



Centre for Local  
Economic Strategies

# bulletin

## CLES Policy Priorities 2012

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### The context

The last eighteen months has seen policy making and public service reform take place at an unprecedented pace and scale. Driven by the need to tackle a growing national debt and a desire to stimulate economic growth, the Coalition Government has adopted a twin approach to policy. On the one hand, there have been drastic cuts to service provision and government spending designed to reduce debt and weasel out wastage and bureaucracy; whilst on the other hand, there has been a drive to stimulate economic growth and create jobs through partnerships and mechanisms, such as Local Economic Partnerships and Enterprise Zones.

Even in the early 'New Labour' government in the late 1990s, policy making did not come at such a frenzied pace. Indeed, it took a couple of years for priorities around devolution and regions to bear fruition through the creation of the Regional Development Agencies, Devolved Territories and Government Offices; and even longer for ideologies around tackling social exclusion and inequality to be transplanted into reality through the programmes of the National Strategy for Neighbourhood Renewal.

The difference between then and now is probably down to time. Back in the late 1990s, time was put aside to create the evidence base through the Social Exclusion Unit, the PAT reports, and Urban Renaissance Taskforce, to stimulate an era of renewal, regeneration and target driven policy. The Conservative-Liberal Democrat Coalition, given the outcomes of recession, have simply not had the time to formulate clear and well thought out urban policy; they have had to act quickly and incisively.

Therefore, what we have seen is a clearing away of the bureaucratic and spending largess of the previous administration and a new way of doing policy. The rhetoric is one of scaling back the role of the state, encompassing central, local and regional government; stimulating the private sector to drive growth and re-balance the economy; and supporting communities to take control of the places in which they live and the services on offer. The reality, given the frenzied nature of policy making and the deepness of the cuts, is one of confusion and concern over roles, responsibilities and actions.

What is evident in the area of economic development, regeneration and local governance, which the Centre for Local Economic Strategies operates within, is that there have been significant changes in the way in which policy, strategy and delivery activity is designed, developed and ultimately rolled out. The following appear to be some of the emerging approaches and themes driving contemporary policy and reform:

### **Approaches**

- The special area based, centrally funded initiative has been replaced with a focus upon making efficiencies through better mainstream service provision, bringing together key delivery partners.
- The bureaucratic regionalism and target culture has been stripped away and replaced with new geographies of strategy and delivery.

- The notion of 'trickle-down' and letting the market address social and economic inequality has come back to the fore.
- The public sector largess has been significantly cut, with emphasis instead placed on the private sector as a creator of jobs and growth.
- There is a greater emphasis upon 'quick-wins' and short term change through policy as opposed to longer term sustainability.
- Public sector managerialism, collecting outputs and the previous target culture has been replaced by an approach where funding is allocated upon the achievement of results and the ability to demonstrate outcomes.

### ***Themes***

- Policy makers at the central level are focusing upon economic growth as the core theme of urban policy as opposed to economic development and regeneration.
- Grant making with the voluntary and community sector is on the wane, with an increased emphasis upon contracts and outcomes based commissioning.
- Creating both efficiencies and effectiveness through service delivery has been overtaken by a core need to cut costs.
- The role of the public sector as the driver of service provision and place has been overtaken by a drive towards citizen involved co-production; in this there has been an increased emphasis upon opening public services up to different forms of provision, in effect service pluralism.
- The cross-cutting nature of regeneration encompassing economic, physical, social and environmental concerns has been superseded by a desire for job creation.

### **What is likely to happen in 2012?**

The above approaches and themes are likely to drive public service provision and economic development and regeneration activity through 2012. The following section of this bulletin outlines some of the likely repercussions for policy makers and deliverers in local government and the voluntary and community sector.

#### ***Continued uncertainty in the public sector***

Since the settlement of the Comprehensive Spending Review in November 2010, the public sector, particularly local government, has been subject to cuts in their levels of expenditure; anything up to around 12% of the previous settlement for 2009/10. When setting budgets, local authorities have had to make key decisions about the future viability of certain services and staffing levels; however this has only been the first year of four in relation to cuts. In 2012, local authorities will have to make another round of cuts which may well have key implications and disruptions for both frontline and back office services.

#### ***Personalisation of budgets***

Given the emerging emphasis placed on co-production as a means of designing, developing and delivering services, there is likely to be more focus in 2012 upon community and personal budgets, and making efficiencies through cross-sector working. This has already been piloted through total place and single issue community budget areas. The fact that four localities have been chosen for 'whole-life' community budgets suggests this is an area of policy which will continue to operate in a pilot manner.

#### ***New structures and governance***

In each of the reforms of welfare and health, and in the legislative elements of the Localism Act, there are proposals for new structures which govern, manage and provide lines of accountability for particular policy themes. These range from the already established LEPs in relation to economic growth and job creation, but are set to be supplemented by Health and Well-Being Boards, Police Commissioners and Directly Elected Mayors in the major cities. The challenge with these new structures is avoiding a scenario where they add to uncertainty and turbulence across the public, commercial and social sectors.

### ***Continued public service reform***

The way in which public services are delivered will continue to undergo a period of reform. Driven by the Open Public Services White Paper and its five principles of choice, fairness, decentralisation, accountability and diversity, we are likely to see an increased emphasis upon outsourcing provision, as local government seeks to make cost and efficiency savings, and the emergence of new models of delivery, including cooperatives, mutuals and social enterprise. Coupled with public service reform, and given the nature of the cuts, there will be a greater need for local authorities to raise capital to finance mainstream and other service provision.

### ***Increased unemployment, poverty, inequality and desperation***

Over the course of 2011, unemployment continued to rise in the UK, with latest figures suggesting there are 2.5 million jobless people; couple this with the 2.6 million or so claiming incapacity related benefits and it is clear there is a significant problem. The Welfare Reform Bill continues to crawl its way through Parliament, with the concern being that its proposals will further marginalise those claiming out of work and other income related benefits, with subsequent impacts upon inequality. 2012 will see the continued reassessment of claimants through the Work Capability Assessment, with implications for household incomes for those deemed fit for work. A further challenge with the labour market, which is likely to continue, is job creation, with those created likely to be low paid and of insufficient supply to meet demand.

### ***Increased emphasis on apprenticeships***

As youth unemployment continues to rise beyond the one million mark, Work Programme providers and others, including local government and the private sector, will come under pressure to support 18-24 year olds into work. Apprenticeships have already been successful in relation to construction, but the anticipation will be that they are rolled out to support opportunities in more professional service type industries. The youth contract to be introduced from April 2012 will be a way of moving a projected 410,000 young people into employment temporarily; the concern remains around the sustainability of those jobs in the longer term.

### ***Delivering the principles of the Localism Act***

The Localism Act is one of the few Coalition Government policies to make its way through the backlog of Bills in the House of Lords. It is based around principles of reducing bureaucracy and enabling communities to take control over services and assets in their locality. Key legislative elements include the Community Rights to Bid, Challenge and Build, and enabling communities to develop Neighbourhood Plans. 2012 will see the delivery of these policy areas. The challenge with these elements is that they place key emphasis upon communities to act. We would argue that there is a need for a facilitator or broker to enable this action; something which has been dwindled with the scale back of specialist voluntary and community sector infrastructure.

## **What would CLES like to see happen in 2012?**

Having explored some of the likely policy activities in relation to public service delivery in 2012, the following section highlights what CLES would like to see happen in 2012. These are designed to be suggestions for central government, local government, the private sector, and the voluntary and community sector.

### ***Adopt responsible reform principles***

As outlined earlier, public sector spend is likely to face another hit in 2012 with knock on effects for services and communities. Rather than simply stripping away or removing services altogether, CLES would like local authorities to adopt responsible reform principles where decisions are made on the basis of need and equality of opportunity, as opposed to where the biggest savings can be made. Additionally, we would like more authorities to consider alternative forms of provision, whether that be through mutuals or voluntary and community sector organisations. There needs to be a strategic decision around who is best placed to provide a particular service, both cost efficiently and cost effectively, and whether that be the public, commercial or social sectors.

### ***A streamlined but stewarding state***

Whilst recognising the bureaucratic and top down approach of the previous government to public policy formulation and delivery, we would argue that the current shift from big state to big society is moving too quickly, and towards a central and local government that is too streamlined. The state is crucial to some elements of service provision; additionally local government is key to stewarding rejuvenated local places. CLES would like the role and value of local government as strategists, deliverers, partners, networkers and, importantly, stewards of economic localism to be recognised in 2012.

### ***LEPs with more power and social conscience***

LEPs have had a relatively low key and conspicuous start to their responsibilities. For the majority, the focus has been upon setting up appropriate governance structures, developing priorities, and focusing upon economic growth and job creation. In 2012, CLES would like LEPs to take on a more strategic and place based presence, and be handed powers which enables them not only to consider the productivity of their localities, but also how economic growth links to policy areas such as the Work Programme and wider considerations around social inequality.

### ***More effective use of the Work Programme as a means of tackling core worklessness***

It can be argued that the Work Programme to date has not had enough time to support sufficient numbers of unemployed people back into work; a challenge exacerbated by the state of the UK economy when it comes to job creation. This challenge will remain prevalent in 2012 and will be supplemented by that of supporting longer term claimants of incapacity related benefits, and those with multiple barriers to employment, including mental health issues. CLES would like to see a more flexible approach from prime contractors in 2012 for the core workless, working more closely in partnership with voluntary and community sector organisations to provide specialist support.

### ***Improve jobs quality and support***

There needs to be a way of improving the route out of poverty and into work. For people living in poverty, there are often multiple barriers to securing a job, notably around the cost and quality of childcare. There are also supply side issues in terms of the quality of jobs on offer and the temporary nature of some employment. In 2012, CLES would like to see the private sector employment offer improved, facilitated by effective employer engagement strategy, and with real embedded prospects for progression. This in turn needs to be coupled with more flexible and affordable childcare, especially for single parents; however this will not be easy given the current economy, but will require partnership working between the public, private and social sectors with individuals.

### ***Promotion of the Localism Act***

The Localism Act has taken a great deal to get through Parliament and it would be a shame not to see the various elements come to fruition. CLES would argue that the Community Rights to Bid, Challenge and Build need to be twinned with a voluntary and community sector led capacity building programme for communities that wish to challenge service provision or take control of community assets. This capacity building needs to be open to all sections of the community, as opposed to just those with the strongest voice.

### ***Alternative economic thinking***

Above all, CLES believes 2012 is an opportunity to rethink economics and service delivery. To a degree, the Government and LEPs have become preoccupied with private sector economic growth as the driver of improvement. We would argue that this is not conducive to resilient places; instead there needs to be an embedded consideration in both place stewardship and service reform of the merits of each of the public, commercial and social sectors, and the relationships between them. As an economy, we need to take advantage of the budgets we have available, which means delivering services differently and sweating procurement spend to bring economic, social and environmental benefit.

The Social Value Bill presents a key opportunity to ensure procurement spend brings key benefits to communities, whether that be through employment, apprenticeships, business development, community projects or environmental activities. We would like to see progressive procurement principles adopted by all procurers, not just the innovative few.

**Bulletin** is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is the leading membership organisation in the UK dedicated to economic development, regeneration and local governance. CLES undertakes a range of activities including independent research, events and training, publications and consultancy. CLES also manages the monthly New Start digital magazine, through its new CLES online service, which provides comprehensive analysis and commentary on current policy and good practice.

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