

Localise West Midlands

Newsletter: February 2009

Introduction

Both with Extending Localisation and with our work on the “Green New Deal” approaches, as well as drawing on our practical consultancy experience, Localise West Midlands is amongst the several organisations across the country that are now challenging the economic models of the very recent past – and with increased legitimacy in the eye of the beholder. We are increasingly being invited to speak or otherwise participate in related events, and the purportedly Chinese curse about living in interesting times has never seemed so apt.

While the UK government’s first actions in dealing with the crisis – such as the blanket VAT reduction - were very much about stimulating consumption indiscriminately, since then the agenda here as in the rest of the world has become more about prioritising types of economic activity that have additional environmental and other public benefit. We have all our fingers crossed that in the UK and elsewhere this is not tokenistic but becomes a principle by which economic value is judged.

Our main areas of work are covered in more detail in this newsletter, but we have also been engaged in some other projects: a feasibility study into using the Birmingham wholesale markets as a hub to supply regional produce for public procurement; a review of our Sustainable Procurement Compact produced for Be Birmingham, and some recommendations which will be used to inform the activities of a new sustainable procurement post being developed for the partnership; and an interesting range of talks and presentations around the region on everything from local food to the whole of the Extending Localisation project.

All being well, LWM will have funding for the next year to continue our work, but charitable trusts and public sector funders are now being squeezed by the recession and low interest rates. If you can offer any financial support to LWM, or can recommend charitable funders who would be interested in the work we do, please let us know.

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Time to Act - Sustainable Communities

The first ever Sustainable Communities Act process is under way. It gives anyone – whether members of the public, frontline service staff or policymakers - an opportunity to make recommendations for legislative change and other actions to support sustainability in our local areas. Proposals need to be put forward by members of the local community and are then sifted through by local authorities, before being submitted to central Government at the end of July.

The range of subjects on which proposals can be put forward is excitingly broad: a redefinition of competition for the Competition Commission, to ensure that the generic role of small-scale independent shops is taken into account? Legislative measures to ensure even privately-owned allotment sites have statutory protection? Allowing local and regional bodies to use the local multiplier as an indicator in policy-making? Whatever you fancy, so long as they are based in local experience and support a broad, wellbeing-based definition of sustainability.

Local authorities should be keen to sign up as it gives them a commitment of support from central government in delivering positive changes. But it seems that some are in need of persuasion. At the time of writing, the councils in the West Midlands who have signed up are: Birmingham, Herefordshire, Newcastle-under-Lyme, Shrewsbury & Atcham, Solihull. If there is any way in which you can help persuade local authorities to sign up, this would be very worthwhile. Please go to <http://www.localworks.org/> to find out more about how to persuade your local council to opt in to the process.

The process is meant to be iterative but a low level of take-up by local authorities might persuade civil servants that the process is not worth the bother. So act now...

We would also be very interested in hearing about any proposal ideas you have or in helping to organise local events to discuss proposals, so do get in touch if this is useful.

A Green New Deal for the West Midlands?

The Green New Deal (is a package that deals with the 'triple crunch'; faced by our global economy: the credit-fuelled financial crisis, accelerating climate change and soaring energy prices underpinned by an encroaching peak in oil production. It takes as its inspiration the Roosevelt New Deal in 1930s America, which helped the country to extract itself from a similar crisis by stronger financial regulation and by forward-thinking, environmentally-aware public infrastructure projects.

Localise WM are hoping to see a more sustainable, just and stable economic and financial system created through action to combat the recession. We are working with a group of organisations to coordinate plans to implement some parts of Green New Deal proposals in the West Midlands:

- intelligent public spending that creates jobs and enterprise to tackle the emerging energy, climate and resource crises
- developing financial innovations for intelligent investment, including private

financing, such as pension funds and energy efficiency in the region

- stable, locally based saving and borrowing provision for the general public
- more generally, steps towards a financial system that underpins the productive economy and the fundamental operating systems of community and the environment.

The West Midlands is well placed to tackle this: our Regional Economic Strategy contains 'low carbon economy' commitments on which we can build. We also have manufacturing skills, a growing employment need, energy-inefficient housing stock, and strong social enterprise, training and energy efficiency sectors. So the most obvious priority programme along these lines would be retrofitting energy efficiency measures and renewables to existing housing stock, though many other projects including public transport improvements, sustainable housing construction, local food production and so on are additional candidates.



With energy social enterprises, campaigning, and trade unions and private sector representation we have been examining the potential for feasibility work, practical delivery of pilot work and campaigning activities to help make our economy work. Significantly this is intended to be funded not only from the public sector but to function as

a target for investments, providing a stable rate of return for investors.

Colin Hines, who is also a member of LWM's Board, is the convener of the Green New Deal group and has been in demand across the country to speak on a concept that has captured the public imagination. Locally it seems it is also capturing the interest of those who control budget and advisors on solutions to the downturn and we are hoping that this will lead to positive developments.

www.greennewdealgroup.org)

Photo: taken from Green New Deal report published by the new economics foundation

Local banking and local bonds

Our newsletters have covered the idea of locally raised bonds before. Not a new mechanism in itself, LWM's concept of local bonds is that it provides a potential stable investment for pension funds and individuals to invest partially in their own community.

Meanwhile, since our last newsletter, most of the UK's banks have collapsed and have now come under some form or another of public control. This happened just as we were completing a feasibility project on the decentralisation of central banking in the UK. A page on our website outlines how we think a remote London-centric Bank of England failed to spot problems in virtually every banking business based outside London.

We argued in the Birmingham Post in November that we have to break-up these beached banking hulks and have a new locally accountable banking sector in the UK (see Bank of Britain pages on our website).

Now, Birmingham City Council is having an inquiry into both whether it might be worthwhile to seek to establish a council owned bank, along the lines of that established by Neville Chamberlain during the First World War, and the potential for local bonds for public infrastructure.

It remains to be seen whether a municipal bank will today make sense. But we have invited the the review's officers to take into account how localised banking has only really survived in countries that have decentralised central banks (USA and Germany). Where you have a grand centralised central bank, you get a big bank orientated system. (France and the UK).

But we can only welcome the council taking an interest in the banking that is available to its citizens. We hope that the council might give a lead in regional England having some say about the way banking is redeveloped. Maybe that lead would be in having local government pressing the case for local interests to have a say in banking policy and regulation: even maybe considering the case for a Bank of Britain instead of our dysfunctional and discredited Bank of England.

Extending Localisation

- ❖ The **Industrial Symbiosis Programme** began in the West Midlands and makes productive linkages between companies material flows and logistics: one companies' waste product being another's raw material, and finding ways of sharing distribution costs and cutting CO2.
- ❖ Local communities are **managing their own town centres** using social enterprise management models: these create retail services that meet the needs of the local community, such as fresh produce supply. This project, called Agora, was developed by the Retail Enterprise Network and is being piloted in Ludlow amongst other towns.
- ❖ The West Midlands has excellent potential for **biomass and biogas** energy generation particularly using **waste materials** such as food waste and sewage. Given the factors of our lack of coastline, agricultural sector and expertise in the form of Shropshire company Greenfinch, this is our priority for energy security and efficiency.

These are three of the 'excellent practice' activities covered in the initial stage of our Extending Localisation project, which aims to spread positive changes in the way our regional economy works. In Extending Localisation we are analysing good localisation practice like these around the region and from it identifying the policy changes and local support mechanisms required to help turn excellent pilots into a regional norm. It covers food, finance, energy, manufacturing and retail. Summary versions of our analysis and recommendations were published in exploratory reports in December 2008. These were sent to local authority staff, support agencies and friends of Localise WM for their feedback and input into the work.

We made a brief presentation on our findings to the final seminar in the ESRC-funded seminar series on local economic development in an era of climate change and peak oil, and at a Sheffield conference on the Green New Deal. Next we will be developing more detailed recommendations with

specialists for each sector. Your input on Extending Localisation is still welcome as we will be working on the first stage of this until at least the end of March.

Prosperity & inflation

Last year's campaigning for our 'Regional Prosperity & Inflation Framework' culminated in us persuading the newly independent UK Statistics Authority to agree to review the UK inflation indices this year. The Authority's first major intervention in politics was late last year when they publicly criticised no 10 for the way that they had publicised some questionable statistics over knife crime.

Last summer they had announced that inflation figures would be amongst the statistics that their new review team would first consider for reform. At that point according to their press notice the review would cover how the figures were released and presented. We got the impression that the review team had been told that the actual calculation of the figures could not be changed because they had to follow international norms. From our having a detailed knowledge of how differently other countries measured inflation we knew that these 'norms' allowed for considerable variation.

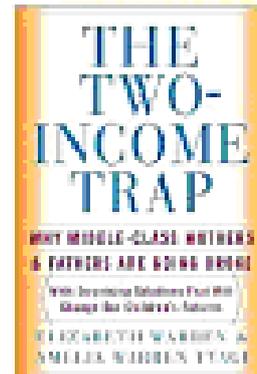
We pointed out how the USA and other countries had regionalised indices, and that the USA, France, and others had indices based on the working class (because they have minimum wage laws often going back decades.) At that point the Head of the Review Team decided that the inflation review remit should go further. We recently heard that he hopes to get the work under way in June or July.

So far our experience of the Statistics Authority has been positive and we will continue to communicate with them on our ideas. The Scottish government has also decided to make representations to them. In the meantime we will be seeking input to the dialogue from trade unions and other business and social organisations.

The public expect inflation to be kept under control by government. It is at the heart of any government's programme. Should the

Statistics Authority endorse new types of indices, it opens the door to new forms of targets for inflation, incomes and fairness. It opens a new way to get a grip on boom and bust. We will see whether this can be reformed from the bottom up.

www.localisewestmidlands.org.uk/RPI.htm.



The Two Income Trap

It was the fact that it takes two incomes today to run the sort of households that could be run by one income back in the 1970s, that prompted concern about income and inflation statistics which suggested that UK households were somehow twice as well off than back in the 1970s.

Last year we became aware that a similar idea was being widely discussed in the USA, following the publication of a book by Elizabeth Warren earlier in the decade called 'The Two-Income Trap'. This theme was taken up by Barack Obama on the campaign trail and he outlines it in the final chapter of his book 'The Audacity of Hope'.

It might yet take a couple more years for this perspective to impact over here on how people see the very illusory prosperity that we have been peddled across the Anglo-Saxon world in recent decades. But it will be a firm basis for putting forward very different policies from those that have got us where we are today.

Review of the Sustainable Procurement Compact

LWM carried out a review of the Sustainable Procurement Compact at the end of 2008. The Compact had been launched in March 2008; the purpose of the review was to see how far partners had progressed in implementation and what might help them to progress. The review ended in a seminar in December, organised by LWM for Be Birmingham partners, which was well-attended.

Broadly, the outcome was that while little practical progress had been made, it was clear that sustainable procurement had acquired a higher profile and greater understanding among Be Birmingham partners, and that there is a general commitment to implement it. The main obstacles identified were in the areas of training, capacity and resources. Be Birmingham is hoping to secure funding to support a full-time post within Be Birmingham to help overcome these obstacles and take the work forward.

Digbeth Community Land Trust

We're still progressing plans for a Community Land Trust development of sustainable housing, workspace and wildlife garden next to the Warehouse, with Accord Housing Association, Birmingham Friends of the Earth and other partners.

Since our last newsletter, the project partners have been promoting the scheme to potential residents and have established a group for those potentially interested in living in the scheme or otherwise involved in the development.

All of them have been warned that it may be a long, slow struggle to get to the building stage. We held a workshop to discuss the legal and financial models open to us; hopefully this will help in building a business case to help us in acquiring the land in due course.



An introduction to the Rebuilding Societies Network

Founder LWM board member Pat Conaty and LWM associate Rosemary Foggitt, having moved to mid-Wales, have since continued their track record of involvement in the setting up of exciting new organisations, with the Rebuilding Society Network.

RSN is based in Mid Wales and is registered as an Industrial and Provident Society for community benefit.



It has been formed as a new type of community development finance institution and its purpose is to research, develop and support practical community finance services and mutual aid solutions for rebuilding sustainable communities in Britain.

RSN is working on Community Banking Partnerships, in which the community finance and advisory organisations of an area integrate to provide a joined up service for members of the community. RSN are also investigating diverse forms of capital for credit unions in tackling financial exclusion; and running various seminars in partnership with other organisations on mutual solutions for sustainable regeneration.

For more information see their website.

<http://www.r-s-n.org.uk/>

Newsletter compiled by Karen Leach with contributions from Rosemary Foggitt and Andrew Lydon

Event

Can we build a sustainable economy out of the credit crunch?

An open seminar with a panel of speakers drawing on their experience of supporting local economies and developing co-operative and social enterprise solutions in urban and rural communities.

Saturday 14th March 2009, 2-4pm

All Welcome! Free of charge, lunch available from 1.30pm

Co-operative Hall, Birmingham and Midlands Institute, Margaret Street, Birmingham

Speakers:

Richard Snow (Making Local Food Work)

Karen Leach (Localise West Midlands)

Ian Rothwell (Co-operative and Community Finance)

Chair: John Goodman (Co-operatives UK)

Further details from Richard Bickle - richardbickle@cooptel.net, mob: 07768 184882

Organised by the Midlands Advisory Forum of the Co-operative Party, with support from Localise West Midlands and Midlands Co-operative Society



About LWM

Localise West Midlands is a not-for-profit thinktank, campaign group and consultancy promoting the greater use of localisation to benefit society, economic wellbeing and environmental justice. By localisation we mean local trade, decision-making and money flow.

We undertake research and projects to change policy and practice in line with this approach, and raise awareness of the benefits amongst decision makers and the general public. Our work fits mainly into the themes of finance, regeneration, local food, energy, retail and housing.

LWM was set up in 2002 by a group of individuals who were keen to propose solutions, as a positive response to what is currently going wrong in economics.

Our West Midlands focus is intended to make use the region's geographical balance of urban and rural; and also to encourage democratic accountability and a people-centred approach amongst regional bodies. However we also look beyond the region, seeking to catalyse ideas across the UK and to make links with organisations all over the world working on a similar agenda.

There are opportunities to get involved in LWM as a volunteer, an associate, a Board member or as part of the steering group. For more information see our website as below.

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