



# LWM Newsletter: Summer 2012

*Local Economic Solutions for Sustainability*

## Mainstreaming community economic development for inclusion, diversity and income equality:

- a Localise West Midlands research project



The UK economy, one of the most centralised in Europe, is increasingly recognised as remote from people and society, unequal, exclusive and beyond control. In a diverse, localised economy, more people have more of a stake, which redistributes economic power, reducing disconnection, inequality and vulnerability to 'too big to fail' institutions.

This is the premise of *Mainstreaming Community Economic Development*, Localise West Midlands' research project, which began this April funded by the Barrow Cadbury Trust, an independent, charitable foundation committed to supporting vulnerable and marginalised people in society.

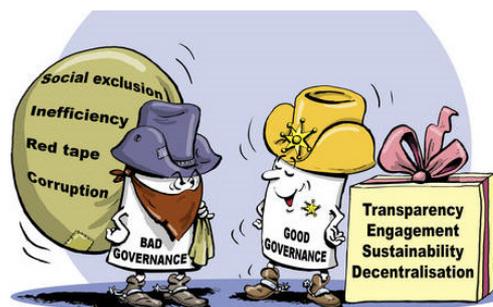
We find that research addressing economic solutions to the above tends to deal with development of micro-projects, treating community economic development (CED) as marginal. Instead our project explores how

CED and stronger local economies can be integrated into the macro and mainstream economy: what are the conditions needed for local economies to be built around SMEs, social enterprises and community groups with what support from larger organisations; and what is needed to ensure that this can become the 'usual' approach of economic policy at local, subnational and national levels so that the greater redistribution and diversity impacts of localisation approaches can be maximised.

The first stage, just concluded, has been a critical review of the evidence of the socio-economic impacts of localised and CED approaches. The second stage, just started, involves case studies through interviews and desk research, focusing on organisations, individuals and community members whose contributions to local economy have been successful, or are frustrated; in order to identify barriers and solutions at local and other spatial scales, and develop ideas for mainstreaming. So far we have had informative interviews with Birmingham Wholesale Markets, Think Walsall, retrofitting supply chain businesses and Sandwell Council.

We are also using our ten-year track record on the practice and policy of localisation approaches and community-scale economics to inform the research. The ideas formed will be tested through a workshop involving policy makers and budget holders.

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## Birmingham's Social Inclusion Process

Connected with the Mainstreaming Community Economic Development project is Localise West Midlands' participation in Birmingham's Social Inclusion Process.

The process, led by the Bishop of Birmingham, will last six months and will engage with people across Birmingham to explore how issues of exclusion and poverty can be addressed more effectively in the city.

Its main aim is to make Birmingham a fairer city, and according to Jackie Mould, director of Be Birmingham, the process should "develop a new approach that will help raise aspirations and bring lasting change to the quality of life of our most disadvantaged communities and neighbourhoods." It intends to determine what might help in tackling disadvantage in order to recommend which responses are needed to improve Birmingham citizens' quality of life.

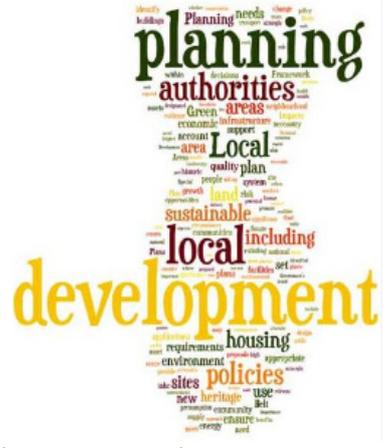
Localise West Midlands' contribution is around how the organisation of the economy influences exclusion. Usually when social exclusion is analysed, the focus is only on its consequences, while its root causes are overlooked. We consider that an excessive centralisation of economic decisions and benefits could be a primary cause of economic exclusion and inequality, generally across the globe and specifically here in our city. So in solving it we should consider local communities not as economic pawns but as active players in the local economy and in creating inclusion. If we organise our economy so that it really involves people – so that they have a say in its decisions and benefit from it - it will create communities in which those currently excluded can participate more fully.

Many of the projects and activities that address social inclusion are purposely designed to do so; but others, such as Birmingham's diverse wholesale markets and their delivery of an

affordable and accessible food supply, are quite unintentional and not planned. We need to understand and support such activities and we hope to bring this perspective to the process. Current proposals for district-level local economic development boards and better use of procurement for social benefit look very promising.

## The National Planning Policy Framework & Local Economies

Spatial planning plays an important role in shaping local economies: it can provide a positive environment for local businesses to flourish or it can contribute to seriously threaten their survival. So particular attention should be paid to the final version of the National Planning Policy Framework (NPPF), published by the government in March, and how it is going to impact on local economies.



Many concerns about its ability to foster and protect local economies arise when comparing the new planning document with the previous policy statements that it completely replaces. In particular, it is the NPPF's emphasis on the planning system being more localist and more able to boost economic growth - both of which drove the government to reduce planning policy from 1000 to 50 pages – that influences greatly how the document will impact on local economies.

First of all, although the emphasis on local aspects and local decision-making is generally to be welcomed, it is not necessarily translated into more opportunities for local communities and authorities to enhance or protect their local economy. The loose language used through all the document, even in relation to key definitions, and the hole in technical guidance it causes, is seen as an invitation to those who dislike a planning outcome to appeal against the decision. This, coupled with local

**Localise West Midlands** LocaliseWestMidlands @LocaliseWM 25 Jun

How can we think we can tackle social inclusion if we also think pursuing Living Wage citywide would damage our competitiveness?

#fairbrum

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communities' time and money constraints, could lead to under-resourced local authorities passing harmful development applications for their economic prosperity in order to avoid appeals and related costs, while well-resourced developers, such as supermarkets, would be able when needed to appeal in order to pursue their proposal.

Second, the changes intended to unblock the economic growth result in a more permissive planning system that skews the balance further in favour of bigger competitors away from local businesses and endangers the local supply chain they form and support, therefore potentially harming local economies.

A perfect example is the much-debated paragraph 14, the presumption in favour of development, which requires councils with out-of-date (pre-2004) local plans to approve development unless there are very significant reasons not to do so. This paragraph undermines policies linked with the future of many local retail shops that thanks to their "multiplier effect" positively contribute to local economies, such as the "town centre first" approach proposed in section two of the NPPF.

So the NPPF not only fails to introduce new policies directed to empower local economies, such as by addressing the concentration of economic development in the south-east or introducing policies on economic distinctiveness, but generally weakens policies that could enhance local economies.

*Dalia Campoccia – research officer*

## The Mayoral Referendum: a badly informed debate on cities' governance

Localise West Midland was active around the referendum of May 3rd that asked the citizens of 10 English cities including Birmingham and Coventry if they wanted a Mayor in charge of their cities. We aimed to investigate the comparative effects of the proposed mayoral system and the leader and cabinet system in achieving just and sustainable economy, and also disseminated factual information about the functioning of the two



systems.

In the events and writing surrounding the issue we were struck by the lack of sound, factual and unbiased briefings about the two comparative systems and the polarisation of debates. Even the Department for Communities and Local Government had no such information. So Localise WM in collaboration with the Birmingham Press produced a briefing on the differences between the Mayoral and Leader/Cabinet systems in the attempt to plug this gap and made this widely available.

Leaving aside the rights and wrongs of the model we also organised meetings to allow local organisations with an interest in a better local economy – housing associations, social enterprises, campaign groups, thinktanks - to hear from those who had expressed interest in the mayoral position as to what mayors might be able to do to develop a more locally focused equitable and sustainable economy which maximises the economic benefits to local communities. Three of these meetings were held with potential candidates. Participants found it useful to have a forum in which to raise local economy and social justice issues and Localise WM hopes to initiate similar dialogue between decision-makers and local economy stakeholders on the back of this experience.

As we know Birmingham, and all the other cities except Bristol, said no to the mayoral reform. LWM believes that having said no, the city has kept the door open for other options if its people are willing to fight for these. The government not only offered insufficient explanation about the extra powers a mayor would have, but also ensured changes away from the mayoral system would have required an Act of the Parliament. So while changing the system

LocaliseWestMidlands @LocaliseWM
16 May

Reviewing Jenkins' Big Bang Localism: electors per elected official: France 116:1; Sweden 667:1; UK 2,605:1. Should fix this before mayors.

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in the direction wished by the government would have been relatively easy, counterchanging it in any other direction would have been extremely difficult.

The mayoral system proposed, although it could have offered some advantages, would have made it harder to explore different alternatives of city governance and overlooked the governance reform potential that our cities urgently need. Rejection of that system is not the end of the road; we hope that the strong opinions shown by both sides can be redirected into dialogue about the many reforms and possibilities that are there to achieve better governance and economy, such as the potential for strategic collaboration – mayoral or otherwise – across local authority boundaries, or the potential for citizen-led economic development programmes in creating socially beneficial economies.



## A Fair Deal for UK Farmers

Localise West Midlands continues to be involved in promoting a fairer deal for food producers, following on from awareness-raising Fair Deal Awards organised in conjunction with the Attwood Group. We believe that the fair deal principle (covering production costs and overheads) should be applied to all food products as a matter of trade justice, applying in the UK just as it does overseas. The campaign's current focus is primarily on dairy farming.

The dairy sector has been in crisis for many years. In real terms the farmgate milk price in 2010 slipped 28% below the farmgate price of 1994. The retail price of milk in 2010 however, was broadly the same value in real terms as in 1994 but input costs have spiralled. DairyCo has taken a close look at current prices and says if the farmgate price had increased in line with inflation it would have stood at 34.4 pence per litre in 2010. Meanwhile three

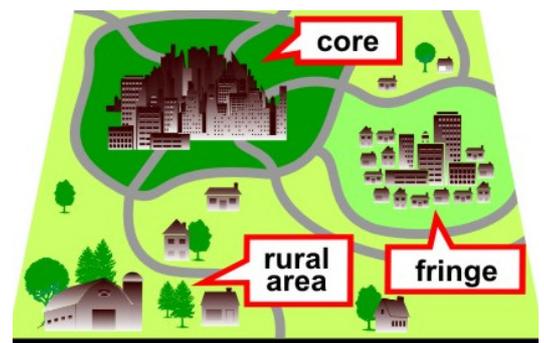
million farmers have gone out of business across the EU in the last 8 years, and across the UK 10,000 farmers have gone out of business in the last 5 years.

But in the last few months, yet further proposed cuts in the prices paid by supermarkets and other buyers to suppliers have instigated a more concerted fight-back. The National Farmers' Union has now got involved, with their SOS dairy campaign holding a recent event with held at Westminster highlighting the crisis. At their campaign site <http://www.nfuonline.com/Home/SOS-dairy/> you can find guidance to help you take various actions to support the campaign including writing a letter to your MP, calling for government action towards fairer milk contracts, including the speedy passing of the Groceries Code Adjudicator Bill into law. An adjudicator can stamp out unfair practices at the retailer end of the supply chain, and subsequently assess the effectiveness of the Groceries Supply Code of Practice in ensuring fair play right through the chain.

The Green party also supports a petition at [ow.ly/chUMh](http://ow.ly/chUMh); and other political representatives calling for mandatory codes for supermarkets and producers include MPs Andrew Griffiths, Daniel Poulter, Peter Snape, and Tim Farron; and most of all, Andrew George, who will be presented with a Fair Deal Award by Cornish farmer Michael Hart at the [Family Farmers' Association](http://www.familyfarmers.org.uk) meeting in Westminster in October. <http://fairdealfooduk.com/?p=3478>

## Managing environmental change at the rural urban fringe

LWM was a partner in the interdisciplinary research project undertaken by Birmingham City University (BCU), led by Dr Alister Scott, and which aimed to address the need for improved



management of the rural-urban fringe (RUF).

The need rose by the fact that the space where the town and the country meet - the rural-urban fringe – although valued for conservation, recreation and development activities, is usually overlooked by policymakers and other bodies because neither urban nor rural approaches quite work there. It is often shaped by policies directed to the town or the country, with potential negative results, instead of by an effective and integrated management directed specifically to this type of space.

The research investigated the nature of the RUF, rejecting the common urban-led perspective and defining it instead as a multifunctional space where positive changes for society and environment are possible. In fact, the RUF can be considered as an intersection of cultural, economical and environmental functions of the society and as such is the perfect place to generate a healthy connectivity among those functions. The interdisciplinary team of researchers found many aspects that could benefit from a better management of the RUF, such as the potential for more localised food production. This would require addressing the challenges that farmers face in the RUF which emerged from the two case studies in Redditch and North Worcestershire. The research found also that in order to successfully manage the changes in places of such diversity as the RUF, it is important to break the artificial barriers that divide urban and rural, bridging the work of different bodies and promoting meaningful cross-boundary partnerships between councils.

The research has resulted in five policy briefs in video format on the topics: a general introduction to the RUF; the relationships between spatial planning and ecosystem approaches; connectivity within and across the RUF; contrasting values relating to the RUF; and long termism in policymaking for the RUF. These present the RUF as the context for the different challenges that our society is facing: from finding ways to engage community, to managing conflicts arising from the spatial planning process, to reforming local governance; from the need to create a framework able to consider equally economic, social and environment needs, to finding a better way to determine and pursue what we value as a

society.

Another outcome was 'Rufopoly', a board game learning tool emerging from the research and taken up with enthusiasm by government, community groups and decision-makers. Throwing the dice to travel across the RUF-landscaped board, players face relevant dilemmas about planning and decision-making. They are supported by a facilitator who notes down answers and supporting justification given in discussions. This audit trail of decisions is then used to allow each player to devise their own vision for the RUF set within improved understanding of the impact of their previous decisions.

The videos, Rufopoly and other project details can be viewed on the Birmingham City University website: <http://www.bcu.ac.uk/research/-centres-of-excellence/centre-for-environment-and-society/projects/relu/overview>

We are now part of a new project with Alister Scott and Birmingham City University, commissioned by Defra, to develop and test tools that will help policymakers and practitioners embed ecosystem thinking in their decision-making practices.

## Growing Low Carbon Communities – new LWM course

Localise West Midlands in conjunction with Birmingham City Council and Midlands Co-operative Society launched at the end of June a part-time course on Growing Low Carbon Communities. The purpose of the course is to show that people-centred, community-focused approaches are a key factor in winning the hearts and the minds of people and thus creating projects that are effective and inclusive in delivering carbon reduction. So the course focused on how to set up, run, and maintain a successful 'Low Carbon Community' initiative on this basis. Students will be learning good practice in engaging communities on climate change and energy efficiency and will explore the relationship between social justice and climate change.



**LocaliseWestMidlands** @LocaliseWMM 5 Jul

Recalling Polyp's brilliant climate talks cartoon "What if it's all a hoax & we create a better world for nothing?"

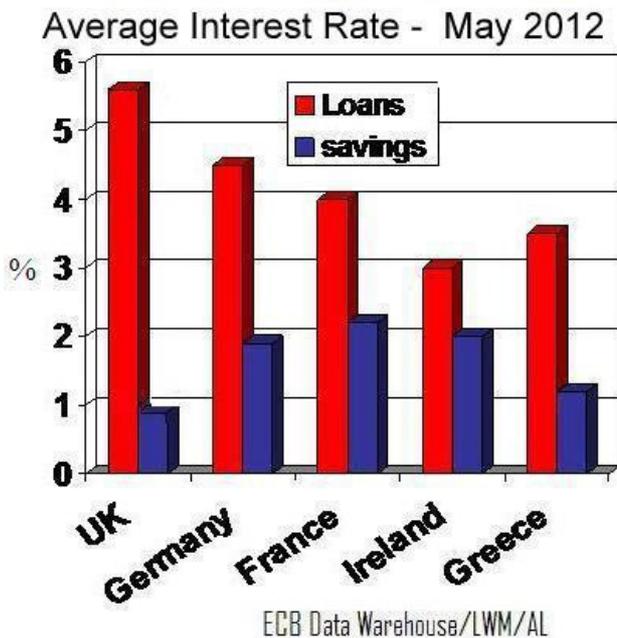
#sustainabledevelopment

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Around ten people have signed up for the course so far and the second session will have happened by the time this newsletter is out, but then a break for summer. There is still time to join the course, which is free for anyone working or volunteering in a third sector organisation.

## A Representative Bank of Britain?

Since Christmas we have published a number of blogs looking at everyday interest rates in the UK. Long before even the Governor of the Bank of England claimed he heard that the big banks were rigging the now famous LIBOR, we were pointing out how the banks were squeezing us all. Savers in the UK were being offered derisory returns, but average mortgage-payers are usually paying over 5%. The difference in the UK is far more stark than in France and Germany, or even in crisis countries like Ireland and Greece.



This is really how the bonuses can be afforded. Anyone who looks up the LIBOR on the internet will find it is usually well within 1% of the Bank of England 'base rate'. But the interest rates real people get bear no comparison to the record low interest rates the Bank of England claims to be providing us.

The Bank of England has failed the UK. They have let things happen in London that have damaged the world economy, and which would not be

allowed in the USA. Their monetary policy has failed us; we have long had the highest inflation rate in G7 countries despite us having such steep actual interest rates.

As the government's new banking enquiry gets underway over the 'summer', we will be looking to get our project to reform the Bank of England and make it more representative back on the road. This is something none of our political leaders have recognised as part of bringing our financial economy back under control. This cannot be done by regulation, sealing up the loopholes or re-shuffling the names in the regulatory apparatus. People have rightly said that cultural change is needed. The most far-reaching way of doing this is to democratise banking supervision.

Our central bank is run by a board ('the court') appointed by whoever is in government. New Labour started the practice of putting a leading trade union magnate on the court; Dave Prentis, Unison general secretary, is on it now. But this is just a fig-leaf on a body otherwise dominated by figures from the very biggest of businesses. Another New Labour appointee is the court's only female, Susan Rice, which in the circumstances one suspects could perhaps be another attempt to appear representative. She is head of *Lloyds TSB* in Scotland, but is not Scottish but American.

As an American she would not feel out of place: an American who helps run the investment bank *Deutsche Bank* after having previously been with *Goldman Sachs* is also on the court; Goldman Sachs currently has an 'old boy' on the interest rate setting committee too. Lady Rice of *Lloyds TSB* also happens to be a director of *Scottish & Southern Electricity*, one of the Big Six energy utilities that dominate the UK energy market. But she would not be alone in that either, because the Chairman of the parent company of *British Gas* is also there.

In the US, the central bank is dominated by people from the small local banks with representation weighted towards the regions. This sort of federal model was the basis of the old German central bank; and all the member nations are represented in the European Central Bank; Canada's system is similar. These examples offer food for thought for making maybe a **Bank of Britain** the voice of the peoples of Britain in finance, rather than the voice of the big interests laying down how things should be to the people...

	<b>LocaliseWestMidlands</b> @LocaliseWM "Economists talk about externalities: job dislocation, rising family violence, community loss, env damage. External to what?" D Morris, ILSR	20 Jun
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If they were, then they may be the right people to market Green Deal. These difficult conversations

## A Neighbourhood Gateway approach to delivering Green Deal

A recent collaborative project led by [Localise West Midlands](#) and social enterprise support organisation [i-SE](#) had useful lessons for Green Deal delivery. It found that third sector organisations with an interest in a place, such as Bournbrook Community Safety Project, Castle Vale Tenants and Residents Alliance, Advice2All and St Paul's Crossover, are in a favourable position to deliver Green Deal at a neighbourhood level. Its evaluation report by the [Chamberlain Forum](#) calls for a Neighbourhood Gateway approach to delivering Green Deal.

You will often hear Government ministers saying that 'trust' is important in the delivery of Green Deal. This is true, but the qualities that make these organisations suitable for delivering Green Deal are about more than just trust. I trust my milkman, but he is not the right person to persuade me to take out a 25-year finance package to improve the energy efficiency of my home. The qualities that organisations or individuals need to do this are advocacy skills, and the ability to manage difficult conversations.

Not all third sector organisations do this. A myth has developed among utility companies and local authorities that 'community groups' are key to marketing Green Deal. Which community groups? Do Sunday cricket or netball teams provide advocacy to their members around difficult subjects such as debt, housing, benefits, or immigration? They didn't last time I was responsible for the sound of willow on leather. Do parent and toddler groups have difficult conversations with parents about substance abuse or sexual health? They certainly didn't when I took my toddlers along a few years ago.

are more likely to be handled by a certain type of 'neighbourhood anchor' organisation of the type that LWM and iSE worked with on the LEAF project. They will typically employ a small number of staff and have a turnover of six or seven figures. They may have a building used by smaller groups for occasional office space or meeting facilities, through which they are a local hub at the centre of a network of smaller organisations. They probably regard themselves as trading social enterprises rather than community groups and do not rely on volunteers to subsidise their activities. Most importantly, their advocacy skills are transferable to advocating the best energy solutions for their residents.

Downloading lists of grassroots community groups might give utility companies and local authorities a warm glow but there is only a minority of those organisations who have the credibility and the advocacy skills to have a difficult conversation with people around energy efficiency - and let's face it, energy efficiency is a difficult conversation, as anyone who has worked in the field, and felt like banging their head against a brick wall, knows only too well. Energy companies and local authorities would be better working with the third sector to identify those organisations rather than by-passing them and attempting to recruit teams of chuggers to market energy efficiency.

They need to learn from those corporate and public sector bodies that do have a track record at understanding social enterprise - Midland Heart and Santander have been two organisations that have pleasantly surprised me recently - they see working with social enterprise as about unleashing creativity.

*Phil Beardmore*

*The report, Green Deal Opportunities for Social Enterprise - Lessons from the experience of social enterprises in Birmingham, can be read at <http://s.coop/jl8t>.*



## Do you need help with ISO 14001 accreditation? – strengthening organisations by better environmental management

LWM associates offer affordable consultancy for local private businesses, voluntary organisations and social enterprises wishing to achieve the internationally accepted environmental management standard ISO 14001. The standard is designed to address the delicate balance between improving profitability and reducing environmental impact and can help local organisations to win business. For more information see our environmental management website: <http://lwm-ems.co.uk/>.

### About LWM

*Localise West Midlands is a not-for-profit think-tank, campaign group and consultancy, which promotes local approaches to trade, money flow and decision-making for a more just and sustainable economy.*

*We undertake research and projects to change policy and practice in line with this approach, and raise awareness of the benefits of developing strong local economies amongst decision makers and the general public.*

*Localise WM will be reaching its tenth birthday in October 2012; watch this space for a celebratory event to be organised for that month.*

*LWM gratefully acknowledges funding from the Polden Puckham Charitable Foundation.*

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