

# Promoting sustainable local economic development for all areas: Looking forward or looking back?

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## Abstract

A review and analysis of recent attempts to promote local economic development and improve public services that considers the potential role of the ‘growth coalitions’ and ‘smart local government’ project in progressing and creating synergy between these two agendas. A critique of the current growth agenda, as represented by Local Economic Partnerships and the Single Local Growth Fund and whether it connects with the potential growth opportunities that can be realised out of local public service expenditure. A consideration of whether Community Budgets, as the current approach to improving local public services, represent a new managerialism rather than a new ‘transformation’ agenda to better meet the needs and address the well-being of local people. Suggestions are made about how to capture the inherent value, and realise transformational change in the provision of local public service services along the lines of the decade-old ‘growth coalitions’ and ‘smart local government’ project. Also, about adding value by creating synergy between local public service expenditure and the work of Local Economic Partnerships and the Single Local Growth Fund, for the benefit of local citizens and growth.

## Keywords

Community Budgets, growth coalitions, Heseltine Review, Local Economic Partnerships, Single Local Growth Fund, smart local government

Last year, Lord (Michael) Heseltine, at the invitation of the Government, came out of retirement to address the matter of how to increase UK economic growth rates. His report, *No Stone Unturned*, was published earlier this year (Heseltine, 2012). It focuses on regional Local Economic Partnerships (LEPs) as agencies to deliver the Single Local Growth Fund, otherwise known as

the Single Pot of regional funding for infrastructure (housing and transport) and skills development.

The LEPs (along with City Deals) are borne out of campaigning mainly by certain

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think tanks to see growth promoted by sub-national agencies that relate to market, or 'travel-to-work areas', as defined by classic mid-20th-century economic theory. These areas are considered to extend well beyond the typical top-tier local authority (LA) area, the local conduit through or within which most local public expenditure is channelled.

These LA areas form the basis and focus for most local public service planning and delivery. Their boundaries may be arbitrary, but in the context of early 21st-century economic growth (or decline), it can be argued that spatial arrangements to support growth are perhaps best based primarily on the needs of local citizens, particularly those supporting well-being by fostering independence and resilience. Other regional mechanisms have played and can play a coordinating role in terms of meeting mainly large-scale infrastructural requirements for local growth.

### **'Growth coalitions' and 'smart local government'**

My work on the 'growth coalitions' and 'smart local government' project began a decade ago. Growth coalitions sought to drive growth in all local economies on the basis that what is good for local people – good housing and education, a good environment etc. – is good for local business. It was focused on the need for an overarching economic or growth-driven strategic vision making local services work better for local people and the national economy by utilising the 'tools of government'. This effectively would lead to a rationalisation and coordination of local services and the development of the local area, addressing what I termed 'initiativitus'.

It concentrated on working with or adapting and developing existing mechanisms for governance, strategic leadership, organisational working, programme

development and funding in order to realise a better scenario for local business, communities and service users. It aimed to get rid of the wastage, in terms of releasing unrealised potential for people and places that remains inherent in the system, realising significant efficiencies. This was the precursor to Local Area Agreements, Total Place, Community Budgets, City Deals, LEPs and the Single Pot, etc.

There were engagements with various ministries including DCLG, the Treasury, the Cabinet Office and Numbers 10 and 11 on this agenda. First, the Treasury pointed me towards their work to help drive UK growth. A specific recommendation from the fourth paper in their series, 'Productivity in the UK', was 'the local dimension' which called for a single local strategic body to ensure that the value of local public expenditure was captured for the benefit of economic growth (HM Treasury and Office of the Deputy Prime Minister, 2003). I was then invited to provide expert evidence to the Cabinet Office's 'Improving the prospects of people living in areas of multiple deprivation in England' review (Cabinet Office, 2003). This led to my evidence to the Lyons Review into Local Government, contributing to its extended remit and focus on the role of LAs in fostering local economic development (Cabinet Office, 2005, 2007). I was then invited to provide evidence to the Treasury's review of sub-national economic development and regeneration (HM Treasury, 2007) with proposals to strengthen the role of LAs in promoting economic growth and for LAs to coordinate on this at the sub-regional level.

The challenge now is how government, the LEPs and local public service providers can 'square the circle' and ensure that local citizens as well as UK PLC can best reap the benefits of growth. Many of the proposals enshrined in the growth coalitions and smart local government project ring true

today and can assist with this conundrum. Perhaps if we had had maturing growth coalitions by now many local economies would not be faring so badly from the current financial crisis and have realised a turnaround in fortunes much earlier.

### **Local authorities leading economic growth**

LAs are at the centre of this equation and are charged more than any other body with ensuring that they support the well-being of their residents. This is the opportunity to re-establish their leadership credentials through local fora like the Health and Well-Being Board (and, dare I mention, the Local Strategic Partnerships or suchlike, where they remain, can be reinvigorated or re-born).

LAs can foster local public services provision funded through the conduit of an economic growth-focused local partnership that is fit for purpose in terms of meeting the needs of local people and the national economy (promoting economic growth, health and well-being etc., and fiscal discipline). Local public service providers can then, in turn, collectively engage with the LEPs to ensure that the Single Pot and the local public service expenditure are working in a coordinated, value-adding way.

### **Revisiting growth coalitions and smart local government**

*The Sustainable Communities Act 2007* (HM Government, 2007) drew on the objectives and lexiconology of ‘growth coalitions’ and ‘smart local government’, providing for the ‘sustainable community strategy’ (p. 4) and economic development of an area, the sustainable community strategy being the overarching plan establishing a vision for an area containing key priorities, with an adaptation of the then Local Area Agreement (LAA) as the delivery plan, promoting incentives for partner engagement.

This work has also influenced the development of Total Place and Community Budgets’ work around service redesign leading to integration and improved outcomes for end-users. However, there is no steer or driver for Total Place and Community Budgets type work, or the process and apparatus to realise transformational change across the board.

As with Community Budgets, LAAs as a tool of government working in isolation from other mechanisms were an attempt to rationalise a range of disparate funding regimes emanating from different ministries of state. They were a centralist, managerial response to local managerial problems. Community Budgets are similar, but with the benefit and hindsight of the experience of the Total Place programme, providing a veil of ambition to benefit end-users of local public services.

There is still no main driver or overarching strategy to promote local growth or to join up and integrate the interconnected system of local public services and the way in which individuals engage with these services to contribute to people’s well-being.

I have argued, through the work of the growth coalitions and smart local government project, (prior to the idea of LAAs, Total Place or Community Budgets, LEPs or the Single Pot) that factors afflicting the local public services ‘system’ cannot be resolved, and ‘wicked issues’ (now identified as those affecting many of the recent rioters, subjects of the recent Troubled Families programme) significantly addressed, without utilising the tools of Government and the existing mechanisms for local partnership work and service delivery ‘to make things work better for local people’.

I maintained that all relevant funding for local public service delivery should be accessed locally via the conduit of the Local Strategic Partnership (LSP). The LSPs, building upon their past work producing a Sustainable Community Strategy and

experience of LAAs, should be open to and determine local membership from the range of organisations concerned with the provision of local public services.

Together, they will undertake a joint analysis of local issues for public service delivery, develop a needs assessment and a strategy and action plan to meet objectives. The themes, programmes and projects will be SMART, identifying service providers, providing a locally determined performance management framework and open dataset.

The totality of this LSP work can be presented as a document to be negotiated and agreed to with a government regional presence. This is the way to kick-start the growth of local economies and local public services, to the benefit of all members of the local population, not just families.

## **The frontline**

The local population and valued frontline workers are core to this local, sustainable approach and attempt to coordinate and integrate local activities to best benefit the end-user rather than the central or local public service organisation managers. Perhaps this is a good way to value and engage with frontline workers as part of the solution, as opposed to encouraging managerial changes in organisations which promote the development of mutuals and the enforced introduction of competing providers of services. These proposals will upset and change the 'whole system' to the detriment of the continual pressing need to successfully address particular issues in local communities.

## **Funding driving local growth, service improvement and efficiencies**

Only this locally determined growth-focused local service provision will be

funded by government ensuring that there is a coordinated, aligned or pooled approach as necessary. Local public service provision and its expenditure will be led by the 'driver' – local requirements for growth and local people's issues and experiences of local services in addressing these issues. Necessary efficiencies for local organisations will accrue from this process.

The focus for the work of the LSP, being a growth coalition, ensures that the preconditions for local growth are considered with local growth becoming an overarching objective and glue that links disparate elements together on the basis that what is good for local communities is good for local business – and vice versa.

This movement (driven centrally by the Treasury, supported by Number 10) in turn, for the first time provides the real opportunity for business to engage with, contribute and add value to local public expenditure decisions and actions arising from these decisions. It facilitates investment and the development of the local private sector economy – a key requirement and a necessary contributing factor for national growth.

## **Growth and jobs**

Growth and jobs are intricately associated with and have inter-dependable impacts upon conditions found in local communities and affect individual well-being. Those working on the Troubled Families programme are beginning to realise this. Getting people into work is a key objective and is an issue that can have the greatest implications for alleviating the conditions troubled families find themselves in. Much work still needs to be done around the European Social Fund families programme and the Work Programme, also on local economic development and the skills agenda (including through LEPs and the Single Pot).

There is also much to be gained from working on the ground, for example with schools, not only addressing exclusion and attendance rates, but working intensively with young people to prevent or ameliorate the situation they may be moving towards or find themselves in, in terms of the frequent negative cycle of poor achievement, behaviour, attendance, and potential criminality, all factors likely to lead to worklessness. All of this work needs to take into account issues around delivering services for prevention and early intervention (also known as early action), also on a targeted and universal basis.

## Managerialism

Following the pre-budget report of 2009 I wrote a leader opinion piece, ‘We need to remodel service provision – not tinker’ for the *Local Government Chronicle* (Fineberg, 2009: 2–3). I wrote:

The remodelling of the existing architecture is necessary to address the needs of communities.

How will the totality of local public services expenditure address economic conditions locally (and therefore for UK plc) without an economic driver?

The preconditions to economic growth are influenced by the whole gamut of activities of local public services contributing to general wellbeing.

Yet there is no attempt to drive and relate such work, or realise sustainable local economies connected to the real economy. Instead, the most deprived individuals and communities will continue to be marginalised; lost communities will be made reliant on public services and financial support at a high economic and social cost, resulting in ever-dependent individuals and local communities disengaged from civic life.

These are the consequences of not acting...

Quite clearly, there has been an evolving managerialist model for the funding and

provision of local public service provision and the promotion of growth which has become increasingly distant from the notion of engaging with and directly addressing the issues found in local communities. This, despite all of the excellent practice of frontline workers on the ground making the system work the best they can to meet the real needs of local people.

Whilst I have been proposing an approach to address the managerialist model and the deficiencies mentioned above, I have also reflected on this cyclical movement arising from the introduction of similar, yet differently presented government funding regimes and see the evolving Single Pot, Community Budgets and other funding regimes as the current representation of this periodic movement.

## Looking forward or looking back?

The danger is that manifestations of localism, as they stand, miss the great opportunity to build on and add value to the architecture of LSPs and re-worked LAAs etc., built up several years ago around the developed role of local authorities. The remodelling of the existing architecture around LEPs and the Single Pot is so necessary to address the wellbeing of local communities.

Mark Prisk MP (minister for Housing and Local Government) recently wrote to me (June 2013). He stated:

...the Government shares Lord Heseltine’s view that local authorities must put economic development at the heart of all they do. For local government to become the engine of growth that it needs to be, we are clear that local authorities need to transform their activities on driving economic development...

...The creation of the single Local Growth Fund presents significant opportunities for those places that want to grab

them and I want to see all areas raise their game, coming up with innovative proposals.

Meeting recently with the Labour Party policy team, I talked about the movement from the past, addressing welfare and looking forward to an *enterprising* Britain. We are now in different times, in a different world and a new economic era. It is as ever the now ageing adage: 'It's the economy, stupid'. The task is to repair a broken economy and society, domestically and internationally, with Britain again making its way in the world.

Most recently, the Government as part of its Spending Review for 2015–2016 provided more details on its plans for LEPs and the Single Local Growth Fund (HM Treasury, 2013). They state that: 'There is a powerful case for giving local business and political leaders the levers they need to create jobs and drive growth' (p. 57) and that: 'Every locality must be able to fulfil its potential by taking responsibility for decisions and resources that affect their local economies' (p. 57).

Their plan is that funding is to be allocated to LEPs on the basis of a 'Growth Deal' (p. 60) negotiated with central government. An area's allocation from the Single Local Growth Fund will be available to be spent on the priorities LEPs and their partners have determined in their new strategic economic plans. LEPs and the member local authorities will then agree how to spend this funding in line with their strategic economic plans as agreed through the Growth Deal process.

LEPs will be asked to develop multi-year strategic plans, bringing together funding proposals from the Single Local Growth Fund with plans for EU Structural and Investment Funds, and details of leveraged

funding from local authorities and the wider public and private sector. The Government claims that: 'These plans will . . . ensure that everyone with an interest in a local area is driving in the same direction' (HM Treasury, 2013: 63).

On the basis of these strategic plans central Government and each LEP will negotiate a Growth Deal to give, as the Government states: 'local areas greater resources, powers and influence' (p. 63). This will include an allocation from the Single Local Growth Fund, made at a single point through a competitive process to strengthen incentives on LEPs and their partners to generate growth.

Finally, the Government claims that these reforms, including the development of strategic economic plans through a process that brings together central government, LAs and the private sector, will 'drive greater coherence in local areas and a shared understanding of the economic development of an area' (p. 63).

As a practitioner, I look forward to ensuring that the development work and bids for the LEPs' Single Pot (Single Local Growth Fund) provide the opportunity for LEPs and LAs to work together to ensure that Heseltine's growth plans can capture the potential of local public service expenditure.

## Notes

1. Adam Fineberg is an Advisor on economic development and local public services. Further information is available at [www.growthcoalitions.org.uk](http://www.growthcoalitions.org.uk).

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