

ECONOMY AND ENVIRONMENT OVERVIEW AND SCRUTINY PANEL

22 January 2016

LOCAL ECONOMIC MULTIPLIER

Summary

1. The Head of Strategy and Infrastructure, and the Research Business Partner have been invited to the meeting to discuss the Local Economic Multiplier and how Council spending might benefit the local economy.

Background

2. On 30 September 2015, the Panel planned to consider the Local Economic Multiplier as part of its discussion on Economic progress in Worcestershire and what the Council might do to help increase "Gross Value Added (GVA)" (i.e. the contribution to the economy of each individual producer, industry or sector). As there was insufficient time to consider the issue that day, the Chairman has agreed to add it to this agenda.

Local Economic Multiplier

3. The Panel have asked to discuss local economic multiplier work in Worcestershire. An economic multiplier effect describes the impact that spending has in the economy, taking into consideration knock-on effects. The measuring process starts with a source of income and follows how it is spent and re-spent within a defined geographic area. A higher proportion of money re-spent in the local economy means a higher multiplier effect because more income is generated for local people. More income retained locally, or nationally, means more jobs, higher pay and more tax revenue for government, all of which may lead to better living standards.
4. Local Multiplier 3 has been developed by the New Economics Foundation as a way of measuring local economic impact. It is designed to help people examine local money flows and how their organisation can improve its local economic impact, and the effect of the public's procurement decisions.
5. Further information can be found from the following link
<http://www.proveandimprove.org/tools/localmultiplier3.php>
6. An analysis has been carried out of the County Council's spend in Worcestershire using this approach and details are attached at Appendix 1.
7. Members are reminded that a scrutiny of local procurement was carried out in 2012, which looked at whether the Council's procurement procedures and contract specifications do enough to encourage local businesses to bid for Council contracts.

Purpose of the meeting

8. Members are asked to consider the Local Economic Multiplier and determine whether they wish to make any comments to the Cabinet Member with Responsibility.

Supporting Information

- Appendix 1 – Local Economic Multiplier Analysis

Contact Points

County Council Contact Points

Worcestershire County Council (01905) 763763

Worcestershire Hub (01905) 765765

Email: Worcestershirehub@worcestershire.gov.uk

Specific Contact Points for this report

Emma James/Jo Weston, Overview and Scrutiny Officers, Commercial and Change Directorate Tel: 01905 76 6627

Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and Minutes of:

- Overview and Scrutiny Performance Board on 8 June 2015
- Economy, Environment and Communities Overview and Scrutiny Panel 9 May 2014
- Scrutiny of local procurement - 2012

All of which are available on the Council's website at

<http://www.worcestershire.gov.uk/cms/democratic-services/minutes-and-agendas.aspx>