

CLES is 30

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## **Centre for Local Economic Strategies**

The Centre for Local Economic Strategies (CLES) is the UK's leading independent charitable research and member organisation, with a focus on economic development, regeneration and place-making. We think and do – promoting action and implementing new progressive economic activities which create positive environmental, health and social outcomes. In all our work the relationship between place, economy and people is central.

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### **About the authors**

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# INTRODUCTION

The Centre for Local Economic Strategies (CLES) has been at the forefront of undertaking incisive policy research and analysis for the last thirty years. The organisation's emphasis has always been upon ensuring that economic development activity brings maximum benefit for places, local economies and people. The operating model of the organisation is unique for a UK based think-tank:

- CLES is an independent charitable organisation<sup>1</sup>;
- CLES is based in Manchester;
- CLES balances membership, policy research, consultancy, and media; and
- CLES is truly here to address economic and societal ills including poverty and inequality.

Over the last 30 years, CLES has experienced and responded to the challenges facing the UK:

- CLES has operated through two recessions and changed business models to respond to the economic challenges posed;
- CLES has witnessed five Prime Ministers and their varied ethos around economic development and poverty alleviation;
- CLES has seen various models of regional economic development ranging from Regional Development Agencies to Local Enterprise Partnerships (LEPs); and
- CLES has seen evolving and changing roles in local economic development for each of the public, commercial and social sectors.

The ability of CLES to respond to changing political and policy environments is reflected in this publication. This publication does three things:

- 1) It reflects on how the organisation has evolved over the last thirty years;
- 2) It reflects upon how policy around economic development and regeneration has changed over the last 30 years;
- 3) It reflects upon how CLES is moving forward and the organisation's 'offer' now and into the future.

# THE EVOLUTION OF CLES

1985 was a difficult period in the political economy of the UK. Primary industries had been decimated leaving swathes of unemployment and the need for re-skilling. Those industries remaining were in the process of being developed by the market and privatised. The services and activities of local government were increasingly being scaled back and privatised as central government took control over developing the economy of the UK, with consequences for metropolitan level forms of governance. There was significant apathy in communities across the country at the state of industry and the State's disengagement with the electorate. And ultimately, there was a lack of an alternative voice which recognised the importance of local economic development and addressing inequality. The Greater London Council (GLC) and a number of – mostly Northern – urban local authorities saw themselves as providing that alternative voice, drawing on the Alternative Economic Strategy.

The formulation of CLES in 1985 was driven by a combination of these factors and the foresight of the then Deputy Leader of the GLC and a small number of other metropolitan authorities across England.<sup>2</sup> Given the decision of the Thatcher government to abolish the Greater London Council and the other Metropolitan County Councils, there was an identified gap for an organisation which:

- Was based outside of London (the founding Board debated where the office should be based, with Manchester successfully argued for);
- Was independent;
- Challenged the prevailing policy orthodoxy of market led economic development and the dominance of think-tanks committed to this;
- Considered people and communities; and which provided policy support and guidance to local government and other place based institutions.

The conclusion of this gap analysis was the first board meeting of the Centre for Local Economic Strategies on 1st March 1985. The initial discussions focused upon developing a model of operation for the Centre and were largely led by the then leaders of metropolitan authorities. CLES was officially launched at an event in Norwich in February 1986, with its first office setting up in Manchester in 1986. The balance of political drive and executive level operation has always been an important point of the CLES Board, and in those early days there was an extremely close relationship between the Chair of the Board and the Executive Team (this was initially two job-sharing Directors) in shaping the direction of the organisation and enabling its progress.

The history of CLES and the activities it has undertaken can be split into four time periods, which quite neatly fit the last four decades.

2 The founding members were: the GLC, Manchester, Sheffield, West Midlands County, and Merseyside County.

## The mid to late 1980s

CLES was originally set up as a membership organisation, to provide incisive support and policy research to the beleaguered local government economic development officers of the day. The 5 founding member metropolitan authorities were joined by a series of other local authorities who paid an annual membership fee based upon the size of their populations. The role of the Executive Team was to service this membership base through briefings, events, research and meetings. The emphasis of activities was upon responding to the challenges facing local economies (particularly unemployment) with activities which both aligned to economic development policy and which offered new and innovative ideas.

During this period, CLES became famed for hosting events which attracted both Ministers from the Conservative Government of the day; and key protagonists in the Shadow Labour Government, particularly those with a focus upon cities, regeneration, and addressing unemployment and other inequalities. CLES at this point was a company limited by guarantee.

## The 90s

Whilst the membership base of CLES had continued to grow during the late 1980s there were concerns around becoming reliant upon a largely single source of funding. Policy had also changed in the late 80s and early 90s with the emergence of area based regeneration schemes such as City Challenge and Single Regeneration Budget. This dual issue around sustainability and new policy presented CLES with another opportunity; to develop a trading consultancy arm which charged for the activities which were outwith the membership payment; and which started to evaluate the feasibility and effectiveness of new policy in places. Key emphasis was also placed on conferences and events.

In 1990, the CLES European Research Network (CERN) was therefore set up as the organisation's trading arm, a necessary move with the wider organisation becoming a charity. During the 90s, CLES therefore continued to undertake the membership work which included briefings and events and the administration of a library; but twinned this with a commercially minded consultancy. CERN undertook a range of activities including: feasibility studies, programme and project evaluations, and impact assessments; predominantly around the themes of economic development and regeneration. Early contracts included work assessing the economic impact of Manchester Airport, and also significant work in Europe (hence the name of the trading arm including the word 'European'). CLES' policy work also evolved with key contributions around (amongst others) urban policy, City 2020 initiative, welfare to work and regional policy.

## The 2000s

The early part of the 2000s saw a degree of change at CLES, as one of the founders and Director of 14 years left the organisation to return to London. After a short period of interim leadership, the current Chief Executive was appointed in 2003. During the 2000s, CLES continued to undertake membership and consultancy work in much the same way as in the 90s, but introduced a range of new products and activities. Membership consisted of both a general offer of regular publications including Local Work and a library/information bulletin; and bespoke individual arrangements. The CLES training programme was introduced which provided officers in local government initially with training on a range of topics including: project management; community engagement; and evaluation.

The commercial consultancy grew significantly in the 2000s in terms of its profile, the scale of work and its staffing and importantly turnover. CERN (often utilising the name CLES Consulting) expanded beyond the themes of economic development and regeneration to undertake work around health and well-being and other themes. This growth also had an impact upon CLES' wider policy output as a range of pieces of policy research were produced which drew upon the findings of consultancy work and wider skills and knowledge of the organisations policy team. During the 2000s, CLES drew in resource both through responding to tenders and through an emerging policy advice service where relationships were developed with potential organisations. Activities expanded beyond local government to work with regeneration agencies, voluntary and community sector organisations, and housing associations, for example. CLES Consulting also reaped the rewards of earlier policy focused work around urban policy as the organisation started undertaking work with the Regional Development Agencies (RDAs).

## The 2010s

The 2010s also saw a period of change in the operations of CLES. In 2010, the organisation acquired New Start magazine; this was seen as a way of both communicating CLES' policy output and also using journalism and blogging as a way of reporting and demonstrating upon community regeneration activity. Change also came as a result of the global financial crises and as the market for consultancy work declined, CLES had to change business models.

CLES continues to have members; continues to write publications; continues to undertake events, continues to do tendered consultancy work, and continues to provide support and advice to local government and others. The way in which the organisation does it is however slightly different:

- CLES develops relationships with organisations and shape ideas with them;
- CLES attracts increasing grant resource from charitable foundations; and
- All of CLES' work is now focused upon stimulating action and real policy change.

The scope and reach of CLES' work has continued to expand. CLES undertakes work around place, local economic development, procurement, and social value across the UK, in Europe, and internationally.

# THE HISTORY OF ECONOMIC DEVELOPMENT AND REGENERATION POLICY

CLES' activities of the last 30 years have been framed by policy but not driven by policy. The organisation has used the array of economic development and regeneration policy driven by central government to advise and support organisations to deliver better outcomes for their places, local economies and people. There has been a frenetic and changing period of policy making over the last thirty years which is detailed below.

## **The 80s – market driven economic development**

Local economic development policy (also referred to as urban policy and regeneration) came to the fore under the Thatcher Government of the 1980s. Here through vehicles such as the Urban Development Corporations, the government sought to use physical development to foster inward investment and wealth creation. The challenge with developments such as London Docklands was that wealth creation often came at the expense of inequality, with the investment often failing to 'trickle-down' to communities as anticipated. The emphasis during this era was upon harnessing the potential of the private sector with a scaling back of the role of the local state in such intervention, bar planning activities. The era was also characterised by the development of a number of public agencies with responsibility for addressing particular thematic challenges; the Training and Enterprise Councils, for example, became synonymous with the skills agenda. Resources came through tax break initiatives such as the Enterprise Zones.

## **The late 80s and early to mid 90s – an emerging partnership model**

The end of the Thatcher Government came with an emerging emphasis upon using partnership working to improve urban environments. Whilst the focus was still on physical development and inward investment, programmes such as the City Challenge at least sought to engage a wider range of stakeholders in the private, public, and voluntary and community sectors to inform the renewal of predominantly areas of housing decline. The principles of City Challenge followed through into the Single Regeneration Budget (SRB). Here deprived communities were provided with grant funding to undertake a range of activities focused upon regenerating particular neighbourhoods through employment projects, urban space projects, and physical projects.

## **The late 90s and early 2000s – area based initiatives and neighbourhood renewal**

SRB continued under the Labour Government from 1997 onwards. However, there was a new narrative in economic development policy about evidence, area based initiatives, addressing social exclusion and poverty, and managerialism. The activities of the Social Exclusion Unit and the Policy Action Teams provided the evidence base for the flagship National Strategy for Neighbourhood Renewal. Focused upon the

most deprived neighbourhoods in England, this sought through a series of initiatives to 'join up' activity around crime, economy, housing, and environment within localities and regenerate those communities. Partnership working and local government were at the forefront of such activities with special initiative money administered by local authorities to neighbourhood based partnerships.

The era between 1997 and 2004 was characterised by 'initiative-itis' with a whole host piloted and rolled out. Whilst managerialism had been a trait of the neighbourhood renewal strategy, it became even more evident through the development of Local Strategic Partnerships and Local Area Agreements. These sought to bring together all the key agencies within local authority areas to discuss Community Strategies and measure performance against central government defined targets. Whilst LSPs were the partnership, LAAs were the means of allocating resource and framing activities within local authority areas.

## **The late 2000s – responding to recession**

The last years of the Labour Government's economic development policy were focused on the labour market and in particular responding to recession. The Working Neighbourhoods Fund and Future Jobs Fund sought to move people from unemployment into sustainable employment opportunity. Again, local government were at the forefront of administering grant and shaping policy. Aligned to the entirety of the 1997 to 2010 period was an emphasis on regional economic development. Public sector driven Regional Development Agencies (RDAs) were set up in the nine English regions in 1998 (2000 in London) with a remit to reduce the output gap between the regions and London. This was undertaken with an annual budget of £2bn and focused upon a range of economic development and regeneration activities. Regional Economic Strategies drove the

activities of the RDAs with Multi Area Agreements also emerging as vehicles of sub-regional partnership working and strategy.

## **The 2010s – a return to market driven policy**

The emergence of a Coalition Government in 2010 saw a return to economic development policy based around market led principles. There was a sweeping away of the area based initiatives, managerialism, and emphasis upon addressing social exclusion and poverty which had characterised the previous era; and an emergence of a return to private sector driven growth and job creation. The relationship with local government has not been one of marginalisation but one where authorities have had to negotiate with central government for resource and power.

Since 2010, the UK has seen many of the traits of the 1980's re-emerge. Enterprise Zones have been re-established in 24 areas offering incentives to firms to locate there in the form of tax breaks and business rate relief. The RDAs have been abolished and replaced with Local Enterprise Partnerships (LEPs). These are sub-regional, private sector chaired vehicles for enabling jobs and growth. Whilst initially strategic, LEPs have become more delivery focused with responsibility for European funding and central government economic development pots; but without the same resource or executive clout of the RDAs.

Whilst local government has been hit hard by the Government's austerity measures, there is scope for continued activity around local economic development, particularly in cities. The City Deals are agreements between central and local state which enable cities to request decentralised powers and resource to undertake economic development activities in their localities. In the last two years, the devolution of powers and resources have come to the fore, led by the trailblazing Greater Manchester Devolution Deal.



# CLES MOVING FORWARD

CLES' work over the last 30 years has shown that it is possible to influence the way in which the local state, other stakeholders and local communities respond to economic decline, growth and social development opportunity to create a new local economy. CLES believes in local economies which grow economically; where an array of local economic, social and environmental benefits are realised; and which are reflective of place. The overarching aim of CLES, which is framed by the organisation's mission and values is to create good local economies. As outlined below, CLES believes that there are six key ways or factors which will enable good local economies to be created and subsequently the organisations offer in supporting this to happen. This is effectively the organisations plan moving forward.

## We need local wealth systems

The functioning of place is defined upon how wealth relates and inter-relates and not upon these institutions working in organisational silos - this means cross sector relationships across the public, commercial and social sectors. CLES would argue that a place is a system with functionality framed by the way in which different actors relate and places need to ensure there is an understanding of how the place currently functions and how different institutions and spheres of the economy relate and inter-relate.

### CLES Offer – assessors

CLES has undertaken work assessing the resilience of places, economies, town centres and communities for the last eight years. In this CLES has a robust methodology for exploring the strengths of different spheres of places and the relationships within and between them and measures which define the resilience, stability, vulnerability and brittleness of place. CLES has undertaken assessor roles as follows:

- CLES has assessed the resilience of place in the UK and internationally through deploying the resilience model<sup>3</sup>, including work around community resilience;<sup>4</sup>
- CLES has assessed the independence, inter-dependence and dependence of 479 Scottish Towns across a range of indicators;<sup>5</sup>
- CLES has assessed the existing economic, social and environmental conditions in place as a part of a regeneration strategy for the Sauchiehall district of Glasgow;<sup>6</sup>
- CLES has assessed the resilience of town centres.<sup>7</sup>

3 Centre for Local Economic Strategies (2011) Productive local economies: creating resilient places. <http://www.cles.org.uk/wp-content/uploads/2011/01/Resilience-for-web1.pdf>

4 Centre for Local Economic Strategies (2013) Understanding community resilience. <http://www.cles.org.uk/wp-content/uploads/2013/03/Final-Report-Feb13.pdf>

5 <http://www.usp.scot/>

6 <https://www.glasgow.gov.uk/index.aspx?articleid=15127>

7 Centre for Local Economic Strategies (2015) Developing resilient town centres. <http://www.cles.org.uk/wp-content/uploads/2015/02/Developing-resilient-town-centres-final.pdf>

## We need to harness wealth better

There is already an array of wealth within place. This wealth includes the physical and environmental assets in that locality; the people living in that locality; and the institutions and businesses based in that locality. To create good local economies there is a need to harness that wealth more effectively and balance the attraction of new wealth with realising the potential of existing wealth. This does not mean another partnership or complex governance arrangement but a drawing together of key anchor institutions which have a commitment to place and want to improve outcomes for the local economy and local residents.

### CLES Offer – facilitators

CLES has a range of experience of facilitating change in approaches to local economic development. CLES can play the neutral broker role, working with both the local authority and other anchor institutions within a place. This means engagement through one-to-one meetings where the objectives of the approach are discussed and agreed with practically focused activities adopted. CLES has brought the array of wealth together in place through facilitation in:

- Preston through work with six anchor institutions around changing behaviour and creating wealth;<sup>8</sup>
- Anchor institution engagement and strategy work in Belfast;<sup>9</sup>
- Research exploring the role and value of local authority assets to town centres;<sup>10</sup>
- Facilitating Salford's Cooperative Commission;<sup>11</sup>
- Ensuring Northumberland Council's procurement processes are joined up across departments and consider social and economic issues.<sup>12</sup>

## We need an economy which brings a real social return

The success of place is not just judged upon economic growth but encompasses wider local economic and environmental impact and a social dividend – this means that any intervention needs to reflect a balance of growth (economic), growth (social) and environmental considerations. CLES would argue that any approach to economic development must have economic AND social growth outcomes. CLES' whole approach is reflective of the fact that there is a need for an economy which brings a real social return, hence this factor being a key thread in each of the other factors and in creating better places.

8 Centre for Local Economic Strategies (2015) Creating a good local economy: the role of anchor institutions. <http://www.cles.org.uk/wp-content/uploads/2015/04/Anchor-institutions.pdf>

9 [http://minutes.belfastcity.gov.uk/\(S\(bixvwg555viscfmd0olxu555\)\)/documents/s69945/Appendix%20ANCHOR\\_INSTITUTIONS.pdf](http://minutes.belfastcity.gov.uk/(S(bixvwg555viscfmd0olxu555))/documents/s69945/Appendix%20ANCHOR_INSTITUTIONS.pdf)

10 Association for Public Service Excellence and Centre for Local Economic Strategies (2014) The role and value of local authority assets. <http://www.apse.org.uk/apse/index.cfm/research/current-research-programme/the-role-and-value-of-local-authority-assets-in-town-centres1/>

11 <https://www.salford.gov.uk/co-operative-in-full.htm>

12 <http://www.northumberland.gov.uk/default.aspx?page=319>

## We need an enabling local state

The local state is the democratic enabler of local economic development – this means that local government and their democratically elected members and their officers should ensure policy delivery is entwined in local circumstances and assist in the process of creating more positive economic and social conditions. CLES would argue that whilst local government should not necessarily be the deliverer of economic development activity in the form of employment or enterprise or physical development programmes; it should be the strategic enabler which oversees and supports these activities to happen, utilising and working with an array of local actors, and additionally linking this into public service reform.

### **CLES Offer – strategists**

CLES has undertaken an array of place based economic strategy work. The difference between CLES' work and the orthodoxy is that it has sought to balance economic growth considerations with those of a social dividend and environmental concerns. It has been truly representative of the public, commercial and social spheres in playing a role in delivering that strategy. CLES has undertaken an array of wider strategy development with these principles at its heart including:

- An economic development strategy for Barnsley;
- An employability and skills strategy and action plan for Belfast;
- Work looking at austerity and its relationship to public service reform and wider strategy.<sup>13</sup>

## We need to measure to enable efficiency and effectiveness

Public service design and delivery is not just about making efficiencies but also effectiveness, reducing demand and creating new markets. CLES agrees that efficiency in public service provision is important and that savings do indeed need to be made. However, CLES also believe that progressive public service providers can twin efficiency considerations with those of effectiveness. This means engaging the user in the design and delivery of public services; drawing together providers across a range of services, with a subsequent reduction in duplication and demand; and adopting procurement processes where there are a raft of wider local economic, social and environmental considerations alongside that of cost, and where new markets can be created. Places need to measure the existing impact of spend.

### CLES Offer – measurers

CLES has undertaken a wide array of work exploring the impact of procurement spend. This has not just analysed the geographical spend of local authorities with their suppliers, but also the re-spend of suppliers and direct employees and the contribution of suppliers to other outcomes around addressing unemployment and skills development, for example. CLES has undertaken measurer roles as follows:

- economic, social and environmental impact of procurement spend work with Manchester City Council over the last seven years;<sup>14</sup>
- Local Multiplier 3 (LM3) analysis in places such as Swindon<sup>15</sup>, West Lothian, Belfast, and Birmingham;
- Cost-benefit analysis studies of the impact of employment programmes such as Backing Young Bury;<sup>16</sup>
- Social value measurement including work with a range of public and social sector organisations in Salford.<sup>17</sup>

14 Centre for Local Economic Strategies (2010) The power of procurement. <http://www.cles.org.uk/wp-content/uploads/2011/01/The-power-of-procurement.pdf>

15 Centre for Local Economic Strategies and Association for Public Service Excellence (2008) Creating resilient local economies: exploring the economic footprint of public services. <http://apse.org.uk/apse/index.cfm/research/current-research-programme/creating-the-resilient-local-economies-exploring-economic-footprint-of-public-services/creating-the-resilient-local-economies-exploring-economic-footprint-of-public-services/>

16 <http://www.bury.gov.uk/backingyoungbury>

17 <http://newstartmag.co.uk/features/salford-social-value-city/>

## We need the business and social sectors to be integral

Business of all size has a citizenship role to play in a place – this means that small to medium sized enterprises are the fulcrum of local economies and should play a strong role in place. Large corporates should bring benefits beyond narrow corporate social responsibility aspirations. The social sector is also a key component of place and in enabling a local civil economy – this means that voluntary and community sector organisations, social enterprise, and cooperatives have a local economic mandate and are also key contributors to both delivering services and reducing the demand for them. Places need to influence the behaviour of those individuals and organisations within place which hold budgets or are the key purveyors of wealth to create better places.

### CLES Offer – influencers

CLES has undertaken a range of work where the organisation has influenced decision makers and budget holders to make more progressive choices around local economic development. Influence and behaviour change are effectively the drivers of CLES' work around resilience and procurement, for example. CLES can therefore be utilised by places as an organisation which through research and practical action has experience of influencing LEPs, BIDs and other economic development vehicles; and the business and social sectors. Examples of where CLES have influenced behaviour change include:

- Work around the civil economy in Manchester which influenced the behaviour of both the social sector and the local authority;<sup>18</sup>
- Work around alternative currencies in Brixton where CLES influenced the behaviour of business and consumers;<sup>19</sup>
- Work around procurement and the role of small businesses.<sup>20</sup>

18 Centre for Local Economic Strategies and Manchester Alliance for Community Care (2014) A civil economy for Manchester. <https://www.manchestercommunitycentral.org/sites/manchestercommunitycentral.co.uk/files/A%20Civil%20Economy%20for%20Manchester%20%28FINAL%29.pdf>

19 <http://community-currency.info/en/currencies/brixton-pound/>

20 Centre for Local Economic Strategies and Federation of Small Businesses (2013) Local procurement: making the most of small business, one year on. <http://www.fsb.org.uk/policy/assets/local-procurement-2013.pdf>



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