

# ADVANCING LOCAL ECONOMIES FOR ALL

The global economic implosion in the autumn of 2008, continues to have long lasting social and economic repercussions. Today we are in the midst of the worst recovery from a recession in history and whilst we have some, possibly precarious growth, many local economies struggle.

We now know that even the 'good times' were not that good. Whilst consumerism, the financial services, the City and corporate power rose in significance, we also witnessed capacity and power dripping away from our regional cities, local economies, civic institutions and local businesses.

Now, underemployment and in work poverty is growing. The haves and the have nots is a feature of our country and the north south divide has extended itself. Inequality knows no compass points in Britain today. Environmental change is an ongoing and growing threat.

We desperately need to invoke new approaches and ideas. Creating a narrative which goes much deeper into creating a more just and inclusive economy which truly benefits all.

**1. We must do economic 'development' not just growth.** One of the key assumptions which has characterised UK economic development to date, is that it is synonymous with economic growth. It has been long recognised that economic growth is limited in that it only refers to an increase in quantity only, e.g. more jobs, more goods, more services. However, development implies a change in a qualitative shift in how an economy operates. Perhaps operating in ways which prompts more social inclusion, and sustainable use of natural resources.

**2. Must turn trickle down, into a torrent.**

Economic approaches, too often, confine ourselves to a narrow band of options, typified by 'a rising tide will lift all boats'. The story goes that once investment capital is enticed and landed, local jobs are secured and the supply chain benefits. However, that is not enough. We must adopt options which ensure that economic activities are more jobs rich, the poorest benefit the most, the development is sustainable once sweeteners are gone and it truly supports 'local' supply chains.

**3. We must cherish all three economies.**

Economies aren't simply an isolated silo of private sector activity. They are made up of a network of social, public and commercial economic activity. Therefore, we must hone in on collaboration and developing reciprocal relationships between the public, private and social economies. These relationships and connections help to generate and increase the potential for economic success and growth.

**4. Good economic localism needs some centralism.**

We need a redistributing centre which gets actively involved in overseeing national fairness. The future needs a central government which acknowledges that the poorest areas, bedevilled by decades of deindustrialisation and underinvestment, need a hand up. Areas with poor growth and little prospects for growth have the attendant problems of unemployment and disadvantage. Local economic development is often hampered in these areas, with investment capital reluctant to land, due to poor skills and better prospects elsewhere. Without intervention, the successful areas will merely become ever more successful, whilst the poorer areas are likely to get poorer.

## 5. Rebalance and stop wobbling.

Manufacturing investment continues to be poor, especially in the north, and has been for a generation. A golden thread needs to run through national and regional plans, advancing success at that scale but also supporting local economic activity. Key to this is an industrial strategy, which directs and supports industrial activity within local areas and rebalances the economy. Present approaches by national government are inadequate and wobbly, with a macro economic policy which still panders to the financial service sector and an absence of strategic national economic planning.

## 6. Healthy people are basis to productive economy.

High levels of health and well-being is an outcome of economic success, as well as an input. A strong society creates better workers, and people and communities who put less strain on public resources. However, it is common for economic development practitioners to see economic growth as the main vehicle for enhancing society. The 'rising tide will lift all boats' notion, whilst true, only tells half the story. As such we must ensure that we have good social inputs to ensure economic success.

## 7. Excellent public services attracts economic success.

A positive future requires a fundamental recognition of the vital role that local government, its employees, and unions play in local economic development. We need a new central local relationship, founded on trust and a genuine localism, which appreciates the wider value of local government activity and strengthens local capacity to act in the interest of local people, communities and places.

## 8. Local government must be given the freedom to shape its own local economic destiny.

Central government fed Local Enterprise Partnerships (LEPs) after three years have proven to be an iterative work in process. The future needs local government to be given much greater freedom to shape its own local economic destiny. Local government must build houses, be able to provide infrastructure and investment, and drive skills for its own labour markets and business. To achieve this, we must decentralise and devolve more spending from national agencies and Whitehall departmental teams.

## 9. Social and economic development are two sides of the same coin.

Addressing social issues and ensuring local people are protected and nurtured by fairness, equality of opportunity, and decent local services are a key part of economic planning and vital for the future prosperity of places. We cannot continue with economic aims which are detached from public services and social development. We need greater collaboration. Serving to improve the social inputs to economic success and reduce downstream demand on public sector resources.

**10. Local government finance.** We must have a more securely funded local government, with more financial autonomy, on par with our European counterparts. Other forms of local generated revenue and taxes should be considered. To achieve this, the treasury must share its grip on the national finances, back local government and abandon its national policy favouritism to one local authority above all others - the City of London.

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