



The Economic Potential of Local Government

How can local government work collaboratively with business and others to harness its economic potential for the benefit of citizens? How can it maximise its contribution in a period of low economic growth?

Involve's priorities in relation to local government and economic prosperity focus on three issues:

- Strengthening communities – building resilience and creativity
- 'Inclusive' economies – promoting equality and well-being
- Stimulating sustainable economies and lifestyles

1. Strengthening communities – building resilience and creativity

Involve are interested in examining which tools policy makers (local and national) can use to 'Engage, Exemplify, Encourage, Enable' those members of the public who want to take a lead or be a part of delivering a sustainable economy for themselves, as well as to stimulate others who might not have done so otherwise. Investing in social capital builds flexibility and reduces vulnerability – to economic risks as well as other risks like climate change and water hazards (e.g. floods and droughts) that can impact directly on a local economy and communities. Public engagement can also help to clarify the direction and focus of economic policy, and improve problem solving.

2. 'Inclusive' economies – promoting equality and well-being

Economic prosperity can no longer be focused solely on financial concerns or growth. Wider objectives relating to the impact of economies on equality and well-being need to be prioritised. This reflects recent work, including by the government, on environmental and social well-being or happiness. A critical role of local government is to help ensure the progress towards 'prosperity' is inclusive, particularly in relation to engaging poorer and more marginalised people.

3. Stimulating sustainable economies and lifestyles

We face an opportunity and some would argue a necessity of promoting public engagement in a future economy that is environmentally, economically and socially sustainable. Much of the discussion of the social benefits of green and low carbon economies has focused on job creation. Local government has an opportunity to also promote cultural / lifestyle change, stimulate changes in consumption and production, build public understanding and responses towards building a sustainable local economy. Chris Pook, head of the new Green Economy Team at BIS, recently said; "*All business should be green business*"¹. Local government can help point business in the right direction.

In the following section Involve responds to some of the questions posed by the Commission with case studies relating to these three issues.

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Q1. What role will civic enterprise play in terms of growing a local economy and developing better, more productive relationships with business? What examples do you have of business working effectively in partnership with the public and third sectors?

Human and Industrial ecology

"The environment, the physical space in which economic activity takes place and which is constantly remodelled by it...The spontaneous activity of civil society – merely choosing where to live – automatically creates a physical environment: urban aggregations, groupings of industries. The art of placing together industries, the wastes of some of which are the raw materials of the others (energy co-generation, use of water, etc.), is beginning to be called "industrial ecology"² .

Local government has multiple ways to help shape and guide communities and businesses to work symbiotically with their natural resource base. Examples, like South Humber Gateway³ and Sustainability West Midlands (see below) illustrate local government's potential unifying role.

Case study 1 - Sustainability West Midlands (SWM) building social capital

Sustainability West Midlands (SWM) is a cooperative programme, led by local governments in partnership with local actors and benefitting from regional networking. SWM brings together local government, voluntary groups, housing associations, private sector and academia with the aim of promoting a future region that is "*environmentally sustainable and socially just*". Their work includes shaping policy and planning, supporting economic strategies, spatial strategies and sustainability appraisals. Importantly the SWM programme invests directly in building social capital through providing guidance and skills to community groups. SWM have trained and supported 40 community mentors who help convene new eco-enterprises in councils across the region. The mentors are typically members of the community and so understand their locality and are committed to the area⁴.

Q2. How can local government maximise impact in terms of promoting and securing growth in the local economy? In times of weak economic growth how should local government focus and prioritise support and interventions?

Promoting public engagement in sustainable economies

The term 'public engagement' refers to the involvement of people within a process – whether a commercial enterprise, community venture, delivery of policy or otherwise. Engagement can occur at three levels:

- Cognitive – how people *think* about things
- Emotional – how people *feel* about things
- Behavioural – how people *act*⁵

Local government has numerous tools to support public engagement aimed at stimulating inclusive and sustainable economies (Table 1). The rationale for increased public engagement is that it will build trust, buy-in and, if sufficiently open, can bring new ideas and innovation, improve equality, promote longer-term outcomes and wider uptake.

Table 1. Tools of engagement

Type	Methods
Information sharing	Community Fairs Workshops, conferences and seminars Open days and drop-in sessions Discussion packs Outreach processes Road shows and exhibitions Web-based, new media Marketing campaigns Advice centres Networks Observational experiences e.g. Site visits, smart metering
Direct involvement	Community 'lifestyle' projects Energy Service Companies (ESCos) Micro-renewables Housing development associations Food cooperatives Green apprenticeships e.g. Groundwork UK
Incentives - policy and finance	Grants and loans e.g. green municipal bonds Tax breaks Payments for Ecosystem Services (PES) Bonds / guarantees Policy guidance Funding skills development e.g. partnering with local universities & colleges Procurement criteria
Design, monitoring, evaluation	Focus groups Opinion polls Surveys and questionnaires Consultation documents Interviews Deliberative methods, e.g. citizens' jury, deliberative mapping Participatory methods, e.g. participatory budgeting / planning Future mapping

Source: Callway, 2012

Sustainable procurement

In terms of priority interventions, focusing on how and where councils spend money could have a significant impact. HM Treasury estimates total gross procurement of goods and services by local authorities in England and Wales was circa £65 billion for 2010/11⁶. The City of York is one example of how procurement can frame and support a community, environment and economy.

Case Study 2 – Sustainable public procurement in the City of York

City of York Council recognises its commitment to sustainable development through its sustainable procurement policy. Sustainable development for York is about creating a better quality of life for York's communities now and in the future. An exemplar is York's EcoDepot, constructed from straw bales and timber frame. The EcoDepot's main office building is 76% more energy efficient than a traditional building. The building materials have saved 1,746 tonnes of carbon dioxide emissions – equivalent to filling 174 rubbish trucks. The energy efficiency of the EcoDepot will save 176 tonnes of CO² per year. The Future York Group said; *"The city has contributed significantly to the region's economy, and in the science and research and development sectors, to that of the nation."*

Employment has grown in the recent past by over 1,000 jobs per year and key policy decisions, for example in relation to Science City York, to public transport improvements and in supporting tourism, have clearly contributed to this success”⁷.

Q3. How do we ensure that the importance of ‘new utilities’ such as low carbon, digital, social infrastructure and health are recognised and supported?

Building community capital

Allowing local councils in partnership with communities and businesses to seek *locally appropriate* solutions including for ‘new utilities’ is an important part of driving the local economy. Different communities need to be allowed to decide in a participative manner what are the most relevant options for their area.

Community ownership, resilience, innovation and sustainability are intimately tied. ‘New’ utilities will benefit from the involvement of local people, helping ensure greater continuity in the long-term as well as bring wider benefits to local communities. Helping community-led initiatives to flourish is a key role for local governments. For example, Transition Brixton, linked to the wider Transition Towns Movement, has been supported by the London Borough of Lambeth to progress various ‘new utilities’: energy, finance and waste (see case study below).

“From a Transition perspective, there is a huge amount that local authorities can do if they take an engaged and pro-active role in the process of building resilience in their area. There are some great examples of councils working with their local Transition groups. Woking and Kirklees spring to mind as councils that are doing bold and visionary work on climate change.” (Transition Towns, March 2011⁸).

Case Study 3 - Transition Town Brixton (TTB)

‘Brixton Pound’ - In 2009, Transition Town Brixton (TTB) launched its own currency. There are now more than 130 businesses trading in ‘B£s’ and more than B£35,000 ‘sticking to Brixton’. The currency stimulates an independent local economy and conversations about localisation. More of the money spent in Brixton stays there, helping local businesses thrive in the face of recession and increased competition. It also helps reduce Brixton’s carbon footprint by supplying more of its needs locally. Lambeth Council supports the B£ with funding and in-kind support, as well as an online B£e-currency pilot.

‘Brixton Energy’ aims to put solar panels on the Loughborough Housing Estate. It involves Lambeth Council, the Low Carbon Zone, United Residents Housing and the Loughborough Estate Management Board. Brixton residents can invest in a Community Share Offer. The project aims to: Generate local energy, as ‘Brixton Energy’; Develop a community investment vehicle; Increase resilience by reducing dependence on big utilities; Use profits to educate about energy efficiency, tackle fuel poverty and develop partnerships; Provide training and employment for local people.

‘Remade in Brixton’ is a community-led zero-waste initiative, focusing on waste prevention, repair, reuse and recycling. The TTB team engages residents, businesses and schools. It develops skills, supporting new local green enterprises and employment⁹.

Enabling local ownership

There are a growing number of community Energy Service Companies (ESCOs) in the UK – from One Planet Brighton¹⁰ to Oxford’s Westmill Windfarm Cooperative¹¹. Local councils

need to help more communities take up this approach to delivery of utilities – through training, advice, funding, guarantees etc. According to the LGA, although councils have been supporting ESCos they are still limited by national legislation. *“Local government in many other countries enjoy significantly more control over the delivery of essential services than in the UK. While local councils in countries such as Denmark can set up and manage their own energy supplies for their communities, this is not possible in the UK¹².”*

Case study 4 – Public Power in the USA

We could learn from the USA’s community-owned electric utilities. Over 2,000 such utilities serve about 46 million American people, according to the American Public Power Association. Smaller communities and major cities benefit from public power, including Los Angeles, San Antonio, Seattle, and Orlando, as well as the entire state of Nebraska. Bill Carroll, Chairman, American Public Power Association says the values of community ownership are: Familiarity; Accountability; Reliability; Affordability; *“In a public power community, the customers are the owners of the utility. The management and staff of the utility live in the community and have a personal relationship with their customers. Energy policy is set by an elected or appointed governing board that is accountable to the citizen-owners...Affordability comes because they are not-for-profit and the bottom-line is driven by the community.”¹³*

Q6. As local government resources diminish its catalysing and enabling role will need to become more prominent. How best can this be achieved? What shape could it take?

‘Understanding Local and Community Governance of Energy’ (UNLOC), a collaborative research project with the University of Oxford and Surrey University, recently examined the role of local government *“as an agent of social change”* in creating a low carbon economy (see Fig. 1)

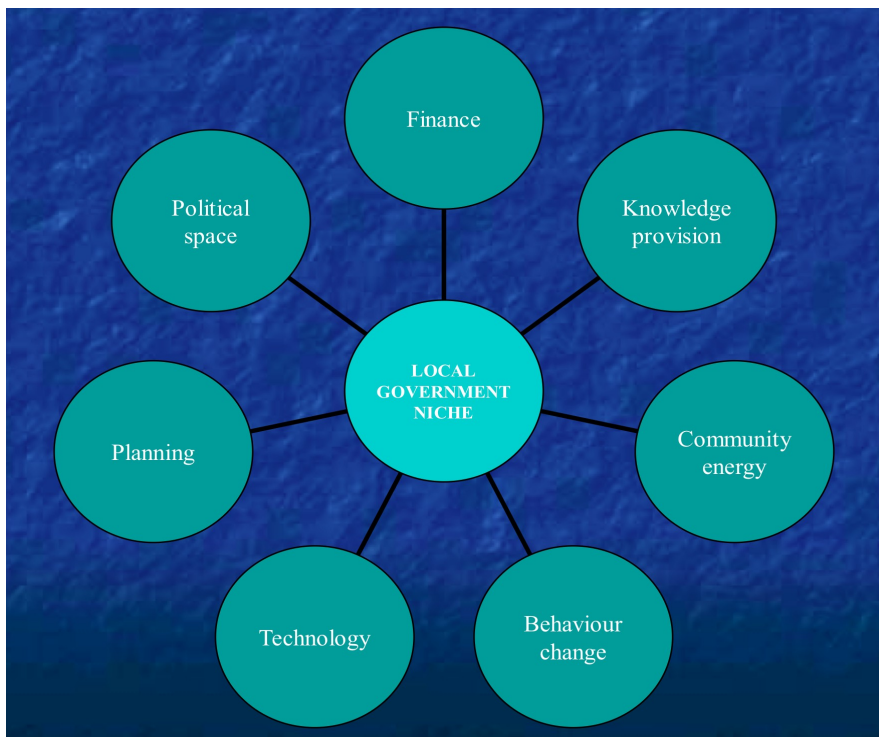


Figure 1 Local government as an agent of social change
Source: Fudge, 2011

UNLOC highlighted Woking Borough Council's CHP energy centre and their strategic sustainability objectives. A number of the objectives are social: inclusion, education, equality, meeting local needs locally. UNLOC also reviewed Freiburg's Solar Region in Germany, recognising the multiple social and economic benefits of the green economy, supporting local diversity, innovation, building local skills and specialist know-how. UNLOC suggest Freiburg's success is due to two factors:

- Cooperative partnerships – business, education, architecture, finance and other actors
- A broad social discourse – moving beyond the specialist circles of energy planners¹⁴.

Q8. How could local government pool resources and use its capacity to lever in capital to invest in local economic assets that will generate greater longer- term economic benefits? Could investment bonds be issued by local government to help finance these interventions?

With sufficient scope, powers and resources, mechanisms like the Green Deal could help support sustainable local economies. CAMCO recently criticised the UK Government saying the Green Deal needs greater financial resources to benefit marginal communities, noting; *"9.1 million households will be in fuel poverty by 2016 despite the Green Deal and energy company obligation initiatives."*¹⁵ The UK government needs to ensure local councils are equipped with sufficient financial powers and technical capacity to take a lead in this and similar schemes, recognising that councils can leverage investment, provide employment and training, targeting deprived communities¹⁶.

Case studies 5 – Canada, Netherlands and USA

The UK can learn from similar programmes successfully applied in Canada, the Netherlands, and USA.

In Canada for example, the Green Municipal Fund is resourced by the Canadian Government and administered by the national Federation of Canadian Municipalities. It offers finance and knowledge to local governments for environmental projects. It has supported 875 projects, over 400 communities and leveraged \$3billion¹⁷.

Funding of sustainable infrastructure in Vathorst, Amersfoort by Bank Nederlandse Gemeenten (BNG) in the Netherlands, has supported drawing up plans, assembling land from a variety of owners and installed basic infrastructure. BNG is a bank set up by Dutch municipalities themselves¹⁸.

New Hampshire's State Office of Energy and Planning established a 'Green Launching Pad', with funding from US Dept of Energy. The GLP is a green business incubator based at the University of New Hampshire¹⁹. It's a collaborative fund, connecting entrepreneurs and private industry with technical and business academics and state-level resources. The fund supports groups like 'Green Alliance' in Portsmouth, New Hampshire, a network of nearly 100 local businesses, employing about 1,851 people. It demonstrates local and national government acting as community 'enablers', encouraging people to launch and grow new green businesses²⁰.

¹EAEM website, accessed 28 Feb 2012 <http://www.eaem.co.uk/news/all-business-should-be-green-businesses-says-bis>

²OECD (1999) *Working for World Ecological Sustainability: Towards a "New Great Transformation"*. Alain Lipietz, Centre d'Études Prospectives d'Économie Mathématique Appliquées à la Planification France." OECD The Future of the Global Economy: Towards a Long Boom? Ch. 5 pp 139-147 <http://www.oecd.org/dataoecd/42/0/35394025.pdf>

³North Lincs Website accessed 9 Feb 2012. <http://www.northlincs.gov.uk/business/investing-in-north-lincolnshire/southhumbergateway/indsthgate/> and ERIE <http://erie.surrey.ac.uk/about-us/industrial-symbiosis>

⁴Callway (2012) Local sustainability – Driving green urban economies through public engagement. Ch.2 *The Economy of Green Cities: World Compendium on the Green Urban Economy*. ICLEI-Springer series: Local Sustainability 3

⁵Whitmarsh, L, O'Neill, S and Lorenzoni, I (2011) Engaging the Public with Climate Change – behaviour change and communication. Earthscan, pp3

⁶ HM Treasury, accessed 8 March 2012 http://www.hm-treasury.gov.uk/d/pesa_2011_chapter7.pdf

⁷Source: ICLEI Procura+, 8 March 2012 <http://www.procuraplus.org/en/participants/uk-york>

More international case studies from: <http://www.sustainable-procurement.org>

⁸Transition Towns (2011) *Somerset Transition reversal raises questions over localism agenda*. Website accessed January 2012. <http://www.transitionnetwork.org/news/2011-03-11/somerset-transition-reversal-raises-questions-over-localism-agenda>

⁹Transition Town Brixton: www.transitiontownbrixton.org

¹⁰<http://www.onebrighton.co.uk>

¹¹<http://www.westmill.coop>

¹²LGA (2009) The Climate Challenge: Local solutions through global learning

<http://new.lga.gov.uk/lga/aio/6130620>

¹³Stackhouse, S. (2012) Growing Communities Through the Benefits of Public Power. Area Development website accessed Feb 26 2012 <http://www.areadevelopment.com/AnnualReports/Winter2012/growing-business-APPA-public-power-262627778.shtml>

¹⁴Fudge, S (2011) *Negotiating sustainability between the micro and the macro policy terrain: providing a political seedbed for behaviour change at the local level*. Behaviour Change, Energy and Climate Change Conference, 2011. UNLOC [http://www.stanford.edu/group/peec/cgi-bin/docs/events/2011/becc/presentations/2%20Negotiating%20Sustainability%20-%20Shane%20Fudge\).pdf](http://www.stanford.edu/group/peec/cgi-bin/docs/events/2011/becc/presentations/2%20Negotiating%20Sustainability%20-%20Shane%20Fudge).pdf)

¹⁵Energy Bill Revolution Campaign Report – Executive Summary http://www.energybillrevolution.org/wp-content/uploads/2012/02/Energy-Bill-Revolution_executive-summary.pdf

¹⁶Locality (2005) 'Locality' response to 'Regeneration to enable growth: What the Government is doing in support of community-led regeneration' <http://locality.org.uk/wp-content/uploads/Microsoft-Word-Locality-response-to-the-Regeneration-Inquiry-05-05-11.pdf>

¹⁷<http://www.fcm.ca/home/programs/green-municipal-fund.htm>

¹⁸JRF (2012) Sustainable Urban Neighbourhoods: Building communities that last, pp.46

<http://www.jrf.org.uk/sites/files/jrf/sustainable-urban-neighbourhoods-full.pdf>

¹⁹State Impact, viewed Jan 2012; <http://stateimpact.npr.org/new-hampshire/tag/green-economy>

²⁰Seacoast, accessed Feb 2012 <http://www.seacoastonline.com/articles/20120108-BIZ-201080320>