Small Businesses and the Engineering Employers Federation to provide in-depth and timely intelligence and analysis to ensure that Government, including the Regional Minister, understand the challenges that businesses in the region are facing. EEDA, which produced the regional analysis in this document, would welcome 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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Citizens Advice Bureau

There is a number of Citizens Advice Bureaux across the East of England. For details of your nearest branch, go to:

www.citizensadvice.org.uk

The East of England Economy

A joint response to changing economic circumstances

August 2008

If you know anyone who needs this document in another format or language,
please contact EEDA and we will do our best to assist.

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