

Institution: University of Manchester
Unit of Assessment: 19 (Business and Management Studies)
Title of case study: New Directions for Local Economic Renewal
<p>1. Summary of the impact</p> <p>Research undertaken within the Centre for Research on Socio-Cultural Change (CRESC) since 2009, has been applied within Enfield Borough Council to change its economic renewal strategies from having a training and infrastructure focus, to one which focuses on re-building local supply chains, leading to job creation, and the re-investment of pension funds to fund the delivery of badly needed social housing. This change in policy has been achieved by encouraging major employers, such as utility companies, to think of corporate social responsibility in a more local frame; and the council to re-engineer financial flows from the local authority pension fund.</p>
<p>2. Underpinning research</p> <p>Staff within CRESC, an ESRC funded research centre at the University of Manchester, have been actively researching increasing intra and inter- regional inequalities and the implications for industrial and regional policy since 2009. This body of work from 'After the Great Complacency' (2011) book on financial crisis to the 'Bringing Home the Bacon' report (2012) on meat supply develops a unique empirically based critique of a long chain economy where national political and corporate elites increasingly take no effective responsibility for increasingly disadvantaged localities. This research has high public profile because of national media coverage of CRESC research publications including the National Business Model working paper 75 [1] in 2009 and the City State working paper [2] in 2011.</p> <p>The relevant generic findings of the research are about the economically uncontrolled and politically corrosive increase of regional and intra- regional inequalities within the UK</p> <ol style="list-style-type: none"> (1) Ex industrial areas, like most of the West Midlands or parts of North London, are increasingly falling behind in terms of output (GVA) per capita, because they have not created private sector jobs and fiscal cuts are stripping out the publicly funded jobs which typically account for 40 % of employment and the benefits which typically sustain 20% of the working population. (2) Standard regional policies, which add training and infrastructure, are completely inadequate to this kind of problem. Conventional industrial policy focused on high tech, new industries will largely benefit already advantaged areas like the Thames Valley or the M11 corridor (3) A globalised, 'financialised' economy has created long chains, whether in meat distribution or European debt, which are beyond technocratic control and create new political problems about the balance between redistribution to and retribution for laggard regions <p>Against this background, CRESC's research proposes a Gestalt flip. It reframes local economic problems not as issues of lack of competition, but as issues about leakage of purchasing power, investable funds and jobs determined by the flow of goods and money which local and regional initiatives can change. Whilst some think tanks like the New Economics Foundation press for a more local economy, CRESC is the only major research centre which makes the connection with local and regional government as the actor who can deliver that result</p> <p>The CRESC research and the subsequent dialogue with Enfield was led by Williams (Senior Lecturer, Director, Professor/CRESC Director 1993-date) He worked with a core team of CRESC affiliates (Erturk/senior lecturer 1987-date, Froud/professor 1991-date and Leaver/senior lecturer 2001-date) whose contribution is such that they get authorial credit on most of the publications. This core team are all tenured, research active staff members who have worked together continuously as researchers at Manchester Business School (MBS) for more than ten years.</p> <p>The CRESC/MBS team whilst wholly responsible for the research insights, draw on supporting specialist accounting statistics provided by their regular collaborator Sukhdev Johal (reader, Management School, Royal Holloway ,University of London) and consultation with Professor John Buchanan from the University of Sydney and Professor Gary Dymski, formerly of the University of California.</p>

3. References to the research

1. John Buchanan, Julie Froud, Sukhdev Johal, Adam Leaver and Karel Williams “ Undisclosed and unsustainable; problems of the UK national business model”, Centre for Research on Socio Cultural Change, *Working Paper 75, 2009* downloadable at cresc.ac.uk [Google Scholar Cites: 20] – Copy available on request
2. Ismail Erturk, Julie Froud, Sukhdev Johal, Adam Leaver, Mick Moran and Karel Williams “ City state against national settlement: UK economic policy and politics after the financial crisis, Centre for Research on Socio Cultural Change, *Working Paper 101, 2011* downloadable at cresc.ac.uk [Google Scholar Cites: 14] – Copy available on request
3. Ismail Erturk, Julie Froud, Sukhdev Johal, Adam Leaver and Karel Williams “ Accounting for national success and failure: rethinking the UK case”, *Accounting Forum*, vol 36, issue 1, March 2012, pp 5-17 DOI: 10.1016/j.accfor.2012.01.004
4. Julie Froud, Sukhdev Johal, Mick Moran, Karel Williams “ Must the ex- industrial regions fail” *Soundings*, Winter 2012, Issue 52 , pp 1333-46 DOI: 10.3898/136266212803853581
5. John Buchanan, Gary Dimski, Julie Froud, Sukhdev Johal, Adam Leaver and Karel Williams “ Unsustainable employment portfolios”, *Work Employment and Society*, June 2013, Vol. 27, no.3, pp 396-413 DOI: 10.1177/0950017013479829

CRESC’s research projects produce output on twin tracks in two phases. In the first phase we write up research in freely downloadable working papers and public interest reports [1,2] to catch media attention and thereby reach non -academic audiences. In 2012, our most high profile working paper had 5,000 downloads.

The working papers are the source of exhibits and arguments which give CRESC access to users and lever impact. The research has then at a later date been published for academic audiences in peer reviewed journals [3,4,5]. All CRESC research is funded by an ESRC centre grant.

4. Details of the impact

Pathways to Impact

The impact on Enfield has been achieved through initially publishing CRESC research such as the national business model working paper in 2009 which led to the initial contact from Enfield councillors; then from early 2011 making presentations of this work with additional local empirics to Enfield councillors and officers before engaging in a collaborative and iterative process of working alongside the Council in a mentoring role after setting out a CRESC menu of new policies.

As an Enfield councillor writes (Soundings 2013 [A]) “*leading CRESC members came to Enfield and after researching the specifics of our predicament, drafted a list of 18 potential policies that they submitted to senior Labour Group and Council officers.*” Specifically CRESC presented pre-existing research on job creation and on inequality plus new Enfield exhibits which showed the borough measured up like a de-industrialised Northern town. This was the rationale for radical new policies.

Reach and Significance

The Centre’s researchers argued that Enfield Borough would benefit from a suite of innovative policies which paid much more attention to building short chain linkages within the fragmented local economy, and at the same time the Council needed to review value extracting activities (around pension fund saving, utility services and big box retail), where the local community generated fees and profits elsewhere and got little in return except a basic service. CRESC highlighted areas where the Council subsequently carried out detailed research e.g. into local CSR by utilities and supermarkets in response to CRESC suggestions and prompts about new policy directions.

Enfield’ Council officers and councillors came together to launch the New Directions programme. The autumn 2012 update [B] on the programme highlights a new and distinctive vision of the local council’s leading role in regeneration. “*Ultimately, it’s about addressing the problem of the fragmented economy, rebuilding local supply chains and ensuring those who make profit locally*

also reinvest locally. The Council is uniquely placed to broker opportunities to take this forward.”

The direct impact of the application of CRESC’s research within Enfield has been a major change in council strategy and policy, as noted by the Council’s Director for Regeneration [F],

“As Director of Regeneration for Enfield Borough Council, I can confirm that CRESC research and subsequent policy recommendations have directly led to a major shift in the council’s regeneration strategy and policy.”

In September 2011 a CRESC presentation to the council made direct recommendations involving specific changes in 18 identified strategies and policies. Three of these that have now been acted on are detailed below:

1. CRESC persuaded Enfield to inquire about what utility companies and supermarkets were reinvesting in the local community whose household demand they were capturing. An Enfield councillor led conversations with British Gas with substantial results detailed below and Thames Water released a 5 year schedule of works so that the Council could encourage local contractors and train labour [E].
2. CRESC reminded Enfield of its history of market garden food production for London, with Waltham Forest the largest glass house district in Europe until the late 1950s. In line with CRESC’s arguments, the Council now plans to build a 50 acre commercial glasshouse using waste heat from an incinerator and to train up a local labour force
3. CRESC asked why, if the Enfield local government was earning 5 % or less in the City of London, the money could not be invested for similar returns in social housing, which is in chronically short supply in all the North London Boroughs. Since Spring 2012, Council officers are working on releasing a portion of the Enfield Council pension fund for investment in social housing which will be invested in an adjacent borough which then invests in Enfield

The Council’s changes in policy and strategic direction in direct response to recommendations from CRESC research have recently resulted in new investment. In particular the recommendations surrounding the investigation into Utility company reinvestment have led to, British Gas’s Director for Business Development signing contracts totalling more than £10 million in ECO investments in March 2013 [C]. These investments will be used for retrofitting local housing with insulation and the New Directions programme will ensure local job and supply chain benefits. As the Chief Executive for Enfield Council writes [D],

“In the two areas where we have made most progress with job creation in the short run, CRESC was crucial because their researchers made policy suggestions which officers and councillors followed up. It was CRESC which initially suggested that we press utilities to localise corporate social responsibility and the end result is several hundred jobs anchored by a signed £10 million contract with British Gas.”

Over the two year contract, British Gas plans to hire 100 Enfield school leavers directly and will work with local further education colleges to train the Enfield job seekers. British Gas has also expressed interest in partnering LB Enfield, FE colleges and other stakeholders in building a University Technical College on one of Enfield’s big regeneration sites.

British Gas is including in its supply chain a number of specialised Enfield-based construction sector SMEs, local firms staffed by local residents who are undergoing the requisite energy-efficiency accreditation process giving them the skills to participate in this growth industry. With a prime contractor like British Gas anchoring operations, Enfield has attracted a major first-tier supplier that is looking to move into abandoned industrial premises and hire upwards of 50 people in insulation manufacturing operations – and 250 in installation professions [G]. All in all, this British Gas deal is expected to be worth approximately 400 skilled industrial jobs to Enfield.

Impact case study (REF3b)**5. Sources to corroborate the impact**

All sources are cross-referenced in section 4.

- A. Enfield Councillor Soundings 2013 Article – Describes the mechanism by which CRESC research was picked up and adopted by Enfield Council
- B. New Directions (Enfield Council Report) 2012 – Outlines Enfield Council's plan to address the suggestions made by CRESC
- C. Webpage from Enfield Council Website – Announcement of British Gas deal
- D. Letter from Chief Executive of Enfield Council
- E. Letter from Enfield Councillor involved with regeneration scheme
- F. Letter from Director of Regeneration Enfield Council
- G. Letter from Leader of Enfield Council