

Appendix 4 – Notes from MCED case study interviews and desk research

These are notes made during our interviews and desk research. They may provide helpful further information on specific points of interest. Opinions are those of the interviewee or information from the relevant website rather than expressing the views of Localise West Midlands. Notes are in the following order:

1. Sandwell Borough Council Food and Drink Business Development Support Tool
2. Heart of England Fine Foods (HEFF)
3. Birmingham Airport
4. Sandwell MBC Anti-Poverty Manager
5. Encraft
7. East End Foods
8. RETA
9. Birmingham Energy Savers
10. Resco and Aim High
11. Buy for Good
12. New World Solar
13. Eco2Solar
14. Jericho
15. Birmingham Wholesale Markets

1. Sandwell Borough Council Food and Drink Business Development Support Tool, June 2012

Sandwell Food and Drink Business Support Tool was developed to deliver economic and social benefits of healthy food production in Sandwell. It aimed to raise business profitability via innovation in terms of product development, skills and training, based on the production of healthy food and drink. In particular, it sought to increase the knowledge and skills required to produce more healthy food and to stimulate the demand for healthy food options particularly from the most deprived sections of the community, by:

- Integrating health and poverty objectives into the Food and Drink Sector Action Plan through the beneficial impact of increasing employment and training opportunities.
- Ensuring maximum benefits for the local economy from “Right Care Right Here”.

Developing a systematic approach for food businesses to access support for innovation and growth. This project started out of Economic Strategy. The focus has been on skills, training, land and premises and business support.

Supply and demand chains

Sustainable Development is all about making the linkages. Sandwell is also looking at developing new markets such as through public sector procurement. The work has currently been funded through the PCT to deliver their “Right Care, Right Here” programme. Hence the focus of the work so far on creating healthier food products through innovation. There is currently resistance from the case study businesses as they do not see businesses demanding healthier products. But they might look at it

differently if a new market with demand could be demonstrated. The question is how do you stimulate the demand? How do you create new markets?

If the project is to go on to the next stage further funding will be required. Sandwell might look at a knowledge transfer project to improve products.

Creating demand through the PCT is the next step. "We will do it if you will help us but we wouldn't do it otherwise".

In essence, progress and support is being provided on technical innovation, healthier foods, skills (food safety, accreditation), business planning, employment. But without the demand there will be no benefit.

Demand was provided through the School Food Programme, effectively, by controlling the market. "Fresh" still does school meals and controls freshness, nutritional guidelines and making the food appetising. But, a big problem in Sandwell is the take-up of free school meals. A piece of work is about to be undertaken to explore this.

One of the five case studies has worked with 2 supermarkets, but has found that whilst it improves cash flow, low margins means that there is very little profit. They also need the qualifications and accreditation. And getting the right accreditation is important.

This raises the question of how businesses in the food sector can move in to new markets. The options are:

1. Supermarkets, with the problems listed above
2. Catering – this is more diverse, but significant sections of the market operate nationally and internationally, with similar issues to working with supermarkets
3. Niche markets – rather than doing more of the same things, can businesses develop in to more niche markets?

If businesses are not achieving the margins they may be better off growing by working in to multiple niche markets. Buffet Express is a local SME catering company working with large companies and therefore pulling money in to the local economy.

A significant finding of the current work is how many companies don't have basic processes in place. Getting basic processes right can be important to success, such as batching, for which plant engineers are needed. Therefore there are significant skills gaps in these businesses to get them to do the right things now, let alone to expand. They have the ideas but lack the skills to deliver, particularly in engineering, health and safety, regulations, finance and business planning. This shows that businesses don't know what they are doing. In particular they don't know what they don't know.

By way of comparison, Two Sisters Food Group is a major diversified European food company supplying Poultry, Fish, Chilled, Bakery and Frozen products to the retail, food service and food manufacturing sectors. It is based in West Bromwich. They recently received a major Government grant to stimulate innovation in the UK's food and drink sector and lead to the development of new technologies and processes, with an emphasis on healthy and safe food. However, there has been no involvement of Sandwell MBC or with other firms in the area. There could have been

lots of potential benefits locally. It has not affected the supply and demand chain locally.

The five case studies have not affected the supply and demand chain locally. Sandwell MBC would like it to see this, but this aspect has not come out strongly. One company uses Heart of England Fine Foods suppliers, via Heart Distribution.

Schools – Arthur Bretts – a lot of the produce comes from Staffordshire, Herefordshire and Worcestershire. This requirement was set up as part of the tender process to make menus fit food availability. Janet is also very involved with the meat tender. Interestingly, pork tends to come from Staffordshire, everything else comes from anywhere on the planet eg beef from Botswana. This is a really big issue of where this will lead.

It also becomes difficult to source food locally when supply chains become broken. The current issue is abattoirs closing that use local supplies so that most now source on the basis of price alone, not locality. This is a big issue. To what extent can it be addressed? Public contracts can't go for the most expensive (the school meat supplier would supply local organic meat but it is too expensive).

There is lots going on, but supply and demand chains are short and tend to be price dependent.

Food waste has been going to Moody's. A new contract may take this to a site near Minworth. The 5 companies currently landfill their food waste. As quantities are small this is not an issue for them. EoN, Severn Trent, and others, are interested in setting up an anaerobic digester, but would need 25kT per annum to make it viable. In Sandwell, 5kT of commercial waste is produced and 17kT of domestic waste is collected. Therefore a partnership approach with other authorities may be needed. Giffords – wood waste processor has worked with the neighbouring nappy recycler to generate electricity from nappies and the poorest wood waste.

Finance

We discussed different sources of finance, CDFIs, business angels, cooperative funding, local share offers and cloud sourcing finance, as alternatives to bank finance, which is seen as difficult to get.

Employment

This project has attempted to address a range of social benefits because of the funding stream supporting it, namely poverty, fuel poverty, diversity and equality, but for many of the businesses these things are difficult to address proactively because the businesses are living hand to mouth. They employ local people because of their size and location, and given that this is Sandwell that will tend to address deprivation and associated issues. If employees get the training being identified then this will help to pull them out of poverty and generate better health. But, is one of the problems that the minute people are upskilled, they leave to better themselves.

Sunrise Bakery has demonstrated some CSR behaviours. It is well established, uses very local employees and although it has expanded to a new site, has held very firmly to its existing base as a production unit, because of the local staff. The new

site in West Bromwich is more of a distribution unit. They also work with local schools.

The issue of working in to the community, such as through school taster sessions and apprenticeships could be done more. Sunrise work with local companies and schools. All employees live very close to work and the firm does not want to move.

Firms need to be of a certain size or well established to be able to deliver some of the CSR benefits eg Sunrise.

Skills

Skills that firms haven't got and don't think that they can get – butchery, engineering, CSR, IT – one firm has made a link to Birmingham University to get the skills it needs – website design and management.

Firms are not short of ideas, eg Rum Cake that could be an export product, but there are real problems of scaling, new premises and the capital investment needed is phenomenal and difficult to source. Businesses do not typically understand the scale of the challenge to grow or move in to new markets. They think that having the idea and developing a product is enough.

Sandwell has a particular problem that people with skills who work in Sandwell don't live there. If you train people up do they move on? e.g. Sikh community. Another problem is the churning of people as they move around. This makes it difficult to build communities. This is an increasing problem eg the increase in eastern European migrants. Will they stay and build communities? Is localisation predicated on building communities and if people move out do you lose those communities? Therefore you have to build communities and give people reasons to stay. If you have continuous churning, you never know your neighbour.

EG BEarwood has deteriorated as the buy to let market has taken over resulting inconstant churn. This is fine until you have children, when you want somewhere more stable. Locality, place and identity are really important.

Business

SMEs do innovate, but the problems they have are technical – scaling up, product testing, processes, consistency, packaging, waste management, access to finance.

Product procurement

Sustainable Development questions are now in the PQ and tender documents of the procurement process. So we now have a process in place to encourage and capture some of these issues. Sandwell is now moving to an e-procurement system where this will be embedded.

Sandwell is thinking of setting up an Energy Services Company. They are also considering setting up a social cooperative to provide services to schools, this might include school meals, health and safety. Energy has not been mentioned yet, but there might be an opportunity here.

Social Cooperative benefits

1. Provision of services that otherwise would not be possible because the profits will stay within the organisation
2. Schools – how do we provide services when there is no money coming in. Can we open this up to look at a range of services?

It is not clear how far this proposal has got but in principle this model could be replicated.

Janet is getting on to one of the groups dealing with free school meals. There is a real problem with free school meal uptake in Sandwell.

A proposal for a wind turbine in the valley (Sandwell Valley Country Park) has been around for a while. One approach to delivering this would be through an ESCO (Energy Service Company). This might also be true for an anaerobic digester.

Support services

What is the role for local government? Needs to be strategic and involve knowledge transfer.

Why should you be helping smaller businesses? There is not much help out there. There is an aging workforce and we could lose them.

Development of the Food and Drink Business Support Tool

A draft final report has been produced. Work is still going on with the five case studies and will last until about September. The report has been taken to the LEP, who are keen and supportive as it supports one of their key outcomes.

The Regional Food Academy (Harper Adams) has looked at 5 companies for their innovation and processes, employment and skills, food safety and HACCP (Hazard Analysis Critical Control Point). Businesses want up to date information on regulations and food safety, and business planning.

One company, Walter Smith, has bid for £300,000 grant funding for “Employer Ownership of Skills” funding. These are training packages that go well beyond meat preparation and they will need to develop partnerships in order to deliver this. The company wants to move in to other products, other than meat (diversification), so that they can sell in to other companies. Therefore they are looking at developing in several areas:

1. A wider skills base. There are several areas of need: butchery skills, food hygiene. People who have better skills generally have better job access and the statistics show that they have better health
2. They are looking for a new manufacturing site – a lack of suitable land and premises with 24/7 access, away from residential areas and with a food processing standard of fitting out. This could be difficult in Sandwell.
3. They need support for developing the enterprise, particularly regulations, planning, access issues and grants.

Businesses feel that they want to be kept up to date with business regulations, particularly on health and hygiene. There is already a network in Sandwell for environmental regulations known as BISNES

“The BISNES (Business In Sandwell Network of Environmental Support) Group, is a partnership between the following organisations:

1. Sandwell MBC (Municipal Borough Council) - covering environmental health, trading standards legislation, local regeneration initiatives, transport programmes and town planning and development issues.
2. Groundwork Black Country (charity) - a charitable body whose objective is to improve the social, economic and environmental conditions within the Black Country. (Sandwell is one of the four administrative authorities located within the area generally known as the Black Country. It also manages the ‘Black Country Business Environment Association’).
3. Black Country Chamber & Business Link - general business advice
4. Black Country Energy Efficiency Advice Centre - offers impartial, independent energy efficiency advice to small and medium sized enterprises. Free local events and seminars are organised about energy saving opportunities.
5. Environment Agency (government enforcement agency) – issues relating to waste management, packaging regulations, pollution control.

The aim of the group is to provide an environmental support network for Sandwell's business sector. The network supports any business within the Borough of Sandwell and can be used to support companies that have supply contracts with the Public authority. It also assists businesses from outside the area, as much of the advice is not district specific.

A part of the work of BISNES is to act as a central point of contact for all business queries and to signpost them to the most appropriate source of assistance. The Group is also proactive in providing environmental awareness seminars and training for business on forthcoming legislation. At various times, seminars have been held on the Packaging regulations, the WEEE regulations, the Climate Change Levy. The advice is direct and practical and the seminars are arranged at a time and a duration that suit the businesses. As they are all held locally there is little travelling time and there is no charge made for the seminars. Businesses are regularly consulted about the sort of information they require and the seminar programme is adjusted accordingly. All these aspects have been brought together and resulted in a trusting relationship between business and the BISNES agencies.” <http://www.leap-gpp-toolkit.org/index.php?id=60> on 18/6/2012

BISNES has been highly successful with lots of very well-attended seminars on topics such as environmental regulations, waste management and energy saving. The key has been the focus on specialist topics. Sandwell is looking to set up something similar for food businesses focusing on environmental health, access to business planning, etc.

This work is finding more questions than answers, but what is clear is that food and drink businesses need specialist advice. Previous generalist work, such as was offered by Business Link and previous work by the Council, would not have identified the issues that Harper Adams (Regional Food Academy) have with individual

businesses. This is the same issue with BISNES, where the quality of the specialist support is what is important.

This project has worked with 5 businesses successfully. The next stage is accessing all the other businesses in a similar position. But Sandwell needs to be able to offer something that businesses want – hygiene training from the Regional Food Academy.

The challenge is scale. How do you go from supporting 5 companies to reaching and supporting all of them, especially as it is the specialist support that really matters, not the generalist support available. There is an ERDF bid, Black Country wide that may help, but it is becoming generalist in approach and so may be going in the wrong direction.

Sandwell are also looking at repeating this model on the green technologies and construction sectors.

Local to national mainstreaming

Source: *interview with Janet Lock, Sandwell Metropolitan Borough Council, Economic Development Officer – 18th June 2012*

2. Heart of England Fine Foods (HEFF) September 2012

Heart of England Fine Foods is the regional food group for the West Midlands operating since 1998. It promotes and supports local food producers in the West Midlands. HEFF is a membership organisation with categories to suit producers, retailers, foodservice providers and businesses ancillary to the food industry and they offer services for each sector.

Supply and demand - HEART of ENGLAND fine foods' (HEFF's) Supply Chain team works with buyers on a local, regional and national level helping buyers to improve product ranges whilst building new business for producer members. For food and drink producers looking for opportunities overseas, HEFF works with partners and organisations to support international trade development.

By determining range gaps and growth areas the Supply Chain team can facilitate appointments between producers and independent or multiple retailers, foodservice operators and public sector catering groups. Services are flexible and arranged to suit the business needs. They can vary from product recommendations to a full store check and gap analysis service coupled with additional market and category reports where required. After a listing is secured through the Supply Chain Team's work, HEFF's Trading Desk can take responsibility for handling orders and invoices reducing any administrative inconveniences for both the buyer and the supplier.

Supply and demand chains

HEFF supports producers in the West Midlands and tries to create demand for products in the region, nationally (especially in London) and internationally. London and exporting are the growth markets. 60% of sales are in the West Midlands. It is also easier to sell premium products in London.

HEFF's role is to work on many levels: Some producers want to sell in to the local service sector; some wish to upscale to sell regionally, nationally and internationally.

HEFF is working with most of the supermarkets and some of the big service supply companies. But there has been a switch in the last 5 years. Service companies are more willing to be flexible; they want to do it but it is very reliant on individuals. These individuals are also under a range of other pressures, such as the need to make certain margins. HEFF encourages these purchase managers to work through them first to arrive at satisfactory outcomes for local producers. The work is about discussing and persuading individuals within these companies. It would not be possible for individual small manufacturer to do this on their own, unless they were particularly able and articulate. Therefore they need a champion. This is happening.

HEFF is the third party; the broker for a large number of small producers. For example, the Trading Desk is one point of contact for the buyer, streamlining the purchasing process. It is therefore beneficial for both the purchasers and sellers. The benefits are more business for members, it allows buyers to evidence CSR and potentially have a selling point.

Working with smaller producers has some benefits. For example one university worked with HEFF to develop a product with its own branding.

HEFF is in the process of setting up a distribution arm in partnership with a service distribution company Weddel Swift Distribution Ltd to create a new consolidated delivery service. This replaces a similar service with Blakemores that folded last year. The purpose of the service is to enable producers to get their products collected in a cost effective way. It also allows the products to be distributed to customers efficiently.

Research and development - With the HEART of ENGLAND fine foods market research and information programme, we can tailor primary and secondary research services to suit individual needs and budgets, helping businesses to realise their full potential.

Through Food & Drink Insights, members can access detailed Mintel food sector reports on market trends and forecasts; through the focus group facility we can gain valuable feedback from pre-determined consumer groups and by using our product benchmarking service we can provide views from a larger number of consumers on products in relation to selected category competitors.

HEFF, in partnership with third party specialists, hosts regular training and information days on topics such as food legislation, marketing and food labelling to ensure that members' businesses keep up to date with legal requirements and remain competitive in their sector.

Start-up facilities - The home of HEART of ENGLAND Fine Foods is the Shropshire Food Enterprise Centre, a state of the art facility built to house twelve start-up or growing food production businesses. The centre is the first of its kind in the West Midlands and as well as providing high specification production premises it also houses a conference suite, café and foyer area for informal business meetings. There are twelve production units that are available to let for a period of up to six years; eight are 1500 square feet and four are 3000 square feet. All are built and equipped to the latest industry standards containing a large production area, walk in cold room and dry store with separate office, toilet and changing room facilities; each unit has its own allocated parking. Text taken from www.heff.co.uk

Finance: HEFF doesn't help members much with finance. The main point of contact is in signposting producers to grants, etc. HEFF was reliant on grants in the past. It is looking to become more sustainable, due to the current lack grant aid. However, HEFF is still looking at ERDF and RDPE funding support. Without this members would not be prepared to pay.

In some ways HEFF performs an account manager role for both buyers and producers. It handholds and nurses the process. It finds products for buyers and sellers for producers. However, HEFF rates are not commercial and producers and buyers would not be prepared to pay them. HEFF streamlines the process.

Employment: HEFF employs 17 people directly. The West Midlands food partnership Interim evaluation of wider economic impact report, May 2010 showed that HEFF:

- contributed £16.2 million GVA between 2005 and March 2010
- Created £2.4 million of supply chain multiplier indirect benefits (including jobs)
- Saved 2.4 million road miles in the first 12 months of the delivery service

- Created £1.9 million of environmental benefits annually (essentially carbon savings)

Many of the producers start businesses as small scale enterprises, perhaps part time and may then extend employment to family and local people as the business develops.

Skills

HEFF's training programme involves looking for areas of demand for members and then finding people to deliver them. 4-5 years ago these were well attended, now uptake is poor due to the economic situation. HEFF switched to the Apprenticeship Programme. However, their experience is that whilst one apprentice was excellent, the rest were poor.

Members want specific food industry support rather than generalised business support. What is on offer is general, where funded. To get the funding trainees have to do NVQs. People are not prepared to sign up for this as they see it as irrelevant and time consuming. With the loss of Business Link and the Manufacturing Advisory Service, there is much less support available. There is a focus on supply chain skills, but members are not asking for training. Unless auditors insist on it they won't ask for training. In addition, if you don't know what you need, you can't ask for it.

Business

Members join HEFF to give them a bigger presence, a bigger profile. It helps to give them a bigger audience. HEFF provides a range of services (see introduction), including:

1. Market research and information – product development and consumer research
2. Supply chain – getting products to market using an extended sales force; e-commerce, retail and food service sector
3. Marketing and promotion eg website, newsletters, awards, press office

Resilience – HEFF will have failed if it has not helped members to grow and develop sales. They should also be better informed and should be more resilient. However, there is no evidence of this.

Procurement

HEFF uses local suppliers for its own business activities, unless it is not economically viable. It is governed by the procurement requirements of ERDF and RDPE eg the use of 3 quotes. There is no policy to support social procurement policies. People are employed purely on their skill set. Members expect services to be delivered as a type. There might be difficulties with this type of social policy.

Support services

Support services should not be free. Members should pay, but there needs to be a staged approach from free to commercial rates.

Bigger companies should play ball to allow businesses to grow and develop. Buyers need to be willing to work with small businesses and create the right conditions for

them to grow. Conditions of trading need to be fair, including accreditation, audit, etc.

Access to finance – no real information. Environmental health is a basic set of requirements and is not a problem. Planning has changed – there are now schemes to help businesses grow and use farm buildings eg RDPE. Transport and distribution – the unit cost is high for small producers, especially in a rural area. No measures are in place other than HEFFs distribution service

There are very few support services now for our type of member. The Regional Food Academy (at Harper Adams) is doing much less now for SMEs because small producers are not prepared to pay. Universities are interested in large contracts and not 1-2-1 work with small firms. HEFF has an agreement with Market Research (Camden RBI). It allows members to access high quality market research at low cost. Producers could not afford to pay for this on their own.

A business support service is needed. An online service is not really adequate. Business Link was too generic. Without HEFF there would be no business support at all and no way of paying for it. We have lost the business support infrastructure.

Mainstreaming

Challenges:

1. Large service companies can split up purchase orders in to regional bits. But there has been a switch in the last 5 years. Service companies are more willing to be flexible; they want to do it but it is very reliant on individuals. These individuals are also under a range of other pressures, such as the need to make certain margins. HEFF encourages these purchase managers to work through them first to arrive at satisfactory outcomes for local producers. It is about discussing and persuading within companies
2. Unnecessary levels of bureaucracy, accreditation and audit from some large buyers that require the same levels of bureaucracy as much larger firms. HEFF requires third party accreditation as a condition of membership. One supermarket finds this sufficient, the others require much more onerous accreditation. This is extremely costly for small producers who may find the requirements too costly. Why not have a simplified system where there is little risk.
3. Very high levels of liability insurance are required by local authorities, who each require separate accreditation.

What would enable you to do more?

- More resources to have more supply chain staff. HEFF does a good job for its size. At the moment members are just interested in sales. Maybe in a couple of years their focus will be skills. HEFF currently has 5 people working on supply chain development. If it had 10 people it could do a lot more.
- More buyers who are receptive to sourcing local food

Consumers are receptive to local food. Local food has grown massively over the last 15 years, with a regular media presence (radio and TV) farmers markets, food festivals and promotions. There are also hundreds of local producers providing a huge range of high quality goods. It is the bit in the middle that is missing.

A barrier is supermarkets not listing products. However, supermarkets need volume and this can only be achieved through increased efficiency in processing or through growing the business. This is an investment risk.

A lot of businesses want to double in size. How can they do that if they can't get finance from banks. However, businesses also need to get the right product or the right quality in to the right place in the right way. Certain products are able to do this, others can't.

Start up and first units that meet food grade standards are a limiting factor (and the reason why the Shropshire Food Enterprise Centre units were first set up). Most people using these are local, but there are examples of people coming from north Wales and London. Start-up location does not seem to be a limiting factor.

One way for producers to grow is to outsource some of the production, especially common for wines and beers

HEFF can no longer strategically rely on government funds. HEFF is working with Shropshire County Council to deliver services and has diversified with a shop, a restaurant and conference rooms

The whole local food industry has grown rapidly and has changed. People are now looking out for local food. For example, Tyrells Crisps was an early HEFF member. HEFF helped them to develop in the early stages. They were a really good business that attended all of the trade shows etc. It allowed them to develop from a small part time business in to a significant organisation employing family and local people. Private investment buyout has enabled it to make the switch in to a much bigger operation. Tyrell's founder is now developing a vodka business based on potatoes. Many organisations fail to switch to this new scale of operation. Amongst other things timing is key. Lots of producers don't necessarily want to grow in the way that Tyrrells have developed. In addition there are lifestyle businesses who are not interested in growth. These form a tiny proportion of HEFF's membership.

Procurers don't understand supply chains and what their impact can be. But they often don't have the time to operate in a more strategic way. [Also, whilst doing so may have societal benefits it may not produce benefits for their organisation.]

Sources: Interview with Louise Pickford, Business Development Manager, 10th September 2012; HEFF website www.heff.co.uk

3. Birmingham Airport, August 2012

Birmingham airport was interviewed partly as a contrast to our other case studies. It is an inevitably globally-orientated business, but also by its nature of a fixed location in Solihull and therefore has opportunities and an incentive to develop local supply chains. The airport creates demand by buying local and by developing partnerships with locally based businesses. Its Sustainable Procurement Policy encourages local suppliers, where applicable, and 40% of procurement is from firms in and around the airport.

Supply and demand chains: The airport creates demand by buying local and by developing partnerships with businesses. For example, MG Rover – they buy their fleet vehicles. When Birmingham Airport goes to China to develop new routes they try to build partnerships there that will benefit business back home. They try to develop routes to places where people will want to fly to. They create demand because they want to create demand for business in the West Midlands. An airport exists only to facilitate trade and travel, thus leading to improved employment and economic activity.

The construction of the new runway extension in 2014 is projected to create at least 10,000 jobs by 2020 (45,000 jobs over 20 years) and generate £1.88 billion for the local economy by 2030. The key issue is not that it will allow new aircraft to take off, but that existing aircraft will be able to carry more fuel and therefore undertake longer flights, linking the Midlands and wider UK to new markets.

Can a regional airport be a hub? Can it help to shift the economy from the South East?

Complicated hub-and-spoke demand management policies are failing to adapt to the challenges of aviation in the twenty-first century. Britain needs several airports capable of delivering point-to-point connectivity to emerging markets. A third runway at Heathrow will only meet 7% of additional passenger capacity needs by 2050; it is not a national aviation strategy. The six largest regional airports could add 116 million of passenger capacity to the network by 2050 – at the same time contributing towards economic rebalance. The whole orthodoxy of aviation is challenged here: <http://www.birminghamairport.co.uk/meta/news/2012/06/~media/Files/Pdfs/WES1684westbourneaviationreport0612web.ashx>. A balanced aviation strategy is one that makes full use of Britain's existing airports and that will deliver benefits to the UK more efficiently, more quickly and at a lower cost than any other proposal on the table.

We have a Government which is set on rebalancing the economy, and we have fantastic airports around the country with the spare capacity to deliver this growth. It is illogical that we are still trying to channel all traffic through the South East, which will only serve to reinforce the imbalance within the economy.

At Birmingham Airport the number of passengers could double from nine million a year to eighteen million today. We have already started the construction of our runway extension and when completed, in 2014, this number will increase beyond thirty-six million. Our runway extension will also allow us to fly to high-value new markets, including Brazil, China and India.

[We discussed how the airport effectively deals with the first point of contact in the supply chain, but does not go beyond that. One way to do that might be to generate forums to develop capacity and capability.]

Finance: 49% of the shares are owned by the 7 local authorities. The Ontario Teachers' Pension Scheme and Victoria Funds Management Corporation are major shareholders. There is also an employee shareholding scheme.

Employment: Around 500 people are directly employed by the airport and there are over 7000 people working onsite. The number of directly employed people has shrunk recently. In most areas, the airport has not outsourced and has tried to do things internally and to grow the skills from within. However, they do a lot of outsourcing for particular projects through the tendering process.

Apprenticeship Scheme – The airport runs an apprenticeship scheme in partnerships with colleges. Solihull College have a presence on site. The focus is on terminal on site engineering, such as electrical engineers, and information services.

Recruitment is targeted partially through apprenticeships. Other benefits – travel passes for staff, cycle lockers and showers. There is an employee share buying scheme and a bonus scheme, as well as an employee forum.

Community outreach projects – E.g. community discussions about the environmental impacts, particularly villages to the south of the airport and Sheldon. Often people ask about jobs and recruitment starts there. [The airport could do the same in deprived areas like Castle Vale, leading to targeted recruiting.]

Skills: There is no issue with skills shortages. A very wide variety of skills is required. E.g. a lot come from military backgrounds such as airfield operators. Lots of engineering skills are required and plenty are available through universities in Birmingham. Recruitment varies locally and nationally depending upon the skills required. Sometimes the relevant institute is used to recruit.

Customer Focus Policy – for anyone working on or for the airport. Training is offered to all companies– mindsets, cultural, team working and partnership working. Contractors and subcontractors have been invited along and have taken it up. It is an ongoing programme and feeds in to everything that the airport does, akin to “brand value”. It also links in to the aviation business as a whole; last year Which Magazine ranked Birmingham Airport as top for customer satisfaction.

Business: The more compact an organisation is the better it is able to move around the market. Birmingham Airport was comfortable with its regional position. Now it has a lot more drive. The policy is driven from above. The runway extension is a big investment with great potential to get new business and new routes.

Procurement: Sustainable Procurement Policy – encourages local suppliers, where applicable. 40% of procurement is from firms in and around the airport. The policy is to advertise and employ locally. “The more that we employ locally the more the economy grows and provides business for the airport.” They try to break down projects into stages to encourage local tenders and they break down contract size.

The Sustainable Procurement Policy is top down. There is a central purchasing team, linked to the environment team. This means that they have to meet up with

lots of project managers to discuss what they want to do. It's a process based system. The definition of local is the West Midlands region. No disadvantage to Birmingham Airport has been identified by using this process.

Barriers to local firms:

- Airside – the insurance requirements are huge for firms and therefore the financial resilience and public liability insurances required are very significant. Some firms get around this by forming partnerships of companies, but this is usually to do with getting the right technical expertise rather than overcoming financial and insurance barriers.

- The procurement process does not really address social inclusion. There were no figures on the numbers of people supported in the supply chain. Retail outlets tenants bring their own products. The airport doesn't influence the products. These are mostly large firms such as M&S. There is a small amount of catering brought on to site from local firms.

Support: Solihull Sustainability Visioning Group is a useful peer-to-peer group, e.g. Jaguar Landrover. They share best practice. Nationally: Sustainable Aviation, a noise and air quality support group. There are also some international groups.

Mainstreaming: Marketing Birmingham as a national airport. The reason that it is great for Birmingham is because of the business that it brings. Chinese airlines ask, "How does your government see your airport?" With no government policy at the moment this is a problem. They use WM companies to help with promotion eg MG Rover. Since 2003, Birmingham has attracted more Chinese investment projects than anywhere apart from London; £76.59m in capital investments. Therefore we need to be flying there.

The airport actively seeks West Midlands companies to work in partnership based upon where they wish to trade with and their ambitions. Effectively this is about selecting potential customers, people who will trade, especially in engineering. E.g. Jaguar Landrover have lots of parts flown in using just in time management policies; gearboxes were recently flown in from Eastern Europe rather than being brought by road as they couldn't get them in quickly enough. Lots of freight has moved back to Coventry Airport. East Midlands is the big freight airport.

Working with the community: Community Trust Fund - £50,000 per year. Local organisations can bid for funds up to 3,000. There are lots of applications. The fund is added to by any fines for exceeding noise limits, effectively runway fees are doubled. There are not many fines, particularly as aircraft get quieter. The airport also provides sound insulation schemes for neighbours (£200,000 per annum) and they replace roofs where aircraft vortex causes damage (£100,000 per annum). Environmental mitigation programmes involve consulting with the community, e.g. in developing and managing the night flying policy – number of times, what types of aircraft, etc. An Environmental Monitoring Working Group made up of councillors, residents associations, local authority officers have all the data made available to them and scrutinise what is going on.

Source: *interview with Melanie Weaver, Birmingham Airport, August 2012*

Website www.birminghamairport.co.uk

4. Sandwell MBC Anti-Poverty Manager

We interviewed Sandwell's anti-poverty manager initially for the Sandwell Food and Drink Business Support initiative, but also discussed wider aspects of community economic development based on her experience. In partnership with other agencies. Sandwell's anti-poverty activities are around services which help residents maximise their income, provide education and training, develop local services in ways which support the local economy, improve neighbourhoods and local support networks, involve residents and provide services and facilities open and useful to all sections of the community.

Rosie previously worked with the Children's Society looking at children and the local economy. She pulled people together to strengthen the local economy and to address poverty. The Joseph Rowntree Foundation has this year produced a report that states that one won't get people out of poverty unless you get them in to work.

Sandwell is a manufacturing area with a lot of unskilled and semi-skilled workers. Replacement industries have not yet worked to use this resource. The cry for qualifications is misplaced as these people already have skills, but not the bits of paper. Simply encouraging people in to work won't solve the problem.

Rosie looks on the piece of work on the food sector, "*Development of the Food and Drink Business Support Tool to deliver economic and social benefits of healthy food production in Sandwell*" from an anti-poverty perspective. What sort of jobs are created by using procurement imaginatively and how can procurement be best used?

There are some good examples of procurement being used well and Rosie is trying to get people to build upon Think Local. E.g. The AA did a deal to get local people to get experience. So there are some model examples but a real problem of mainstreaming.

Social Fund – local market testing, but where a local market is not present one will have to be developed.

Problems

1. Mainstreaming - the difficulty of trying to weave things in to what organisations are already doing. The food sector work, "*Development of the Food and Drink Business Support Tool to deliver economic and social benefits of healthy food production in Sandwell*" was reported to the Black country LEP. They want to see others do this, but there is no mechanism in Sandwell to report this. So, what is the system for mainstreaming and growing it? What this shows is classic tip of the iceberg projects doing well but the benefits not being embedded in mainstream business. This feeds in to both long and short term strategic planning; it's a good piece of work but we struggle to take it forward. There is often the excuse provided "the system we had to do this is not there anymore". But really this is about creating something new. Another example was the Local Area Agreement Fuel Poverty indicator, members couldn't think beyond home improvements to things like putting photovoltaics on roofs. They spent so long deliberating renewable energy that it never happened. No one saw the links to job opportunities, local supply chains, etc. They needed to develop a scheme with circular logic. Teams in local authorities are

possessive, “why is it any concern of yours?” Getting some of the networking things agreed has been like pulling teeth. Food, fuel and finance are very easy to link in to the local economy.

Finance – the LA is happy for people to use Wonga, and all of the issues that this raises, but are not keen to promote credit unions. Eg the LA was not happy for credit union membership to be taken off pay slips, though this has now changed.

If people (local authority employees) don't have a very direct feel for the local economy, they struggle to engage. Eg welfare problems – people concentrate on the problems not the solutions. Crossing boundaries is risky. Business support needs to be very specific. The LEP have not really heard that; people listen but hear what they know or have already got.

In order to move money around, to do new and more innovative approaches, one has to take it out of somewhere else. Rosie wanted to do some more business support and do this by building it in to local authority business plans.

2. Getting people to think short, medium and long term. E.g. Localisation of the Social Fund – there are 2 opportunities to make progress and get the same effect:
 - a. Getting a local organisation to run it where they can shape it more creatively
 - b. A network of organisations working with the local authority

People would like to see another organisation taking it on because they see it primarily as saving money, the organisation doing it for free. But they want it quickly and they want the results quickly too. But to make it work, there needs to have been partnership working for a long time, therefore it may be better to have the local authority run it in the short term. E.g. Food banks – they say, “we would like to have a network. We didn't expect the level of demand that we have got and we would like to do creative things. But we are also volunteers (faith based) with capacity issues”. But the only bit that gets heard is that demand is greater than capacity and local authorities tend to treat it as a quick fix issue; it is not, but there are short, medium and longer term interventions that are appropriate. For example, a small amount of money could be used to set up and run food buying co-ops now.

Some people operate in a box. They feel an imperative to find solutions for politicians now. The result is that they are not doing gap analysis; they are looking at what the social fund can do, rather than what the problem is, and then looking for solutions.

Problems:

1. The pressure of the immediate
2. Strategic thinking gets mixed up with blue sky thinking
3. People need to get started to gain confidence

Rosie's national work with the Children's Trust involved resolving issues for women around childcare, training and local jobs. The project generated 14.5 FTEs, childcare places for 250 children, 40 people doing training and another 40 people taking up jobs. But the project struggled to get external evaluation, even though

Treasury, etc., provided very high level support. However, people did not know what to do with it.

In Sandwell, people find it difficult to get hold of these community development concepts. Economic frameworks are complicated and scary (NEF) or people struggle to embed them. There is also a perception that taking this approach on is about turning back the clock. There is a lack of recognition that “these are the things that you have to do and that if you don’t, you won’t just damage the individuals concerned, you will damage the local economy.”

Priority Research, Sheffield produced a Priority Research model, a problem solving approach using qualitative and quantitative surveys.

As an anti-poverty manager, traditionally this is a strategic role, but Rosie sees this as bringing groups of people together to make things change, sometimes beyond the boundaries of the local authority, in an organisational rather than a place sense. Networks persuade people to do things. Sandwell MBC has been used to doing good things for people; very well meaning but it doesn’t always work. Rosie is looking for groups of people with like minds and different skill sets some are very free thinking but you also need people alongside to try things out and do things.

Tipton (Safer Communities) – People were interested in dog grooming, flower arranging, etc. This boosted their confidence and got them to look beyond their existing horizons. This led on to youth activities and for some, work. It was a highly successful project, but was not mainstreamed.

If money comes in as a pot, you have to rethink it in terms of the needs of the community and funding solutions that are going to deliver.

Cape Hill project: Social networks and the local economy. Friends and neighbours. Started talking to residents in Cape Hill about their community. What are the assets that you like? Who do you go to for? The problem that they found was the maze of local services. Things that are relatively straightforward can’t get sorted.

Existing networks of people are already involved in regeneration. The identified local people to broker solutions, help make the links and get the services they need, such as social care, training, community regeneration. Rosie persuaded Sandwell to second a neighbourhood manager and a community development manager. They have set up a CIC. A community development worker is working with individuals about what would make things better. A social worker is looking at what and how local authority culture needs to change.

Residents work to sort neighbourly solutions – community supporters. Rosie sees this as an opportunity for people to train in social care, leading to jobs. City Hospital are developing a training hub to ensure that their succession planning for staff can be realised, including gardeners, health and retail. Participants from Cape Hill are involved because the training is about shaping their local community; transport, new build, etc. The project is funded by the NHS and Social Care money. Secondees undertake task orientated work. The majority of people from the public sector who have been working with the community have been task orientated, eg ensuring that the bins have been collected. Now there is agreement to train them to support a community development approach.

The project is at the start stage. The driver is around friends and neighbours and about the local economy as much as about social support. Friends in high places have helped this to work: a senior manager in social care, the Council leader – this is his ward and he understands the agenda. But Rosie has been working with these two people for a long time.

Finance: There is a dormant CDFI in Sandwell. Rosie is trying to get people to think about how to use it eg bring different pots of money to add to the social fund.

Credit union – How to help people stay with their childcare arrangements when they are about to go in to work (they need to pay up for child care before they have received their first payslip) or are in work and struggling, and are therefore in need of a loan. One idea would be for a lump sum to be provided for a pool that would then generate different sorts of innovation. The finance systems within Sandwell MBC never sorted the money. The problem is trying to persuade people who are risk averse. Has anyone done this before?

There is an issue of improving financial confidence. One way of doing this might be to develop a financial inclusion hub that would develop an approach that could be built on and used by others. The result is that if an organisation/person went to one partner they would access the full range of support rather than just the resources of the organisation they are phoning. Organisations would be working in partnership rather than in competition.

Partnerships create different ways for people to finance what they need; partnerships with cooperatives, credit unions, etc. This is a big opportunity, a five year programme eg trying to get local authorities to link private and social sector housing. In Germany there are lots of different sorts of tenancy arrangements for example that allow a fuller range of opportunities than here in the UK.

Community development is an empowering model that starts with the community. A principle is “How do you grow your own jobs?” [rather than importing them] at all levels eg entry and graduate level in green technology, manufacturing, etc. In Sandwell the Chief Executive has a waste management background and there is a strong manufacturing tradition. We can have employment at all levels. If we approach this in a strategic way we can work to future proof it. But to make it work we need the right conversations to start with that link up the agendas.

Skills/Training: Sandwell has opportunities but has not joined them up.

Neighbourhood Employment Skills Panels is an opportunity, but at the moment they are a talking shop or there are turf wars. In part this is because many people don't do strategy. The issue is the combination of locality and strategic thinking.

In Salford polymer recycling has been the focus and created the opportunities to reshape localities and create new organisations.

Retail – Tesco in West Bromwich has decimated the High Street. There are a lot issues around local food retail, not really farmers markets. “The further you travel for the goods that you need, the more that it costs you”. It includes vulnerability, how people link in to local services if you don't have local shops. We need to look at how we grow a high street or a community of shops. We need people to think through what solutions might be and how this cross checks with other sectors. E.g

Bearwood – Johnsons dry cleaners have closed and there is a sign directing people to their shop in Harborne. If people go there they will also go to Waitrose, Nationwide, etc. So this creates a further decline back in Bearwood. A local firm eg Tailor Made, could be invited to open up a shop front at preferential rates, but with the clothes going to their existing workshop at Court Oak. [this could be tied in with training for people in retail, empowering communities, etc]. At the moment the only innovation is to put up some boarding on some of the closed shops and to use one of the redundant buildings as a community centre.

We need prolific ideas, forums where things might fly, though many will inevitably fail to work. But out of this some things will succeed. Bearwood High Street could be one such focus.

Equality and Diversity: The Cape Hill project has a very wide range of communities and people. Existing activity is based upon trust with the local authority staff. Therefore meetings attracted a very wide range of people (friends and neighbours), so that the residents and a wide group are shaping the programme. Lots of communities are involved that have some sort of familiarity with each other. This allowed norming and storming behaviour to go on and allowed negotiation to take place. Everyone was getting something out of it. People were confident. They were also confident that they could contribute something.

The exercise then becomes a problem solving approach. Part of the reason for success is that these are community organisations rather than larger voluntary organisations. Smethwick now has a range of larger voluntary groups and this creates a different set of issues.

Sources: Interview with Rosie Edwards, Sandwell MBC anti-poverty manager; and <http://sandwelltrends.info/themedpages/AntiPoverty>

5. Encraft, May 2012

Encraft is an independent consulting engineering firm specialising in microgeneration, on-site renewables & low carbon buildings, based in Warwickshire. They have designed web applications and project development tools to facilitate low carbon projects and these form part of their consultancy offer. They have a strong local economy ethos and a culture of developing new ideas: with Localise WM they designed what became Birmingham Energy Savers for Birmingham City Council. Previously they undertook a business support programme for AWM (former regional development agency).

While they employ less than 25 people they have a significant role in determining which companies get the contracts to deliver some of the projects they develop for other organisations. These can be worth hundreds of millions of pounds to the local economy. Their early involvement in the UK retrofit market and their ethos led to them helping develop a number of successful companies in the local supply chains as well as providing them with links to their worldwide contacts.

Supply and Demand Chains: They try as far as possible to support the local. Their main expenditure is on staff. Engineers come from all over the EU, but now all live locally. Admin staff all local when recruited. Feel very much part of the local economy.

Feels far more local than previous jobs with multinationals and far nicer. Do try to use local suppliers but quality is more crucial for them. The only non local supplier is PR company which is London based – did try to find one locally but could not get one with good enough approach to the construction world.

Their biggest impact on local economy is through the work they recommend other companies to do when they are asked to recommend a contractor. Tend to recommend one of two local ones. ECO2 Solar has done particularly well from this and quickly grown into a multimillion pound business. Also New World Solar.

When Encraft first set up it was an empty market and they had to help create a local supply chain (including installers). Phenomenally hard work – all comes down to individuals. Did try to develop a wider more diverse supply chain by promoting lots of businesses, but need to recommend quality firms they can trust.

Do majority of work in West Midlands but a company of their size could not survive in the West Mids market alone. Mathew considers that there are stronger markets for their work in South East and North West. Do some work globally including US.

Encraft does not have formal policy to buy local but do have one to support SMEs and innovation. For years have done business support programmes for AWM and various ERDF-funded projects based in regional universities since AWM ceased operating. This to develop relevant supply chains. Helped develop ECO2 solar through these programmes and directly by providing referrals, albeit in an informal way.

Finance: They raise finance through shares. These restricted to original board members and employees. Mainly relatively small amounts c £10000.

Finance has been major issue for firms in their supply demand chain over recent years. Banks won't lend the money to undertake retrofit works. This been an issue for RSL schemes. Finance has been major problem for manufacturing/ PV part of the reason why much of the business has gone to China and Germany.

Currently going to Deutsche Bank to get a significant loan for an end user (via the European Energy Efficiency Fund).

Matthew responded to the question on recycling money in terms of reusing for retrofit. Talked about local project in Northamptonshire they are working on using the Salix fund, which has to be recycled in that way. The project is to create a local supply chain and is looking to EU funding to scale up.

Employment: Employ 22 – recruit technical staff from all over the world. But all now live and spend locally. Admin all local. Being based in attractive place to live helps to attract and retain staff. He considers they support 1 person equiv with food .25 IT, 2-3 solar installers plus about 130 via projects at any one time.

Main impact on employment through projects they develop eg Northampton, and current work for Warwick Council. Organisational aims are about business survival / growth. Need to get and keep the best staff. Personally also keen to support the local economy.

In terms of supporting excluded groups – aware of all the issues and do what is legally required - have good ethnic and gender mix (particularly for engineering company). Have done project with Shelforce , which employs people with disabilities. Biggest barriers too many pressures to survive to move beyond that. Do have a CSR policy but not the time to be proactive with it. In practice would want to support excluded groups as part of proper commercial activity eg projects with Shelforce and Jericho.

Skills : Have no real difficulty in attracting people with right skills. Being in Leamington helps. Place people happy to move to.

Business: Thinks SMEs far better at innovating in terms of dealing with the end user. Getting the product and delivery right for them. Need flexibility which few big companies have.

In this country the retrofit, energy and green engineering markets are dominated by artificial oligopolies created by regulators.

The reason the UK is not good at turning inventions into growth business is over dependence on big companies that do not employ the staff with the skills attitude to make the product work for the end customer and in UK big companies have the power to stop the market developing till they are ready and can make it work for their approach. eg Green Deal where following consultation the approach adopted was one that only fits the requirements of large companies.

SMEs cant do hugely expensive R&D and all the accreditation required. Culture of consumer protection makes it very difficult/ expensive to innovate. Means SMEs to succeed need to go for small niche markets. Employees stake via shareholding but not a Social Enterprise no formal community stake. But feel very much part of the

local community and good local relations with businesses and public sector crucial to getting business.

Product Procurement: Procurement policies systematically exclude smaller companies other than in a small supporting role. SMEs not seen as the growth opportunities.

Have a carbon reduction policy for procurement and support to SMEs and innovation. Problem is time to be able to do the best. Some form of brokerage would help.

Support Services: Thinks most a waste of money. Best experience was in 2003 when the local Chamber ran Business Link. They had support from a retired businessman who had run a small business locally and was great help. Now have formulaic type advice how to write a business plan so that it will be approved by banks. It's a model for big business not what small business need. They did get support to do a marketing study and that was a waste of money.

All comes down to getting the right people with the right experience. If support services had more local responsibility for their activities they would get better people. Has provided business support services linked to housing retrofit sector. Supports 50 firms a year through RESCO business support programme and trains about 100 people a year for RICS.

General: Need to choose right type of activities for firms to be local. Test needs to be what is the local premium highest on - possibly food.

Encraft is a small business trying to compete in a market dominated by big business with the rules biased in their favour. Maybe need to concentrate more on niche markets where they would have the advantage.

Skanska may be better placed to support localism a big company that is devolving management down so that it can take advantages of the local benefits, but can still be a big company when it suits.

Source: *interview with Mathew Rhodes, Encraft, May 2012; Encraft website www.ecraft.co.uk*

6. Think Walsall, June 2012

Think Walsall is a council-based initiative acting as a broker between local suppliers and subcontractors, and investors and developers in Walsall. It provides local businesses with the support and contacts they need to win contracts. It is primarily but not exclusively focused around construction. It works with developers at planning application stage and identifies the developer's supplier and subcontractor needs, then identifies and supports local companies to bid for this work. It also undertakes general promotion of Walsall trade for example by social media, business events and networking. It has aimed to get approaches that maximise the returns to the local economy embedded into council and other local processes. TW also works with startups by signposting to office space, insurance, local contacts.

Success is measured in terms of job creation; value of contracts awarded to local businesses; number of businesses who respond to a TW listed opportunity; investors or developers who work with them. Last year TW created 23 jobs and brought in £320K, and is working with an increasing number of companies.

Supply and demand chains: The Council supports local supply chains firstly to create jobs and increase GVA per head, and secondly in response to the local economic assessment to increase the proportion of spend which Walsall companies get from those they supply. Walsall should be encouraging companies to export or win work in the south-east because there is more money there, but other partners like UKTI will pick this up. Companies should be networking in wealthier neighbouring areas such Birmingham, Coventry, Warwickshire.

Local is defined as having an office or base in Walsall. This means that some are not entirely local, and ignores employees of Walsall residents based over the border - but it's impossible to do it in any other way. Under new arrangements (TW is switching structure and management due to the end of the Working Neighbourhoods Fund) they will adopt a "five mile radius of the opportunity site" policy. TW is increasingly working with Find It In the Black Country (FIIBC)

Larger construction companies don't subcontract much (no construction; some materials) because it's less risk for them to bring established suppliers and contractors with them when their next contract could be anywhere, so most of TW's work is with SMEs: big enough to have the right accreditations for tenders but small enough to be subcontracting locally.

One problem for small businesses in taking on subcontracts, particular since the recession, is that they may have shed non-essential staff (salespeople, marketing) and have only the core tradespeople. So they are out doing the work during the day rather than in an office. Many of the contract opportunities are very quick turnaround so they will miss them. Many potential subcontractors don't check the online portals but get most of their business through word of mouth; so TW has developed detailed knowledge of local companies and alerts them when suitable opportunities come up.

TW also runs networking events for the area's largest companies and potential suppliers for their next six months' needs, but again many small local companies won't have the capacity to attend these events. Lack of accreditation is another barrier.

TW is considering supporting local firms to monitor their carbon footprints: these would be lower than that of many more remote companies and thus give them an advantage, but would not exclude remote companies with low carbon footprints – just develop a low carbon incentive for both.

Potential disbenefits of a scheme like TW are that it might distort trade where local is more expensive and might create reliance on the support structure offered.

Social and economic inclusion: TW asks any bidding companies about jobs safeguarded, created, apprenticeships, but don't ask for postcodes of those recruited which would give clearer idea of social inclusion benefits. TW could push firms' skills agendas more to have a bigger impact on this.

Skills, employment, recruitment: Firms perhaps complain about this more than is fair: from all sectors they complain about attitudes of unmotivated local young people thinking work is beneath them, but they blame public sector and university education rather than thinking that it might relate to the pay and conditions they offer. Skills was low down the list of barriers in the local economic assessment.

Combinations of skills is an issue: through the Green Deal and BES it became apparent that there was a shortage of skills in external rendering and working at height – quite specific skills needed in a single individual. To address this they are investigating using the Government's Employer Ownership of Skills, a strategy with £200 million funding in which employers work with training companies to develop bespoke training programmes for their needs which is then open to other companies to use too. Lots of local companies are interested; e.g. pharmacies complain that pharmacists have pharmacy skills but not customer service skills. TW have also been working with Walsall College to broker deals.

ThinkLocal in Sandwell target recruitment to disadvantaged areas/groups and Walsall encourage successful grant applicants to use them. Walsall Council runs Walsall Works, a scheme providing wage subsidies for young apprentices, limited to the 16-24 age-group to avoid companies laying people off and taking them back on as apprentices. These schemes are separate from TW but they link up when possible.

Due to personal interest from the chair of the Black Country's Asian Business Association the Cabinet Member for Regeneration is keen on supporting Asian business but there isn't yet an approved project to work with them. TW

commissioned a report on BME business needs in Walsall, but no specific outcomes yet.

Finance: In the recent local economic assessment finance was the second biggest barrier¹. Equity and loan finance is readily available but family businesses are not interested in equity finance because they don't want to cede control to external people. Contacts in the south-east say that equity finance is much more popular there because fewer of the businesses are family-owned.

Walsall Council has created a loan fund with Black Country Reinvestment Society (BCRS). It is a funder of last resort, £10-100K loans. Obviously this recycles payments locally. TW also works with local budget holders' grant-making programmes such as a regional growth fund bid, BCRS grants, JESSICA, to ensure grants are conditioned on supply chain opportunities being advertised in Black Country. This is more effective for scaling up local benefit than relying on the planning stage when it's too late to make much impact. It works either with legally binding conditions or strong moral pressure to use local supply chains.

Business – innovation, competitiveness, resilience: Innovation may not be well understood as a concept by all local businesses: the Walsall local business survey found 15% claimed to have innovated in some way – three times national average. Meanwhile Walsall has lots of engineering firms with design potential which generate solutions for their clients, but think of it as engineering rather than innovation. There is little innovation locally amongst SMEs in terms of patents. More innovation can be encouraged through the procurement process: where and how companies win work, what they provide, how they tackle skills issues. The Chair of Black Country LEP wrote a blog post saying companies complain about dependency culture amongst people but themselves will wait for the government to come up with schemes.

Local businesses adapt products and services to meet local needs: the firm facing a shortage of external rendering skills had recognised that gap and was willing to adapt. Another firm has suggested that to overcome the problem for construction firms in taking on apprentices because they work all over the country, a third party could employ those apprentices locally and farm them out to firms when they have work in the area. TW has been investigating brokering this. There are other examples of companies adapting well because of the financial shortage; e.g. diversifying from producing construction materials to interior items. But this can distract from and weaken their core business, so TW encourages them to think about hiring out their design skills to others instead.

Local organisation the Vine Trust works with excluded people and has been shortlisted for a studio school (new current govt vocational school structure) They also work with public policy people to support social enterprises to meet identified needs, and provide space for this. TW can help companies with innovative ideas to bring them to fruition.

¹ The first was competition; energy prices third; access to new markets fourth.

Community: Commcats (community catalysts) is a project initiated by a secondment from Walsall Council to stimulate micro-enterprises based on carers. The instigators had realised there was a group of carers with valuable social care skills which could be used in a social enterprise. It is as much about working with people in the community to make them think more entrepreneurially as about providing social care. TW links with and supports them.

A Willenhall area partnership manager had a project idea to promote working with TW as part of CSR to local companies; TW also helped an individual liaise with this manager to seek funds for a community BMX track, realising that if a lottery-funded project results TW can ensure local contractors are used. This often meets the funder's objectives too and TW has been involved similarly with heritage and arts funding. This sort of work is usually ad hoc and dependent on networking and personal interest.

There is potential for much more work with area managers and more community involvement. TW have worked with Accord and other RSLs around their immediate supply chain opportunities but could also do more around encouraging tenants to set up their own businesses, encouraging RSLs to consider providing superfast broadband for self-employment use, etc.

Support services and mainstreaming: The LEP is supportive; it sponsors FIIBC and led the RGF bid mentioned earlier. They co-operate on marketing, social media etc and TW helped set up their linked-in enterprise group. The LEP has the potential to help spot opportunities too e.g. when Blakemore set up a new facility locally.

Various suggestions for local mainstreaming:

- Walsall Council could mandate use of ThinkWalsall in constitution – as per our constitution OJEU rules. Currently TW portal is under-used by investors including the council. In Sandwell officers are mandated to use ThinkLocal Sandwell and everything goes through it. This needs council members' support and insistence.
- Making carbon footprint part of council procurement requirements. The Social Value Act enables this. If 10% of bid quality is judged on this it becomes worthwhile for bidders. This would require councillor mandate and procurement department support. TW used have access to the time of a procurement officer; this was useful.
- A number of other ways in which planning, grants and loans, and other mechanisms can be conditional on use of local supplier portals such as FIIBC and TW: Planning could be more proactive in telling TW about development interest, and could put policies in documents such as area action plans and local development orders about local supply. BIDs (business improvement districts) could insist on maximising opportunities for local suppliers. The Enterprise Zone in Darlaston has a local development order which would have been a great opportunity to help with planning bureaucracy and in return put a condition on the

order to use FIIBC for opportunities; as could the Black Co PIP (ERDF-funded). Renewables planning permission could be made easier if FIIBC is used for any resulting work.

- Workshops on finding work, filling out PQQs, getting accreditations, references and accounts, access to new markets, carbon footprinting, future trends and innovation eg green new deal, electric vehicles parts. Supporting businesses to make right decisions on when is a good or bad time to diversify and how; opportunity spotting.
- TW has registered its logo as a trademark: and has option to license companies to use the logo on their website and project for a year for small fee if 10% of supply chain and workforce is in Walsall. Would need strong marketing and large companies to pilot it to get it well known enough to be effective.
- “Meet the specifier” events, moving on from “meet the buyer” to get in earlier on the process: exhibiting local manufacturers to developers and architects so that architects can design for local products.

Nationally, recognition as good practice would be useful; locally the council promotes TW well through twitter, blog posts etc; it was praised for innovative use of Linked-in for business support.

Source: interview with Dan Carins, Think Walsall, June 2012

7. East End Foods, June 2012

East End Foods (EEF) is a largely Asian food company, founded in the West Midlands in 1972 by the Wouhra brothers. It has grown to be one of the largest Asian food companies in the UK, employing more than 320 people. The company has always had a commitment to employment and business links in the area in which it is based, seeing this as of mutual advantage. They focus on manufacturing using local and imported commodities, wholesaling, and have recently opened a large cash and carry. They also export to 22 countries. East End Foods began with founder Tony Deep Wouhra selling eggs from a farm in Shropshire. This gradually developed into wholesaling, then importing spices, then into mainstream foods including fresh foods. The brothers grew the business because there were few people importing spices for the conurbation's Asian communities at the time; through ensuring that all surplus was reinvested in the business; and through innovating wherever possible in terms of product lines and machinery. Their father's advice was "Only sell things that you would eat yourself".

Local supply and demand chains and procurement: EEF supply to both independents and multiples, but also export to 22 different countries. Obviously their specialist business is spices which are non-local but most of their 'mainstream' goods suppliers are local. Around £35-40 million is imported, and 'the rest' is local. For example they would use local semolina and wheat which is used to make speciality flour.

If something is needed quickly a business based in London can't deliver it in time. A local business has the flexibility to deliver in minutes. The multiples have a tendency to expect the supplier to take the pain and not themselves. EEF need to encourage staff handling multiples to stand up to them more and bargain harder. They wouldn't consider *not* selling to multiples on these grounds, but multiples need to acknowledge and pay for the quality of their products.

They have done a lot of work with the supplying farms in India and Africa. Chairman Tony Deep Wouhra teamed up with a trust to train farmers to grow food using natural inputs and eliminate the use of pesticides, to increase farmers' understanding of the importance of purity in food. They trained over 250,000 small farmers in 14 regions of India to grow food naturally. This model is now being exercised in African countries. They see it as important to learn from the farmer but also communicate with them on what they need. The farmers they work with are dedicated and intelligent but do not appreciate that too much chemical has affected their land adversely and their yield has been dropping and their expenditure on chemicals has been on the increase.

Recruitment and training, employment terms and conditions: When the HP Sauce site became vacant they felt it important that another locally based business came forward to operate on the site and replace jobs: their press release on taking on

the site invited people made redundant by Heinz to come forward for recruitment. This expansion was done in order to keep the “legacy of food in Birmingham”.

EEF recruit locally and don't tend to use agency staff. They employ 320 people in Birmingham & West Bromwich. They don't specifically target excluded groups, but their sites are in areas of employment need. They have some people working for them who are from potentially excluded groups such as people with disabilities; people will come to them because they are known for being good on equal opportunities. They try to offer flexible working e.g. for women who want to work 10-3 to fit in with the working day, recognising that where it doesn't matter at what time something gets done, this flexibility works better for everyone.

They offer very thorough training on health and safety. It fits with their business ethic to train well and then to pay more those who have been trained because this improves their efficiency. They have no particular problems recruiting people with the right skills; sometimes people don't have the skills and they prefer to recruit people who come with basic knowledge or aptitude, but they offer training to acquaint their workforce to the work culture that has been an integral part in their success story. .

Business: resilience, innovation: EEF have always innovated in getting state of the art processing equipment, developing bespoke buildings, and developing bespoke training.

EEF have been considering starting something iconic, different and demonstrative as a gateway to Birmingham; for example an urban farm for people to come and learn about growing food, healthy diets and food industry. They are very aware of the need to reduce meat eating and of the impact of livestock on land use; so are keen to promote this message. As a food company they have responsibility to tackle the whole food picture, including growing and waste reduction. They have also been considering initiating a food technology and retailing academy to help against the decline of high streets.

EEF has also been at the forefront of environmental issues, and have built their own bespoke buildings with high energy efficiency and rainwater harvesting. They also have solar PV and generate 65% of their electricity onsite, with plans to tackle the other 35% later. A family charity associated with the business offers heart and diabetes screening.

They are fairly sure they pay their staff more than their competitors. They think a well-paid workforce increases efficiency as can often be seen in Germany. A few of the most basic and casual jobs are on basic wage but even they get a rise yearly. They reward people as they prove themselves.

Value-adding is best done in this country because when this is done abroad there cannot be the same feeling about it – those doing the work will care less about the quality. So while wages cost more in this country, it results in a more consistent quality of product and over the time the end user has preferred East End brand.

EEF has a strong policy on paying taxes – they see taxpaying as a positive that happens if you are successful, rather than viewing it as an extra expense. When you pay taxes then you can expand.

Mainstreaming and support services: They haven't used the services of FIIB/FIIBC for either supply or demand side; they think they should, but have not yet had time. EEF are not involved in the LEP. They could organise their contracts better to local suppliers to avoid this costing them more in the long run: they should be creating supply chains within the city to give additional employment to others: Jobs create jobs create jobs, and if their staff take home a good wage they will spend it in local businesses; it's all connected.

Sources: *Interview with Tony Deep Wouhra, Chairman, East End Foods;*
www.eastendfoods.co.uk

RETA, August 2012

RETA (Renewable Energy Technology Alliance) is a Warwickshire-based alliance of businesses working together to develop the low carbon economy. It was initially supported by Coventry City Council and quickly expanded to 25 partners including local academic, public sector and large and small business representatives. Collectively the alliance offers product design and manufacture, system design, installation, servicing and maintenance; wholesale and distribution, employment and training, related professional advice and consultancy services. It has helped create a local low carbon business mass in the area. During the year 2010 - 2011 it created 180 jobs in the supply chain, 11 start-ups, and £30m of private sector investment.

The alliance has helped address skills gaps (including of procurers), quality assurance, diversification and access to finance, market awareness and signposting. One of its key roles is to help local SMEs win contracts with the large national/multinational organisations operating in this sector which have their national headquarters in Warwickshire.

Other activities have included running a MCS accreditation programme to help PV installers diversify to avoid disaster at reduction in FITS; working around codes of practice and quality assurance, providing a complaints process for local installers, and running an advanced Green Deal assessor course with Coventry University.

Supply and demand chains: it is surprisingly easy to find local suppliers, partly because the individuals originally involved were well networked. RETA resonated with retrofit and energy firms and became the network to be associated with in Coventry. People came out of the woodwork to join the network. The role of Council as leader is key to RETA: if it was led by a large private company there would have been distrust. Such activities need honest brokers and the Council has used its powers and influence positively. Social media has also been used in increasing engagement, as have events such as Sustainability Live.

There are clear benefits for companies in joining RETA, namely winning contracts. RETA gave companies access to being part of the supply chains of Eon and other

large organisations. SMEs need support to engage market and sell. RETA can connect to customers and suppliers – but needs funding.

They provide procurement and supply chain education for procurement managers, who otherwise tend to just look at price without considering wider impact on economy.

Opportunities?

The retrofitting agenda is a big opportunity to reduce carbon and create jobs and apprentices, and also for targeting jobs to excluded groups. There is also an opportunity to impact on wider social cohesion and health.

Bidding for BES led Eon to start looking at targeting excluded groups for recruitment. This has help changed the culture of the company and it seems they will continue with this approach whether or not they win the contract: they now look to local employment and sourcing, rather than just the cheapest price.

RETA has brought local supply chains together to increase ability to identify needs and opportunities for new products; collaboration with Coventry University creates practical opportunities for product innovation and testing. Collaboration across supply chains has also helped deal with common problems eg skills gaps.

Local authorities can use their procurement to obligate businesses to target priority groups as Birmingham has done, though they have to be careful of the price. Birmingham doesn't fully understand how keen firms are to work on retrofit there – Birmingham is the place to be in the retrofitting market. Companies would pay to be involved at the start.

Challenges:

From the contractor's point of view, using a local supply chain adds complexity and is thus more costly to manage than a one-stop supplier. There could be more risk if one part lets the supply chain down. If only local suppliers are to be used then there is less choice for contractor and their client. RETA are able to provide more assurance through auditing systems for small firms, which helps.

Employment: Eon starting to pass on to its supply chain obligations to employ people from priority groups. They use "Pain and gain" mechanisms to ensure contract compliance.

They work with suppliers to agree what will do: collaborative rather than confrontational.

Also starting to select suppliers so that they reflect the diversity of the area they are working in. This has brought big gains for Coventry LA. Have helped create local mass – low carbon firms want to move to area. Create small-scale Silicon Valley effect. Link to Birmingham and BES, are also important in this. The private sector will take on people from priority groups as long as they are 'work ready'.

Finance: This is an issue for the sector as a whole: the flow of money from banks is almost nonexistent. Demand creators like Eon can help SMEs by for instance buying material and providing it to them. With their economy of scale they can buy more cheaply and this helps with SMEs' cash flow. Quicker payment terms from local authorities and corporates would help. Raising working capital is a problem.

Business development grants were helpful. In all, there is a need to make sure capital flows quickly through the system.

Business, innovation and resilience: Innovation tends to come from medium rather than small SMEs. Whether SMES are better depends upon your view of innovation. Within RETA there has been development of solar storage, thin PV and lean construction processes Micro-companies tend to be just concerned with survival. Big companies have whole sections devoted to R&D which is out of reach to SMES. It may be though that SMEs have more innovative ideas. Coventry University has £5m to support SMEs innovate.

RETA has brought down the internal barriers within and between companies in Coventry – it has linked SMES to universities to create knowledge transfer.

Barriers

- Procurement red tape
- Big companies hate risk, thus their contracts require high levels of indemnity, QM assurance systems, high minimum standards, which rule out many SMEs. These policies are not SME-friendly.

Need to have greater link between policy and practice. If believe eg ISO 1401 best practice then don't exclude company just because they do not have it but work with them so they achieve it.

Big demand creators like EON and local authorities can push this through.

Existing procurement approaches have no human face makes difficult for SMEs to sell to them or do business with them.

Need Mind set change from "best value" to socio economic impact.

Support Services: Really invaluable. RETA found funding to help companies develop. EON needs to help overcome barriers to being work ready. Tend to be third sector / SEs. Essential that they are local. Need funding support. Av procurement person would not have a clue about how to get ERDF.

Mainstreaming: Change mindset of procurement managers. All qualified when Sustainable Procurement not on the agenda. Changes Procurement Institute need to make part of CPD for all. LGC need to do more with local authorities. Social Value Act will help. Very difficult private sector at this stage economic cycle. Heavy reliance on monitoring and evaluation of contracts need evidence the wider benefits / costs of contracts. See above for other ideas

Source: Interview with Darren Gardener, formerly head of RETA; now consultant working with EON to develop their environmental policy and approach to green deal; <http://www.reta.uk.com>

9. Birmingham Energy Savers, October 2012

Birmingham Energy Savers is a major initiative of Birmingham City Council to take advantage of various central and EU schemes to bring about energy efficiency improvements in the homes and other buildings in Birmingham, in ways that maximise the benefits to the local economy through creating local supply chains, training and jobs. There are several phases responding to the different EU and Government schemes as they develop. Carillion Energy Services have been named as the preferred partner for the initiative.

The current phase of BES will see up to 60,000 households across the city given an affordable way of have their properties improved fitted with energy efficiency measures such as insulation and new boilers by 2020, with payment recovered in instalments through energy bills. Other public and third sector organisations across the West Midlands expressed in principle interest is using the same partners and contractual approach, giving a potential overall value for the first stage of the work of up to £1.2bn.

The interview took place the day after it had been announced that Carillion was the preferred bidder.

Supply and demand chains

There was always the assumption that most of the supply and demand chains would be local. This stemmed from the work that Encraft and Localise West Midlands had done originally on developing a scheme. Therefore the journey started before the procurement process began. For example, there was engagement with the supply chain in Birmingham before the published contract notice in February and September 2011. There was also interest nationally.

BCC then made a series of decisions:

1. It wanted a delivery partner. This was based upon three things:
 - a. A decision to share risk. BCC was prepared to finance £75m but potentially £500m. £75m would only get the project started. Could you convince a private company to raise money after the £75m had been spent? So there was a danger of the project coming to a halt.
 - b. The public sector was (and still is to some extent) in a very unstable place, due to the economic downturn and the change in Government. There was no confidence that the local authority would be able to deliver in the long term.
 - c. The need for retrofit was seen as a market failure, but potentially temporary; something that required an intervention, but perhaps not for ever.
2. It wanted one delivery partner rather than several, in order not to confuse the public and the supply chain
3. It offered the opportunity to other WM local authorities that effectively raised the contract to a possible £1.5 bn over 5 years. It therefore had to set the bar fairly high in terms of turnover of bidders, though there could have been a consortium. This made it more difficult for small organisations.

One consortium did try at PQQ stage. It was let down by some of the members on quality. They tried to find a way through this but did not succeed. There is an issue of the size of the programme and the ability of smaller organisers to bid.

There is a strong requirement in the contract (through KPIs and penalty clauses), linked to the proportion of spend that goes through the supply chain to organisations that pay business rates in the Birmingham area. Carillion have agreed that this will be 90%. Penalties are associated with underperformance. All of this is remarkable given that in effect all they are buying is the brand.

Birmingham is in a powerful position now both with contractors, but also because it got to this position first. However, it got to the position of having two bidders by attrition, rather than through selection, because of the KPIs around the supply chain. Bidders balked at this, particularly those that had never gone to their Boards to get approval beforehand. Construction companies are used to bidding and were therefore familiar and comfortable with this process. The energy companies lost out because they were not and did not want to go back to parent companies who might balk at these conditions. They are not used to a bidding process in the same way.

In addition, Carillion had recently laid off 4,000 staff due to changes to the FITS programme. They had taken a decision never to self-deliver a programme, which meant changing their business model to one using a local supply chain.

To get this project through cabinet, the CO₂ savings were underplayed. For the previous administration jobs and skills were emphasised and for this one the focus has been on fuel poverty and the health benefits of insulated houses. John Cotton, Cabinet Member for Social Cohesion and Equalities, did the press conference yesterday as Jim Mackay, Cabinet Member for a Green, Safe and Smart City, was not available. This shows the focus of the administration.

Difficulties

1. The risk was that by loading additional regulation on to the contract it would flow through in the form of increased costs to households and the Green Deal would then fail.
2. Large utilities would buy up the supply chain, do the Green Deal on the cheap, thereby crushing the market
3. A charge from utilities that “you are making us uncompetitive”. Carillion however believe that the Birmingham City Council name and brand has value. Though the measures might add 2% to APR, the savings in the process will save 3%.
4. More work is required by both BCC and the bidders up front and throughout the procurement process. Eg 7 meet the bidder events in one week for SMEs and micro businesses, ngos, etc. 150 people came and the events were followed up by individual meetings with bidders.

In the final tendering, bidders were asked to identify supply chain members that had already prequalified and provide details of: a) How many employees there were in Birmingham, b) What they will deliver?

Carillion have taken on the idea of local service providers. For example, they are looking for/have identified local organisations that can do tenant liaison, rather than doing it themselves or coming through Birmingham City Council to do it.

Procurement

Penalties are always linked to remedies:

1. Remedial action plan
2. Pay us or an agent to step in at £x per day.

There are 2 KPIs relating to the supply chain:

1. Proportion of spend in Birmingham
2. Number of business assistances (similar to the ERDF business assist approaches)

Each of these has a range of measures beneath it. There is 1 KPI relating to jobs with measures like:

1. The number of training weeks per £1m
2. Number of jobs
3. Number of individuals from identified groups that accessed programmes for training and jobs

The contract has been set up for 8 years with a break clause after 3 years, with a decision by Cabinet. The process has also been dependent upon the political will to overcome challenges

Elena funding has allowed BRE and Groundwork to identify 20 communities for Carillion to start with. The first 10 have been selected on the basis of need; fuel poverty, tenancy, etc. The next 10 are on different criteria eg Private Landlords

Finance

Finance is complicated. The potential for the Green Deal Finance Company means that Birmingham CC may not have to pay anything for this scheme. However, if the Green Deal Finance Company does not succeed Carillion may want the £75 million originally proposed. Companies are risk averse and are worried about the impact of different finance models on their balance sheets.

In addition, the Energy Company Obligation means that energy companies will have to deliver substantial programmes of work. One company is believed to consider that they will have to win at least 12 bids across the country in order to be able to deliver their obligations.

Success has been due to the dialogue allowed by the unrestricted bidding procedure used. This has enabled a conversation to take place. Newcastle upon Tyne has chosen an unrestricted process, but has the disadvantage that there will perhaps be 4-5 potential bidders in dialogue at the same time as delivery is going on through companies doing national schemes. Companies are likely to say that they will just get on with delivery of the Green Deal and build the supply chain nationally eg British Gas.

Therefore it is likely that the next bid is likely to be on a restricted basis. Birmingham is in a very advantageous position both because of the size of the contract and by being first to the starting line. As a result of this, it has good intellectual property rights that it is now looking to sell to other local authorities.

8 other local authorities in the West Midlands have the potential to use this contract; at least 1 district is looking at this. However, the model may be more difficult to deliver in rural areas where scale is more difficult to achieve.

There are some particular advantages of the Birmingham approach over the national Green Deal approach. For example, how much risk will households bear? BCC can de-risk the programme in a unique way. The Green Deal programme will for many firms be delivered evenly across the country, but BCC can pick out local trends such as default patterns, and link them to particular measures, demographics, tenure, local delivery partners or physical factors due to local knowledge. They can then adjust the programme accordingly, such as changing promotion or supplier.

Promotion – BCC is obligated to make reasonable efforts to promote Carillion and partners, but there are no cost implications. It will also use Carillion for its own properties.

BCC is setting up a client function to monitor progress and deal with the interface with councillors, cabinet members, ministers etc. This is paid for by Carillion. The idea is that this will be web based and will be accessible to the public. It will also allow members of the public to ask their councillors about performance at ward meetings, comparing one ward with another, which in itself will improve demand.

The total procurement exercise has been at no net cost to BCC. Hence the move to sell intellectual property rights and seek contributions from contractors (as above). Getting early with FITS has also helped.

Employment

The programme will “create” approximately 350 jobs, but some will be existing jobs maintained. Therefore, it is likely that about 200 jobs will be created and 100 safeguarded. Many of these jobs will be seasonal as work cannot be undertaken in winter, therefore these will not be permanent jobs in the traditional sense, but somebody will be doing that work. This aspect is difficult, particularly as in a more mature market one could be more confident about what is likely to happen.

Jericho is seeking to deliver 35 jobs through a separate company it is setting up. This is likely to be in delivery. An insulation firm is looking to set up a factory in Birmingham that is likely to secure 200 jobs. So in all the programme is likely to support around 600 jobs.

Carillion have agreed that they and their contractors will meet Birmingham Social Charter’s Birmingham Living Wage. This will affect call centre costs, but is unlikely to impact installers, etc.

Skills

Jericho will be delivering insulation installation and doing pre-apprenticeship training as part of the drive to reach vulnerable communities. Performance measures include one for the number of apprenticeships, part of the contractual obligation. ENTA will

be training people in assessment activities, customer relations and low skill ancillary work, such as the clearing of lofts.

The bidders saw that local delivery of Green Deal and local employment and engagement were likely to feed off each other. Carillion saw it as a community engagement model, building on trust and through intermediaries in to communities. So, delivery of the programme is as much about recruiting the right organisations as anything else.

As well as the supply chain and marketing plan theme, Theme 3 covers Social and Economic Value

The contractor had to agree to take people on a journey:

1. Security – switching energy suppliers
2. Satisfaction – high quality and cheap compared with Green Deal comparators. Therefore these will be published
3. Solidarity – e.g. social networking and meetings – we are saving energy together
4. Significant – e.g. Awards – Community energy champion of the year

This model comes from community education. In turn all of these aspects will help with marketing the programme.

Some of the obligations affect tier 1 partners, others go down to tier 2. However, Carillion is required to share details of contracts with these partners with Birmingham CC. As part of Theme 4, Carillion and their supply chain will deliver £1.3 million in voluntary activity working in schools. From a Carillion perspective this is a wonderful way to influence the parents.

Support services

There have been a large number of projects undertaken as part of the overall programme. For example:

1. ERDF Innovation Fund
2. AIM High – about housing technology
3. Climate KIC
4. Science City
5. Birmingham city University- Heat modelling and solutions
6. PhD on behaviour change research – also got involved in a voluntary role

However, universities have not yet been pitching up to provide support or to include this programme in their research programmes.

Planning is a particular issue – BCC organised/brokered face to face meetings between the bidders and Local authority planners so that they could agree how to work together in the future. The programme will put a lot of pressure on planners a framework is needed:

1. Situations in which a block planning application will be acceptable
2. Situations in which a light touch approach (21 days sign-off) will be appropriate
3. Situations in which a more rigorous approach is required

Previously Green Deal was regarded as the enemy; a good conversation was had. English Heritage has not been involved yet.

Climate KIC – can you do energy efficiency measures on monumental buildings – Napoleonic fortresses, Victorian buildings eg Council House and Town Hall. How can you do it without wrecking the building?

Mainstreaming

Groundwork and Carillion have both said that BCC have changed the procurement landscape. A new private/public partnership model has been created. Key elements are:

1. Getting buy-in to the process before procurement. Warm up and inform local stakeholders through lots of engagement – meet the bidder, meeting local stakeholders, meetings with councillors and the public in church halls, etc. The benefit is that when the procurement process starts people understand what is happening.
2. Engaging people throughout the process.
3. Local Democracy - It provides a sense of accountability. It is about being able to say to bidders that it not just about brand and reputation, but that you will have to engage with councillors. People go to councillors when they have problems and therefore bidders need to be able to work with this. Carillion have set up a reporting procedure to capture social, economic and environmental benefits at ward level. This will help councillors at ward meetings, but could also be used to help generate demand. There will also be a web portal.
4. Understanding where local buy-in counts for so much – you can't do things to people's homes without their buy-in. But in other sectors this would need a rethink. Where is the demand and what can you do to create it? For example, people in Greece are suddenly growing vegetables in their gardens because of the current economic crisis.

Sources: Interview with Dave Allport, Programme Manager for Birmingham Energy Savers, Birmingham City Council; 9 Oct 2012 www.birminghamenergysavers.org.uk

10. RESCO and AIM HIGH, May 2012

Resco is a partnership-based business support gateway that aims to get access for local companies to growth opportunities in the renewable technology supply chain. It is managed by the Institute for Environment, Sustainability and Regeneration (IESR), based at Staffordshire University. It includes public, private and academic partners. Services include market and capability diagnostic visits for SMEs, graduate placements and networking events.

It manages an EU funded programme (Aim High) which supports new products for the retrofit market. Its role is to fund initiatives to get these new products market tested. BES has linked to this programme to widen the range of retrofit solutions it can support and to help develop local supply chain companies.

3 main strands to their work.

- Off shore wind – local companies getting a share eg BE power conversion
- Bio energy – this part led by Aston Uni
- Micro Generation

Aim High EU funded project to trial new retrofit technologies at scale.

Provide business support and help businesses link to potential markets via Green Deal and BES; they do this by raising awareness, providing marketing opportunities and undertaking financial modelling for firms.

Aim High runs to 2015 but will provide longer term monitoring of installed new products. At present mainly working with installers hoping to become more involved with manufacturers. Companies need to become more savvy about market developments. Need to develop economies of scale on supply side.

Solid wall insulation big growth market but the products that are needed to meet the demand do not yet exist at affordable prices.

Need newer different technologies to meet the needs of Brum houses. We also need companies that can offer more holistic services to address the improvement of all aspects of energy efficiency.

They have done some work with MUM group which is a consortium of manufacturers.

Supply and Demand: They bring firms within the chain together. Provide information on what is happening in the market and provide action plans for companies. Events programme to be launched. They will potentially work with whoever wins BES – could look at local collaborations. Birmingham needs to more fully recognise the power it has. Most firms desperate to be involved.

Biggest barriers about local understanding of the benefits of people retrofitting their houses. Key issue of ability to you talk and sell retrofit solutions to the public. Will run events for local community groups through Aim High to help them spread understanding of the benefits and possibilities for owners to make their homes more energy efficient.

Challenges and Opportunities: BES model with its large contracts results in there being a lot of barriers for small companies to go through. The big companies that are bidding to the Council to become its preferred partners are getting smaller companies to sign up to supporting their bid - but this is not same as getting work to them.

Big barriers in the tendering process SMEs get very little feedback. RESCO will provide support to SMES to help them win bids.

A fan of Buy 4 GOOD which will be part of Aim High delivery process. Its big problem is its lack of capacity with only one member of staff. Achieving diversity in the local economy comes down to giving smaller companies more opportunity they tend to be more flexible. Little faith in some of the larger companies Some have a culture of screwing every last ounce out of a contract.

Government needs to be more demanding about what it wants and not just in a box ticking way.

Finance: Dont get involved need to go direct to companies to ask.

Employment: Part of Staffordshire University; less than half their staff live in Stoke.

Skills: Massive issue for a lot of companies in this sector. National training bodies very fragmented. Construction Skills and Environmental Technology Academy is being built near Stoke. Companies very confused by structure of training and tend to have to fund their own solutions

Training in new products tends to be dominated by product providers eg Worcester Bosch. So training is about installing their boilers rather than looking at the whole house systems, considering the best alternative or what works together.

Skills less of an immediate problem at this point in time as waiting for further growth post PV blip. This will then be a big issue.

Innovation: Many SMEs need a lot of help to innovate. But much depends on the training and experience of senior managers. People who have had roles in larger companies or good business training are the innovators eg Mathew Rhodes, Paul Hutchins, Mark Clempson. Access to wider business background and training is the key.

Entities set up to support innovation like Universities do not cope well with SMES. Academics tend to either concentrate on supporting students or being independent academics who work on what interests them. Only if a particular project sparks their interest will they really work with it even if the money is there to fund it. It is difficult for SMEs to cope with this. Smaller companies tend to innovate in less technical ways.

Support Services: At present larger companies looking to use smaller companies a parts of their supply chain (pressure from BES etc) RESCO shows the larger companies the face of local business. It helps smaller local companies present themselves to the big companies and validate them via presenting case studies.

RESCO brand recognised nationally with DECC and big companies. They can talk through RESCO to get access to local companies. Support to companies very fragmented eg ERDF.

National larger companies don't like buying from local supply chains. They consider it too fragmented and difficult to access. RESCO can change this problem into a solution.

Support Structures for Excluded Groups: Keen to run events more locally want to go to third sector venues in poorer areas – get access to wider audience of SMEs. Companies like New World Solar know where to go for support and how to provide support to excluded groups most firms don't.

Mainstreaming: Central Government Policy has the major role. It drives most of the retrofit agenda. However there is no clear articulation from them as to what they are doing and why, no longer term certainty. No understanding at DECC of implications of their actions but it can't be left to fragmented local groups to determine national policy.

Source: *interview with Dave Terry, RESCO and Aim High, July 2012 and RESCO website <http://www.resco.org.uk>*

11. Buy for Good, July 2012

Buy for Good, initiated by a number of public and third sector organisations, is a non-profit organisation set up to award locality-based contracts and frameworks (Purchasing Agreements) that have a positive impact on the local economy by creating jobs and training opportunities in target communities, minimising environmental impacts and creating funding streams that are re-invested locally. Currently the service is for use by the public, and Third Sector organisations and removes the need for them to run their own EU compliant procurement exercise. They were the awarding body for the Birmingham Energy Savers (BES) contract. Founder members include Birmingham Chamber of Commerce, the Initiative for Social Entrepreneurs (I.S.E), Birmingham City Council and housing associations.

Supply Chain: Customers are mainly local; Birmingham, Warwick and Redditch but also Anglesey and other interest from further afield. It is their stated mission rather than written policy to support local supply chains.

Opportunities - They provide the opportunity for their customers to tap into more diverse supply chains that more flexible and more innovative.

Challenges – Working in the way they do means the procurement process is more resource hungry. Buy For Good have to spend more time on developing each procurement exercise. This though makes it easier for their clients who can then use the frameworks that have been developed through Buy For Good and use the firms that have been selected through Buy for Good framework. B4G also need to engage with suppliers before and after procurement to support them and to engage them this is also resource intensive.

Renewables market in particular is very volatile. Some suppliers have gone broke – some not good at communicating. Networks have not matured and many small organisations do not have the resources they need to develop.

Linking suppliers to demand and developing the supply chain. Dont have the resources to do this for smaller contracts but do this for the larger frameworks. In their work for BES have separated out installers from component suppliers and this has enabled smaller suppliers (mainly assemblers or wholesalers) to become part of this supply chain which was unlikely to have happened otherwise.

Frameworks probably not big enough to attract manufacturers but may be in future.

Aim High ERDF funded BCC project – about bringing innovative retrofit solutions to market. Trying out developing supply chain for new products.

Finance – don't get involved in relation to other firms and B4G no loan facilities themselves.

Employment 2 local people

Skills doesn't seem an issue for firms they deal with Many of companies work with use the Birmingham City Council Employment Action Team to recruit.

Innovation: Difficult to say whether small firms more innovative – they struggle with lack of resources. Aim High has seen some brilliant start up firms / ideas. Small firms

tend to be willing to go the extra mile to make things work – less restricted by procedures and processes.

Big companies under pressure to support the excluded and they the ones that have the resources to do this. A number now have specific teams. SMEs more likely to say that they do not have the resources or time. But some great examples like Jericho and New World Solar.

Procurement: Requires more resources time and effort to support excluded groups and the local economy. Need supplier engagement, more complex contracts and ongoing support pre and post contract.

Biggest barriers to making more successful is having time. Financial requirements in contracts can cut new firms out but also need to protect customers from companies going broke. Not going to get the resources to do the support engagement and mentoring that would make a bigger difference in current climate. They signpost to EAT, RESCO, Aim High, Find it In Birmingham

Support services work better if clearly focused and sometimes seem to lack this. Specialist support better than generalist.

Buy for Good itself needs specific support - legal, marketing and finance.

Believes the local /sustainable procurement agenda is really growing. Cuts mean organisations have to think outside of their boundaries to find solutions. In general people are far more concerned with social outcomes. But still need to get message across that collaborative procurement can get better outcomes and prices. Need to get better measures and ways of measuring to prove the benefits.

Source: *interview with Jenny Howarth, Buy for Good, July 2012*

12. New World Solar, July 2012

New World Solar supply and install energy-efficient and renewable technologies across the UK in domestic and business premises. The company is committed to building integrated local supply chains in order to help the region migrate towards a low carbon economy, understanding that local jobs contribute to robust and sustainable communities to mutual benefit. It has worked with social enterprise and public sector initiatives, including BES. Based in Chelmsley Wood, most of its customer base is within the West Midlands conurbation. It has grown rapidly to a turnover in excess of £3.5m a year.

Supply and Demand Chains: 90% of customers West Mids 80% Greater Birmingham. Estimate that 55% of suppliers local – Have to import PV components. Also have to get best product for customer. A report they did on BES phase 1 shows that 71 % of their local supply chain was from local companies and this accounted for £304k of the £1.045m they received. Try to build local supply chains. Mark sees this as making area more sustainable.

“ New World Solar is passionate about building integrated local supply chains in order to help the region migrate towards a Low Carbon Economy. At the heart of our philosophy is that local jobs will ultimately provide a platform for healthy, robust, sustainable communities.”

Worked with Disability Employment Ltd in Stoke. Went to them with a proposal for them to manufacture stainless steel hooks for PVs. Helped them with design and guaranteed £50k business. They developed product and have found other customers, Got copy of thank you email. Has worked out cheaper and got social benefits.

They do have written policies to support this approach to procurement and supporting the local economy but it is also part of their 6 golden rules that are prominently displayed in their offices. He and his partner Colin Strong aim not to make a million but to create a sustainable business. Have core values which are about making a social economic and environmental impact. Enables him to sleep at night. His & Colin Background (Background senior manager at Cadburys & Colin`s 25 years in the construction industry –) have taught them that success was all about brand value, good will and reputation. The way they work achieves this for them it creates a positive image especially when seeking work with public sector or RSLs.

They reinvest profits - good profits last year. Rather than going to him and partner they reinvested these profits in making premises highly energy efficient and creating show room to show different types of insulation and products to customers and others who interested.

Challenges:

Region has had a lot of failures. He mentioned the car industry and redevelopment. People within the region have lost confidence and become very risk adverse. The redeveloped new estates and job losses took away pride and dignity. Jobs give dignity. Without jobs and dignity people go out on nick. Paramount to get excluded engaged – jobs bring money pride and self esteem. Firms need Finance – a ready market and a route to market.

Renewable energy has been a stop start market due to government policy. FITS, RHI. FITS needed to be cut but not the way it was. Need trust and continuity – hopefully green deal will provide more of this and drive the market.

Looked at PV manufacturing but scale needs to be bigger than the local market will support. NWS will mainly import components. Good luck to company that trying to develop local manufacturing. As far as can purchase locally eg use City plumbing or EH Smith. But sometimes local provision is not of sufficient quality or the cost is too high.

They have undertaken major investment in researching PV (partnership with Warwick University). Clients are often most concerned about initial capital cost even when this is not cheapest in longer term. To do more need suppliers with quality and right price and ready market – Green Deal might create this.

Finance: Never borrowed; been in debt once due to late payment of a large bill. Reinvest own money always pay suppliers on time. May have future borrowing problems as no borrowing history. Have put £11m through bank asked for advice once all they got was a pitch from the bank to sell their services. Regard banks as just somewhere to put their money.

Employment: 17 employees. At PV peak was 25 but made clear at start that were short term contracts. Add another 15 direct subcontractors. Find recruiting very easy just put out they want someone and get recommendations from councils and universities. Always target people who need help (excluded). Problem who to help: 16-18 never had job or training; those with qualifications but no experience; older long term unemployed.

Work with Jericho for those not job ready, started with Summerfield project. (An earlier pilot to take an area based approach to retrofitting houses in part of Birmingham)

Mark talked about life being like a stool with 4 legs family, health, job and home. Lose one and can prop it up loose two and everything collapses. The approach works but will be some crash and burns.

Taking this approach possibly costs more management time and training input but helps with good reputation particularly with Councils and RSLs. It also creates staff loyalty. When PV at peak all staff worked far longer hours without any complaints.

Difficult to assess how many jobs they create in the wider supply chain - support 14 jobs in roofing and scaffolding (£280k spend). 5 person delivery. Use local people to do EPC and training. Provide on job training but also use external training to get qualifications. They look to create people who are multi skilled not just electrician or plumber.

Adopt TQM approach - get it right first time. Have a flat management structure. Have measurable key objectives and monitor but also hold regular one to ones to discuss performance and progress and training needs.

Pay their workers more than going rate. Managers/ owners take out less than could. Instead reinvest in company to make it sustainable. Invest in others and listen to what customer wants . Use big company systems with personal touch. Staff very committed. All in it together have an emotional bank account with the staff.

Business: SMEs innovative yes and no. Some micro firms have an idea and push it if it works they are very innovative. Big companies have whole large R&D Sections – different approach. Community / staff don't have formal ownership stake but staff do have emotional one and pay bonuses when doing well last year paid £30K in bonuses

Have done a lot of work as subcontractors to BES. At that time it was through a large facilities management company. He felt the main contractor just got in the way.

Procurement: Try to buy local. Public sector procurement even when trying to buy local put big barriers in way of small company G force who procure from Aim High require £10m turnover and high insurance cover.

To have sustainable local markets have to get away from short term funding culture. Eg low carbon building programme great initiative but money turned off over night. Need to end stop start boom slump and create certainty.

Public sector always slack at the start of their financial year then rush to spend at the end of the year to make sure budgets spent creating a short boom.

Want continuity. Hope will get it from Green Deal plus growing recognition of rising fuel prices and running out of fuel 2018. 10% more people a year going into fuel poverty need to do something about that.

Big companies higher overheads. The BES model showed this.

Made a lot of references throughout to always trying to be ahead of the market looking ahead to how it will change. Stated that PV has peaked and number of firms that have tied themselves into that rather than looking to the next thing will be in trouble.

Also said (several times) that PV attracted a lot of cowboys using a hard sell like double glazing and that Solar had been given a bad name by them. NWS now going to rebrand as a result and change to New World Home Energy.

Support Services: initial reaction don't use any. Do however work with Warwick University who have ERDF to research products. Largely tells them what they know but provides independence and integrity. Work with Coventry University to monitor clients. Helps identify what works best and gives good publicity to customers particularly RSLs. For business advice have a non exec Director (ex Cadburys Director / their boss) who provides independent viewpoint. Occasionally use Health and safety consultant.

Big issue about the number of accreditations that has and needs. (ISO 1401, MCS etc) Currently have 8 all of which do 1 day audits most repeat each other to significant extent and are not co-ordinated. To be Green Deal assessor will have to repeat again - horrendous bureaucracy. This point repeated several times - and from someone who really believes in systems monitoring / TQM approach.

Don't use recruitment agencies just put the word out.

Mainstreaming: Lots of clever people working on this SWM, MEBC, LWM, RETA why don't you all get together round a table? Issue of parochial competition; people are insular; need to get over this.

Asked at the end about his motivation; he said it's because we are Brummies and care about the community where we live.

Source: interview with Mark Clempson, New World Solar, July 2012 and New World Solar website <http://newworldsolar.co.uk/>

13. Eco2Solar, August 2012

Eco2Solar are a Worcestershire-based, family run business supplying and installing renewable energy installations for households and businesses. They have grown rapidly over the last 5 years. They have formal policy to employ locally; their customer base and within reason supplier base tend to be local too, partly for value reasons and partly from practicality.

Supply and Demand: Look for suppliers to be as local as possible. If cant get local will move wider eg Shropshire. Use local distributors eg Plumbase; Recruit local employees.

Have an approach rather than policy to buy local where possible. For PV there is only assembly in this country by SHARP which too expensive. Deal a lot with EH Smith. Building materials wholesaler based in West Midlands who also seek to develop local supply chains. Local relationships works both ways companies have links with others and they will help identify contracts, contacts, jobs and suppliers, for those they trust and work with. This benefits Eco2solar.

Customers sort themselves out. Where you have to choose between jobs will choose nearest first. Beyond 50 miles would need to be a large job to make it worthwhile. 50% of customers within 25 miles. 75% within 50 miles. Some large commercial / RSL contracts beyond. Sanctuary (an RSL) have only given them long distance work. (Makes sense to have employees/ suppliers local to that site). Have mantra to “own our own manor” – start local and work out.

For marketing only start local. Might be a policy to buy local but Paul not sure. Try to build local supply chains. Have good networks of local skills, people who work for them electricians, heating engineers.

Challenges and Opportunities: Question of who is local is it ownership, or where they have a manufacturing base? Skills and product availability often the biggest challenge when trying to buy local - rather than cost.

When get to a larger scale sometimes harder to be local. Some local companies wont be flexible. Tried to set up petrol accounts with locally owned garages – would not do it.

When starting used to have to travel further for work to survive and thus availability of local customers was a challenge.

Inclusion important to him – They look at diversity of their employees. Haven't done this with suppliers but might in future. Do tend to have a local agenda but never considered themselves influential enough to insist on their suppliers adopting it – maybe should but are suppliers on the same wavelength. Larger contractors do have policies on inclusion, employment etc but do they enforce them? Customers choose you rather than the other way round. Wouldn't exclude anyone as a customer except on ability to pay which I suppose is a form of exclusion.

Finance: Not been an issue, relatively fortunate quickly self financing – don't take money out. Have overdraft facility with NatWest which rarely use if ever. Have been able to get finance whenever need it. Nat West don't bother you and we tend to get what ask for from them.

Cant think of time when has been an issue for suppliers. One customer case where needed to pay deposit quickly to avoid FITs cuts but bank wouldn't lend. (Comment on Encraft problems with customers being unable to get funding. We would come in further down the development process so probably would not know about schemes that failed because could not get funding).

Innovation: SMES not always innovative, some very rigid and inflexible. SMEs have the ability to innovate. Business model means very close to coal face have to get to know customer. Even micro businesses are very in the face; if not getting it right get direct feed back. Need to be good at keeping customer happy to survive. Often very good at understanding the money implications even if may not have spread sheets and systems.

Paul considered that there were different levels and types of innovation. Micro businesses eg plumbers set up to do what they do and that is what they do. If good at it expand. If also have management skills they will expand more. People who set up a business with a strategy are very different. They gather teams together to make

things happen. Create something from nothing - think very differently. They don't necessarily come from larger businesses eg Branson started straight from school.

Individuals innovate in their job to suite their lifestyles and this is something he encourages in his own company. Smaller companies more flexible often easier to achieve this bigger companies more rule bound. Entrepreneurs turn an idea into a reality. This creates a mindset that they can do it and then do so again. Branson splits businesses up once more than certain size to keep that flexibility.

(Discussion about both having read that senior managers have better health and longer life expectancy due to having control over working life. Considered that this more likely to be case for staff in smaller businesses)

Good business owner encourages people to innovate within the business. Gives people the ability to solve problems reasonably easily. Sometimes little things make a big difference. Ability to empower people to innovate around job crucial for growing business.

Stake: Formally not a social enterprise or co-op. Have formal policy to employ locally. Easier to gather staff together for work and social activities. He tries to get involved in as many local things as possible. Work with other local business and council. He and his staff see selves as having a strong stake in local community. Relationships rather than formal stake. He sees this being part of the local community as bringing practical benefits – less travel costs, easier to get people in at short notice, to get people together for a meeting or for a job team, as well as for social events. There is a strong sense of identity with area and company amongst staff. (Didn't specifically say but lot of this seemed to be about building a strong bond within the staff and very high level of commitment to making it work. Staff like owner see it as more than just a job.)

Can't see any disadvantages to prioritising local recruitment. Its not a strict policy if need to go outside of the area to recruit can do so. Sales Director and other staff follow the theme of buying and being local.

Maybe Eco2olar should have a more formal process to check on new products and manufacturers in the area. But we are well known and would think that a new company in the area would come to them. Our industry unusual in that there is lots of networking.

Solar trade association; Find It in Groups – lots of ways where we would find out about a new provider and they would find out about us.

Don't seek to create our supply chain. Have got PV brackets manufactured in past but found an off the shelf source which better and cheaper.

Local authorities should be encouraged / educated to buy more local. Example of local school which put PV in Used Chinese PV and fitters from South East. When challenged about not buying local said had used local supplier of PV but they just imported.

Support Services: Do use local authority for information but not advice and research. Try to do training locally — met several times with Kidderminster College

but still don't provide what we need. Use Solihull, Stourbridge and Dudley. Local colleges not geared up. Major problem for them over getting funding agreed

Find it in Worcester, Birmingham etc provide great services. Metnet – Marches energy technology network to support SMEs in sustainable industries great. Hereford and Worcester Chamber useful for networking. Use a non local firm for HR - introduced by Matthew Rhodes. Don't use business development support. Getting access to the right people at the right time via networks is crucial can never have enough.

Employees: Employs 30; plus subcontractors some of whom have been with the company long term. Have networks of local electricians etc who use when need extra capacity. Make great effort to employ locally. Local job centre is first call but quality variable.

Recession means can get some bargain employees. People who have had more senior jobs than the one they are applying for. But company can grow with them and make more use of their skills and create new opportunities. If hiring through an agency specify as local as possible. When working outside of home area will use subcontractors from the area where the work is. Probably employ more than 100 through the supply chain but have not made specific effort to calculate.

Seek to provide employment access for all. Encourage as much diversity as possible but some jobs not practical for all types of disability eg roofing work. Have taken ex offenders on from Sandwell Hub and from Worcester future jobs funded scheme. All but one still with us he moves to another area. They were long term unemployed. Have a formal non exclusion policy but it is a competitive interview process.

Sandwell hub etc have very difficult job to get people suitable for work. They give people a trade and hope. With end of future jobs fund nothing left in Hereford and Worcester.

Skills: Have had issues trying to procure training locally. Do more internally now. It takes a few weeks to get people job ready. Use colleges for more generic training eg working at heights. Always do as much local as possible. Tried to develop retrofit skills with existing colleges but too difficult.

Have targeted training and development programme in house. Have NVQ programme. They want staff to develop and get qualifications and developing for future jobs. Eg receptionist now doing management NVQ. Consult regularly with staff to identify training needs and opportunities. Some more difficult to find appropriate courses for particularly those with higher qualifications but still want them to do personal development. He does some training for others including EU Energy Centre in the UK but based in Italy on solar thermal.

Does 2 day comprehensive course for surveyors for solar thermals tends to be to competitors or generalists e.g. working in sustainability for local authorities/Energy savings Trust that he trains. Colleges need to listen to industry. BIS needs to listen to colleges.

Big issue for them is to get flexible multiskilled workforce. Eg train a roofer to fit PV to roof working with a plumber or electrician. If send on PV course will spend time

covering roofing and too much detail on PV. Need to move more and more from traditional trade silos but most training based on these silos.

Mainstreaming: People need to be motivated to do so. Local should always be better all things being equal. More accountable to the customer, thus greater care and should be cheaper. Transport costs (including time) should make the local cheaper. SMEs because close to the ground see the less obvious that big companies don't.

Issue of how people run their lives outside of work. If not local far more difficult to look after the kids, take short break from work to deal with home issue. Small and local makes that flexibility more possible. Also if local; get strong support networks, work colleagues support each other in and out of work. Bureaucracy can and does get in way of local benefits.

Philosophy: Commercial have to make money to be able to do anything else. So making money the first goal but to do so in a way that helps other people. Give work to suppliers and staff. Part of a journey. End goal to have the business and people who work for it grow and to use that to generate the opportunity to help others. Wants to be able to give lumps of cash to charitable projects but wants to be strategic rather than reactive. But if don't make in the first place can't give back.

Source: interview with Paul Hutchins, Eco2Solar, August 2012 and website www.eco2solar.co.uk

14. Jericho Foundation, August 2012

Jericho Foundation is a social enterprise in Balsall Heath, Birmingham, set up to help disadvantaged people towards fulfilment and employment through various outreach, training and employment related activities. Its constituent enterprise sections are print and promotion, construction, cleaning, landscaping, catering, wood recycling and retail. Training is personally tailored to individual clients, with IT access and social activities included, and more than 50% move into sustainable employment or full time training when they leave. Jericho has worked with many of the major construction companies working in Birmingham to recruit and support getting 'difficult to employ' people work ready and then into supported employment. In most cases this leads to long term sustained employment with the construction company.. Its construction enterprise is involved in retrofitting and Birmingham Energy Savers.

Supply and Demand: Jericho actively seeks local suppliers, but this differs between the different sections of the business:

- The construction business uses small local firms, but this is less easy for materials, which are more likely to be sourced from national chains including Wolseley. EH Smith, a wholesaler based in the Birmingham conurbation, is also a key partner. Their priority is getting the best deal and most suitable materials. Suppliers are often specified by customers in contracts, e.g. when working with RSLs.
- The catering business buys much food locally - support local independent shops – but also has an account with a large supplier as a back-up and when they need to order everything in one go.
- The print and promotion business buys stationary and photocopier repairs locally.
- For cleaning materials the priority is eco-friendly rather than local.

Jericho's environmental policy includes buying locally, fair trade, recycled and environmental impacts, but there are always conflicts and trade offs:

- The traditional assumption that national organisations are cheaper is often true.
- Sometimes they give their customers the choice of environmentally sounder products or local products.
- Being able to source all construction materials from one place is a big advantage; it's the same with food supplies. The cost here is time.

Finance: As a fairly small social enterprise, finding finance is incredibly difficult. Cashflow is becoming a bigger issue as the sector moves from grants to contracts, meaning ever less upfront payment. Getting paid late is very common. Jericho is fortunate in having a grant-funded building which is an asset against which it can borrow; but if they are seen as having too little reserves or borrowing capacity to cashflow a contract they can lose that contract.

Jericho have borrowed from Finance Birmingham, a "bank" linked to Birmingham City Council which was AWM funded and had a remit like a CDFI. ART loans are not big enough for Jericho. Liquidity is more and more the issue; so they are keen to find local finance.

Employment: Jericho employs 50 staff and 45 apprentices. They recruit locally: Birmingham, but with some recruits from Sandwell. They tend to target particular groups, especially for apprenticeships. Currently 30 of their apprentices have disabilities. They use their own contacts to recruit staff, as well as using the Youth Offending Team or Employment Action Team., When working for RSL they often use recruit the RSL tenants for that contracts.

Helping excluded people is Jerichos' mission: it started from a church job club. Richard estimates that Jericho puts £0.5m into wages, which will mainly go into the local economy.

Ability to recruit people with the right skills: This is a little different for Jericho, because ironically their aim is to recruit people with the wrong skills and then develop them. They sometimes struggle with recruiting core staff but this is more about character and type of commitment than formal skills.

Training: in accordance with their mission, they provide a lot of training. They work with SkillsFinderUK, provide support for job applications and use Solihull College for health and safety training.

Innovation: Feel that SMEs are more likely to have a flexible individual-approach while large organisations are more 'one size fits all' which may prevent innovation.

Local community and stakeholding: the local community has no formal stake in Jericho. It is a charity, with a board of trustees (some local, some not) rather than a co-op, so isn't a membership organisation. The staff have a stake in the organisation and many permanent staff started as apprentices. Jericho has formal stakeholder consultation processes and seeks formal and informal feedback from staff.

Support Services: For social enterprises, the support landscape is now grim: funded support has now disappeared altogether; what little remains is generic. Anything individualised needs to be paid for. In the past, Birmingham and Solihull Social Enterprise Consortium (BSSEC) and the Institute of Social Enterprise (ISE) have been very useful.

Part of Jericho's role is to offer mentoring to others. It is also part of a Bid for ERDF to create a social enterprise incubator building. They currently provide office space for SkillsfinderUK and Balsall Heath Is Our Planet. Richard himself gets very valuable support from the Ella Foundation (see <http://www.ella-foundation.org/>) which provides non-profit peer mentoring.

Mainstreaming: This can only be achieved through changing hearts and minds. We need to create a trading environment that favours local trading. Large companies have huge clout: they dominate decision-making and influence public procurement.

The biggest issue about buying from small local suppliers is the time it takes: we need to focus on ways to make this as easy or easier to buy from local providers than the alternatives. Some data exists on what is available locally, but not enough. A shop local portal would be useful.

The Social Value Act should help. Considering the wider local impact of procurement could become compulsory rather than optional.

Sources: *interview with Richard Beard, Jericho, August 2012 and Jericho website*
<http://www.jcp.org.uk/>

15. Birmingham Wholesale Markets

Birmingham Wholesale Markets are the largest integrated markets in the UK, comprising fruit and vegetable, fish, meat and poultry, dairy and flower sections. They are sited in central Birmingham, next to the city's retail markets. They have an aggregate turnover of £275 million, comprising 73 trading operations and employing 1100 people. They estimate 15,000 jobs in the region are dependent on the markets.

Market traders form the Birmingham Wholesale Fresh Produce Association (BWFPA), which has a benevolent fund and a social responsibility role for past employees. BWFPA have employed consultants Technolink to support them through the current uncertainty.

Birmingham City Council have long planned to move the wholesale markets out to the city edge in order to sell the central site for other development. The wholesale and retail markets oppose this, concerned that the move would have an adverse impact on the retail markets as well as weakening the wholesale markets' function as an essential hub in the city's independent food sector.

The general public have also been strongly supportive of the wholesale markets' remaining where they are, with a petition of well over 20,000 signatures being delivered to the council - more than any other petition the electoral officers had received. Discussions are ongoing. BWFPA propose a multi-million pound development concept for the site centred on wholesale markets while allowing for other uses alongside.

Supply and demand chains: The wholesale markets are a SME cluster. All but two (branches of plcs) of its 73 trading operations are locally owned. The markets occupy a very significant place in Birmingham's food supply chains: 95% of independent food businesses in the city - close to 5000 independent food businesses - do some business there: an extraordinary market share. The customer base also goes far beyond Birmingham into surrounding counties and even into mid-Wales. The wholesale markets serve some 'top end' establishments such as Purnell's as well as the affordable end, and also limited supermarket trade. The plc branches serve a similar customer base, but their prices reflect higher overheads.

BWFPA has no official local sourcing policy but members serve Bretts, which serves the schools, for which the council has local sourcing and CO2 policies. Figures are not available for the markets' local sourcing but much of the horticultural produce is sourced from the region, e.g. the Vale of Evesham and Staffordshire; but also from Europe and further afield. Meat is mostly locally sourced, although also from Wales and Scotland too. Flowers are less local. Fish comes mainly from Brixham.

Local sourcing is limited by what is available at a particular time, depending on market value; it's hard to see what could increase this. Farmers can get more money from some other places. Much of the region's prime quality produce goes into the supermarket supply chains. While the markets' prices vary dependent on different factors on the day, supermarkets will guarantee a price, and this attracts suppliers. Prices are then whittled down. Farmers need to form co-ops to prevent this.

The markets contribute to social and economic inclusion firstly in providing cheap quality foods is one of the prime arguments for the markets remaining. Overheads are low at the Bull Ring, which keeps prices low. They also contribute in terms of appropriate employment (see below) and cultural diversity.

Economic and social/ethnic diversity is very wide, including always the latest wave of immigrants. Mark's customer base is 80% Asian. Immigrants from everywhere - Iraqis, Afghanis – will use the markets for small-scale street trading - buy a box of apples and sell them on the street. The markets have a major social aspect with different communities mixing. The Asians on the markets tend to mix socialising and working: long hours alongside bringing meals in and chatting. There's some leniency over retail customers coming in on a Sunday and some communities such as Somalis have a colossal social thing around their market trading.

In the white community there is less of a family aspect: younger people see university and managerial work as their future, so aren't coming into the markets. The markets tend to attract the more socially unaccepted and less academic people – a few people coming out of prison or from very poor backgrounds, who know they're welcome there. It's a rough and ready environment with politically incorrect banter but people just get on with it and each other, and there's a sense of 'honour amongst entrepreneurs'.

Employment, skills and recruitment: Recruitment is local. The markets naturally attract people from areas of high unemployment who come seeking work, which means there is a constant churn of new people. The markets provide a very effective opportunity for people with less academic qualifications, providing 'real' manual work (cf some training programmes) and many prove very good. Companies need reliability and punctuality. 99% of positions are salaried and there tends to be mutual flexibility over hours depending on company and employee needs. BWFPAs have collectively produced a full package for health and safety training which all companies use regardless of size.

Finance: Most traders are cash-based, so access to finance is not an issue in day to day running. Some catering customers require 2 - 3 months credit but this is available within businesses. However, the plans to move to Witton would have completely changed how the finances worked, as the rents and service charges would have risen and some capital outlay needed. During negotiations the BWFPAs looked into becoming a limited company and accessing a collective loan, and it was close to impossible. As a limited company the BWFPAs would be the 14th biggest company in the Midlands – something not recognised by financial people or markets management. The markets would need several years' notice to get the structure in place to be financially ready for this.

Business: innovation, resilience, community: The market moves on, evolves, and always has done. IT innovation happens in order to facilitate trade with international partners. The committee structure is now more representative of the small businesses, feeding their opinions to the council. The wider community have been very supportive through the campaign, particularly through the Bull Ring markets but also through shops.

Support service needs and mainstreaming: The markets have recognised their need to be less dependent on the local authority. They often use friends of friends to access needed support; this is how they identified Technolink. But local authority support is crucial. The authority needs to recognise the value of the integrated market model. Composite markets work better as businesses tend to buy more. Community leaders also value the integrated markets, saying a move would split up whole communities.

Sources:

Interview with Mark Tate (Chair BWFPA) and Eddie Price (consultant with Technolink)

Forest, P: (2011) *The Birmingham Wholesale Fresh Produce Markets: the essential catalyst*. Birmingham Wholesale Fresh Produce Association – July 2012