



Centre for Local
Economic Strategies

local work

voice

A new wave of place renaissance: Shaping a fairer England

Author: Neil McInroy, CLES, neilmcinroy@cles.org.uk

Editor: Victoria Bradford, CLES, victoriabradford@cles.org.uk

Issue No: 81

Introduction

English cities have enjoyed a renaissance. New urban spaces, revitalised commercial cores, improved transport and new city centre lifestyles have created a vibrancy and energy to many towns and cities. However, this renaissance is incomplete and patchy. Increasingly England is characterised by differences at the regional, local and neighbourhood level. The gap between the rich and the poor is growing and increasingly the economies of our towns and cities are characterised by stark and unsustainable differences in income and spending power. To address this, and create cities and towns that include all citizens, we need a new approach to place renaissance, where much greater emphasis is placed on equality and fairness within our cities. This is an area of policy research that CLES is particularly interested in and forms one of our policy priorities for 2007/08.

The Scale of the Problem

In the last ten years Britain has enjoyed a period of relative prosperity and as a result one could argue that effective economic place shaping of our cities and sub regions has already begun to happen via urban renaissance and the improvements to our city centres and public realms. However, there are still significant problems, which seem impervious to this renaissance. This has led to some commentators, quite rightly, highlighting that we now have 'twin track' cities¹. For example, Turok and Bailey in their study of Glasgow's prosperity,² conclude that the large-scale de-industrialisation which left Glasgow with some of the worst social problems in Britain has not prevented the city from transforming its image and experiencing an employment turnaround, but that this improved economic position has taken place without including large sections of the population. Worklessness in particular remains a significant and growing problem in British cities. 2.64 million working age people are currently claiming Incapacity Benefit. In 2006/7, this cost the country nearly £12.5 billion.³

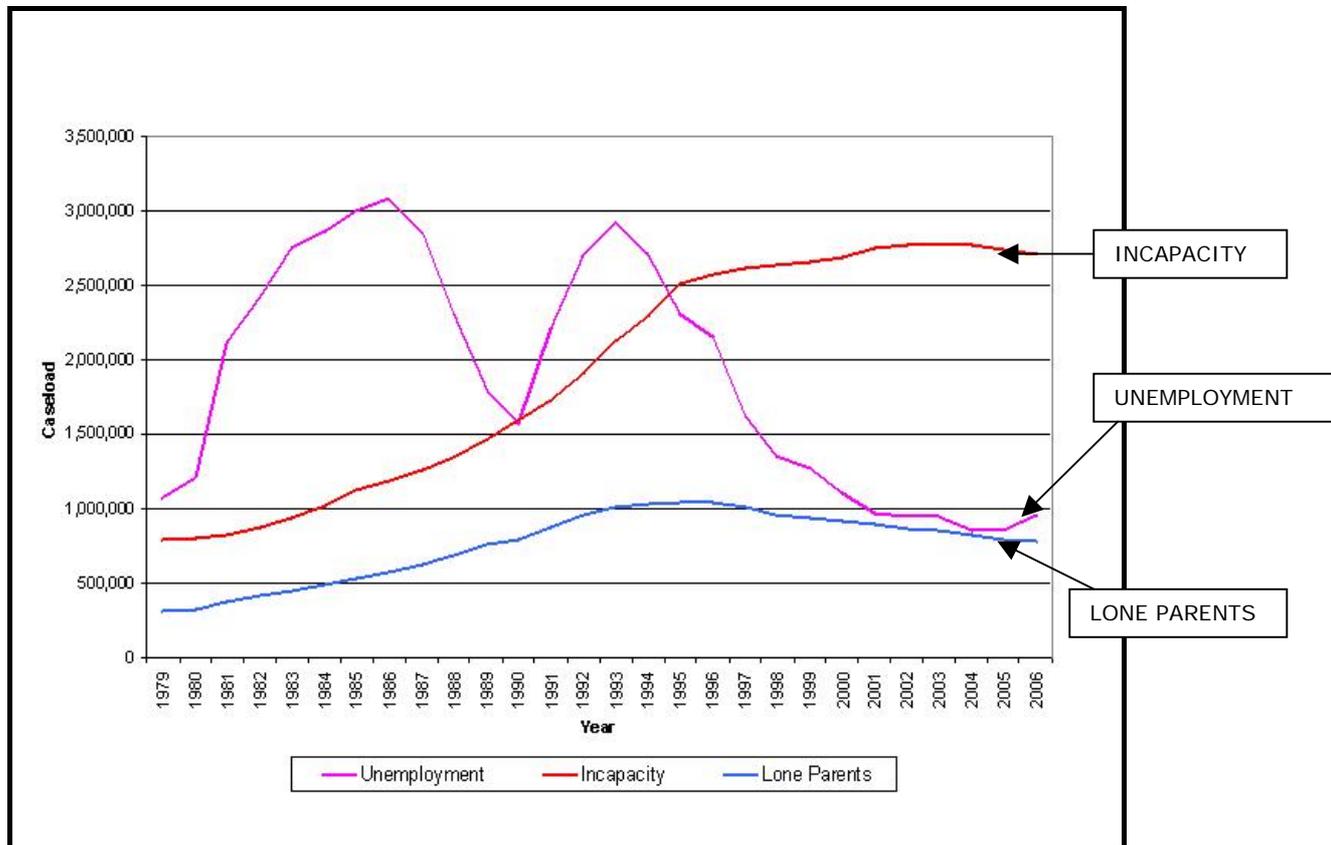
¹ Turok, I., Bailey, N., Atkinson, R., Bramley, G., Docherty, I., Gibb, K., Goodlad, R., Hastings, A., Kintrea, K., Kirk, K., Leibovitz, J., Lever, W., Morgan, J., Paddison, R., and Sterling, R. (2003) *Twin track cities? : linking prosperity and cohesion in Glasgow and Edinburgh*, Department of Urban Studies, University of Glasgow and School of Planning and Housing, Heriot-Watt University.

² Ivan Turok and Nick Bailey Twin track cities? Competitiveness and cohesion in Glasgow and Edinburgh, *Progress in Planning*: Volume 62, Issue 3, October 2004, Pages 135-204

³ Peter Hain (DWP Press Release), Work is good for you: new medical test to assess work capability, 19th November 2007. Available at: <http://www.dwp.gov.uk/mediacentre/pressreleases/2007/nov/drc055-191107.asp>

Figure 1, below, shows the levelling off of incapacity benefit claims between 1997 and the present day, but the problem refuses to budge as a result of a high stock of Incapacity Benefit claimants not able to reengage with the labour market.

Figure 1. Number of People Claiming Welfare Benefits



Source of Figure: Department for Work and Pensions

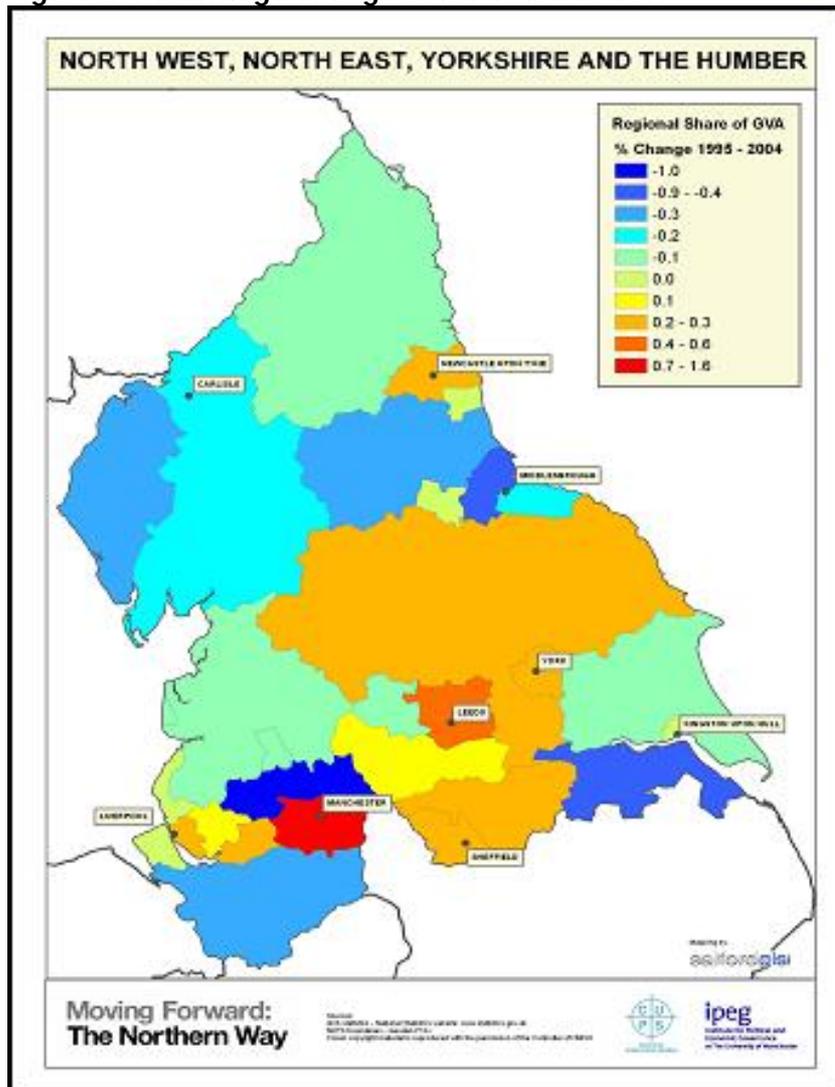
This problem of people separated from the labour market remains despite significant public investment in reducing unemployment through New Deal⁴ and investment in reducing Incapacity Benefit claimants by placing greater emphasis on a person's ability to work, rather than their incapacity.⁵

Furthermore, there are significant differences in the economies of our towns and cities. Figure 2, below, illustrates how neighbouring localities have fared as regards their share of regional GVA between 1995 and 2004. The striking differences between North and South Greater Manchester and between Leeds and Bradford indicate increased polarisation between local economies.

⁴ Jobcentre Plus, What is New Deal? Available at: http://www.jobcentreplus.gov.uk/JCP/Customers/New_Deal/

⁵ Peter Hain (DWP Press Release), Work is good for you: new medical test to assess work capability, 19th November 2007. Available at: <http://www.dwp.gov.uk/mediacentre/pressreleases/2007/nov/drc055-191107.asp>

Figure 2. Percentage Change in the Share of GVA

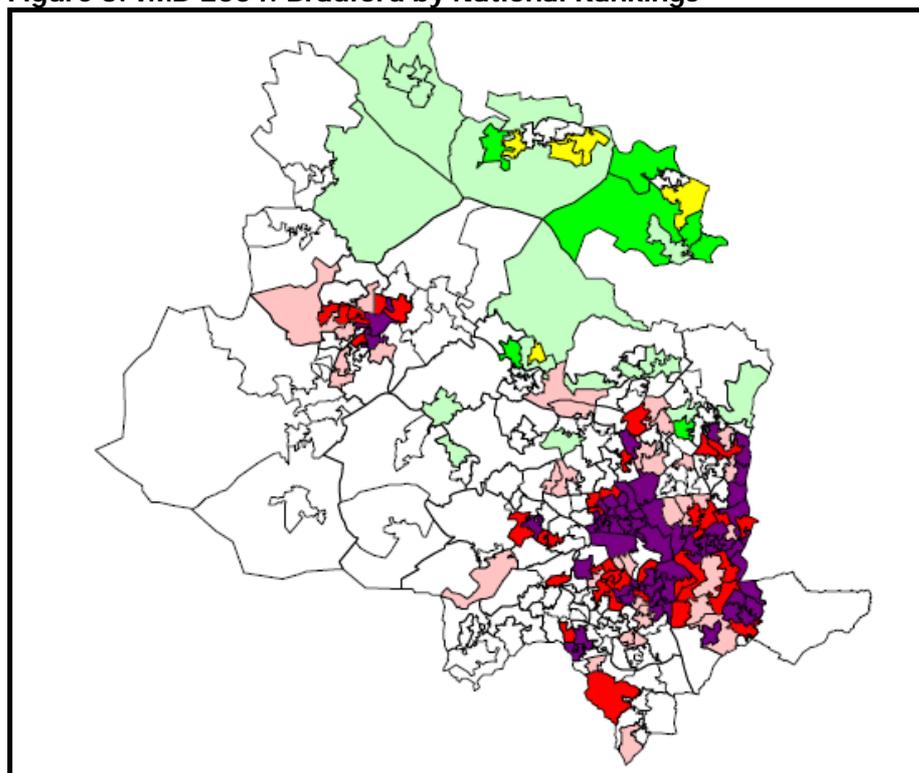


Source: Northern Way

Figure 3, also indicates the difference that exists within cities, with the disparities between the various areas of the city of Bradford being illustrated. Furthermore, the economic performance of the city itself masks differences in opportunities and the map demonstrates that these are specifically concentrated in certain areas.

For us, this illustrates that our places are not being shaped in a way that benefits all of the people within that place. To understand the reasons why, we believe there are two key points. First, the dominance of the economic growth and development agenda over social regeneration in which economic wealth is perceived as the key factor, and from which it is assumed social health will flow. Secondly, there is separation between these two agendas, in terms of strategy, policy and delivery.

Figure 3: IMD 2004: Bradford by National Rankings



Dark Purple	5% most deprived SOAs in England
Red	10% most deprived SOAs in England
Pink	20% most deprived SOAs in England
Light Pink	20% least deprived SOAs in England
Light Green	10% least deprived SOAs in England
Yellow	5% least deprived SOAs in England

Source: ODPM - IMD 2004

Indeed, Turok and Bailey go on to argue, in their twin track cities paper, that economic growth alone is not enough to spread prosperity, but that society has to choose to spread out wealth more widely.⁶ In exploring the reasons why this dominance and separation has occurred we need partly to critique existing policy, but also, and more importantly, to look at the prevailing orthodoxy and approach to both economic policy and social regeneration.

Separate Policy Agendas

It is evident whether we are operating at the national, regional, sub regional, or local scale that, in policy terms, the issues of economics and social regeneration are frequently separated. For example, at the national scale, New Deal for Communities are a responsibility of the Department for Communities and Local Government (CLG), whilst responsibility for economic development and RDAs lies with the Department for Business, Enterprise and Regulatory Reform (DBERR). A recent report by the Joseph Rowntree Foundation (JRF)⁷, looking at the economic development and social inclusion agendas highlighted this split, concluding that there was a 'split between different policy agendas and government departments'. Moreover, it found only 'sporadic evidence' which indicated that the economic and employment needs of deprived areas were being addressed under existing regional, sub regional or local scales. Looking, for instance, at worklessness we see how it is split between being dealt with as a social welfare issue via social service departments or being dealt with as an employment and skills issue via regeneration/economic development departments. Policies like City Strategies⁸ are helping but this still has a key employment focus and fails to link up to wider issues

⁶ Ivan Turok and Nick Bailey Twin track cities? Competitiveness and cohesion in Glasgow and Edinburgh, *Progress in Planning* : Volume 62, Issue 3, October 2004, Pages 135-204

⁷ David North, Stephen Syrett and David Etherington (2007), Political devolution, regional governance and tackling deprivation, JRF, York. Available at: <http://www.jrf.org.uk/knowledge/findings/government/pdf/2155.pdf>

⁸ Guidance on the Cities Strategy can be viewed at: <http://www.dwp.gov.uk/welfarereform/docs/Guidance.pdf>

surrounding social inclusion. Clearly, the new generation of regional economic strategies and the economic duty for local authorities, as proposed in the Review of Sub National Economic Development and Regeneration,⁹ indicate that there is a need to consider deprived areas and social regeneration more. However, it not enough just to change emphasis in policy, it also requires a significant change in attitude and approach.

A Formulaic Approach to Economic Development

The change in approach and attitude is only likely to occur, if we begin to look at the way we think about the economics of place and strategy development, more generally. All too often an overly simplistic strategy, based on two key strands and a dominant belief in the trickle down effect, is adopted.

Firstly, there is an approach, which concentrates on creating the conditions for investment. This involves economic development policy improving the image of a place, and creating the infrastructure as regards people and place, in terms of skills as well as transport, which will create the conditions for attracting national and international investment. In this, the 'offer' of a particular town or city is given significant importance and as such sets up unhelpful competition between neighbours. Arguably this strategy is a lot easier in London and the South-East than in the North where there are less advantages in terms of existing and future infrastructure investment¹⁰ and complementary cluster industries. The second dominant approach is an emphasis on competitiveness and innovation, characterised by the scientific and technological fields. In this the emphasis is on high technology clusters and creative and entrepreneurial individuals and companies. There is a focus on networks, leadership and governance systems which maximise competitiveness. This strategy is a key plank of UK PLC policy,¹¹ and is demonstrated by the indicators used by the Government to judge how well the UK economy is responding to the challenge of globalisation, as illustrated in the 2006 DTI report.¹²

Clearly, these two options do work and will always be part of the solution. Indeed some places have seen a growth in the new economy and strong inward investment (For example Salford's success in attracting the BBC and the creation of a new 'media city'¹³). In this there is some evidence of trickle down. However, whilst this is welcome, there remain three ongoing problems with these approaches, which make them ill equipped to shape fairer places:

Overplayed

The extent to which these approaches are focussed on and emphasised within local economic strategies is, in our view, overplayed as a solution to some of the social issues facing localities. In so doing, other more locally specific, bespoke and targeted economic solutions to social issues and economic problems are neglected. For instance, the important role of public sector spend (often the dominant economic driver of many localities) and how it can play a vital role in creating and developing the capacity within supply chains is often neglected¹⁴. This dominance also creates some alarming approaches. For instance, we recently heard of a local authority (not part of a city region), and post heavy industry, adopting a dominant high technology cluster policy as part of its economic plans, this was despite the fact the area had no university and no evidence of emergent or latent, local or sub regional innovation in this area.

Patchy spatial and social impact

Secondly, benefits which do emerge are partial, both spatially and socially, as they are usually confined to a few sectors, individuals and localities. This happens because creativity and risk in terms of new spatial, sectoral and social approaches do not occur because there is too much at stake in

⁹ HM Treasury (2007), Sub-National Review of Economic Development and Regeneration, London. Available at: http://www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm

¹⁰ For example please see Crossrail: <http://www.crossrail.co.uk/>. please also see,

¹¹ For more information please see the DEBR website: <http://www.dti.gov.uk/about/economics-statistics/economics-directorate/page21913.html>

¹² DTI economics paper no.17 (2006), UK Productivity and Competitiveness Indicators 2006 <http://www.dti.gov.uk/files/file28173.pdf>

¹³ For more information please see: <http://www.mediacityuk.co.uk/home.html> - albeit public sector investment

¹⁴ Association for Public Service Excellence, Centre for Local Economic Strategies, Institute of Local Government Studies (2007), Towards a future for public employment, Apse, Manchester.

terms of 'scaring off' or jeopardising investment. Instead it is much easier to hone in on and sell existing spatial clusters, attractive areas of the city and employees and skills bases where there is a track record. This approach therefore merely serves to maintain and potentially exacerbate disparities. In short, this approach is far from the required 'torrent down' as opposed to 'trickle down', which is required if we are to reach the most deprived and excluded areas and communities within our towns and cities.

Dominant boosterist mindset

Thirdly, the dominance of these approaches is pernicious and creates a problematic mindset of place boosterism, in which, the focus on the 'offer' and inward investment success, no matter how small, is used as a sign that the city or town is on the up or has turned the corner. In this, the drive is to accentuate the positive and in so doing inadvertently exclude the social issues from the economic debate. This 'talking up' and accentuation of the positive is understandable of course, with a desire to keep the social regeneration agenda, such as poor basic skills separate, as any focus on this issue, could potentially be seen as undermining any possible future investment. However, the imprecise understandings as to 'trickle down' and how this will directly impact on Incapacity Benefit claimants or getting the excluded back into the mainstream economy are largely ignored.

Generally, this formulaic approach to economic strategies is detrimental to effective place shaping and unhelpful towards ensuring that economic policies reflect the social needs and desires of local people. However, in terms of creating new approaches and new policy which serves to join up the economic and social agendas, we believe that the place shaping agenda if it is properly resourced, devolves real power and is coupled to a progressive set of policies targeted on social inclusion, could create a fairer England.

The Importance of Place Shaping

In the Local Government Bill, the Lyons Inquiry and in the Sub National Review of Economic Development and Regeneration, place shaping and the importance of local place are coupled to a sense that local government needs more powers and control over activity. The challenge of the place shaping agenda is about 'the creative use of powers and influence to promote the general well being of a community and its citizens'.¹⁵ It would appear that this offers an opportunity to begin to tie up the economic and social within our cities and towns. For this to occur, local economic actors need to actively shape the place by focussing on new economic strategies, which significantly consider the social problems within that place or locality. For us, it would seem that local place shapers (local authority councillors, officers and partners) need to respond to the place shaping agenda in a way that seeks to embrace the problems and be brave in creating policy and projects that relate to the needs of the local population. Indeed, when we look at a local authority's place shaping role from an economic perspective we would expect to see a local economy being shaped to fit and respond to local communities, neighbourhoods, towns and cities; reflecting the economic problems, needs and aspirations of their residents. For CLES, it is about using the place shaping agenda to create local economic strategies, which seek to spread out wealth, create economic cohesion and promote social justice. However, whilst the place shaping agenda creates the policy context for this to happen, the orthodoxy and culture in which we do local economic development needs to change.

Challenge the Orthodoxy

For CLES, we need to challenge economic orthodoxy. It is only from this that new policy and strategy will emerge. The key aspect to this is to start to conceptualise social life as a key factor within the economy, and thus see social life or social capital as it is sometimes referred to, as intrinsic or as important to the economy as traditional monetary forms of the economy. Obviously much work has been undertaken, in policy terms, to assist this, including New Deal for Communities, Neighbourhood Renewal and child tax credits. However, this activity is rarely linked up to economic strategy and activity¹⁶ in terms of its relationship to inward investment, and/or the strategic economic direction of

¹⁵ HM Treasury (2007), Sub-National Review of Economic Development and Regeneration, London. Available at: http://www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm

¹⁶ Dewson S, Casebourne J, Darlow A, Bickerstaffe T, Fletcher D R, Gore T, Krishnan S2007 Evaluation of the Working Neighbourhoods Pilot - Final report, DWP London. Available from: <http://www.employment-studies.co.uk/summary/summary.php?id=dwp411>

place more generally. Again the link is assumed rather than forged and created within this strategy. In this, the policies supporting the economic and social life are largely separate and are often rather thin and non-networked in place. It is perhaps useful to think about place shaping as being about creating a progressive localism with more of a layered approach to local economic development.

Conclusion: Progressive Localism and Place Shaping

This Local Work calls for a place shaping agenda which embraces a progressive localism, and sees the social economy as a intrinsic component of economic health more generally. In this we look for economic thickness and a network of economic activity, highlighting four key areas of policy.

Support local money flows.

To achieve this re-balance it is evident that much more emphasis needs to be placed on supporting the social economy and its connections within the local economy. In this, local money flows and the relationship between communities, enterprise and services are of vital importance. In many locations, especially in the North, the public sector is a significant part of the economy and it is this spending and how this can assist the development of local enterprise and activity through progressive procurement which is of great importance¹⁷.

Central redistribution of wealth.

To address the inequalities faced within localities, reform of the central tax and benefits system needs to be considered. Place shaping and localism can only go so far, but needs to be matched with a national tax regime which promotes fairness and equity. This needs to be coupled to a national investment and planning strategy which strategically directs investment within England and addresses the huge regional imbalance and the dominance of the South East.

Focus on place.

We understand that the global economy and national and international economic policy are strong forces. However, in terms of joining up the policy agendas there needs to be a deeper attitudinal change which embraces all facets of local place. For this to occur it would appear that we need to start to re-conceptualise what we mean about place and focus much more on the conditions and nature of that place. In this we believe that we need to move away from a simplistic notion that we need to get the economics right and then social health will follow. It is apparent that we need to see social health as an equally important facet to economic health and the policy agenda needs to converge under the place shaping agenda.

Use new forms of governance and powers as vehicles for social inclusion

At present changes in approaches to local economies as part of the place shaping agenda are largely being forged by the formation of new functional economic entities surrounding city regions and new sub regional entities. Driven by Multi Area Agreements (MAAs), we are seeing emergent forms of new administrations operating at this meso level - above the local but below the regional level. There is a sound basis to this, as MAAs are seen as being more capable owing to their scale (that of the natural economy), and the subsequent ability to observe market failures and the associated social consequences and implement solutions. If one uses existing powers and challenges central government for more there could be a potentially significant boost to the social agenda, as it is potentially easier to implement social policy when it relates to natural economic features such as travel to work, travel to leisure and travel to service areas. Furthermore the new economic duty as outlined in the Sub-National Review of Economic Development and Regeneration, could create an opportunity for economics to become more corporately centred within a local authority and thus increase the possibilities for it to connect to the social inclusion agenda. However, the big worry about these new entities, agreements and powers, is they will not see a true devolution of powers and resources, and that Whitehall will still call the tune. True devolution of powers to these 'natural economies' is a must.

The necessary next wave of urban renaissance requires bravery, creativity and risk. It would seem that some of the mechanisms are in place. However, for real change to be realised a new wave of enthusiasm for equality and fairness, needs to emerge. In this, CLES seeks and are working towards,

¹⁷ Association for Public Service Excellence, Centre for Local Economic Strategies, Institute of Local Government Studies (2007), Towards a future for public employment, Apse, Manchester.

a renaissance that observes the growing inequalities in our cities, and as such adopts economic strategies which shape and reflect the needs of all its citizens.

The consideration of economics within the place shaping agenda is one of CLES's key research themes for 2008 and we will be doing further policy research into this topic along with events and publications.

Local Work is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is a not-for-profit think doing organisation, consultancy and network of subscribing organisations specialising in regeneration, economic development and local governance. CLES also publishes Bulletin, Rapid Research and bespoke Briefings on a range of issues. The views and opinions expressed in Local Work are not necessarily those of CLES.

Centre for Local Economic Strategies & CLES Consulting

Express Networks • 1 George Leigh Street • Manchester M4 5DL • tel 0161 236 7036 • fax 0161 236 1891 • info@cles.org.uk • www.cles.org.uk