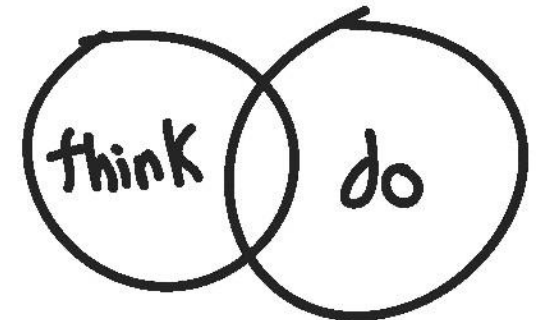




Trends in economic development

10th December 2015

Adrian Nolan
Associate Director
Centre for Local Economic Strategies





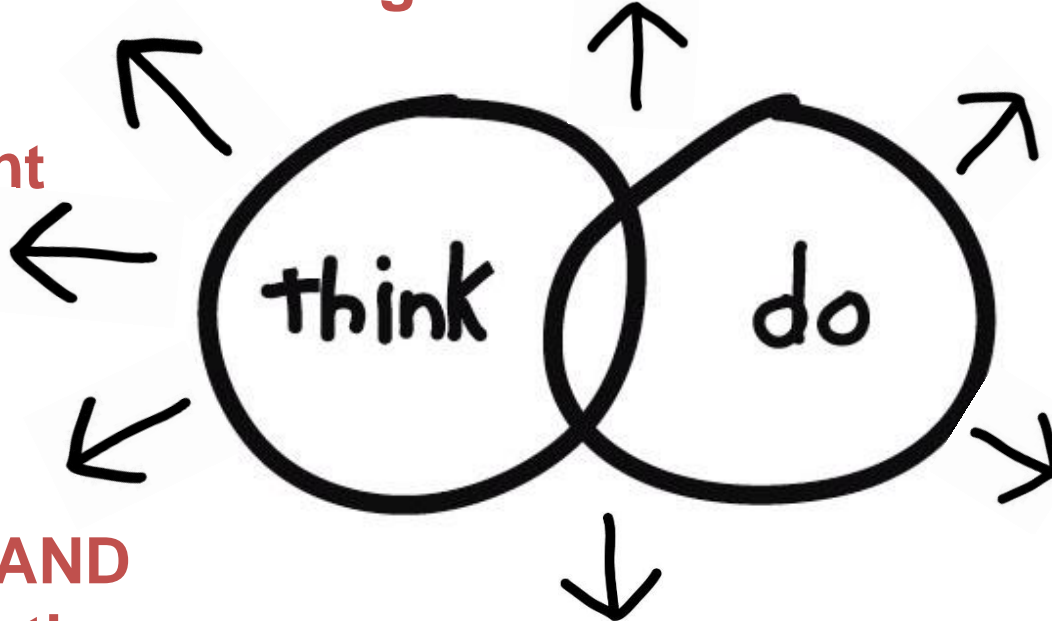
Centre for Local Economic Strategies

30th
Anniversary

Leading UK member
and research
organisation

Action on
Ground, Policy,
Consultancy

Independent
charity.



Planners,
Geographers,
Economists

Economic AND
social growth

NewStart

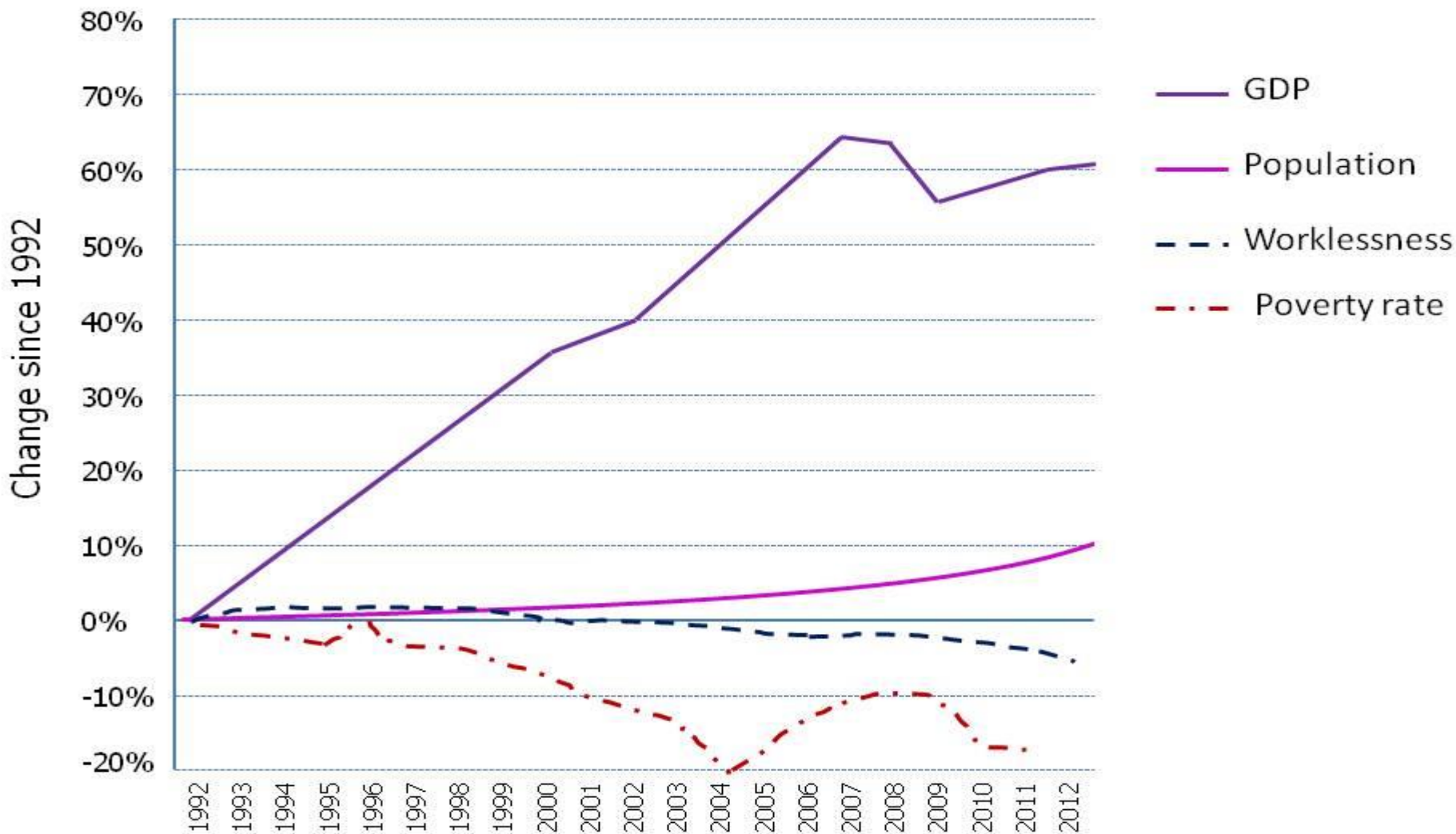
The Magazine for Making Better Places



Economic development: where are we?

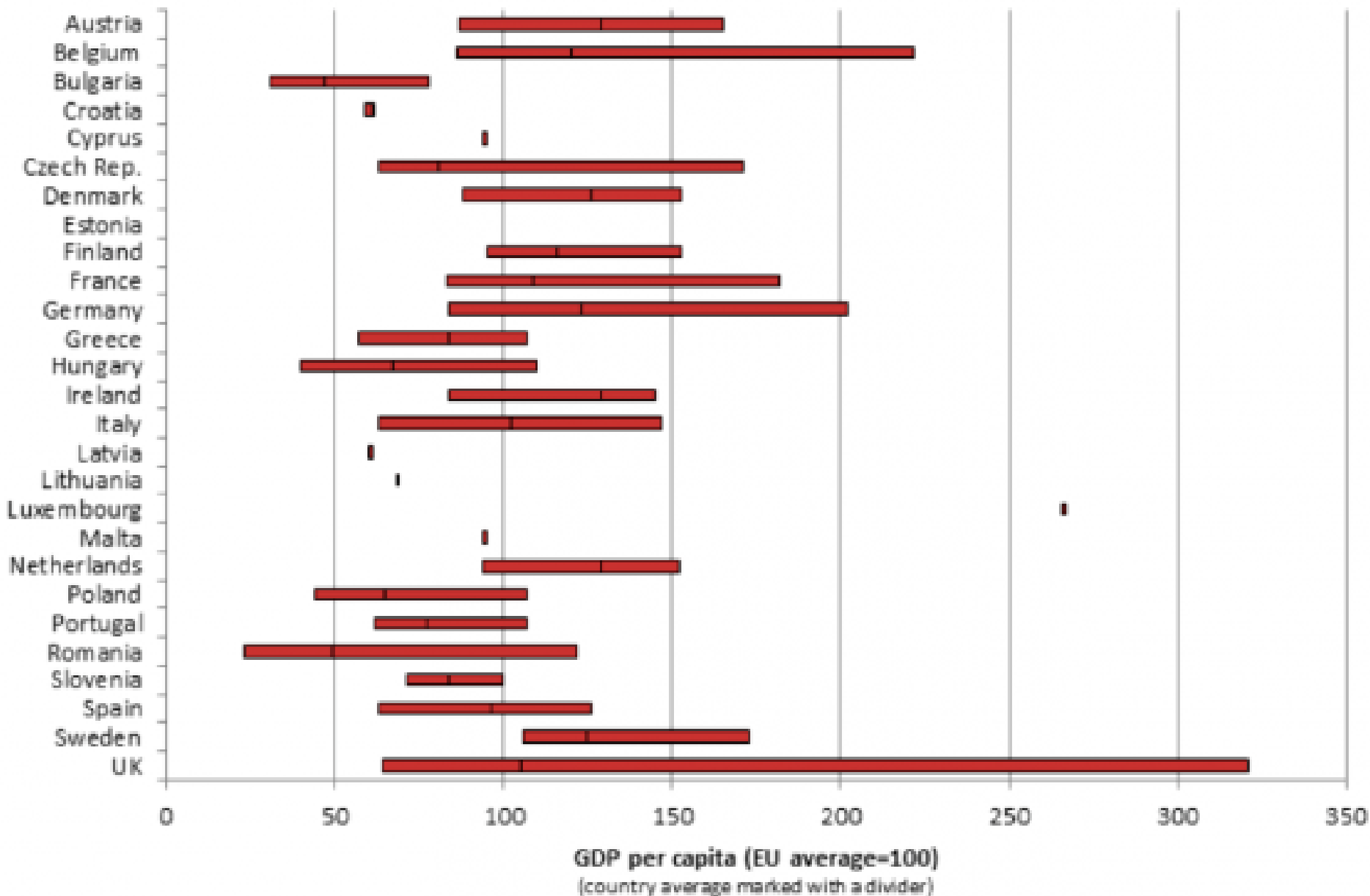
- The focus is on economic growth more than ever at central government level
- Assumption that a rising tide will 'lift all ships'
- The relationship between growth and inequality is confused with a lack of understanding centrally, of what economic development is about

Economic growth is decoupled from poverty?



Source: ONS, DWP

Regional inequality within EU members, 2011





Economic development: where are we?

- Economic development is no longer about councils alone: about all key organisations and anchors within a place – Community Planning illustrates this
- Increasingly about integration of resources, budgets and ideas
- We are in a unique moment - a public service 'paradigm shift'
- Shift from central to more localised control: opportunity to marry economic development and other drivers such as health, in a much more effective way
- Fundamental shift in the way that council's are funded – business rate retention and need to become more commercial



A partial devolution?

- Firmly in context of austerity
- Very little/no 'new' money. 'Northern powerhouse'?
- Policy seems to be incremental
- Little to date on democratic renewal
- Does government understand/get economic development?
- Fiscal reform and for NI, devolution of Corporation Tax – how much of a game changer might this be?



Devolution and how it links to current thinking around economic development

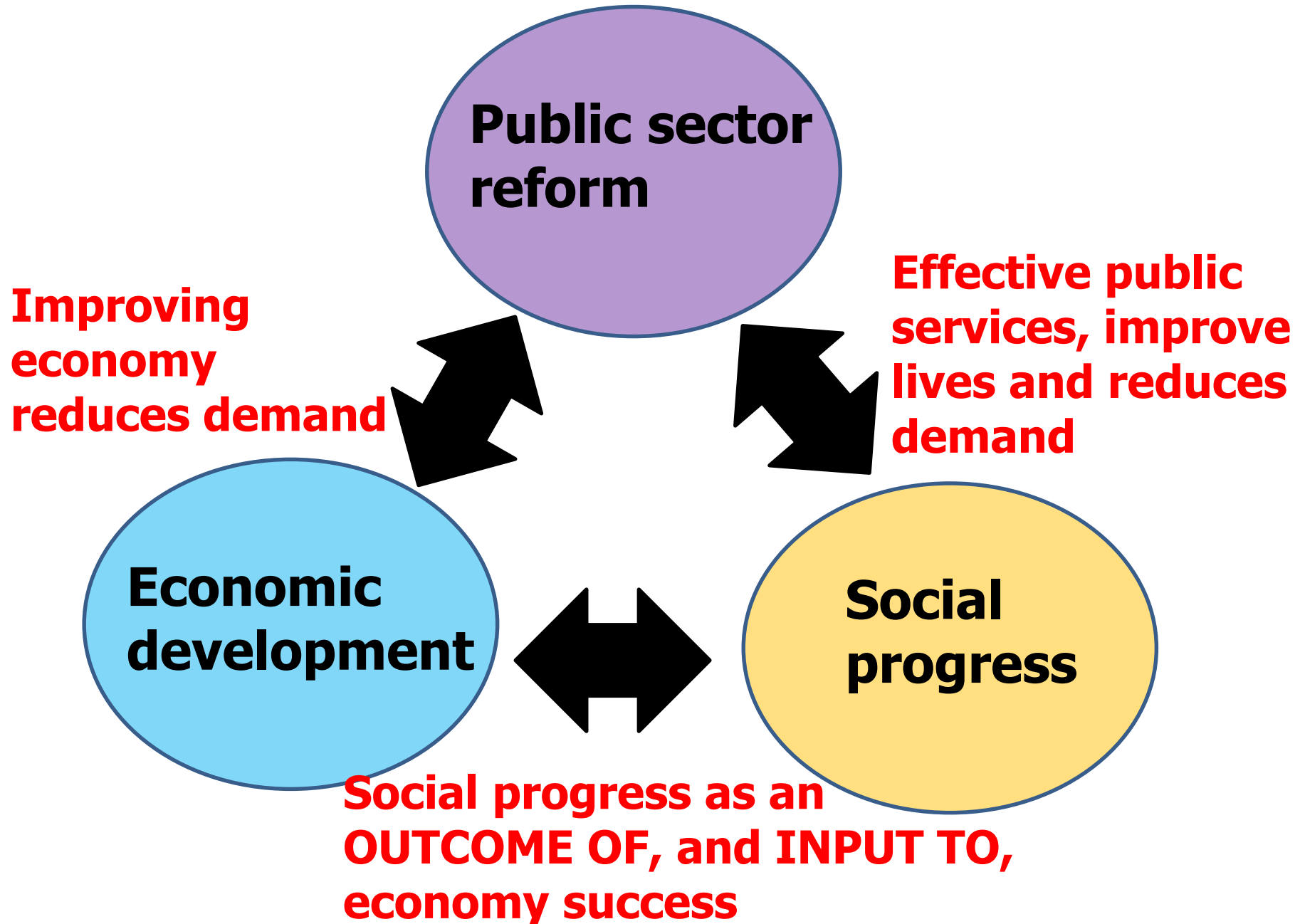
- Dominated by a economic narrative of 'New Spatial Economics'
 - Agglomeration modelling - trickle down and trickle outwards
- ESRC/LSE/Centre for Cities - What works for local growth centre
- RSA City growth commission
- Cities and city regions increasingly pulling in the resources: creation of city states? About winners and losers?
- Hard infrastructure emphasis - partial inputs to growth?



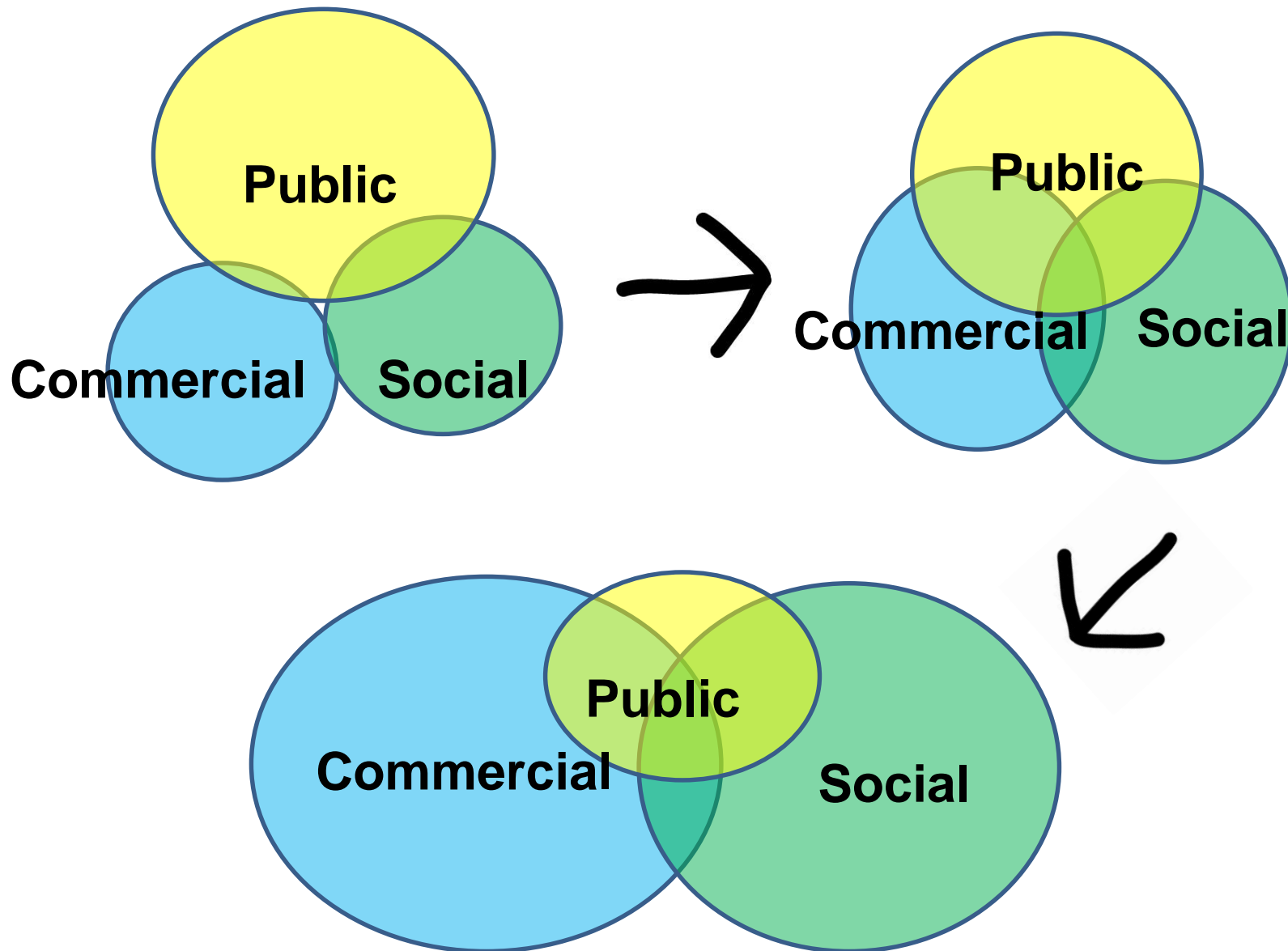
CLEES' view on what economic development needs to focus upon

- National economic planning framework with 'beefy' industrial strategy
- Fiscal devolution (but done with an appreciation of fairness)
- Decentralisation of public administration and employment
- Forceful, decentralisation of financial system
- Think plural - economic and social growth as two sides of the same coin
- Local government - bend it, shape it, contort it

System approach to economic development



We are on a collaborative journey...





Austerity – experiences from England

- Local government the hardest hit – 28% of total cuts between 2010/11 and 2015/16, by far the largest of all departments
- Department for Communities and Local Government (DCLG) is being cut by 56% from 2015/16 to 2019/20
- Many local authorities are pessimistic about their ability to deliver anything apart from the most basic of statutory services in future



Austerity – key services (Adult Social Care)

- The largest area of spending for local authorities, adult social care is a service area that is in crisis
- Spending is falling within the sector, with a funding gap of £1.9 billion expected by 2015/16
- Councils are increasingly turning to charging for care. There is more likely to be a menu of services in the future
- On average, service users were paying £588 more in real terms in 2012/13 than they were in 2009/10

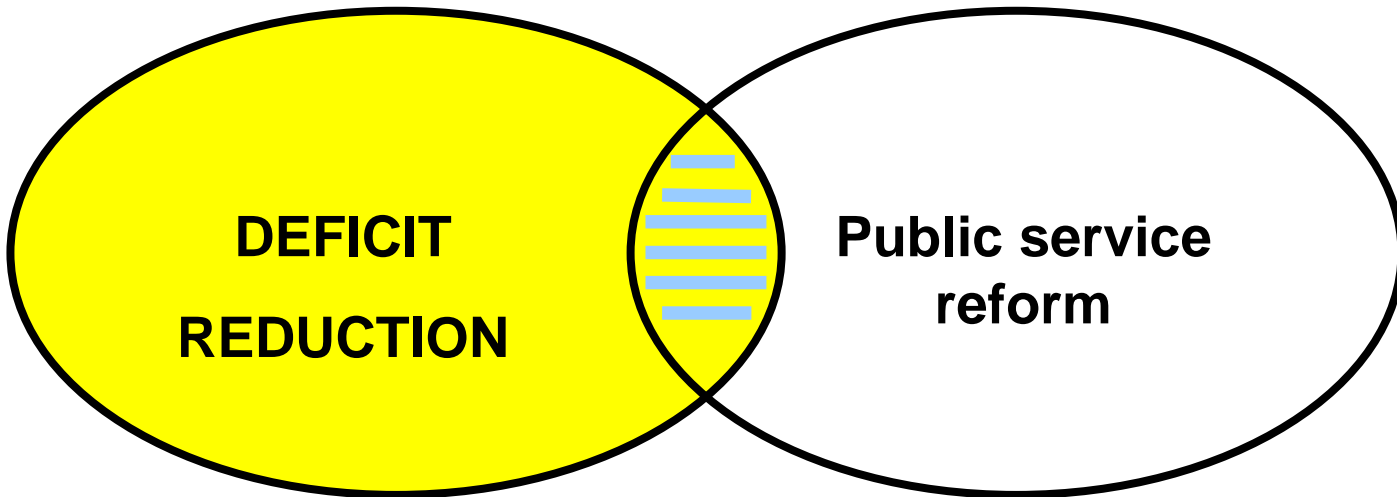


Austerity – key services (Children's Services)

- Funding unlikely to keep pace with increasing demand, particularly in the area of child protection and social care
- Many councils have had to significantly cut preventative, early intervention and early years support
- Between 2010 and 2013, spending on children's centres fell by 28%
- Implications for reducing child poverty. For the first time in more than 17 years, child poverty in the United Kingdom increased in absolute terms in 2011-12

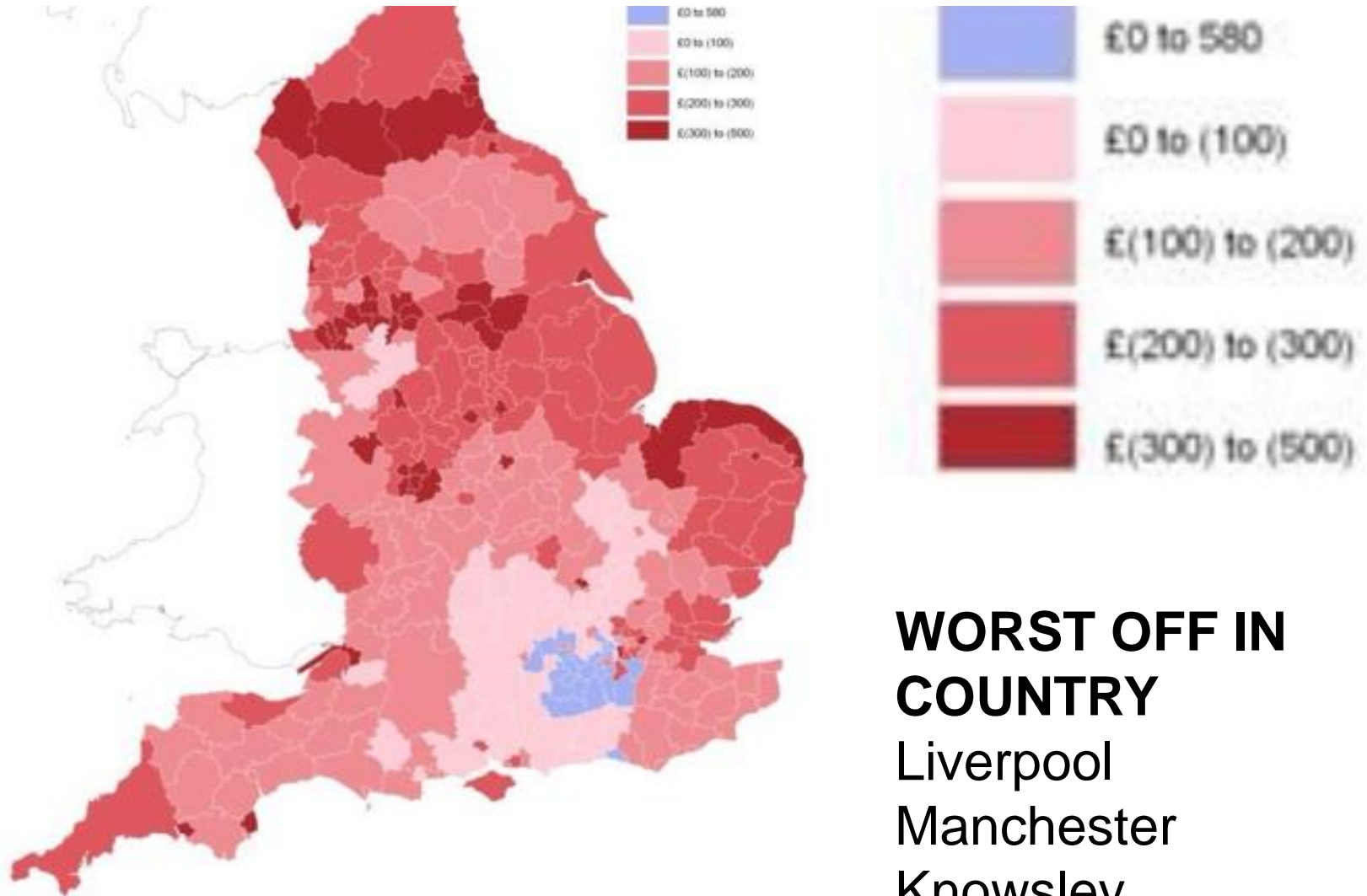


Austerity – the overlap between deficit reduction and Public Sector Reform



Overlapping and entwined!

Impact of local government cuts by 2017 (per head of population)



WORST OFF IN COUNTRY

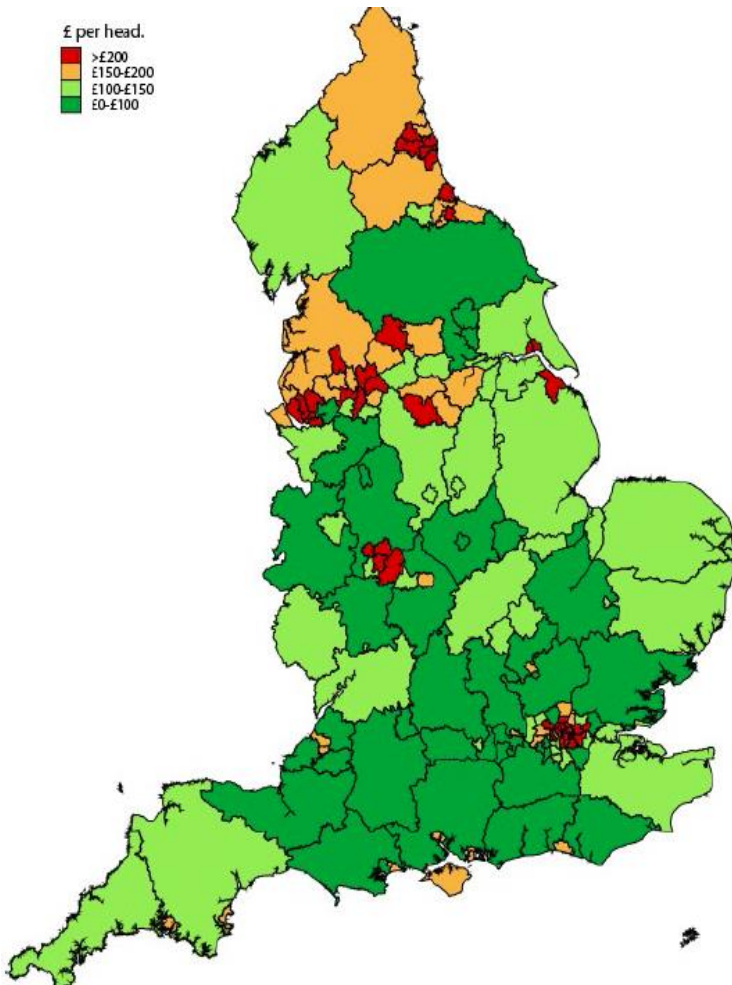
Liverpool
Manchester
Knowsley
Blackpool



Financial losses in council spending power and welfare reform

1. Change in spending power 2010-2015

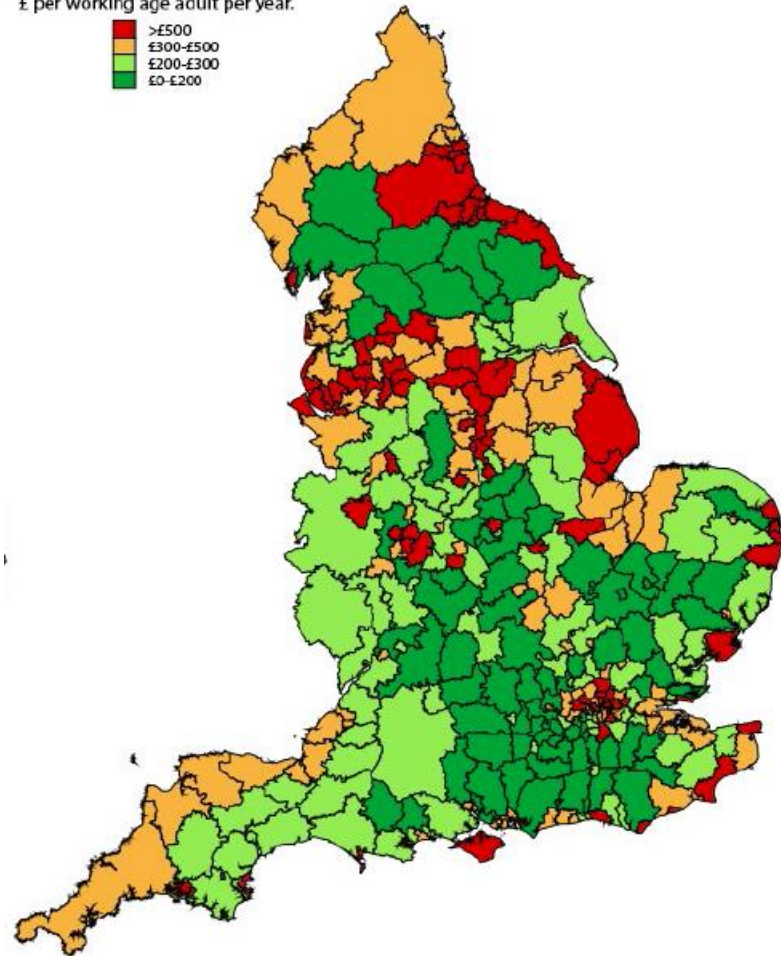
£ per head.
■ >£200
■ £150-£200
■ £100-£150
■ £0-£100



2. Financial loss from welfare reform.

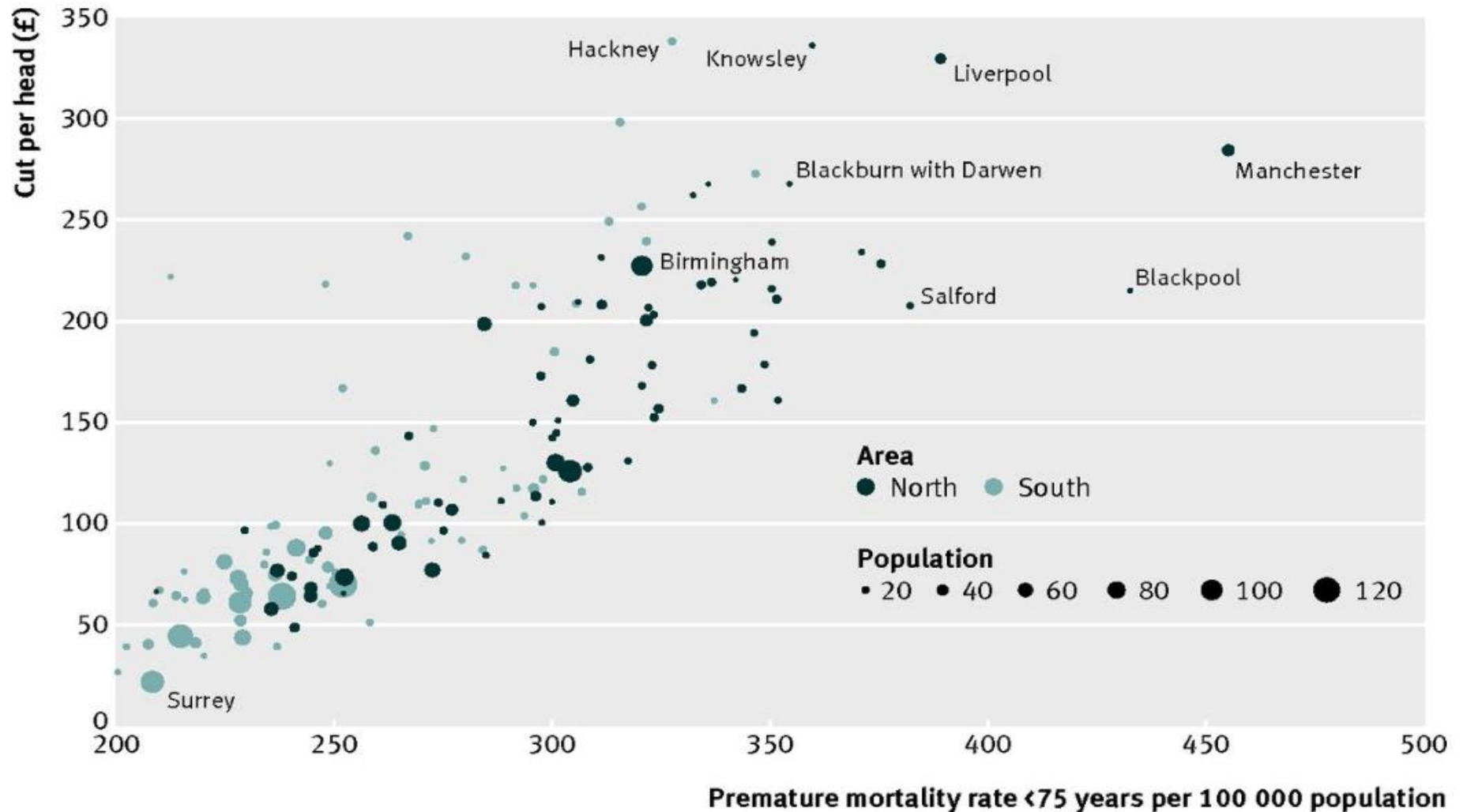
£ per working age adult per year.

■ >£500
■ £300-£500
■ £200-£300
■ £0-£200





Cuts in council budgets highest in areas with the worst health outcomes





Council responses

- Moving away from universal provision
- Vulnerable people's needs not always being taken into account
- Some councils have well formed strategies to protect frontline services
- Others have radically cut back their functions: market driven provision
- Increasingly outsourcing services
- Main challenge in ensuring that inequalities are not exacerbated: shift towards integration and collaboration



International Perspectives (USA)

- In 2015 CLEES visited Cleveland, Ohio; Pittsburgh, Pennsylvania; Philadelphia, Pennsylvania; and Providence, Rhode Island
- Cities which have faced and responded to economic decline, growth and social development opportunity
- Scale of inequality across the cities was huge
- **Key lesson:** major emphasis on philanthropy, much more than in UK
- **Key lesson:** local state is an enabler through more powerful statutory functions
- **Key lesson:** entrepreneurs given the space to innovate with new markets being shaped by places



International Perspectives (USA)

- o **Key lesson:** lack of a balance between economic and social growth resulting in entrenched inequality
- o **Key lesson:** trust in a strong social sector that can deliver economic outcomes
- o **Key lesson:** collaboration is effective and action focused



International Perspectives (Europe)

Development of inclusive local economies

- Barcelona: dual approach focused upon economic and social growth
- Copenhagen: social zones support economic growth in areas of business which also addresses social development targets
- Portland: centred on marrying 'bottom up' and 'top down' governance processes
- Lille: Commitment to ensure that all redevelopment benefits local people

Sharing lessons on procurement and economic development

- CLES involved in the URBACT III Programme: transnational programme about cities and people
- Supporting and facilitating change across a host of cities through helping them amend their procurement practices
- Shared learning across 20 different themes



Adriannolan@cles.org.uk

0161 236 7036