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# Local Economic Growth: For the Many or the Few?

**Regional Studies Association Annual Conference  
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# Context

- Heseltine 'Growth' Review
    - Coalition Government's local economic growth agenda: implications for non core/less prosperous areas
    - Past work on regeneration policy under New Labour; ongoing work on current initiatives
  
  - pursuit of national economic growth agenda
    - social and spatial inequality widening
    - London and wider South East: drift from rest of UK economy
    - public sector cuts – major reductions in regeneration related funding
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# For the many or the few....

- direction of travel reinforcing spatial inequality
    - focus upon high growth areas: “support the strongest first”
    - rhetoric of rebalancing
    - unspoken approach of ‘managed decline’?
  - significantly changed context: moment of opportunity?
    - Localism - opportunities available to all places?
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# Policy dilemma: localism, social justice and the state

- case for 'Localism'
    - stimulate innovation, creativity, participation
    - need for freedom from centralised control (targets..)
  - *but* need to support equality of outcomes/opportunities
    - postcode lotteries; role of national rules/universal standards
  - role and nature of the state?
    - limits of state power (e.g. over regional inequalities)
    - need to reduce inequalities of power/mobilise power of non state actors
    - wider debate: e.g. 'relational state' (Mulgan: priority to human relationships)
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# Learning lessons from New Labour (and before...)

- limited focus upon economic growth at the sub-national level
    - limited success in putting in place the right institutional and governance arrangements;
    - economic growth often 'in spite' of these
    - constrained ability at local/city/regional levels
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# Constrained ability to promote local economic growth

- size of challenges/size of resources
    - limited competencies, instruments and resources at local level
    - limited private sector engagement (e.g. lack of smaller local banks; strong business associations)
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# Constrained ability to promote local economic growth

- scale for intervention
    - variable and changing economic geographies and relationships between places
    - appropriate spatial scale for different types of intervention (e.g. inward investment; skills and training etc.)
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# Constrained ability to promote local economic growth

- co-ordination & integration
    - enterprise, education; training; skills; planning, transport, sectoral strategies
    - local alignment/central government silos
  - time horizons/continuity
    - short term initiatives changes of policy direction (ABIs/political cycle) > long term strategic investments
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# UK local economic growth and regeneration model characterised by...

- weakly devolved local powers and weak PS engagement
  - search for a scalar fix
  - lack of integration
  - lack of strategy/short termist
- 
- successful activity has overcome some/all of these
  - these challenges remain for all places/ localities
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# Coalition Policy: addressing challenges in core/growth areas

- greater devolution of power
    - London
    - City Deals
      - initially 8 core cities/LEPs
      - most innovative of new measures
  - business lead/private sector engagement – greater scope to 'lever in' PS resources
    - development opportunities
    - larger businesses (CSR); growing and diverse businesses;
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# Addressing challenges in core/growth areas

- greater financial resources
    - new financial models favour areas with higher rates of economic activity/development opportunities/house building (e.g. localisation of business rates; CIL; TIF; New Homes Bonus)
    - opportunity to reduce dependency on government grants/integrate funding streams
    - benefit from other large scale public investments
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# Addressing challenges in core/growth areas

- *but* challenges of high growth and localism
    - planning conflicts & political pressures
    - high growth versus local residents
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# Meeting the challenges – less prosperous/marginalised places

- scale of economic challenges
    - weak economic base (e.g. deindustrialisation)
    - poor physical environment
    - higher concentrations of unemployed and socially disadvantaged residents
    - often bypassed by growth processes (e.g. lack of skills)
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# Meeting the challenges – less prosperous/marginalised places

- devolution and 'in between spaces' in new institutional landscape
    - less clear economically functional economies
    - weaker governance arrangements
    - excluded areas
      - LEPs
      - City Deals; e.g. wave two City Deals
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# Meeting these challenges – less prosperous/marginalised places

- limited business engagement
    - weaker proposition for business involvement
    - fewer large businesses/weaker private sector
  - less financial resource
    - greater impact of public sector cuts
    - less ability to use new financial models
    - fewer market-based development opportunities
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# Meeting these challenges – less prosperous/marginalised places

- *but* advantages can include
    - place based commitment – focus through adversity
    - desire for growth/change
    - assets of local areas & residents
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# New policy landscape and spatial inequality

- Localism agenda: process of devolving power and strengthening of weak institutions
  - changes in power relations set to benefit growth areas – limited offer for no/low growth areas
  - social justice agenda increasingly detached from economic growth agenda
  - no mechanisms for spatial rebalancing
    - no long term industrial strategy
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# Rationale for intervention.....

- negative consequences of 'redundant' areas
    - interventions needed for change within acceptable timescale
  - evidence that sustainable long term improvement is possible locally - *extent* depends on:
    - scale of resources levered in
    - adoption of strategic approach – one that builds upon assets of local area and residents
    - combining a mix of support
    - capacity of development partnership
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# Need for new economic growth models...

- what type of economic growth? Beyond GDP
    - environmental impacts of growth
    - inequality of growth
    - measuring social value
    - value natural or human-made capital stock
    - well-being/quality of life
  - reconsider nature and extent of state role
    - meaningful localism and national norms of social justice/equality
    - qualitative state, relational state?
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