



Rebalancing our economic futures: A new way of looking at Economic Development

Wednesday the 14th of July 2010

Neil McInroy, Chief Executive, Centre for Local Economic Strategies



Outline

- o **Context is changing**
- o **The problem with economic development**
- o **Introducing the concept of 'resilience'**
- o **Our research on economic place resilience**



Background: changing context

- o **Place:** Shaping/making and making resilient places is going to get harder
- o **ECONOMIC:** Globalisation and speed of investment and disinvestment – ongoing economic turbulence
 - o Crisis of financial credit and growth
 - o Crisis in public sector resources
- o **SOCIAL:** Migration, population and spatial growth – ongoing flux
 - o Ageing
 - o Inequality
 - o Environmental migration



Background: changing context

- Place shaping/making and making resilient places is going to get harder.
 - **ENVIRONMENTAL:** Environmental resource restraints – more crisis
 - Peak oil, Peak soil, Peak water
- Place shaping but also place shielding will be needed
- All of this makes planning, urban design, economic development, community development and architecture VITAL
- As CLEES suggest these disciplines should be the 'new environmentalism'. Working with RSA on this concept (Published September)

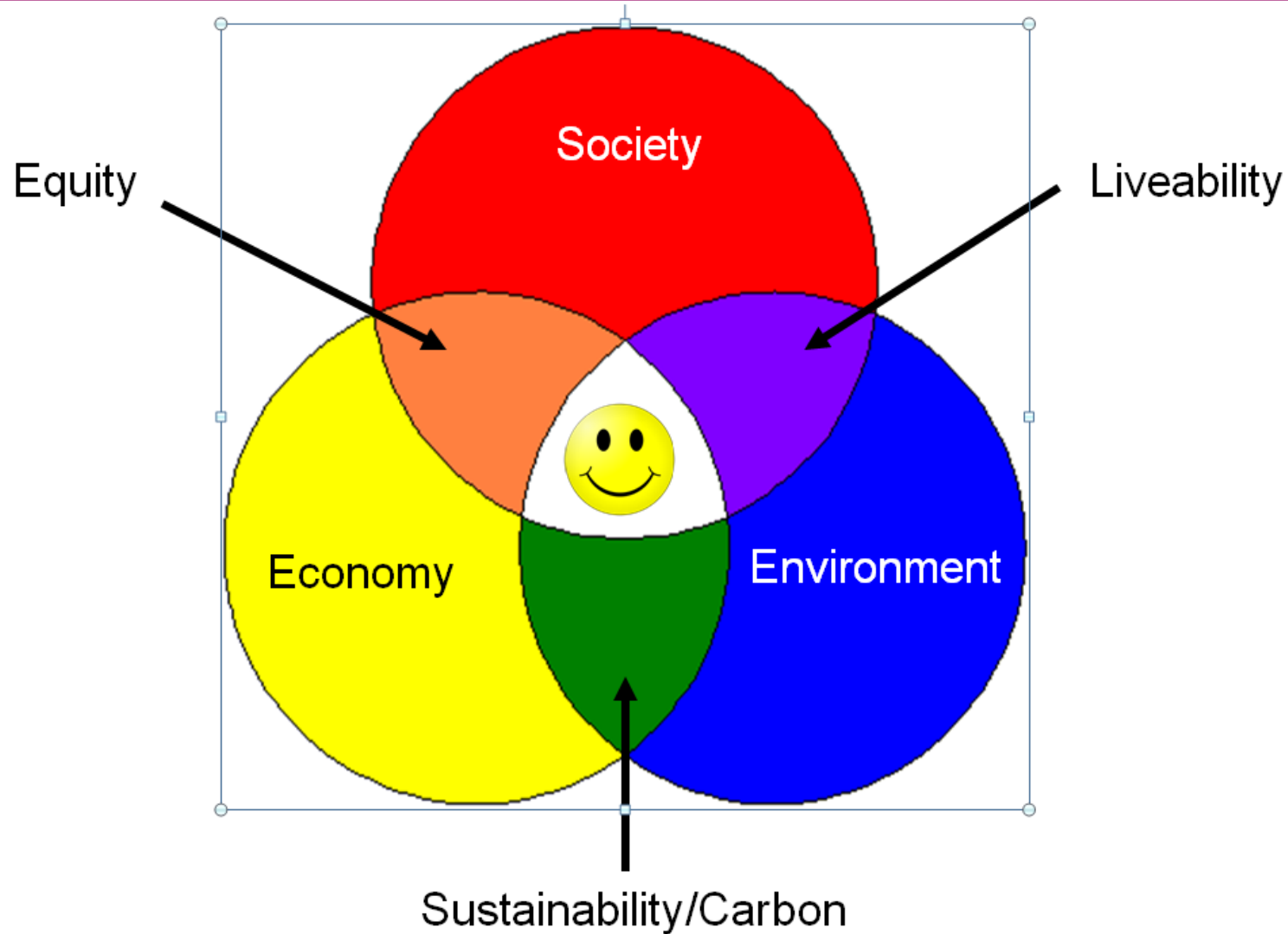


Economic development is just not good enough!

- Boom times did not work for many places, people, communities
- Not enough emphasis on place
- Not bespoke. Some economic development 'stamps' on local identity
- Economic development is failing to embrace the challenges of our time
- Decoupling growth from carbon
- Not balanced
 - Not enough emphasis on manufacturing and exports
 - Neglects social economy
 - Too much focus on inward investment and not local demand



Background to economic resilience





Local Economies as a Network of activity

- Successful places are networks
- Local economies are not freestanding
- Network of social, public and commercial activity
- Our places are dependent upon complex connections
 - Vulnerable to small disturbances
- Resilience allows us to think about connections and ways in which we can strengthen these links



What is Resilience?

Resilience is an emergent property of a system – it's not a result of any one of the system's parts but of the synergy between all its parts.

Thomas Homer-Dixon, *The Upside of Down*, 2006.

*Economic place resilience is a place quality, where there is capacity and ability within that place to deal with negative change without collapsing, to withstand shocks, to adapt, to rebuild and learn. **CLEES***

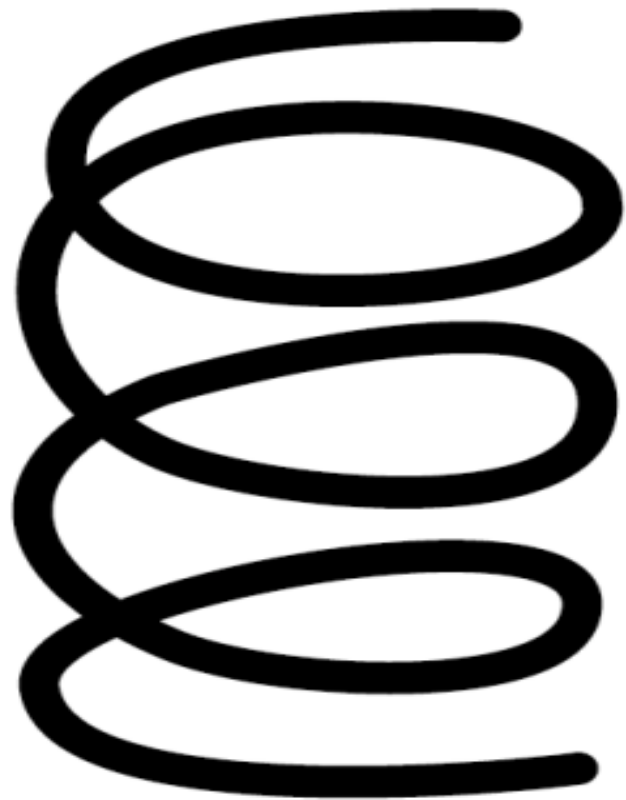


Key Principles around 'resilience'

- Resilience is not about the passive maintenance of a situation
- Its more active, its about:
 - being ready to take on opportunities
 - responding to shocks
 - dealing with change
 - being adaptable
 - taking a punch and bouncing back
 - ensuring our local economies do not to go 'belly up'
 - making our economies to go.....



Creation of place resilience



boing!



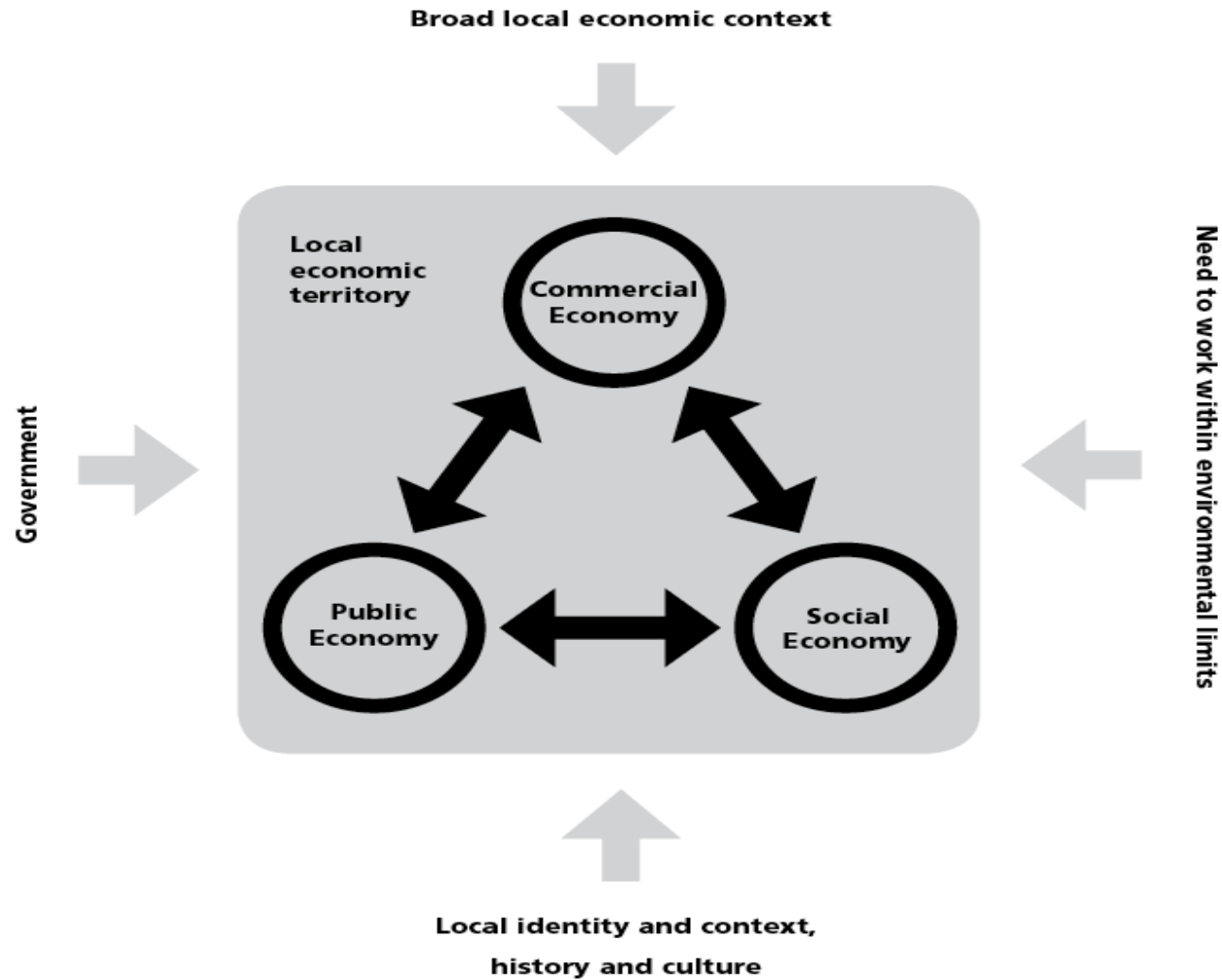
CLEES research and work on place resilience

“What factors contribute to making a local place resilient, so that the environment is nurtured, the economy and wider society remains strong and ensuring no area or community loses out?”

- Resilience is a superior concept/word than ‘sustainability’
- Model developed- 6 country/place study around the world
- Applying it/testing it within UK and in Australia
 - Cambs, Northumberland, South Staffs, Ashfield/Mansfield, Gloucester, Tewkesbury and Cheltenham, Manchester and Dandenong – Melbourne (possibly)



Framework for measuring resilience





CLEES research areas

○ CLEES decided to take forward seven pilot research projects:

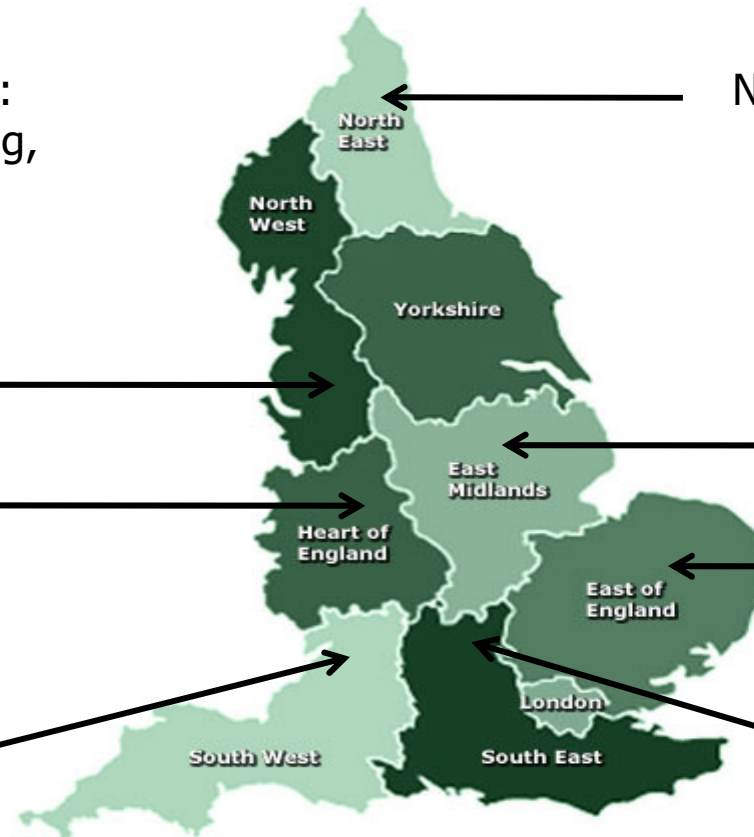


POSSIBLY:
Dandenong,
Australia

Manchester

Southern
Staffordshire

Gloucester,
Cheltenham and
Tewkesbury



Northumberland

Ashfield and Mansfield

Cambridgeshire
and West Suffolk

Cherwell

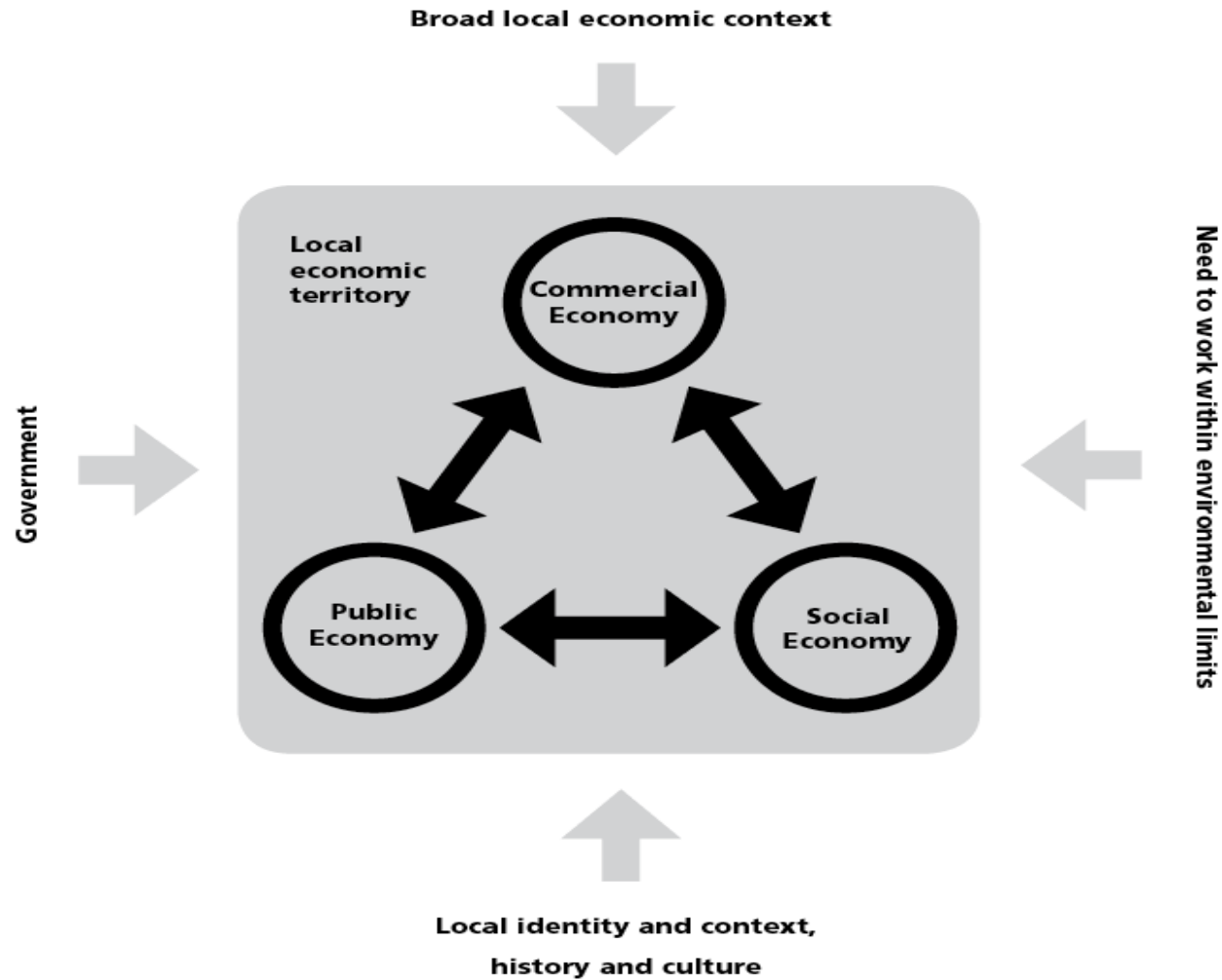


CLEES research: Key Questions

- Why do some areas respond positively to change?
- What makes some places resilient and others not so?
- What is an areas readiness, response, recovery and learning which create resilience to individual shocks?
- How does this relate to economic strategies, sustainable community strategies and delivery?



Framework for measuring resilience





The place resilience model

Public economy

Everything driven by Public taxation system.

Social economy

Contribution of community activities and networks to the local economy including 'core' economy, social enterprises, social business, community sector, voluntary sector

Commercial economy

The commercial economy is defined as economic wealth creation generated by businesses that are privately owned and profit motivated.

THESE ASPECTS ARE INTERDEPENDENT and THE RELATIONSHIP BETWEEN THEM IN A LOCAL PLACE ARE KEY

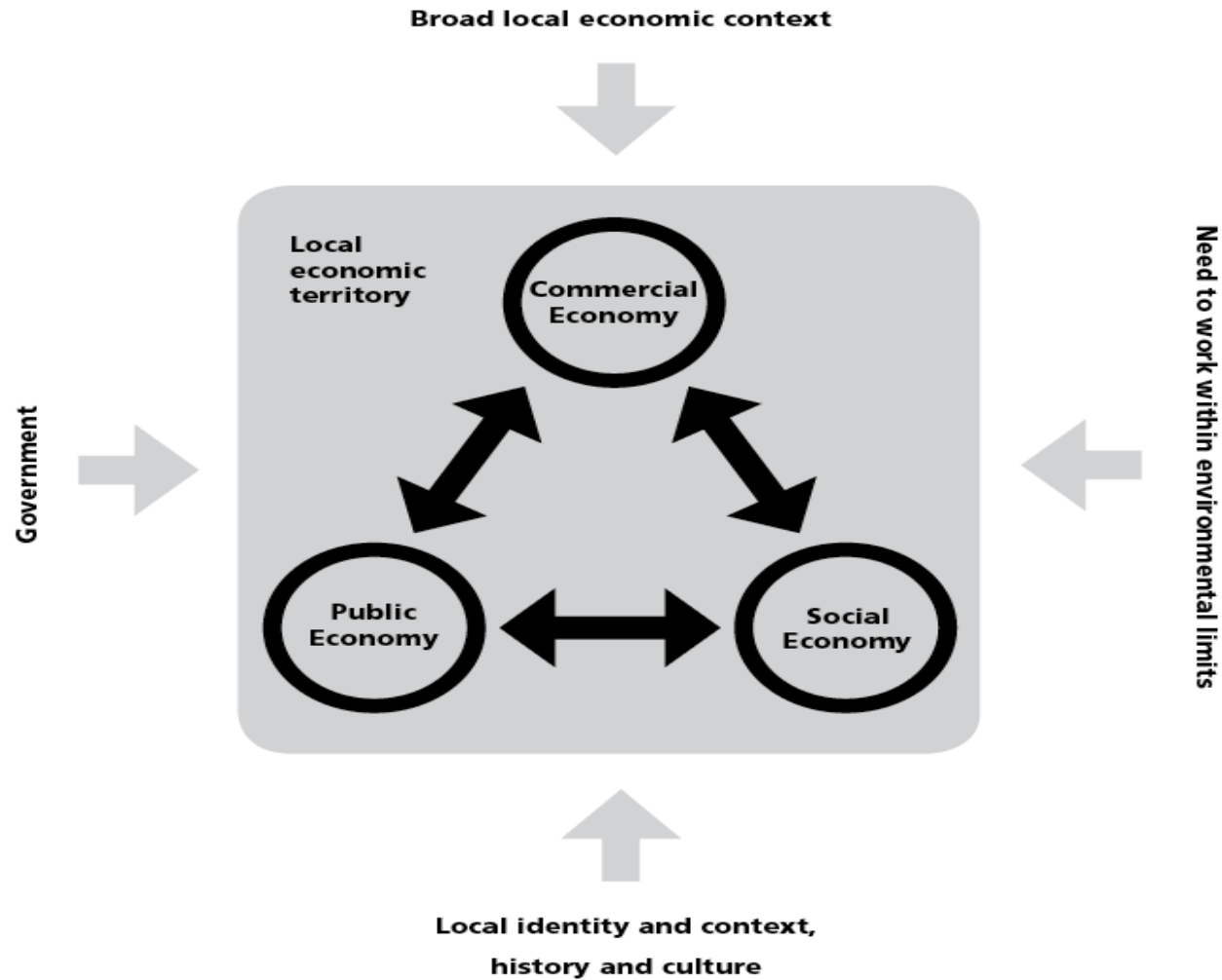


Stages of resilience

- Measures 1-3 = public, commercial and social
- Measures 4–6 = Relationships in the local economic territory between the public, commercial and social sectors
- Measures 7-10 = External factors that have an influence on the local economic territory



Framework for measuring resilience





Local resilience

Preparation

Readiness

Response

Learning

Recovery

Performance





The resilience scale

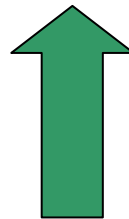


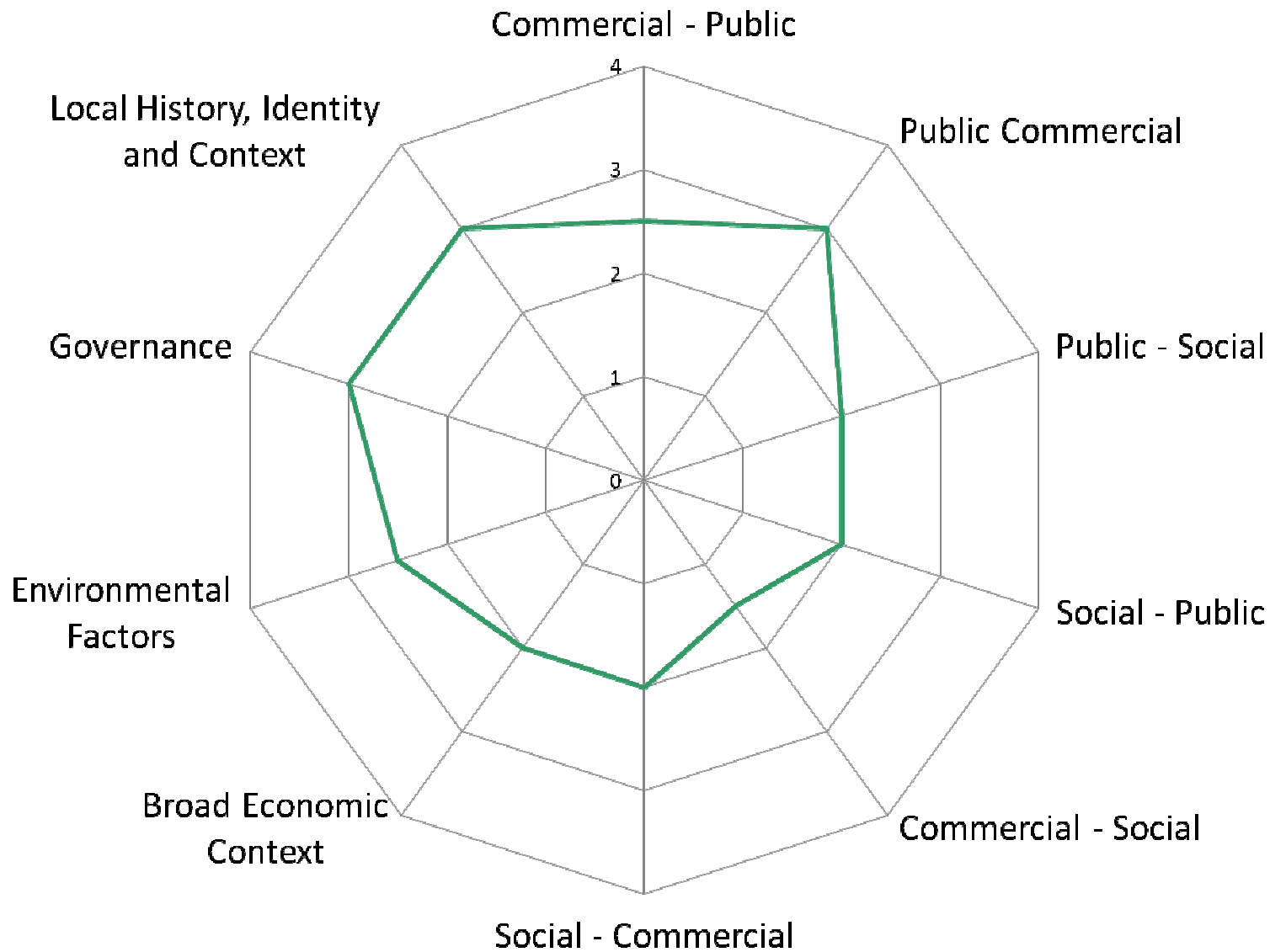
Resilient

Stable

Vulnerable

Brittle

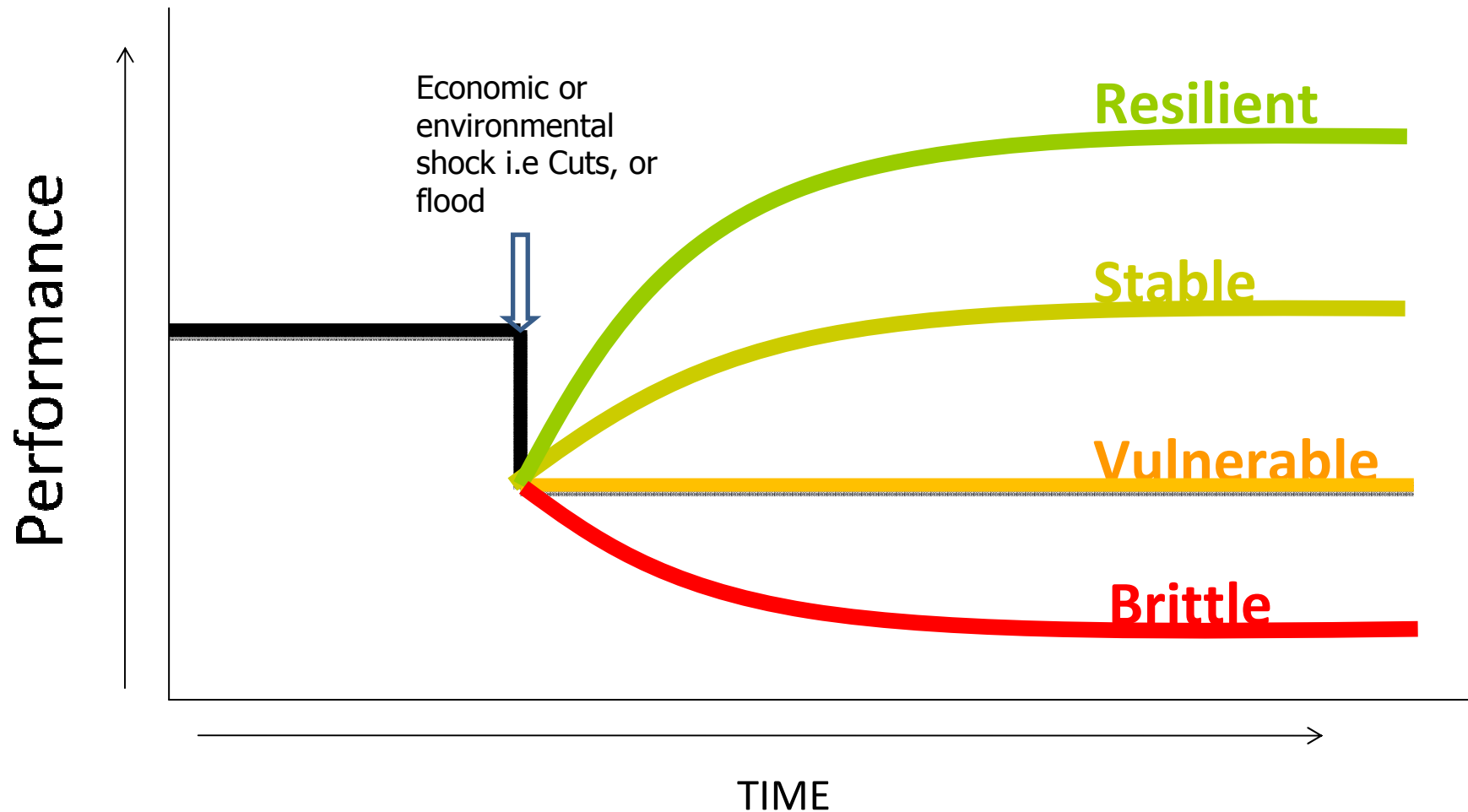




1 = Brittle 2 = Vulnerable 3 = Stable 4 = Resilient



Timeline following a place based shock or disturbance





Conclusions from Pilot areas to date

- Rebalancing economies is about new relationship between public, commercial and social economies
- Economic resilience is not predicated on economic growth, its predicated on functioning economy embedded in place
- Economic planning does not understand the social economy..and it needs to! Its the energy
- Progressive public sector procurement is a key tool
- Local authority needs to conduct more and play less
 - When to intervene?
 - How deep?
 - For how long?
 - How to get out?



Conclusions from Pilot areas to date

- How can resilience help economic development and places:
 - Predicts ability to deal with change
 - Creates guide for the future
 - Not arduous task. It focuses on the 'dna' of an economy.
The context for successful economies
 - Help to decide what your key priorities should be



Conclusions from Pilot areas to date

- What are the danger signs for an un-resilient economy?
 - Poor economic blend
 - A great strategy but its not based on an understanding of functioning and malfunctioning relationship
 - Simple assumptions that cause and effect is linear.
 - Narrow definitions of 'economy'
 - Poor understanding of local/global connections
 - Rigid governance - hierarchical



Next steps

- Finish research in outstanding areas
- Possible work with Blackburn and Darwen
- Finish all existing individual resilience reports
- Policy Writing
 - Resilient concept paper
 - Findings from pilots
- Meet with Central Government- BIS/CLG
- Resilience network meeting in Autumn
 - Extended to all CLEES members
 - Start resilience network or 'benchmarking' club



Centre for Local Economic Strategies

EMAIL. neilmcinroy@cles.org.uk

WEB. www.cles.org.uk

TWITTER. [@neilmcinroy](https://twitter.com/neilmcinroy)

PHONE. (0044) 161 236 7036

