Understanding Local economic development

ERDF Reach and Impact Project

awareness: engagement: access
http://www.oneeastmidlands.org.uk/reachandimpact

Acknowledgements
new economics foundation
Making Spaces.org
Local economic development - sustainable development

![Diagram showing the relationship between economic development, social progress, and environmental responsibility towards achieving a fair world, a viable world, and a liveable world.](image-url)
Local economic development
sustainable enterprising communities framework

Plugging the Leaks Toolkit

- Public & Business Sector Responsiveness
- Community, Civil Voice & Capacity
- Environmental Sustainability
- Interdependence
- Facilitation
- Coaching (password protected)
- Responsible Enterprise & Business Sector
- Positive Money & Resource Flows
- Assets Base & Enabling Environment
Main personal observations from nef action research

- Lack of integrated approach – silo’s of action
- Control: initiatives independent and often competing
- Need for institutional change/capacity building
- Value of non-controlling barrier removing body
- Value of economic literacy/tools
- Separation between community development and economic development
- Higher level of enterprising behaviour than realised
- Value of enterprise coaching support
Local economic development
sustainable enterprising communities framework
theory of change diagram

Pilot Project Methodology –

Engaging people in their local economy through passion

Economic Literacy (toolkit)
↓
Action

Coaching with Networks
↓
Transformation

Community Institutions

Positive economic, social and environmental outcomes
**Local economic development**

**Responsible micro enterprise**  Diverse and vibrant range of responsible businesses and enterprise in terms of size, social and private mix, and diversity of goods and services produced, seeking to create positive social, economic and environmental outcomes.

**Positive local money and resource flows**  High local multiplier in terms of spending and re-spending financial resources locally, and local re-use of waste, energy and resources.
Local economic development

sustainable enterprising communities framework

- **A strong local asset base** defined as including local people’s attitudes, skills and knowledge, physical, financial and natural resources.

- **Responsive public and business sector** working to actively strengthen and invest in the local economy to create positive social, economic and environmental outcomes.

- **A strong community and civic voice** including strong local leadership, local activism, volunteering, and engagement in debate supporting the capability and resilience of individuals and groups.
Local economic development

- Environmental sustainability and a reduced environmental footprint. Positive social and economic change with ecological efficiency.

- Interdependence Increased understanding of economic, cultural and ecological interconnections that link communities, span the globe and impact on the future.
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Plugging the leaks
Local Multiplier

LM3 tool measures how money is spent and re-spent locally to 3 rounds of spending

It’s not just where you spend your money that matters. It’s also important where the people you spend it with - then go on to spend it
Local Multiplier
Local Multiplier x 3

- Adapted from the Keynesian *multiplier*
  - Applied to the *local* economy
  - We measure *three* rounds

LM3 enables you to measure the impact of your development on the local economy.
Now imagine we painted a pound coin blue and followed its trail…

…If 80% of money stays local
Tracking the Spend

If 20% stays local
What to think about

- How many of your staff live in the local area?
- How could you address local staffing issues?
- Where are your suppliers located?
- How much are your suppliers spending locally?
- How could you improve local sourcing decisions?
- Are there supply chain gaps?
- Will changes you make matter?
### Example of the Value of Re-spending Locally

#### Construction – Norfolk district council

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Non-local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round 1</td>
<td>£ 72,000</td>
<td>£ 120,000</td>
</tr>
<tr>
<td>Round 2</td>
<td>£ 57,600</td>
<td>£ 20,400</td>
</tr>
<tr>
<td>Round 3</td>
<td>£ 24,980</td>
<td>£ 6,760</td>
</tr>
<tr>
<td>Total</td>
<td>£154,580</td>
<td>£147,160</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>LM3</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.15</td>
<td>1.23</td>
</tr>
</tbody>
</table>
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Plugging the Leaks Toolkit
Our Sustainable Neighbourhood: an environmental tool for enterprising communities
If every country had the UK’s level of consumption, there would need to be 3.1 planets like earth to cope with the demand – and we only have one.
In any one year we lose the equivalent amount of energy necessary to heat every home in the UK.

One third of all food bought home in the UK buy ends up in the dustbin.

Methane from landfill accounts for three per cent of the UK's climate change emissions.
Taking Action
Plugging the leaks
Gathering contextual information
Look for feedback/income/deprivation/employment/business start up or issue/problem based statistics

1. Consultation with community: residents, business, local authority and 3rd sector (see tools)

2. Existing statistics/ primary information
   a) National: Department for communities and local government CLG
      ODC@communities.gsi.gov.uk
   b) Local authority
      Derby - http://observatory.derbyshire.gov.uk/IAS/
      Leicester - http://www.lsr-online.org/links.html
      Northamptonshire - http://www.northamptonshireobservatory.org.uk
                     - http://www.northamptonshireanalysis.co.uk
      Nottinghamshire - http://www.nottinghamshireinsight.org.uk/
Context: Further Information

NEET statistics
http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/a00214942/local-authority-education-training

Rural Statistics
Defra: Statistical digest of rural income

Work Programme stats
The Centre for Economic and Social Inclusion: Analysis of work programme

d) General
Case studies
One East Midlands www.oneeastmidlands.org.uk/case-studies

e) Toolkit
www.pluggingtheleaks.org

f) Project design, training in tools and enterprise coaching and technical support:
One East Midlands: Contact Chris Hill Email CHill@one-em.org.uk Tel: 0115 934 9572: 07593702233 (Mob)
Making Spaces.org: Contact: Chris Pienaar Email chris.pienaar@makingspaces.org Tel: 01773 784 356: 07886354119 (Mob)