

A practitioner's guide

This briefing uses case studies to show how the Mainstreaming Community Economic Development approach can be applied across a range of organisations.

Releasing the potential of local economic power

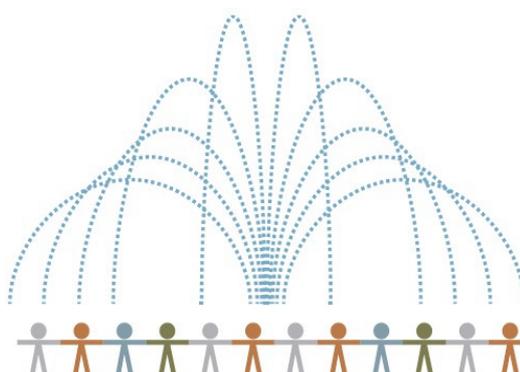
The opportunity exists to realise the potential of our local economies from within. Research from Localise West Midlands in 2012/2013 demonstrated the significant benefits of an approach to economic development which is based on making the most of the strengths within an area, whether it be local business networks, supply chains, community assets and of course the people who live there.

Localise West Midlands has found that often, economic development strategies can be very focused on trying to attract economic activity *into* an area, for example, encouraging inward investment, attracting national retailers, or by encouraging people with higher incomes to live in the area. This approach can under-use the strengths of a place. Multinationals may have a limited attachment to place and income may end up leaving the area.

Mainstreaming community economic development is about redressing the balance, about encouraging economic development to progress from within, building upon an area's existing strengths so that it can flourish by maximising the local economic and social benefits for all including:

- Greater levels of social inclusion
- Higher levels of local job creation particularly in peripheral and disadvantaged areas
- Improved resilience within the economy making it less vulnerable to external change
- A more integrated economy where people from different sectors work together
- More responsive and empowered local governance with higher levels of civic engagement
- Better health outcomes
- Retention of local distinctiveness
- A local economic system which is more diverse and competitive

*Maximising social
benefits for all*



Some definitions

Community economic development (CED) is about people living in the area using local resources to enhance economic opportunities and social conditions in a sustainable way.

Mainstreaming community economic development (MCED) is about embedding the principles of CED and good practice across public, private and social sector organisations in a way that delivers the benefits of CED through core, day-to-day business rather than as a “special initiative”

The Case Studies

Mainstreaming community economic development can be applied to a business, public sector organisation or to inform an economic development strategy. All it takes is a willingness to consider new ideas and a desire to help improve the connections and interdependencies within the local economy. Below are five different case studies which illustrate different approaches to mainstreaming community economic development:

1. The Local Authority Procurement Approach:

More Bang for your buck!

Manchester City Council have been leading the way on how to use existing public expenditure to maximise local impact through the multiplier effect. They are actively using their procurement policy to more effectively target their existing expenditure on goods and services in order to achieve wider social benefits. The first stage was a mapping exercise undertaken by the Centre for Local Economic Strategies (CLES) to better understand the geography of public sector resources across Manchester City. This mapping exercise, using LM3 methodology, enabled the council to understand how much of their expenditure was retained locally and the proportion that leaked out of the city region. The council are now developing a range of procurement initiatives which aim to extract more value from public expenditure, for example, in the extension and refurbishment of their council offices, Manchester City Council developed a social benefit clause with their main contractor which provided apprenticeships for local school leavers.

Key features of this approach

This is an example of mainstreamed community economic development which demonstrates:

- **Resourcefulness:** Using the public money that is being spent and making it work harder to achieve social as well as economic benefits.
- **Procurement as a creative process:** Changing perceptions about procurement and viewing it as a creative process rather than simply a bureaucratic function.

To learn more

More information is available from the CLES Website: www.cles.org.uk

2. The Community Development Organisation:

Supporting growth from within

RESO (Regroupement Economique et social du Sud Ouest) is a community economic development corporation working since 1984 for economic & social revitalisation of Montreal's Southwest following industrial decline in the 1960s - 90s. It is community-led but with private, trade union & public sector involvement. RESO's objective is to create an economic, social and cultural future for residents in South West Montreal which is sustainable, equitable and 'built on the 'the commitment and consultation of the population and social and economic partners'.

Specifically, RESO aims to re-engage local people in their local economy particularly including the unemployed, potential entrepreneurs, local businesses, young adults, community organisations and social enterprises

The services that RESO provide to these target groups includes:

- human resource development & training,
- technical assistance aimed at business retention
- issues related to land use, development of infrastructure
- representation, consultation & promotion relating to development in the area.

Key features of this approach

This is an example of mainstreamed community economic development which demonstrates:

- Re-engagement with the economy - aims to re-engage local people in the economy to support local employment, investment and increase the circulation of money in the area
- Targeting the most vulnerable groups – the project reaches out to those who are most disadvantaged and aims to make the economy work for them. This is about ensuring that the benefits of growth are equitable.
- Big impacts on poverty, social exclusion and economic decline, achieved by the way in which RESO build bridges between social inclusion, labour, business owners, investors, procurers- this is what makes it different.

To learn more

More information is available from the RESO Website:

<http://www.resomtl.com/en/home.aspx>

3. The Private Sector Company:

Building co-operative ownership closely connected to place and people

The social co-operative model is used widely throughout mainland Europe as a way of galvanising local people to engage with their local economy through the development of new businesses and employment. Employing more than 4.7 million, they make an important contribution to the development of local economies by strengthening local ownership and the attachment of business to place and people. One example is the Fonderie de l'Aisne which is a successful case of a worker buy-out in France.

How it happened: The worker buyout of a local foundry

The Fonderie de l'Aisne, is a foundry located in the north-east of the French Champagne region which manufactured aluminium for heavy transport including boats and aircraft, one of the very few still making these products in France. In 2006 the company ran into difficulties because one of their major companies defaulted on a loan and in 2009, the business went into liquidation with the loss of more than 200 workers. However, some senior former staff at the foundry were curious as to whether the business could potentially have a future. They developed a business plan and persuaded a group of former workers to collaborate with them in order to start a co-operative and re-develop their old jobs. Workers ploughed a percentage of their unemployment benefits into the business as start-up capital and the foundry recommenced operations, a month after closing in June 2009. Turnover of the business rose by 254% in the first two years of the new co-operative and a share of the profits is spread equally between the workers.

"Today we know for whom we are working. We know that we do not work for a financial group who could loot the company for several years and then close it or delocalize it", says Pascal Foire, manager of the Fonderie de l'Aisne.

Key features of this approach

This is an example of a mainstreamed community economic development which involves:

- **Social equity** – about ensuring that the benefits of growth are equally shared among the workers of a company in a way that does not place profit above the needs of local people
- **Business growth** – about using the skills, knowledge and ideas of local people to create a successful growing business
- **Local employment** – about creating new job opportunities in the communities, particularly for those who are furthest from the job market
- **Mutuality** – because the co-operative is worker owned, everyone has an interest in seeing the company succeed.

To learn more

A detailed write up of this case study can be found in this report by the European Confederation of Businesses: http://www.cecop.coop/IMG/pdf/report_cecop_2012_en_web.pdf

The company website for Foundrie de L'Aisne:

<http://www.fonderie.agualog.com/en/content/presentation-company>

4. The Local Authority economic development:

Localising Corporate Social Responsibility

Enfield, North London, has been recovering from de-industrialisation during the 1980s and unemployment, low skills and deprivation remain stubbornly high. These challenges have been compounded by the drive for public sector austerity which has removed many low skilled jobs from the economy. The area also finds it difficult to attract inward investment given the competition from other neighbouring authorities. Enfield's response was to consider how they might take a different approach to economic development in the future. Working with the Centre for Research on Sociocultural Change (CRESC) they decided to focus their attention on the strengths within their existing economy rather than relying upon investment from outside: those companies that won't get up and leave anytime soon! This, they named their 'foundational economy'.

A key component of this foundational economy was utility companies including water, power and gas. These companies are rooted within the area by customer base and Enfield set about contacting these companies to find out how they could improve economic impact of these organisations on the area, for example through local employment and investment. This was about expanding the corporate social responsibility of these companies beyond a few tokenistic schemes and creating real impact for the local economy. British Gas has now signed up for a £10m contract for retrofit of insulation in Enfield including hiring 100 school leavers. In addition, Thames Water is working with the council to upskill local contractors to support their supply chain in the area.

Key features of this approach

- **Building on what already exists** – recognising the opportunities that do exist within the area that are unlikely to change and maximising the potential impact of these organisations in the area including utilities, banks and universities.
- **Supporting local job creation** – the focus of this scheme is on local job creation and business support, particularly for those who are most vulnerable in the economy including low skilled workers and young people.
- **Maximising the potential of local expenditure.** If large utility companies are already working in an area, this scheme demonstrates how a local authority can attempt to ensure that this existing investment can be used in a smarter way, by broadening and deepening the corporate social responsibility to which many companies are already committed in principle

To learn more

Enfield Council's write up of their collaboration with British Gas:

http://www.enfield.gov.uk/news/article/1048/enfield_council_and_british_gas_announce_partnership_to_improve_local_homes

Write up of Enfield's work in Collaborate, part of South Bank University:

<http://www.collaboratei.com/news/experiments-in-a-new-local-economics.aspx>

5. The social enterprise:

Developing new community businesses to meet the growing demand from universities and hospitals

This initiative by the Evergreen Co-operatives Initiative, Ohio, aims to maximise the expenditure of local hospitals and universities to help disadvantaged communities through employment, investment and business development. The scheme focused on organisations which were specifically tied to the local economy and wouldn't 'get up and leave' any time soon, including local hospitals and universities. In time, a group of co-operative businesses were formed which were designed to deliver specific services. These co-operative businesses included:

- **The Evergreen Co-operative laundry** – providing environmentally friendly laundry services to local healthcare organisations
- **Ohio Co-operative Solar** - providing renewable energy provision to local hospitals and universities
- **Green City Growers** – growing and selling a range of fresh fruit and vegetables

Important questions that Evergreen seeks to address:

- How do we create good quality jobs at a time of growing job dislocation and disinvestment in our urban areas?
- How do we anchor capital, particularly in underserved, low-income neighbourhoods, so that it doesn't get up and leave, as so many corporations have?
- Where do we find financing for job creation at a time of ever more-constrained resources for urban economic development?
- How do we address the lack of economic opportunity that is endemic in many urban neighbourhoods where unemployment is at double-digit levels even in the best of times, and where as many as 30% of residents live below the poverty line?
- How do we turn the vision and promise of green jobs into real employment opportunities that are available to urban workers today?
- Most important of all, how do we rebuild the economies of our inner cities in order to stabilise and revitalise disinvested neighbourhoods

Key features of this approach

This is an example of a mainstreamed community economic development which shows:

- **Re-engagement with the economy** - aims to re-engage local people in the economy to support local employment, investment and increase the circulation of money Cleveland, an area that has suffered extensively from large scale industrial change.
- **Targets the most vulnerable groups** – the project reaches out to those who are most disadvantaged and aims to make the economy work for them. This is about ensuring that the benefits of growth are equitable.
- **Business growth** – about the development of successful local businesses which can re-invest in the community
- **Local employment** – about creating new job opportunities in the communities, particularly for

those who are furthest from the job market.

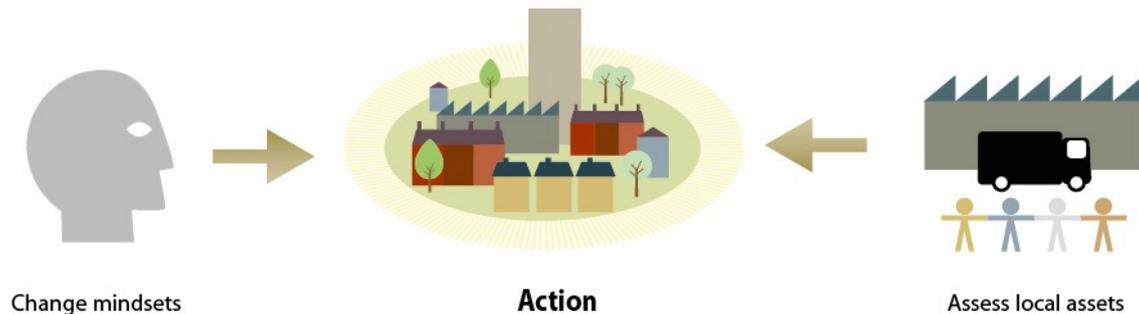
To learn more

More information is available from the Evergreen Co-operatives website

<http://evergreencooperatives.com/>

Newstart Magazine recently featured the Evergreen initiative:

<http://newstartmag.co.uk/features/a-laboratory-for-a-new-economic-development/>



This approach can be applied to an organisation's own business activity or used to inform a strategy or programme.

1. **Propagate a new mindset:** understanding the local economy virtuous circle, valuing the collective impact of the small scale, recognising the supply and demand interdependencies of the local economy 'ecosystem', maximising local value from local assets, and giving weight to social outcomes in economic choices. Use case studies and [evidence of the benefits](#) to persuade others.
2. **Understand your economic environment:**
 - Have you got people with local commitment involved? Consider how to include community, local business, remotely-owned business and public sector. Which local businesses show 'enlightened self-interest' to understand their role in the place's future?
 - What are your local assets?
 - What local need and demand can provide new, steady or growing markets?
 - Could the local multiplier be improved - where is money leaving the economy?
 - What, and how, can you purchase more locally?
 - Consider how relationships, networks and social capital can be strengthened
 - Consider how this fits with existing strategies and objectives – planning, business support, procurement, economic development, CSR.
3. **Act!** Quick wins and priorities will emerge from the above. Localise WM can help you to identify some initial steps for your specific situation.

Learn more, get involved:

Localise West Midlands secured grant funding from the Barrow Cadbury Trust for phase 2 of their work to mainstream community economic development during 2014. There are four key objectives:

- **Engage and discuss the opportunities** of Mainstreaming Community Economic Development with project managers, policy makers and politicians
- **Develop an informal learning network** of practitioners to provide the opportunity for shared learning and wider implementation
- **Work with partners to mainstream community economic development** by testing its feasibility and ease of implementation in the West Midlands
- **Monitor and evaluate the impact** of the mainstreaming community economic development approach and the implications for future learning and implementation

This work will include action research with organisations who are interested in using the MCED approach in their work to improve their local social and economic performance and to maximise its local economic benefits.

Localise West Midlands will be working on this project over the next year in order to build on the findings of our 2012/13 research. If you are interested in getting involved in this work, for example, becoming a case study or joining one of our networks, or if we can help you develop ideas, please get in touch:

Project webpage: http://www.localisewestmidlands.org.uk/mainstreaming_CED

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