

Perspective paper

Economic development and community regeneration

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A wide range of professions and organisations are working to help regenerate Scotland's most deprived communities. Individually, and working in partnership with others, their aim is to ensure that the people living in these communities are given opportunities to develop skills, confidence and resources to take advantage of the opportunities open to them – a process that the Scottish Executive calls "closing the opportunity gap."

As well as bringing their own skills, knowledge and experience to the task, each organisation has its own perspectives about what's important, and the best ways to make things happen.

[The Scottish Centre for Regeneration](#) is publishing this series of Perspectives papers so that these views can be shared, as well as highlighting the contribution that different professions make to the community regeneration process. The papers are also

part of our aim to promote joint working between professionals involved in community regeneration.

More information about community regeneration can be found in our [FAQs: community regeneration](#).

Each Perspective has been produced by the [Scottish Centre for Regeneration](#) in collaboration with appropriate key agencies or professional bodies. That does not mean that the SCR endorses the professional views expressed here.

This Perspective looks at the contribution of economic development to community regeneration. It is published in consultation with the [Economic Development Association Scotland](#) and the [Scottish Branch](#) of the [Institution of Economic Development](#).

Economic Development Association (Scotland)

EDAS



Ensuring decent housing and strong communities across Scotland

What is 'economic development'?

'Economic development', as a specialist professional approach, can involve a wide range of actions all ultimately aimed at creating economic well-being and prosperity. Although it seeks to understand and work with the forces that drive industrial, commercial and employment markets, it is usually undertaken because people believe that a failure in these markets, or the uneven development of different areas, have created the need for intervention. This intervention may try to improve any or all of:

- The ability of an area to compete with other areas
- The number and quality of jobs
- The level of income and wealth
- The level and type of business activity
- Equality of opportunity
- The skills and employability of the actual and potential workforce
- The sustainability of economic activity.

There will normally be a focus on one particular local or regional economy and on national policies and trends that affect it. Similar approaches may be undertaken at national and even international level, though those involved are less likely to see themselves as part of the economic development profession.

Some people recognise and welcome the emergence of a specific economic development profession, others in the field feel that it is too diverse and complex a field for this to be appropriate.

History

Economic development has emerged as a profession over approximately the last twenty-five years, with Scotland being at the forefront of the UK trend. In many cases, it grew out of the planning profession. This already focussed on planning for the land needed for economic activity, and came to look more closely at employment and unemployment trends. In the early 1970s many local authority planning

departments also had business development officers who managed relations with business over issues like attracting outside investors. Later many departments were split in order to create a separate economic development team. At national level, the former Scottish Development Agency, forerunner of the Scottish Enterprise network, recruited people from a wide variety of disciplines.

Others, from various backgrounds, found that they needed to deal with economic issues in order to promote the social regeneration of communities, or the physical regeneration of urban areas. The emphasis that the European Union placed upon funding projects that contributed directly to economic development was an important influence.

Who are economic development workers?

Roles

Economic development workers seek to promote the economic advantage of their area wherever possible, but also see it as their responsibility to give their employers realistic advice on market trends and what is actually achievable. Many see involvement in community regeneration as an intrinsic part of their job.

They can have many roles, which can be broadly classified as working with businesses, people and places. These include:

- **Businesses:** Promoting the start-up of new businesses and entrepreneurial skills.
- Supporting the development of social enterprise
- Business development, through advice and funding for new and existing businesses.
- Attracting inward investment and supporting the businesses involved.
- **People:** Identifying the skills that employers need and skill gaps in the workforce.

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- Ensuring that appropriate training and retraining is provided.
- Tracking and reporting on the labour market and economic activity in an area.
- Places: Marketing and promotion of an area and its economic assets.
- Helping to develop new industrial and commercial sites and property, business parks, or managed workspaces.
- Ensuring the availability of key services such as Information and Communications Technology (ICT) networks.
- Along with many others, promoting the provision of economic infrastructure such as transport, educational and cultural facilities, tourist attractions, environmental improvements.
- Supporting the development of agriculture, a more diverse rural economy and tourism.

A generic economic development worker therefore has a very broad range of responsibilities. Others may specialise in one or more of the above roles. Some feel that a division is emerging between economic development and 'business development'. The latter, they say, can become very specialised, uninformed in policy issues and responding purely to market demand.

People

It is impossible to say exactly how many people work in economic development in Scotland. There are probably more specialist business development advisers than there are general economic development workers. There is no universal requirement for a specific professional qualification as a condition of taking up a job. Possibly the largest number of the generalists have a previous qualification in Planning, but newer recruits are likely to have a wider range of backgrounds.

A growing number are acquiring specific qualifications. The Institution of Economic Development offers a postgraduate [Certificate, Diploma and MSc](#) in Local and Regional Economic Development, in collaboration with the Universities of Coventry, [Dundee](#) and Sheffield Hallam, provided entirely through distance learning. Glasgow University offers a [Diploma and MSc](#) in Local Economic Development (part time or distance learning), which is supported by Scottish Enterprise. Other qualifications are also relevant.

The Scottish Enterprise network alone employs 2-3,000 people, and several thousand people elsewhere have an involvement in economic development, but the number with such qualifications or the equivalent may be less than 2,000.

Regulation and Professional Development

There is no statutory regulation of the profession. There are two main professional bodies. The [Institution of Economic Development](#) was founded 20 years ago. It now requires new full members to hold an IED or other recognised post-graduate qualification 'in an economic development discipline'. It has a relatively small membership, which includes many in key roles. It requires its members to participate in Continuing Professional Development (CPD) activities.

The [Economic Development Association Scotland](#) was formed in 1999, initially as a breakaway from the Scottish branch of IED, though some people are members of both. It has approximately 3,000 members. The great majority are memberships purchased by the Scottish Enterprise network for its staff. It is open to anyone with an interest in economic development in Scotland. Though it has no formal CPD requirements, it is active in providing professional development opportunities.

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Employers

Economic development professionals work in all areas of Scotland and can be found in a variety of organisations, all of which may potentially be involved in regeneration partnerships, including:

- Local authorities
- Scottish Enterprise Network and Highlands and Islands Enterprise
- Regeneration companies and initiatives
- Local training and economic development projects and companies
- European Partnerships
- Town Centre Management Companies
- Colleges and Universities.

A limited number work elsewhere in the voluntary sector. A significant proportion work in private consultancy.

What is the policy framework for economic development?

Legislation

The Scottish Parliament has devolved powers over economic development, financial and other assistance to industry. But major related aspects including taxes and benefits, economic and monetary policy, the regulation of financial services and markets, the protection of UK trade interests, employment and industrial relations are not devolved

There is no specific legislation granting local authorities the power to promote economic development. Many of their current activities are justified by the ‘power to promote and improve well-being’ created by the [Local Government in Scotland Act 2003](#).

Policy

The Scottish Executive’s Framework for Economic Development in Scotland ([June 2000](#), revised

[2004](#)) sets out a vision “to raise the quality of life of the Scottish people through increasing the economic opportunities for all on a socially and environmentally sustainable basis”. It proposes four ‘key outcomes’

- economic growth
- regional development
- closing the opportunity gap
- sustainable development.

The Framework stresses that:

- Programmes and policies for the reduction of poverty and social exclusion are potentially important contributors to broad economic growth objectives
- There are instruments of economic development that can encourage and promote the economic strength of the more deprived areas within Scotland.

[A Smart Successful Scotland](#) (2001, ‘refreshed’ 2004) sets out ‘Ambitions for the Enterprise Networks’. The priorities are growing businesses, creating global connections and enhancing employability through learning and skills. It has less to say specifically about regeneration, but did represent a shift in policy from creating ‘physical capital’ to ‘supporting the productivity of human capital’.

Amongst the Scottish Executive’s targets for [‘Closing the Opportunity Gap’](#) one has particular relevance to economic development: It is “to increase the chances of sustained employment for vulnerable and disadvantaged groups - in order to lift them permanently out of poverty”

One key response to this is the [Employability Framework for Scotland](#) ‘Workforce Plus’, published in June 2006. This looks at improving the situation both of people in low paid and low skilled work and those, aged both under 25 and older, who are not in employment, education or training. The

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Scottish Executive will give partnerships in seven local government areas extra resources to help them develop more integrated services, and will encourage the creation of 'a coherent employability service' throughout Scotland.

The Scottish Executive's report on the [Knowledge Economy](#) argues that 'A population and workforce which adapts itself and embraces technological change will require knowledge and digital age skills, and states the belief that 'a knowledge based economy ... will promote social inclusion and community development'.

Most recently, '[People and Place](#)', the Scottish Executive's regeneration policy statement of March 2006, reaffirms that 'we want to make sure that economic development delivers benefits to deprived communities'. It proposes a national regeneration priority for the 'Clyde Corridor', on the grounds that successful regeneration of that area 'will stimulate economic growth on a national scale'. Action to support the development of work skills and wider employability, both through the Community Regeneration Fund and through the Employability Framework, will be critical, it argues.

Policies in many related areas such as [Lifelong Learning](#), [Planning](#), [Tourism](#) and [Social Enterprise](#) also help to set the context for economic development work. European funds are likely to play a less significant role in Scottish economic development in future because of reducing allocations from the European Union.

None of these policy statements spells out a specific role for the economic development profession as such.

Who does what?

[Scottish Enterprise](#) is funded by the Scottish Executive to act as Scotland's main economic development agency. The local enterprise companies are part of a single network, though they retain separate Boards. Together, they are crucial in promoting and funding learning and skills for employment, creating infrastructure, and co-

ordinating business support. They will get involved in regeneration where they can show that this will benefit the economy. For example the network will support the growth of social enterprises which show the potential for independent survival, rather than their initial creation.

The Highlands and Islands are not included in SE's remit. Here [Highlands and Islands Enterprise](#) is the main agency, working with its own local network. It has additional community development and cultural responsibilities.

Local authorities employ economic development workers to carry out all or most of the roles listed above. A Scottish Local Authorities Economic Development Group based at the Scottish Council for Development and Industry ([SCDI](#)) advises COSLA on the subject.

There are 22 [Local Economic Forums](#), one in each SE or HIE local company area. Their membership is made up of business representatives (e.g. through the [Federation of Small Businesses](#) and [Scottish Chambers of Commerce](#)) and public sector bodies. They are seen as the principal way to ensure that economic development issues are dealt with in the overall [Community Planning](#) framework.

One key area that has been reorganised as a matter of national policy is direct advice to businesses. It was feared that a duplication of effort was arising. As a result [Business Gateway](#) was established in 2003 (following earlier work with small businesses only). This is a common 'brand' managed by Scottish Enterprise and used by all partners. Local Economic Forums are responsible for ensuring that a unified Gateway is established in their area. In the Highlands and Islands a similar service is offered through local network companies.

There are 20/30 [Local Enterprise Trusts](#) in Scotland, established by local business with public support. They are often partners in providing business advice services.

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[Communities Scotland](#) has a strong interest in aspects of economic development that are important for community regeneration. It supports local economic regeneration work through [Regeneration Outcome Agreements](#) and promotes social enterprise. A recent [Framework Agreement](#) sets out the differences between its role in regeneration and that of Scottish Enterprise.

Much of the delivery of economic development, especially in regeneration areas, is done by local initiatives supported by Scottish Enterprise or regeneration partnerships, such as Glasgow's network of [local economic development companies](#), and many other [local projects](#). There are also many different local, regional and national [agencies](#) involved in supporting the social economy.

What is the economic development contribution to Community Regeneration?

Economic development workers are likely to take the view that the revival and development of local economies is essential to the sustainability of any regeneration. They will ask 'Why is this community missing out?'

They may also see regeneration as making a contribution to the economic performance of a wider area by improving 'human capital' and infrastructure. Releasing these resources to avoid a drag or drain on the entire economy is a valid reason for taking action.

Expertise

Economic development professionals should have a good strategic and practical understanding of issues such as:

- How the local economy and labour markets work and change
- The sources and supply of investment
- Practical ways of creating and maintaining jobs
- Raising people's skill levels to assist employability and meet skills gaps in the local economy

Depending on their specialisation, they may have expertise of practical use to regeneration projects, in:

- business planning
- training and skills development
- land use and property evaluation
- marketing and market research
- technology development
- Community economic development, such as [Intermediate Labour Market](#) initiatives and social enterprise
- Funding, including European Union programmes.

Key partnerships

Partnership working is a key aspect of the job of any economic development worker. They may be able to provide others working in regeneration with key links to the business community, and perhaps to training agencies and infrastructure providers. Some are involved in establishing education-business partnerships. They should be able to assist people in any sector of education to improve links between learning and the labour market. Economic development workers who focus on social enterprise or employability need strong links with the voluntary sector.

Social Inclusion

Economic inclusion and job creation are both necessary for social inclusion. Fundamentally, economic development work is done at all because weaknesses and failures in market processes can lead to social exclusion and wasted human resources. Many economic development workers will be directly involved in ensuring that local Regeneration Outcome Agreements address economic issues.

The extent to which economic development workers are directly involved in work to introduce socially excluded groups to the labour market will depend upon who employs them, and local variations in the role of services such as Social Work and Community Learning and Development.

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Community Engagement

Economic development workers have the potential to communicate both with communities and businesses and support dialogue between them. Not all are currently in close contact with community groups, but those with a specific role in regeneration should be, and an increasing emphasis on the importance of social and human capital for economic success should push them further in that direction.

What are the Challenges for Economic Development professionals?

Challenges identified by people working in economic development include the following.

Contributing effectively to community regeneration

At a practical level:

- Understanding other professions and priorities.
- Deciding the balance between seeing the economic development worker as a project manager who pulls together other contributions, or as a member of a team with a specialist contribution to make.
- Ensuring that intelligence on economic trends and opportunities is shared between agencies and is available to business and communities.
- Moving beyond project based funding and achieving sustainable results.
- Defining the appropriate role for the Scottish Enterprise Network, which currently focuses on growing businesses, and sees developing people and infrastructure principally as a contribution to this. Some people continue to argue that it should have a more explicit and central role in regenerating disadvantaged communities.

More fundamentally:

- Deciding when to intervene in the local economy. Identifying situations where markets could work but are failing to do so and situations where it is possible for economic development to add value. Balancing the investment and effort put in with the return.
- Finding ways for people and businesses in regeneration areas to reach the point where they can develop independently without continuing support from economic development agencies.

Wider issues and trends affecting the profession

- Economic development is a fairly new profession and some still question whether it has a distinctive role and believe that the boundaries between it and other professions are becoming more blurred, especially in a community regeneration setting. Health, housing, education, the arts etc all have a crucial and increasing role to play in economic development.
- There are possible tensions between economic development as a strategic approach, selectively choosing to work in areas or sectors where it can make the most difference and the provision of a general business development service
- There are debates about whether action aimed at particular places really makes any difference to growing the economy, and if so how important it is. What if anything can be achieved at neighbourhood level? Should 'clusters' of similar businesses within a region be encouraged? How important is it to improve town and city centres? Should we be concentrating on broader city regions?
- The changing nature of economies may either help or hinder economic development work. Globalisation and the growth of the knowledge economy present new challenges. And how important is it to grow manufacturing as well as services?

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- How far must growth be curtailed in the interests of environmental sustainability, and what can be done at local level to reconcile the two?

The Scottish Centre for Regeneration is part of Communities Scotland, the Scottish Executive's housing and regeneration agency.

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Useful lists of agencies involved in supporting the social economy can be accessed through a clickable map at: <http://www.senscot.net>