

## Mainstreaming CED workshop 7th November 2012 - Participants' list

*Participants in italics did not make it on the day*

<b>Name</b>	<b>Job Title</b>	<b>Organisation/initiative</b>
Elemay Parkes	Director Of Community Regeneration	BCHA
<i>Peter Miller</i>	<i>Managing Director</i>	<i>Bewdley Development Trust</i>
Jane Newman	Employment Development Manager	Birmingham City Council
Dave Allport	Programme Manager	Birmingham Energy Savers
Jenny Howarth	Business Development Manager	Buy for Good
Hannah Worth	Director	Chamberlain Forum
Francesca Minett	Marketing Executive	Eco2Solar Ltd
<i>Matthew Rhodes</i>	<i>Managing Director</i>	<i>Encraft</i>
Sarah Longlands	PhD student	Glasgow University
Jon Morris	Associate	Localise WM
Karen Leach	Associate	Localise WM
Paul Cobbing	Coordinator	Localise WM
Mark Clemson	Commercial Director	New World Solar Installations
Darren Gardner	Managing Director	RETA
Janet Lock	Senior Policy Officer (Sustainable Development)	Sandwell Metropolitan Borough Council
Rosie Edwards	Anti Poverty Manager	Sandwell Metropolitan Borough Council
Alex Heath	Policy & Partnerships Officer, Economic Development & Regeneration	Solihull Metropolitan Borough Council
<i>Eddie Price</i>	<i>Consultant</i>	<i>Technolink (for Birmingham Wholesale Markets)</i>
Lucy Corbett	Economic Development Officer - Regeneration	Telford & Wrekin
Julie Haywood	Head of Regeneration	Walsall Housing Group
Michael Tichford	Assistant Director, Regeneration	Walsall Metropolitan Borough Council
Keren Jones	Assistant Director, Partnerships Economy & Culture	Wolverhampton City Council
Sheila Collett	Head of Neighbourhood Services, Partnerships Economy & Culture	Wolverhampton City Council
<i>Cllr Elias Mattu</i>	<i>Leisure and Communities Cabinet Member</i>	<i>Wolverhampton City Council</i>



## Mainstreaming Community Economic Development

Localise West Midlands  
7<sup>th</sup> November 2012



## About Localise WM

- Thinktank, consultancy, campaigns
- Promoting a localised approach to supply chains, ownership, money flow and decision-making
- For a more JUST and SUSTAINABLE economy
- *Procurement, local enterprise partnerships, planning, asset transfer, green new deal (BES)*



*"It is simply practical to organise society so that everyone feels that they can attain some kind of stake in it, achieve some sense of responsible agency, however modest." – Deborah Orr, journalist, after the 2010 riots*

*"Capitalism has become more and more centralised...and as power becomes centralised, ordinary individuals feel as if they have less and less influence over critical decisions...and that when decisions are made, they are not responsive to local situations and local needs" - Professor Gary Hamel, 'the world's most influential business thinker' - Wall Street Journal*

- Community-based economic development - more diverse and localised economy
- Can we have localism without localising economic power?



## Mainstreaming CED



- Mainstreaming - not more small-scale projects
- How a localisation and CED approach can create a more inclusive, diverse and redistributive economy
- Integrating localisation approaches: from marginal into mainstream.
- Conditions needed; support; policy, etc.
- Local economies built around SMEs, social enterprises and community groups; public/private roles
- How can this become the 'usual' approach of economic policy at local, subnational and national levels



## Project stages

- **Literature review:** evidence for how localisation approaches can deliver inclusion, diversity and redistribution
- **Case studies:** localisation approaches
- **Workshop:** testing ideas; different actors/diverse group
- **Reporting:** dissemination

Bham Social Inclusion Process, scrutiny



## Today's workshop

- Mixed group – different roles & experience
- Discuss findings: lit review & case studies
- Test emerging ideas and approaches in small groups
- Round up conclusions
- You: Collaboration & taking ideas away; Us: incorporate in project reporting; next steps



## Defining terms 1

- Inclusiveness/inclusion (stake)
- Economic diversity & local distinctiveness
- Redistribution and income equality – geographical & personal



## Defining terms 2

- **Localisation:** local ownership/control, supply chains & markets; small indigenous businesses
- **Community Economic Development:** community-led, based on local knowledge & action; aims: economic opportunities, better social conditions.
- Using interchangeably – “community based”



## Evidence and lack of it

- Focused on evidence (scarce) not rhetoric (plentiful – from polarised localisers and globalisers)
- Right questions not always asked; many gaps; surprisingly little analysis of impacts of different economic approaches
- Significant in itself of marginal status?



## Lit review - benefits: economic success

- More localised economies successful by many traditional economic measures and civic welfare
- Cambridge: encouraged small homegrown biz
- Swansea: sought inward investment
- DORA: local decision-making & success
- Absentee landlords..!
- Virtuous circle: local decision-making & strong local businesses.
- Centralised, large-scale, remotely owned = short-term benefits but undermine long-term prosperity
- Getting the right balance



## Lit review: benefits 2 –social & economic inclusion:

Econ success, job creation, civic welfare benefits have **likely but not automatic** impact on inclusion/inclusiveness and ‘stakefulness’

Community-led approaches, social enterprise **LACKING DATA!**

Localised economies:

- = *increased physical accessibility of goods/services & accessibility & diversity of employment;*
- = *increased high street diversity and product ranges*
- = *higher point of purchase costs in some cases*



## Lit review: benefits 3 – redistribution

### Localised economies

- Logically often less income disparities?
- more business owners per sq mile - economic power in more hands
- businesses connected to place
- Indigenous business more ability to redistribute growth?

### Centralised economies

- often higher pay & formal conditions
- shareholder model drives mergers & outsourcing
- growth follows & exacerbates existing geographical wealth distribution?

**LACKING DATA!**



### Lit review:

#### – circumstances when localisation does & doesn't achieve socio-economic benefits

- Local scales can exacerbate inequalities and disadvantage if wealthy areas or networks trade or enact powers exclusively
- Inclusive participation in CED is needed
- Appropriate scales for services and goods



### Lit review

#### – in summary

- Localisation & CED approaches have intrinsic wide-ranging socio-economic benefits
  - = needs greater policy attention (& research)
  - = to fulfil potential, needs the right approach
- Impact on socio-economic objectives should be monitored... 'local' is not a proxy
- Strong role to play in economically successful places
- Focusing only on centralised or treating localised as marginal = tying one hand behind back.



### Lit review:

#### - Barriers to strong localised economies

- lack of decentralised political/decision-making power / poor connections with people.
- policies/practices discriminating against smaller businesses
- lack of comprehensive & strategic localisation / CED initiatives – planning, training, investing, purchasing, policymaking
- CED is difficult to evaluate well
- Poor cost benefit analysis of economic development decisions
- Failure of investors to understand risk in relation to small biz (reality testing & local knowledge)
- Public procurement failure to procure locally
- Economies of scale advantages (sometimes)



### Case studies

#### Food sector

- Birmingham Wholesale Markets
- Heart of England Fine Foods
- East End Foods
- Sandwell food project & procurement

#### Other

- Birmingham Airport procurement
- Buy for Good
- ThinkWalsall

#### Retrofitting supply chain

- Encraft
- New World Solar
- Birmingham Energy Savers
- Jericho
- RETA
- RESCO & Aim High
- ECO2 Solar

+ LWM consultancy experience



### RESO?

- Community economic development corporation working for the economic & social revitalisation of Montreal's Southwest – industrial decline
- Social Economy led; private & public involvement. Strategic.
- Committed to approaches that reach those hardest to reach
  - human resource development and training
  - technical assistance aimed at business retention
  - issues related to land use, development of infrastructure
  - representation, consultation, and promotion related to community economic development & development of the Montreal region.
- Positive influence: relocations, procurement, locally adapted support, subsidies.
- Significant impacts: reducing poverty, social exclusion, economic decline



### Further ideas emerging?

- SME consortia for large contracts - Italy
- Economic gardening - Colorado
- Plugging the Leaks & asset mapping
- B'ham district devolution; placemaking
- B'ham Social Inclusion Process



## Further info

[http://localisewestmidlands.org.uk/mainstreaming\\_ced](http://localisewestmidlands.org.uk/mainstreaming_ced)

Lit review full & summary

Interim briefings produced for different audiences



## Mainstreaming Community Economic Development

- A more decentralised economy with an emphasis on local supply chains and local market opportunities
- in which there is local control, in which local knowledge is used to create better local social and economic conditions.



## The benefits

- The literature highlights that the localist approach tends to produce greater economic, social, health and cohesion benefits.
- The case studies tell us more about the circumstances in which those benefits are maximised.



## Structure of talk

- The Case Studies
- Supply and Demand Chains
- Mainstreaming Local Growth
- From economic growth to inclusion
- Reclaiming the power



## The Case Studies

- Best practice in retrofit and food.
- Organisations that are successful and support the local approach.
- This because of
  - their structure – wholesale markets, airport
  - their purpose - Buy for Good, RESCO, Jericho
  - their philosophy
  - type of work
  - product
- All important factors.



## Aspects that demand local labour

### Retrofit

- Installation

### Food

- Farming
- Shops
- Restaurants/food outlets

But all need local labour with appropriate skills. Most are critical of a lack of appropriate training and colleges that meet the demands of central funders not local employment needs.



## Considering whole supply chains rather than single companies

- SMEs have greater local multipliers
- Local procurement (Find Its)
- Networks and market intelligence to link supply and demand.
- Importance of key agencies that link supply and demand – wholesale markets, abattoirs, project developers (e.g. Encraft)
- Importance of innovators
- Corraling demand to create bigger opportunities e.g. manufacturing. BES, major public procurement
- Consistent policy framework



## Building Supply and Demand Chains

- It's hard work
- But in retrofit have seen rapid development around PV
- May now be seeing rapid growth of manufacturing of materials
- Food more established, but the remaining local supply chains are in danger of key links being undermined – e.g. abattoirs and wholesale markets
- Help with networking, information and steady market management.



## Mainstreaming the benefits

- Literature – most long-term growth comes from smaller indigenous companies
- So a key issue is: how do local economic developers help those with growth potential to start up or grow – and keep others that are key
- Understand and support growth markets, avoid 'stop-start' (local food and retrofit)
- Local delivery advantages
- Ensuring the local supply chain is linked together. Maintain or develop key linking organisations.



## Mainstreaming local growth: Finance

- Finance – most case studies are self-financing but need to borrow at times of major change
- Banks are largely seen as irrelevant - at best
- Not just about the credit crunch but about the structure of banks
- Banks want track record or borrowing & repaying, a steady business plan that ticks their boxes, not someone doing the unusual or responding to sudden changes
- Value of Birmingham Council loans
- ART loans: too small?



## Getting them the right support

- Support services. Lot of criticism - even from those that are support services.
- Need higher quality and specifically tailored approach.
- Need to be grounded in knowledge of firms' environment.
- Need to listen to companies rather than funders.
- Value of networking (retrofit, social enterprise), 'Find its', R&D support.



## Giving them a level playing field

- Lots of assertion of bias against SMEs, particularly procurement. More effort this sub-region than elsewhere. But finance and insurance requirements.
- Accreditation, training and finance systems more suited to the bigger scale.
- Possibly tax and redevelopment?
- Seen as individually small rather than collectively as the biggest employers, with the largest local multipliers and the biggest growth potential, and the biggest contributors to the local community.



## Knowing what the local opportunities are

- Understand what is (or can be) local
- Specify things that require local input. Retrofit and local customer service.
- Specify things that can be local - apples rather than bananas
- Think ahead: get systems in place, training & recruitment etc.
- Make potential suppliers aware
- Example of BES



## Recognising & building on local strengths

- Commitment to the area
- Local knowledge and understanding
- Customer service and flexibility
- Innovation (different types)
- Higher local multiplier
- Wider health, engagement and cohesion
- Can't dominate the market
- Build into procurement, economic development, and redevelopment policies.



## Help overcome their limitations

- Support linkages and networks, market information including buying local guides
- Time - simplify demands e.g. procurement demands (e.g. credit, insurance), forms, engagement
- Tailor support
- Support more local finance
- Help innovation
- Corral demand
- Support collaborative work



## From economic growth to inclusion

- Does not necessarily follow
- Purpose – Social enterprise / charity vs shareholder value, co-ops, mutuals
- Value of individual leaders - NWS, Encraft, E2S
- Wilful individuals with limited time –
- Can be good business (emotional capital from staff and other stakeholders) but can also be too time-consuming.



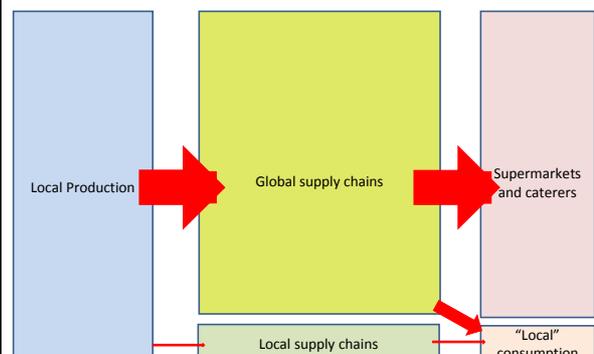
## Policies to promote inclusion

- Procurement Policies - you can do it – BES, B4G
- Linking support to get excluded groups into work. Jericho, EAT
- Type of work e.g. skill levels and development routes.
- Creating 'vertical' social capital: involving businesses with excluded groups, schools, charities, deprived neighbourhoods.
- Celebrate and promote the business leaders who practice inclusion, get them on the LEPs and other key organisations (cf reps of national/multinationals)
- Listen to the deliverers who want to do more locally rather than those that represent the absentee landlords.
- Short feedback loops

### Demand and supply chain approach - retrofit

Current state	MAIN ACTORS	Local Policy Intervention	Current initiatives
Central	Policy	Be national leaders Corral demand to attract manufacturers support innovation Buy Local Support project development and key actors Info networks training Access to finance Target excluded groups for jobs and retrofit Informed multi agency support Promote local leaders that create vertical social capital Consider the links???	BES BES, Aim High
Mainly non local	Manufacturers		B4G Findits
Mixed	Project developers		BES, B4G RESCO, RETA
Mainly national	Builders merchants		City Bank?
National & local	Specifiers		Jericho, EAT BES
Mainly local	Installers		specifications LEP, exclusion panel?
RSLs, businesses	Major property owners		
Cold selling	Individual property owners		

### Demand and supply chains food – current state

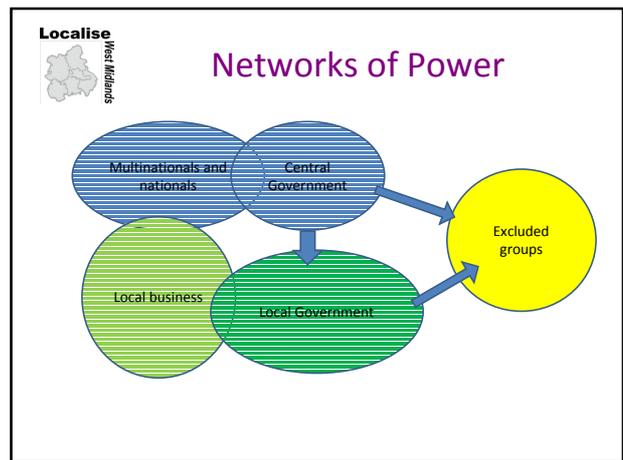
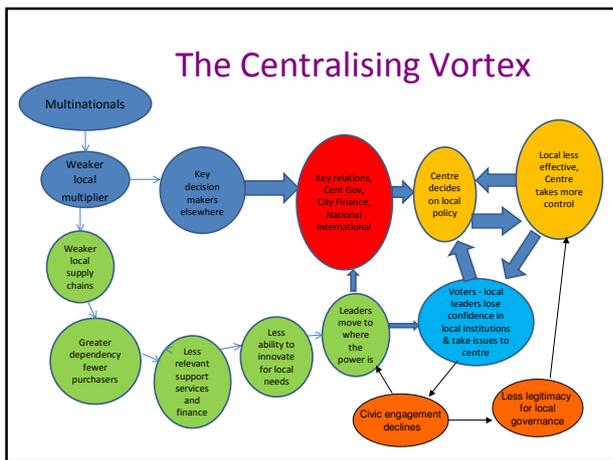


Current state	MAIN ACTORS	Local Policy Intervention	Current Initiatives
<p>CAP and global</p> <p>Work is local</p> <p>Local chains under threat</p> <p>Consumption through national supermarkets and catering</p> <p>Niche markets - wholesalers, manufacturers, schools, etc.</p> <p>Shops, restaurants, farmers markets</p>	<p>Policy Makers</p> <p>Farmers</p> <p>Banks</p> <p>Global commodity companies and markets</p> <p>Food Manufacturers</p> <p>Logistics companies</p> <p>Supermarkets</p> <p>Caterers</p>	<p>Market is more mature but segmented, and policy intervention is too</p> <p>Support key links – wholesale market</p> <p>Supply chain information</p> <p>Keep abattoirs</p> <p>Procurement policies</p> <p>Food festivals etc</p>	<p>Producer end – RDPE, Eblex, HEFF,</p> <p>In the middle? HEFF?</p> <p>Consumer end – farmers markets, niche products, but few initiatives</p>

**Localise**  
West Midlands

## Reclaiming the Power

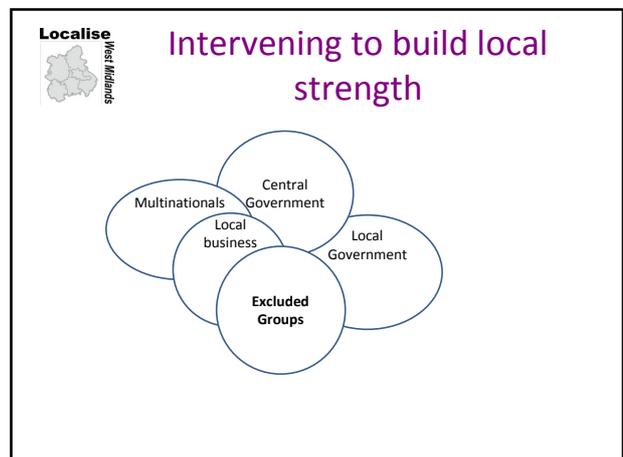
- The key to a successful inclusive local economy is to have 'wilful individuals' with a good understanding of the local circumstances, an interest in the local and in social inclusion, who have the power to make key decisions and who work well together.
- They need to be from the public, third and private sector.
- Short feedback loops
- **You can't have this with absentee landlords**



**Localise**  
West Midlands

## Short v long term

- Giving local economic power to non-local organisations undermines local political and community power and becomes self-reinforcing
- If they are not tied into the local area and its supply chains and networks, when the going gets tough they go
- And the more power moves from the local to the national the harder to provide the right environment for local business
- Need a long-term approach that builds local capacity and where inward investment is brought in it supports rather than replaces local supply chains and decision-making
- Don't hand more power to the absentee landlords.





## Successful long-term economic development

Integral to strategy and planning:

- Need to help make the linkages for local supply chains and for social inclusion
- Maximise local power – promote local economic power and work together across all sectors to build local effectiveness and power
- Use markets
- Promote the appropriate values
- It is Community Economic Development.



## Can it be done?

- Cambridge economic power house based on long-term approach to build on local strength and SMEs
- BES national leadership, corral demand to build a market. Procurement getting nationals to behave like local companies and to pursue inclusion. Creating the local supply chains
- B4G, Encraft, NWS, E2S and the wholesale markets.



What do you think?

And how can we do it?

**Supportive comments on research and findings:**

- General agreement and enthusiasm for taking the approach further
- Agreed with most findings but nothing new learned
- There is growing knowledge of the limits of the inward investment approach
- Particular agreement on the importance of procurement solutions
- Particular agreement on issues of trust
- Particular agreement on thinking about collective supply chain/area economy not just single businesses
- In Wolverhampton 90% of businesses have below 50 employees so this is particularly relevant
- Government's 'national call centre' alternative to Business Link is exactly the opposite of the locally responsive approach that's needed.
- Strength of businesses in multi-ethnic areas because very rooted in community

**Gaps identified in research:**

- We've not looked at enough community-led initiatives, community led anchors and community led trusts. e.g Friends and Neighbours initiative on social care supply chains etc. These are not inherently marginal and form part of the model we are researching. We should point out how they can interrelate with other parts of the economy and economic development. Likewise Co-operative models are not sufficiently examined in this research
- How to develop and sustain the community base [though other sectors e.g. community development have this knowledge so we can flag this up as important and signpost to other work]
- What explains some businesses e.g. Haringey which have a vibrant local economy but still don't shift the big indicators? (Sparkhill etc)
- How to influence policymakers; what are the national policy drivers?

**Some additional barriers ref. how areas relate to each other:**

- The focus on cities and city regions, which sometimes drives focus away from local authority scale [and democratic structure].
- Boundaries between local authority (LA) areas are a barrier – business does not recognise them; LAs need to learn to relax about them: business needs to be serving that area in terms of catchment but not necessarily within the LA's boundaries.
- The Regional development Agency era obsession with areas competing with each other was very unhelpful.

**Other emerging points and lessons:****1) Trust**

Trust in a number of aspects:

- a) local businesses trusting *each other* enough to collaborate; knowing when to collaborate and when to compete is essential in scaling up local economies.
- b) Trusted brands (big) such as Birmingham Energy Savers (BES); vs non-trusted large national companies "because they claim benefits but don't deliver";
- c) Some local firms are trusted; but conversely people talk about needing the recognised brand because of some small businesses being unknown entities.
- d) Trust is particularly important for excluded people's participation (as consumers, workers)

Do any of our findings allow us to show how to develop and maintain trust of i) local and beneficial enterprise ii) LA/community initiatives?

## 2) Risk

Risk: risk aversion is one driver for procuring from bigger companies – but experience shows they just permanently over-charge. Need to understand risk better in relation to small (reflects Michael Shuman on investors' understanding of risk and small business)

The 'beancounters' in most orgs (public/private/vol) are risk-averse. Different approaches: officials are risk-averse; but politicians need to see the whole picture because they are being asked to take risks.

Local authorities are not good at risks - democracy conflicts with municipality (safety/risk aversion)

Private business now expects LAs to take on the risk – unexpected. Need to manage risk and share the risk - separating out different levels, what are they and who is best placed to manage them – commercial, reputational, sustainability.

## 3) Relationships between big and small business when small businesses act as intermediaries (relates to trust and risk):

Comparative strengths and weaknesses: small business is better at local responsiveness, sometimes more trusted; large have economies of scale and are seen as less risky. Managing how a genuinely strong local economy can be built when small businesses subcontract from large is a minefield. Utilities and similar organisations agree a price for a contract and then work on the supply chain to see how it can be delivered for the least price. Subcontractors then compete on price and some will do it at cost. This drives up the margin for the utility but wrecks the supply chain. Is this the same effect as the milk supply chain? BES has a contract that drives Carillion towards the local market, but if they do a value chain mapping exercise it will result in a bidding war and no one will win.

## 4) Nature of Economic Development:

- ED as partnership is the right approach (used in Wolverhampton's structure)
- ED itself is not mainstreamed: it is under-resourced: Do LAs need a ED duty? Potential advantages and disadvantages of this.
- Other teams need to see themselves as delivering ED: planners, social care, procurement, engineers & those in regulatory/enforcement roles (Links to points about LEPs)
- The proposed 'single funding pot' [No Stone Unturned] for LAs to bid into would be useful: a proportion should be set aside to support CED approaches.
- Role for ED in facilitating better networks/linkages to enable the right people and businesses to meet, develop ideas, find right resources etc. Informal works best. Role for Chambers? Healthy Cities could provide a Forum. Third sector as trusted broker.

## 5) Communicating and measuring this approach:

We inherently know the benefits of this approach but we need to be better at articulating and measuring these benefits to others – the differences this approach makes; not what's easiest to measure.

### a) The need to articulate the impacts (evidence based) in the right language for different audiences:

- powerful people within the region
- local businesses themselves and consumers
- local authority /organisational 'beancounters' (risk averse) – business case?
- politicians (need the 'full picture' eg wider benefits- to assess risk
- LEPs: Vol sector councils is one way in for us even though CED goes beyond this. Also Stewart Towe (BC); possibly SIP process (GB&S). RESO is a good story for LEPs.

Need to communicate it as practical, integral not additional, and demystified/simplified. This will need significant work to get right.

### b) Measuring/evidencing: Including how to measure risk in relation to small companies. Measuring real social impacts is often too hard; though often even measuring pure cost is enough to make the case for local. Evidence: quantitative and qualitative; net and gross job losses etc

Carillion now recognises that using local partners is a good business model. Could this be part of evidencing the approach? Perhaps too early to tell.

Local authorities now have vested interest in sustaining and growing business because it directly affects their financial situation. Can also use argument e.g. that local generation and support of [social care] companies will reduce the social care burden.

Need strong commercial arguments e.g. to justify breaking procurement down into small lots to make it more accessible. BuyforGood has caused problems for BCC in managing the process, but this did help with responding to price changes – this was the commercial justification. Need an intermediary organisation to manage these complex processes.

Longitudinal study showing how taking this approach makes a difference would be valuable for this.

[Link to evidence around comparative risk or large/small business]

#### **6) social inclusion and social value:**

- Ensure skills for local enterprise start at school; get local enterprise involved in schools.
- Social value agreements/ clauses built around security, significance and solidarity and satisfaction (e.g. BES social value clause). This is what creates cohesive society
- The work on social value in procurement (BCT funded) is also very valid to this discussion.

#### **7) Harnessing individualisation and personalisation trends:**

Need to look at the forces that are shaping the economy from the global to the local level. Drive towards individualisation and personalisation: making suppliers think of how things are personalised, e.g. food – placing a picture of the farmer on the package and telling you something about his farm. Can this trend be used for localisation? “Could we visit the farm/ factory?” “Could we talk to them?”. People now want to know where goods are coming from and how produced – they value local production.

**8) Locally specific recommendations and practical steps** for the WM would be appreciated; perhaps based on local research including more typical case studies. Identifying what is good growth locally in our own areas etc (could be discussed in the follow-up session?).

#### **Useful stories**

- During the last few months of the high FIT rate, one business drove to Europe to pick up special bolts for one of its competitors. This happened because they understood the importance of delivering as much as possible together as a sector and proving the ability of local business to step up to the BES plate.
- One factor in BES success was recognition that supply and demand were in the same place and are sometimes even the same group of people e.g. involved in retrofitting supply chain, homeowners, private landlords.
- Social value put off the other bidders for BES – they thought it sounded like too much. But Carillion found that including social value actually reduced overall costs.

#### **Actions for LWM from the session**

- a) a follow-up session to discuss local action. Could develop into a network or just identify actions.
- b) How does this relate to the Heseltine review: [No Stone Unturned](#)?
- c) a number of individual suggestions for meetings & dissemination
- d) Should be aware of forthcoming MEBC/BCSD work and event on 12/12/12 on manufacturing. [More info here](#).

Project website [http://localisewestmidlands.org.uk/mainstreaming\\_ced/](http://localisewestmidlands.org.uk/mainstreaming_ced/)