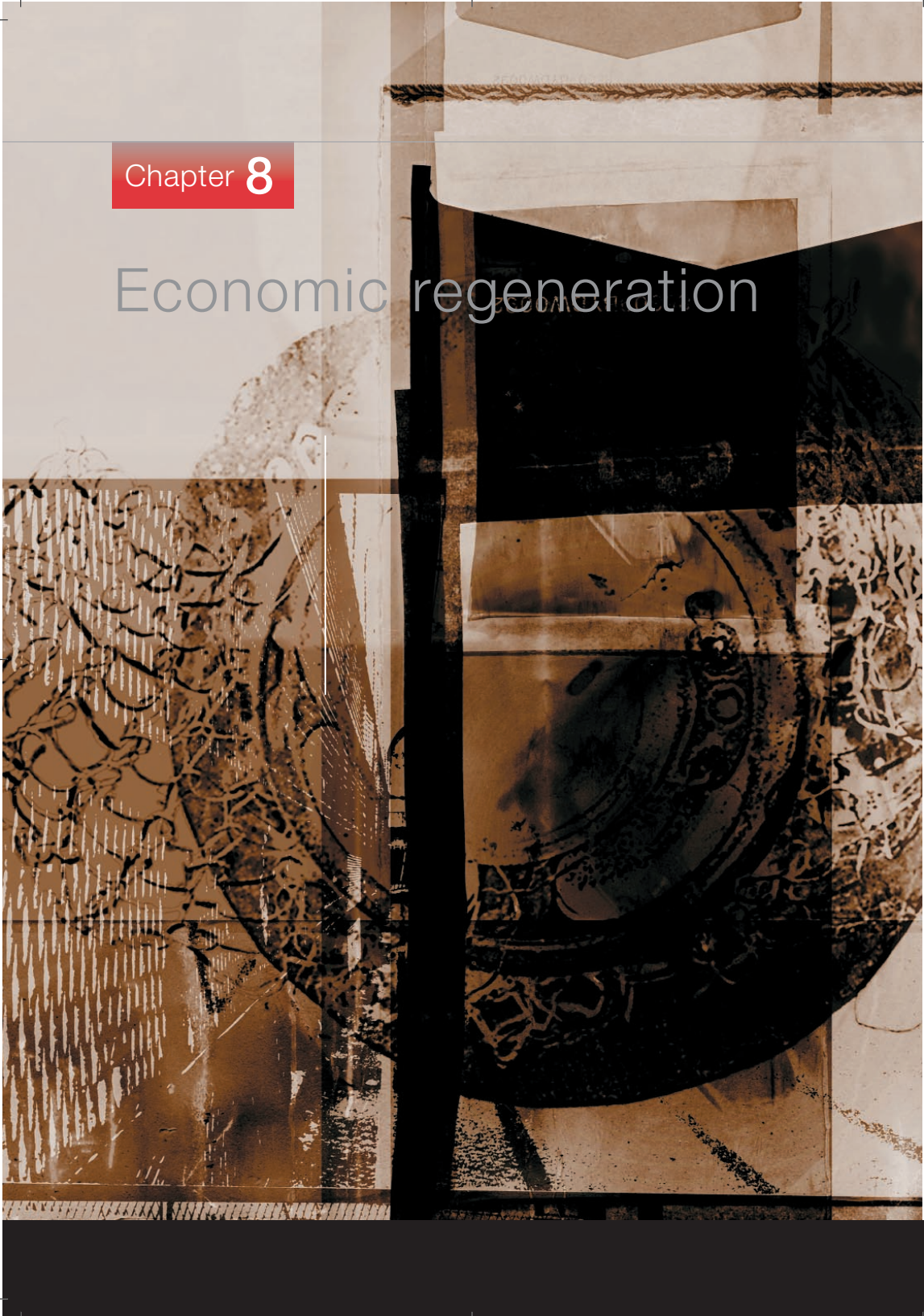


Chapter 8

Economic regeneration



The flexible location of work using information and communications technologies has important implications for promoting regeneration in disadvantaged areas. Lack of local work opportunities is a key characteristic of such areas, both urban and rural.

This chapter should be of particular interest to managers of agencies involved in regeneration partnerships, including local authorities, regional development agencies, economic development agencies, employment services, housing associations and other employers in the not-for-profit sector.

However, private sector employers should also note the opportunities for working within the context of regeneration initiatives, in order to achieve efficiencies and to maximise the benefits from flexible working.

Areas in transition

Decline of traditional industries

The last 30 years has seen the decline of many traditional industries in the UK. Predominantly, these are the industries that underpinned Britain's global commercial supremacy and made it the "workshop of the world". Coal mining, the steel industry and shipbuilding have contracted massively in the face of overseas competition. The defence industries have

suffered similarly, with the end of the Cold War. Manufacturing industries, which have been closely associated with these formerly dominant industries, have declined with them – engineering in particular. Agriculture and fisheries have also been in decline.

Where industries have survived, automation, restructuring and streamlining mean that enterprises only employ a fraction of the workforce that they did in the 1960s and 1970s. New industries in the service sector and particularly in the retail, high-tech and "new economy" sectors, have supplanted traditional manufacturing in terms of relative importance to the prosperity of the nation.

Growth has tended to be concentrated outside the traditional manufacturing heartlands. Even though total unemployment is low once again after the peaks of the 1980s, there remain significant areas of deprivation, suffering high unemployment, a lack of inward investment, and the emigration of skilled workers who seek work elsewhere.

Urban problems

The problems of areas suffering from the decline of traditional industries have, in many instances, been exacerbated by disastrous urban planning policies in the post-war years. Poor urban design, poor quality housing and lack of investment in education and infrastructure are

the hallmarks of many of the most deprived areas.

It is all too apparent that a deficit of local services and suitable premises for enterprise characterise many of the housing developments of the 60s, 70s and 80s.

Rural problems

Rural areas have also suffered from the decline of traditional forms of employment, in particular, mining, agriculture and fisheries.

Whilst it is true to say that many of the more accessible rural areas have grown in size as people flee towns to create suburbs with



country views, many of the more remote rural areas have seen the emigration of almost all the younger generations. Young people leave to find work, and people with young families leave to find a more suitable place to bring up their children.

In many of these remote areas, lack of employment prospects has been compounded by the closure of local services, such as schools, post offices and village stores.

The collapse of public transport serving rural communities since the 1980s, has created a situation where poorer people are left stranded without access to a range of opportunities for employment, learning and community facilities.

Responses to the problems

Regeneration of disadvantaged areas has been high on government agendas at local, regional, national and EC level for many years now. Very large amounts of national and European money have been directed to areas such as Merseyside and the Highlands and Islands of Scotland, to stimulate employment and provide opportunities. Typically, programmes have focused on:

- Training and retraining to improve skills levels and promote employability
- Improving the housing stock
- Encouraging inward investment, and encouraging organisations to locate or relocate, through a mixture of fiscal incentives and support measures

The UK government has recently published its regeneration White Paper, "Our Towns and Cities: The Future Delivering an Urban Renaissance". A programme is to be set in place offering, to a large extent, an enhanced

version of the same, with greater emphasis on improved urban design and greater diversity in planning, to create cleaner, less polluted environments that are designed more for people than for cars.

The new Regional Development Agencies are to play a key role in driving this renaissance.

New technologies and new work opportunities

In emerging government policy, RDA economic policies and EU funding programmes, there is a commitment to developing high-tech industries, infrastructure and work opportunities. Some regeneration areas caught the first wave of the high-tech revolution in the 1980s, revolving around large-scale inward investment ventures in manufacturing electronic equipment. Ten years later many of these had closed, unable to compete with competition from the Far East.

Call-centres, attracted by low wage costs and substantial public subsidies, have brought large numbers of jobs to depressed areas in places like Leeds, Merseyside and Fife.

But in many ways, this is only the beginning of the possibilities.

Outsourcing

New possibilities for outsourcing have been opened up by IT and telecommunications. A successful early example arose through the creation of a telework centre in a remote area of Scotland, at Forres near Aberdeen. It was set up by the IT company, Hoskyns (since taken over by Cap Gemini), with support from the former Grampian Regional Council.

Data processing work, initially concentrating on council tax and parking tickets, provided 80 jobs. Expansion has led to the opening of a number of centres, providing over 500 jobs.

In essence, data processing work can be sourced from anywhere. A few councils in the south of the country have bitten the bullet and outsourced similar processes to the Forres Centre, making considerable savings in the process.

Equally, councils and other agencies involved in regeneration should recognise the possibilities for job creation in their own areas through the development of telework centres specialising in data processing.

Telework

Some remote rural areas have successfully promoted telework as a way of bringing work into the area for small businesses and self-employed contractors. Backed by European money, the early development by BT of high bandwidth services in the Highlands and Islands of Scotland, provided the basis for current initiatives.

One example is Work-global in the Western Isles of Scotland. Work-global is a teleworking facilitator, which manages a skills register that currently includes the resumés of over 600 highly qualified people based in the Western Isles. Supported by local and regional economic development bodies, their motto is "live local, work global". Their marketing focuses on encouraging organisations to outsource business processes to teleworkers in the islands, and encouraging inward investment through setting up satellite offices and call-centres.

Satellite offices

Information and communications technologies can enable functions of an organisation to be located closer to where workers live, and this can have an important regenerative effect.

One local authority has its headquarters in the prosperous part of the county it serves. Every day, a bus is laid on by the authority to bring in

around 60 employees from another part of the county – an area that qualifies for special funds for regeneration. Yet, most of these employees undertake work based on using computers and telephones – in the Information Age, the reasons for their daily trip are no longer compelling.

In this instance, as with countless examples of home-based working, one of the key advantages to locating work nearer home is that a greater proportion of these employees' spending will be "repatriated" to their local community. In addition, other service jobs supporting their location to the regeneration area may be created.

Decentralising - for real!

One striking fact about public sector involvement in innovative Information Age technology projects is that, while they are often willing to support progressive projects in partnership, they are much more reticent about applying the lessons to their own employment practices.

Employees involved in regeneration activities will frequently find that they are based at the traditional headquarters, which may be some distance from the area served. Amongst other disadvantages, this can mean many hours wasted in travel, which could be more efficiently spent working at the front-line.

Effectively, information and communications technologies mean that the workers should have their office with them wherever they go, and be able to connect to organisational systems from a local office, on a mobile basis or from home.

Integrating employment and service objectives

Apart from greater efficiency, there is another major opportunity to be derived by bringing a closer alignment between employment practices and service objectives.

For example, many councils, sometimes with their partner agencies, are developing "one-stop-shops" for public access to their services. In most instances, this also means extending the organisational IT and telephony networks to the local offices. But in the majority of cases, these premises will not be considered as places to work except for staff who are directly employed there. In principle, such centres provide excellent touchdown bases for itinerant staff as well.

However, such facilities need to be planned at the outset. Often, it can be hard to find additional space for staff touching down. As well as the facilities planning, service level agreements for use and appropriate policies and protocols including booking arrangements, access rights and confidentiality, are likely to be necessary.

The new style of one-stop-shops is only one example. Public sector agencies frequently have large amounts of property, which is under-utilised. This may include schools, community education centres, libraries, community centres, housing offices and depots. These may provide suitable facilities for drop-in/touchdown work facilities, or for larger decentralised functions such as data processing.

Many of these types of premises are evolving through bids into regeneration funding programmes, to become public access ICT-based learning centres or "electronic village halls" and so forth. Typically, such projects struggle for new revenue streams after their first year or two. Building in rechargeable work facilities should be considered as a serious option for creating a sustainable venture.

The key point is that the same information and communications technologies infrastructure can be utilised for both service delivery objectives and for enabling location-independent working.

Once again, this emphasises the need for a holistic approach, involving not only technology, facilities and human resources managers but also managers involved in service planning.

The "triple bottom line"

Disadvantaged areas often have great need for the services of Social Services departments. Social Services managers should jump at the opportunity to slice about 10% off social workers' business travel, a figure which is typical in such instances, in order to free up time for more client work.

This is an example of the "triple bottom line" in action:

- A win in terms of business benefits
- A win in terms of benefit to the environment
- A win in terms of contribution to the community

Retaining skills in the community

One of the key benefits of developing Information Age work opportunities is being able to reverse the skills leakage from disadvantaged areas. The majority of existing projects focus on training or retraining, and increasingly, this involves training in "Information Age skills". Many local colleges, the new ICT-based learning centres and other "telematic" initiatives, are doing a fine job in this respect. The problem is in translating this into jobs that actually make use of the skills. At the moment, people are being trained to migrate.

A cabinet minister in the 1980s advised job seekers to "Get on their bikes" to find work. This is exactly what has been happening, with a steady migration of skilled labour from disadvantaged areas to prosperous areas where there are skills shortages. Only by locating relevant work within these communities can this trend be reversed.

Maximising the business benefits

The emphasis in most of this chapter has been on public sector employers. In many parts of the country, particularly in rural areas and disadvantaged urban areas, they are the major employer. We have outlined the business benefits for such organisations, both in terms of efficient working practices and more effective service delivery to customers. For private sector employers, there are also advantages in locating in such areas or outsourcing work to them. Some of the benefits may be similar, for example locating field workers such as sales staff closer to customers.

Although local politicians and officers are often shy about saying so, the key marketing argument for developing business in regeneration areas relates to low expenditure in terms of low labour costs and low property values.

In addition, local authorities and enterprise agencies frequently offer grants, subsidies and other kinds of support, which are not available in most areas. This includes staff recruitment and training.

Getting flexible, then, need not be limited to introducing flexibility for one's own staff. By overcoming the constraints of geography, the new technologies offer ways to combine maximising business benefits with a contribution to urban and rural regeneration.

