



The manifesto

for local economies



the national organisation
for local economies

Introduction

For too long our economy has failed us. With wealth inequality, deep poverty, and climate emergency, the need for a huge economic step change has never been more urgent.

The UK's national and local economies are weak. Real wages have fallen, with increasing inequalities and the benefits of economic wealth passing many people and places by. The emphasis on making money from money, within the financial markets, remains a flawed and embedded feature of our national economy. It continues to detract investment from the real local economy, where manufactured goods and services are produced and sold. This underinvestment means that productivity has fallen and ambitions to build an industrious future for all areas across the UK have suffered.

Continued public sector austerity and weakening public services have exacerbated our economic troubles. This has undermined public inputs to business success and created an impoverished safety net for those most in need, eviscerating our social contract in the process. Instead of seeing investment in local public services as the basis to economic and social success, it is too often seen as a cost.

This manifesto is rooted in practice, offering policy solutions which will accelerate transformation and create an economy for all. For 34 years CLES has worked with localities to adopt different approaches to economic development, regeneration and local governance – approaches which have been successful. CLES is at the forefront of the agenda for the new local economics, both in the UK and internationally. In this, we collaborate with many local authorities, national governments, funding bodies and other partners.

This is a defining election for people and the planet. It's bigger than 1997. It's even bigger than 1945. In our local economies, too many people, places and communities are being left behind. For CLES, this demands a new social contract with action across four key themes. The new government must address them in order to achieve social, economic and environmental justice for all people and places.



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Wealth

CLES calls on the next government to...

We must build local economies where wealth is harnessed and works for all.

Wealth is the defining feature of all economies - who produces it, who owns it and where it goes. In the UK wealth is too narrowly held, with 44% of the UK's wealth owned by just 10% of the population¹.

Underpinning this trend is how the UK's local economic development policy has followed a trickle-down model, which assumes that inward investment and growth hot spots will create virtuous flows of capital and wealth for local people.

This model is not working for our local economies. Rather than trickling down, wealth has increasingly been concentrated and extracted away from our local communities, leaving vast wealth gaps and allowing poverty and deprivation to increase at an alarming rate. **The trickle-down experiment must end now.**

Set up a community wealth building unit

Community wealth building is happening across the country, but in England this comes without national support. To amplify this movement a dedicated national government unit for community wealth building should be established. This national organisation would have cross departmental connections, with ministerial stewardship, and be housed within the Ministry of Housing, Communities and Local Government (MHCLG). It would host networks for local government and other public sector anchors and act as a clearing house for best practice, offering support and training.

Pass a community wealth building act

CLES recommends that the next government passes a community wealth building act. This landmark piece of legislation would set out how the government will utilise the full weight of its resources to build an inclusive economy based on community wealth building principles.

Advancing community wealth building

Progressive procurement and commissioning

Government should see all national and local public spending as an opportunity to develop social, local economic and environmental wellbeing through progressive procurement and commissioning activity.

- **Social license to operate.** Any supplier to the public sector should be required to achieve a social license to operate - a national accredited scheme for all existing and potential suppliers to the public sector.

Plural and democratic ownership of the economy

A genuine transformation in our society will only be achieved by ensuring that more people have a genuine and meaningful stake in the economy.

- **Develop a national programme for plural ownership.** Government should commit existing and new business development resources (business growth hubs, business support) to develop and grow co-operatives, community interest companies, community businesses, micro and social enterprises. This would include an aim to double the co-operative sector by 2025.
- **Advance employee ownership.** Government should return to the provisions of the 2012 Nuttall review of employee ownership, which called for national infrastructure to support workers to buy out their businesses through legal support, tax incentives, and Employee Stock Ownership Plans.

Fair employment and just labour markets

Fair work is essential to a good economy. Community wealth building aims to improve employment prospects, workers' rights and their terms and conditions.

- **Fund in- and out-of-work skills.** Government should provide support to individuals to invest in education, training and re-training, throughout their working lives.
- **Embrace the four-day week.** CLES wholeheartedly endorses the four day week campaign², and urges the next government to legislate for a reduction in working hours with no loss of pay.
- **Grow the role of democratic trade unions.** Workers need genuine sectoral bargaining, starting with a government that promotes trade union membership. Government must set out a clear timetable for doubling trade union membership by 2030.

Socially just use of land and property

Reforming our broken land and property market should be a crucial priority for the next government.

- **A land value tax to fix our broken land economy.** This should be used to combat wealth extraction and directed towards local social investment.
- **Empower every local authority to establish a public development corporation.** These should ultimately replace private developers as the primary drivers of the regeneration of publicly owned land, so that the return from land and property development is fed back into the public purse. However, in the transition period, private developers as partners should be retained.
- **Defend and extend the commons.** The government should end what has been dubbed "the great British sell off"³, and instead reassert the right of the commons in our parks and public spaces.

Making financial power work for local places

We urgently need to increase the socially virtuous flow of wealth into our local economies.

- **Divest from fossil fuels and invest in green energy.** As part of a Green New Deal, all public sector pension investment should be divested from fossil fuels into green, clean energy schemes.
- **Reverse the recent interest rates rise on the Public Works Loan Board scheme.** Recent governments have hiked up interest fees on the Public Works Loan Board scheme. This should be reversed so that councils can invest more in their communities.
- **Power up the community banking movement.** Government should directly invest in the Community Savings Bank Association to further facilitate the development of a network of regional community banks. This would also assist with issues around local authority funding for infrastructure.

People power

CLES calls on the next government to...

Let's ensure that every person, community and local authority has the power and resource to shape their own destiny.

The UK is over centralised and economically unbalanced. Successive haphazard attempts to correct this have failed to address economic divides and social pain. Recently, we have seen devolution to some English city regions. However, these devolution deals have been framed by austerity and locked into an economic model prescribed by the Treasury and Whitehall, who hold all the cards.

Today we are left with growing divides and competition between towns, local authority areas, cities, regions and nations and a confusing set of differing powers and responsibilities. Recent innovations such as the Northern Powerhouse and the Midlands Engine have been strong on pleading to Whitehall, but short on real devolution of resources and power to people and place. **Let's end haphazard and unfair devolution once and for all.**

Hold a national constitutional convention

Devolution has been weak and created confusion. It has failed to tackle the fundamental imbalances of power and wealth. It is incrementalism, with winners and losers: unfair and not working.

To resolve this imperfect mess, we need a national constitutional convention, involving devolved nations, local government, metro mayors, Parliament, the business community, unions and civil society organisations. This conversation should consider:

- how to develop an enduring package for constitutional reform;
- the likelihood of a federal UK and England;
- reshaping local government so that it sits alongside central government as a co-director of the nation.

This whole conversation should form the basis to new legislation, to be taken forward by Parliament.



Establish a new national redistribution process

We need a clean break and a fair start in which we develop a national process of redistribution to deal with decades-long and ingrained regional economic imbalances. We must ensure a more level platform for all areas, in perpetuity. To this end, there have been some calls for a national UK renewal fund, or greater retention of local business rates, but these mechanisms are limited in their ability to make the country fairer or give power back to local authorities. What we need is a comprehensive local needs assessment with a recognition that poorer areas require more resource in order to achieve social, economic and environmental justice.

Create new fiscal powers for local areas

New local tax powers should be agreed, but only once an appropriate national redistribution method is established (as above). These new powers should be used to create more secure links between people and local government by increasing local tax intake. Business rates reform, a local land value tax, hotel or tourist taxes should also be considered.



Further social devolution

Human and social capital are the basis to a new productive and inclusive society. Therefore, English devolution must shift its predominant focus on infrastructure, skills and economic development towards social powers and resources. This includes devolved power over health budgets so that services can target specific local priorities and facilitate better alignment between health and other sectors. Local areas should also gain more control and power over national sources of social investment, including welfare, education, funding for the social sector, cultural policy and arts funding. This should be facilitated by pooled pots of place-based funding for local government, covering the main elements of public resources within any given locality.

Enact deliberative democracy

Civil society, social action and democracy are the basis to a productive, inclusive economy and society. However, a substantive democratic process means going beyond the mere expression of preferences at the ballot box. We should enact more deliberative mechanisms that allow all citizens to participate and have a real impact in the decisions that affect their daily reality. Therefore, we must accelerate existing experiments in deliberative democracy within combined authorities and local authorities, as well as any new regional institutions. This should include citizens' assemblies and participatory budgeting.

Public services

CLES calls on the next government to...

Public services are the bedrock to a decent society. They are the basis by which we build a platform for economic and social success.

Over the last three decades, our public services have fallen far. 30 years of outsourcing, marketisation and the last nine years of austerity has eviscerated our public services, with private sector management techniques and values imported into much of the UK public sector.

The widespread use of a new public management approach has produced a generation of public servants who are doing their utmost, but forced by severe budget reductions to overly focus on cost. Outsourcing practices have seen the extraction of public money by a few large market players operating in virtual monopolies. It has also commercialised the important relationship between the local and national state and its citizens, which is now often indistinguishable from that of producer and consumer. As a consequence, the democratic nature of public services has been severely undermined. **This calls for a new social contract.**

End austerity

Austerity has been a false economy, affecting the ability of local public services, to reform and innovate. Austerity for local government must end, with an immediate review of funding. Key service areas such as adult social care and children's services should receive dedicated investment funds to help vulnerable citizens, families and communities who currently lack proper support.

Pass a public values act

The public sector, has an obligation to consider social value under the auspices of the social value act. This is weak because social value is too often considered a 'tick box' exercise at the procurement stage. A new public values act would ensure that the unique public values of democracy, equity and service are enforced across all commissioning activities of local and national state.



Power up the NHS

The NHS is not just a service that provides healthcare free at the point of need. It is a social contract with the British people to deliver well-being. National government needs to reset the NHS as a beacon of wellbeing in addition to a provider of treatment. It should explore how each local health institution can act as an anchor, supporting wider local economic health and thus affecting change to the determinants of ill health. Fundamentally, the NHS should allow more local flexibility in relation to its centralised procurement hub. This will encourage more localised decision-making around spend with a view to maximising the delivery of social, economic and environmental value.

Build decent homes for all

There are now only two million council houses left under council control, from a high of more than 6.5 million in 1979⁴. More than one million people are on social housing waiting lists⁵ and more than 100,000 children are living in temporary accommodation⁶. Government must urgently prioritise a national house building programme. All new social housing should be provided at social rent⁷ and built to Passivhaus environmental standards⁸.



Reinvest in municipally owned transport

Since the privatisation of our bus and train services in the 1980s and 90s our public transport systems have been dogged with controversy. Bus services have been run down, with many routes disappearing. Train operating companies have been plagued by cases of financial and operational mismanagement, with passenger service in second place behind shareholder return and wealth extraction. In light of these failures, we call for our public transportation system to be radically reformed with both greater devolution of power over transport to city region and local authority level and a return to municipal models of ownership.

Create a new social safety net

The UK's welfare system has become cruel and coercive – “not just a disgrace, but a social calamity and an economic disaster” says the UN Special Rapporteur on extreme poverty and human rights⁹. The current system of universal credit should be scrapped and a new social safety net established to ensure that no one is left to fall and everyone is supported and nurtured. This calls for the establishment of generous, non-stigmatising income support in conjunction with properly funded universal basic services.

Climate emergency

CLES calls on the next government to...

It is now clearer than ever that our economic model has led the planet to the brink of destruction. Climate emergency demands a fundamental transformation through a national and local Green New Deal.

Our current economic model does not fit within planetary limits.

Inequality is hardwired into the climate emergency, with just 100 companies responsible for 71% of global emissions¹⁰ and the richest 10% of people responsible for half of the world's carbon emissions¹¹.

Whilst the scale of the climate emergency demands that much work will need to take place on a national and even global level, it is imperative that we also develop the role that local and regional government plays.

As we decarbonise, we must also devolve and democratise.

Replace GDP with measures of wellbeing, sustainability and carbon reduction

Gross Domestic Product (GDP) is no longer fit for purpose as the defining measure of an economy's success. The pursuit of growth at all costs has deprioritised the health of both people and the planet.

As an alternative, the UK should follow the lead of nations such as New Zealand, which has replaced GDP with wellbeing and happiness metrics. We suggest that the next UK government develops a new framework for measuring national economic progress based on three key measures: the wellbeing of the population; the sustainability of the nation's ecological and environmental systems; and the extent to which we have removed carbon from our energy consumption patterns.

Enact a local Green New Deal for every place

As of October 2019, 64% of district, county, unitary and metropolitan councils in the UK had declared a climate emergency¹². In policy terms every single local authority needs to pass a local Green New Deal. As a subsidiary of the national Green New Deal movement, the local Green New Deal will spell out how each place will need to respond to this challenge by 2030, including how they are to contribute through local industrial strategies, planning, regeneration and the role of anchor institutions.

CLES endorses the calls for the next UK government to enact a Green New Deal, and also recommends that all local and combined authorities are statutorily mandated to develop their own local Green New Deal within one year of a national Green New Deal coming into law.



Create a national just transition fund

As the UK (and global) economies transition away from extractive fossil capitalism towards a sustainable and democratic model, we need to ensure that no one loses out.

To achieve this we need a national just transition fund, allocated by national government to each region, to help make the economic transformation required. This includes re-skilling and re-deploying workers involved in fossil fuel based industries. As part of the local Green New Deal, each locality should be given devolution powers, to help make the transition.

A UK future generations act

Learning from Wales, the UK should pass a future generations act, which will require all public bodies to operate in the pursuit the economic, social, environmental, and cultural wellbeing of current and future generations, and to report on relevant actions. This would be backed up by regional future generation commissioners, who would act to advise and assist.

More from CLES



Wealth

Community wealth building 2019 [read →](#)
How we built community wealth in Preston [read →](#)
Wealth for all: building new local economies [read →](#)



People power

CLES on...devolution [read →](#)
How can we give citizens a meaningful voice in big public decisions? [read →](#)



Public services

Restoring public values in public services [read →](#)
Health institutions as anchors [read →](#)



Climate emergency

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Community wealth building for economic and environmental justice [read →](#)

References

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6. *More UK children homeless or in temporary housing than during crash crisis* The Guardian [read →](#)
7. *Riba Stirling Prize: Norwich council estate wins architecture award* BBC News [read →](#)
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11. *Extreme Carbon Inequality* Oxfam [read →](#)
12. *List of Councils Who Have Declared a Climate Emergency* Declare a Climate Emergency [read →](#)



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