

# Economic development and regeneration



## Responding to challenging times

Over recent months, the world of economic development has changed. The real economy has entered a period of recession and local government has been given new powers with which to develop effective local responses.

Inside we outline the challenges faced by local authorities and the solutions offered by SQW Consulting.

## The economic downturn – an urgent challenge for local councils

The world of economic development – and the role of local authorities within it – has been turned on its head through a sharp change in economic performance and prospects. We have seen implicit assumptions about prospects for economic growth overturned completely.

The global financial system is in crisis and the implications have rapidly worked their way through the “real economy” with job losses and plant closures. Across the UK, unemployment has reared its head as a local priority and – after an absence of nearly two decades – it has hit national headlines. The spectre of three million unemployed people is now a very real possibility.

With credit in acutely short supply and with the £sterling in a position of real weakness in relation to the principal currencies, the prospect of an early recovery is remote; all the recent reports and projections – from IMF, OECD and others – point to very tough times ahead across the industrialised world in general, and in the UK in particular.

## New powers to address the challenge

The last few months have also seen significant developments in the organisational architecture for economic development. Following a consultation on “Prosperous Places: Taking forward the review of sub-national economic development and regeneration”, the Local Democracy, Economic Development and Construction Bill is – in early 2009 – making its way through parliament. Contained within it are some important provisions.

**There will be a new regional strategy (RS) in each region to replace regional economic and regional spatial strategies.** Responsibility for the RS – in terms of its drafting, its

implementation plan and its monitoring – will rest jointly with the relevant Regional Development Agency (RDA) and a Leaders’ Board (representing the region’s local authorities); the practical mechanics have yet to be worked through (and, in any case, are likely to vary from one region to the next) but the changes are important in steering sustainable regional development.

**All county councils and unitary authorities will be required to prepare an assessment of the economic conditions of their area.** In two-tier areas, county councils will be required to consult with their districts, while districts will have a corresponding duty to co-operate. Government’s thinking is that the new local economic assessment duty should equip local authorities to understand better the conditions required for businesses to flourish and for local people to take advantage of economic opportunities. Understanding the nature and causes of worklessness will be a particular feature.

In response, **provision is made for local authorities to co-operate** in discharging their economic assessment duty in order to reflect better the geography of their functional economic area. And potentially at least, there are various mechanisms for taking action in response; these include Multi-Area Agreements covering more than one local authority area (in whole or in part), and the scope to establish Economic Prosperity Boards.

Such substantial changes will be complicated to implement. They coincide with the greatest economic crisis for a generation. There is little scope for introspection by local authorities, Regional Development Agencies and others – “sorting out the deck chairs as Titanic sink”.

Instead, there is a need for urgent, informed and intelligent intervention, recognising both that public sector resources are in short supply and that not every problem can (or should) be solved at a local level. There will be a need to focus effort where it can make most difference.



## Examples of experience

**Regional Cities East (local authorities in the East of England) / East of England Development Agency – Integrated Development Programmes (IDPs):** over two years, we completed a number of different assignments focused on IDPs for local authorities (and their partners). Through these, we developed the concept of IDPs; prepared a toolkit to develop IDPs locally; and then supported a number of areas to prepare IDPs.

**Cambridgeshire County Council – Review of growth scenarios:** in the context of the planned revision to the Regional Spatial Strategy, we reviewed the growth scenarios that the County Council had been asked to consider by the regional assembly.

**Shropshire County Council – Economic Regeneration Function:** working with partners from across Shropshire, we developed options for the economic development and regeneration function within the new unitary authority in Shropshire.

**London Borough of Tower Hamlets – Recurrent Unemployment:** we worked with the Local Strategic Partnership to examine the causes and geographical concentrations of recurring unemployment in the Borough. We analysed secondary data, interviewed and profiled groups of recurrently unemployed people, and reviewed the effectiveness of local interventions.

**South East England Development Agency – South East Coastal Strategy and Framework for Action:** working with local authorities and others from across the Coastal South East, we developed a strategy and framework for action. This reflected local economic opportunities and changing environmental imperatives.

**Winchester City Council – Economic and Employment Land Study:** we examined prospects for economic growth and considered the implications in relation to employment land.

**Yorkshire and Humber Key Cities – Key Cities and the Regional Spatial Strategy:** we developed the policy response to the draft Regional Spatial Strategy, drawing together a collective response around the city competitiveness agenda.

## Our services and expertise

Our services and expertise include the following:

- Economic analysis and future thinking – using a variety of quantitative and model-based, and qualitative approaches
- Research and policy development – to define issues and opportunities and clarify choices for policy makers
- Strategy development – bringing partners together to develop long term approaches
- Implementation planning – working with funding bodies to ensure that the aspirations set out in strategy are delivered
- Partnership support and facilitation – building capacity and trust at senior levels
- Learning and evaluation – devising frameworks, processes and indicators to measure and learn from performance

## Our clients

Our clients include the following:

- county, district and unitary councils and their partnerships, and their regional representative bodies
- Improvement and Development Agency
- Local Government Association
- Whitehall Departments, including CLG, BERR, DCSF, DIUS, DWP and DEFRA
- devolved administrations
- Regional Development Agencies
- Homes and Communities Agency and predecessor bodies
- funding bodies
- Sector Skills Councils

## About SQW Consulting

SQW Consulting is a leading independent consultancy in the area of sustainable economic and social development. Founded in Cambridge in 1983 by Nick Segal, Roger Quince and Bill Wicksteed, the firm now employs over 80 staff at its offices in Cambridge, Edinburgh, Leeds, London and Manchester.

Our consultants bring extensive experience to their assignments, with backgrounds in academia, national and local government, industry, and development agencies. In all of our work we employ the principles of rigorous analysis, collaborative working, commitment to quality and independence of thought.

We have a strong track record of analytical research across the various tiers of government and governance. The firm's geographic spread of experience across the UK and beyond, and our ability to join up between tiers / sectors, give us a unique market position. We have strong collaborative relationships and can complement our own specialist skills by drawing on a network of collaborators and associates.

We offer flexible and multi-disciplinary support, drawing on experience and expertise from across the firm. Whilst always providing a perspective that is rigorous and independent, we also work closely with our clients, recognising that they and their partners will be responsible for taking forward the analyses, strategies, and action plans that we have catalysed. Engagement is key to the way we work, as is our commitment to sharing and transferring knowledge and learning.

## SQW Group

SQW Consulting is part of SQW Group. Other divisions include: SQW Asia, which provides consultancy services to government organisations in Hong Kong and China and foreign firms investing in China; SQW Energy, which provides consultancy services in energy and carbon management; and Oxford Innovation, which manages innovation centres and investment networks. For more information: [www.sqwgroup.com](http://www.sqwgroup.com).

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