

THE CONTRIBUTION OF THE LOCAL ENVIRONMENT TO THE LOCAL ECONOMY



Introduction

This report aims to address gaps in existing research surrounding the connections between local economies and local environments. Groundwork and the Centre for Local Economic Strategies (CLE) have undertaken this research in order to attempt to quantify the impact of the local environment on the local economy and thereby the city, regional and national economy.

A focus on city competitiveness

City competitiveness is increasingly becoming a significant policy focus for both Government and policy-makers alike; it is a key element of the developments around city regions, local government modernisation and the future direction of economic development and regeneration funding.

The Stern Report has reminded us of the economic benefits to be achieved from an improved environmental performance on a global scale. In his review of local government, Sir Michael Lyons places emphasis on the importance of the local environment in creating prosperous local economies. The Local Government White Paper also offered a number of proposals to enhance the role of local authorities as 'place-shapers' and create the conditions for partnership to succeed in overcoming the challenges specific to a particular locality.

Existing work

Since the late 1990s there has been recognition of the importance of the role of the environment and place in rejuvenating cities and towns. Research has also found that the local environment can attract inward economic investment. However, there has been little research that looks explicitly at measuring or quantifying the impact of the local environment upon the local economy. This research looks to begin that debate and set the standard for future work in this area.

Definitions

For the purposes of this research, a wide definition of the environment was used which encompasses green landscaping, air and water quality, anti-crime measures, hard landscaping, access and transport links, parking and planting, amongst many other elements.

An extensive definition of economy has also been chosen which includes not just the number of businesses, their turnover and the profit they generate, but which also incorporates the overall well being of the businesses, including the number of customers and staff, the propensity of the business and its owners to continue living and working in a particular area and any further investment in or diversification of the business. This wider definition provides a broader overview of the buoyancy of the economy in an area, and the impact of environmental interventions on the wider local economy and community.

The economic ‘lenses’

The State of the English Cities report identifies six factors, which can also be conceptualised as ‘lenses’. For each ‘lens’ we selected a key driver or indicator and explored how these could be used to measure the impact of the environmental improvements in our case study areas, and further afield. In this report we use these ‘lenses’ and their drivers to examine the impact of the local environment on the local economy, and thus city and regional economies.

The ‘lenses’ and their respective drivers were:

Lens 1: Innovation
Driver 1: Business start up

Lens 2: Investment
Driver 2: Business success

Lens 3: Connectivity
Driver 3: Footfall/increased customer numbers

Lens 4: Economic diversity
Driver 4: Local money flows and consumer spending patterns

Lens 5: Human capital
Driver 5: Ability to attract staff

Lens 6: Strategic decision-making capacity
Driver 6: Inward investment and development

More about the potential roles of these ‘lenses’ and ‘drivers’ and the influence of the environment upon them can be found in the full report.

The case studies

In order to fully examine these ‘lenses’ this research used four examples of environmental interventions to measure the impact that these interventions had had on the local economy. The case studies were:

- **Coundon and Leeholme, County Durham**
- **Riverside Park Industrial Estate, Middlesbrough**
- **Winsford Industrial Estate, Cheshire**
- **Portland Basin Green Business Park, Tameside**

In each case Groundwork and local partners have been working to change both the environmental quality and perception of the area.

Attributing economic success to specific projects and interventions is complex, as changes do not happen in isolation but are always influenced by external factors. The criteria we used to select the case studies reflected this complexity as far as possible and each of the case studies was specifically chosen to ensure that a diverse range and size of environmental interventions were considered.

Coundon and Leeholme, County Durham

The shop front and landscaping improvements which were carried out in the villages of Coundon and Leeholme, halted the decline of the local economy by increasing the development of more specialist shops and increasing passing trade by improving the image of the shops. It also acted as an incentive for further investment in property across the village as a whole, including both residential and commercial property.

Riverside Park Industrial Estate, Middlesbrough

The landscaping, lighting, signage and roadway improvements made to Riverside Park Industrial Estate provided a more joined up approach to the development of the estate. This stimulated business growth, new investment and relocation to the area and has resulted in a significant reduction in brownfield land through continued development of the park. It has also benefited the local economy significantly, providing more opportunities for employment of local people and has created additional land for business development and growth. It has improved the overall image of this part of the town and has helped to reclaim and regenerate the area facing the river. The improvements have also successfully levered in over £1 million of private investment.

Winsford Industrial Estate, Cheshire

Since the mid 1990s Groundwork has been involved in a variety of activities aimed at re-developing Winsford Industrial Estate. The environmental interventions, which predominantly centred around improving landscaping, security, lighting and strategic decision-making, provided a vision for the estate and helped to guarantee the funding to deliver this vision. This has also developed and sustained the ‘buy in’ of the companies located in the area and stimulated a process of growth that has helped businesses and also created opportunities for the growth of the estate as a whole. This has benefited the local economy, providing more employment opportunities for local people, as well as increasing the links between the industrial estate and local schools and community groups.

Portland Basin Green Business Park, Tameside

The Portland Basin Green Business Park has had two major impacts on the economy. Firstly, throughout the project the number of businesses located within the park has increased. Secondly, there has been sustained engagement with businesses on issues such as better environmental management and enhanced landscaping, waste management and security. All of this has had an impact on the local economy by creating investment and significantly increasing employment in several key sectors. It has also helped businesses to raise their productivity by improving environmental and operational systems and reducing the costs associated with resource use and waste management. In total the Green Business Park at Portland Basin received £424,243.02 whilst leveraging in £1,819,854.77 of private sector funding.

Findings

Investing in the local environment can have significant economic benefits as regards performance and competitiveness, and there is a strong argument that it is an intrinsic part of good economic development. In particular, this research highlights that the contribution of the local environment to the local economy is significant and measurable. Using a combination of quantitative and qualitative methods we found that in all four of our case studies the interventions in the local environment had either contributed to renewed buoyancy of the area or at least had prevented further deterioration of the economy. This was the case with all of our chosen ‘lenses’:

Innovation

Business start up

In each of the four case studies it was possible to identify businesses that had started up or invested in the improved local area. Whilst it cannot be said that the environment was the sole concern for the new businesses it is clear that the improved environment in an area, and thus the environment in general, play an important role in the decision making process surrounding starting up a business or moving to a new location. This is for a number of reasons, including the ability to attract staff and also clients to an area or premises.

Investment and venture capital

Business success

This link was particularly clear when taking into account a ‘wider’ definition of economy, one which includes not just the number of businesses, but also the health of the local economy. In Winsford, the improvements to the estate resulted in new floor space and at least twelve companies moving on to the estate; sixteen buildings were also improved or brought back into use. In Tameside, the improvements to the landscaping and cleanliness of Portland Basin resulted in the safeguarding and creation of jobs. This is illustrative of the role that the improvements played in developing and ensuring business success. In Middlesbrough businesses have been able to remain in their current location and are now looking to take on new staff. The redeveloped Riverside Park Industrial Estate has also attracted several new high profile occupants, such as the Evening Gazette, thereby bringing new developments to previously undeveloped land and increasing occupancy from 40 to 78 percent.

Connectivity and communications

Footfall/increased customers

In all four of our case studies, the improved environment resulted in increased footfall or customers. This was felt to be either because people had not previously realised the shop or business existed due to poor signage or an inadequate shop front, or because the business looked scruffy and dirty and had therefore deterred customers from entering the premises or using their services. This was particularly the case with Coundon, Middlesbrough and Portland Basin, where businesses felt that they had attracted new and renewed trade since the developments had taken place.

Economic diversity

Local money flows and consumer spending patterns

The case study in Coundon had an impact on local money flows by supporting the development of good quality, alternative local shops as well as enhancing the image of specialist and niche-market shops, thereby ensuring the viability of the village’s economy. In Winsford, the research found that the improvements enabled a significant number of local residents to take up employment opportunities on the estate, thereby contributing to improved local money flows. At both Riverside Park Industrial Estate and Portland Basin Green Business Park the increased number of businesses resulted in greater local revenues through the collection of business rates and attracted a number of new local companies and employees.

Human capital

Ability to attract staff

The improvements in all case study areas increased the ability of businesses to attract staff. This was particularly the case in Winsford and also at Riverside Park, where large scale environmental improvements were made and significant safety measures introduced, but also where links to the local community had been made via public transport improvements, community liaison and work placements. The environmental and health and safety training delivered as part of the Portland Basin programme, as well as the volunteer training programmes, helped to attract new staff and up-skill existing staff.

Strategic decision-making capacity

Inward investment and development

The initial investments in Winsford, Riverside Park Industrial Estate, Portland Basin and Coundon all levered in private sector investment, which was unlikely to have happened without the initial public sector kick-start. Clearly, the investments in Winsford, Middlesbrough and Portland Basin, on the one hand, and Coundon on the other, were of very different scales. However, the impact is still visible at both scales, ranging from the investment one owner had put into the expansion of their shop in Leeholme and investment in the flat above a shop in Coundon to the relocation of the Gazette Media Company to Riverside Park in Middlesbrough. There has also been new inward investment in Portland Basin as a result of the improvements, whilst in Winsford consultation with businesses has been the key to the success of the improvements, ensuring the development of business-friendly interventions.

It is therefore argued that the environment should be carefully and fully considered in any local economic development activity, and improvements to the local environment should be considered as a valuable tool available to economic development practitioners.

Conclusion

This work has demonstrated that the cost to the public sector of the investment in the local environment is significantly less than both the private funds levered directly into the projects and also the wider economic impact of the projects, thereby allowing for the conclusion that without initial public investment in the local environment, not only would the significant local economic impact not have been witnessed, it is likely that these local economies would have continued on their downward trajectories. Similarly to the Stern Review, this research has found that the economic cost of not investing in the environment is greater in the longer term than the economic cost of doing so.

ABOUT GROUNDWORK

Groundwork supports communities in need, working with partners to help improve the quality of people's lives, their prospects and potential and the places where they live, work and play.

Our vision is of a society of sustainable communities which are vibrant, healthy and safe, which respect the local and global environment and where individuals and enterprise prosper.

We work alongside communities, public bodies, private companies and other voluntary sector organisations to deliver projects and programmes that benefit:

- **people – creating opportunities for people to learn new skills and become more active citizens**
- **places – delivering environmental improvements that create cleaner, safer, greener neighbourhoods**
- **prosperity – helping businesses and individuals fulfil their potential**

For more information please visit:

www.groundwork.org.uk



ABOUT THE CENTRE FOR LOCAL ECONOMIC STRATEGIES

The Centre for Local Economic Strategies (CLES) is an independent think-doing organisation involved in regeneration, local economic development and local governance. CLES brings together a network of subscribing organisations, which includes regeneration partnerships, local authorities, regional bodies, community groups and voluntary organisations. CLES is a charitable organisation and combines an information and briefing service, policy development, events and a consultancy arm.

www.cles.org.uk

