The Enfield experiment

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When tourists go to London, they seldom visit Enfield. This is an unremarkable outer suburb of North London in the Upper Lea valley which runs between the North Circular and M 25, London's inner and outer orbital roads. Enfield was once comfortably based on light manufacturing of cookers, colour tvs and car parts as well as the light arms factory that one produced the Enfield rifle. But the main axis of development in London is now from East to West which does little for the outer Northern and Southern suburbs like Enfield or Croydon. Deindustrialisation from the early 1980s stripped out the local jobs and, on official metrics, Enfield increasingly now measures up like a depressed West Midlands or Northern industrial town

Output per head (GVA) is 20% below the London average. London as a whole is a machine for creating private sector jobs but numbers employed privately have actually been declining in Enfield so that the Borough has become increasingly dependent on publicly funded employment which is now being cut back. This is does not affect upper income groups from middle class dormitory Enfield who continue to commute to well-paid jobs outside the borough But de-industrialisation has trapped the low skilled who find ill paid, part time jobs are hard to get because a Borough with 3.8% of London's population only has 2%of the jobs and now includes pockets of deprivation around Edmonton that are as bad as anything in the UK.

Downward economic mobility had one political benefit. In the 2010 elections control passed to the Labour group of councillors and Enfield become one of a handful of local councils which began to experiment with locally led economic regeneration. The other local innovator is Oldham Council which is in a very similar position to Enfield because it has the worst unemployment and the lowest wages in the Manchester conurbation. Enfield and Oldham both have plans to revitalise local democracy, but their urgent economic priority is to create a couple of thousand new jobs. Because as Oldham's leader argues " having someone employed in a household is the most effective form of community development"

The immediate problem in Enfield in 2012 was that the Borough was heavily dependent on publicly funded jobs which were being cut back. Under current government plans, just over one quarter of Enfield's 2010 local authority budget will be cut by 2014 while austerity means parallel standstill in the central government funding of local hospitals and uncertainty at Middlesex University which are both major local employers. Council officers warned that the prospect was of down spiral as increasing deprivation was at the same time driving increasing demands on local services. At this point, the incoming Council started a conversation with the CRESC research centre at the University of Manchester.

Councillors, officers and researchers all quickly agreed that Enfield's worsening economic problems were " addressable but not soluble" through orthodox economic policies under current political conditions. The orthodox mainstream local policy for regeneration is to attract inward investment through up grading infrastructure and training which will improve competitivity. And Enfield is certainly disadvantaged by poor radial rail and underground transport links to Central London, while easy access to the orbital M25 which brings warehouses but few jobs. The issue here is not about the desirability of such upgrading but what advantage upgrading will deliver if the game is improved competitivity.

Competitivity sets up a kind of beauty contest for inward investment. Enfield believed that any such contest would most likely be won by some more favoured borough in the Thames Valley or a green field site off a roundabout on the M 11 corridor. Enfield's five mile corridor of brown field ex industrial dereliction along the upper Lea puts the borough at an economic disadvantage which is then reinforced by political conditions. Enfield is a lower tier local authority whose strategic regional authority (the Greater London Authority) has regeneration and relocation priorities which favour other areas; most notably, Enfield in the upper Lea Valley got no benefit from the huge spend on Olympic facilities in the lower Lea Valley.

If Enfield was bound to lose the competitivity plus regional politics game, there was no template or precedent for playing a different game. English local government had a distant history of heroic resistance and creative invention under charismatic political leadership: Poplar under Lansbury in the 1920s had pushed against the boundaries on legal welfare spending, just as Birmingham under Joseph Chamberlain in the 1890s found revenue through gas and water socialism. The question for the 2010s was whether an ordinary North London council without a charismatic leader and with limited powers to tackle unprecedented problems could find unorthodox policies which could deliver enough success to change some workless lives and legitimate larger scale experiment?

CRESC researchers suggested that the answer was partly to engage with what’s left in the “ foundational economy” of mundane public and private activities which are distributed according to population and therefore continue to generate employment in deindustrialised places like Enfield after tradeable goods collapse. First, health, education and welfare are everywhere large employers which account nationally for just over 30 per cent of the workforce and closer to 35 per cent in disadvantaged localities. Second, the mundane (private sector) of infrastructure and utilities is necessary to everyday life and used by everybody regardless of income or social status. Electricity, gas and water, retail banking and supermarkets plus basic food processing and transport employ more around 10 per cent of the workforce everywhere.

Mundane activities are diverse because their output is socially important in various ways and inserted into different business model ways of recovering costs and generating employment. So Enfield’s needs not a generic recipe but non-standard policies which are adapted to sectoral characteristics and specific business requirements. Such policies also need to recognise that one local authority could never shift some external constraints. Consider, for example, food processing which remains the UK’s largest manufacturing sector which currently employs nearly 400,000. Food processing suffers from its adverse supply chain relation with buyer led supermarkets who would predictably resist any one local authority’s pressure to change their business models .

When the problem was manifold and solutions were constrained by the limited size and powers of one borough, Enfield needed a new policy imaginary. CRESC researchers then set out a basic frame for new thinking about existing private provision of mundane goods and services which would be relevant in Enfield and beyond.

1. **Think local** because the private sector utility model is to bring in the product and take out the money: do ask, what is your supermarket or British Gas doing for the local community?

2. **Think chain** because it is pointless to have the retailer or the final assembler's shed if the chain behind the lead actor is in chaos or leads out of the economy: do think about regionalising supply chains in food processing and distribution.

3. **Think non-profit** because utility retail banking will not generate shareholder value: do recognise that the state is not good at contracting out which creates vested interests, leaves risk with the state and adds transaction costs as we see from PFI or railways.

4. **Think pro-state enterprise which involves a** 180 degrees turn around because the state could and should run revenue earning enterprises on the model of Joe Chamberlain's gas and water socialism in late nineteenth century Birmingham.

Real economy changes in ex-industrial localities like Enfield would be accelerated by a redesign of financial circuits. This requires something other than *gavage* or the force feeding of business with loans, as in successive failed government schemes to promote lending (e.g. Project Merlin, National Loan Guarantee Scheme, Funding for Lending) or the centre left Investment Bank variant. Instead, CRESC researchers proposed another reframing:

1. **Connect SME finance with stabilised demand**: Identify SME's which could play an enlarged role in council redesigned supply chains; align funding for such SMEs with the stabilised demand which covers loan repayment.

2. **Back regional infrastructure:** the best initial projects would probably be social housing (preferably council run); but other kinds of property development would need to be discouraged.

3. **Mobilise pension funds:** don't send the pension fund to London managers to invest in paper certificates but retain it in the local community for a social purpose, like building social housing.

4. **Think 5 per cent return maximum:** local authority pension funds are not currently getting any more (after deduction of fees**)** and infrastructure is an inherently low return, high investment but secure return.

The new imaginary is about a short chain economy where purchasing power does not leak out of the locality and the region; it is about a post shareholder value economy where we can get socially useful goods and services for modest, secure returns. The interest of the Enfield experiment is that, after CRESC made initial policy suggestions, Enfield officers and councillors have been very creative in identifying " low hanging fruit" ie policy initiatives which would yield early, small rewards as part of a longer term plan with larger short chain and modest return ambitions.

Localise Corporate Social Responsibility

Utilities and supermarkets capture local household demand which generates profits but typically put little back through their supply chains or by any form of CSR pay back. Thus, if we assume average profitability, Tesco's 11 stores in Enfield generate £8 million of pre tax profits from supply chains which do not benefit the locality while the CSR pay back at local is negligible via a community toilet scheme, some charity fundraising stalls and a schools and clubs scheme.

The aim then is to localise social responsibility (and procurement) by engaging utilities, banks and supermarkets to increase employment and training at the local level, with the development of more apprenticeships and partnership working with local colleges and training providers. The initial result is some success with utilities as British Gas has expressed interest in building a University Technical College on an Enfield site and Thames Water have released a 5 year schedule of works so that the Council can upskill local contractors and labour.

Ensuring the local benefits of council procurement

Managing consumer demand and supply chains so as to reduce leakage, decrease chain length and increase local multipliers is the long term aim; but that requires primary research to produce a map which the council does not yet have. Hence the short term importance of identifying a few ongoing major activities like retro fit of insulation to social housing where other councils are importing (often from outside the UK) necessary labour, materials and contracting organisation.

This is the area where Enfield has made significant early progress. British Gas has signed a £10 milion contract for retro fit of insulation and will directly hire 100 Enfield school leavers; local sub contractors are being upgraded with relevant certificates and Enfield has attracted a small factory which will employ 50 workers in manufacturing insulation panels as well as a fitting firm with specialist abseiling skills. The result so far is a definite gain of several hundred jobs and an infrastructure, including local contractors, which should be able to export to adjacent boroughs. This is therefore a template for levering social advantage from procurement.

Building local supply chains

The starting point has to be a dialogue about which chains and how to intervene. The Council was already committed to building a waste incinerator whose waste heat would attract a laundry. CRESC reminded Enfield of its history of market garden food production for London so that Waltham Forest was the largest glass house district in Europe until the late 1950s. Why not reinvent that past on the scrubby open fields at the top of the upper Lea between the derelict factories and the M 25?

The Council now plans to builds a 50 acre commercial glasshouse and operate it on lines very different from Thanet Earth, the large scale Medway greenhouse development which operates as a kind of enclave on a green field site where Dutch growers use hydroponic technology and gang mastered immigrant labour. Enfield's demand is already secured via a North London packer, the challenge is to get the greenhouses up and running with local labour.

Redesign the financial circuits

Work here is at an earlier stage because the council cannot dodge issues like the responsibility of pension fund trustees to obtain the best returns; and needs to avoid conflicts of interest and suspicions about local cronyism or worse. But CRESC noted that the

Enfield local government pension fund had in recent years earned net returns of 5 % or less from fund investments in the City of London and asked why the money was not being invested for similar returns in social housing which is in chronically short supply in all the North London Boroughs.

Since Spring 2012 Council officers are working on releasing a portion of the Enfield Council pension fund for investment in social housing which will be invested in an adjacent borough which then invests in Enfield

All the above describes small beginnings and there are considerable challenges in upscaling these achievements. But Enfield does show that something can be quickly achieved and more is possible if we have the right vision.

Sukhdev Johal + Karel Williams, 1 July 2013