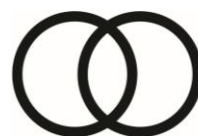


A Green Recovery for Local Economies

How localities should respond to climate emergency after Covid-19



Jonty
Leibowitz



CLES
the national organisation
for local economies

Centre for Local Economic Strategies (CLES)

Established in 1986, CLES is the national organisation for local economies - developing progressive economics for people, planet and place. We work by thinking and doing, to achieve social justice and effective public services.

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A Green Recovery for Local Economies

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Summary

In this paper, the Centre for Local Economic Strategies (CLES) calls on localities across the UK to adopt a green recovery for local economies after Covid-19, to develop recovery packages centred on social, economic, and environmental justice.

Covid-19 has exposed the dysfunctions in our local, national, and global political and economic systems.¹ We face a major public and economic event of historical importance, potentially unprecedented in its magnitude in peacetime. The effects on our social, economic, and political future will inevitably be profound and long-lasting.

The crisis has therefore opened up an opportunity for genuine economic reform. **CLES believes that all localities must now tackle these two crises head on by building a Green Recovery for Local Economies in the aftermath of the Covid-19 crisis.** By this we mean a recovery that tackles the underlying dysfunctions at the heart of our local economic model and uses Covid-19 as an opportunity to 'build back better' for social, economic and environmental justice.

CLES' longstanding practice of community wealth building offers a frame for how localities can seize this opportunity to not merely decarbonise their local economies, but to fundamentally transform their local economic systems away from wealth and resource extraction, and towards prosperity and sustainability for all in the long shadow of Covid-19.²

Report structure

The first section of this report outlines why we need a green recovery for local economies. In sections two, three and four, we outline three key areas where progressive action is required.

- **Section 2 - A new local economics.** The lack of economic and environmental justice in our places is a product of an outdated approach to local economic development. Instead of hoping that we can go back to normal, it is time to recognise that we need a fundamental reset. For local economies, this means a new model for local economic development, rooted in the principles of community wealth building and the Green New Deal. It also requires practical interventions in planning, and capital investment, as well as energy markets, transport and housing.

¹ J Guinan et al (2020). *Owning the future*. CLES/The Democracy Collaborative. [Read](#).

² Ibid.

- **Section 3 - Green industrial strategy.** There is now an opportunity and greater appetite to reform the key sectors of the economy. Localities must now develop a green industrial strategy that harnesses all resources to cease carbon-intensive sectors, and to ensure a just transition, with green jobs to revitalise rural and ex-industrial local economies. This must include a focus on the foundational economy and the provision of 'shovel-ready' green jobs, underpinned by a local jobs guarantee.
- **Section 4 - Harnessing the community wealth building toolkit.** Through community wealth building, the power of anchor institutions can be harnessed to build a more democratic local economy. Local authorities must lead their anchor institutions to flex existing practices towards social, economic and environmental justice.

1. Why we need a green recovery

Covid-19 and the climate emergency both expose, in different ways, the underlying dysfunctions in our national and local economies. Even before the present crisis, our economy was failing to produce economic, environmental, and social justice for people, planet and place. And whilst there has been a lot of talk about how we must 'build back better', if we want a green recovery worthy of the name, this will require confronting these underlying dysfunctions once and for all.

The Covid-19 emergency

We face a major public and economic event of historical importance, potentially unprecedented in its magnitude in peacetime. The effects on our social, economic, and political future will inevitably be profound and long-lasting. Whilst we do not know exactly how events will progress, we can be sure that things will never be quite the same again.

For decades, local economies have been beset by underlying weaknesses, such as the widening chasm between wages and living costs, the "rentierisation" of the economy, and the fundamentally extractive nature of the inward investment model of economic development. Covid-19 is likely to accelerate these trends on a scale previously unimaginable, with the sharpest economic contraction since 1706.³ With millions now facing unemployment and hardship, the cracks in our economic model are there for all to see.

The climate emergency

We are also faced with the mortal threat of the climate emergency. Although Covid-19 has led to the largest global fall in emissions since the second world war,⁴ the sobering truth is that even a controlled shutdown of the global economy has not led to the 7.6% annual reduction we need to meet the global target of keeping warming below 1.5°C.⁵ Our global economy remains on a path to man-made destruction.

³ BBC (2020). Bank of England warms of sharpest recession on record. [Read](#).

⁴ Ibid.

⁵ The Guardian (2020). After the Covid-19 crisis, will we get a greener world. [Read](#).

It is important to remember that the climate emergency is a much older and deeper problem than the immediate epidemic. After three centuries of burning fossil fuels and degrading natural systems to feed economic growth, the human-induced environmental system change is past the point of no return.⁶ According to the Intergovernmental Panel on Climate Change (IPCC), we have one decade left to limit global temperature rises to 1.5°C, or else face devastating consequences. This will require reducing global greenhouse gas emissions by 45% by 2030 and 100% by 2050.⁷

Even if the planet meets this mammoth task (and the latest figures suggest that we will not)⁸ environmental breakdown is already altering the face of life of earth. Climate change is driving environmental and ecological disasters, rendering parts of the planet uninhabitable and causing new global patterns of migration, trade wars and conflicts over resources. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), we are now *'eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide'*, and this will only get worse in coming years.⁹

Furthermore, so far in the global discussion on climate emergency, there has been far too little recognition of underlying political economy factors.¹⁰ For example, the proposed EU 'Green Deal' essentially seeks to stimulate the green economy by giving tax cuts to large polluters, in the hope that they will be nudged away from a business model based on fossil fuels.¹¹ The reality is that as long as fossil fuel extraction continues to yield a short term profit, polluters will continue to put their interests before that of the planet. Oil and gas companies knew about climate change as early as 1977, and despite the apparent 'crisis', global oil consumption reached its highest levels last year, and looks continued to rise in 2020.¹²

Without an understanding of political economy factors, any 'green recovery' is unlikely to succeed. The UK government is currently considering a 'green jobs' strategy for post-Covid-19 recovery.¹³ Whilst this is welcome, we should be honest; subsidies of capital, and national apprenticeships schemes will not bring about the substantive shifts in how our economy functions that are so urgently needed. Moreover, any approach which continues to rely on a conventional pursuit of economic growth is inevitably going to accelerate rather than combat climate emergency. Infinite growth on a finite planet is not possible.¹⁴ As the proceeds of

⁶ Carbon Brief (2016). Welcome to the Anthropocene. [Read](#).

⁷ IPCC (2018). Summary for Policymakers. In: Global Warming of 1.5°C. [Read](#).

⁸ The Guardian (2019). Paris climate deal: world not on track to meet goal amid continuous emissions. [Read](#).

⁹ IPBES (2019). Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. [Read](#).

¹⁰ D Bailey (2019). Industrial Policy in the context of Climate Emergency: the case for a Green New Deal. Manchester Metropolitan University. [Read](#).

¹¹ EU Commission (2019). A European Green New Deal. [Read](#); and, The Dag Hammarskjöld Foundation (2009). Contours of climate justice. [Read](#).

¹² D Gabor (2020). The European Green Deal will bypass the poor and go straight to the rich. The Guardian. [Read](#).

¹³ Business Green (2020). Rishi Sunak preps green jobs 'revolution'. [Read](#).

¹⁴ European Environmental Bureau (2019). Decoupling debunked: Evidence and arguments against green growth as a sole strategy for sustainability. [Read](#).

growth continue to fuel wealth and resource extraction - not to mention poverty and rampant inequality - it is evident on both ecological and economic grounds that the pursuit of growth should no longer be the animating principle of how we organise our economies.

A green recovery

Both Covid-19 and the climate emergency are global events, but each have specific local characteristics. Many places in the UK have declared a climate emergency in the last year, and all are currently working out how to rebuild their economies once the initial public health crisis has abated.

Much ink has already been spilled over why the UK (and England in particular) is so underprepared for Covid-19, how we must abate the immediate crisis, and how we must 'build back better' in the aftermath. What is clear is that this crisis, although novel in origin, has exposed underlying fragilities. For decades, our political-economic system has struggled to deal with growing challenges, from climate change to wealth inequality.

As we enter the recovery stage and move towards reform, there is a growing appetite to ensure that we must 'build back better'; a phrase that has been repeated by the Prime Minister, and regional leaders such as the Mayors of Manchester and Liverpool.¹⁵ This is because the crisis has helped bring many longstanding dysfunctions in our economic system sharply back into focus – particularly the way in which when national policy hinders progress, action at the local level can be a corrective and essential form of protection.

¹⁵ About Manchester (2020). Mayors Andy Burnham and Steve Rotherham hold remote joint press conference to launch Build Back Better campaign. [Read](#).

2. A new model for local economic development

Old habits die hard. Economic development – as a public policy process of intervention – should have lessened the worst excesses of wealth extraction and served to ensure that positive social and environmental outcomes are secured. Unfortunately, in the period before and after the global financial crash, the practice of economic development and regeneration has gone badly awry. It has failed miserably to ensure that economic gains and wealth are delivering social benefits at scale or are working within environmentally sustainable limits.

This lack of economic, social and environmental justice in our local economies is a product of an outdated approach to local economic development. Instead of hoping that we can go back to normal, it is time to recognise that we need a fundamental reset.

The problem with the current model

Local economic development refers to the policies and practices implemented to build the capacity of a defined area to improve its economic future and the quality of life for inhabitants.

In England, local authorities have traditionally been responsible for delivering the local economic development agenda, although in recent years the rise of Local Enterprise Partnerships (LEPs) and Combined Authorities has created a more complex picture.¹⁶ Since 2014, the government has signed a number of 'local growth deals', signalling a transfer of economic development powers and responsibilities from local authorities up to LEPs.¹⁷ This trend looks set to continue into the 2020s.

However, the current local economic development model pursued by almost all places in the England is insufficient to meet major economic, social and environmental challenges.¹⁸ Economic development has become far too reluctant to intervene in progressive ways, and as such our local economies are beset with problems of wealth extraction, inequality and insecure work.

¹⁶ The National Council for Voluntary Organisations (2020). Roles and Responsibilities of the Local Enterprise Partnership. [Read](#).

¹⁷ Centre for Cities (2014). Local Growth Deals, Policy Briefing. [Read](#).

¹⁸ N McInroy and D Burch (2018). We need an Inclusive Economy not Inclusive Growth. CLES. [Read](#).

Under recent administrations, resources have been prioritised on hard infrastructure, with attendant emphasis on tax breaks, re-zoning, and grants to attract inward investment into poorer regions. CLES has long argued that this approach is failing local economies.¹⁹

First, it has created a context in which the destiny of many places is reliant upon huge injections of cash from either the central state or foreign investors, leaving these localities vulnerable to the vagaries of international capital investment markets.

Second, it's has led to localities prioritising regeneration projects, either from transfer payments or inward investment, which tend to facilitate wealth extraction by land and property developers and commercial interests, rather than tackling deeply entrenched and systemic issues of poverty and deprivation in the places they are meant to help. In fact, regeneration can often have directly adverse consequences for local residents through speculation-led gentrification, leaving many local residents struggling to afford housing costs.

How this affects the climate emergency

Continual growth, relying on the accumulation of capital and the extraction of profit, is impossible on a finite planet with finite resources.

Although the UK government, and authorities up and down the country, have declared climate emergencies, the logic of growth and accumulation means that economically and environmentally extractive business models are left unchallenged, and, that tackling the climate emergency is at best relegated to be a second-tier priority. Indeed, Britain's first new deep coal mine in 30 years has been given the go-ahead, airport expansion continues, and according to the latest figures, councils across the UK are collectively investing more than £16bn in the fossil fuel industry.²⁰

Many local authorities are now actively seeking to tether their response to the climate emergency to the notion of 'green growth', looking to stimulate their local economies through deals with major property developers and inward investments. However, this approach has problems of retained wealth extraction and will make local places less sustainable and resilient in the long term.²¹ Some local politicians now talk about a 'balance' between pro-growth or pro-climate policies. Again, this approach appears to be flawed, with localities attempting to tackle the climate emergency whilst simultaneously pursuing an economic development strategy that entrenches economic extraction and environmental degradation.

In short, attachment to the old orthodoxy means that local economies are rooted in the very practices that exacerbate the climate emergency.

¹⁹ CLES (2019). CLES On Regeneration. [Read](#).

²⁰ Financial Times (2020). Fossil fuel investments held by UK councils jump 15% to £16bn. [Read](#).

²¹ CLES (2019). CLES on Devolution. [Read](#). And CLES (2019). On Regeneration. [Read](#).

A new model for local economic development

In light of the failing approach outlined above, we urgently need a new model for local economic development that can deliver social, economic, and environmental justice.

In line with the demands of national Green New Deal movement, we need a “state-led programme of investment and regulation for the decarbonisation and transformation of our economy, that reduces inequality and pursues efforts to keep global average temperature rises below 1.5°C”.²²

Crucially, this will require abandoning GDP as the leading indicator of economic health and to adopt instead a broader set of metrics.²³ **As an alternative, local authorities should consider setting similar objectives to those contained within the Well-being of Future Generations Act**, passed by the Welsh assembly. This mandates all public bodies in Wales to think about the long-term impact of their decisions on poverty, health inequalities and climate change.²⁴

Furthermore, community wealth building has already proven to be an effective tool in delivering social and economic justice at a local level.²⁵ Rather than dealing with growth “after the fact,” community wealth building seeks to restructure the composition of the economy itself so that wealth is widely held, shared, and democratised. In doing so, it represents a fundamental challenge to how wealth is presently conceptualised and used under extractive fossil capitalism, providing resilience where there is risk and security where there is precarity. Local authorities must flex existing practices towards economic, social and environmental justice and encourage other anchor institutions to do the same where appropriate. We outline these practical steps in detail in section four.

Fundamentally, however, adopting the above principles and objectives requires a series of mindset shifts. These can be summarised as follows in the table below.

THE OLD: Pre Covid-19 economic development	THE NEW: Post Covid-19 economic development
Growth at all costs	Planetary boundaries and ecological limits
Neo classical economics	Keynesian, developmental economics

²² Labour for a Green New Deal (2019). [Read](#).

²³ K Raworth (2017). Doughnut Economics: Seven ways to think like a 21st century economist. Random House.

²⁴ Acts of the National Assembly for Wales (2015). Well-being of Future Generations (Wales) Act 2015. [Read](#).

²⁵ CLES (2019). Community wealth building 2019: theory, practice and next steps. [Read](#).

Increase in GDP and GVA	Wellbeing and inclusion
Wealth extraction	Community wealth building
Environmental extraction	Environmental stewardship
Trickle down of wealth	Circulation of wealth
Financialisation and high growth sectors	Real and everyday economy
Inward investment	Development through local assets
Developer-led development	Defend and extend the commons
Productivity	Good employment
Supports private business	Supports democratic economy
Hard infrastructure	Social infrastructure

CLES therefore calls on all localities to embrace a new model for local economic development, rooted in the principles of the Green New Deal and community wealth building.

Recommendations

Embedding this new approach

A new approach does not just mean more strategic policy documents. Localities need to embed this new approach into the two most important aspects of local economic development: **planning**, and **capital investment**; as well as key sectors such as **energy**, **transport** and **housing**.

Planning

Inherently linked to economic development are decisions around planning. Section 106 agreements and community infrastructure levy contributions can be utilised to gain assets to specifically support the infrastructure needs of smaller, generative businesses and businesses which enable the transition to a carbon neutral economy. A more assertive and coordinated regime is needed to counter viability

claims of developers, alongside more direct municipally led development utilising local SMEs.

Moreover, localities should ideally develop local plans which aim to descale the importance of **airports** in their local economies. The recent Heathrow ruling (in which the Supreme Court ruled a third runway illegal on climate emergency grounds)²⁶ is a clear sign that the aviation industry is on borrowed time, and localities will be on borrowed time if their economic and spatial plans contain a pro-aviation strategy. Localities that currently host airports should therefore consider a moratorium on airport expansion.²⁷

Capital investment

Localities will also need to embed these principles into their capital investment strategies. CLES has previously advocated for a policy shift away from these approaches towards active investment in the local, generative, and social economy that works to retain capital and increase the local business base.²⁸

Energy

Local authorities must intervene in energy markets to ensure democratic, decentralised, and decarbonised energy futures. Municipal energy companies, support to community energy projects, and other interventions are all essential in solving the 'energy trilemma' in a way that works for local people.

This can be achieved through a range of interventions.

- **Develop local specialisms in renewable energy production.** As part of a green industrial strategy (see section three), localities UK should accelerate specialisms in different types of renewable energy production, through sectoral green deals. The UK low-carbon economy was worth over £44bn in 2019, and will continue to grow.²⁹ Low carbon sectors provide an opportunity for regional regeneration across the UK, 'by providing the kinds of local, high-quality jobs and skills training which previous efforts at regeneration have failed to achieve.'³⁰
- **Establish municipal energy companies.** There is a growing movement of municipalities across the UK and Europe now embracing a return to municipal energy provision.³¹ A number of localities are now embracing the opportunities of municipal energy.

²⁶ Supreme Court (2020). R (on the application of Friends of the Earth Ltd and others) (Respondents) v Heathrow Airport Ltd (Appellant). [Read](#).

²⁷ J Beevor (2020). Aviation Demand Management's Role in the Deep Decarbonisation Pathways. Possible UK. [Read](#).

²⁸ CLES (2019). CLES On Regeneration. [Read](#).

²⁹ Edie (2019). UK's low carbon economy surpasses £44bn. [Read](#).

³⁰ J Emden and L Murphy (2018). Risk or Reward? Securing a Just Transition in the North of England. Institute for Public Policy Research. [Read](#).

³¹ E Villamor et al (2020). European Cities in the Energy Transition A Preliminary Analysis of 27 Cities. Energies. [Read](#).

- **Financial support for community-based renewable energy projects.** Localities must direct funding flows towards community-based renewable energy projects. One example of these projects is Carbon Coop's 'Energy Empowerment Greater Manchester'.³² These projects should be studied and expanded by localities as part of any green recovery.
- **Divest pension investments from fossil fuels and investment in renewable energy projects.** Following the success of the divestment movement, all anchor institutions should review their pension investments, with a view to immediate divestment from any fossil fuel-intensive industry.
- **Anchor institutions should target their spending power towards local zero carbon suppliers and prioritise plural forms of business ownership in the supply chain.** This will ensure that public spending is used to maximise social, economic, and environmental value. Anchors should also implement strong prequalification criteria in tenders to ensure that suppliers who bid for contracts measure Scope 3 emissions in the contracting and monitoring stage.³³
- **Green sectoral deal for renewable energy sector**, e.g. community retrofit schemes. The focus here should be on the re-training of existing workers in green sectors, especially those that have either been laid off post-Covid-19, or are from groups that are systematically disadvantaged from the labour market.

Transport

Whilst transport is vital to the healthy functioning of a local economy, it is not just a means of promoting a narrow economic good. Having access to a green, efficient, and affordable transportation system is something that should be available to everyone, everywhere.

A green recovery approach should see a mass advancement of clean, cheap transport for local citizens, in the form of incentivised public transport and active travel such as walking and cycling.

To achieve this, localities should **take advantage of Covid-19 legislation to ensure car-free streets**. By changing the rules around the advertising of traffic regulation orders, central government has now made it considerably easier for local authorities to impose car-free streets across the country.³⁴ CLES has suggested that localities follow the lead of places such as Hackney to take advantage of these changes, and introduce the following kinds of policies that will permanently reduce private car usage in local economies.³⁵

³² Carbon Co-op (2020). Energy Empowerment Greater Manchester. [Read](#).

³³ Anchor institutions should not be afraid to be *specific* when writing procurement strategies. For example, when procuring food and catering services, anchors could specify food that all food is local, seasonal, and vegetarian.

³⁴ Department of Transport (2020). Advertising traffic regulation orders during coronavirus (Covid-19). [Read](#).

³⁵ J Bilsborough and H Power (2020). Changing lanes: urban mobility and the impact of Covid-19. CLES. [Read](#).

- **Anti-traffic neighbourhoods.** These are small-scale innovations in residential areas that can make it more difficult for private car users to pass through. Modal filters such as bollards, opposing one-ways, and bus gates can all help reduce through-flow of cars in priority areas, e.g. near schools and hospitals.³⁶
- **Bans cars from city centres.** A number of cities are exploring banning car travel through urban centres, for example Birmingham City Council’s plan to ban cars “passing through” the city.³⁷ But localities can go further, and should look to places such as Ghent which has totally banned private non-renewable cars from their urban cores.³⁸
- **Incentivise active travel.** Local cycling and walking infrastructure plans provide a mechanism for local authorities to take a long-term approach to identifying and delivering interventions to promote and increase cycling and walking. For communities where activities such as cycling are not commonplace, the provision of free bikes for adults and children, as well as free cycling training should be considered. Councils could follow the lead of Waltham Forest in using section 106 monies to fund improvements in local cycle paths.³⁹
- **Municipal ownership of transport.** Thirty years of deregulation of the UK’s bus and rail system has failed to provide an efficient service, particularly in relation to tackling the climate emergency.⁴⁰ Democratic public ownership represents a clear alternative, in which transport systems are run for public benefit, rather than private wealth. The increasing wave of remunicipalisation around the world shows that taking transport systems into public hands produces better outcomes for both local economies and the environment.⁴¹
 - **Devolved administrations can also use provisions from the Buses Act to better regulate local bus markets,** e.g. by working with providers to transition their fleets towards electric vehicles. Campaigns such as Better Buses for Greater Manchester have led the way in offering tangible demands to elected Mayors about how they should intervene in the franchising of bus markets.⁴²
 - **City regions or groups of local authorities could consider bidding for rail franchises as contracts expire.** This would enable

³⁶ London Cycling Campaign and Living Streets (2020). Low Traffic Neighbourhoods: An Introduction For Policy Makers, Rosehill Highways, Living Streets. London Cycling Campaign. [Read](#).

³⁷ BBC (2020). Birmingham cars could be banned from driving through city centres. [Read](#).

³⁸ The Guardian (2020). ‘The streets are more alive’: Ghent readers on a car-free city centres. [Read](#).

³⁹ See [Waltham Forest Council- Cycling and Walking](#).

⁴⁰ Institute for Public Policy Research (2014). Greasing the wheels: Getting our bus and rail markets on the move. [Read](#).

⁴¹ The Transnational Institute (2017). Reclaiming Public Services How cities and citizens are turning back privatisation. [Read](#).

⁴² Better Buses for Greater Manchester (2020). Ten ways regulating your buses will make them better. [Read](#).

rail fares to be more equitably controlled by the local state as opposed to being used to fund shareholder profit.

- **Local congestion charges in urban centres.** As currently applied in Stockholm, Riga, Durham, and London, the introduction of such charges has helped reduce cars entering the city centre by 80,000 each day since introduction in 2003.⁴³
- **Disincentivising air travel.** Local authorities should investigate ways to disincentive citizens from flying - e.g. by introducing incentive schemes for those who do not fly, freezing planning permissions for airport expansions (see above), and even investigating bans on short-haul flights. Nevertheless, we recognise that some local authorities have ownership stakes in airports that provide a significant resource to top-up hard stretched public services. Whilst tackling climate emergency requires a reduction in air travel, we recognise that this may be difficult to achieve in the short term.
- **Using procurement to ensure that all public vehicle fleets become renewable.** In Ohio USA, the City of Columbus jointly procured 200 electric vehicles on behalf of local anchor institutions and has developed a universal term contract for future vehicle procurement for usage by all public sector institutions.

Housing

Housing contributes 65.9m tonnes of CO₂ per year, which is 18% of UK's greenhouse gas (GHG) emissions.⁴⁴ We need an urgent change in how all buildings are designed and built. As Britain enters another decade of the housing crisis, local authorities should lead the way in building clean, low-carbon affordable social housing (built to Passivhaus requirements), as well as ensuring all buildings are held to exacting environmental standards.

- **Cooperative retrofit schemes.** Retrofitting homes is a major undertaking. In addition to retrofitting their own housing stock and estate, councils should look to support and develop schemes with progressive partners to support householder-led approaches to domestic energy efficiency retrofit.⁴⁵
- **Make use of the Renewable Heat Incentive (RHI).** The Renewable Heat Incentive (RHI) is a UK Government scheme set up to encourage uptake of renewable heat technologies amongst householders, communities and businesses through financial incentives. Owner-occupiers, self-builders, private landlords and registered providers of social housing can all apply for the RHI. As part of each local climate strategy, local authorities should

⁴³ Transport for London (2010). Congestion charge factsheet. [Read](#).

⁴⁴ Inside Housing (2019). If the housing sector does not act on climate change, we will be complicit. [Read](#).

⁴⁵ Carbon Co-op (2020). People powered retrofit. [Read](#).

ensure that there is a wide uptake of the RHI amongst builders in both the public and commercial sectors.

- **Use planning powers to help reduce emissions.** Under the planning system, local authorities can prepare local plans which identify sites for specific land uses (e.g. new housing) and set out the criteria for approving planning applications. For example, a local authority can set energy efficiency standards for new homes that exceed current building regulations. Moreover, to ensure compliance with the standards, local authorities have a general duty to enforce building regulations. Where standards are not met, they have powers to undertake enforcement action, which can result in prosecution. Local authorities should now go further and undertake a process of retrofitting council homes to at least EPC rating C. They should also encourage privately owned homes to do the same. Measures to achieve this could include:
 - requiring new private housing developments to be built to higher than national energy efficiency standards; and,
 - introducing a **landlord licensing scheme**, with one of the provisions being that privately owned homes must be retrofitted to at least EPC level C.

Learning from best practice:

In short, localities need to ensure that environmental considerations become priority in all relevant decisions. For inspiration, there are a number of examples that localities can look to of places that have embraced new economic models to meet the climate emergency challenge.

- **Barcelona.** Barcelona's municipal plan to tackle the climate emergency has seven key models of change, each of which seek to address entrenched issues of wealth and resource extraction in the locality. The plan is compatible with the terms of the Paris Agreement, and commits to a 45% reduction in greenhouse gas emissions by 2030, and a carbon neutral city by 2050. Significantly, Barcelona's strategy makes explicit the need to transition to a wholly new economic system for the city. Rather than going further down the road of property-developer and tourism led financialisation, Barcelona has acknowledged that: *cities' current economic model "threatens the ecological balance of our planet & has multiplied inequalities."*⁴⁶
- **Bristol.** Bristol's One City Climate Strategy is an ambitious plan for a true carbon zero, climate resilient Bristol by 2030. The new One City Climate Strategy states Bristol will develop a more sustainable local economy,

⁴⁶ Ajuntament de Barcelona (2020). Barcelona Climate Emergency Declaration. [Read](#).

rooted in wellbeing for all. The strategy details ten key areas where climate action is needed to achieve the vision for Bristol in 2030.⁴⁷

- **Lancaster.** Lancaster City Council has adopted a climate change strategy which has three interlinking goals; responding to the climate emergency; community engagement; and advancing community wealth building. The council has developed a delivery mechanism in which all climate emergency actions are measured for their effect on income, health, and wellbeing levels for the most vulnerable residents. For example, activities relating to flood-preparedness are being linked to improving sustainable forms of enterprise in the most economically deprived areas of Lancaster and South Cumbria Economic Region.
- **Amsterdam.** The Dutch city has launched the 'Amsterdam City Doughnut', a plan for balancing the wellbeing of residents with ecological limits, based on economist Kate Raworth's Doughnut Economy principles.⁴⁸

⁴⁷ Bristol One City (2020). Bristol One City Climate strategy. [Read](#).

⁴⁸ Doughnut Economics Action Lab (2020). The Amsterdam City Doughnut. [Read](#).

3. Green industrial strategy

With Covid-19, there is now an opportunity to reform the key sectors of the economy. Localities should develop a green industrial strategy that harnesses all resources to cease carbon-intensive sectors, and to ensure a just transition, with green jobs to revitalise rural and ex-industrial local economies. This should include a focus on ‘shovel-ready’ green jobs, underpinned by a local jobs guarantee.

At a national level, phasing out carbon-intensive energy systems and infrastructure will require both an overall reduction in aggregate demand through scaling down existing consumption patterns, but also the expansion of demand in green sectors of the economy.⁴⁹ This is an inherently neo-Keynesian approach, that focuses on harnessing state investment to stimulate new productive sectors of the economy that will serve the green transition.⁵⁰

Given the forced scale down of the economy, the task at hand is to think about how we eventually scale back up and recover, with green industrial strategies and actions at the heart. Pre-Covid-19, a number of places have already begun to make good progress on ensuring that their strategies are framed around climate transition - for example West Midlands’s Local Industrial Strategy is commendably focused on supporting infrastructure development in green growth sectors.⁵¹

In the post-Covid-19 landscape, all localities will be expected to increase their input into the development of local industrial strategies. This represents a decisive opportunity to advance a green recovery, and our recommendations below are intended as a general overview for the development of industrial strategies at all sub-national levels, including for the Welsh and Scottish Parliaments. A green industrial strategy should provide the framing and intent for the transitioning of the economy away from high carbon industries and towards green economic sectors.

The problem with current industrial strategy

At present, UK industrial strategy policy is unfit to meet the twin challenges of climate emergency and the post-Covid-19 recovery. As with the overriding model

⁴⁹ C Berry (2019). From Receding to Reseeding: Industrial Policy, Governance Strategies and Neoliberal Resilience in Post-crisis Britain. Manchester Metropolitan University. [Read.](#)

⁵⁰ Green New Deal for Europe (2019). Blueprint for Europe’s Just Transition. [Read.](#)

⁵¹ HM Government (2019). West Midlands Industrial Strategy. [Read.](#)

of local economic development in this country (explored in the previous section), industrial strategy is presently rooted in a series of neo-liberal assumptions that contribute to wealth extraction and do not create a viable economy.⁵²

Industrial strategy is currently focused on meeting the UK's 'Grand Challenges'; AI and data; an aging society; clean growth; and the future of mobility.⁵³ In order to achieve this, the UK government's approach has been to focus mostly on the role of large firms in high-value sectors as a means to meet these challenges and boost the UK's productivity. This has predominantly come in the form of new forms of vertical support for industry, local government reform, and the public financing of private sector R&D.⁵⁴

This present approach is not commensurate to economic, social and environmental justice for a number of reasons.

First, the focus on 'clean growth' reflects the unhelpful tension between policies that provide growth, and other policies that meet decarbonisation objectives, referred to in the previous section. By prioritising the interests of major employers in the private sector, government is failing to provide adequate regulation and incentives to move businesses away from carbon-intensive business practices.

Second, prioritising high-growth sectors means that industrial strategy interventions often amount to state-support for large corporations that practice wealth and resource extraction, for example major players in the aviation industry. This also means that sectors which provide essential work in our economic system, social care for example, are often under-valued or ignored completely.

Third, the present industrial strategy approach emphasises agglomeration economics, wherein localities are forced to compete to win the attention of inward investment, rather than working together. In this context, city-centre regeneration is favoured with rural areas and towns excluded outright from these wealth creating opportunities.

Taken together, this means that the current industrial strategy policy frame is one that reinforces inequalities and does not respond adequately to the climate emergency.

The sectoral challenge

The picture is further complicated by the fact that we know that Covid-19 is likely to decimate a number of key sectors in the UK economy. For example, from 23 March to 9 April 2020, the accommodation and food services sector reported an

⁵² J Bentham et al (2013). Against New Industrial Strategy; framing, motifs and absences. Centre for Research on Socio-Cultural Change. [Read](#).

⁵³ Department for Business, Energy, and Industrial Strategy (2019). The Grand Challenges. [Read](#).

⁵⁴ C Berry (2019). From Receding to Reseeding: Industrial Policy, Governance Strategies and Neoliberal Resilience in Post-crisis Britain. *New Political Economy* (25(4)). [Read](#).

81% pause in trading and the arts, entertainment and recreation sector an 82% pause.⁵⁵

The effect has been to place millions of workers in key sectors into either immediate unemployment, or the limbo situation of the government furlough scheme, which is currently covering 7.5 million jobs. According to the Institute for Employment Studies, the UK is now facing the biggest employment crisis in a generation.⁵⁶ It is highly likely that this crisis will hit hardest amongst those who are most vulnerable already in the jobs market, namely the young, people of colour, and women.⁵⁷

Whatever the shape of the recovery, it is evident that many workers will not have their old jobs to go back to. Without a coordinated government response, the only sectors likely to thrive post-Covid-19 are those led by multinational corporations. A surplus of labour allows these employers to further drive down terms and conditions for workers. We are already seeing the antecedents of this approach in the USA, where firms such as Walmart and Amazon are taking advantage of the crisis to make workers on short-term and low-paying contracts redundant.⁵⁸

We therefore need state intervention to reorganise key sectors of the economy. It is welcome that the UK government is currently considering a 'green jobs' strategy.⁵⁹ But there are real concerns here that, in focusing on supporting firms that are already prioritised in current industrial strategy policy, these packages would amount to little more than a subsidiary of capital; locking in extractive practices. This would also force millions of workers into precarious forms of work through national apprenticeships schemes in which the jobs are only tangentially linked to the 'green economy'. In all, such an approach would not bring the substantive shifts in how our economy functions that we urgently need, and would certainly not deliver a just transition.

A just transition will only be possible with coordinated action at a nation level, and must be done so in a way that is genuinely commensurate to the current 'levelling up' agenda, ensuring equity between all nations and regions of the UK.

Yet industrial strategy presents a genuine lever that localities can pull to advance the cause of a local just transition. Below, we outline a series of actions that local and combined authorities can take now to begin this process, with or without support from Westminster.

⁵⁵ Office for National Statistics (2020). Coronavirus and the economic impacts on the UK: 23 April 2020. [Read.](#)

⁵⁶ Institute for Employment Studies (2020). This is the biggest employment crisis we've faced. [Read.](#)

⁵⁷ Trades Union Congress (2020). A new plan for jobs- why we need a new jobs guarantee. [Read.](#)

⁵⁸ Business Insider (2020). Amazon and Walmart are ramping up hiring to add 25,000 new jobs. [Read.](#)

⁵⁹ Business Green (2020). Rishi Sunak preps green jobs 'revolution'. [Read.](#)

Recommendations

Reconceptualising industrial strategy

To meet the scale of the crises, industrial strategies need to move beyond the obsession with high-value sectors, and instead start taking a more holistic view.⁶⁰ In this, they should pay much more attention to the ‘foundational economy’: namely, utilities, food, retailing and distribution, health, education and welfare - sectors which currently employ 40% of the UK workforce.⁶¹

Sectoral green deals with a focus on ‘shovel-ready’ jobs

Localities must develop local industrial strategies with **sectoral green deals**. The focus of these deals should be on industries that have ‘shovel-ready’ green jobs; e.g. jobs available for workers that have been laid off due to Covid-19.

In order to do this, localities should undertake a ‘green jobs metric’. This analysis would identify the sectors that need to be phased out of local economies, and the new, green sectors that should replace them. A useful baselining activity here is a ‘jobs metric’, as trialled in the Isle of Wight.⁶² This should also be combined with up to date data about the effect of Covid-19 on different localities and sectors; e.g. looking at Autonomy’s analysis of sectoral disadvantage due to Covid-19-related economic downturn.⁶³

Just transition commissions

Localities across the UK should follow the example of the Scottish Government and develop a ‘just transition commission’ to oversee the process of green industrial transition.⁶⁴ These commissions should bring together local authorities, businesses, citizens groups, and trade unions to oversee the process of a just transition. CLES recommends that national government mandates the creation of just transition commissions across the UK. In lieu of national legislation, localities should set up the commissions on a voluntary basis, and then lobby national government for formal recognition of statutory duty.

⁶⁰ L Murphy (2019). An industrial strategy at the heart of the Green New Deal. Common Wealth/IPPR. [Read](#).

⁶¹ J Bentham et al (2013). Manifesto for the Foundational Economy. Centre for Research on Socio-Cultural Change [Read](#).

⁶² J Essex and P Sims (2017). A Green Transition for the Isle of Wight. Green House. [Read](#).

⁶³ L Kikuchi, I Khurana and W Stronge (2020). Unemployment during COVID-19: regional and industrial predictions. [Read](#).

⁶⁴ See, G Dowding MEP (2019). The Green New Deal for the North West. [Read](#). And J Emden and L Murphy (2019) A just transition: Realising the opportunities of decarbonisation in the north of England. IPPR. [Read](#).

Scotland Just Transition Commission

In 2017, the Scottish government announced the launch of a just transition commission, tasked with advising the government on how to achieve a carbon-neutral economy. The commission will 'look at how to maximise opportunities for decarbonisation, in terms of fair work and tackling inequalities, while delivering a sustainable and inclusive labour market,' according to the government.

The Scottish government said the work of the commission would be guided by principles of just transition 'developed and promoted by the trade union movement', including; a plan for, and investment in, a transition to environmentally and socially sustainable jobs, sectors, and economies; leaving no one behind; actively considering employment issues when developing climate policies; and designing and delivering low carbon infrastructure with the aim of creating decent, high value work.

Source: <http://www.just-transition.info/scotlands-just-transition-commission>

There are a number of sub-tasks that just transition commissions should complete.

- **Establish green infrastructure delivery programme.** A number of local authorities have developed plans to put green infrastructure at the core of their economic development and inward investment strategies. For example, Newcastle City Council has developed a framework that assesses the environmental and public health benefits of any potential infrastructure development as priority.⁶⁵ Similarly, Plymouth's green infrastructure plan identifies the sites and projects needed to effectively steward the area's natural resources.⁶⁶ It is important that local authorities use resources such as the Green Infrastructure Valuation Toolkit when developing their local infrastructure plans.⁶⁷
- **Focus on 'Green and blue' infrastructure design.** Developing green sectors of local economies cannot be achieved if the physical landscape of our local places continues to be built in the interests of extractive economic activity. Any transition away from fossil-fuel industries must be reflected in changes to both urban and rural landscapes, for example by reprioritising land that was formerly earmarked for motorway or roads to become protected ecosystems for rewilding and other biodiversity projects. This is particularly apt in localities which are currently undergoing construction development booms, such as Manchester. In order to achieve this, localities need to ensure that their local industrial strategies maintain consistent 'green and blue' principles, wherein the blue (water) and green (ecological

⁶⁵ Newcastle City Council (2018). Green Infrastructure Delivery Framework. [Read](#).

⁶⁶ Plymouth City Council (2010). Plymouth's Green Infrastructure Delivery Plan. [Read](#).

⁶⁷ Local Action (2020). Green Infrastructure Valuation Toolkit. [Read](#).

green spaces) work together to protect against flooding and other effects of climate emergency.⁶⁸

Germany- *energiewende*

A source of inspiration for a green industrial strategy is in Germany, where strong intent at national level has been supported by decentralised municipal leadership. Germany's ambitious *energiewende* (energy transition) goes well beyond EU and other OECD targets, with a comprehensive industrial strategy aiming to cut emissions from 1990 levels by 40% by 2020 and 80% by 2050.

This has been achieved by strong national policy, dating back to the Renewable Energy Sources Act (EEG) of 2000 promoting feed-in tariffs. Although there have been concerns that this has been somewhat watered down following controversial reforms in 2016, the policy is notable in that it forced the energy companies not only to take electricity from small, decentralized renewable energy plants into their own electricity grids, but also to cover the costs of the providers to pay for it.

But this has not just been a case of national policy; the *energiewende* is rooted in a commitment to decentralisation that has allowed municipalities to take a leading role. Places such as Bottrop, a former coal town in the industrial Ruhr Valley, have been given autonomy and funding from central government to develop their own energy transition projects. In Bottrop, municipal and federal funding for schemes to aid a sectoral transition away from coal and towards renewable energy production has helped the town exceed national carbon reduction targets.

The German approach demonstrates the need for both national policy and local innovation in order to determine a just environmental and ecological transition.

Sources:

<https://www.cleanenergywire.org/dossiers/reform-renewable-energy-act>

Altenburg, T., & Assmann, C. (Eds.). (2017). Green Industrial Policy. Concept, Policies, Country Experiences. Geneva, Bonn: UN Environment; German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE). <https://www.un-page.org/resources/green-industrial->

⁶⁸ Ramboll (2020). Blue-Green benefits and recommendations. [Read](#).

4. Harnessing the community wealth building toolkit

Through community wealth building, the power of anchor institutions is harnessed to build a more democratic local economy. Local authorities must lead their anchor institutions to flex existing practices towards economic, social and environmental justice.

All anchor institutions have an urgent remit to tackle the climate emergency. The community wealth building movement can offer lessons in how to get here. In localities such as Preston, local authorities led a coalition of willing anchor institutions to flex their existing practices in order to meet pressing economic challenges.⁶⁹ This includes both the role as place-leaders that anchor institutions have, and also their direct role as employers, procurers, land-owners, and financiers of the local economy.

From the very start, the anchor-led approach has provided utility for the environmental justice movement. For example, a central aspect of the 'Cleveland Model' in the USA has been to use anchor procurement spend to provide financial support for the green cooperative movement.⁷⁰

Below, we outline a snapshot of how local anchor institutions can begin to ensure that their green recoveries are given genuine financial and institutional support based on the five principles of community wealth building.

⁶⁹ N McInroy and M Jackson (2017). Community wealth building through anchor institutions. CLES. [Read.](#)

⁷⁰ T Howard (2012). Owing Your Own Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio. [Read.](#)

Plural ownership of the economy

Locally owned or socially minded enterprises are more likely to employ, buy and invest locally, contributing to local economic development rather than extracting wealth, and are essential to tackling the climate emergency. As part of a green recovery, business support must be reframed to advance the plurally-owned economy.

New institutional forms to support green businesses

Anchor institutions should collaborate to develop socially and environmentally generative business support infrastructure. A nurturing environment must be created for starting up carbon neutral cooperatives that can supply anchor institutions in the future. To do this, localities will need to repurpose existing business support capacity in a number of ways:

- **Create 'community wealth hubs'** to facilitate the conversion of some existing businesses to models such as worker or multi-stakeholder co-ops.
- **Deploy micro funding streams** to support the development of new suppliers with alternative models of ownership, prioritised in relation to any gaps identified by the carbon mapping analysis.
- **Harness technical and financial assistance** to support the conversion of existing commercial businesses to worker-owned cooperatives – for example, worker ownership conversion support targeted at businesses which are at the point of business transition (e.g. owners retiring, owners selling).
- **Establish** local economic recovery organisations to bail out, support, and convert firms. To counter the threat of small business collapse, localities could consider the creation of a state holding company to **acquire and hold distressed business assets** during the crisis until such time as they can be relaunched under democratic forms of ownership as part of the green economic recovery.

Advance municipal insourcing in key sectors, including energy, transport and housing

1. Municipal Energy Companies

There is a growing movement of municipalities across the UK and Europe now embracing a return to municipal energy provision.⁷¹ Nottingham City Council has Robin Hood Energy, a not-for-profit energy company launched in September 2015 to supply gas and electricity nationally to homes and businesses. Despite turning a significant loss in 2020, Robin Hood Energy still has significant long-term prospects.⁷² Similar schemes have been developed in Hackney, Bristol, and by the Mayor of London.⁷³

CLES is particularly interested in models for municipal energy governance that combine local authority power with community ownership and control. One option here is a 'public-commons partnership'; a structure whereby state authorities and a 'commons association' enter into co-ownership alongside third sector partners to form a community-led vehicle, e.g. an energy company. There is ample scope to develop this model in the municipal energy space, as shown in the German municipality of Wolfhagen.

Wolfhagen, Germany

Wolfhagen is a town in the Hesse region of Germany with a population of c.14,000. In 2005, the municipality decided not to renew its energy licensing agreement with E.ON, and instead develop a municipally-owned energy company, *stadtwerke Wolfhagen*.

What made this municipally-owned energy company unique was not just that it allowed the municipality to intervene in the broken energy market, but its unique approach to 'cooperative participation', in which it was jointly owned by the municipality and a citizens-led cooperative- BEG Wolfhagen.

The cooperative was set up in 2012 and now owns 25% of the energy company, meaning its 800 members have control of 3.9m of wealth. The control of wealth is essential to securing a sustainable source of funding for the coop, with profits from the energy company being funnelled into a democratically-held energy savings fund.

Source: K Milburn and B Russell (2019). Public-Common Partnerships, Building New Circuits of Collective Ownership. Common Wealth. [Read](#).

2. Municipal transport

Thirty years of deregulation to the UK's bus and rail system has failed to provide an efficient service, especially as regards to tackling the climate emergency.⁷⁴ Privatisation has led to under-funded and inefficient services, in which 40% of revenue derived by private operators comes at the expense of the public purse.⁷⁵

Democratic public ownership represents a clear alternative, in which transport systems are run for public benefit, rather than private wealth. The increasing wave of remunicipalisation around the world shows that taking transport systems into public hands produces better outcomes for both local economies and the

⁷¹ See the [MPower](#) movement.

⁷² Nottingham Post (2020). 'All options' being considered for Robin Hood Energy, as it posts £23.1 million losses. [Read](#).

⁷³ See [Hackney Light and Power](#). [Bristol Energy](#). [London Power](#).

⁷⁴ The Institute for Public Policy Research (2014). Greasing the wheels: Getting our bus and rail markets on the move. [Read](#).

⁷⁵ Transport for Quality of Life (2014). Building a World-class bus system for Britain. [Read](#).

environment.⁷⁶ For example, Nottingham City Transport has won plaudits for its city-wide approach to changing public transport patterns, which has been led by its municipally-owned bus service.⁷⁷

3. Social housing

Two-thirds of local authorities are now directly involved in delivering housing.⁷⁸ The scale of the housing crisis is such that local authorities must now directly intervene in local housing markets. Councils should explore innovative delivery models that involve collaboration across the public sector, for example Plymouth's "plan for homes" approach.⁷⁹ Similarly, social housing should be built to Passivhaus standards, in participation with community organisations, especially Community Land Trusts.⁸⁰

⁷⁶ The Transnational Institute (2017). Reclaiming Public Services How cities and citizens are turning back privatisation. [Read](#).

⁷⁷ The Guardian (2020). Green new deal for Nottingham wins top Guardian awards. [Read](#).

⁷⁸ Royal Town Planning Institute (2019). Local Authority Direct Delivery of Housing. [Read](#).

⁷⁹ Plymouth City Council (2019). The plan for homes. [Read](#).

⁸⁰ See [Rural Urban Synthesis Society](#).

Making financial power work for local places

Financial power must be made to work for local places. In the face of climate crisis this must include the financing of the green transition, rather than simply channelling investment to local communities while delivering a steady financial return for investors. Alongside supporting the growth of mutually owned banks, regional banking should be charged with enabling local economic development and financing the energy transition.

Local authorities also need a fair funding settlement from national government, especially in the aftermath of Covid-19, and a decade of austerity.

Develop community green banking initiatives.

A good example to follow here is the Scottish National Investment Bank, the new 'mission-driven' public investment vehicle from the Scottish Government. The SNIB will *"provide finance and act to catalyse a step change in growth for the Scottish economy by powering innovation and accelerating the move to a low carbon, high-tech, connected, globally competitive and inclusive economy."*⁸¹ English and Welsh localities might not have the scale on their own to set up such vehicles, but localities can and should look to the Scottish example, as well as scaling up existing initiatives such as the North West Community Bank in order to secure green financing opportunities.

⁸¹ Scottish Government (2019). Scottish National Investment Bank. [Read](#).

Progressive procurement of goods and services

Procurement and commissioning practices are key policy levers that local authorities and other anchor institutions can utilise to mould local economies towards carbon neutrality.

Traditional sustainable procurement practice looks towards greening existing supply chains, helping suppliers to monitor and report on their carbon emissions and signposting to sources of advice and support.⁸² Whilst this is a good first step, the climate crisis requires a much more radical policy solutions that uses every pound of public money as a targeted intervention in the local economy.

Work the public pound for a green recovery

Anchor institutions should do the following.

- **Target their spending power towards local zero carbon suppliers** and prioritise plural forms of business ownership in the supply chain; this will ensure that public spending is used to maximise social, economic and environmental value.
- **Give environmental factors a formal weighting in procurement decisions**, as part of strong social value requirements in all tenders.
- **Implement strong prequalification criteria in tenders**, to ensure that suppliers who bid for contracts measure Scope 3 emissions in the contracting and monitoring stage.⁸³
- **Undertake a collaborative analysis of market supply to identify environmentally generative suppliers for their goods and services.** With this data, the anchors should not only look for local, SME suppliers, but also seek to divest from the largest polluters in the supply chain, and instead, seek to divert their spending power to grow more plural elements of the economy with lower carbon emissions.
- **Consider the impact of their procurement spend from a global climate justice perspective.** Global corporations which contribute to extraction of wealth and resources are often found deep in public sector supply chains;

⁸² J Bozuma et al (2018). Taking climate action to the next level. The Democracy Collaborative. [Read](#).

⁸³ Anchor institutions should not be afraid to be *specific* when writing procurement strategies. For example, when procuring food and catering services, anchors could specify food that all food is local, seasonal, and vegetarian.

this is even the case in the renewable energy sector, e.g. issues around treatment of Chinese and Bolivian workers in the production of lithium-ion batteries. Anchors must ensure that human rights for workers in every country is ensured across their supply chains.⁸⁴

Use procurement spend to animate new forms of supply

Anchor institutions' procurement spend should be partially determined by the economic development priorities that are set through each localities Sectoral Green Deals. This means that procurement spend would be used as a lever to provide capital to new forms of supply in the public and commercial sector. A good template to follow here is the Welsh Government's Better Jobs Closer to Home scheme, which has seen four new enterprises funded by public investments, and then supported through a direct pipeline to public sector contracts.⁸⁵

⁸⁴ A Taylor and H Paul (2019). A 'Green New Deal' needs to be global, not local. Open Democracy. [Read](#).

⁸⁵ Trades Union Congress (2015). Better Jobs, Closer to Home. [Read](#).

Fair employment and just labour markets

Aside from using their purchasing power to influence local labour markets, anchor institutions can also look inside their own workforces to aid a just transition for local workers.

Sectoral green deals a with focus on 'shovel-ready' jobs

As outlined in section three, the cornerstone of a green industrial strategy for local economies would be a series of 'sectoral deals'. This would be an intermediate labour market (ILM) programme, designed to achieve both progression into work and wider community benefit. Programmes of this kind would provide the unemployed with a bridge back to work by improving participants' general employability.

All projections are signalling that the pandemic will result in a significant increase in unemployment, across every region of the UK. Without specific intervention to support those with more limited capacity to re-enter the labour market, as well as those already furthest from the labour market, inequalities will entrench and widen. Providing a bridge in employability capacity will also help facilitate a shift towards the 'sectors of the future', such as green industrial sectors. The programme, and projects within it, would rely on packages of funding from various sources, e.g. repurposed EU funds and Covid-19 recovery funds.

Make workplaces fit for practice after post-Covid-19

Covid-19 has exposed a crisis of not just what work we do, but also how we work. Millions of workers suffer from bad workplace practices, ranging from unsafe conditions, to Europe's most stringent anti-trade union legislation. Local anchor institutions should collaborate to ensure that terms and conditions for their staff become the new best practice. For example, anchor institutions in Lewisham signed the 'Lewisham Deal', a joint commitment to improving terms and conditions for their staff.⁸⁶ This will provide better outcomes for public sector workers, and could also influence local commercial organisations. Anchors could focus on:

- post-Covid-19 risk assessment, including PPE for key workers;
- workplace unionisation drives;

⁸⁶ Lewisham Council (2019). The Lewisham Deal. [Read](#).

- workplace cycle schemes; and,
- flexible working, including a 4-day week and remote working trials.

Socially productive use of land and planning

At present, the spatial planning system is overly influenced by economic growth priorities and the logic of financial capitalism, and its attendant wealth and resource extraction. Under a Local Green New Deal, we must reimagine planning as a beacon of democracy and sustainability.

The planning system in the UK is currently not meeting the scale of the climate crisis. Despite a series of national policy initiatives to better integrate environmental considerations into the planning system, (e.g. the National Planning Policy, which states that all planning decisions should 'support the transition to a low carbon future'),⁸⁷ research has shown that in practice these considerations are continuously deprioritised when they threaten the financial interests of property developers.⁸⁸

Planning in essence is far too driven by the interests of 'developer-led development' often to the detriment of the wider public good.⁸⁹ Recent deregulations of planning laws have only made this worse - for example the cancellation of the zero-carbon homes planning requirements in 2016.⁹⁰ This developer-led development is proving a critical obstruction to harnessing the power of planning to fight climate emergency. Local authorities have been mandated to make provision for responding to the climate emergency through their local plans, but these considerations are rarely prioritised, especially if they threaten the interest of developers.

Localities must develop local plans that reject business as usual, and embrace wellbeing and sustainability for all.

Local plans should form the spatial backbone of a green recovery. At best, these plans will act as a prioritisation guide, signalling to residents and developers how a locality will reshape the built environment to meet rapid decarbonisation and

⁸⁷ Ministry of Housing, Communities and Local Government (2019). National Planning Policy Framework. [Read.](#)

⁸⁸ Town and Country Planning Association (2016). Planning for the Climate Challenge? Understanding the Performance of English Local Plans. [Read.](#)

⁸⁹ K Williams et al. (2018). From Developer Regeneration to Civic Futures. Alliance Manchester Business School. UoM. [Read.](#) And, S Stein (2019). Capital City: Gentrification and the Real Estate State. Verso. [Read.](#)

⁹⁰ Town and Country Planning Association (2018). Planning 2020 – Final Report of the Raynsford Review of Planning in England, 2018. [Read.](#)

climate justice targets. Planning is a central node for every other function of local government; for example, a transition in urban localities away from private car travel and towards electrical public transport will require significant regulatory and financial support in local plans. Taken together, local plans must supplant 'developer-led development' with the environmental and economic wellbeing of local residents.

In order to achieve this in practice, local plans should consider the following actions.

- **A climate test for every planning decision** (See section two).
- **Entrench the commons into city planning.** Every decision taken should advance the role of the commons. In practical terms, this means preferential treatment when making planning applications for schemes involving Community Land Trusts, citizen co-operatives, workers cooperatives, and citizens forums.⁹¹
- **Make 'car-lite' a cornerstone of the Local Plan (see section two).**
- **Develop urban greenspaces.** This is the main urban land use that can help to mitigate against extremes of temperature, reducing what is known as the heat island effect. Local authorities could therefore develop green corridors, and require large private development activity to contribute to the financing of new green spaces.
- **Retrofitting suburbia.** Areas in which people live are going to undergo significant changes. Retrofitting suburbia refers to the range of activities which will help our suburbs come to terms with low-energy and carbon-zero futures.⁹² Ideas in this space including using permaculture techniques to rewild sidewalks and urban tree planting.⁹³

⁹¹ P Chatterton (2019). See 'A civic plan for emergency; Building the 1.5 degree, socially just city. Leeds University. [Read](#).

⁹² D Holmgren (2012). Retrofitting the suburbs for the energy decent future. [Read](#).

⁹³ Centre for Sustainable Energy and the Town and Country Planning Association (2020). Neighbourhood planning in a climate emergency. [Read](#).

Vision for the Future MCR

Manchester City Council have put forward a proposal for how the Greater Manchester area should be developed over the next 15 years. The proposal is almost unchanged from the 2012 plan, despite a decade of huge changes.

Rising Up! Manchester Families has worked on a response to the consultation with Climate Emergency Manchester, Greater Manchester Housing Action and Steady State Manchester. It is a call to put the needs of people at the very heart of planning, to make communities which work for everyone:

<https://risingupmcr.org/vision-for-future-mcr/>

5. Conclusion

In this paper, we have argued that localities need to take an integrated approach to the two great crises of our age. We have argued that both the Covid-19 crisis and the climate emergency expose the underlying lack of resilience in our local economies, and that now is the time for localities to embrace bold policies to deliver economic, social and environmental justice in their places.

The **Green Recovery for Local Economies** provides a roadmap for how localities can begin to put these principles into practical action. It is certainly the case that we need concerted action at national government level in order to achieve true economic and environmental justice. Ultimately, this agenda needs to be framed by a Green New Deal, in which the full weight of national policy resources are harnessed to deliver a sector-by-sector green transition, along with an expansion in universal public goods and services.⁹⁴

But local people and places do not have the luxury of waiting for national government to implement the right policies. This is a crisis right now, and local administrations have an urgent democratic imperative to do everything they possibly can, with the powers that they have. We recognise that local government needs additional powers and resource to tackle the climate emergency more fully, and CLES will be publishing the demands we believe local government should make in the near future.⁹⁵ But this should not detract from what can be done in the immediate term.

In this, CLES' longstanding practice of community wealth building offers a frame for how localities push the envelope of progressive policy in lieu of progressive reforms at a national level. We stand ready to support places across the UK to implement these proposals, in tandem with our 'Rescue, recover, reform' framework for new local economic practice in the era of Covid-19.⁹⁶ Through our Community Wealth Building Centre of Excellence, we will continue to work with progressive local authorities that want to develop best practice, and we welcome practitioners in all places to join this network.

Covid-19 and the climate emergency calls for a step-change in how we develop and nurture local economies. This is a defining challenge, and one CLES looks forward to working with friends both old and new to deliver.

⁹⁴ See [Green New Deal UK](#).

⁹⁵ CLES (2020). Own the future – a guide for new local economies. Forthcoming.

⁹⁶ CLES (2020). 'Rescue, recover, reform' framework for new local economic practice in the era of Covid-19. [Read](#).

