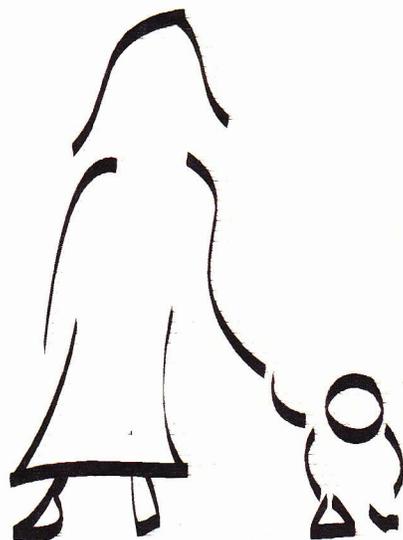
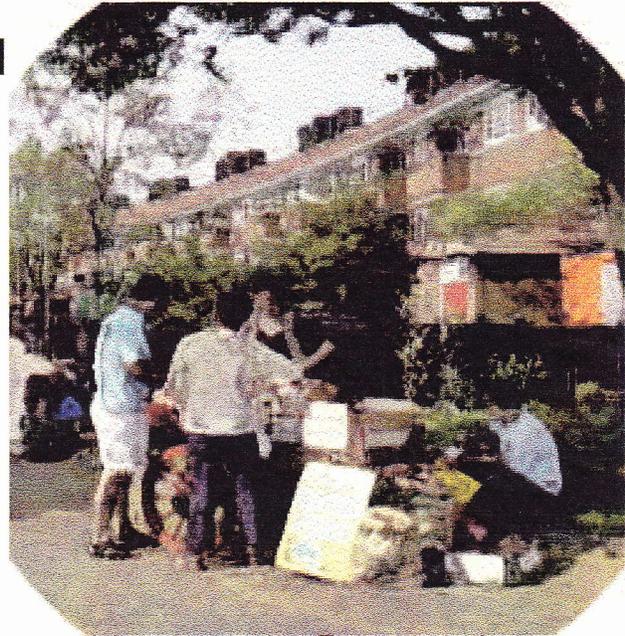
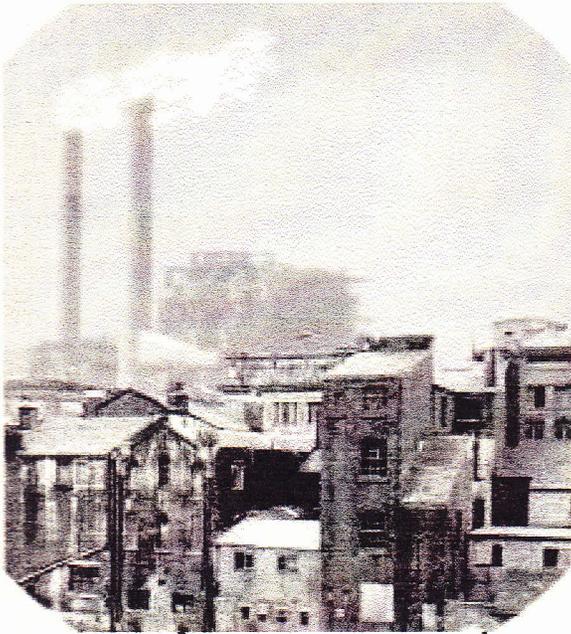


# Sustainable Community Enterprise in the Liverpool Bay Area

- Identifying and Classifying the Potential for Community Enterprise
- Supporting a Healthy Local Food Economy



Mersey's  
Other  
T  
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## Research team

This report has been produced as a result of a partnership between the City of Liverpool, who are pioneers in Community Based Economic Development, and key participants in the Mersey's Other Economic Road (MOTHER) Initiative, who are actively engaged in sustainable development in the region. In a small way, it is an example of partnership, co-operative values and enterprise, all of which will be central to developing the sustainable economies of the future.

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## The Liverpool Bay Area

The term has been introduced by the Liverpool Architecture and Design Trust. The Liverpool Bay Area is not strictly defined, but it is understood to focus around the centre of Liverpool. It is an expression of bioregionalism in that the area relates to ecological and social conditions, as opposed to modern county boundaries, which tend to reflect economic concerns. Bioregionalism is being developed around the world as an effective approach to sustainable planning at the regional scale.

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## Executive Summary

This report examines the possibilities for sustainable, community-based, enterprise in the Liverpool Bay area. It identifies enterprises that could make a significant contribution to the local economy, while at the same time contributing to up-to-date proposals for sustainable development in the region. The report comes in two parts:

- Identifying and classifying the potential for Sustainable Community Enterprise
- Supporting a healthy local food economy

The Liverpool Bay area is well-placed to engage in sustainable development. Liverpool has a history of community-based enterprise and there is great potential for engaging this with sustainable development.

With this in mind, the sectors selected for study in this report are:

- buildings for homes and small workspace
- energy supply and use, including use for mobility
- information and communications technology
- financial instruments for small-scale use
- healthy local food

Case studies are presented here, as examples of good practice in the sectors selected. A set of evaluation criteria has been applied to assess the potential for further development in the region. Key dimensions identified were:

- potential for community ownership
- the organisational capacity required to get the enterprise up-and-running
- the potential for the enterprise to act as enabling infrastructure for other, perhaps smaller, enterprises
- the employment impact
- the financial and natural capital needed to get the enterprise up-and-running

These different dimensions are mapped as a series of diagrams, presented in this report. Based on the results, an outline action plan is presented for further development. The main recommendations are:

- develop a business plan based on the Construction Resources case study
- work up an Intermediate Labour Market Project based on Heatwise
- develop a business plan for an Energy Advice Centre
- liaise with ITMP over possible spin-offs from their business
- redesign the Aston Re-investment Trust to meet local needs
- consider implementing some support infrastructures for sustainable community enterprise based on the following case studies:
  - Green Communities
  - Energy Service Companies (ESCo's)
  - Waste Exchange Networks
  - Smart Cards (applications for them).

For the local food economy, the recommendations are:

- undertake a "Gap" analysis to identify elements of the local food economy that are currently missing
- develop community composting support structures and food incubator centres that support local processing
- support research and development into the growing of innovative foodstuffs within the Region
- identify and develop affiliation groups within communities
- assess the scope for farmers markets in areas other than the City Centre
- develop and maintain strong links between local producers and retailers / distributors
- develop collaboration between planning agencies and "grass roots" organisations, by identifying common aims and objectives
- establish a self-regulatory infrastructure which is integrated and supported by all sections of the local food economy.

Our work has also raised several issues concerning support systems and structures for community enterprise. These have led to the following recommendations for action:

- examine the suitability of the current funding streams for community enterprise and for sustainable development
- investigate the implementation of suitable market instruments to support the specific needs of community enterprise
- carry out market research and development in the emerging areas of sustainable products and services
- research the dynamics of initiatives offering innovative solutions to social and environmental problems, the benefits that they can deliver, and the ways in which stakeholders can support them
- map out and store experience and knowledge for sectors so as to avoid enterprises re-inventing the wheel each time - make the information widely available to the entrepreneur networks
- carry out more detailed follow-up interviews with entrepreneurs to refine types of support required during different stages of project lifecycles
- support community enterprise through "anchor contracts", consistent with the Best Value process
- build capacity within the public sector and with regeneration agencies regarding the specifics of development of the community sector and community enterprise
- provide real support for community entrepreneurs and amateurs in terms of training, personal and project development, and salary support
- support the network of people and organisations which has emerged during this research project

## SECTION I: Introduction

### I.1. Guide to Report

This research report is an amalgamation of several pieces of work. The two main topics covered are:

- Identifying and Classifying the Potential for Community Enterprise
- Supporting a Healthy Local Food Economy

In order to effectively understand these issues, it is important to be aware of the context in which projects in the Liverpool Bay area exist. Section I of the report therefore examines the global issue of sustainable development in relationship to the more local issue of regional economic development and the position of the community economy within this process.

For the research to be meaningful, it was necessary to develop a flexible, yet analytical methodology, which is introduced in Section II (a full description of the methodology is available in the Appendix). Case studies are of successful projects, mostly from the British Isles. Consultation panels were established, and local experts worked together to evaluate how successfully the various case studies could be transferred to the region. The section contains a description of the Evaluation Framework that was developed to assist this process.

Section III is called Identifying and Classifying the Potential for Community Enterprise, and focuses on four distinct fields: shelter; energy; information and communications technology; and finance. It contains summaries of the case studies that were evaluated by the consultation panels, and of the issues that arose out of the process. As a result of the evaluations, the case studies were mapped on matrices, which illustrate the relationships between a. required organisational capacity and infrastructure support; b. employment potential and capital requirements.

Section IV is called Supporting a Healthy Local Food Economy. It begins with a brief analysis of the components that constitute such an economy, followed by an indicative assessment of which of these components are already operational in the region. This is followed by summaries of case studies of support structures for the food sector that are operating successfully in other areas. As with the previous section, the case studies were evaluated by a consultation panel. The issues that arose during the panel are also summarised. The section finishes by exploring some specific issues that were identified by the research team as required research.

A number of generic issues arose, during the research process. These are documented in Section V: Key Points Arising from Research, and Section VI: Implications for Support Systems and Structures.

Finally in Section VII we present a set of recommendations on developing sustainable community enterprises in the Liverpool Bay Area.

## **I.2. Rationale of this study**

Recent analysis has shown that the Merseyside, "Liverpool Bay", region is well-placed to engage in sustainable development. Liverpool, as the region's city, can play a major part in creating a sustainable regional economy (See Reference 1).

Sustainable development involves far more than traditional "green issues". As the framing documents of the global Earth Summit in Rio (1992) point out, people with economic security will act to avoid depletion of their social and environmental capital. But people without economic security will destroy their capital, just to get through the week. Economic security is fundamental to quality of life in the modern world. At the same time, economic exclusion is casting a long shadow, extending all the way from Rio, 1992, to Merseyside, 2000. However, the subject of this report is enterprise and, in keeping with the subject, the nature of our work is about identifying opportunities rather than analysing problems.

Our main proposition is that a sustainable economy will not be achieved by doing unsustainable things. Unsustainable activities eventually destroy economic security. A truly sustainable enterprise will contribute to the growth of economic, social and natural capital (See Reference 2). Clusters of such enterprises will have a positive impact on a regional economy. We need to establish these enterprises now, for the regional economy is clearly unsustainable at present (See Reference 1).

A sustainable enterprise will be able to nurture its market and build strong links with local communities. In addition, enterprises will have more potential for viability when they have owners within local communities and within the enterprises themselves. This is because of the "added value" that local ownership can provide, both within the enterprise from the people working there, and outside it, in terms of the strong relationships it builds between the enterprise and its customers (See Reference 3).

But what does a sustainable community enterprise look like? What does it do? Who are its champions, its investors and its owners? These are some of the questions that we are answering in this report. This is a limited study, it can only take a small step down the road. But the step is in the right direction.

## **I.3. Background - the context**

Community enterprise takes place in a context of economic activity. In this context, development of enterprise is seen as a role of economic development. However, the current mainstream approaches to economic development are deeply flawed, leading to disillusionment and a defeatist atmosphere (a recent example at the time of writing is the Rover-BMW "divorce"). Mainstream approaches to economic development appear to be driven by the assumptions that:

- "inward investment" will come and solve all our problems
- regeneration is achieved by building physical infrastructure.

Economic development is based on economic pretexts, which are weakened through over-simplification of the core theories, leading to simplistic approaches to complex problems. Regeneration has tended to be the preserve of architects, builders and town planners, who emphasise on physical development (buildings and roads) as methods of regeneration. The main critique of UK government challenge funding is that the focus on physical infrastructure has not delivered lasting benefits to many of the target areas, particularly in the light of continuing social and economic problems.

Moreover environmental improvements are narrowly interpreted as improvements to the built infrastructure, e.g. security shutters, parking bays and CCTV.

Sustainable community enterprise is poorly understood by most economic development and regeneration professionals. It tends to be marginalised wherever it rears its head - refer for example to the summary for the next Objective 1 programme for Merseyside, where (August 1999) there is no mention of community enterprise or CED, or the sustainable development it could help to bring about.

Community-based economic development (CBED) is an effective response to an economic environment that has left many people marginalised and excluded from mainstream activities. It also offers ways of engaging in the task of assuring viable communities where people can make positive contributions to planetary viability. Community-based economic development relies on the contribution of local people to local and regional economic development. Sustainable CBED takes this further by focusing on activities that promote planetary viability (sustainability at the global scale) - expressing the principle of thinking and acting both globally and locally. In taking this approach, sustainable CBED aims to "reach the parts of the local economy that other programmes cannot reach".

The challenge to community-based economic development is to provide ordinary people with access to local markets, if necessary providing them with appropriate structures and instruments to ensure their participation on level terms with large and powerful organisations.

The recent Social Exclusion Units research on enterprise and social exclusion has highlighted the need for more work on establishing 'incubators' for new and innovative initiatives within local communities, further highlighting the need for a cross sector approach.

Local initiatives can demonstrate innovative and cost effective solutions to environmental and social problems. However, they are often written off as isolated examples or 'one-offs' that cannot be replicated. There is therefore the need for more research on the dynamics of these initiatives, the benefits that they can deliver, and the ways in which stakeholders can support them.

Unlike traditional economic development, community-based economic development can work through replication rather than through "growth". That is, it can work through re-investment rather than through grants. It can attempt to eliminate poverty by economic routes rather than to alleviate it through welfare and "anti-poverty" measures. It can be applied to rich and to poor communities alike. Our hope is that this study will assist in the process of replicating good practice in community enterprise, and among the professionals who are asked to support the community-based economy.

## SECTION II: Research Methods

### II.1. Introduction

With a wide-ranging and complex subject, we adopted an approach based on case studies and expert panel reviews.

The sectors selected for study were:

- buildings for homes and small workspace
- energy supply and use, including use for mobility
- information and communications technology
- financial instruments for small-scale use
- healthy local food.

These sectors were selected because they respond to the basic needs of people in the region. The demands are likely to be relatively constant and widespread. They are also suitable sectors for the development of "local jobs for local people" (See Reference 4).

Case studies of enterprises, mainly in other parts of the British Isles, were selected for each sector. Case studies were assessed by a series of expert panels. We also applied an evaluation framework to the case studies, to guide the work of the panels and so provide manageable research data.

Details of these research methods are given in Appendix C (Research Methodology).

### II.2. Evaluation framework

Our research uses case studies as examples of current enterprises (both existing and proposed). The enterprises in the case studies are selected because they appear to contribute to sustainable development at a local or regional level. Also, they have potential to be community-based, which is itself, an important factor in sustainability.

We have applied a set of evaluation criteria (See Reference 5), based on three categories

- **sustainable development** - how the enterprise reduces any damaging impact on the natural world, while increasing the capability of people to interact economically, so supporting local people and their communities.
- whether the enterprise is suitably **community-based** - either in terms of ownership or in terms of responsiveness to its stakeholders
- **enterprise** - whether the project turns out as a "going concern" and contributes to economic development.

Looking at these in more detail, these criteria can be expressed as a series of questions.

### **II.3. Sustainability criteria**

1. Does the enterprise reduce the impact of non-renewables (substances mined from the earth, fossil fuels) on the air, water, soil or on living things?
2. Does the enterprise reduce the impact of pollutants (substances produced by society) on the air, water, soil or on living things?
3. Does the enterprise promote bio-diversity (e.g. avoid draw-down of nature's "capital")?
4. Is the enterprise "fair and efficient" in meeting basic human needs (or does it waste resources)?

These criteria are important in ensuring that enterprises contribute to the development of a truly sustainable economy. Further, enterprises that respond positively to these questions are likely to be viewed as leaders in their respective fields. The criteria are based on the work done by a large panel of academics in Sweden, now promoted as "The Natural Step" approach to sustainable development. (See Reference 6). This is receiving increasing attention from large companies and governments around the world. The Natural Step development work has achieved a solid consensus on what sustainability is, and how to work towards it.

### **II.4. Community-based criteria**

1. Is the enterprise run for private profit to the detriment of the stakeholder communities?
2. Is the enterprise a success in its own terms?
3. Does any conflict of goals emerge among partners/potential partners or stakeholders?

These criteria have arisen out of work done on the Community Economic Development programme in Bolton. This in turn was informed by the four-fold evaluation techniques used by some of the urban regeneration projects in the USA (See Reference 7). The criteria acknowledge that an enterprise is an entity in its own right, and may have different agendas from other groups and enterprises in the local community. The criteria also accommodate a "stakeholder" approach to enterprise, developed during work on corporate governance in the 1980s. The "stakeholder" approach recognises that an organisation is not purely responsible to its "owners" (those who have a "share" of the business), but also to anyone who has a "stake" in the enterprise - including customers, suppliers (including workers) and even neighbours in the local community. The approach is also strengthened by the possibility of future legislation that organisations have a "duty of care" to their stakeholders.

The criteria also recognise that many community enterprises benefit from various forms of partnership. Partnership, or co-operation by another name, relies on common goals and a willingness to share both rewards and setbacks. Partnership evaluation is a key factor in assessing the success of regeneration work, including community enterprise (See Reference 8).

## **II.5. Enterprise criteria**

1. Are objectives achievable and measurable?
2. Are the stated outputs/outcomes/financial targets being met?
3. What are the key capacity and organisational issues revealed by attempts to meet those targets?
4. What are the obstacles to achieving objectives/meeting the targets?

This study is about enterprise and economic development. Enterprise criteria should indicate the health of the individual enterprise. If the criteria are widely drawn, they evaluate far more than narrow financial health of the enterprise, but provide valuable feedback in terms of the enterprise's strategic direction and internal efficiency. These criteria are a combination of standard business analysis and the four-fold community project evaluation from the USA, mentioned above (See Reference 7).

## **II.6. Uses of the criteria**

These criteria are part of a generic set of criteria that have a wide application in terms of the evaluation of projects tackling regeneration, sustainable development, community development, organisation development and related topics. They are also applicable across the sectors, being suitable for private companies (the main focus of The Natural Step), large organisations (see the work of Local Agenda 21 and the Sustainable Development Education Panel), together with voluntary and community sector organisations (the original work on empowerment in the USA).

We have also developed a set of success factors, which will not be applied in this current evaluation round, because there is insufficient data in the current case studies.

The case studies, at present, cannot necessarily provide answers to all the above criteria questions. However, the framework can be used to make a preliminary appraisal of the case studies, allowing us to draw some conclusions and make some predictions about their applicability in the Liverpool area.

## **II.7. Evaluation of case studies**

Evaluation panels were run for each sector. Details of the panel process are available in Appendix D (Case Study Evaluation).

The evaluation framework was used as a framework to explore the possibilities, stimulate creative ideas, discuss innovation and record results.

Several issues were raised during the discussion, which were only partly covered by the evaluation framework. They have been worked up through further panel sessions.

Key dimensions identified were:

- potential for community ownership - as a community micro-business, as a neighbourhood co-op, or as a city-wide commonwealth
- the organisational capacity required to get the enterprise up-and-running
- the potential for the enterprise to act as enabling infrastructure for other, perhaps smaller, enterprises
- the employment impact - sustainable development means a focus on human capital
- the financial and natural capital needed to get the enterprise up-and-running

These different dimensions were then mapped as a series of diagrams, presented in this report. The results are still "rough and ready", but clear classifications have emerged. The next stage would be to feed these maps back into a wider series of panels, but this is beyond the scope of this study.

## SECTION III: Identifying and Classifying the Potential for Community Enterprise

### III.1. Introduction

The aim of this section of the research was to identify and assess the viability of a number of new enterprises for the region. Case studies of successful and innovative projects, mostly from the UK, have been developed and are summarised in the report below. For some of the case studies, components from a number of projects have been bundled together to demonstrate the different potential elements, or spin-off activities that could form part of a new enterprise. The section is divided into four fields, each containing a discussion of key issues, which were identified and explored during a series of expert panel reviews.

The complete case studies can be found in a separate report (See Reference 9). This document is also available on our Web Site:

<http://www.redbricks.org.uk/permaculture/scel>

The case studies and their respective fields are:

Field	Project
Buildings for Homes and Small Workspace	Manufacturing: Greenframe Eco-Housing: Beddington Zero Energy Development Self Managed Co-operative: Homes/Work for Change Coin Street Community Builders CDS Housing Association: Harlow Park, Liverpool Construction Resources / Green Communities
Energy Supply and Use, Including Use for Mobility	Management: Energy Services Company (ESCO) Combined Power Systems Efficiency: Glasgow Heatwise / Coventry Energy Shop Renewables: Solar Club / Solar Century Mobility: Car Services Mobility: Commercial Workbikes
Information and Communication Technologies (ICT)	Telematics: Community Work Stations Remanufacturing: Recycle IT Community Infrastructure: Redbricks Online/Connected Communities Waste Exchange Networks Smart Cards: Community Lead Distribution
Financial Instruments for Small-scale Use	Complimentary Currency: Community Way Targeted Investment: Wind Fund District Loyalty Scheme: Commonweal Loyalty Card Revolving Loan Fund: Aston Re-investment Trust

Table 1: Case studies and their respective fields

### III.2. Buildings for Homes and Small Workspace

This sector is about building construction and the built environment. The main focus is on housing, as well as associated products, but local workspace is also a key element of sustainable development, and a key factor in stimulating community enterprise.

Case studies were produced on the following projects:

#### *Manufacturing: Greenframe*

Manufacturers of prefabricated timber frame housing. The aim of the enterprise is to link the manufacture of more sustainable and quality controlled housing to local training, job creation and housing development.

#### *Eco-Housing: Beddington Zero Energy Development*

An unusual mixed-use live/work scheme in Southern England, which is being developed to a state-of-the-art environmental brief. As well as its contribution to meeting housing and workspace needs, the development will also serve as a demonstration model for those seeking to raise awareness of sustainability issues within the development industry.

#### *Self Managed Co-operative: Homes/Work for Change*

A self-managed housing and workspace co-operative occupying a new build six story deck access property in Manchester. Designed with the active participation of prospective co-op members and businesses, the building features high-density mixed use, an environmental brief, affordable and adaptable workspace, communal facilities, theatre, roof garden and cafe, maisonette type flats with good space standards, and deck access layout.

#### *Coin Street Community Builders*

A not-for-profit company established in 1984 and which purchased the freehold on a 5.3 hectare site on the Southbank in London. Coin Street Secondary Housing Co-operative was subsequently established and develops social housing on land acquired from the Community Builders. The emphasis has been very strongly upon mixed use, which can generate significant extra revenue to help cross-subsidise 'non-viable' community facilities.

#### *CDS Housing Association: Harlow Park, Liverpool*

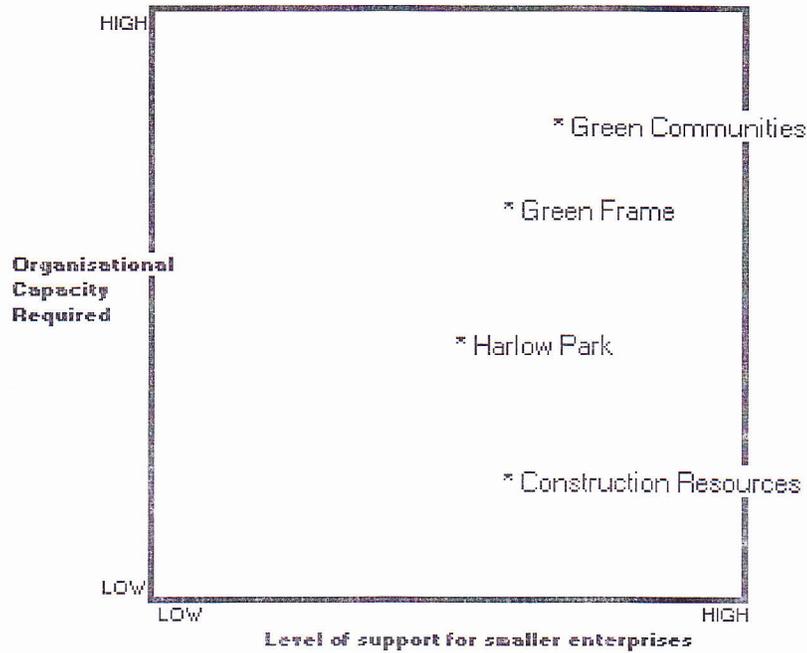
This project establishes the practical basis for CDS's new green policy to provide sustainable and energy-efficient housing. The development consists of 23 'Ecolite' homes designed in consultation with prospective tenants. Costing approximately £1.2m the development will have cost 2.5% more than a 'standard' development whilst delivering useful savings for tenants on their energy and water consumption.

#### *Construction Resources / Green Communities*

An amalgamation of two marketing concepts which improve the eco-efficiency of homes and/or communities. Construction Resources is an ecological building centre in London consisting of three floors of product displays, including working demonstrations, as well as seminar and training rooms. Green Communities in Canada services a wider domestic and home services market, and involves an interactive relationship within local customers using outreach techniques such as home visits and audits.

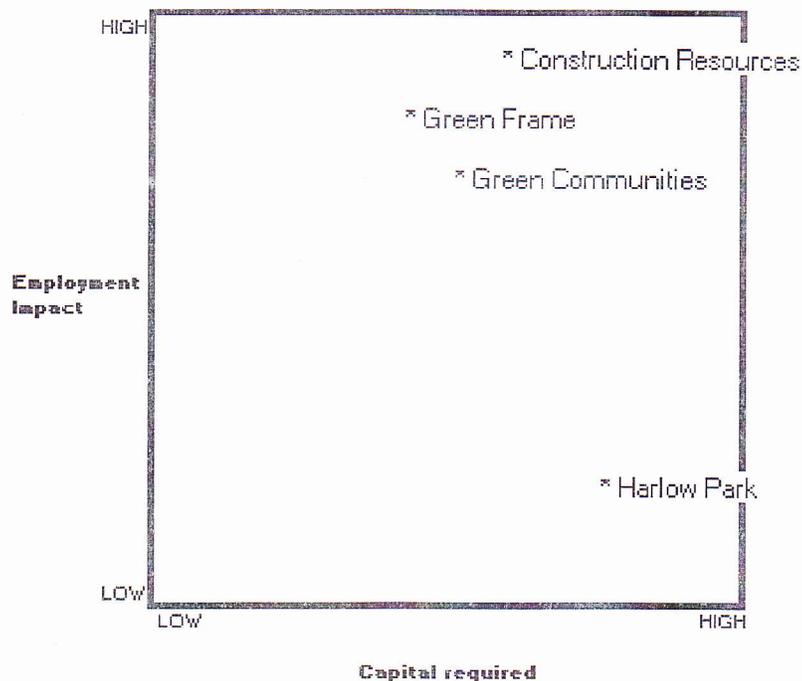
## Discussion

Diagram A1: Shelter



Each of these studies has its strong and its weak points. Of the building projects, **Harlow Park** is a successful local implementation, and gives a useful base to proceed from. Lessons have already been learned from the construction experience. In addition to technical improvements, consideration can be given to the community involvement processes of Homes for Change (including workspace provision) and the management structures of Coin Street, where the focus is on the organisations delivering the schemes rather than just the technical specifications. For example

Diagram B1: Shelter



housing associations and/or co-operatives might build energy efficient and well constructed dwellings because they have a rental stream to support higher initial capital costs, and because it means that tenants will be more likely to pay their rent rather than utility bills.

A project based on **Construction Resources** could require less organisational effort than projects based on the other cases, and still looks highly favourable in terms of the stimulation it would provide to local equipment supplier start-ups and to small local installation and service companies. It is also suitable for housing as an ecological building retrofit in one of the regeneration areas.

All the case studies could lead to creation, stimulation or re-orientation of community enterprises, although all of them need a relatively high degree of organisation capacity to carry out the work. Apart from manufacturers, such as Greenframe, the case studies involve either new building work or conversion of existing premises, which means that capital investment will be high.

**Construction Resources** and **Greenframe** have the greatest potential to create new enterprises, through the "knock on" effect of stimulating demand for more sustainable products. The "new build" projects will probably draw labour from existing building firms.

The **Greenframe** approach has considerable potential for training and skills development, but will require considerable organisation capacity, probably through partnership, in particular with suppliers. It also requires market development for timber frame housing. Development could be integrated with an Intermediate Labour Market (ILM) approach as part of a longer-term, more viable business plan.

BedZED was rejected by both panels as untried, requiring high capital investment and potentially too "hi-tech" to be relevant to the current study. However development services for some of the features of BedZED could be provided to developers through an enterprise like Construction Resources, and through collaborations between equipment providers and utility companies.

Infrastructure tips: consider implementing the **Green Communities** approach. This is not immediately suitable as a community enterprise, and is based on a more organic approach than Construction Resources, but could help stimulate innovation and new start-ups, as part of the "city common-wealth". A partnership could be created to set up the not-for-profit enabling body. Development services for larger scale projects might be provided through a Construction Resources enterprise, sub-contracting to product suppliers such as Greenframe.

Further comments are listed in Appendix D (Case study evaluation data)

### III.3. Energy Supply and Use, Including Use for Mobility

The case studies are concerned with the rational use of energy, not only for heat, light and power, but also for mobility. (As far as transport is concerned, we prefer to discuss "mobility", which reflects the freedom of people to move around, as opposed to "transport", which is often seen as a "necessary evil").

Case studies were produced on the following projects:

#### *Management: Energy Services Company (ESCo)*

Delivering energy services that meet the requirements of local residents (or the commercial sector), ranging from advice on energy efficient appliances through to local supply of heat, power and cooling. The concept of a locally branded energy service company creates a framework for managing, specifying and co-ordinating a range of activities, potentially including asset management, building works, skills training and the leasing of solar heating units.

#### *Efficiency: Combined Power Systems*

A Manchester based company that finances, installs and maintains Combined Heat and Power (CHP) systems. The company employs highly skilled staff to undertake maintenance and monitoring programmes on behalf of its clients. CPS offers a complete 'turnkey' service for effective delivery of CHP systems and runs a Discount Energy Purchase scheme whereby they are able deliver the heat and power supply with no capital outlay on the part of the client.

#### *Efficiency: Glasgow Heatwise*

Established in 1985 as a not-for-profit company, pioneering using the intermediate labour market (ILM) to re-skill the workforce and carry out draught proofing, insulation and energy advice work on public housing stock. With 3200 homes having been insulated and 7500 advice visits, an estimated £10.6 million local economic activity has been generated, and over 1000 people employed on different projects with over 500 gaining full-time jobs.

#### *Efficiency: Coventry Energy Shop*

Brings together an energy advice centre, a network of approved installers for products and energy efficiency works, and a low-interest finance package. The project has been specifically targeted at private householders and is now largely self-financing.

#### *Renewables: Solar Club / Solar Century*

The first UK Solar Clubs were launched in 1997 as part of environmental programmes in Bristol and Leicester. The clubs aim to help households cost effectively install solar heating systems through: providing training; support and equipment to install the systems on a DIY basis; using bulk procurement and links with manufacturers to bring down unit costs of systems; making finance packages available. Solar Century has established itself as a one-stop-shop for the procurement of solar systems, focussed on the niche market for photovoltaic systems.

#### *Mobility: Car Services*

Berlin based Stattauto is shifting the emphasis from the car being a commodity with high fixed costs, to a "pay as you use" service. With a membership of over 3000, their service leads to reduced car usage without loss of freedom and flexibility, reduced parking requirements within residential areas and a management framework

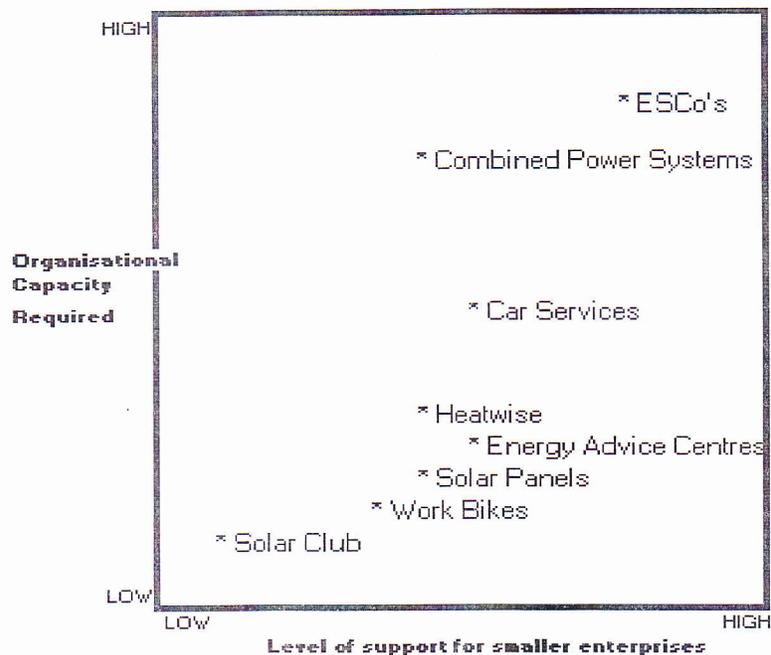
for the bulk purchase, maintenance and provision of refuelling infrastructure for 'zero-emission' vehicles such as battery powered vehicles.

*Mobility: Commercial Workbikes*

It is estimated that congestion costs the economy as a whole 3% of GDP (£15 Billion in 1988). In London ZERO (Zero Emissions Real Options) are developing a solution through the greater use of work-bikes. The company is now in its third year, and uses Christiana type work-bikes to transport groceries, flowers, books, restaurant meals, food, magazines and parcels for a range of different clients.

**Discussion**

Diagram A2: Energy



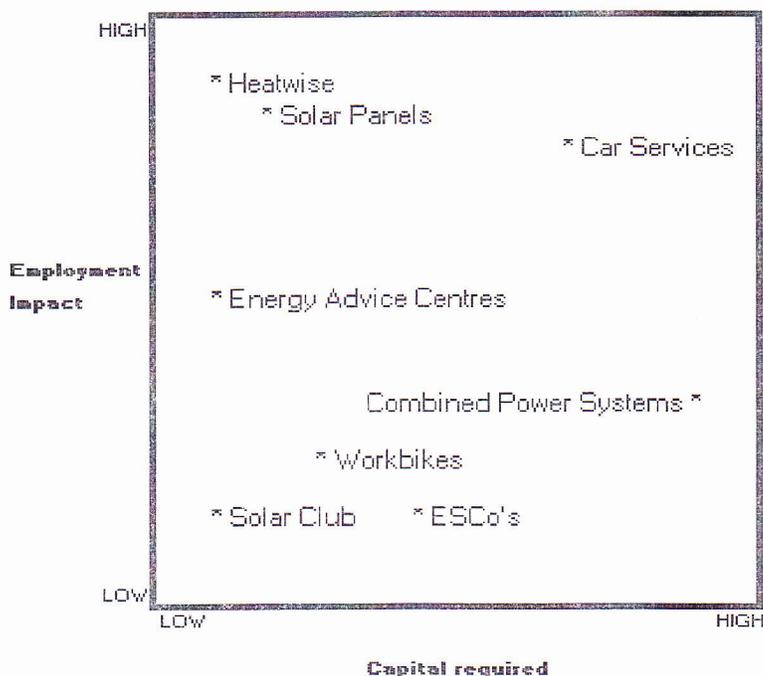
All of these studies have been well received, apart from the ESCo's, which are promising but need closer investigation and further innovation. CHP needs careful matching with the demand for direct heating in the community. In the light of recent negative experiences, the Liverpool panel recommended implementing demand-side management in the form of making buildings more energy efficient before installing CHP and incinerator plant, which is very capital intensive.

However the Manchester panel pointed out that supply orientated energy strategies that use technologies such as CHP can be more effective than demand side measures. This is because they deliver substantial and cost effective improvements in primary energy efficiencies, such as those required under the Home Energy Conservation Act (HECA). This is demonstrated by the success of Thamesway ESCo in Woking. However care must be taken not to substantially reduce unit energy costs in the name of alleviating 'fuel poverty'.

Both panels agreed that successful implementation will often be dependant on a mix of demand profiles from different uses such as residential, commercial and industrial.

Key elements of supply side strategy are ESCo management organisation and/or CHP enterprise providing or leasing equipment to customers. Both of these organisations could undertake business development across the city and beyond, and with the changing dynamics in the energy market there will be substantial future opportunities. However, the market development and strategic role of the ESCo approach is vital in providing a framework for enterprise and accessing customers. CHP work can also be focussed at different scales of solution, including biomass boiler systems.

Diagram B2: Energy



Perceptions of energy use and the energy market need to be changed, and a Liverpool ESCo might be the organisation to do this. Critical success factors here are:

- Investors - bank, developers, equipment providers
- Skills base – engineering, marketing
- Administration – billing, maintenance

There are a range of less risky, more distributed, and employment intensive spin-offs from ESCo / energy market development which could be a focus for enterprising activities:

The "solar club" concept could get beyond the DIY approach and provide installation and servicing of communal units. This could be undertaken by small community enterprises and re-worked as the "Solar Panel" enterprise. Solar Century was thought to be too "hi-tech", by relying on photovoltaics. Again, the solar panel idea could stimulate local supply - requiring slightly more organisational capacity.

Demand could also be stimulated through **energy advice centres**. One of these already exists on the Wirral, but "high street" access is thought to be essential to success. An energy advice centre is quite within the capacity of a community enterprise, provided that it has access to the appropriate advisors and training.

Commercial Work-bikes is another suitable case for community enterprise, but more work has to be done on the feasibility as a business idea - will there be the demand in Liverpool?

In addition to Solar Panels, **Heatwise** has great potential to create employment, requiring relatively little capital, and is suitable as an ILM start-up. It also links with Solar Panels and the Energy Advice Centres. There are good precedents regarding credit union loan finance (see Leeds City Credit Union "Bobatoo" scheme) for people unfortunate enough to own their own homes.

**Car services** needs to operate at a neighbourhood scale, and requires start-up capital, but has high potential for creating jobs. It is therefore well worth a pilot project.

Infrastructure tip: consider the **ESCo** approach, possibly along the lines of Thameswey, and stimulate provision of renewables, which could in turn encourage local enterprise. A larger scale operation than Thameswey may be desirable. This could be run as a consortium partnership. Investigate with the Energy Saving Trust. The ESCo should then be able to get a handle on the CHP issue.

Further comments are listed in Appendix D (Case study evaluation data)

### III.4. Information and Communications Technology (ICT)

The case studies look for innovative applications of ICT. There is increasing focus on the role of ICTs such as the Internet as enabling mechanisms for the development of an effective 'knowledge driven economy', and consequently ICT forms a key strand of the government's Competitiveness Strategy as summarised in the 1998 White Paper 'Building the Knowledge Driven Economy'. Further to this, and in relation to sustainability, Brad Allenby from AT&T, a pioneer in the field of industrial ecology claims that knowledge and information densities are a key indicator of the capacity of industrialised societies to adapt to change and improve efficiency.

ICT can facilitate faster and more effective establishment of new linkages and relationships between, for example, customers, suppliers, researchers, investors and stakeholders. It also allows users to broadcast and access knowledge and ideas at an international level, free of institutional and social boundaries. However, rather than employing technology for technologies sake, it is important instead to understand the requirements for the effective management of knowledge, information and services so that a useful context can be found for ICT applications.

For example, several key areas of government policy have focussed on the future potential to increase access to education and training resources, as well as facilitating more effective and 'footloose' communication. We might, therefore, envisage assessing the potential for ICT initiatives targeted at the local community, and this might focus on two key areas:

- Local Area Networks (LAN's) – the establishment of high bandwidth LAN's as currently being demonstrated by DIY networks on social housing estates in London and Manchester (see the **Redbricks on-line** case study). These provide cheap unlimited access to the Internet and communication packages. The government has also recently announced that it is planning to 'wire up' a number of council estates as demonstration projects.
- Community Workstations - a concept designed to support flexible work patterns and provide a range of accessible ICT resources and technical support services under one roof. It has been claimed that they have significant potential to influence living and working patterns, particularly in relation to fuel consumption.

The aim throughout being for the community to take the leading role in developing ICT facilities in order to ensure that a practical context develops for their use, and that a local skills base is built up to maintain facilities. Locally run LAN's can also incorporate facilities such as 'Learning Circles' (on-line skills sharing and mentoring) and on-line training and educational packages – but again tacit learning may need to take place before a context develops and people begin to make significant and applied use of these facilities.

Case studies were produced on the following projects:

#### *Telematics: Community Work Stations*

A project is being developed in Woolwich in the London Borough of Greenwich as a new-build scheme. The idea is to create facilities where local people gain skills, obtain advice / services, work remotely, or establish new micro-businesses in the managed workspace. It aims to reduce traffic through providing an alternative to commuting and by establishing a seedbed for local enterprise.

#### *Re-manufacturing: Recycle IT*

Since 1997 this project has been collecting and refurbishing discarded computer equipment from private sector companies, and making it available to community groups and enterprises at an affordable price. This helps to reduce the amount of waste going to landfill, which is an increasing problem. The company is self-sustaining with regular employees and additional casual labour when required. Unemployed people are given the opportunity to volunteer and learn practical skills in return for benefits such as a free computer.

#### *Community Infrastructure: Redbricks Online*

A computer network which allows communications between computers in flats on the Bentley House Estate in Manchester, in much the same way as computers in an office are connected to a 'local area network' (office LAN). The network has grown since October 1998 and services approximately 20 percent of the 250 flats on the estate. The network server enables unlimited Internet access for residents at just £3/week. The project is basically bulk purchasing of Internet connectivity.

#### *Community Infrastructure: Connected Communities*

Based in Silicon Valley in California. Aims to help communities use the Internet for regional economic development. The company works with a wide range of community leaders to assess the region's connectivity, and develop action initiatives.

#### *Waste Exchange Networks*

Research is being undertaken into how ICT can speed up connectivity between customers and suppliers, and emphasis is being placed on its potential role in establishing industry led networks, in particular in the development of Waste Exchange Networks. ICT is ideally placed to provide the enabling technology for this kind of network. This can be combined with physical infrastructure, such as resource centres.

#### *Smart Cards: Community Lead Distribution*

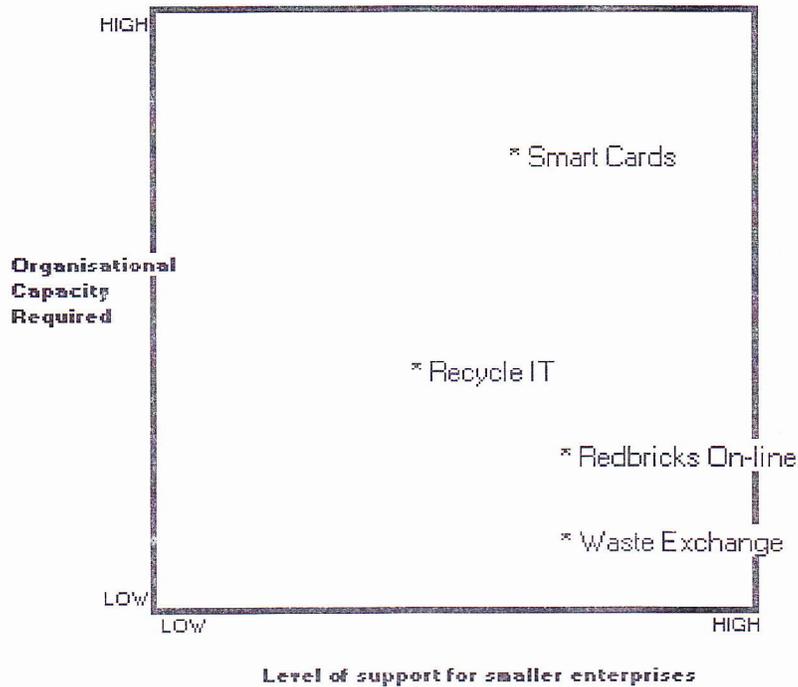
Smart Cards (plastic cards that contain a minute processing chip) have been described as "an essential enabling technology for the Information Society". The public should be able to acquire a smart card from the supplier of their choice, and selectively add applications to the card to meet the requirements of their lifestyle. Opportunities are emerging for communities to capitalise on this market, by developing their own 'brands' that support community economic development initiatives.

### **Discussion**

It was discovered that the **Recycle IT** concept has been developed in a more sophisticated way by a local company **ITMP**, which emphasises the need to shift the focus from the equipment to the practical applications and the services being provided. The case study scored highly, in spite of its shortcomings. Our recommendation is to monitor and support ITMP and look for spin-offs and supply chain opportunities.

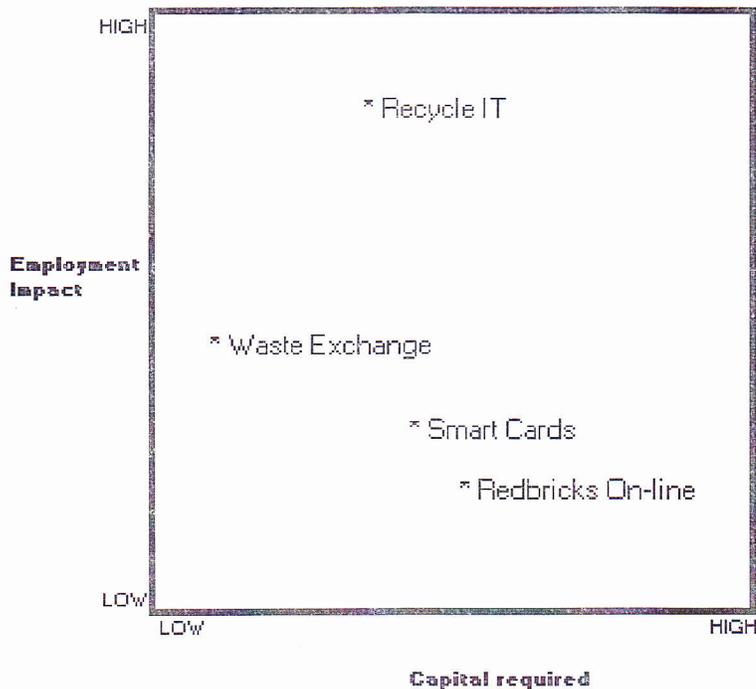
"Redbricks on-line" is fascinating from a local infrastructure point of view, but its usefulness depends on the how the individual users of the service react to it. It has great potential as an educational resource, and is a great community success story, but it needs developing as a business idea. Much of the technology could be rolled up into a standard fitting for new developments and retrofits. Our recommendation is to monitor, yet consider supporting a local community that wants to "have a go".

Diagram A3: ICT



Waste Exchange Networks have a potential to create recycling enterprises and jobs. In the light of slow progress in other areas, we recommend further investigation and a city-wide pilot through a partnership approach rather than as a straightforward enterprise. Other ideas include ideas exchange, entrepreneurs exchange, technology exchange ... the general idea is to increase 'connectivity' between different parties, while remembering the importance of developing a practical context for their use.

Diagram B3: ICT



Community Workstations was rejected by the Liverpool expert panel as poorly thought through. The project has a high capital cost but is likely to be overtaken by application of new technology in the home. As for savings in transport, a popular response was "use the money to buy them bikes".

The Manchester panel, however, considered that managed workspace with affordable ICT access could attract high values, and studies are showing that working from home isn't popular with everybody because of the loss of interaction involved. Capital costs could be reduced through refurbishing a building. The concept revolves around managed workspace and a resource centre, and as such could it be linked to existing managed workspace in the Liverpool area? A mature approach would be to monitor the progress of the Greenwich project and look for niches in the existing managed workspace provision and make links with the ICT strategy. Care is required, the Manchester panel's view was that in many cities the ICT strategy has no context and has been an ineffective use of money, eg. the IDEA and MCC's telematics initiatives in Manchester.

Infrastructure tips:

High bandwidth cabling is the new communications infrastructure. Establishing new companies to rival BT working at network development, with a supply chain through enterprises like ITMP, makes it more affordable. This is because, from a demand side perspective, Liverpool's economy is depressed – the focus has shifted to supporting education, information and 'connectivity' based services.

In addition, keep an eye on smart card applications. This is because of the convergence of information technology and financial instruments, coupled with the need for new payment systems to keep up with the communications technology (such as WAP and Internet commerce). These will probably work better at city scale, but possible enterprises are suitable for a "city common-wealth" approach to common ownership.

Further comments are listed in Appendix D (Case study evaluation data)

### III.5. Financial Instruments for Small-scale Use

Again innovative, even futuristic, case studies were chosen. Useful instruments such as Credit Union loans were not included since Credit Unions are already being developed in the city. Credit Unions will probably only be able to finance individuals (at most, micro-enterprises) until the regulations are relaxed, as they probably will be in the future. Credit Unions themselves are good examples of community enterprise, but to run them as a business they need to have the scale to support paid staff and premises. This is, of course, achievable for a community business. The main financial issues facing any small business are mainly liquidity and medium-term investment. We have looked for case studies that address these issues.

Of all the issues that will have been discussed in relation to the case studies assembled as part of this research, one of the overriding factors is access to finance for new enterprises. In order to understand the finance needs of emerging green and social enterprises, the case studies go some way towards providing a good insight. Moreover with some offering significant future potential as profitable enterprises and others likely to be more viable as not-for-profits or through cross-subsidy from other activities.

Co-ordinating and attracting investment for these kind of emerging enterprises will, to a great extent, depend on 'creative financing' in order to minimise and spread risk. It also depends on the selection of financial backers who are knowledgeable and enthusiastic about the potential of the sector. There is also the need to build strong networks of support (including organisations like Trade Associations) and close working relationships with enterprises in order to ensure success and foster a culture of innovation and entrepreneur support.

The Triodos Bank have led the way with their range of innovative finance packages (a product of the bank's origins in the Dutch social investment movement). The bank recently established a 'Green Business Angels' service designed to match green and social businesses and entrepreneurs with investors with similar commitment to social and environmental objectives. This is an early example of the business angels and venture capital matching service provided by organisations such as the British Venture Capital Association being introduced to this sphere of investment. Whilst the reality of the venture capital sector is one of high risk and high returns, the basic premise, of closer involvement on a risk basis with emerging businesses is a good one, and is suited to social and green economics. Closer partnerships with businesses and financiers can ensure that knowledge of the risks associated with different types of start-up can be better understood and finance tailored accordingly. So, for example, Solar Century, who are entering the Solar Power market, but will not deliver returns for a number of years, are backed by a 'green' venture capital fund.

A variation on this approach is the administering of Revolving Loan Funds for capital investment on a project basis by a third party guarantor (usually an agency with knowledge of a locality or a sector). Revolving funds have been popular in the US with the onset of the Community Re-investment Act, and loans are generally made to support enterprises until they are up and running, at which point loan repayment is required, releasing capital for further lending (i.e. the loans revolve). Organisations such as Development Trusts or Enterprise Agencies could be well placed to administer revolving loans, and Triodos offer the service.

Triodos have also recently demonstrated the potential for share issues to raise substantial amounts of capital for investment. The Wind Fund has been targeted at

the renewable energy sector and is described in more detail in a separate case study. This approach has also been used successfully on a micro-scale by businesses such as the organic delivery company Limited Resources in Manchester who were able to raise between £40-50k for investment in new vehicles and facilities.

The Co-operative Bank has begun to prove their ethical and environmental credentials through preferential support for viable business plans which deliver environmental benefits. To quote their bank's Ecology Unit manager, Paul Monaghan, 'We are not doing this out of altruism ... we believe that if a company is sustainable in its use of resources, it's more likely to stay in business and we are more likely to get our money back.' The bank has also been involved in partnerships with organisations such as the Coventry Energy Shop to provide low-interest finance packages which enable customers to access their services. Their 'Green Lease' has also been used by customers of Combined Power Systems to manage the higher capital costs.

There are network organisations such as the Social Investment Forum, and business support for workers co-operatives, through organisations such as Industrial Common Ownership Finance (ICOF). These currently act as 'one-stop-shops' for social or green investment, and collaboration with them could prove beneficial because of their track record in this field of investment.

The range of different loan funds and funding sources available suggest that on a regional or local basis, the case can be made for an agency capable of bringing together information, providing matching services, and possibly even co-ordinating loan funds. Such an agency would understand the risks and the need to invest in entrepreneurs and future potential.

The Aston Re-investment Trust in Birmingham (see case studies) is a good example of what a local trust can achieve in terms of raising capital and supporting a range of projects (though their approach is focussed on social investment rather than entrepreneurs).

The provision of affordable workspace is another important factor in supporting new enterprise. Managed workspace such as Work for Change in Manchester can form an incubator for small SME's and can be delivered using a co-operative management structure with the support of the Co-op Bank or Triodos. The Ethical Property Company has also been supporting the development of managed workspace in London and the Southeast where clusters of green or ethical businesses can develop.

There are also organisations like Enterprise plc (which evolved from Lancashire Enterprises) who support workspace and enterprise development but with less emphasis on the not-for-profit end of the spectrum. This therefore requires more conventionally 'viable' uses in order to bring a return on their investment. The potential for the involvement of an organisation like Enterprise would depend on the viability of the mix of enterprises being supported and the internal cost base of the agency itself. However, these organisations provide a good model for an enterprise agency which can raise finance for capital investments, manage workspace, provide business support, as well as venture capital.

Case studies were produced on the following projects:

*Complimentary Currency: Community Way*

Community Way is designed as a self-financing, community fund raising initiative, with the broader objective of demonstrating the benefits of community currencies (e.g. LETSsystems) as a cross sector tool for local economic development. The effect of the project is that new and useful currency is introduced into the area, whilst at the same time, sterling is channelled into less well-off communities. This project is yet to be successfully implemented.

*Targeted Investment: Wind Fund*

The Wind Fund PLC is an initiative of Triodos, a social and ecological bank, based in Europe. The project raises funds for investment in small-scale renewable energy schemes by providing a mechanism for direct investment. The project encourages active local community involvement and continues to explore ways in which direct community ownership can be supported.

*District Loyalty Scheme: Commonweal Loyalty Card*

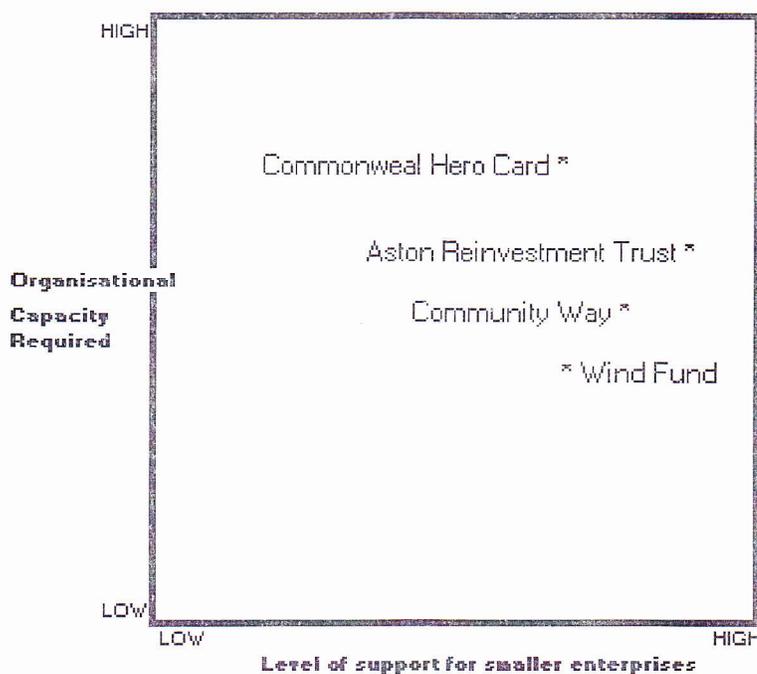
Based in Minneapolis, this project is a basically a district business loyalty scheme, with the added attraction that it encourages volunteers to work for 3<sup>rd</sup> sector organisations. Purchasers gain credits from shopping at participating stores, which encourages them to return to the retail district. The added twist is that only half the credits can be redeemed directly from stores, the remaining credits have to be earned by working for local voluntary organisations.

*Social Investment: Aston Re-Investment Trust*

ART is a mutual society that is owned by its members, both investors and borrowers. £1.3 M has been made available to the community through a low interest revolving loans fund. ART lends to projects with a social and economic purpose, and focuses on job creation and preservation particularly for the inner wards where deprivation and social exclusion is at its highest.

**Discussion**

Diagram A4: Finance

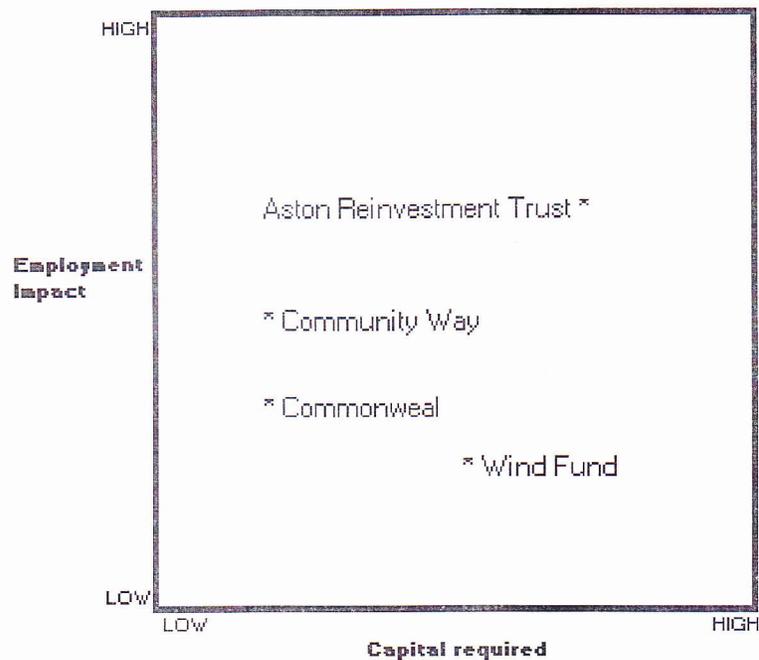


The reaction to the finance cases was similar to the ICT reaction for community and sustainability criteria - it depends on what the finance is to be used for.

The broad ranging finance discussion introduced a range of case studies and examples based on the evolving discussion points and the needs of entrepreneurs and startups.

However, all the case studies showed potential benefit to small enterprises. Although none of them were in themselves suitable as small community enterprises (all of them requiring quite high organisational capacity), they are all suitable for a common ownership approach. Commonwealth Hero Card, Community Way and Wind Fund are suitable for "city commonwealth" ownership and would benefit from a partnership approach.

Diagram B4: Finance



Aston Reinvestment Trust is the most immediately interesting study. It has potential to work at neighbourhood scale. We recommend closer investigation and a re-design to meet local needs and conditions. A need has been identified for a flexible well-managed loan fund for community enterprise. Moreover a small-scale venture fund is another essential if community enterprises are to grasp new opportunities fully.

Both Community Way and Commonwealth Hero Card were perceived as likely to prevent job losses by preserving local enterprises. Their job creation abilities are, as yet, unproven. The key feature of Wind Fund is the share issue approach, as illustrated earlier by the smaller scale example of Limited Resources.

Infrastructure tip: revisit all the studies, investigate and develop suitable innovative financial instruments for community enterprise.

### III.6. Summary

There is a need for an innovative 'system' whereby all, or some of, the support that an enterprise needs at different points during its lifecycle can be mixed and matched eg. capital, revenue, business advice, technical support, workspace requirements etc. Learning is also 'path dependant' - it is often the product of how you got to where you are through trial and error, advice, and any number of other factors – and this is particularly true of 'first wave' of eco-preneurs. Hence the need to map out and store experience and knowledge for sectors so as to avoid firms re-inventing the wheel each time. In this way they are able to pick up from where the last firm (attempting to fill their economic 'niche') left off without making the same mistake - organisations like the Community Recycling Network / Sharing Resources show the importance of this.

Further comments are listed in Appendix D (Case study evaluation data).

## **SECTION IV: Supporting a Healthy Local Food Economy**

### **IV.1. Introduction**

The aim of the research in this section is to: *Consolidate and support existing sustainable enterprises in the food sector in the Liverpool Bay Area.*

The research has been conducted as follows:

1. Identification of the main elements / processes / characteristics of a sustainable, healthy food sector.
2. Identification of projects in existence / the pipeline within the Liverpool Bay area. Analysis of their relationship to 1 above.
3. Case studies developed on actions/structures that have consolidated and supported existing sustainable enterprises in the food sector in other areas.
4. Consultation with projects in the Liverpool Bay area:
  - a. Workshop to evaluate the structures identified through case study research.
  - b. Follow-up research focused on selective projects in the Liverpool Bay area in order to evaluate any effects that the following have on wholesalers/retailers in the area:
    - the growth of organic lines in supermarkets,
    - voluntary bulk purchasing groups,
    - grant funded community projects.

Recommendations for strategic development have been drawn up from the research, and are documented in the final section of the report.

### **IV.2. Elements of a Healthy Local Food Economy**

Within our analysis, we have divided the food sector into four distinct categories; beginning at the production end and ending with consumption, with an array of intermediaries delivering different services and support agencies looking after various aspects of the sector.

Traditional food systems are linear with end of line resources (i.e. human waste, kitchen waste etc) being typically flushed out to sea or buried in a landfill. A sustainable food sector, however, will be cyclical, with end of line resources being reapplied at the point of production. Table 2 lists elements of a healthy local food economy, and compost processes are therefore at the beginning of the list.

### **IV.3. Projects in the Liverpool Bay Area**

A local and healthy food economy will contain all the elements above within a robustly linked community infrastructure. Table 3 lists production and intermediary processes already existing within the local food economy in Liverpool Bay and the surrounding areas.

Category	Process
Production	Composting (vermiculture, collection, production, distribution) Gardening: Urban community gardens Private gardens Allotments Aquaculture plus Pisciculture and Fishing, Horticulture, Agriculture Food Processing and Preparation
Intermediary Processes	Direct Marketing: Farmers markets Community Supported Agriculture Vegetable box delivery schemes Wholesalers Retailers (including farm shops) Distributors
Consumption	Households Schools Cafes, restaurants and hotels Businesses
Support Agencies	Design and consultancy Regulatory bodies Training institutions Financing bodies Research institutions

Table 2: Elements of a Healthy Local Food Economy

#### IV.4. Case Studies

As with the previous section, the full Case Studies for the food sector can be found in the separate report (See Reference 9). In order to provide context for the ensuing case study discussion, they are summarised below:

##### *Urban Food Production: Springfield Community Gardens*

Developed in 1993 as part of the Bradford City Challenge programme, on Holmewood, a 1960s council estate with 3,500 properties, on the edge of the Bradford conurbation. The long-term intention is to taper off funding, and develop Springfield as a self-reliant community enterprise which enables people to engage in local economic regeneration. Springfield's objectives include food growing, provision of space for working, tool storage and cooking, enterprise development and training and education.

##### *Marketing: Growing with Nature*

This enterprise provides direct marketing services for growers in the Fylde Coast area. A box scheme is co-ordinated for four local growers, with delivery of their produce to approximately 800 customers (families). This enables the growers to

concentrate on what they are good at, and enjoy the growing of food. Growing with Nature ensures that the food reaches its market, and receives fair prices.

Position	Project	Description
Urban Community Gardening	Rice Lane City Farm	Community project. Food growing.
Urban Community Gardening + Allotments	Green Loops	Liverpool Permaculture Group. Allotment and community garden projects.
Private Gardening	Liverpool Organic Growers	Non-commercial growers association.
Allotments	North Liverpool Partnership	Organising conference on local food/allotments.
Horticulture	BTCV Enterprises	Developing horticulture/market garden network around Liverpool.
Horticulture	Lickers Lane Pathways	Pathways community keen to establish market garden project.
Horticulture + Agriculture	Acorn Venture Farm	Community project. Some food, consumed on site cafe.
Production + Retail	Ashfield Organic Farm	Organic farm plus farm shop.
Direct Marketing	Growing With Nature	Provides direct marketing service for local growers. Consultancy.
Direct Marketing	Local Food for Local People	Support for new and existing farmers markets, box schemes and farm shops.
Direct Marketing	Liverpool Farmers Market	Developing farmers market for the City.
Retail	Windmill	Whole-food co-operative in South Liverpool
Retail	Park Road Community Co-op Shop	Voluntary co-operative, providing cheap, quality food.
Retail and Distribution	Organics 2000	Co-ordinate regional distribution to retailers.
Retail and Distribution	A & D Gielly	Organic farm plus farm shop plus deliveries.
Wholesale, Retail, Distribution	A & G Organics	Organic produce. Wholesale, retail, doorstep delivery.
Distribution	Abbotts	Veggie Box scheme

Table 3: Food related projects in the Liverpool Bay Area

*Marketing: Forest Food Directory*

The project is designed to encourage and celebrate the production of food within the Forest of Dean. The directory lists producers who are growing or processing local food and drink, and independent retailers who sell local food. Producers benefit from greater profit margins by selling direct to the consumer, as opposed to selling to the wholesale market. Also they acquire 'market intelligence' by developing close links

with their customers. The project aims to stimulate a shift away from supermarket packaged foods, and instead encourage a range of quality local produce.

#### *Marketing: Hinkley Farmer's Market*

Set up in July 1999 and growing at a gradual rate, the market currently facilitates around 20 producers. Consumers use the market because they can get quality, fresh, specialist foods, even though the food may be more expensive than supermarket prices. People have extra confidence because they can speak with the producers and are happy to pay for the extra quality. The project has the broad objectives of promoting the rural economy and local producers, trade transport reduction, reviving the town centre, health promotion, waste reduction and increasing bio-diversity.

#### *Retail: Unicorn Grocery*

Unicorn Grocery in Manchester is a successful workers' co-op set up in 1995. It sells organic fruit and vegetables and other organic/ fairly traded whole foods at an affordable price. It is committed to 5 main principles of purpose: Solidarity in Co-operation; Secure Employment; Equal Opportunity; Wholesale Healthy Consumption; Fair and Sustainable Trade.

#### *Distribution: Organics 2000*

This was set up at the end of 1998 as a not-for-profit co-operative that links organic growers to retailers. The retailers order fresh organic produce through Organics 2000 who in turn advise the growers on saleable crops. It supports one paid part time member of staff whose wages are a percentage cut of all produce sold. Produce is distributed mostly throughout Manchester and Liverpool and collected from 8-10 growers in the north west, and sometimes elsewhere. The business is working well.

#### *Composting*

An additional case study has been produced on vermiculture (the use of worms in producing compost). During the research we did not have the opportunity to present this case study to the expert panels. We do, however, think that there is significant scope for vermiculture in the region.

#### *Huddersfield Community Farm*

The project uses vermiculture to produce three marketable produce: high quality compost, liquid plant food, more worms for resale. This technique produces high quality compost, in a much reduced time period compared to conventional composting techniques. In Huddersfield, vermiculture has been successfully implemented in a community project that employs both paid staff and volunteers.

#### *Production and Processing: Food Incubator Centre*

In addition to the above case studies we have identified the need for a "Food Incubator Centre". At the time of writing we have not had the opportunity to develop a case study, but we are currently researching two such projects located in Cinderford (Forest of Dean) and Nottingham. The concept is similar to a micro-enterprise support centre. Low value products from the land are turned into high value produce (jams, pickles, juices, alcohol, biscuits, cakes, chocolate bars, pies etc.). Users have access to expensive equipment (for sterilising, bottling, cider pressing, packaging, baking etc) and storage space. Health and hygiene standards are fully met. Basic and specialised training is provided. The Centre is designed to support hobbyists (allotment growers, home gardeners, casual community gardeners) and new SMEs.

#### **IV.5. Discussion on Case Studies**

There was general agreement that Springfield Community Garden in Bradford demonstrates excellence in terms of physical design. However it is apparent that a major limiting factor for the project is lack of community participation, and capacity to run the project as a self-financing, viable business. This problem is not peculiar to Springfield, but is a generic issue within the regeneration industry, and is particularly relevant for large scale, 'top down' organisations (Groundwork are an example here). It is important, therefore, that if such a project is to be developed in Liverpool, careful attention must be paid to ensure that community involvement is adequate.

During the consultation workshop, it was generally agreed that farmers markets have a lot to offer the area. However, there is a major obstacle to this project in that Liverpool City Council are keen to eliminate street traders from the City Centre. Apart from being a major inhibitor to farmers markets, it is our opinion that this policy is wholly unhealthy, and supports a process that undermines local enterprise, SMEs and consequently the City's economic foundations. There may be scope to decentralise the farmers market concept so that markets are located outside of the City Centre. It may be though that farmer's markets will not be viable outside the main shopping centres. Additional market research is required in order to explore issues such as population density and social demographics.

There was general agreement that the Forest Food Directory concept could be effectively transferred into the region. It was pointed out that the project could be instrumental in reinforcing existing networks and raising education and awareness of issues. Such a directory could be suitably integrated into ICT strategies and further supported by an internal currency (i.e. a LETSsystem).

Growing With Nature received strong support from the panel, scoring top marks in all the evaluation criteria. Organic 2000 is a similar organisation, operating in the Northwest (Liverpool and Manchester) which provides a similar co-ordination service.

It has been interesting to compare Liverpool's Windmill Co-op with Unicorn Grocery in Manchester. Despite the fact that the projects share similar aspirations, provide a similar service, and are located in similar areas in terms of population density and class, Unicorn has grown from strength to strength whilst the success of Windmill has remained marginal. Despite the fact that Windmill is a workers co-operative, a limiting factor in the projects success is reported to be the ability of workers to act co-operatively with one-another towards common objectives. Research by Edward DeBono shows how adversity has been designed into our culture forming the basis of educational and political systems, language, and thought processes (See Reference 10). DeBono has therefore designed tools which eliminate politics and argument from meetings, thus increasing productivity by up to 90%, and enabling groups to design solutions, rather than argue over personal perspectives. These tools could go a long way towards ensuring the viability of future community enterprises.

#### **IV.6. Other Issues**

As indicated previously, composting is an essential element of a local, sustainable food economy. This area has not been deeply researched during the project. Further research into structures that support composting must therefore be made, and the results integrated into ensuing strategic development processes. There also seems to be particular scope for vermiculture (the use of worms in the decomposition of

organic matter). This is a cheap and efficient process for making quality compost and other marketable produce.

Another major gap in terms of local food initiatives is the food incubator concept (see "Production and Processing" case study). There are few case studies in the UK of projects like these, which indicates that it isn't just the Liverpool Bay area that is lacking, but the community economy as a whole.

A major issue that arose out of the case studies, is that of local food verses organic food. Although studies have shown that organic food is more healthy for the consumer than food produced using chemicals, it does not necessarily support the community economy. High organic standards set by the soil association can exclude small-scale producers who lack the capacity to convert to organic systems. In addition, corporate business, which has got the capacity to meet organic standards, is jumping onto the bandwagon, utilising organic standards as a marketing tool, and swamping the organic market in the process. Moreover, because the greater part of organic produce consumed in the UK is produced abroad, supporting organic retailing does little to reduce food miles. On the other hand, local projects like Organic 2000 and Groundwork's Local Food for Local People are effective at building direct connections between local growers and communities. Within this context external standards become less important, instead they are superseded by direct human relationships where growers are encouraged to produce to the high standards that exist within the communities they serve.

There is a need for education and awareness around food issues. Such projects can be incorporated into Healthy Living Centres in the area.

#### **IV.7. Specific Research**

Following the expert panel sessions, specific research was undertaken to evaluate any effects that the following have on wholesalers/retailers in the area:

- Voluntary bulk purchasing groups,
- The growth of organic lines in supermarkets,
- Grant funded community projects.

Local bulk buying groups can sometimes put small businesses in jeopardy and create unnecessary transport. If instead, the local bulk-buyers bought through their local health food shop or equivalent, they could support the business and still acquire produce at a discount rate.

Although supermarkets may have encouraged growth in the organic food sector by bringing organic food into the mainstream, the quality is often substandard. Vegetables often spend over a week in convoluted, energy intensive distribution processes before they reach the supermarket shelves. Supermarkets seem to be undesirable organisations for farmers to produce food for. One farmer in the Liverpool region commented that he could find nothing positive to say about producing food for supermarkets, having done so for the last few years:

*"There is lots of waste, poor wages, no ethics involved only an interest in profit in their activities in selling healthy food."*

Instead, he would rather sell locally as, he says, this is more energy efficient and there would be "real customers" to deal with. He had encountered many obstacles in

this process of selling locally. He found difficulties for example, with trying to sell on market stalls with high rent prices and poor location away from the heart of the shopping centre where consumer demand is low. He commented that,

*"Farmers markets or similar are needed in the heart of the shopping centres. Consumers are accustomed to one stop shopping and farmers markets must compete this way now."*

In respect to keeping the collection and distribution local, there is still no supply of early and late seasonal stock from the Northwest. Organics 2000 collects from the Midlands, Cornwall and sometimes abroad. Unfortunately, in the main, it is still financially more viable to transport produce up and down the country. If growers experimented more and used polytunnels, they could produce early crops with higher profit margins such as cauliflower and broccoli. Some retailers will go for the cheapest stock, which is not supportive of UK industry. Prices will only come down when retailers support UK produce.

In relation to maintaining a diversity of crops, growers tend to produce low risk varieties, or crops they are used to growing, or are limited to by environmental factors (such as site/climate/exposure etc.). Crops with a high turnover (e.g. potatoes, roots) tend to have a low profit margin, and growers are limited without mechanisation. Growers tend to grow similar crops, leaving a whole market for more unusual vegetables yet to be exploited.

On the positive side Organics 2000 are sure that the demand for organic produce is high enough so that they can always distribute what growers produce. Consequently there is no problem with competition. Produce can nearly always be delivered to the retailer the same day it has been pulled from the ground, and generally, produce can be shifted if the grower has a glut. All the growers interviewed are willing to join an independent network of players from all sides of the industry in tackling the problems faced, and in so doing create a more productive healthy food sector in the Northwest.

## SECTION V: Key points arising from the Research

The research has highlighted the importance of understanding and communicating information about projects and initiatives. By doing so, there is a greater chance that what has been previously practically demonstrated, can be learned from and replicated. However, innovation is strongly context driven and so it is important to look at the dynamics of how an initiative has got off the ground and the context in which it developed.

Many lessons that can be learned from best practice are not disseminated effectively, and attention is not always paid to distinguishing between the level of innovation being demonstrated by the case studies reported (particularly in terms of what their goals were and identifying what enabled them to achieve the end results).

The personalities that have been involved with innovative projects are also important. These social or environmental entrepreneurs are an important asset and their tacit knowledge can form an invaluable part of the learning process. By tapping into their knowledge new initiatives could avoid 're-inventing the wheel' (this forms the rationale behind some new 'network' organisations such as the Community Recycling Networks new service entitled 'Sharing Resources').

**Ideas and innovation.** A common reaction during consultations was "if it's a good idea, it would be done already". However, those working in the field are clear that the problem is not the shortage of ideas, instead it's the implementation of those ideas that needs attention. This raised some interesting proposals for strengthening current community based enterprise support systems and increasing the contribution of community based entrepreneurs. We return to this in the Recommendations section.

**Finance and innovation.** In this context, money is required to develop the ideas and their implementation. Current financial support is wedded to the Business Plan approach to managing the risk. Although this satisfies accountability within the funders, it does little to help the budding "back room entrepreneur" who, for example, needs £75, quickly, to register a domain name to start developing a new Internet business idea. Some business ideas need a considerable amount of Research and Development (R&D) before a proper business plan can be formulated. The large companies (e.g. pharmaceuticals) invest their shareholders' money in R&D. Or they go into partnership with Universities (e.g. hi-tech companies, science parks).

Exploiting new opportunities is a central plank in economic development thinking, particularly for a region that is "lagging behind". Why should community entrepreneurs have to focus on providing existing products and services in competition with numerous other providers? Without innovation, economies tend to descend into the "commodity slide" of conventional economic thinking. The market becomes driven by price alone consequently it becomes harder to create wealth. It's hard to make a living as a window cleaner, for example, when everyone is out cleaning windows.

There is also a perception of failed business start-ups as a bad thing. However, in an economy with greater entrepreneurship, there will be more start-ups and risk taking and inevitably more failures. The key is, therefore, to create a 'culture' of entrepreneurship through supporting many more small ideas and initiatives, out of which a proportion will grow into fully fledged new enterprises. It's about maximising probability and working with risk.

In terms of a new / emerging sector like renewable energy technology, reference could be made to a mapping of available technology from state of the art through to blue skies (See Reference 11). There may be the need to work with new enterprises to fund demonstration projects to help them demonstrate their competence and / or their ability to manage new forms of risks

But how do small enterprises get funding for their R&D costs? And, particularly for businesses with a social component, (i.e. not-for-profits and the community enterprises), how do we back them? What's the price of innovation in the community sector? The costs of not innovating in the community sector are becoming all too clear.

Finally, the available funding is too "short term" to support community enterprise properly. Just look at the failure rates in a sector where success means to last longer than three years.

Some panellists warmed to the idea of risk funds for community enterprise, as opposed to the current risk-averse programmes from banks and public funders. These risk funds **are** needed, although some of the current sources of finance for community enterprise will need re-engineering and operating according to revised sets of criteria.

There are also issues around assistance in filling out complex forms to access money (not just information). In Europe, for example, there is a consultancy market for co-ordinating largescale funding bids from the EU Commission. Any agencies working in the field need to understand at first hand the sector, its needs and characteristics.

**Volunteers as a resource.** Volunteers, or rather, "unpaid workers", are the "jewel in the crown" of community enterprise. However, community enterprise still needs a crown to put the jewels into. Unpaid workers often invest much of their time doing the R&D and working up a "business plan" for a community enterprise. Unlike their counterparts in the private sector, who are rewarded for their success from a possible future income stream, community entrepreneurs face even more uncertain rewards.

This can develop into situations where there is no "equity" in a community enterprise, nor any equality. Reliance on volunteers to act as "good citizens" is unsustainable and questionable from the viewpoint of social exclusion (the better-off are the ones who can afford to be "good citizens"). Community enterprise volunteers are not just stakeholders, they are investors in their local communities and need to be recognised as such.

The popular conception of volunteers is as low-level, barely skilled people, requiring constant "management". However, much of the drive, leadership and innovation within the sector comes from these unpaid workers. They should not be used as a substitute for proper financial investment. They should be connected directly to their sources of funds without unnecessary intermediaries. In cases where workers are paid (particularly in the case of development agency workers), they should be in a support role providing **practical** help.

Note that some of the case studies have the potential to produce a highly skilled workforce.

**Community issues.** The panels were helpful in maintaining a focus on the issues from the point of view of local communities, providing sensible advice, such as ensuring community participation and paying attention to the fact that some communities need “a package “ to work with **plus the time** to get the job done.

Whereas sustainable development needs to be considered as an integrated discipline, during consultation, the Liverpool panels confronted us with the political reality. Issues emerged which need to be considered as the political dimension to the implementation of community enterprise.

One issue is the idealism shown by some activists against the more pragmatic approach of many community entrepreneurs. This conflict is heightened by the "dangerous" nature of the language of enterprise and economics, leading to heightened reactions. For example, profit is "bad". Car travel is "bad". Enterprise is "suspect". Strong feelings over current inequalities lead to criticism of nearly all financial instruments, current and future. The debate from a social or "green" perspective sometimes pre-empts discussion about which features are less "bad" than others.

Another issue that transcends the politics of inward investment versus the politics of state aid, is concerned with the politics of self-help.

The danger is that the very people targeted by community enterprise may be lukewarm towards the ideas, and we can't expect them all to embrace the enterprise approach. In addition, there may be resistance at city and regional level to the diversion of funds away from the attracting of inward investment towards CBED activities.

There is a need to link community enterprise activities in with things like the Regional Innovation Strategy and focus on skills creation and the 'knowledge base'. Community enterprise is part of the mainstream economy and should be treated as such.

These are issues of policy and of implementation. All we can do in this report is to indicate another way forward - towards enterprise that builds up, rather than destroys, social and environmental capital. The City of Liverpool and its various communities will have to decide politically whether this is what they want to do.

At the heart is the opportunity for connectivity between lots of different potential agents of change - people, ideas, money, training etc. It also depends on how policy makers view diffusion of entrepreneurship. Our suggestions are for an 'evolutionary' perspective based on framework consisting of:

- Heredity, variation and natural selection (lots of small investments with some failures)
- Routines and the process of search (this is what we've been doing with the case studies)
- Path dependency in adaptive learning (see above)
- Punctuated and incremental evolution (radical change followed by feedback to develop and refine new products / services depending on how market reacts)

**Continuing this research and development process - a "Network"?** The Liverpool panel sessions have generated a wide interest in the subject of this report

and individual commitments have been made to become further involved in the process of developing the themes. There are currently no support systems or structures to facilitate such a network. Further, it was proposed that we need to enlarge the network of people interested at present, so bringing in more skills and experience.

With the lack of clarity around the various innovative approaches, the proposed network will require a clear statement of purpose. The financial implications of supporting this network will be small (see the Manchester Metropolitan University support for the GMLC Single Programming Document consultation). Nevertheless, without that support, momentum will be lost and participants disappointed. (It is interesting to note that participation so far has often occurred on the "volunteer" basis, in support of a "city common-wealth", as discussed above. This has been a valuable resource - without it we would not have so comprehensive a report.

**An "Innovation system"** would result from acting on the above comments.

The current approach taken by the EU framework 5 calls might be useful to look at, with its framework for funding applications focussed squarely on market transformation and development / diffusion of new practices within a loose framework

Brokers need to get out and about and build up knowledge of 1) green entrepreneurship and 2) social enterprises before bringing together and 'hand-holding' new enterprises. Entry level for support needs to be fairly open ended so new ideas can be refined. But again this depends on how far we want to treat enterprises as demonstration projects. Bids could be invited from teams to deliver Framework 5 style packages of enterprise work e.g. Greenframe start-up.

Some assistance could be provided with workspace (property database?), venture funding in conjunction with Triodos or Co-op bank or new local agency a la Aston Trust. A 'can do' culture of 'green' entrepreneurship needs to be grown, for example, through business clubs and networks, with visits from, and to, innovative projects in UK and EU.

Further comments from the panels are available from the publishers.

## **SECTION VI: Implications for support systems and structures**

Support for sustainable community enterprise needs to be provided within a framework of sustainable local and regional economies. The recommendations of this report will come to nothing unless parallel innovation occurs within the support structure for community enterprise. It cannot be left to "community entrepreneurs" to do all the work. All branches of government, both national and local, need to be more enterprising in the approach to community business. "Please don't just sit there urging us to be innovative". The panels suggested that support systems and structures need to be developed in three key areas:

### **National**

- plough back anticipated/achieved exchequer savings to support the businesses that bring them about
- achieve national acknowledgement of the key importance of social economy sector
- carry out "prospecting" research for key sectors
- recognise that current support services (e.g. Small Business Service) are inadequate for sustainable community enterprise

### **Regional**

- provide suitable development services
- provide support for regional networks/clusters
- carry out awareness raising
- better sector linking for economic development (not just "big business and the Councils")
- better sector linking for sustainable development

### **Local**

- carry out awareness raising and build capacity in the public sector and agencies
- provide support for entrepreneurs - training & development , salary support
- support for collective market research / knowledge acquisition
- public sector infrastructure provision in key areas e.g. waste recycling
- community (organisational ) capacity building for groups
- provision of "anchor contracts" to provide financial security and develop business experience
- financial support for business start-up and for later expansion
- use of the ILM mechanism to support social economy development
- develop and market suitable "high risk" community enterprise "portfolio" funds

In addition, more detailed follow up interviews with entrepreneurs will be useful to refine types of support required during different stages of project lifecycles. Other conclusions were that enterprise advice for this sector needs to be very labour intensive, and well-advertised. There is also a clash of time frames between the current, output driven, funding time frames and the needs of community businesses.

In conclusion, it would help if both the support services and the local communities fully adopted some of the community values and the lessons of co-operation that they are all trying to promote. We are looking forward to effective partnerships where the activists and common ownership enthusiasts can benefit from the work of bank managers and bureaucrats, and vice versa.

## SECTION VII: Recommendations

As a summary of the work done to date, the authors offer the following outline action plan to promote and support sustainable community enterprise.

*New Enterprise for the Liverpool Bay Area:*

- Identify community-based champions and a site for a project based on Construction Resources. Develop a business plan. Structure the business according to whether the premises are to be owned or rented, in the latter case consider a workers' co-operative.
- Identify community partners for a project based on Heatwise. Initially work up as an ILM project, but investigate an ILM exit to a community company/companies. Produce business plan(s). If working, work in areas of high owner occupation. Consider an outlet for Heatwise project.
- Identify community-based champions for the running of an Energy Advice Centre. Identify premises and partners. Develop business plan (don't try to do it "on the cheap"). Structure as a company limited by guarantee.
- Liase with ITMP over possible spin-offs from their business. Look carefully at the supply chain and the emerging market for low-cost ITC services. Identify a suitable community business to complement ITMP's activities, and develop a business plan.
- Look carefully at Aston Re-Investment Trust, and redesign to suit local context and circumstances. Use a "revolving loan " fund and adopt an "enterprise" (as opposed to "social investment" approach). Select an area to pilot the project. Secure funds to operate the pilot.
- Investigate further and consider implementing some of the support infrastructures for sustainable community enterprise based on the following case studies:
  - Green Communities
  - Energy Service Companies (ESCo's)
  - Waste Exchange Networks
  - Smart Cards (applications for them).

Green communities could be a project with Construction Resources as a supplier. The ESCo could be implemented as a network organisation to find work for Heatwise and market CHP, solar etc. Smart Cards still hasn't got an enterprise context - monitor applications.

Set these up as Partnerships and experiment with structures which promote the idea of a "city common-wealth" as a useful, accessible, infrastructure which is not wholly owned by the public sector. Use differing structures to help with innovation and promote learning.

- Examine the suitability of the current funding streams for community enterprise and for sustainable development. Focus on small-scale innovation and rapid transfer of technology and "know-how". Get advice and input from Triodos, Aston and successful entrepreneurs. Report findings to funders.

- Investigate the implementation of suitable market instruments to support the specific needs of community enterprise, and do design and development work if necessary. Look, for example, at establishing Enterprise Investment Funds (as opposed to loan funds). Look at local venture funds. Consider a "business angels" approach.
- Carry out market research and development in the emerging areas of sustainable products and services. Focus on the areas where the region could develop competitive advantage, particularly through early innovation. Proceed with sectoral focus groups. Try to secure shared access to the kind of market research material that supermarkets use (e.g. MOSAIC which provides assessment of population profiles and preferences). Make those results widely available.
- Research the dynamics of initiatives offering innovative solutions to social and environmental problems, the benefits that they can deliver, and the ways in which stakeholders can support them. Evaluate initiatives in order to assess their potential for replication, suggesting improvements in the light of experience.
- Map out and store experience and knowledge for sectors so as to avoid enterprises re-inventing the wheel each time. Make the information widely available to the entrepreneur networks (see below).
- Carry out more detailed follow-up interviews with entrepreneurs to refine types of support required during different stages of project lifecycles.
- Support community enterprise through "anchor contracts" consistent with the new Best Value process.
- Build a capacity within the public sector and with regeneration agencies to understand the specifics of development of the community sector and community enterprise. Allow input from community activists and entrepreneurs into this process.
- Provide real support for community entrepreneurs and amateurs in terms of training, personal and project development, and salary support. Provide capacity building for community groups regarding organisation, project management and funding applications. Implement a learning network to meet and share ideas with other entrepreneurs, not just within Liverpool, and not just from the "green" sector.
- As a key step to carrying out these recommendations, support the network of people and organisations which have emerged during this project through the Liverpool contact list that has been built up during the research. The task involves database management, web site implementation and maintenance, publicity and the organisation of occasional meetings and mailings. Secure a suitable organisation and the funding to do this properly.

### *Supporting a Healthy Local Food Economy:*

For sustainability to flourish in a healthy food sector there needs to be a self-regulatory infrastructure which is integrated and supported by all sections of the local food economy. This is a narrow but growing area and needs support and co-ordination in order to avoid waste and increase productivity. It is essential that the market is developed in step with regional production. In order to aid this process we recommend the following steps:

- Undertake a "Gap" analysis to identify elements of the local food economy that are currently missing. Research to identify and analyse existing consumers and support agencies within the Region.
- Develop case studies of community composting support structures and food incubator centres that support local processing.
- Support research and development into the growing of innovative foodstuffs within the Region. Support bio-diversity and the re-establishment of traditional local varieties. Re-establish horticultural enterprises at the urban fringe.
- Identify and develop affiliation groups within communities (particularly inner city):
  - link to existing local retailers through bulk buying/discount schemes,
  - link to producers, both on the urban fringe, and in the "city region hinterlands".
- Assess the scope for farmers markets in areas other than the City Centre. Support a policy for street trading.
- Develop and maintain strong links between local producers and retailers / distributors.
- Develop collaboration between top down and grass roots organisations, by identifying common aims and objectives. From here, develop funding packages that serve communities effectively.

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## Appendix A Definition of terms

It is difficult to achieve a precise definition of the terms used in community-based economic development. However, the authors of this report offer the following definitions for clarification, and, if necessary, for debate.

An **enterprise** is simply "an undertaking, especially a bold or difficult one". It is interesting that enterprise usually involves creative problem solving, as the originators move from where they are starting towards their vision of what they want to achieve.

A **community enterprise** is better defined by what it does rather than how it is structured (this is usually the main source of dispute between those in the field). The writers define a community enterprise as "An enterprise which, on balance, benefits the communities it serves rather than exploits them." This is distinct from a community business that is set up primarily to run as a business and make some sort of profit.

**Profit** is helpfully defined as "the cost of staying in business" (Drucker 1956). Clearly, if a business makes a loss, it is not sustainable. However, if a business makes a profit of £1, the result should be (according to Mr Micawber) "happiness". Community businesses generally have a lower cost of capital than private businesses and their profits can be lower. **Not-for-profit** is a useful way to describe community enterprises, although some argue that this should be expressed as "not-for-private-profit" allowing excess profits to be ploughed back into the business or recycled back into the community.

**Sustainable** means "able to be held up from underneath". "Viable" is a better word, but it has to be from the global perspective as well as the local.

**Community Economic Development (CED)**, or Community-Based Economic Development (CBED), is a form of economic development that is community-based. CED leads to the involvement of communities in activities that improve and sustain their economic welfare and quality of life.

**Sustainable community enterprises**, as far as this research is concerned, benefit the planet as a whole as well as the communities they serve.

**Sustainable CED / CBED** - community based development with viable outcomes, focussing on trade, skills development and local market instruments.

**Capacity building** is a general term for building the capacity of local communities and organisations to attend to their own needs and do their own development. The concept was developed by Liverpool University (See Reference 3) predating the UK social exclusion unit by 2-3 years. See Appendix B (Capacity Building).

Further discussion is provided by (See Reference 12).

## Appendix B Capacity Building and Community Enterprise

The definition of capacity building used by the Community Development Foundation (CDF) is:

*Development work that strengthens the ability of community organisations and groups to build their structures, systems, people and skills so that they are better able to define and achieve their objectives and engage in consultation and planning, manage community projects and take part in partnerships and community enterprises.*

*It includes aspects of training, organisational and personal development and resource building, organised in a planned and self-conscious manner, reflecting the principles of empowerment and equality.*

Community enterprise can therefore make a major contribution to capacity building by imparting transferable skills and building social capital.

CDF use the term capacity building to refer to development work that is:

- Primarily concerned with the activities of groups and community organisations rather than focusing on the individual's own needs *per se*. A useful distinction can be made here between individual capacity building, a term often associated with vocational training, and community capacity building as reflected in the definition given above.
- Primarily concerned with community groups and the community sector rather than professional voluntary organisations. Obviously many of the points and approaches described will be of relevance to professional voluntary sector organisations.

Again, this approach is leaning towards enterprise rather than charity. Even within this more specific definition of capacity building, the areas of skill, knowledge and ability are very varied and depend upon the aims and activities of the community group.

A key area of capacity building, and also CED as a whole, is the activity of needs assessment which should always precede any work on designed solutions. This has been an important theme in our research consequently this report contains the results of much feedback from community-based entrepreneurs in the region.

(See Reference 13)

## Appendix C Research methodology

Because of the wide-ranging nature of the subject of the research, and the holistic nature of sustainable development, we have adopted a **sectoral approach**. The sectors selected for study were:

- food production and distribution
- buildings for homes and small workspace
- energy supply and use, including use for mobility
- information and communications technology
- financial instruments for small-scale use

These sectors were selected because they respond to basic needs of people in the region. The demands are likely to be relatively constant and widespread. They are also suitable sectors for the development of "local jobs for local people" (See Reference 4).

Again, to study a complex but growing subject, we chose a **case study approach**. This provides us with information about current practice, but also allows the development of frameworks of knowledge that can be further tested. In addition, those frameworks can be used to predict the viability of new versions of enterprises that have, up to now, had only limited success.

A period of desk research, including a literature review, was undertaken. Case studies were selected according to their degree of innovation and to provide variety within the selected sectors.

The case studies were then evaluated by a series of **expert panels**. This technique was chosen because evaluation is multi-dimensional and multi-disciplinary, and the panels bring people together from a mixture of backgrounds and experience. The process is based on the Delphi technique where experts are asked to predict the outcome of complex, uncertain processes.

Two series of panels were run, one in Manchester that provided an evaluation for enterprise creation in the UK as a whole, and considered sustainable development outcomes in particular.

The second series of panels was held in Liverpool where evaluation was done against the local context, including the approaches and values of existing community activists and enterprises.

A further two expert panels were run in Liverpool to develop the context and explore the results. Results were then analysed and presented against key factors identified.

The intention of this methodology is to balance the need for information on each individual study against the need for scope and prioritisation of future development work both within, and across, the sectors identified. The classifications made in this report can then stimulate and inform the efficient allocation of resources towards further development work. They may also suggest different approaches to development according to the differing classifications made.

## Appendix D Case study evaluation process

Evaluation panels were run for each sector, with specific experts attending, although cross-sector attendance was encouraged.

Individuals were asked to make their own first assessment of the enterprises in the case studies. Using the above framework as a guide, we then evaluated the case studies together and drew some general points about the potential for sustainable community enterprise. The panel sessions were typically lively and interactive. The discussion points were noted on flip chart and score sheets retained for checking and analysis.

The individual panel members provided a score for each question, considering each case study in turn. They were then asked to provide a score for each criterion in terms of high, medium or low impact (3, 2 or 1). High impact was the most favourable outcome, low the least favourable in every case. If the assessor did not have enough information (s)he leaves the score blank.

The case was then discussed by the panel and an opinion was formed on the aggregate scores from the whole panel.

The score sheets were then analysed, together with the points raised by the panels. These results then informed the final presentation of results.

At this stage, case studies were either dropped from further consideration, merged to take on the strong points of two or more studies, or split into more specific proposals.

Key dimensions identified were:

- potential for community ownership - as a community micro-business, as a neighbourhood co-op, or as a city-wide commonwealth
- the organisational capacity required to get the enterprise up-and-running
- the potential for the enterprise to act as enabling infrastructure for other, perhaps smaller, enterprises
- the employment impact - sustainable development means a focus on human capital
- the financial and natural capital needed to get the enterprise up-and-running

These different dimensions were then mapped as a series of pictures as presented in this report. The results are still "rough and ready", but clear classifications have emerged. The next stage would be to feed these maps back into a wider series of panels, but this is beyond the scope of this study.

## Appendix E People and Organisations Consulted

For more information on the contacts below, please contact the MOTHER Initiative (see beginning of report for contact details).

Organisation	First Name	Surname
Ashfield Organic Farm	Geoff	Nicholls
Bank Initiative	Pat	Mallon
BTCV Mersey Basin	Mike	McDermott
Business Link	Colin	Prescot
CDS Housing Association	Inger	Leacer
CDS Housing Association	Claire	Ireland
CDS Housing Association	Steve	Clarke
CENTEC	Lawrence	Santangeli
Chamber of Commerce	Graham	Jones
Chamber of Commerce, Infopool	Bill	Davis
Credit Unit Team	Paddy	McCouth
Dingle SRB Partnerships	Tina	Campos
Eldonian Community Trust	Mike	Romano
Everton Development Trust	Bernhard	Jodan
Furniture Ressource Center	Alison	Ball
Green Apprentices	Kevin	Griffin
Green Loops	Stuart	Watson
Green Loops	Chris	Lovell
Groundwork St.Helens, Knowsley & Sefton	Pippa	Bennet
Groundwork St.Helens, Knowsley & Sefton	Cath	Smith
ICL Merseygrid	John	Patterson
Independent	Albert	Killeen
Initiative Factory	Mike	Corderz
Institute for Health LJMU	Lotty	
Institute for Health, LJMU	Helen	Pritchard
ITMP Ltd.	Paul	Maulpewny
LA21 Wirral and Liverpool	Judith	Varley
Liverpool Chamber of Commerce and Industry	Martin	Smith
Liverpool City Council	Dany	Louise
Liverpool City Council	Jerry	Spencer
Liverpool City Council	David	Williams
Liverpool City Council	Tara	Lamp
Liverpool City Council	Rod	Marsham
Liverpool City Council	Peter	Spear
Liverpool City Council	Brendan	Purcell
Liverpool Farmers Market project	Martin	Ainscough
Liverpool Housing Trust	Tom	Stapley
Lodge Lane and District Creditunion	Marie	Gray
Maritime Housing Trust	Andrea	Titterington
Mersey Travel	Paulette	Lappin
Netherley & Valley LA21	Rob	Owen
Netherley & Valley Partnership	Mike	Mackay
North Liverpool Partnership	Gwen	White
North Liverpool Partnership	Annie	Kirby
Organics 2000	Ruth	Weston
Parks Partnership	Alex	Sorngard
Rice Lane City Farm	Gordon	Sefton
SCEL	Tony	Keny
STEC Ltd	Bill	Hines
Sustainable Steps	John	Barret
Vineyard Project	C.J. Austin	Seal
Winston Churchill Fellowship	Brian	Parry

## Appendix F Panel Sessions

### Manchester Case Study Evaluation

Shelter - 10 December 1999  
ICT - 26 February 2000  
Energy - 8 March 2000  
Finance - 18 March 2000

### Liverpool Case Study Evaluation

Shelter - 15 February 2000  
ICT - 29 February 2000  
Energy - 13 March 2000  
Finance - 20 March 2000

### Liverpool Context Panels/Interviews

Initial context work - (Vernon)  
Results review - 21 March 2000 (Stefan)

### Liverpool Results Feedback Panel:

Discussion on support and infrastructure requirements for SCE - 27 March 2000

### Manchester Results Feedback Panel:

Positioning of case studies and review of recommendations - 31 March 2000

Situation analysis (1)

**Can Community Enterprise make a large contribution to sustainable economic development?**

Summary from the Liverpool Expert Panels of 20th and 27th March 2000

**Areas of strength**

- good ideas
- use of co-operation/partnership culture
- there are different “market rates” according to who is involved

**Areas of weakness**

- Enterprise development is difficult for communities to do.
- Weak knowledge of acquisition/market research for “grass roots” organisations.
- Innovation - need to **prospect** for the innovation.
- Lack of entrepreneurial skills, and skills in developing ideas.
- Shortage of live projects for developing skills.
- Poor capacity building, therefore need for group skills.
- Networks are poor and fragmented.
- Lack of infrastructure e.g. in waste, recycling.
- A community business needs someone who can run it.
- Is there a **desire** for education in management?
- “The two problems”:
  1. management,
  2. internal relationships, especially between managers & boards,
- Community **business** is not a hobby:
  - entrepreneurs **must** pass it on
  - compare with problems around voluntary boards
- People “too busy earning a living to make money”.
- “Community“ approach is penalised (through delay and over-prescription).
- Culture & values:
  - beware the business culture (“me-me”) (“achieve & leave”).

## Areas of opportunity

- Mobilising communities has big “pay offs”.
- Need for champions & entrepreneurs – support them!
- “Don’t step on their toes”
- There's profit in it but not enough for “big players”.
- **Prospect** - look for the innovation and develop the ideas.
- Create an “ideas directory”.
- Have somewhere appropriate for people to take new ideas and get funding.
- Set up prospecting funds to manage risks.
- Learn from existing success.
- ILM is an opportunity to demonstrate SCE.
- Idea of a funding "year ZERO" (no outputs required).
- Think through: the interplay of community & private sectors.
- Grants as seed corn & working capital.
- The Development Trust Association run NVQ’s.
- Get backing of Local Authority, Registered Social Landlords etc, Health Service, Universities etc.
- Use “anchor contracting” from public sector e.g. from LCC Social Services 300hrs @ £7.50 for 15months.
- Use "local purchasing" to back community enterprise.
- How to implement in deprived communities:
  - identify good practice.
- Re-engineer grant / investment funds & criteria.
- Use volunteers as “strategic” and “organising” people.
- Use paid workers as "supporters" and "administrators".

## Threats

- Lack of public sector support e.g.: from LA, Health Service, Fire Service.
- **N.B.** many of these projects are not recognised for the **savings to exchequer funding – directly!**
- “Green” isn’t fashionable.
- Current funds don’t support "R & D".
- Lack of understanding that community businesses **can** be viable - it's not just a “sop”.
- Clash of needs: e.g. CBED funding short-term, output-driven vs. CE longer-term, event-driven (community goals are outcomes, not outputs).