

Institution: Middlesex University

Unit of Assessment: 19 Business and Management Studies

Title of case study: Local Economic Policy and Deprived Areas

1. Summary of the impact

A major challenge to economic policy and public sector governance is how to provide a sustainable economic basis for less prosperous localities and neighbourhoods. Research findings demonstrated the need for a greater focus upon enterprise and jobs at a sub-regional level and improved co-ordination and integration of governance arrangements in order to tackle this issue. These findings influenced the development of national and local government policy and practice towards the economic development of deprived areas from 2004 onwards. Impacts were evident through shaping a significant re-orientation in policy approaches towards deprived neighbourhoods as well as the development of specific policies and governance practice.

2. Underpinning research

In the 1980s North led two major Department of the Environment and ESRC funded research projects on industrial change in inner city London and the growth and survival of small and medium sized enterprises (SMEs) in different geographic environments. This resulted in North and Smallbone producing a report for the Department of Trade and Industry (DTI) in 1993 on 'Small Firms and the Inner City' and a programme of related research by the Centre for Enterprise and Economic Development Research (CEEDR) at Middlesex University. From 2002, this work developed an explicit focus upon understanding the economic challenges faced by deprived neighbourhoods and the implications of these for governance arrangements and policy practice, through research funded by the Office of the Deputy Prime Minister (ODPM) (now the Department of Communities and Local Government) and the Joseph Rowntree Foundation (JRF).

The ODPM funded two successive research projects (2002-2005) (North; North and Syrett) to develop the evidence base for policy development though a series of systematic reviews and primary research related to the economic development of deprived neighbourhoods. These focused upon: (a) business; (b) work; (c) informal economic activities; and (d) the dynamics of local economies. Additional funding was gained to research a specific policy related to such deprived areas through the *Evaluation of the Deprived Urban Post Office Fund* (North). Funding from the JRF (2005-07) for a project entitled *Regional Governance and Economic Needs of Deprived Localities* (Syrett and North) comprised original research into the extent to which the strategies, governance and management practices of different national jurisdictions and regional bodies across the UK linked economic development activity to the needs of deprived areas. It specifically investigated the types of policy interventions pursued in this regard and their effectiveness. These research projects were completed by a team of researchers based within CEEDR led by Professor David North and Professor Stephen Syrett and supported by Research Fellows Dr Ian Vickers (from 1999) Dr Rob Baldock (from 2000) and Dr David Etherington (from 2005).

Key results from this programme of research indicated that in tackling spatially concentrated deprivation there was a need for a shift towards a greater focus upon:

- economic factors including jobs and enterprise;
- economic interventions of different types being pursued at the appropriate spatial levels (whether national, regional, sub-regional, city or local);
- the sub-region as a key but underdeveloped level for governance and strategy;
- improving management co-ordination and integration (within and across spatial levels) of what was a highly complex and fragmented governance and policy environment.

These findings in local economic policy and public sector management practice were developed through CEEDR being commissioned by the Department of Communities and Local Government (DCLG) to undertake further research. A study to *Map and Analyse Economic Assessment and Strategy Activity at the Local and Sub-Regional Level* (2007-08) identified the variable nature of existing public sector management practice and the importance for such assessments to form part



of the wider strategy making process. Evidence from a study of the production of *Local Area Agreements by Local Authorities and wider Local Economic Development Activity* (2008-09; Syrett), demonstrated that this process and the available indicators, constrained the ability of Local Authorities to develop locally specific economic strategies.

3. References to the research

Underpinning published research has comprised two books, six papers in refereed journals, and eight reports published by ODPM/DCLG. The quality of these outputs is evidenced by paper publication in highly regarded journals, book publication in high quality refereed series, and refereed research reports resulting from research projects overseen by active advisory groups comprising external academics and policy makers. Key underpinning outputs comprise:

- North, D., Smallbone, D., Lyon, F., and Potts, G. (2003) *Business-led Regeneration of Deprived Areas: A Review of the Evidence Base*, Neighbourhood Renewal Unit Research Report No.5, Office of the Deputy Prime Minister, London (89 pages).
 - http://collections.europarchive.org/tna/20090106142604/http://www.neighbourhood.gov.uk/displaypagedoc.asp?id=254
- North, D and Syrett, S. (2006) *The Dynamics of Local Economies and Deprived Neighbourhoods*, Department of Communities and Local Government, London, (06NRU03866) (272 pages) http://www.communities.gov.uk/documents/communities/pdf/150913.pdf
- North, D., Syrett, S. and Etherington, D. (2007) *Devolution and Regional Governance: Tackling the Economic Needs of Deprived Areas*, Joseph Rowntree Foundation, York. ISBN-13: 978 1 85935 614 2. pp1-119. http://www.jrf.org.uk/publications/political-devolution-regional-governance-and-tackling-deprivation
- North, D. and Syrett, S. (2008) 'Making the links: economic deprivation, neighbourhood renewal and scales of governance', *Regional Studies*, vol.42, no.1, pp.133-148. DOI:10.1080/00343400601147273
- Syrett, S. and North D. (2008) *Renewing Neighbourhoods: Work, Enterprise and Governance*, Policy Press. ISBN: 978 1 86134 861 6. (290 pages) http://www.policypress.co.uk/display.asp?k=9781861348616
- North, D., Syrett, S. and Etherington, D. (2009) 'Tackling concentrated worklessness: integrating governance and policy across and within spatial scales' *Environment and Planning C: Government & Policy*, vol 27, no.6, pp.1022-1039 DOI: 10.1068/C0855.

Since 2002 CEEDR has completed nine related research projects in this area with total funding of nearly £0.5 million. Key grants included:

- Award to: David North; *Business-led regeneration of deprived areas*; Awarded by: Neighbourhood Renewal Unit (Office for the Deputy Prime Minister); Dates: 2002-2003 Value: £25,000
- Award to: David North and Stephen Syrett; Systematic Review of Policy Development: Local Economic Development, Awarded by: Neighbourhood Renewal Unit (Office for the Deputy Prime Minister): Dates: 2003-2005; Value: £209,000
- Award to: David North and Stephen Syrett Regional Governance and Economic Needs of Deprived Localities; Awarded by: Joseph Rowntree Foundation; Dates: 2005-2007; Value: £77,994

4. Details of the impact

From 2004 onwards CEEDR's research findings influenced the development of government regeneration and economic development, policy and practice towards deprived areas (1, 2, 3). A primary beneficiary has been national government, notably the Department of Communities and Local Government (DCLG) but also other bodies (e.g. HM Treasury, Department of Work and Pensions (DWP), Department for Business Innovation and Skills (BIS), the Cabinet Office and the Scottish Government), reflecting the cross cutting nature of the local economic policy agenda. The reach of this research also extended to inform the work of local authorities and sub-regional bodies in their development of enterprise and employment policy and practice initiatives, particularly benefitting those communities living in more deprived localities. Work on sub-post offices in deprived areas for example benefitted those running these post offices (via the development of support funds and good practice guides on diversification) and the communities they served.



The significant contribution of CEEDR's research to this policy area was its distinct focus on enterprise, work and the wider local economic development process. As a senior DCLG official stated (1): 'It's fair to conclude that there was then a pattern of influence whereby the work of CEEDR for ODPM and DCLG informed and influenced senior officials not just within the Department but more widely across Government, and this had significant impact in how policies were scoped, designed and scaled'. This impact resulted from CEEDR researchers developing a strong working relationship with ODPM/DCLG over a number of years. This comprised regular participation in meetings and policy related events and the sharing of preliminary findings with analysts and policy developers to influence policy design along with Syrett's appointment to DCLG's Expert Panel on 'Neighbourhoods, Cities and Regions Analysis' (NCRA) (2007-10),

Shaping the wider local economic policy agenda

North et al's (2003) report identified constraints upon small business activity in deprived areas and directly influenced the design and introduction of the government's major (£100m per year) *Local Enterprise Growth Initiative* (LEGI) (2006-2010). CEEDR's research work also fed into and influenced the HM Treasury led, cross governmental *Review of Sub National Economic Development and Regeneration (SNR)* (2). This included participation in workshops, the submission of an influential written paper (later published in *Regional Studies* by North and Syrett, 2008) and a commissioned think-piece for DWP/DCLG on governance arrangements in relation to tackling worklessness in deprived places. The final SNR report (HM Treasury, 2007) (4) cites CEEDR's work (North et al 2006; North et al 2007; North and Syrett, forthcoming; subsequently published as North and Syrett, 2008) and lists other works in the bibliography.

The SNR led to significant changes in the direction of local economic policy and governance arrangements. As a result the DCLG produced a major restatement of regeneration policy entitled '*Transforming Places: Changing Lives. A framework for Regeneration* (CLG, 2008) which again cites CEEDR work (North and Syrett, 2006; North et al, (2007) (5). The new focus on enterprise and worklessness and the simplification of local level arrangements underpinned the introduction of the Working Neighbourhoods Fund (WNF) (2008) and an enhanced role of local authorities in tackling worklessness (see Houghton:2009 with reference CEEDR's work) (6). CEEDR research also fed into subsequent rethinking of policy directions in light of large scale reductions in public spending and government change. Syrett was commissioned by DCLG to produce a think-piece and address a 'Regeneration Futures' roundtable' (2009). He also attended a series of DCLG events as an invited external expert (2009-12), and was an invited speaker to the influential *Lord Heseltine Review on UK Competitiveness*, on the role of local areas in promoting economic growth (2012). North presented findings to the Scottish Government (2009) and CEEDR work was cited in DCLG Committee on Regeneration (2011) (7).

Examples of direct impact upon local economic policy and practice

Post offices in deprived areas: Research findings identified key points for post office survival which fed into the publication of a Good Practice Guide for Post Office Diversification published by the Neighbourhood Renewal Unit (2005), which informed further such guides (8). The findings of this research have been widely cited (e.g. by BIS in their submission to the Committee of Public Accounts (2010) on Post Office Network Change, and by the National Federation of Sub-Postmasters (2011) in their submission to the House of Commons Scottish Affairs Committee), and influenced the introduction of subsequent separate post office diversification funds for Wales in 2009 and Scotland in 2010.

Local Economic Assessments (LEAs): CEEDR's report (2008) was a key background document circulated to all local authorities, regional Government Offices and Regional Development Agencies as part of the consultation process over what statutory requirement should be placed upon local authorities to produce LEAs (9). The statutory guidance issued to local authorities in 2009 stated that: "local authorities are free to decide what other issues they wish to address in their economic assessments to reflect local circumstances and priorities" (CLG, 2009, p.14); directly reflecting the report's findings concerning the highly variable nature of existing practice and the need for local economic assessments to form part of the wider local economic strategy making process.

Local Area Agreements and Local Economic Development: The findings of this DCLG commissioned research emphasised the limitation of existing economic indicators at the local level and the



constrained role of local authorities in the economic development process. CEEDR's report, published by DCLG in 2009 (Syrett et al, 2009) was launched by the Rt Hon Rosie Winter, Minister of State (10) and used to inform consultations for the *Local Democracy, Economic Development and Construction Act* (2009).

5. Sources to corroborate the impact

- (1) Senior Official Department of Communities and Local Government (DCLG) (factual statement available).
- (2) Former Lead Advisor on City & Regional Development ODPM/DCLG and OECD Advisor (factual statement available).
- (3) Senior Official, DCLG (factual statement available).
- (4) HM Treasury, BERR, CLG (2007) Review of Sub-national Economic Development and Regeneration,

http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/media/9/5/subnational_econ_review170707.pdf

- (5) CLG (2008) 'Transforming Places: Changing Lives. A Framework for Regeneration http://www.communities.gov.uk/20120919132719/http://www.communities.gov.uk/publications/citiesandregions/transformingplaces
- (6) Tackling Worklessness: A Review of the Contribution and Role of English Local Authorities and Partnerships (2009) by Houghton, S, Dove, C. and Wahhab, W http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/communities/pdf/1078229.pdf
- (7) House of Commons CLG Committee, Regeneration, Sixth Report of Session 2010-12, (see 2.1) www.publications.parliament.uk/pa/cm201212/cmselect/cmcomloc/1014/101402.htm
- (8) Post Office Diversification and Closures ODPM good practice guide informed subsequent advice on Post Office diversification, e.g. Post Office Diversification: A Good Practice Guide for Subpostmasters (2010) (ref p.10) http://wales.gov.uk/topics/housingandcommunity/grants/podfw/?lang=en
- (9) CEEDR report published by DCLG (2008) Review of Economic Assessment and Strategy Making Activity at the Local and Sub-Regional Level http://webarchive.nationalarchives.gov.uk/+/http://www.berr.gov.uk/whatwedo/regional/sub-national-review/page45470.html circulated alongside the Local Economic Assessment: Draft Statutory Guidance in 2009 as part of the consultation process http://www.communities.gov.uk/documents/localgovernment/pdf/1314939.pdf
- (10) CEEDR work on local economic assessments and strategy-making launched in speech by Rosie Winterton Minister for Regional Economic Development and Coordination.15 Jul 2009, Local Government Information Unit Conference, Wellcome Collection, London. This report was used to inform consultations for the *Local Democracy, Economic Development and Construction Act* (2009)

http://webarchive.nationalarchives.gov.uk/20100407205403/http://bis.gov.uk/News/Speeches/doregions-matter