

**Impact case study (REF3b)**

<p><b>Institution:</b> University of Lincoln</p>
<p><b>Unit of Assessment:</b> 19 – Business and Management</p>
<p><b>Title of case study:</b> Shaping public investment in economic growth</p>
<p><b>1. Summary of the impact</b></p> <p>A series of empirical research studies, underpinned by economic theory, explored enterprise support and urban settlement structure. The research contributed significantly to the evidence base used by East Midlands Development Agency (EMDA) in developing their Regional Economic Strategy (RES), and was key in shaping two of the Strategic Priorities. More generally, the research-based recommendations informed EMDA policy development, in particular, the £290 million Single Programme investment set out in the RES. The research also helped shape county councils’ support for enterprise, innovation and business. More recently, the research has informed the shape of regional economic development beyond the regional development agencies into new government policy through the new Local Enterprise Partnerships; for example Lincolnshire’s £14 million investment in broadband.</p> <p><b>2. Underpinning research</b></p> <p>The research described below was carried out by Lincoln Business School (Enterprise Research and Development Unit, now mainly contained within the School’s Rural and Regional Research Group). The research focussed on the regional economy in the East Midlands, and explored small and medium enterprises, labour markets, skills, transport as connectivity, and communications. Research on the effects of local spatial contexts and local institutional structures, and on policies on small firm growth [3.1], has produced the underlying knowledge applied to increase the conditions for economic growth [3.2].</p> <p><b>Study 1: GDP Growth</b> (2004 to 2008), by Atherton [at Lincoln 2003-2013], Johnson [2004-2006] and Owen [Visiting Professor, 2004 onwards], examined the spatial distribution of firms and labour across the East Midlands and Yorkshire and Humberside, and explored the effect of connectivity. Interviews were also undertaken with 30 stakeholders with a key role in promoting economic growth in these regions. The final report [3.3] set out the most important settlements in the East Midlands and Yorkshire economies, and identified those that were performing less well than expected. It recommended different types of policy interventions that would work best in different types of location. An interim report in 2006 (Chapter 5 in [3.3]) mapped the structure of regional economies and provided a framework for assessing regional distributions of economic activity.</p> <p><b>Study 2: Entrepreneurial Regions</b> (2004-5), by Atherton and Frith [2003-2008], assessed existing data and used enterprise theories to develop a framework characterising an entrepreneurial region, as applied to the East Midlands. The report [3.4] provided recommendations on how economic development and growth could be sustained.</p> <p><b>Study 3: Secondary Centres</b> (2008-9), by Atherton and Price [from 2003], explored the economic role of 100 small and medium-sized towns in the East Midlands. The resulting report [3.5] produced a ‘typology of towns’, which set out common characteristics and challenges, and from this developed a series of policy recommendations, specific to each of the six types, to improve the economic sustainability of these small and medium sized towns.</p> <p><b>Study 4: Economic Impact of Broadband</b> (2007-2008), by Price, Atherton and Shutt (with Groupe Intellex), assessed the effectiveness of the Lincolnshire Broadband Initiative. In-depth interviews with 40 companies, a telephone survey of 150 companies, and secondary research on national technological trends in broadband usage, were conducted. The research identified a strong relationship between suitable broadband provision and economic growth. The report [3.6] provided an economic impact model and recommendations to improve the effectiveness of the Lincolnshire Broadband Initiative and promote broadband adoption based on the needs of different business user types.</p>

### 3. References to the research

- 3.1. Atherton, A. (2006) 'Should government be stimulating start-ups? An assessment of the scope for public intervention in new venture formation', *Environment and Planning C: Government and Policy*, 24 (1): pp. 21-36. DOI: 10.1068/c0436.
- 3.2 Atherton, A. and Price, L. (2008) 'Can experiential knowledge and localised learning in start-up policy and practice be transferred between regions? The case of the START network', *Entrepreneurship and Regional Development*, 20 (4): pp. 367-385. DOI: 10.1080/08985620701872043.
- 3.3. Atherton, A. and Johnson, A. (2008) *GDP Growth in the East Midlands and Yorkshire and Humberside*, EMDA knowledge bank, irep.ntu.ac.uk/R/-?func=dbin-jump-full&object\_id=202794&silos\_library=GEN01 (cited in public reports).
- 3.4. Atherton, A. and Frith, K. (2008) *Creating an Entrepreneurial Region – Exploring the Entrepreneurial Capacity of the East Midlands*, EMDA knowledge bank, irep.ntu.ac.uk/R/?func=dbin-jump-full&object\_id=202722&local\_base=GEN01 (cited in public reports).
- 3.5. Atherton, A. and Price, L. (2009) *Secondary Centres of Economic Activity in the East Midlands 2008-2009*, EMDA.knowledge bank, irep.ntu.ac.uk/R/?func=dbin-jump-full&object\_id=202860&local\_base=GEN01 (cited in public reports).
- 3.6. Price, L., Shutt, J., Atherton, A. and Noke, H. (2008) *An evaluation of the economic impact of broadband in Lincolnshire: updated final report*, eprints.lincoln.ac.uk/11751/ (cited in public report).

#### Funding:

Awarded to	Title	Dates	Sponsor	Value
Enterprise Research and Development Unit, University of Lincoln (Business School)	<i>GDP Growth in the East Midlands and Yorkshire and Humberside GDP Growth</i>	Sep 2004 to Dec 2005	EMDA and Yorkshire Forward, University of Lincoln	£40,000
				£35,450
				<i>Total</i> £75,450
As above	<i>Secondary Centres of Economic Activity in the East Midlands</i>	Aug 2008 to Mar 2009	East Midland Development Agency (EMDA)	£25,000
As above	<i>Economic Impact of Broadband in Lincolnshire</i>	Nov. 2005 to Apr 2007 and Q2 2008.	Lincolnshire County Council	£97,034, plus follow-on £11,020
As above	<i>The relationship between Rurality, Skills and Productivity in the East Midlands</i>	Jan 2010 to Mar 2010	East Midland Development Agency (EMDA)	£35,000

### 4. Details of the impact

The research helped shape the EMDA's Regional Economic Strategy (RES) [5.1] and to direct public investments based upon it, in particular, the allocation of structural support for small and medium enterprises, specific investment strategies for different types of towns, and investment in skills and rural broadband. It formed the basis for two of the ten strategic priorities in the RES: 'Enterprise and Business Support' (p64) and 'Innovation' (p75) and provided data on the background, challenges and barriers to entrepreneurial activity in the area.

Studies 1 and 2 were well received, prompting EMDA to fund Study 3 to explore the economies of smaller settlements across the East Midlands, the outputs of which were included in an update of the RES published in 2009 [5.2] and 2010. The revised RES [5.2] drew directly on the research findings in its chapters on productivity and the spatial economy. The 2010 RES revision reiterated the significant contribution of the research (citing [interim 3.3], [3.4] and 3.5]), including to the analysis of regional structure; the concept and measures of an entrepreneurial region; and the significance of investing for growth in the role of secondary centres.

The research made a significant contribution to the approach taken in the RES, and hence to the overall impact of the RES [5.3]. The approach adopted by the RES was stated as contributing £10 billion to the regional economy over its 10 years of operation, and creating or supporting more than 81,000 jobs and 95,000 businesses. Gross Value Added output was calculated as between £9 and £15 per £1 invested. Specific to the contribution of this research to impact, £294 million was invested by EMDA in the two strategic priority areas over 4 years, 2007-8 to 2010-11, being 51% of total investment in 2007-8 and 61% of investment in 2010/11, implying a GVA generation of between £2.6 billion and £4.4 billion (source: EMDA *Annual Report 2008-9* p44 [5.4] and EMDA *Corporate Plan update 2009*, [5.5] Annex 2, p1). It was also used in the *NUTS3 Sub-Regional Profile for the East Midlands 2011*, produced by EMDA for the UK Commission for Employment and Skills (UKCES) to provide a better understanding of the regional labour market to UKCES commissioners [5.9] (p19 and p58).

Across the East Midlands region the research was also used in five different counties. Nottinghamshire County Council's analysis of the area's economic geography and connectivity (transport infrastructure) is based on the research findings [3.3, 3.5], which are cited and partially reproduced in the County Council's own document [5.6] p7-13. The Council also used the research to understand the challenges for each town in Nottinghamshire and the appropriate policy responses. The Assessment [5.6], and the twin focus on concentrated growth in the City of Nottingham and clear roles for the market towns, is reflected in resulting 2010 economic plans for the region and the *2012 Growth Plan*, which cited the research as a framework, and reflected the research's 'entrepreneurial activity' and institutional structure approach [5.7]. In Derbyshire, the research was also used by the Centre for Cities report, *Safeguarding Derby's Economic Growth*, to inform a number of recommendations, including addressing 'weak ties' through university-industry collaboration and prioritising the needs of high growth firms (p3). Derbyshire used it as the key framework for the *Derbyshire Market Town Investment Plan* [5.8] (pp11-14), while Leicestershire, Lincolnshire and Rutland also made use of it, with, for example, a member of the Lincolnshire and Rutland Employment and Skills Board commenting, 'The report [is...] of value when putting together a case for funding or additional support to those who are not as familiar with the challenges faced by rural communities'.

The research findings have also been used at the city and town level, including as evidence in the *Wellingborough Property and Services Plan* to demonstrate the importance of small and medium towns in Northamptonshire to the rural economy and to underpin five policy objectives, and by East Lindsey District Council, to develop a better understanding of the economy of Louth (Lincolnshire), in *Louth – Business Profile 2010*.

With the establishment of new government policy through the development of the Local Enterprise Partnerships, the broadband research [3.6] underpinned a successful bid to government for £14.3 million further investment in 'superfast' broadband in Lincolnshire by providing key evidence of the economic impact of Lincolnshire County Council's first broadband investment (2003-8), with evaluation metrics to support the bid. Lincolnshire's Policy and Research Manager observed that the research evidence strengthened the bid by providing a greater level of confidence that the estimated impacts would be achieved (see letter from Policy and Research Manager, Lincolnshire County Council [5.10]).

Wider impacts: at national policy level, the research was cited in the Government Spatial Analysis Unit *Analysis of Place Newsletter, Issue 1*, November 2009, where some of its recommendations were identified as good practice. The research findings have also informed debate through presentations to professionals and practitioners at, for example, RuralNet Conference, Harrogate October 2006 (200+ delegates); Annual Action for Market Towns conference, Melton Mowbray October 2009 (200+) and a dissemination event at EMDA, 10 May 2011 (c. 50 representatives of Chambers of Commerce, Business Link and local authority planning and economic development officers).

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

- 5.1 EMDA (2006a) *A Flourishing Region: Regional Economic Strategy for the East Midlands 2006-2020*,  
webarchive.nationalarchives.gov.uk/20100511081713/http://emda.org.uk/res/docs/RESflourishingFI  
NALA4.pdf.
- 5.2 EMDA (2009) *The East Midlands in 2009*,  
webarchive.nationalarchives.gov.uk/20100512150204/http://www.emda.org.uk/research/documents  
/eb2009/The-East-Midlands-2009-Full.pdf (see pages 22, 175, 530, 531, 532, 533, 534, 535, 537,  
538, 539, 540, 541, 555, 556).
- 5.3 East Midland Regional Committee (2009) *Memorandum from East Midlands Development  
Agency (EM 07)*,  
www.publications.parliament.uk/pa/cm200809/cmselect/cmeastmid/406/406we08.htm.
- 5.4 EMDA (2009) *Annual Report 2008-2009*, www.official-  
documents.gov.uk/document/hc0809/hc06/0681/0681.pdf (page 44).
- 5.5 EMDA (2009) *Corporate Plan 2008-2011*, update July 2009,  
webarchive.nationalarchives.gov.uk/20110704131410/http://emda.org.uk/uploaddocuments/emda  
CorporatePlanJulyUpdate2009.pdf (Annex 2, page 1).
- 5.6 *Nottingham and Nottinghamshire Local Economic Assessment 2011*,  
cms.nottinghamshire.gov.uk/home/business-economy/econdata/economicassessment.htm (see  
pages 7-13).
- 5.7 Email to the University of Lincoln from Nottingham City Corporate Policy Team.
- 5.8 Derbyshire Local Economic Assessment 2012, observatory.derbyshire.gov.uk/IAS/lea (see  
pages 11-14).
- 5.9 EMDA (2011) *NUTS3 Sub-Regional Profile for the East Midlands 2011*,  
s3.amazonaws.com/zanran\_storage/emda.org.uk/ContentPages/2460717815.pdf (see pages 18,  
58).
- 5.10. Communication to University of Lincoln from Policy and Research Manager, Lincolnshire  
County Council.