



Centre for Local
Economic Strategies

local work

case study

New Era, New Approaches: Creative and Collaborative Economic Development

Author: Matthew Jackson, Senior Policy Researcher, CLES

matthewjackson@cles.org.uk

Editor: Victoria Bradford, Policy Consultant, CLES,

victoriabradford@cles.org.uk

Introduction

The way in which economic development, both strategy and interventions, are developed governed and delivered in the UK is changing. We are beginning to move away from the more traditional, centrally led approaches to economic development such as inward investment, civic boosterism, and support for the manufacturing and service industries, towards more creative, localised, flexible and collaborative approaches whereby local authorities and groups of local authorities are able to shape economic development by responding specifically to the global and local drivers that influence their local economies.

This shift in emphasis has occurred for a number of reasons:

- ❑ First, there has been increasing recognition, at the local level, of the need for economic development practice that is shaped by local innovation and work with partners, through new delivery vehicles such as Manchester Enterprises and the Lancashire County Developments Ltd.
- ❑ Second, the global economy is in a period of change and transition. Local economies are being required to adapt their approaches to drivers such as the globalisation and the fast pace of technological change.
- ❑ Third, there are a range of emerging concerns that are (re)shaping economic development activity, including knowledge economies, concerns about the environment, well-being and worklessness.
- ❑ And finally, in response to these factors, the Review of Sub-National Economic Development and Regeneration, which was published in July 2007, brought collaborative economic development working to the fore, including a commitment to Multi Area Agreements and strengthened sub-regional governance.

With this in mind the purpose of this Local Work is to identify and provide commentary on creative and collaborative approaches to economic development. It comprises two key sections:

- ❑ **Section One** will look at the theory behind the changes in economic development practice at the local and sub-regional levels, including existing approaches and emerging concerns and policy issues facing local authorities.
- ❑ **Section Two** will highlight some of the creative and collaborative approaches to economic development, through case studies of local economic development activity from around the UK.

Existing approaches to Economic Development

Economic development strategy and delivery activity have traditionally been developed using a combination of the following five approaches and of course all have their merits in a particular local context and specific set of circumstances.

Business Support

Economic development activity has often been based around providing the necessary infrastructure and support for existing local businesses to develop and be sustainable. Emphasis has been placed on supporting businesses through skills development, advice and training.

Inward Investment

Economic development activity has often been based around attracting investment from outside the region and overseas. Inward investment activities have taken the form of place promotion, creating links with overseas cities and developing attractive locations to name a few, and have long been regarded as crucial to increasing local employment levels. Indeed the initial remit of the Regional Development Agencies was on inward investment and creating the local and regional conditions in which overseas and other investment could flourish. Inward investment was seen and is seen as crucial to reducing disparity in areas such as Gross Value Added (GVA).

Civic Boosterism

Related to inward investment, civic boosterism takes the form of iconic art and landmarks sculpture, public art, sports and cultural facilities as well as hallmark events. These are used to shape local, regional and national economies. The attraction of world-class events, such as the Commonwealth Games, has been used to drive the economy and shape inward investment. This has been particularly evident in Manchester, where the attraction of the 2002 Commonwealth Games, coupled with strong political leadership has provided a strong shape for the future growth of the city.

Supporting Local Growth

Economic development activity has often been based around supporting the local growth, whatever the sector or type of economic base this may have been. Supporting new businesses and sustaining existing businesses in the service sector has been particularly important in economic development activity in those areas that previously had strong industrial sectors and which have had to restructure in light of industrial decline.

Bottom Up Economic Development

In recent years, the Government has been particularly keen to shape economic development activity around the economic needs of local communities. There has thus been a key emphasis on the use of social enterprise, community ownership, and local third sector organisations as drivers of change in local communities.

Driving Economic Development: Emerging concerns and new challenges

Whilst in many cases the common or traditional approaches will remain valid and continue to shape the economic development activities of local authorities, development agencies, business support organisations and a host of other organisations, there are a number of emerging concerns and increasingly significant challenges facing economic development practitioners and policy makers, they include the following which are likely to be key aspects of future economic development activity. In turn, they will require an effective evidence base, as well as indicators to ensure the development of effective policy and local delivery.

Globalisation

As an open and flexible economy the UK stands to benefit from global economic integration. However, globalisation and technological change have had significant impacts on sub-national and sub-regional economic performance, particularly in those areas least able to respond to change, and those with declining economies.

The Environment and Sustainable Economic Development

The environment, and climate change in particular, are increasingly becoming an important consideration within economic development. National, regional and local government increasingly has to consider the environmental impact of economic development strategy and delivery as the two are becoming ever more intertwined. As a result of the Stern Review, there are increasing links between economic development and the impact of environmental interventions upon local economies as well as the impact of environmental quality upon the economy. There is also an emerging discourse that argues for the consideration of personal well-being and quality of life through economic development and within this the environment is a key factor.

Inequality

The need to address inequality between communities, local authorities, regions and countries drives economic development responses across the globe. Inequality is often grounded in economic related concerns including; skills, employment, enterprise, housing, and access to services.

Efficiency

Economic development, like many other areas of public service delivery, has faced an increased drive for efficiency. Local authorities, in particular are required to respond to the Gershon Review by finding more efficient ways of delivering services. Collaborative economic development - multi authority and sub-regional working - could reap particular efficiency gains through the pooling of resources to tackle shared issues and challenges.

Productivity

Economic development activity in the UK is becoming increasingly driven by the need to improve productivity. Local authorities and Regional Development Agencies are increasingly being asked to shape their economic development activities around productivity and related economic performance.

Image and Perception

The image of a place is crucial to attracting investment, residents, visitors, employees and employers as well as world-class events and tourists. The re-branding of places such as 'Pennine Lancashire' and 'The Fylde Coast' are contributing to the development of their economies and are helping to ensure collaboration between neighbouring authorities and local and sub-regional partners.

The Knowledge Economy and the Creative Class

The knowledge economy reflects the knowledge based, technological shift that has taken place in the last few years. In the UK, whilst local authorities and other strategic partners recognise the

knowledge economy, few - aside from those in London and Manchester - have taken the opportunity to respond strategically at a local level. There are four key challenges for economic development practitioners to consider when developing interventions to promote the development of a knowledge economy, they are predominantly related to monitoring:

- ❑ How do you count knowledge workers?
- ❑ How do you measure knowledge assets?
- ❑ How do you assess the impact of the knowledge economy on deprived areas?
- ❑ How do you evaluate the economic and social value of knowledge driven activity?

Supporting creative and cultural diversity is also central to economic development. It can facilitate local innovation and economic sustainability, which can create the conditions and quality of life that encourage talented and creative people to move to new areas, within and outwith cities and regions.

Demography, Migration and Mobility

Demographics across the UK, but also globally, are changing. Consequently, changing demands are being placed on public services. An ageing population, in some areas, or strong and growing migrant worker populations, in others, are increasingly changing the economic needs of society and thus the responses that are required by the agencies charged with facilitating economic development. Mobility is also becoming a significant driver of economic development and growth. People are increasingly travelling further to work and to participate in leisure activities. Equally however, technological change negates the need for travel of other types.

Well-Being

Well-Being is a persons experience or perception of their quality of life. There are key links between well-being and effective local economic development, with a number of indicators measuring an individual's or groups of individuals' quality of life and well-being including:

- ❑ More jobs and business;
- ❑ Increasing financial security;
- ❑ Reduced inequalities;
- ❑ Improved quality of life;
- ❑ Relationships, networks, social support and engagement with policy makers, politicians and service providers;
- ❑ Access to services.

Whilst well-being is an emerging consideration within economic development, there is a need to develop well-being related indicators and outcomes, so that it can play a stronger role in local policy such as Local Area Agreements and increasingly Multi Area Agreements.

Worklessness

In many places worklessness is the key threat to the local economy, growth, sustainability and local employment practice. There are simply too many economically inactive people in many neighbourhoods and localities across the UK. There are also significant issues with regard to basic skills, 'hard to reach' groups and those people "Not in Education, Employment or Training" (NEET), as well as the stock of inactive people, many of whom have been inactive for a number of years.

Creative and Collaborative Approaches to Economic Development: Meeting new demand?

Emerging concerns have in some areas already begun to shape more creative and collaborative approaches to economic development. In some areas there are already a number of structures or organisations in place that are able to support creative and collaborative approaches to economic development. In doing so these organisations have pre-empted the July 2007, Review of Sub-National Economic Development and Regeneration which gave the go-ahead for a host of new approaches to economic development at the local, sub-regional, city-regional and regional level.

The focus of the Review was upon enabling local areas to use their local knowledge, experience and networks to manage economic development policy at a spatial level suitable to their local economic climate. However, the following case studies provide examples of existing creative and collaborative processes already being used to transform economies. There are examples of partnership requirements, others have strong thematic subsidiary processes, and others are focused on bringing together economic development functions within one strategic and delivery body.

Collaborative Strategy and Delivery: Manchester Enterprises and Manchester Solutions

Manchester Enterprises is the economic development agency for Greater Manchester. Its remit is to deliver economic growth and to improve the prosperity of local people. Whilst Manchester Enterprises provides economic development strategy support for Greater Manchester, it is supported by eight subsidiary arms in the form of Manchester Solutions. These groups subsidiary organisations support economic growth related to particular delivery-based themes within economic development, including skills development, business advice, creative industry and social enterprise support. Manchester Enterprises and Manchester Solutions cover the 10 local authorities within Greater Manchester and are directly accountable to the Greater Manchester Forum and the Association of Greater Manchester Authorities (AGMA).

It is the splitting of strategy and delivery activity within economic development which is of interest to this Local Work. Whilst Greater Manchester has a history of collaborative working, the Manchester Enterprises and Manchester Solutions Group require significantly more collaboration between authorities and partners. The Creative Industries Development Service (CIDS) for example works to help new and established creative businesses develop new projects in response to industry needs within Greater Manchester. The development of Manchester Enterprises and Manchester Solutions is a good model for other areas to consider as it demonstrates how with a number of subsidiary companies, funded from a range of sources, it is possible to address real issues that address both the current economic base and potential economic growth.

Creativity through a City Development Company: Creative Sheffield

Creative Sheffield is an example of an organisation, which operates under City Development Company principles. Creative Sheffield has been established to spearhead the economic transformation of the city, notably building on the track record of other bodies including the urban regeneration company, Sheffield One. Creative Sheffield has four core roles:

- ❑ It acts as the head marketing agency for Sheffield, seeking to achieve a positive shift in perceptions of the city's image and reputation;
- ❑ It builds on the success of Sheffield First for Investment, seeking to attract quality inward investment into the city;
- ❑ It builds on the success of Sheffield One, developing the City's physical infrastructure to internationally competitive standards;
- ❑ It develops initiatives that seek to promote the city's scientific, creative and cultural knowledge base.

City Development Companies, whilst requiring significant local and collaborative buy-in are a key model of creative and collaborative economic development, which could have a varied role dependent upon place. They could:

- ❑ Act as a coordinating vehicle between neighbouring local authorities that wish to work together on economic development and urban regeneration activities. They could provide a mechanism, for example to develop shared plans and strategies, and develop and negotiate Multi Area Agreements.
- ❑ Coordinate and oversee major physical development projects across local authority boundaries.
- ❑ Develop and coordinate integrated implementation plans for otherwise disparate public investment programmes within an area including Local Authority Capital Funds, RDA Single Pot and English Partnerships investment.
- ❑ Coordinate otherwise disparate promotion, marketing and 'branding' of neighbouring authorities to aggregate efforts.

Collaboration and Creativity through Partnership and Business Support Specialism: Alliance North Midlands

Alliance North Midlands is a business attraction, business investment and business support public sector partnership in North Derbyshire and North Nottinghamshire. It is both a physical and virtual partnership, with the economic development and business support personnel from the local authorities of Bolsover, Chesterfield, North East Derbyshire, Ashfield, Bassetlaw, Mansfield, and Newark and Sherwood coordinating activities alongside full time investment staff. The Alliance particularly recognises that in the North Midlands traditional industries are declining and new business sectors such as environmental technologies are emerging. The Alliance promotes and supports new industry and creates links with higher education institutions in the wider region. This is an example of an approach, which focuses on a specific aspect of economic development, namely business support and which adopts strong partnership approaches to local authority collaboration.

Utilising Knowledge and Creativity to shape Economic Development: Manchester: Knowledge Capital

Manchester: Knowledge Capital provides a dynamic force for innovation and economic transformation in Greater Manchester. It is built around the highly competitive existing base of knowledge assets across the Manchester city region, including the ten local authorities, the four universities, other key public agencies and leading businesses. The connectivity of Greater Manchester in terms of its key strategic location and International Airport are central to the knowledge capital concept. Manchester: Knowledge Capital is seeking to shape economic transformation through four key areas of activity:

- ❑ Through stimulating and supporting increased business innovation from research, science and knowledge;
- ❑ Through engaging with the people of Manchester in securing this future through dialogue, debate, education and employment;
- ❑ Through supporting the growth of a city-region environment which facilitates business success and provides an outstanding quality of life;
- ❑ Through championing and trying new ideas and new ways of living and working.

To date the development of Manchester: Knowledge Capital has been shaped by three core programmes which have been fostered around sustaining and further developing the four unique strengths of Greater Manchester namely: its ability to deliver; its sheer scale and opportunity; its creative partnership approach; and its focus on inclusion and social benefit. The three programmes which encompass a range of innovative processes are detailed below:

- ❑ **Science City Programme** – the core objective of the Science City initiative is increased levels of business research and development, ensuring that businesses are more innovative and competitive. The processes involved include innovation partnerships which seek to capitalise on existing opportunities where there is sustained prospects of economic growth;
- ❑ **City Growth Strategy** – the city growth strategy seeks to stimulate enterprise and competitiveness in a particular area, South Manchester. Based on Professor Michael Porter’s cluster theory and other models of inner city competitiveness the initiative seeks to bring together over 8,000 businesses and 128,000 people to shape economic transformation. The initiative is based around three core sectors of the local economy: Financial and Professional Services; Creative and Media; and Bio-Life sciences. There is a particularly strong onus on retaining the large number of graduates that reside within the area and maximising their contribution to the local economy;
- ❑ **Manchester is My Planet** – Manchester: Knowledge Capital is taking significant steps towards social and economic sustainability through the Manchester is My Planet campaign. The initiative aims to raise awareness and create the conditions to allow sustainable energy initiatives to be at the forefront of local authority, business and household agendas. Key processes to date have included a pledge campaign for residents and workers to cut emissions by 20% by 2010 and work with business to become more sustainable to take advantage of the growing appetite for sustainable business practices as well as ‘green’ products.

The overall branding of Manchester: Knowledge Capital has enabled the development of the supplementary programmes such as Manchester is my Planet.

Creative Economic Development through re-branding: Marketing Leeds

Leeds is an example of a place which has used branding and place marketing to shape and develop economic transformation and economic development activity. The marketing agency for Leeds, Marketing Leeds, has used a brand to raise the profile of the City. The brand ‘Leeds Live it Love it’ was developed with significant partnership activity with the public and private sectors and also local people themselves. The branding activity is supported by a number of supplementary schemes including the Champions initiative, which draws together private and voluntary and community sector bodies to highlight the value of the city as a venue for business, tourism, living and interacting.

Collaborative Economic Development through Arms-Length Management: Lancashire County Developments Ltd

In a climate of devolution, double devolution and general de-centralisation, Lancashire took the bold step of combining their two existing sub-regional partnerships (East + West Lancashire) in order to create a *"unified pan-Lancashire approach, with a single economic strategy and a clear and consistent voice"*. Lancashire acknowledged that traditional approaches to economic development, across a structure of multiple local authorities, were not conducive to the delivery of a *"quality environment in which people and places flourish"*.

In order to produce a more strategic network approach to service delivery, which built flexible multi-disciplinary responses to local needs and regional, national and global challenges, Lancashire established Lancashire County Developments Ltd (LCDL), a not-for-profit, economic development trading company, which incorporates an innovative framework for tourism, regeneration, property development and community economic action. LCDL delivers an integrated package of products and services aimed at realising the vision of a flourishing economic environment within Lancashire. This package includes:

- ❑ **Integrated Area Based Regeneration** building on the bank of creative solutions that the County Council has built up, and involving a network of partners through joint ventures or special purpose vehicles. These initiatives utilise the cross-cutting theme of economic development in order to bring the range of County Council services to bear on local area

based regeneration. Successful projects include Lancashire Business Park, Leyland and White Cross, Lancaster.

- ❑ ***Joint Venture Partnership Arrangements*** one of which is currently working with regional and local partners to develop a Technology Centre with high quality, managed workspaces for new businesses and SMEs, at the former Michelin site in Burnley.
- ❑ ***Environmental Sensitivity*** through a Renewable Energy Cluster Development programme that works with the University of Lancaster and Powergen as part of the Lancashire Community Renewable Partnership. And an integrated waste management initiative that proposes to create a Lancashire Waste Innovation Infrastructure. Both of these initiatives aim to support and encourage the development of new businesses and SMEs in the development of these new technologies.
- ❑ ***Education and Training*** including a pilot programme to put 60 young people, currently designated as not in education, employment or training (NEET), through Employed Foundation Modern Apprenticeships within the trades sector and delivered by local providers. There are also plans to create an Engineering Sector Student Apprenticeship, building on the strengths of the Engineering College and engineering employers in West Lancashire.
- ❑ ***Links to the East Lancashire housing regeneration programme ELEVATE***, including the provision of project management expertise and work with local community groups in order to maximise the proposed wider community cohesion and development benefits.
- ❑ ***Financing and county-wide funding applications*** which will benefit from LCDL's ideal position to co-ordinate, submit and manage programmes of funding. These will include submissions to the major providers such as, the NWDA Single Programme, National Lottery, and the European Regional Development Fund. They will also provide support to SMEs through the Rosebud Loan Fund and in partnership with Business Link, LCDL will establish a single gateway for accessing SME development funding such as Venture Capital and Community Finance Initiatives.
- ❑ ***Social Enterprise support*** through the provision of: micro-credits; workspace and incubation facilities; and training and project management. LCDL works with Business Link and local faith and community groups to ensure that local ownership is encouraged.
- ❑ ***Community Development*** including the development of community networks, skills development, business finance and workspace building, provided through the Local Strategic Partnership.
- ❑ ***Promotion and support of Lancashire's tourism industry*** via the Lancashire and Blackpool Tourist Board and including: co-ordinated marketing and image building; promotion of quality assurance schemes; financial and general business support; and the pursuit of external funding.

Collaborative Economic Development through Joint Strategy: Tees Valley Multi-Area Agreement

Like many potential city-regional areas, Tees Valley has promoted the idea of a statutory city-region for improved business reasons. It has identified that a formal city-region would allow for strategic transport improvements; development of their strategic assets in the chemical industry and research base; and create an improvement in their urban competitiveness, allowing for an upgrade in the skills base and physical, social and cultural infrastructures. City-regional structures would enable Tees Valley to develop a strategic approach to its chemical industry, putting into place improvements such as a deep sea container terminal; expansion of Durham Tees Valley Airport, creation of a strategy for low carbon/energy efficiency; and the ability to source 8,000

new jobs at graduate/technician level and a further 4,000 to replace those retiring. Through their two universities, Tees Valley aims to create an advanced engineering sector and a digital city approach, leading to the expansion of the University and an improved tourism offer.

In order to improve its urban competitiveness, Tees Valley would drive forward its plans for housing market restructuring, green infrastructure and quality of place, develop skills and aspirations in young people and overcome transport connectivity constraints. To deliver these ambitious aims, Tees Valley Unlimited (TVU) was established, which is an economic partnership between the five Tees Valley authorities (Darlington, Stockton-on-Tees, Hartlepool, Middlesbrough and Redcar & Cleveland). TVU has five sub-boards focused on planning and economic development; transport; skills; housing; and tourism. This produced a number of benefits, notably better leadership and more credible involvement from private and voluntary sector partners, as well as the development of a strategic policy approach. The Tees Valley are currently developing a Multi Area Agreement to coordinate joint strategy and priorities.

Conclusion

The changing nature of our economies, brought about by increasingly significant challenges and changes to the drivers of our economy, including the productivity drive and the knowledge economy, together with new areas for consideration such as well-being and environmentally sustainable economic development are influencing the way in which economic development policy is developed and delivered. The government has responded to this with the publication of the Review of Sub-National Economic Development and Regeneration, which has laid out a raft of measures to facilitate greater local collaboration in the delivery of economic development activity and strategy. Indeed, Multi Area Agreements, greater accountability requirements for Regional Development Agencies and opportunities for devolved economic development activities all suggest that there are opportunities for local authorities to be more creative in their approaches to economic development and work more collaboratively in both the strategic and delivery elements of their economic development activity. However, this Local Work has also illustrated that some areas have already developed effective sub-regional or collaborative structures to address these new challenges and changing drivers of our economies, thereby pre-empting the Review of Sub-National Economic Development and Regeneration. What remains to be seen, in light of the Review, is the direction of any further collaborative and creative approaches.