

**Submission from Councillor D'Agorne -A Different Approach  
Agenda Item 8-Economic Development Programme Tuesday 29<sup>th</sup>  
September 2009**

Under item 8 on the agenda for the Economic and City Development Overview and Scrutiny Committee Sept 29th 2009 I would like to propose that our workplan must include a more critical analysis of the strategy for developing a more sustainable local economy, drawing on the work of organisations like the New Economics Foundation.

Members who want to learn more about this perspective can look at their websites: [www.neweconomics.org](http://www.neweconomics.org) and [www.pluggingtheleaks.org](http://www.pluggingtheleaks.org) This is the basic critique of the conventional approach in our current strategy that focusses on promoting competition and expanding exports:

## **A Different Approach**

*The issue is not necessarily that too little money flows into a neighbourhood. Rather, it is what consumers, public services and businesses do with that money. Too often it is spent on services with no local presence, and so immediately leaves the area (hence the concept of a 'leaky bucket').*

Our starting point is the energy for changing the local economy from within a community, and the natural resourcefulness, skills and passions of local people. The principle behind this approach is that people who live and work in a place, and others who care about its future, are best positioned to find enterprising solutions, implement them and reap the rewards.

In many places different parts of the economy - local businesses, voluntary sector agencies, and the public sector - do not talk to each other to maximise local opportunities. For the local economy to undergo durable and robust change, the capability and energy of everybody needs to be harnessed. We believe that promoting and supporting local enterprise should be part of any strategy for economic regeneration. Local enterprises are more likely to employ local people, provide services to improve the local quality of life, spend money locally and so circulate wealth in the community, promote community cohesion and, by reducing transportation of goods from across communities, are likely to have a smaller environmental footprint. The approach also recognises that communities do not develop their local economies in isolation.

## **Contrast this with Section A2 of the Economic Development Strategy and Action Programme**

"York has a lower proportion of foreign owned companies than most comparator regions. As a result the city is losing out on access to potentially better products and process technologies and access to knowledge from parent companies.... Increasing the number of foreign owned firms would

likely improve competition in the market in York." AND yet York is acknowledged to have a strong local economy and jobs market (page62)

## Proposal:

In the light of this, the committee might consider looking at the work that the New Economics Foundation has done in regeneration and community enterprise, particularly in relation to the findings of Yorks Green Task Force on developing a low carbon economy that can capitalise on the opportunities for developing green technologies (please insert paper from Exec agenda for Oct 6th)

For example:

The **Green New Deal** is a response to the credit crunch and wider energy and food crises, and to the lack of comprehensive, joined-up action from politicians. It calls for:

- Massive investment in renewable energy and wider environmental transformation in the UK, leading to,
- The creation of thousands of new green collar jobs
- Reining in reckless aspects of the finance sector – but making low-cost capital available to fund the UK's green economic shift
- Building a new alliance between environmentalists, industry, agriculture, and unions to put the interests of the real economy ahead of those of footloose finance

The Green New Deal is published by **nef** on behalf of the Green New Deal Group

## Local Multiplier 3 (LM3)

Measuring your impact on the local economy

LM3 allows any organisation to measure its economic impact on the local economy and work out how to improve it.

Across the UK, organisations face the same growing challenge: how to deliver more for less. The public sector faces budget cuts for the next decade, while the not-for-profit sector faces a dwindling pot and movement away from grant-making.

LM3 makes it possible for them to understand where their money goes, how that money impacts on the local economy, and, most importantly, how to improve the local economy while spending the same or less money. It marks a step-change in measuring economic sustainability by enabling any organisation to measure any expenditure on any geographic area using current data.

[http://www.pluggingtheleaks.org/downloads/local\\_alchemy\\_overview.pdf](http://www.pluggingtheleaks.org/downloads/local_alchemy_overview.pdf)