

Plugging the Leaks

**Making the most of every pound that enters your
local economy**

New Economics Foundation

Written by Bernie Ward and Julie Lewis

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Who is behind this handbook?

About the authors

Bernie Ward is Manager of the Local Money Flows Programme at the New Economics Foundation (NEF) where she has worked for the last four years. Her particular interest lies in building links between public sector workers, community leaders and businesses so that together communities can make use of the wide range of opportunities available to them. In practice this has meant working with those at the cutting edge – the most entrepreneurial, far-sighted and best-networked individuals at the local level. It has been her pleasure to work with them to develop, pilot and promote practical tools (and the occasional policy) to encourage not just joined-up thinking, but joined-up practice, in the field of local economic renewal. Bernie set up the Plugging the Leaks programme at NEF, creating several of the visual tools used within this handbook (such as the inward investment irrigation channel and the regeneration funnel) and has been rather surprised at just how much impact these ideas are having! In addition to Plugging the Leaks, Bernie is also managing the development of an evaluation tool that measures the local multiplier effect (and hence the local economic impact) of single initiatives. Her UK regeneration experience builds on her international expertise in supporting more marginalised communities in the development of their economies in both Mexico and Nicaragua.

Julie Lewis spent five years with NEF working with communities on participation and local economic development. Her swan song was running many of the Plugging the Leaks workshops and visiting them before and after their work. They gave her both hope for the future and a keen sense of the complex issues in creating economically vibrant communities. Previous handbooks *Faiths, Hope and Participation: the role of faith groups in neighbourhood renewal* and *Prove It: measuring the effect of neighbourhood renewal on local people* are also based on workshops and projects with community groups throughout the UK. Julie coordinated the UK Community Participation Practitioners Network, and edited *Participation Works: 21 techniques of community participation for the 21st Century*. She also used many of the techniques as a facilitator and while running training courses in participation.

Julie has recently been experiencing livelihood creation in a very different setting in India, and is currently in Scotland with her partner Thomas exploring how to create a more contemplative and sustainable way of life.

About the New Economics Foundation (NEF)

The New Economics Foundation (NEF) was founded in 1986 by the leaders of The Other Economic Summit (TOES), which has forced issues such as international debt on to the agenda of the G7/G8 summit meetings. It has taken a lead in helping to establish new coalitions, such as the Jubilee 2000 debt campaign, the Ethical Trading Initiative, the UK Social Investment Forum and the Green Gauge 'alternative' indicators of social and environmental progress.

Plugging the Leaks

The New Economics Foundation (NEF) is a registered charity, funded by individual supporters, trusts, business, public finance and international donors. Acting through policy, research, training and practical initiatives it promotes a 'new' economy – one which is people-centred, delivers quality of life and respects environmental limits. Its strategic areas include the global economy, corporate accountability, enterprising communities, community finance and participative democracy. It is now recognised as one of the UK's leading think tanks.

Contacts

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This website contains additional information to that contained within this handbook, in particular: more in-depth details on case studies of leak-plugging ideas; links to additional sources of information; presentation materials that can be easily downloaded; further background theory; the most up-to-date sample surveys; and guidance on how to create your own local directory. Additionally you will find details on this site about evaluating the local economic impact of particular initiatives by calculating their local multiplier effect.

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Foreword

Over the last decade, the New Economics Foundation (NEF) has worked with communities of all shapes and sizes. We have developed a range of tools for stronger, more sustainable communities, from indicators to visioning, from Time Banks to community finance loan funds. In this work, we have frequently noticed that people are not comfortable discussing economics. This discomfort has not only been at community level, where residents and community development workers have struggled to express their fears and hopes about the local economy. Even businesses sometimes find it difficult to understand and explain what 'the bottom line' means to them. The only people who seem comfortable with the realm of economics are academics and economic development officials. Yet we at NEF don't feel that comfortable with *their* view of economics!

So we undertook a little desk-research to see what other sorts of community-led models might already exist to develop local economies. We uncovered a wealth of information and a number of promising approaches, particularly from the USA and Canada. However, all these approaches rely on one thing: a community that already has the confidence and ability to work through a long and demanding process of economic regeneration. In our experience in the UK, few communities are yet at the stage to take on the challenge implied in using the excellent tools we came across.

However as we worked with different groups across the UK we became increasingly aware of the usefulness of a language that different groups were using at community level to explain seemingly complex economic ideas in simple terms. Some sourced their ideas from the USA; others named alternative economic academics as their inspiration; whilst yet others swore that the ideas had been around for decades. Wherever the language and ideas originated, we noticed that those using them found it easier to rally support for wider involvement in developing the local economy.

So we decided to develop and pilot a new approach to revitalising a local economy. We wanted it to be usable at a very simple level as an introduction to the basics of economics. It would have to be fun. And it would have to be adaptable since there is no such thing as a standard community. Finally it needed to be useful and usable by a very wide range of potential lead organisations – public sector, voluntary organisations, business networks, regeneration bodies, religious groups and so on.

Working with several UK networks involved in regeneration (such as the Development Trusts Association, National Council of Voluntary Organisations, and Action for

Market Towns) we recruited 10 pilots across the UK to try out our Plugging the Leaks approach. Having tried it out with these groups we are now clear that our gut feeling was correct – the ideas are sufficiently powerful to enable wide ranging partnerships to agree very swiftly to concrete action. And unexpectedly the approach appears to have enlightened as many economic development officials as it has community activists.

We have discovered that the basic ideas and visual images can be useful in several different ways:

- Developing economic literacy
- Generating economic development ideas and
- Mobilising people to action.

We hope the methodology we have developed, and which we will continue to build upon, will provide a useful starting point for anyone wanting, like us, to make a real and lasting difference to the local economies of deprived communities across the UK.

Bernie Ward

Programme Manager, Local Money Flows, New Economics Foundation

Introduction



1: Introduction

What this handbook is and who it is for

This is probably the first handbook you've picked up on local economic development – unless you are an avid collector of rare books. Either way, an explanation is called for: economic development is not normally considered page-turning bestseller material.

This handbook is for you if you are worried about your local economy. The chances are, it's not thriving and you are beginning to wonder if the usual approaches to economic development are really working. In fact certain previously strong aspects of your economy might be unravelling before your eyes. The experts don't seem to be able to make a success of it, so you're beginning to think that the locals should be getting involved too – and that means you. This handbook shows you how to devise a new economic strategy for your community – from scratch.

The approach will particularly fit your needs if you want a simple but tried and tested guide for ordinary people to understand what is going on in their local economy – so they can be involved in decision-making. And this handbook is not one for flicking through and shelving. We want to make sure that talk leads to action. That's why we have worked with communities large and small, urban and rural, from all parts of the UK, to make sure that the Plugging the Leaks approach actually works.

From Pembrokeshire and Derwent to Keyham and Hastings; from churches in the West Midlands to environmentalists in Northern Ireland; from the Leeds Industrial Mission to Aberdeen City Council; from Leamington's SRB partnership to Luton's New Deal for Communities; and from a local food initiative in West Dorset to a tourism programme in the Brecon Beacons; this approach to local economic development has been tried and tested.

Is that what you were looking for?

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1. Why the usual approaches to economic development aren't working

'The problem is not necessarily that too little money flows into a neighbourhood. Rather it is what consumers, public services and businesses do with that money. Too often it is spent on services with no local presence, and so immediately leaves the area.'

The Government's National Strategy for Neighbourhood Renewal¹

It can seem obvious – a basic economic fact of life – that if an area is poor, it needs money poured into it. This might be by attracting in inward investment that will create new jobs; a regeneration grant to develop local infrastructure; or building tourist attractions that will have people flocking in. Everyone assumes that money will improve the area, eventually 'trickling down' to reach those who need it most. But does it?

Canning Town has experienced every state-sponsored regeneration initiative since the 1960s². Yet it is still home to one of the most extensive areas of urban deprivation in Europe. Government schemes, such as New Deal for Communities, are bringing in over £50 million to each recipient area. This is a huge amount of money. And in really poor communities, benefit payments alone will add up to twenty times as much as the New Deal. So why is it that these colossal sums of money are not alleviating poverty?

The answer lies at two levels. First, how much of the money actually makes it to the local economy in the first place: how much is instead deposited into the hands of external consultants or contractors? Second, how hard does that money work? In other words, how many times it is re-spent locally before it finally leaks away.

The problem is that pouring money into an area has minimum long-term impact if the wealth flows straight out again because there is nothing to hold it in the area.

Economic development experts have historically spent much of their time attracting large businesses into poorer areas in the hope that they will employ some local people. This could take the form of a Japanese car manufacturer or a call centre. Usually some local jobs are created, with varying levels of quality. However there are several challenges to the inward investment approach:

1. Because so many local authorities in the UK and abroad are competing for such investment, they have to offer enormous incentives, which can offset any benefits. One recent study in London showed that the collective incentives added up to more than the benefits brought when the company finally relocated
2. If a company can be attracted to your area, it can often be attracted out of it if better incentives are then offered elsewhere. This is exactly what happened when Dyson suddenly announced that they were moving from Gloucestershire to Malaysia

3. It's a 'one size fits all' approach, not very sensitive to local needs and resources. One software company coaxed into relocating to the South Bronx in New York found, surprise surprise, that it couldn't recruit enough local software 'coder-writers'
4. Unfortunately, as with regeneration funding, simply getting the investment into the area isn't enough. It is the linkages that that investment can make with local firms and local people that determine whether or not local people are in fact any better off. Many assume that such linkages will occur naturally, however a case study of a Toyota plant found that only five out of 240 companies providing inputs were from the region; and a Scottish electronics companies study identified only 12% of material inputs as being from Scotland³.

This issue of developing local linkages is very important, yet it is a process that is often not supported as effectively as it could be. Experts can help, as North East Lincolnshire's Buy Local programme found. But it is a process that cannot be undertaken by the 'experts' alone. Local people, businesses and other public sector budget-holders hold the keys to many of these connections. And it is only if an inward investment is really embedded, with a thick web of local linkages and ties, that it can secure a long-term future.

The same holds true for other in-flows of funding – be it tourism income, agricultural sales, welfare benefits, or grants. All too frequently, little of this money reaches the hands of local people, and that trickle leaves the area again far too quickly.

So – what does this mean in practical terms? What can the many developing partnerships between the public sector, private sector and community actually do to improve their local economies? This is a particularly important question for time-limited regeneration initiatives – because at the end of the funding period, when money is no longer pouring into the economy, what will matter most is what is stopping that money from leaking out.

We need to start making all the money that enters a poor community work much harder than it currently does. This handbook shows you how.

2. Leaving it to chance

'The corner shop is the elephant of the local economy.'

Participant at a leaky bucket workshop hosted by the National Council of Voluntary Organisations

Most economists these days argue that the most 'efficient' economy will naturally be created if we allow market forces to prevail. But does the evidence actually support this view? And does 'efficiency' meet your community's needs?

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Imagine that a new supermarket sets up on the outskirts of town. Local people are generally delighted at the additional choice they have – they can now do some shopping at the supermarket and still use their town centre for easier access, special purchases and sociability.

Say that half the residents start to do one-third of their shopping at the supermarket, whilst still doing two-thirds of their shopping in the town centre. The other half without easy transport, or simply from preference, continue to do all their shopping in the centre. Although all the residents still shop at the town centre at least some of the time, its income drops by 17 per cent – and this is enough to start killing off shops. As shops start to shut down the town centre becomes a less and less desirable place to shop and more and more people turn to the supermarket.

The loss of the town centre is a loss to the entire community that not a single person wanted. This seems perverse, yet it is in fact a predictable outcome of the decision to set up the out of town supermarket. This is called a 'collective action problem' – an example of reasonable individual actions that together add up to a socially irrational and unwanted outcome for the community as a whole.

Is there anything that can be done to solve the collective action problem? Yes, if you are prepared to take action to protect and preserve key parts of your local economy. For example, in Greenfield Massachusetts, citizens challenged Wal-Mart – the biggest retailer in the world – who wanted to open a new store. They forced a local referendum on the issue. After an intense grass roots campaign the citizens' group won the vote and kept the retailer out⁴.

But Plugging the Leaks isn't against successful businesses. In Suffolk, activist Caroline Cranbrook surveyed food producers in her village⁵. She talked to the local pig farmer, who had started selling high-quality hams and bacon to nearby village shops. Over a number of years, his business grew to supplying 35 local outlets, as well as others outside the region. He said it would have been impossible to start and sustain this successful business if there had been no village shops. It is difficult for small businesses to supply or service the needs of large business directly – big businesses on the whole only deal with other big businesses. They employ the large accountancy firms, not the small individual businesses. They hire in cleaning contractors not individual cleaners. They buy in bulk – at a scale that no small business can provide. So an economy made up only of larger businesses isn't very useful if you are a small business trying to start up. That's one of the main reasons why so many small businesses collapse in their first few years.

One participant at a National Council of Voluntary Organisations' workshop told us the following story – it is a parable of the local economy. The African Savanna is a plain that

has an astonishing variety of wildlife that live off one another and the plant-life in the area. A key part of this ecology is the elephant, which eats the small budding seeds of a particular type of tree. Although few in number compared to the countless herds of grazing animals, if the elephants were to be removed then there would be no other animal to eat those saplings. Soon they would grow into large trees and the Savanna would become a forest. And with it the entire ecology of the area would change, as the type of plant-life and animals that happily survived in the plains would be quite different from the type that thrives in forests.

Just as removing an elephant from the Savanna would have huge impacts on its ecology, so it is with vital components of the local economy, like village shops which support a dense network of local producers who sell through them. The removal of the final cashpoint or Post Office facility can be just as devastating to the local economy as the high-profile closure of a factory or coalmine. The loss of the main shop that 'anchors' people to a high street or shopping parade. The wider impacts of all such decisions – and they are decisions – cannot always be foreseen. But many of the impacts can frequently be predicted if they are carefully thought through. It really should have been no surprise when Wheathampstead lost a bakery, dry cleaners and newsagents in the months following the high street bank's closure⁶.

So – if your economy has bits you like and bits you would like to see developed then you need to take action to make that happen. It isn't going to happen naturally.

3. Don't rely on the experts

'The experts wouldn't recommend that if they had to live here.'

Local resident at a NEF workshop

All too often, economic strategies devised by professionals are less than successful. Not surprising since they are a small number of people, with limited resources and they are up against the realities of a global market place. Lewis Stringer, however, is a good example of an 'expert' taking a new community development approach.

Lewis Stringer, the Economic Development Officer for Bassetlaw District Council, sees his role as partly attracting inward investment and partly supporting communities to develop their local businesses so that they can truly benefit from the inward investment. He does not intend to do the work for the communities – he knows he doesn't have either the time or the local contacts to be able to make it work.

Instead he has focused his efforts on supporting local people who have the passion to organise themselves through regeneration partnerships or business organisations. He then links them with the external resources that can support them in their efforts.

Once he has connected a few communities to this approach to economic development he is banking on further development taking place through example.

'There is a lot of experience, knowledge and support within communities that organisations like local authorities could never develop and network directly,' says Lewis. 'Working with these communities in partnership is extremely enlightening and rewarding but often means that the organisation has to adopt a different way of working.'

Experts seldom actually live in the local area. Many participants in the workshops we ran were fed up with people making economic decisions about their areas without having to live with the consequences. Many experts are also more confident about diagnosing problems than they are with coming up with solutions. So perhaps instead of asking what state the local economy is in, we should ask what people want the local economy to become! The answers from local people may well be quite different to that of professionals. To be fair, many professionals realise this, but have become frustrated by how difficult it is to get local people involved in making the decisions. So this handbook is for them too.

The economy is very interconnected, dependent on every individual spender and with decisions made by individuals in many jobs affecting others. Because of this it is everybody's issue. Let us look now at the three main groups we focus on throughout this handbook and show why each needs to be involved.

Residents

Local people know the problems with the local economy, understand what motivates people and have the power to make solutions work or fail. They also know where the energy is. For example, in Plymouth, it was accepted in general that recycling schemes wouldn't work because people on the whole wouldn't bother. What motivated people in that area was economic, rather than environmental, issues. Their insight was that if a recycling scheme was run by local people who would earn a living from it, then everyone would see the point and join in.

Residents don't all think alike, and no two communities have the same views on an issue. For example when it comes to takeaways. In Marsh Farm in Luton, there were no local takeaways, and money left the estate as people ordered in their pizzas. So people in Marsh Farm decided to set up their own takeaway and restaurant. However, in Harehill, Leeds, takeaways and fast food stores were taking over all of the other stores in the local parades of shops. So Harehill residents wanted the Council to refuse permission for any more takeaways, as local eating habits were becoming dominated by the easy availability of fast food and the difficulty of sourcing anything else. This

contrast between Luton and Leeds shows how local people can, and need to, find strategies that are appropriate to their area.

Local people can give local flavour to council proposals. In South Staffordshire, the Council was preparing a comprehensive database of contractors, builders, plumbers and so on. The local Council for Voluntary Services (CVS) and Age Concern knew that what people, especially older people, needed was a list of reliable people. So the Council is working out how to share their data to help compile such a list.

Business

The combined spending power of local people or businesses means that solutions involving them all will be much more effective. For example, the savings brought about through bulk buying motivated Tim Williams in South Staffordshire to decide to create a buyers' co-operative to purchase animal feed. Or on an even greater scale, in 1994 Denmark generated 4% of its electricity from wind power. This was only possible because two-thirds of the wind turbine machines were collectively owned⁷.

In Cornwall, we calculated that if every tourist, resident, or business switched just 1% of their spending to local items or services, that would put £52 million of additional direct spending into the local economy every year. That is £4 million per year more than the money Cornwall gets from the European Union grant called 'Objective 1'. This sounds ambitious, but getting a small swing in spending patterns is very achievable: Cusgarne Organics, an organic box scheme NEF has been researching, managed to track down a local organic cheese producer and so has already switched more than 1% of their spending.

Public sector / professionals / experts

As the greatest single budget holders in poorer communities public sector workers (from regeneration partnerships, schools, business support agencies, healthcare organisations, procurement departments and so on) have an enormous role to play in developing local economies. In the London Borough of Southwark, and many other places, the local authority is the biggest employer by far.

It is not only their role as access points for training, catalysts for bringing people together or as grant-makers – it is also the money that they spend and how much of it reaches and circulates within poorer neighbourhoods. The purchase of school meals, awarding of procurement contracts, agreements on how to deliver home help schemes to elderly people – each of these spending decisions could increase the amount of money in poorer people's pockets. Or they could leave them unchanged.

In short, all members of the community, residents, local businesses and professionals alike, have an influence over the health of its economy.

4. Economics made easy

'Everything is about economics really: I simply didn't realise.'

A vicar in South Staffordshire, after a NEF workshop

In recent years local government, as well as community organisations, have increasingly been involving local people in the development of local strategies. These community plans have forced local authorities to think about the local economy, sometimes for the first time! The need for local community plans is also changing the way that economic thinking happens; two of our pilots (Aberdeen and South Staffordshire) reported that economic thinking is broadening out from inward investment by big companies, to encouraging a much broader base of local economic activity.

Community involvement works well for decisions with which people feel comfortable – location of health facilities, standards of education, timings for workshops and so on. However, we have found that many if not most people are turned off by economics. Not for nothing is it called 'the dismal science'. Isn't it all about complicated equations, convoluted jargon and abstract ideas – best left to the experts?

In fact, the word economics has its root in how we manage our household – something that everybody does. 'I've never studied economics', people say to us apologetically, again and again. But these crucial ideas should be simple enough for everyone to understand, if explained in the right way.

Most people can quickly grasp the essentials of local economics if given the chance. 'Other community members have said that we should just do what the local authority says – they are the experts', says Jackie Gill, a Luton resident. 'But learning about NEF's leaky economic bucket has given us a language that we can use to better understand what is going on in our estate and to push for what we believe overall will be best for us.'

Professionals can benefit as much as ordinary people from a fresh approach to local economics. The community development officer in Mastrick, Aberdeen felt a 'warm buzz' in one of NEF's workshops, confirming that he'd been starting on the right lines, and now felt confident to talk to economic development people about strengthening his work. As a result, the community development and economic development teams are now working together to develop a local economic plan for the area, building on insights from the workshops and surveys.

5. The leaky bucket

'Plugging the Leaks has given me a much clearer understanding of the local economy. Both the ideas and the process of bringing lots of different groups together will feed into the local authorities' community strategy.'

Glen Parker, South Staffordshire District Council

So what is this leaky bucket that Jackie Gill, Glen Parker and many others have found so helpful? The scientist Francis Bacon said four hundred years ago that money was like manure: 'no use unless it is spread'. Maybe so, but we find it is easier to talk about money as if it were water.

Imagine the local economy as a bucket. Nothing fancy or complicated; just an ordinary bucket like the one under the kitchen sink. If someone has £5 and spends it in the local grocers, the £5 stays in the bucket. But when they pay the electricity bill, it doesn't stay in the bucket. Spending on electricity is like a leak in the bucket: the fiver leaks out as the supplier is a business outside the area. But there are usually ways of stopping all of the five pounds from leaking out. Insulating the house will cut the electricity bill, for example. If there's a local company to do the work, there'll be even more in the bucket. That's why this handbook is called Plugging the Leaks.

There is a lot more on the concept of the leaky bucket in chapter 2, where we also explain why local economic development is a bit like irrigating a field – making use of all the available in-flowing money to increase local productivity. We have called it *'Plugging the Leaks'* to emphasise that stopping leaks is just as important as pouring new money in, or inward investment as it's sometimes called. We have added the strap-line *'making the most of every pound that enters your local economy'* to highlight that in-flows of money are our starting point for strong local economies.

So let's be clear: Plugging the Leaks is not about trying to close off a community from connections with the outside world. Instead it is about increasing local linkages in order to make maximum use out of all incoming inward investment, whether its source is government spending, business spending or consumer spending. This will make the community richer and so better able to buy from other communities those items or services that it desires that are not available locally. So we aren't arguing for self-sufficiency and isolation, ignoring very important inward investments. We don't believe in blindly adopting 'local purchasing programmes'. This sort of protectionism went out of fashion in the Dark Ages for a good reason – local businesses became complacent; prices rose and quality fell.

So while we think it is important to reinvigorate the local economy by fixing as many leaks as possible, we don't think the bucket is a universe unto itself.

6. Enough talk, what about some action?

'People were discussing things that matter. This was 'real' stuff and people could see what actions were needed and were actually planning at the initial meeting.'

Workshop participant, Cloughmills

At the start of almost every workshop, participants told us they worried that this would be 'yet another talking shop'. Given the number of working groups or meetings that people could be invited to in any one month it is not at all surprising that it is results they want to see, not more talk.

We think that Plugging the Leaks is a bit different from the usual village hall meeting. But don't take our word for it. Here is some feedback from those who have taken part in workshops so far. One attendee in Cloughmills said: 'The workshop brought a lot of things to light which I had never thought about before, and has helped me realise a lot of things that we can do.' Denise Craig from the Federation of Small Businesses said that she understood the local economy a lot more clearly, with a greater awareness of individual communities. Michael Lilley, the Churches rural development officer, said that Plugging the Leaks changed his views, showing that solutions can be found to local economic issues.

Plugging the Leaks doesn't just give people a buzz on the day, though. One month later a cross-section of participants were asked if they had talked to anyone else about the local economy since attending the workshop. One local council person said 'Yes everybody I meet – a few other groups have become involved in similar ideas as a result.' Others said 'Yes about a dozen'; and 'all my friends and family'.

Three months later we reviewed how much action our trial communities have undertaken as a result of the workshops. We have been amazed at how much detailed economic work has been done by people who would previously have claimed they were economically illiterate (Some results can be found in Appendix 1). And these participants are not 'Middle Englanders' from well-to-do communities. In fact, the Plugging the Leaks approach is specifically designed for poorer communities. Indeed, if richer areas plugged all of their leaks there would be a big problem, since no money would flow into poorer areas at all! Plugging leaks in richer communities can also lead to problems of over-heating: recruitment difficulties, soaring house prices and salary levels, and so on. So we encourage richer communities, if they want to get involved, to collaborate with poorer areas nearby.

Perhaps even more importantly than the very practical projects being developed, there has been a real strengthening of resolve in the way participants have instinctively used the ideas in their everyday lives. The week after a very brief

workshop on Plugging the Leaks, Jackie Gill from the Luton New Deal for Communities in Marsh Farm called NEF to say that their committee had identified some leaks from their regeneration funding, such as sourcing their catering services outside the area. From now on, they have decided to put their business with a local women's co-operative on the estate.

Other participants commented on changes they have made to their own spending patterns. These are not agreements they reached in the workshops, simply individual changes they have made as a result of their greater understanding. When asked a month after the workshop if it had any impact on personal or professional life the following response from a Cloughmills resident was typical: 'yes – I am now starting to take note of where I am buying my own things.'

So does this still sound like the kind of approach that could help unleash hidden economic potential in your area? If so, it is time to immerse yourself further into that leaky bucket.

Theory



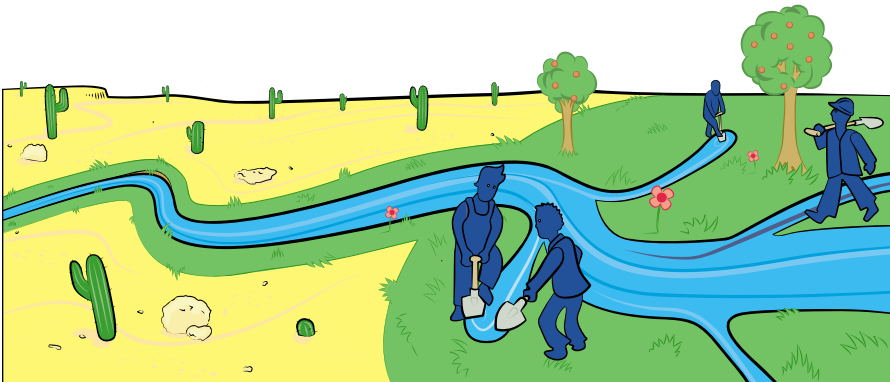
2: Understanding the local economy

In this chapter we develop the water-based metaphor for local economies that we introduced in chapter one. We start with how irrigation provides one way of seeing the local economy. We then return to the leaky bucket. We also slip in one or two concepts from economics that you may find helpful, as painlessly as possible.

Irrigation

Imagine some farmland in an area with not enough rain. You want to make that land more productive. So you construct a large irrigation channel to bring water in from outside. However you soon realise that this channel only makes the land fertile along its banks, it doesn't reach the whole area (like the left half of the picture below). So should you now build several other major channels to bring water in from outside? Not a bad long-term idea in case the main one dries up. However the most sensible first step would be to create mini-channels that can spread the water from the existing central irrigation channel so that more of the land can become fertile.

So it is with money flows. Inward investment is a large irrigation channel of cash into a poor area. This inflow could be welfare benefits, tourist income, or a new manufacturing plant setting up in your area. The inward investment is likely to directly help to employ people in your area. However it will only 'irrigate along its banks'; it won't employ everyone.



The community then has two ways to increase its productive capacity further: it can attract in additional inward investment; or it can create mini-channels off existing inward investment. These mini-channels are intended to enable money that is already in the community to be re-spent locally. This could mean businesses sourcing more of their staff or goods locally; or public authorities encouraging local firms to tender for contracts; or the community setting up a food co-operative or a wind energy production plant.

By exploring the major inflows of money into an area it is possible to identify opportunities for increasing the re-circulation of that money to other parts of the local economy.

A local spending policy

'Communities really benefit when enterprises invest their income back into the local economy – thinking in this way can truly prepare the ground for other small scale community enterprise.'

Sue Bennett of Eden Community Outdoors

Eden Community Outdoors (ECO) in Cumbria is very important to its local community – not only does it provide youth recreation facilities, it also has a 'Local Spending Policy'. In 2001, practically all of ECO's income (96%) was from sources outside Cumbria itself, yet ECO re-spent 60% of this income within a 10-mile radius of Appleby, thereby directly investing nearly £33,000 in the area as a result of their activities. An economic analysis showed that every £1 received by ECO led to £2.08 for that local economy. ECO realised that their local spend could have been higher if they had been able to use entirely local trainers. However in some areas of expertise they had to go outside to bring in new skills. They have now built up a skills base in the locality in which they work to help more of their money stay local.

The leaky bucket

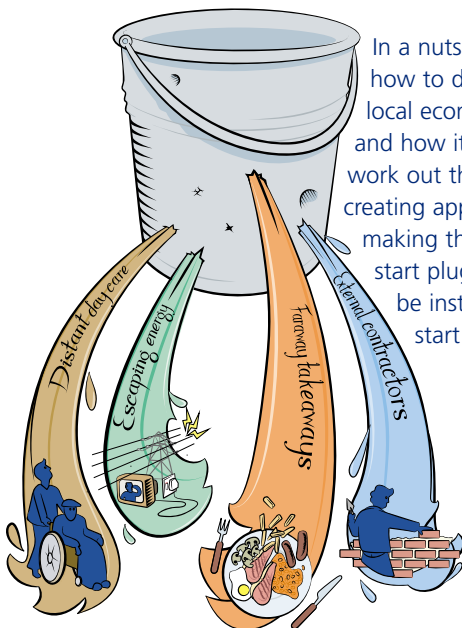
'There are so many holes in our local economy you could even say we didn't have a bucket at all!'

Bob from NEF's Boncath workshop



Imagine your economy as a bucket. The money that comes into your area will flow straight out again if there are many holes in the bucket. A full bucket means that local people have enough money to be able to buy what they need for a good quality of life. But if your bucket is leaky then to fill the bucket you will need to pour the money in at a faster rate than it is pouring out. So there are two strategies to fill a bucket – you can pour in the money faster, or you can slow down its leakage by plugging some of the leaks.

In economic terms that means you both focus on attracting more money into your area – inward investment, grants, welfare benefits, export sales and so on. And you slow down the rate of leakage through local sourcing, adding value locally, using local resources. We've become so obsessed with bringing in new money that this second strategy for economic development has recently been neglected. That's why it forms the focus of this handbook.



In a nutshell, the Plugging the Leaks workshop explains how to draw a picture of the leaky bucket for your own local economy – showing how money currently pours in and how it currently leaks out. The next step is to roughly work out the scale of the different leaks, the ease of creating appropriate plugs and how interested people are in making the plug. It is then relatively straightforward to start plugging some leaks. It is also an approach that can be instinctively understood by people so that they can start applying the logic to all aspects of their lives.

The circulating pound

'Money is round, and it rolls away.'

Confucius



Suppose you paint a pound coin red and watch where it goes. Every time it changes hands within a community, it means income for a local person. The more times it changes hands, the better for that community. In fact, money that is re-spent in a local area is the same as attracting new money into that area. Either way, it is new money into the hands of the person who receives it.

So much for the £1 coin. Let's go up in the world and follow £100 on its journey around an area to see where it goes and what impact it makes.

Anne receives £100 and £80 immediately leaves her housing estate: swallowed up by gas and electricity bills; mortgage repayments; food from a supermarket; and a new dress from a boutique in the city. The remaining £20 stays in the local area because: £15 pays her cleaner; 50p buys an apple from the farm next door; £1.50 goes into her credit union savings scheme; and £3 buys some groceries in the corner shop.

Meanwhile Jessica receives £100. To celebrate, she asks a local baker to bake a special cake for her that costs £35. She then asks the local plumber to un-block her drains (at a cost of £45). The remaining £20 goes towards her telephone bill and so leaves the local area. In total Jessica has re-spent £80 in the local area.

Let's go round again

If you are comfortable with the idea of circulation, the next point to grasp is that it is important to look beyond the first round circulation. Above, we gave the example of Anne spending some money (£3) at the local grocer's. So in this first round, the money has stayed in the bucket. But if the grocer employed people and purchased supplies from outside the area, and lived outside the area himself, almost all that money would leak out in the second round.

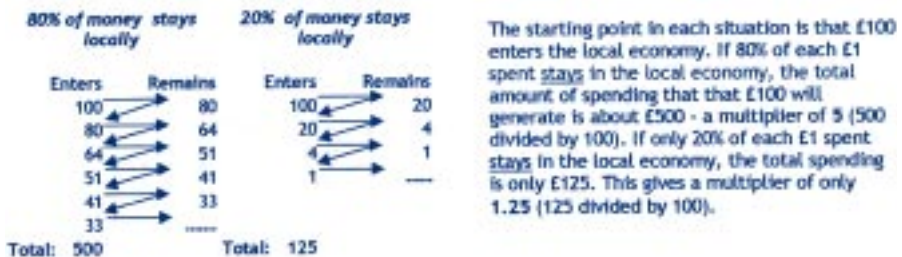
So it's not just where you spend your money that matters. It is also important where the people you give it to spend it. If you give your pound to Anne then she is likely to only re-spend 20% of it locally. But if you give it to Jessica then 80% of it might stay locally. So with Jessica the value of your pound has been multiplied several times! Understanding this so-called 'local multiplier effect' shows how important it is to look at all the economic impacts of expenditure, not solely the direct impacts.

Here are two practical examples. A study of tourism in Tayside showed that although tourists in hotels spent 70% more than those in B and B accommodation, the total income generated locally was in fact higher for B and Bs. This was because most of the money spent in hotels leaked immediately out of the local economy: non-local staff and owners, legal services provided by London firms, and so on.

The second example comes from a small district in Baltimore, USA. This district is predominantly black and predominantly unemployed after the steel and rail industries declined. Locals estimate that the 'local multiplier effect' is exactly 1.0. Practically all money comes in as social security and is immediately spent outside the community at discount food stores. There is no re-circulation; no multiplier effect to benefit the local economy. The community development corporation has now set a target circulation of 8, which they believe is the average for a predominantly white predominantly employed suburb in the US.

The local multiplier effect

How do we measure this 'local multiplier effect' then? The following table illustrates how it works – showing the spending patterns of Jessica and Anne:



If a business has a multiplier of 1, then it is re-spending none of the money it's earning in the local area. The higher the multiplier is above 1, the better the business is for the local economy, because more money is being re-spent locally. So the multiplier effect allows you to judge the impact of different economic activities on your area.

Don't worry if you don't understand the mathematics. The important thing is to understand the underlying principle – that if money is re-spent locally then it helps to strengthen the local economy.

As a practical illustration, we recently compared the multiplier effects of shopping for fruit and vegetables in a supermarket and from a local organic 'box scheme' (for the uninitiated, it's a fixed-price box of fruit and vegetables delivered to subscribers' doorsteps each week). The results showed that every £10 spent with the box scheme was worth £25 for the local area, compared with just £14 when the same amount was spent in a supermarket.

That sounds simple enough, though in order to reach these figures, local resident Tim Boyde spent two months tracking the finances of a Cornish vegetable box scheme, Cusgarne Organics, based near Truro. He followed the box scheme's expenditure to see exactly where it was spent; in particular how much of it was spent within a 15-mile radius of the business. He then also monitored where that money was spent at the next level of spending and so on. He discovered that the organic box scheme spent significantly more money locally than the supermarket and that this extra income to the area was then reinvested many times over by the other people who received it in the area.

Evaluating bids, tenders and inward investment

NEF has developed a tool that estimates the local multiplier effect of different types of initiatives. The tool shows how different initiatives (such as tenders for contracts or bids for funding or incentives for inward investors) compare with one another in terms of cost and local economic impact. Perhaps the most useful aspect of the tool's application is that it rewards those companies who do more local sourcing by giving them a higher result. This then frequently spurs them on to look for ways that they can increase their result further by doing even more local sourcing!

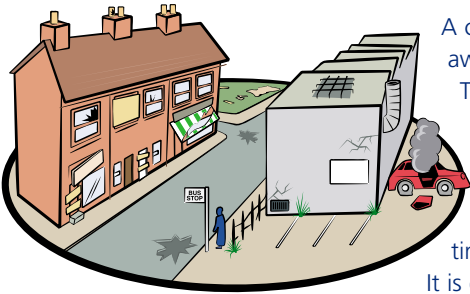
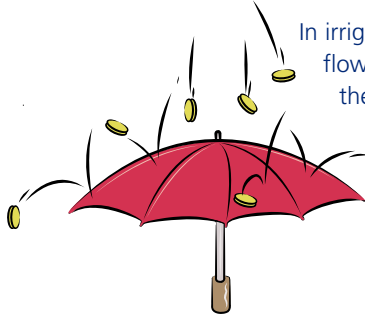
Knowsley Metropolitan Borough Council in Merseyside used NEF's multiplier tool to assess the local economic impacts of some of their construction contracts. It was estimated that just 8% of the Council's expenditure reaches local businesses, a situation the Council was keen to improve. The Council evaluated two contracts for their local multiplier effects. Contract A was let to a firm situated just outside the local area, and contract B was let to a local firm. The Council therefore thought that Contract B would have a greater overall local impact. However, interestingly, the study showed that the non-local firm had a higher impact on the local economy, with 16% of the contract income being re-spent locally compared to 11% for the local firm. This might not sound like a significant difference, but with each contract being worth in excess of £1 million, the numbers soon stack up. The reason for the different local economy effects between the two firms is that the 'non-local' firm in fact hired more local staff than did the locally owned firm!

Funnels and umbrellas

'This regeneration grant that we were awarded is not a new deal for our deprived area at all. It is a new deal for the rich people in the area over there.'

Local resident, Bradford New Deal for Communities project

In irrigation, the side channels are no use if there's no water flowing into them. And the multiplier effect only works if there's something there to multiply. For many poorer communities, that should include regeneration funding – flowing into a community, through its mini-channels, into its farthest corners. But sometimes it seems like there is an umbrella held over the poor community. The money flows off the edge of the umbrella into the richer surrounding areas.



A consistently observed example of this is in the awarding of contracts for housing improvement.

The contracts almost always go to external contractors, because they have the experience of delivering to high standards, tight timescales and so on.

It is entirely understandable why time-

stretched regeneration staff choose to award contracts in this way – it gives them a much greater guarantee of success at meeting that specific target to a high quality in the short-term.



A better approach for the local economy would be to create a funnel for the funding so that more of it could stay in the community. In practical terms this would mean undertaking the work more slowly, gradually supporting the strengthening of capacity inside the community so that they are able to undertake their own development. For example, a scheme could be created to strengthen relevant building skills in the first couple of years of a regeneration programme. Then those trainees could form



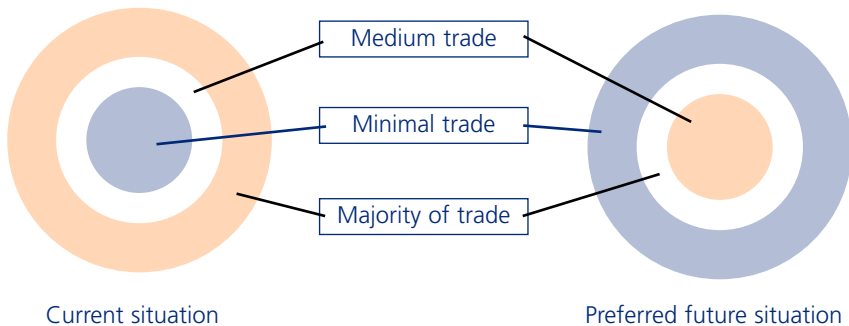
Plugging the Leaks

the basis for local tenders for contracts in subsequent years – though clearly they will need to win such contracts on the basis of open competition. Alternatively, administrative support might be offered to existing local traders to help them to organise themselves into a contracting co-operative.

Admittedly, this approach does take longer. It also takes a lot more effort from the regeneration staff. And there is greater short-term risk involved. However, it is the only way to make sure that the money does not leak away in the short-term – and of course it also increases the capacity of the poorer community to hold on to future money.

Spending circles

Imagine your area as the centre of a series of circles, with the outside one representing the whole of the UK and beyond. In the two diagrams below, the darker the shading, the more is spent there. The circles on the left represent the current situation: not much is spent locally, and most of the trading is from far away. A stronger local economy would be one where quite a lot of trading happens locally, most comes from quite nearby, and some, but not much, comes from far away.



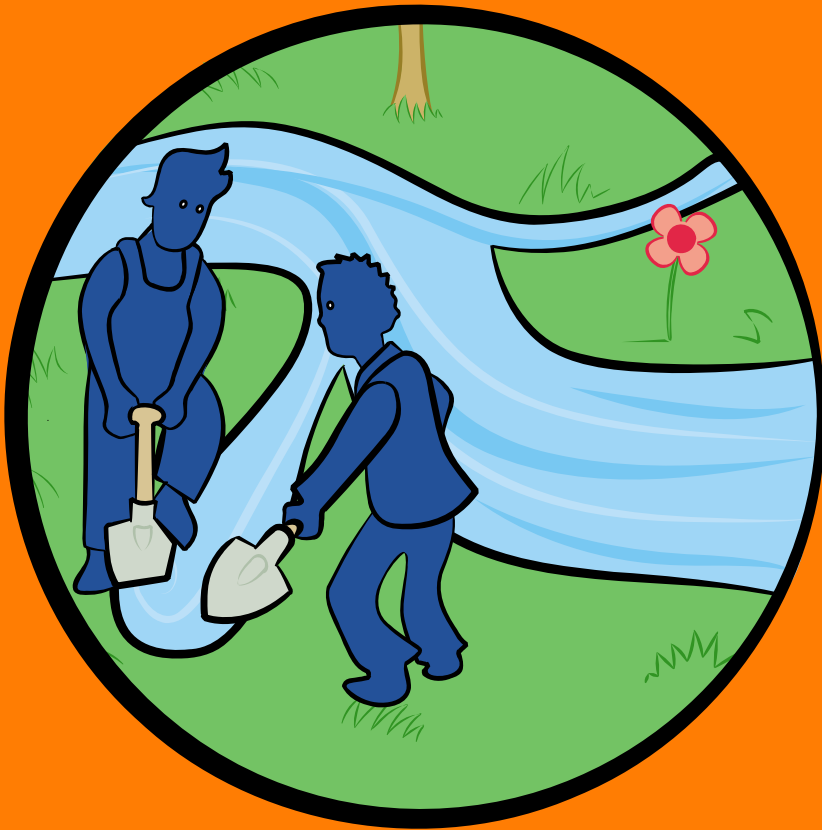
Reinvigorating the local economy means looking at some of the things you source from further away and seeing if there are steps that you could take to supply them more locally. A key part of this would be looking at things that currently leave your area to be processed elsewhere, before re-entering your area. Could you 'add more value' locally? Much of this 'middle man' role is marketing – could this be done more locally? For example, the vast majority of the fish caught in Torbay is transported straight out again. According to local economist Owen Nankivell, there is a huge opportunity to add value by opening fish restaurants or processing the fish before it leaves Torbay.

In the Brecon Beacons, locals began to realise that tourism was probably as important a source of money in-flow to the area as farming. They surveyed tourists and tourism establishments to identify ways to increase the impact of each tourism pound. As a result they decided to link local restaurants with local farmers and set up a youth-run marketing company that was locally based. 'All previous activity in this area', says Duncan Fisher, 'had been done by people from outside the area.'

Are you feeling a bit cynical about what you have read so far? Does it all seem too simple – perhaps even simple-minded? Would you be persuaded if we linked these ideas to a growing body of evidence produced by the United Nations Conference on Trade and Development? If so, take some time out to read *Appendix 2: The regeneration game*. It will particularly appeal if you are currently working to attract inward investment or to deliver a regeneration programme.

As we have moved from village hall to board-room, and training centre to dining-room table, we have found that the ideas outlined in this chapter have generated debate between people who have not previously come together to discuss their local economy. These people from different backgrounds and perspectives have then used this common language to decide on the future of their local economy. What follows is a detailed guide to taking it forward into action.

Preparing



3: A step-by-step guide to Plugging the Leaks

1. Introduction

What is involved?

So what can you do? The following approach has been tested out by a wide range of groups across the UK and Ireland, including market town businesses, urban New Deal for Communities, rural local authorities, church-based networks, women's groups and coastal community groups.

In each case, a core group came together made up of residents, businesses, and local authority people. The initial desire to start working collaboratively to improve the local economy came from different sources – it was as just likely to come from residents or community leaders as it was from the local authority or business people. The core group then enlisted the interest of as many local people as they could in identifying how money enters and how it leaves their local economy.

Next, they took action to increase local spending patterns. This resulted in setting up new businesses or supporting existing ones, creating a local economic development plan, or simply setting up one single leak-plugging initiative. It varied considerably from place to place – depending on opportunity and the availability of local people to make things happen.

The advantages of working together

Residents, the council or businesses cannot revitalise the local economy alone. Most solutions involve them working together. It helps for people in different sectors to understand the difficulties others face. Sometimes councils can't find local contractors for jobs and have to tender competitively. But working with local residents and community groups they can come up with creative solutions. These include informing local people well in advance of a new contract so they can strengthen their bid, or encouraging outside contractors to train up local people on the job.

Bringing people together who don't normally meet is not easy but can catalyse new solutions. In South Staffordshire, people realised that one problem with local food schemes was the lack of density of population, making it harder to find a profitable market. They saw that a successful scheme would involve supplying both residents and the public sector, the latter tending to be the largest organisations in the area. Luckily, there was a head teacher at the meeting, so they could immediately start exploring some of the possibilities.

What is involved?

The hardest part of getting started is to spread the ideas widely and inspire enough people to join in a workshop. Then together you will generate ideas on leaks and how to plug them. You can then identify your strongest leak-plugging possibilities and create a plan of action (as simple or complicated as you like) with an identified person to lead action on each part. Unless you have involved the key people from the start it is going to be difficult to get them to feel enough ownership of the results. And if they don't feel involved then they are much less likely to want to act on your ideas. So sharing ideas at an early stage is really important. Then at a later stage you are likely to want to get people involved in wider information gathering, and then using this to further develop your action plan.

Who will do the work?

The core group needs to pull together the first workshop – this ought to be led by – or at the very least include – local people. We have found that depending on local capacity, this might well need the active support of a local development agency to really flourish. The resulting leak-plugging actions are undertaken by local people, businesses, public sector officials or local development agencies. These actions will need to be maintained by ongoing awareness-raising and central coordination by a steering group.

If you do embark on further information gathering, surveys and publicity work some of this perhaps could be done by a market researcher or a consultant, as was the case in Hastings and the Brecon Beacons. Usually, however, one of the organisations involved can put forward a staff member or two to undertake some information gathering work, or local people themselves can take on this task.

We have found that if local people are actively putting their time into the fact-finding and analysis then they are a lot more likely to take up action afterwards. However, if surveying is an entirely new experience to the local residents (and for many people it is) they need to be given considerable training and support in this work. In each situation the less a community has done of this type of organising before, the more it will need the support of a local development agency.

How much work is it?



Each leak you manage to plug is a movement in the right direction and will make your community a little richer. So the more you can do of it the better. The approach outlined here can be used by a small community group working on just one issue (such as Bridport focusing on food or the Brecon Beacons focusing on tourism). Or it could be applied across an entire town to all aspects of business, resident and council spending (such as Hastings reviewing all of its major leaks). Alternatively you can use it as a stepping stone to increasing community confidence in economic decision-making, so that more residents can be encouraged to think about their spending patterns and take direct action to improve their local economy (such as happened in Cloughmills in Northern Ireland or Marsh Farm estate in Luton).

What will we achieve?

We have found that every community will get something different from Plugging the Leaks. Appendix 1 shows just how different the results have been in Milton Haven, Cloughmills, South Staffordshire and Luton. The results were dependent not so much on geography as on the area's particular needs, interests, resources and whether the timing was right for them. At the immediate level, the approach led Marsh Farm in Luton to set up its own construction firm comprising local builders so that they could together tender for larger contracts in the regeneration programme. Into the longer-term, Plugging the Leaks is providing Pembrokeshire Local Action Network for Community and Development (PLANED) with the framework for building a culture of entrepreneurship across the whole of Pembrokeshire.

The steps

The approach used has been kept as simple and flexible as possible so that you can adapt it to your needs. The key steps are:

Awareness raising			
	Holding a workshop		
Getting started	Generating ideas 	Agreeing Action 	Maintaining progress

We will now work step by step through each stage, showing how you might approach this in your area and how the ideas presented in earlier chapters can be used to help you plug some leaks. Some 'handbooks' are strong on theory, weak on practice. Here, we want to provide as much detail as possible, based on our own trial and error, to help you make the process a success.

2. Getting started

There are three stages to this:

1. Assemble a core group
2. Identify your 'stakeholders' and what will appeal to them
3. Identify area boundaries.

If, like our Derwent pilot, you are already an agreed regeneration area, with a defined boundary and many stakeholders identified then you may well already have covered most aspects of this step. For example, Derwent was very clear on its area boundary – it was their New Deal for Communities area. Initially they also thought that perhaps an existing group within their partnership could plug the leaks. However, a swift look through the following stages on assembling a group and identifying stakeholders showed them that not all the important people were currently involved.

So we suggest that you work through each of these stages, no matter how swiftly, to be sure that you have done the necessary groundwork.

1. Assemble a core group

We have learned two lessons:

1. It is fine to start small, but...
2. Try to end up with a good cross-section of the people in your community.

If you find that to start with, there are just a handful of you, don't worry. As the anthropologist Margaret Mead said, 'Never doubt that a small group of committed citizens can change the world; indeed it is the only thing that ever has.' Many of our projects started small. A small group of two or three enthusiastic people will then be able to help you in recruiting a wider steering group.

For example, in Crickhowell, Wales, the person who had the initial idea discussed it with a friend who worked in the Brecon Beacons National Park, as well as a friend who ran a local hotel. After a few initial meetings as a team of three they decided to invite into the discussions a much wider group of people ranging from the Mayor to local restaurateurs, food producers and artists. Through their discussions the three had built up a better understanding of what they were trying to achieve and therefore felt fully able to inspire and enthuse other local people.

There are several reasons for recruiting a good cross-section of people in your community, even if it takes time:

- The people you involve from the start will be the most motivated and most likely to get involved and actually take action to plug leaks
- You will bring together a wide range of people who may not be economic 'experts', but, if they are the right people, will between them know a lot about the issues affecting the local economy
- The people themselves may benefit from meeting each other. In rural areas particularly, many individuals and organisations feel very isolated in their work. In South Staffordshire, the Plugging the Leaks workshop was the first time that the housing association had met with the local college. They immediately set about planning appropriate courses for residents to build confidence and employability
- If you are a community group new to trying out these tools we strongly suggest that you find a local development agency to help you facilitate the process. The residents of Cloughmills have fortnightly meetings attended by Sustainable Northern Ireland Programme (SNIP), the development agency that originally introduced them to the Plugging the Leaks process
- If you are an individual, you are more likely to succeed if you find an organisation that can 'front' the project and, for instance, apply for grants. The Milford Haven project has undertaken a lot of resulting activity, partly because of the support it has received from PLANED in its information gathering phase and in co-ordinating follow-up work
- It also helps to involve potential funders for resulting action. In Cloughmills, Ballymoney, a small grant from the Council was the key to follow-up activity.

Some pilots found it more difficult to recruit a wide cross-section to participate in the process fully – partly because they already had their own existing networks. The next section may help.

2. Identify your stakeholders and what will appeal to them

First you need to identify your stakeholders. In case you're wondering, a 'stakeholder' isn't some kitchen gadget used by Jamie Oliver. It's a piece of shorthand jargon describing all the groups of people that have a stake in the issue that you want to act on. They could either do something to plug a leak or would be affected by a leak. On this basis, anyone who has some money to spend in your local area – practically everyone – can affect your local economy – even if they are choosing not to have any impact at the moment. Additionally there will be people who have ideas or access to information that would be helpful to your work and so they will be worth inviting.

So, your stakeholders should include:

- Any public services that do or could spend money in your area (such as schools, Health Service, Social Services, Local Authority, and so on)

Plugging the Leaks

- Shops – both small and big (even large supermarkets might be persuaded to buy local produce)
- Other business people, including farmers, publicans, artists and 'squeegy merchants'
- Community organisations interested in the local economy (which ones aren't?)
- Potential funders of leak-plugging activities
- And, of course, the humble consumer.

If you are still not sure how to identify your stakeholders, turn to worksheet 1 in Appendix 3 for further guidance.

What will attract the different stakeholders?

With Plugging the Leaks, different people are likely to be interested in getting involved for very different reasons. However, even we were initially rather surprised by the fact that almost everyone was so interested in the approach! Here is a brief glance at what people liked most (the quotations are genuine):

Small businesses are excited by the potential for:

- Greater publicity, such as through local business directories
- Supplying services/goods to larger local firms
- Market information ('This gives us a greater understanding of what local people's needs are')
- Help in sourcing products locally
- Forming groups to tender for bigger contracts.

Larger businesses are interested in:

- Improving the reputation of the area
- Sourcing more goods and services locally, so they have more control over quality
- Developing good relationship with suppliers
- Creating new markets by making goods to serve local needs
- Local, more reliable labour force with motivation to stay with the company.

Residents are particularly keen on:

- Keeping local shops for when you need them
- Less boarded up shops so the streets look more inviting
- More pride in the area ('Too many things have been done TO Milford and not BY Milford')
- Regeneration money employing more local people ('When we get grants for work to be done on the estate, where does that quarter of a million go? We want to keep more of that money here').

Community organisations liked:

- The chance to look at the community as a whole and tackle some of the economic issues behind a lot of social issues ('I'd go anywhere if it means lifting the level of this place economically')
- Building community capacity through participation in projects that everybody cares about
- Local employment ('We want to make our young people more employable').

Local Government realised that Plugging the Leaks could:

- Enthuse local people to work together to tackle issues that public sector does not have resources to implement alone ('There's a lot of apathy and cynicism round here, and we need something like Plugging the Leaks to break through')
- Tap into local, in-depth knowledge, and develop solutions that are more likely to work first time
- Give individuals who feel isolated in their economic thinking a language and credible alternative to complete reliance on inward investment
- Achieve several Best Value and other targets by local joined-up thinking and working
- Enable a much better knowledge of the local economy to feed into development of local plans ('It made me more conscious about levels of poverty and how little the Council are doing').

Regeneration workers saw Plugging the Leaks as a:

- Sound basis for planning regeneration so that the benefits of the money remain after the project is over
- Framework to understand how different parts of the economy fit together and why local solutions are important
- Ways of developing projects so that social, environmental and economic aims can be achieved together ('We have a new community enterprise incubation unit and we want some ideas for new enterprises').

3. Identify area boundaries.

In order to identify leaks you first need to define your bucket. In other words, you must decide on a geographical area that covers what you mean by 'the local economy'. You will probably do this initially in the core group, but check out your conclusions with other stakeholders, as you involve them.

For example, Crickhowell is in the Brecon Beacons. The local people decided to explore leakages out of their local Crickhowell economy. However, they noticed that the whole of the Brecon Beacons was having a difficult time with a lot of money flowing from village to village. So they decided that their action would, in the first

instance, look at plugging the leaks flowing out of the Brecon Beacons. Once those leaks had been plugged then maybe at a later stage they would look at leaks that were nearer to home.

If you need some help with this, worksheet 2 in Appendix 3 will give you some guidance.

3. Holding the workshop

Making choices

To start plugging leaks it is essential, and usually a lot of fun, to get people together to discuss their local economy and what they can do about it. In planning it there are some decisions to make.

Decision 1: Topics of workshop

The first decision is about what to cover in your first workshop. This will depend on what you want to achieve. In each case you would adapt the programme accordingly – as outlined in the notes that follow. Your four options are:

- a) You wish to run the workshop primarily to increase people's ability to understand their local economy. In Luton the Marsh Farm community's first workshop covered session 2 (see later in this chapter for further details on sessions) to provide a very preliminary insight into Plugging the Leaks. Following this they promoted the ideas heavily and started to inject the thinking into future decisions. A year later they are planning a programme of four further workshops to develop a detailed action plan that builds on the excellent foundations they laid.
- b) You want to provide a framework for an existing programme of work around which people could mobilise. In Bridport, the West Dorset Food Links undertook workshop sessions 1-3 in relation to the local food economy as a way of consolidating a programme of work they had already embarked upon.
- c) You want to start to catalyse a new programme of leak-plugging work. You are (or have access to) a well-resourced organisation with experience of regeneration that is able to provide strong ongoing support to the initiative. You want to gather all the available information and consult widely before taking your first decision. Harehill in Leeds undertook sessions 1-3, and held a second workshop a month later for action-planning (session 4). This gave them the opportunity to gather extra information and wider support before they embarked on informed decision-making. It does however create a gap between idea-generation and decision-making that can lead to reduction in local enthusiasm.

d) You want to catalyse a programme of action that will plug leaks *and* build local capacity incrementally. You are a community (or community organisation) with some support from a local development agency and perhaps a little funding. Cloughmills completed all the sessions in the first workshop and met two weeks later to fully plan their first action. After several meetings of organising leak-plugging initiatives they then returned to start planning the information gathering process, building on the awareness brought about by the actual projects they had already set up. Overall we have found this to be a very sensible approach, which can generate practical results on the ground in a short time-frame.

Decision 2: Tone of workshop

Your second decision is about the tone of the workshop. If you want local residents and community development staff to be involved in the analysis and decision-making then you need to make the process more fun and interactive – a 'dry', more factual, approach will simply not inspire them. However, our more interactive fun-filled approaches have sometimes irritated the 'professional' regeneration and economic development folk! So how you pitch your approach will depend on your participants and keeping all happily engaged can be a juggling act. However if all involved are clear on your motivations and the reasons you are switching between interactive/fun approaches and 'drier'/academic approaches you will carry more people with you.

In Plymouth, most of the group were from the community, and for many it was their first experience of attending a workshop. This was the first Plugging the Leaks workshop that we had run. We realised that some 'deliberate' mistakes, like the handle of the bucket forever falling over or our complete inability to draw a bathtub, injected some humour into the day and actually put people at their ease.

A more deliberate approach to informality was taken by Alice Quinn, who organised a community leadership workshop in Northern Ireland for 150 people. She was very clear that the sessions on Plugging the Leaks must be fun – with lots of water leaking out of buckets, and regeneration funding dripping all over the floor! She had promised participants that they would be up moving around and engaging with the issues, not passively listening to ideas. The residents loved this more physical approach, saying that the fact that it was fun really made the ideas much more memorable. One person did however say in his evaluation form that he would have preferred to have 'not got quite so wet!'

The Milford Haven group, was made up of regeneration workers and business people and they felt that the water play took up too much time and didn't help to develop their understanding. The Hastings Trust were similarly unconvinced by this approach: NEF had to promise that future meetings would NOT have any water in them!

Decision 3: Length of workshop

Your third decision is about how long the workshop should be. We find on the whole that people need 2-3 hours to start to understand how their local economy works and identify where some of the leaks are; one hour to identify what sort of action could be taken to plug them; and two hours to agree what they are going to start to do about them. This adds up to 5-6 hours.

Clearly however in deciding the length of your workshop, your answer to Decision 1 is vital. So, workshops that only want to increase people's understanding about the local economy will take less time – such as Luton's Marsh Farm whose crash course in Plugging the Leaks took less than one hour.

Other pilots who wanted to create fuller action plans went for a full six hours. This gave them the time to plan the follow-up necessary.

Alternatively, you can split your workshop across two evenings. We found that this was the preference for more rural communities who found it hard to take a full day out from their usual work, such as Boncath in Pembrokeshire. Don't have the two evenings more than a week or so apart, or people will have forgotten what happened in the first workshop by the time of the second. Boncath chose consecutive evenings – however scheduling the first night of a workshop in Wales on the same night as choir practice was not such a good idea! If you are splitting the workshop across two days then you are likely to have some participants arriving new on the second day, so be prepared to provide an additional facilitator to run a swift revision session with newcomers on the second night in parallel to the main workshop.

Preparation

Organising a workshop

Organising and facilitating workshops like these is an art form that we have not the space to describe here. There are a number of traps for the unwary, like arriving at your venue and finding that you can't stick flipchart paper on the walls. So we recommend to the core group that, if they do not have the relevant experience and skills, they should look for someone who has and not try to go it alone. We have also found (or rather, Bernie did upon her return from maternity leave) that if you focus too much on the content of the workshop then you might find that you forget the basics (like presenting an agenda at the start of the workshop, or scheduling in coffee breaks). So if you are trying this out for the first time, do have a support person with you who can keep the basics running smoothly whilst you focus on the content.

Background research

As preparation for your workshop it is very important to do some background research. Unearth all the visioning exercises, community appraisals, or surveys that you can find from the last two or so years and review them to see if there is any concrete information on the economy's strengths, weaknesses, opportunities or threats. Otherwise, participants may think you are simply 're-inventing the wheel'.

After the first workshop in Milford Haven one participant commented that he had 'been here before'. Milford Haven therefore decided to review its local community appraisal. Interestingly however Joan Asby of PLANED, our partner in Milford Haven, felt that reviewing the literature after (rather than before) the first workshop was helpful since it stopped the Plugging the Leaks ideas being limited by these previous exercises. So you might want to pull together the various documents in advance of the first workshop but not to actually share them with participants formally in case this becomes a limit to their imagination.

Visioning exercises can be a useful basis upon which to build the Plugging the Leaks process – Aberdeen has linked its project with a Planning for Real exercise and will continue to approach Plugging the Leaks in this manner in other areas.

Mapping what you already have

You may already have a local business directory, however if not then we suggest that you might want to start work on this in advance of your workshop. Otherwise you will find that the much of the initial 1-2 hours of the workshop will be spent with participants sharing knowledge on their existing local resources. Interesting, however perhaps not the best use of everyone's time. Our pilots proved to us that a very important reason that people did not spend their money locally was that they simply did not know about local sources from whom they could have bought. For this reason, on our website we have outlined a very simple way to create a local business directory. Clearly as modern technology improves and websites develop to better serve this need, it will get easier and easier to create directories and access local resources. We suggest that you put the main businesses you identify on to a physical map of your area – deciding how you are going to colour-code or represent businesses in advance (we have found that both moveable sticky dots or cut out coloured card work equally well). Be sure to include empty premises (in a prominent colour) or businesses that have under-used waste products.

The map of your area can be easily adapted from an existing map or a free map of your local area can be downloaded from one of many sites such as: www.streetmap.co.uk or www.ordnancesurvey.co.uk. You then need to put this map

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up on the wall, or on a large table, just inside the door for when people arrive. Allow participants to build to this local map as they arrive at the venue – for this you will need to provide the sticky dots or cut out card for people to write on to. Every single pilot we supported decided at the end to create a local directory – so this preparatory work forms a strong foundation for the future directory.

Briefing material

To help people prepare for the process of identifying leaks it is a good idea to give them some background information that helps them see:

- The part that they could play in plugging leaks
- That the process is going to be useful and not too complicated
- They will not appear un-knowledgeable and will not be wasting their time.

Our website has a few example leaflets which you can download and adapt to your context. It also has lots of pictures and other promotional materials that we are happy for you to use. Alternatively you could photocopy one or two of the case studies in Appendix 1 to show others how it has worked elsewhere.

For people who are more comfortable with figures it might be worthwhile explaining the concept of the local multiplier – but beware this can put some people off unless they are pretty comfortable with mathematics. For example, in Leamington we sent out a newsletter which included the workings of the multiplier. This attracted the economic development officer to the meeting; however made the community development worker rather nervous about the day. If you use it, explain that you really don't need to understand it to take part in the workshop.

In advance of the day send out to participants the background information you have prepared. This will help those people who want to know more to understand even more clearly what you are planning to do together.

Inviting people

Invite all the main stakeholders to the event, well in advance. A letter is too impersonal for the type of commitment you are trying to secure. Instead invitations are best made in person or by phone. If possible ask people, before you fix a date, when would suit them, it signals how much you value them and want them to come. Given that you will be expecting many of the participants to undertake follow-up work arising from the workshop it is a good idea to let people have some idea that this is going to happen in advance. For many this will also make them feel much more interested in coming along.

Miguel Pinedo from Leeds said, 'It is a real challenge trying to get together people and interests that do not often coincide in the same room! Residents and small businesses are very difficult to hook for any kind of session, let alone something they perceive as being somewhat abstract or irrelevant.' So it really is important to highlight the action-planning focus of the workshop and the concrete outcomes.

It is also important to let individuals with special interests know that the workshop is not going to only focus on that issue, but will focus on a wider agenda. This will ensure that the workshop is not overly taken up with one initiative.

In Hastings one participant was particularly interested in farmers markets. The group found that wider discussions about Plugging the Leaks tended to get rather skewed towards the food economy, when in fact many other sectors were also key to the potential development of Hastings' economy.

If there is any stakeholder group that you have difficulty in recruiting, you may need to make special arrangements. In Pembrokeshire PLANED had run the Milford Haven pilot and were ready to roll Plugging the Leaks out into an additional 15 areas (each comprising 5-6 villages). They knew however that they would never be able to get the senior council staff to attend all of these sessions and so decided to organise one centralised workshop at the start to gather their ideas. They then fed this knowledge back into each workshop, where local council staff could then add to them.

Equipment

Visual aids really do help people to get a stronger grasp of what is happening in their area. Choose them carefully to match the needs of your participants. The one that is likely to be most useful is an actual bucket, or a picture of a bucket (perhaps downloaded from our website). Additionally our website includes PowerPoint presentations that you might want to show. Each session suggests different ways of presenting the ideas visually – these will all need to be prepared in advance.

Other equipment:

- Flipcharts and coloured pens – some of the flipcharts labelled as outlined in the relevant sessions
- Post-its in vast quantities (some red, some green, others in neutral colours not associated with traffic lights!)
- Sticky dots (10 yellow per person and 5 red and green per person)
- One copy of Appendix 5 for each participant.

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Running the workshop

It is during the workshop that how you include participants and how you 'pitch' your information to their needs and interests (and idea of fun!) is really important. We have given a few different options so you can decide how best to approach the workshop in your context.

The structure of the workshop is as follows. Adjust the timings depending on the size of your group and how comfortable they are likely to be in moving through the ideas. Be sure to schedule ten minute breaks at various points throughout the longer sessions (depending on what time of day you start the workshop) – given that many people will be meeting for the first time participants will be keen to network with one another and will do so during the workshop if you have not given them a break in which to do it! Be sure to add the break times on to the session times – the times given below show actual working time, not time for breaks.

Session	Description	Length in minutes
1	Introductions	30
2	Exploring the leaky bucket	90-120
3	Exploring other approaches	60-90
	Compulsory break for collating information	
4	Planning action	90
5	Agreeing how to maintain momentum	30
Total		5-6 hours

Session 1: Introductions (30 minutes)

Introduction

This session sets the scene, makes people feel relaxed – and allows for a few late arrivals to join in without feeling that they have missed major issues that they cannot catch up on later on.

The elements are:

1. Setting the context (20 minutes)
2. Forming groups (10 minutes)

Setting the context

Welcome everybody. Introduce yourself and briefly present an agenda for the day – highlighting lunch and coffee breaks. Then outline a few of the reasons why the group has come together – what is the overall reason that you think there is a need for Plugging the Leaks in this local area. You might find it helpful to use the map of the local economy (which participants should have been looking at and adding to as they entered the room) to help you to show why there is a need to plug some leaks – perhaps point to the vacant premises, or some poorly frequented shops, or a waste product from a particular business.

Then confirm the geographical area that you are interested in. Use worksheet 2, Appendix 3 to help you in this process. If it is obvious to all present where the natural boundary to the area lies, then this can be done very quickly.

Then go around the room and ask each participant to:

- Say who they are
- What they want to get out of the workshop (capture this on a flipchart)
- Identify one 'thing' (item or service) that they have bought locally in the last week and
- Identify three 'things' that they have bought from outside the area.

Forming groups

At this point you need to divide your participants up into four working groups. You can do this two ways: either have entirely mixed groups with each looking at the entire local economy; or have one mixed group and then one group each of business, residents, and public sector budget-holders.

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The three sectors are a way of categorising all those who have money to spend in your area. Throughout much of the remainder of the Plugging the Leaks process we focus on these three groupings as separate entities, trying to create strategies that enable each of these sectors to increase the amount of money that they spend in your local area. The three sectors are:

- Businesses (these are any businesses actually based in, or who could (or do) employ people from, the area. It includes shops, marketing consultancies, window cleaners, accountants, farmers, manufacturers, call centres, and so on)
- Residents (self-explanatory – anyone who lives in the area being examined)
- Public sector (this covers regeneration, schools, health centres, local authority staff, hospitals, state nurseries, and so on).

If you have not been able to attract in at least one or two participants from each of the sectors you might want to only tackle one or two sectors. Some pilots chose to stay in generic, mixed groups and simply tackle all sectors together – Cloughmills did exactly that and it enabled them swiftly to move to action (see in Appendix 1). Also those who are only intending running sessions 1 and 2 of the workshop (as a way to build economic literacy) are likely to find it most useful to stay in mixed groups.

On the whole however we recommend that you break into the four groups (three sectors and one mixed) allocating a corner of the room to each of them. Ask everyone to go and stand in the appropriate corner. Start by asking people to join the group to which they feel best suited. To get the right numbers in each group, though, you may need to ask people to discuss a sector they know less well. Our workshop in Leamington had several people who were both residents and business people, so we asked two of these people to move from the residents group into the business group in order to make up the numbers in this group – in the feedback session at the end all participants were able to input into the ideas generated in other groups so those wearing two hats had the chance to wear both. If a group has ten people or more, consider sub-dividing it.

You are also likely to have a few participants (usually the voluntary organisations) who are not entirely clear which group to join. We have found that they tend to be very good at playing the role of public sector budget-holders (in fact they relish the opportunity!); and that aspects of their spending pattern are similar to the public sector budget-holders. However they also need to work closely with residents and so joining that group also works very well. You may simply want to request the voluntary sector workers to join groups where the numbers are low or where people might need most encouragement to get involved.

Session 2: Exploring the leaky bucket (90-120 minutes)

Introduction

In most cases, you will want to discuss the whole local economy in this session. This is the best approach for you if you don't yet know what type of leak-plugging action you might want to undertake, or if you want to launch a wide programme to plug a variety of leaks. It also allows people with different interests to explore whatever interests them most and is the most likely way to catalyse a range of initiatives across an area.

Some groups however might find that they arrive at the Plugging the Leaks workshop, already knowing that they want to tackle one particular issue in-depth. This means you already know where the passions of your group lie and so you want to focus in early. This was the case for our Bridport pilot whose main interest lay in exploring how money left the area for food purchases.

The format that we cover here explores the entire local economy. Adapt it if you want to focus on a particular aspect of the economy.

There are four elements to this session. The elements are:

1. Generating ideas on leaks (35-55 minutes)
2. Generating ideas on plugs (35-40 minutes)
3. Clustering the information (5-10 minutes)
4. Reporting back to plenary (15 minutes).

Generating Ideas on leaks

a) With all participants in their groups, start to explore the idea of the leaky bucket as outlined in chapter 2. You can either use a highly interactive water play approach to presenting these ideas, as outlined in the accompanying box (add 20 minutes to this session if you choose this approach). Or you can use illustrations copied from this handbook or downloaded from our website. There is also a PowerPoint presentation on the website that you might find helpful. But if high technology isn't your thing, a simple flipchart with a *very* badly drawn bucket works equally well! Whatever you choose, also give each group their own flipchart with a bucket drawn on it on to which they can stick a lot of post-its.

With all participants in their four groups and facing you, and using whatever visual aids you have selected, briefly introduce the economic leaky bucket – being sure to stress that when the bucket is full everyone in the local economy has enough

Water play: the demonstration method (20 minutes)

Demonstrating the principles of Plugging the Leaks physically gets everyone involved. Keep it snappy, short and sweet, otherwise people will get bored. Keep the questions and too much explanation for later. This can also be done just using overheads, but is much more memorable in the flesh!

Ingredients

- Bucket (toy one is easiest) with a handle and with six holes drilled in the base and in the lower parts of the sides
- Bluetack
- A large watering can full of water
- A large bowl to catch the water
- A toy umbrella, about 50 cm, straight not fold-up,
- A funnel (if you can find or make one that is large enough). Failing that cut a small hole in the top of your umbrella.
- Two large plastic bags, cut to maximise surface area, or plastic sheeting
- Towels or paper towels on hand to mop up any casualties (!)
- Post-its
- Flipchart paper with a picture of a bucket on it.
- Willing volunteers (three)
- A camera (to blackmail your colleagues in the future, and to prove that local authority types in suits really do get their hands dirty...well some of them!)

Recipe

First, lay the plastic on the floor, overlapping the bags if used, and place the bowl in the centre.

1) Demonstrating the regeneration umbrella – money never reaches the area intended for it

Ask someone to hold the umbrella right way up with the bucket hanging from it. The umbrella is only a little bit open, so that if it is directly over the bowl the water won't flow into the bucket but will flow into the bowl. The bowl is just there to catch the drips, though it could represent the wealthier suburbs around a poorer community. Ask another person to pour water from the watering can over the umbrella. No water will go into the bucket: it will all go straight into the bowl.

2) The funnel: the water reaches the bucket

This is messier: someone needs to hold the bucket directly, but they'll need to roll their sleeves up and remove their watch. Another person holds the funnel (or the umbrella upside down and only just open), just above and pointing into the bucket. The watering can holder will get less wet this time, since now the water goes into the bucket.

3) Ask people to think of ways to plug the leaks in the local economy so that the water/ money won't leak out. Dry off the bucket, and ask people to write their idea on a post-it; they can then fill in one of the holes with a piece of blue-tack, and put their post-it on a flipchart of a bucket for safekeeping. Placing the post-it on the actual bucket is a recipe for disaster.

4) When all the holes have been securely plugged, reassemble your team. This time, the water flows through the funnel, into the bucket, and wells up until it overflows. Carry on pouring! The water will start to circulate round in the bucket, but will always flow out to other places. This demonstrates that we are not aiming to be isolationist or keep the money for our community alone. Once we have enough, any money that comes in will go on to benefit other communities, after having been enriched by a little stay in our community first.

Finally, pat yourselves on the back – now you know where you are aiming, the challenge is next to do this for real!

Plugging the Leaks

money. Point out the holes to participants. Then ask **'How can you get the bucket full?'** Participants will point out two ways: pour the money in faster; or plug some of the leaks. (5 minutes)

You now start to ask the participants to create their own leaky bucket. If all groups are mixed then each will be creating a similar leaky bucket. If the groups are in sectors then you will need to amend your guidance accordingly and you can expect each leaky bucket to look rather different. At the start of each question tell participants how long they will have for each part.

- b) Ask participants **'How does money enter the local economy?'** (if they are working in sectors get them to look at the money entering their sector specifically). Ask all participants to write their ideas on to post-its of a particular colour (for example yellow). Place them *above* the bucket drawn on the flipchart. (5 minutes)

The general list usually includes welfare payments, council spending, tourists, income to shops, grants, specific industries, salaries and large employers, and maybe Lotto if people are feeling lucky.

For the public sector group this might include the spending budgets of schools, health outreach, rubbish collection, road-renewal, housing development, IT and administration, personnel, and so on.

- c) Then ask participants **'How does the money leak out?'** (again if they are working in sectors get them to look at the money leaving their specific sector). If working across the entire area they need to think of:
- Leaks from individual budgets, local authorities, community groups and businesses
 - Their personal and work spending
 - The spending of any groups who are not represented in the room.

Ask participants to write their ideas on to a coloured post-it (for example blue) and place them *below* the bucket drawn on the flipchart. (25 minutes)

Generating ideas on plugs

- a) Start by reading the leak-plugging ideas Appendix 5 and also perhaps one of the case studies in Appendix 1 (choose the case study to suit your group). This helps to set the scene and get people thinking about the realm of the possible. (5-10 minutes)
- b) Then ask participants **'How can we keep more of the money here?'** (if they are working in sectors get them to look at the ways of keeping more of their sector's money in the local area specifically). Ask participants to explore as many of the

leaks as they can and to suggest ways of plugging them. Ideas can be complex or simple. At a simple level you can look at things that could be sourced locally that currently are not. At a more advanced level you can look at ways that private businesses, or social enterprises, could be catalysed or strengthened locally so that they would be better able to win contracts in future. People may need prompting to think in these terms. After 15 minutes if ideas are starting to flag you might want to add in some additional questions to get ideas flowing.

Here are a range of potential questions:

- What services are currently run by the private or public sector that could be delivered through a social enterprise (for example leisure services, child care, refuse collection, housing maintenance and so on)
- What could they buy in bulk to reduce costs (fuel, agricultural inputs and so on)
- Do they have any under-used local resources or waste? How could these be put to better use?
- Are there any projects or enterprises that could be developed to help increase the confidence and skills of unemployed people and so get them back into employment?
- At several points in this task remind participants to look at their leaks and see if there are any more ideas on how to plug them.

Ask participants to write each of their ideas on to a coloured post-it (for example pink) and place them *inside* the bucket on the flip chart. (30 minutes)

Clustering the information

Ask participants to cluster their plugs into groups – for example all high street renewal issues together, or all energy-related ideas together. Then ask them to transfer this information on to a flipchart that is in the following structure. Each flipchart should also be labelled to show which sector created it (e.g. residents), otherwise it will not be clear later on when ideas are pulled together which sector it is that needs to take on which action. Although it is very likely that many actions will need cross-sectoral working, this will not be the case in every instance.

Put the clustered plugs into the right hand column THEN give the cluster an appropriate name on the left hand. Do this by sticking the post-its on to the flipchart since this makes sure that ideas can be moved around with minimum effort. (5-10 minutes). This could look like the figure overleaf (but with all points made on post-its).

Plugging the Leaks

Problems (Leaks)	Ideas for action (Plugs)
Energy	Bulk purchase of oil Increase car sharing Insulate houses Use agricultural bio-mass to create energy Develop wind energy co-operative
High Street Renovation	Traffic management scheme Beautify high street shops Survey potential high street shoppers to define desires for high street development

By this point you have given people a good basic understanding about what Plugging the Leaks is trying to achieve. So if some people can only come to part of your workshop, this is the most useful session.

Alice Quinn's workshops for 150 community leaders in Northern Ireland included a Plugging the Leaks introductory session of only 1 1/4 hours. The intention was to build the confidence of these communities in the hope that they would take increasing control of their own economies. Over time Alice hopes that many of these groups will start plugging their own leaks.

A similar session was also run in Dublin by SNIP, our Northern Ireland pilot, as part of a broader conference called FEASTA. The week after the workshop Billy Murphy from the Wexford Partnership, who had been at the FEASTA conference, contacted us to find out how they might start Plugging the Leaks in their area.

Reporting back to plenary

Each group then presents their ideas back in plenary to the other groups. If time permits, this can be in a presentation. If time is short it could be simply by putting the leaky bucket flipchart (now only containing in-flows and out-flows) and also the Problems/Ideas for Action flipchart into a prominent place.

Session 3: Examining other ideas (60-90 minutes)

Introduction

Having thoroughly explored the local economy from the perspective of a leaky bucket, you might now feel that you could move straight to action. However in our experience doing so would be a little dangerous. You almost certainly have a few unconvinced souls lurking amongst your participants. These need convincing before they will be ready to agree to action. And it is quite likely that several very good ideas have not yet come up since the leaky bucket isn't able to unearth them all. So, now is the time to introduce and explore one or two of the additional ideas proposed in chapter 2 in order to win over those cynical souls and unleash additional ideas for action. This is also a good time to change working groups, giving participants the chance to work with other people in the room (perhaps people who irritate them less than the ones they have just found themselves working with!).

There are four elements to this session. The elements are:

1. Forming groups (10 minutes)
2. Generating additional ideas for action (40-70 minutes)
3. Reporting back to plenary (10 minutes).

Forming groups

Choose any method with which you are familiar and divide your participants into four different working groups. You could do this by working around the room giving people numbers 1-4 and then getting all the 1's to go to one corner, the 2's to another corner and so on. The main aim is for participants to get the chance to move into new groups with some people they have not yet worked with. Note that all working groups will explore the entire local economy; they will not be in working groups looking at different sectors.

Generating additional ideas for action

In this part you are going to use one or two (or possibly three if you have the time and a very fast group of participants) of the remaining ideas in chapter 2 to further explore the local economy with participants. The remaining ideas in chapter 2 are:

- Irrigation (30 minutes)
- The circulating pound (10 minutes)
- Umbrella and funnel, (30 minutes) and
- Spending circles (30 minutes).

Plugging the Leaks

The aim is to address any concerns your participants may have, enable some wider discussion to take place and also to generate additional ideas. Note that all four of these ideas help to win over the cynics; however the circulating pound is not geared up for generating ideas, whereas the other ideas are.

We do not make a clear recommendation as to which particular ideas you should focus on, since the ideas that some people liked the most were exactly what other people liked the least! However, in general we found that rural communities liked the irrigation approach (it appealed to the farmers in particular!); whilst urban regeneration initiatives were keen on the umbrella and funnel. And in areas with lots of public sector officials, the circulating pound worked wonders whilst community development practitioners preferred the spending circles. You need to explore these four ideas and decide which ones are most likely to work for you.

We now give some suggestions as to how you might want to work through them with your groups.

Irrigation

'We have heard it all before, it's just about import substitution' and 'It doesn't work, you need to go for big inward investment programmes.'

If such remarks have been expressed by your participants, then it is time to start exploring irrigation.

The aim of focusing on this idea is to get people really thinking about the inflows of money into their area and how to make this money work harder. This shows all present that the approach is about helping inward investment to benefit more people. It is NOT about stopping or reducing inward investment. It is about maximising its impact. The approach is particularly helpful if an area is very dependent on one or two in-flows of money – such as agricultural income.

You can approach the issue of irrigation by drawing your own diagrams or downloading some illustrations from our website. Then simply talk people through the basic idea, as outlined in chapter 2. (5 minutes)

Then give all participants a copy of a flipchart with a diagram of a simple central irrigation channel – perhaps copied from chapter 2.

Ask participants to choose together the four major inflows to their local economy. Use the leaky buckets that were created in session 2 to help you at this point. The selection might be inflows like tourism, welfare benefits, or a large company such as

a call centre or manufacturing plant. Then allocate each inflow to one group and ask the group to label its central irrigation channel with that inflow. (5 minutes)

Then ask each group to dig *mini-channels* off that central irrigation channel. This means identifying ways to bring about more local re-spend of the money that is already entering the local economy through that inflow. The ideas should then be put on to red post-it notes and put onto the mini-channels on the irrigation flipchart. (10 minutes)

Explore what support, training, time or money would be needed to make this a reality. Write these ideas on to red post-its and put them on the mini-channels, or on the shovels that are digging the channels. Some of these might be quite detailed ideas. (5 minutes)

Then ask participants to cluster their red post-its and place them on a Problems/Ideas for Action flipchart. (5 minutes)

Umbrellas and funnels

'Plugging the Leaks is only about residents buying locally – or maybe businesses too.'

All regeneration workers are committed to improving the local economy – however many we have met are not perhaps as creative with their own budgets as they could be. They frequently do not see that public sector money can also be spent in such a way that it maximises local money circulation. They quote the limitations put on to them by procurement legislation – however they have not done any research to see how other organisations have managed to be creative with these rules. So if your area includes a regeneration area with an allocated budget, then it is worth introducing participants to umbrellas and funnels.

In advance of the workshop you will need to have got hold of a copy of the regeneration action plan so that you are able to prompt participants if they are not very knowledgeable about their action plan. It is also a good idea to let any regeneration officials who will be attending the workshop know in advance that you might be calling on their specialist knowledge in this session, otherwise they might feel a little set upon!

If you used water play in session 2 then you might already have covered the basic introduction to this. If not, then you can approach this by drawing your own diagrams or downloading some illustrations from our website. Then simply talk people through the basic idea, as outlined in chapter 2. (5 minutes)

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Ask participants to identify four areas of the regeneration budget (such as crime prevention, skills and learning, employment, housing, and so on). Then ask each group to select one actual project within one of those areas (for example, renovating the school playground or employing two new policemen to walk 'the beat' in a crime hot spot). (5 minutes)

Then ask each group to *design a funnel* for that funding stream. This means identifying how each project could be done in such a way that maximised local re-spend of money, by employing local people and using local materials or services. Explore what support, training, time or money would be needed to make this a reality. What would be the implications of this for planning (for example the need to spend the money more slowly so that local people could be trained, or create their own organisations, and therefore be better able to bid for contracts and so on)? Write these ideas on to red post-its – some of these might be quite detailed ideas! (15 minutes)

Then ask participants to cluster their red post-its and place them on a Problems/Ideas for Action flipchart. (5 minutes)

The circulating pound

'It all seems rather wishy-washy to me' and 'Is this only about the alternative economy?'

If it appears that your local economic experts or business people need a little extra persuasion to be convinced about the Plugging the Leaks approach you might prefer to spend this session further exploring the circulating pound and through that the concept of the local multiplier. To do this we suggest that in advance of the workshop you put on to a flipchart the table from chapter 2 that outlines the multiplier. Also put together a selection of notes and coins to make up a round number – such as £1 made up of 50p, 20p, 2x10p and 2x5p. Or £10 made up in a similar way. Below we work through the approach as if you started with £1.

This scenario aims to explain how money flows from person to person – however do feel free to use different types of people and different amounts of money.

First, pass the money you have put together to a person in the workshop.

Reveal to all participants that this person is the local mayor and has spent 20p of the money outside the area but the remaining 80p was given to the local hairdresser. Then ask the 'mayor' to pass 80p of their money to another participant who is now the 'local hairdresser'. Highlight to participants that the mayor has re-spent 80% of his/her money locally and so is a good person to have passed the money to.

Tell participants that the local hairdresser was having a bad day and so spent 60p on chocolate bought at a non-local supermarket – but gave the remaining 20p to her son for helping with the washing up. Then ask the 'local hairdresser' to pass on 20p to another participant who is now 'the son'. Highlight to participants that on this particular day the hairdresser was not such a good person to have given the money to, since she only re-spent 25% of her money locally.

Tell participants that the son only liked to spend money on games to play on his computer. These can only be bought over the internet. All the money leaves the area – so the son is not such a good person to give money to!

Then show how the £1 that the mayor received resulted in 80p of income for the hairdresser and then 20p of income for the son. This means that the £1 helped to generate an additional £1 for the community, making a total of £2. This is a multiplier of 2.

Finally, show people the flipchart of the multiplier that you prepared in advance that shows the 80% and 20% re-spending pattern in chapter 2. It is quite likely that some participants won't understand this part – but they will have understood the money being passed around the room so that is enough.

Allow time for questions and debate. Some people will seek to show that the multiplier does not show how important some businesses such as supermarkets are to local people. Others will point out that some businesses might not spend a large percentage of their money locally but are such big businesses that they still make a large impact on the local economy. Both points are very valid. The circulating pound and multiplier only show the local economic impact from one angle, it is true that other issues are also important to take into consideration when assessing the value of an initiative.

Spending circles

'I rather like my supermarket – I don't want to have to buy everything locally' and 'Plugging the Leaks is protectionist'

If these are the cries you have heard in session 2 then exploring spending circles will help participants to see that Plugging the Leaks is not about everything being sourced locally, simply more of it from the nearest appropriate spending circle.

You can approach this by drawing your own circles and simply talking people through the basic idea, as outlined in chapter 2. (5 minutes)

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Give each group a flipchart with three large circles drawn inside one another – as in the picture in chapter 2. Ask each group to identify a range of items that they source from each of the three circles. Write these onto yellow post-its and place on the relevant circle. (10 minutes)

Then ask each group to identify ways that they could move some (not all) of the items into a closer circle. For example, rural areas could be encouraged to think about local produce that is processed elsewhere and then re-imported. Or urban areas could look at recycling white goods or furniture, rather than importing these. Write these ideas on to red post-its and place them in the closer circle. (10 minutes)

Then ask participants to cluster their red post-its and place them on a Problems/Ideas for Action flipchart. (5 minutes)

Reporting back to plenary

Each group then presents their findings back in plenary to the other groups. If time permits, this can be in a presentation. If time is short it could be simply by putting the various flipcharts and also the Problems/Ideas for Action flipchart into a prominent place for participants to peruse. (10 minutes)

Session 4: Planning leak-plugging action (90 minutes)

Introduction

This session is vital if you want follow-up action to take place. Without it you will have no agreed way forward and so leak-plugging action becomes much less likely to take place. In Leeds this session did not happen. As a result there was a feeling with some people that the process had been 'somewhat open-ended with soft outcomes that did not press for action'. For most pilots it is this session that generates the most buzz in the room – with people really engaging in discussion about what they think the priorities should be. For workshops split across two evenings the energy may feel lower after the first evening since ideas have been generated but no agreements reached. Do not worry – once action-planning begins the energy levels will be back up again!

Entering this session we have a special word of wisdom to impart to you from our pilots: in Plugging the Leaks, all the ideas are extremely important. They often form a spiral of development with some actions depending on other actions taking place. For example, creating a plumbers' co-operative might not be possible until a training scheme or apprenticeship for plumbers had been set up. Or a buy local programme won't work until the high street has been beautified.

However it is easy to spend a huge amount of time trying to tackle issues that indirectly affect the economy (such as traffic congestion, crime, beautifying the high street) without actually seeing any impact on money flows at all! This can be rather soul-destroying. Over time, it could kill off a lot of the energy generated in the workshop.

So, to bring about real change in a shorter time-frame we suggest that you encourage participants to prioritise the more direct and tangible leak-plugging ideas – those that can swiftly bring about a change in people's pockets, rather than those that require a multi-pronged strategy. You can then build out towards those more far-reaching ideas once you have identified a few quick wins.

The elements of this session are:

1. Clustering the information (during a coffee break just before this session)
2. Voting on priorities (20 minutes)
3. Agreeing priorities (15 minutes)
4. Issue working groups agree how to move forward (40 minutes)
5. Reporting back to plenary (15 minutes).

Clustering all the information

We start this session with a break! The workshop participants will need one to network – and the facilitators, perhaps with help from some participants, need time to pull together all the information on the flipcharts that are labelled 'Problems/Ideas for Action'. This information needs to be pulled together since without doubt there will be replications across the flipcharts.

First, for those flipcharts that are labelled residents, business or public sector at the top (that is those that were generated in the leaky bucket session) please put an R, B or P (as relevant) on to each post-it on those flipcharts – this makes sure that even if you move these post-its off those flipcharts then it is clear that that idea was in relation to a particular sector. (3 minutes)

You then need to put all the flipcharts up on to a wall and start to carefully move post-its from some of the flipcharts across to those ones that have additional information on the same theme. This should not be too difficult since each group will already have clustered their information, giving it a name in the 'problem' column. For example, it is quite possible that several flipcharts mention the need for more information to be available on local produce; or that measures need to be taken to reduce expenditure on energy. (7 minutes)

Hastings clusters

Hastings grouped the information they generated into clusters of similar issues and finally settled on eight key themes. The relevant accompanying information was then put with each theme – here we give only a small snapshot of information per theme:

- Food: frozen organic vegetables imported; local catering college not meeting the staffing needs of local businesses; and many additional ideas. Hence the main follow-up workshop was spent analysing this area in greater depth.
- Furniture: local shops weren't catering to all needs and a lot of the furniture was sourced from outside of Hastings.
- Electronics and internet: Hastings needs better IT infrastructure to increase its e-business; at least one major inward investor wanted to source additional IT inputs locally.
- Recycling: strong business opportunities for recycling bikes, compost, white goods.

- Professional services: lots of local accountants, lawyers, marketing people, architects, surveyors, facilitators, etc., but services not being used.
- Media/arts/crafts/culture: good reputation nationally but little known by locals.
- Procurement policy: lack of policy means meals on wheels, school meals and catering are all sourced to outside of Hastings, although Hastings actually has a local catering college to train people in catering skills!
- Common challenges: transport, training, planning, policy – and the poor IT communications infrastructure.

Voting on priorities

Now that the information is pulled together you want to encourage people to start thinking (and chatting) about the practical action they want to undertake next. So the next step is to get them to vote on their priorities.

Bear in mind that your group may decide to go on to undertake information gathering or wider consultation on the process, in which case they will be repeating this prioritisation process more thoroughly at another point.

However this does not mean that you can skip this step now – we have found that in this first workshop it is very important to engage participants in real decisions about practical leak-plugging action. This helps to root Plugging the Leaks in the real, practical world and make it a much more tangible tool for participants. Otherwise people feel as if this workshop is simply 'one more talking shop'.

Additionally many of the ideas will be ones that could be taken forward straight away, so why put them off until later?

There are many ways of deciding which ideas are priorities. You can choose any particular approach that you are familiar with that fits your need. The box outlines one particular approach that you might choose to apply if it feels appropriate in your context. Allow plenty of time for this session since people will take quite a while to build up the confidence to start putting up the red dots.

Advise participants to put their energies initially into a few very tangible actions that can demonstrate in a short to medium time frame the impact that the group could have on the local economy. That means putting their focus on very practical direct plugs in the initial stages (such as supporting and adding value to an existing product

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or setting up a new one; creating a local directory, or linking a specific inward investor with more local businesses). They can then return at a later stage those issues that might require a multi-pronged approach (such as high street development, or growing an entrepreneurial culture).

Voting with dots

Put all the flipcharts headed 'Problems/Ideas for Action' up on a board (be sure to include all those from sessions 2 and 3). Give participants ten yellow dots and ask them to assign these dots to those issues or ideas for action that they consider are important – they could put all ten dots onto one issue if they wanted or spread them equally across all the issues.

Then give participants red dots to put their name on and stick against any issue they would be prepared to lead on; and green dots to put their name on and stick against any issue they would be interested in participating in.

Subject areas are then primarily chosen on the basis of those issues that have the largest number of dots against them AND available, identified leadership in the room. Other key areas (making a maximum of ten in total) WITHOUT an obvious leadership team present should have a red dot with an absentees name on it allocated to it.

Agreeing priorities

With all participants standing in front of the flipcharts do the following:

1. Review together the dots that have been stuck to the flip-charts during the break. If there is at least one red dot (with names attached) and some additional green dots then you know there is agreement to undertake at least some follow-up action. Ask the group to confirm if this is in fact how they feel – and then move onto the next decision.

If however at the end of voting you discover that there are no red dots and very few green dots, then it looks as if there is no overall agreement to move forward with the approach. (This never actually happened in our pilots, but you need to be prepared for all eventualities!). Check if this interpretation is correct with participants and if it is, then agree to terminate the workshop at this point. To close the workshop at this point we suggest you set a One Per Cent Challenge. This means asking participants after the workshop to look at a budget for which they have control and decide how they could switch 1 per cent of it to be spent inside the area. If all budget-holders in the area could make such a switch it would have

a significant impact – it is also a very tangible issue participants could raise with their colleagues or family. It is also worth spending some time finding out why there are so few red dots. Are people too busy, sceptical or lacking in skills?

2. Identify the most supported ideas for action by pulling out all those with a red dot (be they named or un-named).
3. Ask the person whose name is on each red dot if they would lead a preparatory working group on that idea for action or theme in the next session. Give them a flipchart and ask them to write down the key problems/ideas for action that people have put their dots against in relation to that issue. Where people have put themselves forward for leading more than one working group you will need to find a green dot from that group to act as lead for the next session.
4. Where you do not have a named red dot, ask if any of the named green dots for that issue would be prepared to act as group convenor until someone has been found who would be prepared to lead the group. Give them a flipchart and ask them to write down the key problems/ideas for action that people have put their dots against in relation to that issue.
5. Finally, for all other issues that have green dots assigned to them ask those named on the green dots if they are happy for that issue to be temporarily un-addressed. Highlight that it will be possible to come back to these at a later stage. You might however find that the green dots strongly want the issue to be addressed and so are prepared to take on the remit of trying to catalyse wider interest – we found in Boncath that every single person named on a green dot was loathe to let their enthusiasm for an issue be left until a later stage!

Agreeing how to move forward

Allocate part of the room to each issue working group. Note that participants are very likely to have put up more than one green or red dot and so will be torn between which group to join. They will need to make their own decision on this – or could nip between groups if this is carefully handled. Also some participants will not have put up either a green or a red dot. Let them know that future involvement is not necessary but that it would be great if they could temporarily join an issue working group in this session to help it set itself up.

Note that you are NOT trying to come up with an action plan for each 'idea for action' that has been identified for your issue. You are simply going to state what will happen next – this might mean undertaking some further market research through a survey, or consulting with a few other people, or setting up a date for a meeting of a

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formal working group on the issue, or checking out the legalities of the idea and so on. But beware of displacement activity that simply delays real action. The vital thing is that someone is named as leader on that issue, a timeframe is set for it, and it is clear what is to be delivered and why. A flipchart could be prepared with headings such as:

Idea	Agreed Action	Who to Lead	Who to be Involved	Agreed timeframe

If your group is happy to focus on one or two existing concrete ideas then that is fine. You might however find that over time your working group might want to start looking at building a wider strategy. For example, if it is an overall issue or heading that your group is exploring you could look at how to tackle it on different fronts. Hastings generated additional ideas on plugging food leaks by brainstorming the local food economy's Strengths, Weaknesses, Opportunities and Threats. This approach helped them develop ideas like a local food directory, linking the local catering college more effectively with the needs of local businesses and developing a frozen organic vegetable business to meet local market needs. Alternatively you could identify all the reasons behind why that issue is a challenge (such as why Hastings food economy is weak) and then develop a strategy that works to address each of the reasons one by one.

Reporting back to plenary

Each group then presents their ideas back in plenary to the other groups. If time permits then this can be in a presentation. If time is short it could be simply by putting the flipcharts into a prominent place.

Session 5: Agreeing how to maintain progress (30 minutes)

Introduction

Plugging the Leaks is not just an enjoyable and educational workshop. It will lead to real action – so long as momentum can be maintained in the crucial phase after the workshop. However be warned that if you don't plan this part participants will feel uneasy. They will start to suspect that things will not happen. One recent pilot nearly forgot to fully plan how to maintain progress and the community residents were looking a little unsettled until a date was finally set for the next central co-ordination meeting. They knew that the working groups on issues would meet at least once, and how the report was being circulated – but they also knew that overall momentum would flag if they didn't all come back together in the near future. So, how can progress be maintained?

In addition to the specific actions decided in the Plugging the Leaks workshop, you will need to undertake other tasks. These include:

- Collecting further information on leaks and potential plugs in the area to both generate more ideas for action and to get more people involved
- Raising awareness
- And, finally, forming a group to co-ordinate all these, and give longer-term support and profile to the process.

Chapters 4, 5 and 6 give guidance on each of these topics. These follow-up activities might become the responsibility of smaller working groups. Or you might find that you can swiftly draw up initial ideas on this at the end of your workshop. It is something that can be decided formally in the closing session of the workshop – or if energy is flagging, perhaps the group could reconvene in the café or pub to agree on this less formally? The important thing is that everyone at the workshop is made aware of the decisions that have been taken on these issues – and that wherever possible they have been involved in the decision-making process.

Once this is achieved, the group deserves to give itself a round of applause. An economics course normally lasts three years!

Action



4: Co-ordinating the programme



Introduction

Plugging the Leaks relies on working groups to make things happen. All of them need careful nurturing and the appropriate amount of support. You can kill off a working group with too much support as well as too little, just as you can kill a plant by over-watering as well as under-watering. Just like running a workshop, getting the best from working groups is quite an art. In this section, we provide some specific advice that should be useful for following up Plugging the Leaks.

There are five general guidelines for working groups:

- Don't assume that the working group consists solely of the people who volunteered during the workshop. There may be other people and organisations that want or need to be involved to have a good chance of success
- Some working groups will inevitably falter because people find themselves less enthusiastic when the task ahead becomes clearer. Make it clear that it's OK to call a halt and disband. This is far better than the group limping on and sucking energy from the core group
- Extra resources can help when energy starts flagging – even something as modest as tea and a packet of chocolate biscuits. So try to arrange some 'seed-corn' funding so that you can build up a kitty for the initial stages of your leak-plugging action
- If you are a small local organisation you may find it hard to maintain progress unless you have some ongoing support from a development agency or organisation with a responsibility for your area. They can then give you advice, support, access to funders, help to open doors to officials – and will be someone to talk with if you get a bit stuck at any stage or if morale seems to be floundering.
- If over time you decide to turn your Plugging the Leaks work into an ongoing programme of work that could span several years it is probably a good idea to get yourselves formally constituted as a Trust, regeneration agency or so on. This will help you to be able to apply for grants or create salaried posts.

Questions to think through

There are many ways to keep the ball rolling, and what suits you best might change over time. The main issue is to look to your local context and see what the priorities are – and to keep asking your participants if they think you have left anything out; is there anything they are worrying might be left undone. Here are a few pointers.

If a co-ordinating committee were to be created:

- Who should be on it (a good cross-section, with local people and some external agencies, perhaps)
- How often should they meet (and for how long)
- Where (for example you might want to vary the location to make it easier for people from different parts of the area to attend)
- How would the working groups feed into this committee
- What would it be called
- And what would be its specific responsibility?

In exploring the final issue you might want to examine the following possibilities:

- How and when to tackle the plugs that were not on the immediate to do list
- Who else could be involved in Plugging the Leaks and how can you get them on board
- Having a support structure for all the working groups taking forward specific actions (including raising awareness and information gathering)
- Securing funding for the programme
- Maintaining strong relationships and involvement from key agencies not based immediately inside your area – such as the regional development agencies, colleges or business support bodies
- And would other groups across your region like to do a similar initiative – if so how could Plugging the Leaks be spread across to their area?

Specific examples

In South Staffordshire, for example, Plugging the Leaks will feed into the Council's new community strategy and forthcoming Local Strategic Partnership. This in turn will be able to provide longer-term support for leak plugging activities as soon as it is launched.

Brecon Beacons, on the other hand, created their own Trust to coordinate all activities in the area around tourism. This Trust has supported the tourism and business groups that formed in each village, helping to coordinate their individual efforts and make extra resources available to them.

In Milford Haven, the group has continued to meet, but felt they needed the local credibility and high profile of being sponsored by the Council. The Mayoress has agreed to support this and the group hopes to launch their action programme in the Town Hall.

In Northern Ireland and Pembrokeshire, funding applications were made to the European Union to enable them to introduce Plugging the Leaks to villages and towns across this wider area. PLANED have secured the funding to run the approach in 15 further communities. PLANED will be basing some of their staff close to these community groupings so that they can give closer support to working groups and co-ordination committees arising from Plugging the Leaks.

In Aberdeen, three separate working groups (businesses, local authority, residents) will take forward the activities. Together, they will form the basis of a Retail and Economic Development Strategy for Mastrick, which the community development officer for the Council will help to coordinate. They then want to roll Plugging the Leaks across the area as the tool that creates practical strategies for developing the local economy. One of the best aspects of the way the tool is being applied in Aberdeen is that it allows community development workers to link their work very practically with their economic development colleagues.

5: Information gathering



Introduction

In some of our Plugging the Leaks workshops, we found that those participants with a long-term vision were rather keen not to make any decisions on future action until all the information had been collected. Not just from inside the workshop room, but from the entire community and its stakeholders. This is admirably thorough – and in fact initially we too thought that was the best approach. Until, that is, we spotted that the really dynamic participants just didn't want to wait – in fact if asked to do wider information gathering before planning a few leak-plugging actions some participants simply disengaged from the process. They had become convinced that it was 'one more talking shop'. That is why we recommend waiting until *after* the workshop and planning or delivering an agreed set of leak-plugging activities before embarking on information gathering. Alternatively you could start on the information gathering as if it were a separate working group, undertaking its action in parallel to the initial leak-plugging action. Whenever you choose to tackle it, it is likely that at some point you will want to come back to wider information gathering in order to generate more ideas for action, double check the ones you have already had, and to involve more people.

Involving the wider community in information gathering is important to the Plugging the Leaks approach, even if you already think that you know all the *answers*. It is important for a number of reasons:

- It tells more people what you are doing
- Even a quick chat about how someone spends their money can affect their future behaviour
- It allows them to give their opinions and ideas so that they feel more closely involved and are more likely to take part. Formal or informal surveying can be a recruiting drive as well as an information gathering exercise
- The council and other groups that have been working for a long time in the area can forget that they still need to consult people. Gathering information can bring fresh insights and evidence as well as more committed people

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- Finally, it gives you a better chance to test out your ideas. Before companies launch new products, they do market research to see how much demand there is AND to ensure that the design of their product meets people's needs. We recommend you to do the same with your leak-plugging ideas.

Information gathering may sound technical and difficult but there are three basic steps:

- Deciding what sort of information you are going to collect
- Planning how you will organise yourselves to collect it
- And agreeing how you will collate and communicate that information so it makes sense.

You will want names of volunteers to undertake the different aspects of the work, of whom one will need to act as convenor. Below we give some specific advice on information gathering with regards to Plugging the Leaks. Our website has some more general tips on surveying that you are likely to find useful.

What sort of information to collect

Before the first workshop, we recommended doing a swift review of any existing reports on the local economy that you could lay your hands on. If you were not able to do this prior to the workshop then now would be a good time. This will start to give you ideas about what sort of information you need.

In Appendix 4 we have put together a short set of questions you might want to base your information gathering around. These are grouped by sector: residents, businesses and public sector. More questions can be downloaded from our website – but remember a basic lesson from your schooldays: the fewer the questions, the quicker it will be to answer them.

Don't feel constrained by the sample questions. You could, for instance:

- Expand on some of the questions if you want more information on one aspect of particular local importance (such as access to business support services or finance)
- Choose to focus the entire survey on one key issue where you think there are the greatest leaks – perhaps with follow-up surveys on the issue over a period of months
- Include questions on issues dear to the heart of people who might take up future action (for example around those issues prioritised with red and green dots in the workshop exercise)
- Limit the questions on a 'need-to-know' basis so that you don't have any surplus data to collate at the next stage.

However, sometimes more questioning is better than less. In Milford Haven the team came up with so many questions about what people bought locally and which shops they preferred that we were worried they wouldn't be able to cope with the sheer volume of information they gathered. But Joan Asby at PLANED says that this level of detail was crucial. For example, they realised that if Woolworth's were to leave the high street, then everyone would go to shop elsewhere and the other more local shops would close too.

Remember not only to ask people to identify problem areas, which can be rather soul-destroying. One error in our earlier surveys was that they encouraged communities to list all the negative issues that were inhibiting enterprise growth. So long lists came forth outlining poor business support, limited access to finance, no premises, high vandalism of premises, traffic congestion, high street decline, low skills base, and so on and so forth. The result: communities felt that they had to tackle all of these issues before they could improve their economy – and the task seemed mammoth! In Leeds the questions revealed a lot of information about why the shops in Harehills were failing – but gave very few strong answers as to how things could be improved.

We therefore suggest that you include at least one or two questions that encourage people to give ideas and suggestions as to how to plug some of the leaks. One useful question to include could be, 'how can local resources be utilised to their full potential?' Or ask people about local enterprise success stories.

Before launching into your information gathering, try out the questions first. In order to avoid surplus data, ask of each question you are proposing to include in your survey 'How are we going to use the answers to this question to plug a leak?' If there is no obvious answer – then do not include the question. You may find that you haven't been as clear as you thought you had or that a slightly different question would produce better information. In Aberdeen, they were about to ask 'Are there any shops you don't use?' But changed this to 'Are there any shops that you could use but *don't*'? It isn't very helpful to know that someone doesn't use the pet shop if they don't have a pet!

Finally in chapter 7 we have listed the contact details of a few organisations that specialise in particular areas – such as high street renewal, energy development or attracting into your area compatible businesses. These organisations have manuals full of suggested questions for including in surveys so do check them out.

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Getting organised

One of the best ways to organise the information gathering is for a sub-group of the participants who attended the initial workshop to volunteer to do it: then the volunteers will feel ownership of the process and can put more of their own time into it. They are also more inspired to take on the resulting action – and more likely to really persuade their sector to start plugging their leaks.

However, some Plugging the Leaks projects decided not to go this route since it can be difficult to get people to agree to the extra work. And sometimes when they do agree to it they don't actually deliver on that agreement. In Leeds, participants agreed to do face-to-face surveys, however only a few of them did so. So a lot of the work ended up with the pilot partner organisation.

According to Leeds Industrial Mission, a major barrier to participants undertaking information gathering was a lack of confidence. They stressed the importance of collective 'information gathering for real' – actually doing some practice surveying in groups.

So if you want residents to participate in information gathering, and if it is outside their normal experience, it is wise to set aside some time – perhaps half a day – for them to try interviewing each other. Then they can practice with some 'real' targets, followed by a de-brief to review their interview style and also the content of the questions.

Note that the 'surveys' you conduct can be as formal or as informal as you like – many people told us that it was the informal chats in coffee shops and bars that often revealed the most interesting ideas. Perhaps because people are at their more creative when they are more relaxed. As long as those ideas get fed back into the next meeting, verbally or in writing, then your 'survey' has been useful.

In fact, the ways to organise information gathering are almost endless, as the examples in the following box show.

Information gathering: different approaches

Milford Haven and Aberdeen used a combination of sending questionnaires to individuals, and filling them out face-to-face with people. They used very detailed questionnaires, using most of our sample questions. In Milford Haven, the pilot partner organisation staff undertook the surveys.

In Aberdeen, surveys were posted to local authority staff and businesses - but the response rate was very poor. In contrast, residents and staff did a very effective street survey of shops and consumers. So Willy Smail, the community development officer for the area, is now planning to have face-to-face meetings with the relevant local authority staff and businesses in the area.

In Plymouth, participants chose a simple questionnaire with just seven questions. They preferred to talk with people individually, or to ask people as they came into the community centres to sit down and talk through the questions. Participants completed the surveys themselves, based on their conversations.

People in Cloughmills used community centres, but had a different theme each week, and asked everyone who came in about their spending on food, housing, energy and so on. The partner organisation ran these sessions.

Hastings Trust appointed an independent researcher to do the interviews, which took quite a long time to do, and generated lots of data. The larger businesses that were interviewed were incredibly open to supporting local businesses and sourcing locally. On the other hand, using an independent researcher to gather information may have weakened the sense of ownership of the results, since in the second workshop participants were not quite as ready for future action as the organisers had hoped.

Brecon also appointed researchers to interview the businesses and got the tourist board to do the survey of tourists. The results were quite different from the information gleaned in public meetings, since a broader range of people were interviewed 'In meetings people said their priority issues were the dirty streets', said Duncan Fisher, 'whereas the survey revealed that facilities for young people and jobs to keep young people in the area were a much greater priority for the wider community. Older people however were still most concerned about the dirty streets.'

According to Miguel Pinedo of the Leeds Industrial Mission, participants benefit from as much support as possible in organising information gathering activities. He suggests making this a workshop session in its own right. Although this would require a lot of input and commitment from a sufficiently resourced organisation, it would build the confidence and experience of participants and improve the quality of the research.

Collating and communicating the data

Too many community projects decide what they want to know, gather the data, and then let the results sit around in a cardboard box. Collating the data into useful results is crucial. What you are looking for is broad themes and particularly interesting leak-plugging opportunities. Don't feel that you have to analyse every piece of information to three decimal places: pulling out key themes and placing specific ideas with each one in turn is the easiest approach. Much in the same way as you did in the initial workshop – except that you are likely to be pulling more information together.

Be sure to feed the information on relevant themes to each working group that was formed as a result of the initial workshop. Finally it is vital to get the information into a format that is useful for action – you need to be able to communicate it to local people. This is even more important given that your information gathering will almost certainly generate more ideas for action – and even more themes around which to organise. So communication will be necessary to let people know how their feedback has been used – and also to rally more troops to get involved and deliver on the wider programme. This is the final step of the follow-up process.

6: Raising awareness



It's possible to get so carried away with planning and research that you forget to tell people what you're up to. But regular communication of your activities and results is very important for maintaining the interest of those already involved and raising wider awareness of your work, so attracting new people.

After the workshop and especially after the survey results, some groups decided to make presentations to other groups. In Leeds, this meant presentations in the community café and to the churches group. Other groups preferred talking individually – for example, one statistics officer talked to the 'best value' and 'social inclusion' people at the council.

Be sure to publicise the leaks in the local press and on notice boards – perhaps display the results of your workshop and surveys in a public space so that everyone can vote on their priorities and put their names to working groups. Use any interesting idea that captures your imagination. The more imaginative your communication strategy – working with schools, using theatre, and so on – the stronger the potential impact.

A very simple but effective approach could be producing a newsletter, such as Luton New Deal for Communities' article *'If we really want Marsh Farm to work – we should be minding our own businesses'*. An extract of this is in Appendix 1.

Brecon Beacons planned to hire a bus to visit all the villages in the area, with a specially commissioned bucket with leaks and supply of water that poured and leaked at the press of a button! Additionally a competition was designed for schoolchildren to capture local data on leaks and also potential business ideas.

The Hastings Trust summarised their ideas in a report, which will be promoted through a one-off magazine distributed to all homes in Hastings and then by holding a launch event for the Plugging the Leaks programme of action. They have managed to get local resident Paul McCartney (yes, *the* Paul McCartney) to sponsor this!

Plugging the Leaks

Meanwhile Leamington sat down to write a local version of 'There's a hole in my bucket...', adapting the lyrics with leaks and potential plugs appropriate to their leak-plugging experiences! (Perhaps they should have asked Sir Paul to help?)

Even if you are not budding pop stars, our website has lots of materials for leaflets, posters and presentations which you are welcome to copy and adapt. The main point is, that after so much energy has gone in to understanding your local economy, and so much creativity has been used to devise ways to plug those leaks, it is the way you communicate your ideas that will captivate local people so that they are ready to start filling the bucket and keeping it full.

7: Ready to go



You have read through the ideas and the step-by-step workshop guidance. Now you are ready to get local people mobilised and plug some leaks in your local economy. As we stress all the way through this handbook, Plugging the Leaks is much more likely to succeed if your initial focus is on the most tangible direct action possible. Go for the quick wins or pick low-hanging fruit first.

Any success, no matter how modest, should be widely celebrated so that more energy is generated and others come forward with their ideas for plugging additional leaks. Then as interest builds, you might want to hold another Plugging the Leaks workshop to generate more ideas. The workshops may lead to a group that is strong and able to take on a well-structured and multi-pronged programme of work over a long time-frame. If this is the case there are some additional sources of inspiration that are regularly updated.

If high street revival is a main issue, try contacting Main Street (USA) (www.mainstreet.org) for copies of their excellent publications on analysing retail opportunities or re-designing the high street. They stress that you cannot embark on this kind of programme from only one angle – you must get properly organised, and address all three areas of high street design, promotion and re-structuring. Main Street reckon their approach will take at least three years to succeed. You might also find it useful to contact the Institute for Local Self-Reliance (USA) (www.ilsr.org) who produce useful information on how to ensure that your high street is defended against the retail giants.

The Rocky Mountain Institute (USA) (www.rmi.org) have An Economic Renewal Guide that outlines a whole series of community workshops to address the sorts of issues we cover in one Plugging the Leaks workshop. It gives a lot of detailed (US-based) information on how to run these sessions, diffuse conflict and review each idea for action. They also have workbooks specifically on energy, and food and agriculture, as well as an excellent website (www.natcap.org) that outlines innovative ways that businesses can gain a competitive advantage by becoming more environmentally friendly.

Plugging the Leaks

For rural areas the Countryside Agency's Market Town Health Check and the Centre for Community Enterprise's (Canada) Community Resilience Manual will appeal to those who are after a very thorough self-analysis before moving to action. Beware the danger of navel-gazing: too much energy going into diagnosing endless problems and calculating all leakages to the third decimal place. But sometimes problems and solutions are not at all obvious and need meticulous work to find.

Finally, don't forget to monitor our website for information on the Plugging the Leaks project. You can access this via www.pluggingtheleaks.org or www.neweconomics.org This site contains additional information to that contained within this handbook, in particular: more in-depth details on case studies of leak-plugging ideas; links to additional sources of information; presentation materials that can be easily downloaded; a little more background theory; the most up-to-date sample surveys; and guidance on how to create your own local directory. You will also find details on this site about evaluating the local economic impact of particular initiatives by calculating their local multiplier effect. If you would like us to facilitate your workshop, or to run a training course for your facilitators, then do get in touch. Your group may also want to subscribe to – or write an article for – our regular newspaper Radical Economics. Don't worry too much if you can't find somewhere else that has already done what you want to do. There is a lot of room for innovation.

Good luck with your process – and remember to celebrate each success as you go. And don't forget to let us know how you get on.

Appendix 1: Case studies of pilots

Milford Haven

Background

Milford Haven is the largest town in Pembrokeshire; it has a large number of businesses but continues to have high unemployment rates and a declining economy.

PLANED (Pembrokeshire Local Action Network for Community and Development) is a community organisation with a regional mandate. It is currently delivering a European Union grant-funded programme in Pembrokeshire to create an entrepreneurial culture within communities. PLANED were looking for a framework around which to build this programme of work and decided to pilot Plugging the Leaks to see if it would meet their needs. They chose Milford Haven as the first pilot since they believed that if they could help to improve the economic fortunes of this town, then the Pembrokeshire economy would benefit as a whole.

What happened

Twenty-seven people came to the first workshop – these included local residents, representatives of small and large businesses, council members, employment advisors, as well as local regeneration staff.

During the workshop a number of ideas immediately started to surface for potential leak-plugging. These included: networking local companies to tender for contracts; developing a local farmers' market; setting up a packaging plant to supply local firms; and developing the local credit union.

The group looked at all existing businesses in Milford Haven and plotted them onto a large map, particularly highlighting empty commercial units.

By the end of this workshop participants had decided to develop their own survey questionnaire, using almost all the questions provided by NEF. They created different questionnaires for residents, businesses and public sector budget-holders. The surveys were distributed by group members to colleagues, friends and family for them to complete themselves. A total of 52 replies were received – however given that only two of the responses were from public sector agencies it was difficult to draw strong

Plugging the Leaks

conclusions on that sector. In future PLANED may consider asking participants to carry out face-to-face survey work, perhaps working in small groups, rather than relying on individuals to return completed questionnaires by post.

PLANED staff analysed the results and prepared a report on them in readiness for a second workshop – with a few final questionnaires being fed in on the day, along with the key relevant parts from a visioning event and a community appraisal that some participants had been engaged in separately.

The group identified common themes emerging from the surveys as: economy, entertainment, environment, tourism and festivals, contracts, food, communication, services and shops.

The main group then broke into smaller working parties to start developing short and medium/long term project actions:

Short-term goals

- Increase membership and support for the Milford Haven Chamber of Trade
- Involve the business support agency and give details on the contract shop project being developed
- Establish a farmers' market in Milford Haven
- Fund shop front improvements
- Develop a programme of festivals and events to include Quaker theme, carnival, street theatre, Trafalgar Day and guided walks.

Medium-term goals

- Create a Milford Haven directory of local services and products
- Easier access to financial grants
- Marketing assistance especially for arts and crafts, co-operatives and clusters
- Develop pedestrian areas for certain parts of Charles Street
- Traffic management.

Maintaining progress

Following on from the Plugging the Leaks workshops the Milford Haven group met again to decide how best to take forward the key themes identified. There are now three ongoing working groups that meet regularly around the following themes:

Group A: Festivals, events and Farmers Markets – getting organised

Group B: A development plan for Milford – the way forward

Group C: Promoting Milford – making a difference

PLANED continues to facilitate the groups and a link officer has been nominated to take this work forward. The work of the group considering a development plan for

Milford has proved to be very timely, in the light of extensive consultations that are taking place for the Unitary Development Plan, including a Town Centre Action Plan, and the recent news that Milford is the subject of a bid under the Heritage Townscape Initiative.

Specialist speakers and key people within the Local Authority and other agencies are invited to give short presentations to the working groups, and answer questions, but it is the groups themselves that continue to lead the process. The Town Council has asked for a presentation on the work being undertaken, which indicates that some impact has been made! More people are now joining the working groups as ideas start to take shape.

The first draft of an Entrepreneurship Action Plan has now been circulated to all group members and a further meeting is scheduled for mid-June to take this forward.

Plugging the Leaks has been a catalyst for action in Milford, and the challenge for PLANED will now be to keep up the momentum and support the groups in the implementation of their project ideas. Since the start of the work with Milford Haven, the New Economics Foundation has run a Plugging the Leaks Training programme for PLANED staff as well as a workshop in Boncath in northern Pembrokeshire. PLANED are now supporting 15 different groupings of communities across Pembrokeshire in their application of Plugging the Leaks. This forms the basis for a pan-Pembrokeshire programme to develop an entrepreneurial culture across the region.

Cloughmills

Background

Cloughmills is a small village in rural County Antrim. Ballymoney is the largest town in the Borough and has developed its role as a local service centre providing retail, health, educational and community facilities for the town's population and the significant rural hinterland, including small villages like Cloughmills. The town has a relatively strong manufacturing base, although its retail function has been subject to increased competition as a result of investment in neighbouring and larger towns. The majority of the working population of Cloughmills work outside the village. Those whose employment is centred in or around Cloughmills are involved in agriculture.

Cloughmills Community Action Team (CCAT) has been in existence for three years. To date the group have centred most of their work on social and environmental projects. This includes improving the appearance of the village, providing community education classes, and organising events and festivals to promote cross-community relations.

CCAT have recently completed a five-year action plan using Sustainable Northern Ireland Programme's (SNIP) Community Vision Process. The plan includes actions for environmental, social and economic projects. The group wanted to begin work on economic issues and needed to involve as many residents and local businesses as possible to encourage local people to get involved in *their own* economy.

What happened

CCAT arranged a one-day workshop in the Old School Hall in the village in March 2002, with members of the local community group, the credit union, residents, the shop and garage owner, the village pharmacist and a local authority officer. At the workshop expectations and concerns of the group centred on the fear associated with economics and the fact that people disengage from economics yet have to deal with it whether they like it or not. The leaky bucket helped participants to overcome these fears.

The workshop took people through a process of looking at the local area, where money was entering the community and how it left. We used both the water play approach, as well overhead slides. Main areas of income included benefits, community group funding and people's time, the latter was seen to be a significant local investment, which underlined the amount of local community action. The group liked the informality of the process, they were learning, not being taught.

Very quickly the group realised that they did not want to spend time talking about the theory of economics, but to find actions that they could begin to work on immediately. The session ran from 10am until 4pm with one hour for lunch. We talked 'theory' from 10.30am to about noon and already the practically minded folks of Cloughmills had grasped the actions they needed to take to protect the pounds in their pockets. Whilst identifying the usual suspects such as utilities and taxes as major leaks, the group focused their attention on the leaks closer to home.

In particular the role of moneylenders was highlighted. This is an isolated village with many residents on welfare benefits. Around Christmas time the moneylenders lend small amounts of money to parents, a typical example is £100. The interest rates charged are in excess of 200% apr. As such there is a spiral of debt as housewives borrow more to pay back the first loan. The group therefore decided to establish a Christmas savings scheme to tackle this issue, after calculating how much someone on benefits could be able to save each week until Christmas time. There are longer term plans to go further and expand the role and education around the local credit union and its ability to deal with local indebtedness.

Another issue was smoking. Much of people's benefit money was being spent on purchasing cigarettes. A calculation was made of how much money was being spent: £1,400 per person each year. CCAT decided to develop a community pharmacy/preventative health project. A room has been furnished upstairs from the pharmacy with a quiet space, reflexology sessions, stop smoking clinics and a range of other activities to help social and mental health. The local pharmacist provides support and aids to those wishing to stop smoking.

Fuel was seen as another huge leak, with most homes being on either solid fuel or on oil. This has caused problems with payments, since it is impossible to have a weekly oil meter. As such the group has plans in place to make arrangements with fuel suppliers to buy oil co-operatively.

The group also focused on the role of local shops, realising that they were better for the village as they retained people and money. A study is being undertaken to analyse the real costs of shopping locally and shopping in the supermarket.

The group are currently involved in analysis of the local economy and initiating the project ideas that emerged from the first one day session. Desk based research is being undertaken to build a statistical picture of Cloughmills economy. Questionnaires are collecting information on perceptions and the reasons why local people shop outside the village.

Maintaining progress

Fortnightly meetings of the Plugging the Leaks group are well-attended and have ensured that the momentum of the project is being maintained. The engagement of the business community has challenged the Plugging the Leaks process. Whilst local business supports the ethos and values of the work the ability to commit their time and energy to the project has been difficult for some. Consequently the regular meetings are kept within a one hour time limit.

Plugging the Leaks is being planned for other areas, particularly Carnary Estate in Ballymoney Town and Rasharkin village. Proving that it gives concrete results in Cloughmills will be pivotal in convincing the Council to support it elsewhere. The issue with the Council is resources. One Council officer is directly working and supporting Plugging the Leaks Cloughmills with some of their time and we need to find out how much support is required. Another question is whether the Council have the capacity to deliver without SNIP's assistance? SNIP have applied for funding from EU Peace II funds to employ a worker to promote and develop Plugging the Leaks across Northern Ireland. If the application is successful some of the worker's time will be spent working with the other interested groups in Ballymoney who are requesting Plugging the Leaks in their area.

What we have learnt

- Deal with local issues – the wider economy isn't something that local people can do much about
- It doesn't take a lot of money to set this programme up but a little financial support from the local authority is the best way of giving moral support to the group
- Local business people become involved because they have their own agenda to defend, yet the group are happy to work with this and to recognise the important role businesses play in the area
- The involvement of the local authority, Ballymoney Borough Council, has been essential in securing financial support for the project. The Council has awarded £1,200 to CCAT to provide a budget covering venue and refreshment hire, research costs and publicity expenses. Furthermore the involvement of the local authority from the outset ensures that the lessons from the project and the process can be incorporated into future thinking on local economic development across Ballymoney Borough.

South Staffordshire

Background

South Staffordshire is a rural District with a population of about 100,000 that has been falling for some years: young people tend to migrate away, so there is a large elderly and middle aged population and a lot of commuters. The District has no main central point, being a combination of small towns, and large and small villages. Poor geographical access to services such as doctors, primary schools and Post Offices highlights the rural pattern of deprivation.

The West Midlands Churches Further Education Council (WMC FEC) contacted the New Economics Foundation about Plugging the Leaks as a way of piloting an approach that would enable churches within a rural district to be actively engaged with secular organisations for the benefit of the community.

What happened

There were two workshops, each with a wide range of participants – from a vicar to a primary school governor; a businessman to a district council officer; a voluntary sector co-ordinator to a housing and money adviser. The workshops involved discussing what were the leaks within the area, socially and economically; and within the group what could we do? This resulted in prioritising some key ideas that were thought realistic to achieve. The concept was that a few small successes would encourage wider participation.

Issues identified in the workshop included:

- Young people falling out of the system if they got into any sort of difficulties
- Food – people buy from outside the area, and at the same time, farmers cannot sell their crops
- Tourism – the money that does come in leaks out very quickly
- Local assets to encourage tourism include historic churches
- Poor public transport.

Following the first workshop we all explored ideas within our own networks and reported this back to a second workshop. We did not undertake survey work since South Staffordshire is a fragmented district and so to do surveys would have taken considerable time and financial resources that were not available.

Plugging the Leaks

Feedback into the second workshop on two key areas included:

Food/agriculture

After the first meeting, one participant spoke to a local farmer about agricultural leaks – and possibilities for action. He then talked to other farmers, and identified a general problem with not being able to sell produce, particularly in the aftermath of foot and mouth. This ranges from dairy farmers to farmers growing potatoes. There is a willingness to do something, not just on the lines of the farmers market. There are some initiatives to build on – one farmer is considering forming a buying co-operative for animal feed; and another farmer has experience of delivery. They are going to coordinate a meeting of farmers.

School procurement

The headmaster researched the leaks from school spending, and found that almost all of his budget is currently constrained by county purchasing policy – they have to use the contractors that the county recommends. However, schools are apparently soon to have more of their budget devolved to them, so there is potential for spending more of this money locally.

The head teacher explained 'We can't choose contractors who are a lot more expensive. But, if they are only a bit more, there may be other factors; perhaps a local coach driver would take more care of the children.'

'We recently had the windows re-done by a local contractor, who wasn't on the county's list. We pointed out that he was offering to do the job at half the price of the others, and persuaded the Council to add him to their approved list. It wasn't very difficult!' – School governor.

Action agreed

While there were many good plug ideas that arose from discussing the leaks, the group decided to concentrate on those it had most energy for. These were chosen using the coloured dot method.

Food

Farmers, abattoir owners, and so on, to meet to plan working together to market their goods locally. Ideas to be further explored include:

- Delivery schemes, farmers' shop, forming a consortium to tender for the schools contract
- Linking to wider initiatives: the church at diocesan level has set up an independent trust to take forward agricultural links between rural and urban areas, with a wide coalition of local, regional and national bodies

- Lobbying: the headmaster and chair of the governors will write to the county and the diocese (as it is a church school) saying that a lot of the parents are farmers and they would like to be able to serve local food. Governors to explore what conditions the farmers would have to meet to be able to bid for the catering contract from County Catering – they could then supply the food to all the schools in the county.

Handyperson

- Age Concern and the Council to collaborate on providing list of reliable contractors, not all of whom will be local initially.

Local facilities

- School to use proposed community resource room to host outreach courses from the Rural Agricultural College
- Governor and Head Teacher to initiate Jubilee celebrations featuring local businesses and produce, including farmers market where the school will take this forward.

Businesses

- Details of Business Links Rural advisors to be circulated
- Federation of Small Business members to be invited to the county 'Meet the Buyer' events.

Tourism

- Historic Churches booklet being developed
- Churches to be helped to install modern facilities such as toilets which will make them more suitable as community venues, for everything from training to farmers markets.

Results

Glen Parker, from South Staffordshire District Council said that 'Plugging the Leaks has given me a much clearer understanding of the local economy. Both the ideas and the process of bringing lots of different groups together will feed into the local authority's community strategy.' He also said that it has changed his outlook by becoming much more accepting of other points of view.

Denise Craig from Federation of small businesses said that she understood the local economy a lot more clearly, with a greater awareness of individual communities. Michael Lilley, the Churches rural development officer, said that Plugging the Leaks changed his view and showed that solutions can be found to local economic issues.

Maintaining progress

During the second workshop the Council stressed that someone independent was needed to coordinate all the initiatives – particularly if the group want to set up more than one small initiative as an outcome of Plugging the Leaks. Several of the initiatives set up are now underway – such as the schools computer/IT centre and the historic churches booklet. The Council's guidance however to set up a special support group for Plugging the Leaks was not taken straight away. It is however intended that Plugging the Leaks can be taken to other parts of the district as part of a trans-national project with six other European districts, which has been funded through the Grundtvig programme.

Luton

Background

Luton's Marsh Farm is a New Deal for Communities (NDC) regeneration area. Following a short introductory Plugging the Leaks session in early 2001 the people of Marsh Farm started to take ownership of the ideas. Not surprising since they had already been talking about how to make their money 'more sticky' so that it would stay in their area. Following the session a community newsletter included a double page spread on the leaky bucket. Here is an extract:

If we really want Marsh Farm to work – We should be minding our own businesses!

The way things are now – a bucket leaking jobs and money

First imagine Marsh Farm with its 10,000 people in 4,000 households, as a bucket that is full of water – the water representing all of our money and resources put together. Then imagine the bucket has holes all over its sides with water leaking everywhere, and you get a fairly accurate picture of the way things are at the moment, with virtually every penny we get leaving the estate to end up as profit for individuals who live somewhere else.

There's a hole in our bucket – example no. 1

Following the riots of 1995, community workers were asked by young people to arrange for some of our local graffiti artists to be allowed to make good community use of their skills by decorating an agreed space on the estate. It was felt that this would discourage wanton graffiti. Eventually £26,000 was allocated...but the money was spent on paying for a professional artist from Wheathampstead to paint 5 murals and even the contract to render the walls went to a firm based in Barton Hills.

Closer examination of the funds spent showed that the materials for the job amounted to less than 1/3 of the cost. So more than 2/3 of these so-called 'regeneration funds' – designed to alleviate our poverty – ended up going into the pockets of people in areas already well off in comparison to Marsh Farm.

A community construction company, based within the estate could and should have carried out this contract, working alongside the local graffiti artists. This would have kept wages, profit and experience gained within the community the funds are supposed to benefit.

Hole in our bucket – example no. 2

Our 4,000 households need regular collections and disposal of household waste and area cleansing. Currently, we collectively pay £430,000 per year to have our bins emptied and to keep our streets clean and tidy. The absolute failure of the contractors to effectively carry out this duty despite such a payment is obvious to anybody who lives on our estate...the £430,000 could be much better spent paying wages to our own Environmental Task Force, a team who would live and work on Marsh Farm let people who care for the place do the job properly.

Hole in our bucket – example no. 3

In a survey carried out on the estate, over half the residents we asked said they had takeaway food delivered to their homes on at least one occasion every week (30% did this more than once a week)...90% of people went off the estate to use supermarkets for their weekly shopping needs, and 20% made regular visits to cafes or restaurants. Once again, all of these activities result in huge amounts of cash leaking out of the estate, when it would be so easy to carry out these services ourselves. A community supermarket, fast food delivery service and café-restaurant would ensure wages paid and profits made remain within the estate.

...This is why 'community regeneration' funds never make any long-term difference to our lives, only ever improving things in a very short term and superficial way. In fact, to be an unemployed painter and decorator sitting in your flat whilst a contractor from miles away is getting paid for painting the outside of your home can make things feel even worse. After all it is not as though we can't paint our own doors or bake and deliver our own pizzas, it's just that we don't have the resources to set up our own businesses.

The way things could be – Marsh Farm plugging the leaks

New Deal for Communities at last provides us with the opportunity to turn things around once and for all...with these funds we (can) set up a community owned centre that could house dozens of well equipped and community owned businesses; a building and construction firm, a fast food delivery service, a printing company, an equipment hire shop, a sound engineering studio and many more. These businesses will aim to employ local people, so keeping wages paid within the estate, and will re-invest any profits made from sales or contracts directly back into Marsh Farm. Since these community businesses will benefit every resident of the estate, rather than a board of directors, we are able to apply for start-up help from NDC funds, making them fully able to compete with private businesses when it comes to tendering for works or jobs on the estate...so instead of standing by and watching jobs and funds leaking out of our estate, let's get any training we need, form our own community companies and tender for every possible job we can. As the saying goes: Give a man a fish and he'll eat for a day – teach him to fish and he'll eat forever!

Maintaining progress

Since the publication of this newsletter 12 Marsh Farm residents have been trained in setting up an Organisational Workshop. This is a process developed in Latin America and Africa to catalyse and support across a 6-week period the development of community businesses. This summer NEF will train these same 12 people as Plugging the Leaks facilitators to apply Plugging the Leaks across their estate. Already several potential community businesses have started to investigate local market opportunities. The following story is typical.

Building business locally

One day a small piece of torn-off green paper arrived in Glenn Jenkins door. It was from a local painter who had been painting a door on behalf of a contractor from outside the area. He was unhappy because he had been asked to do only one coat of paint – and to thin it down. He was also being paid cash for the job. And he was particularly unhappy because it was his mate's door he was being asked to do a poor job on!

His note to Glenn asked if local building trades-people on the estate could form a builder's co-operative so that instead of working for other people they could secure some of the estate's building contracts directly themselves. Glenn agreed to help them and over the next few months six local trades-people decided to come together in a co-operative, setting themselves appropriate salary levels and conditions and undertaking decisions collaboratively. They soon won a contract to renovate a local café – did a great job and at a rate that was a lot less than the external competition. Now they are talking about how they can further develop their own skills, and also create apprenticeships for young lads on the estate.

The process of supporting the co-operative was not however an easy one – some council staff even complained that supporting the co-operative was unfair competition to the external contractors and that they would go out of business! Yet programmes do exist to help businesses start up – and so why not one that is a co-operative? And what could be better than a community business to create an ongoing source of revenue for a community long after the regeneration grant funding programme has finished!

Appendix 2: The regeneration game

Inward investment – irrigating a wider area

Inward investment is an irrigation channel for poorer communities. So it is important to make sure that mini-channels are connected up to that central irrigation channel so that it can reach and make fertile a wider area.

'Backward linkages' is the economists' jargon for the supply chain by which the real benefits of an inward investment can be passed into an area. For example, linkages can transmit knowledge and skills between linked firms, or be a source of finance. This can contribute to the upgrading of local enterprises and in turn truly embed an inward investment into an area. However many inward investments have few backward linkages.

A recent report from none other than the United Nations' own trade advisors (UNCTAD)⁸ highlights this need to increase supply chain linkages from inward investment – and promotes a variety of practices that local government bodies or the inward investors themselves can undertake to forge such linkages. The report in particular promotes developing a linkage promotion programme by local agencies providing market information, matchmaking businesses, and providing technical assistance, training and occasionally financial support or incentives. Many of these business technical support services are widely available in the UK (to varying levels of effectiveness of course). However this focus on exploring avenues for smaller businesses connecting to local larger firms in the area is given much less attention in the UK than it deserves.

An over-riding weakness in the UNCTAD report however is its top down approach – there is a real lack of consideration as to what smaller businesses or the wider community can do to become actively involved in the creation of business linkages. A case study of a Toyota plant found that very few local companies had become suppliers – in fact only 5 out of 240 companies providing inputs were from the region; and a Scottish electronics companies study identified only 12% of material inputs as being from Scotland⁹.

Why regeneration frequently fails

For money to trickle down it needs help in order to stay in the area where it is poured. Think of soil erosion – if you pour water onto soil that has no trees, then the soil will be washed away. If there are trees then their roots will hold the soil in place.

Similarly, unless there is enough local infrastructure, (shops, businesses, skilled workers) the money will leak out. Therefore the first step to regenerating any area needs to be about planting those trees. That means building the *local* economy; developing linkages between local contractors, businesses and consumers so that when in the future money enters the area it can have a much greater overall impact on that local community and its economy.

Modern art as a colander

The Tate Modern is a piece of urban regeneration through art that has brought millions flocking to the south bank of London, less than a mile from some of the key regeneration spots in the south of the capital. It has been more innovative than many large institutions at trying to make links with the local community, with economic ventures including a training scheme in the arts for local unemployed people. However, its best efforts are unlikely to make much impact until the local economy becomes more coherent. As their first community liaison officer pointed out, the TATE is like a colander – the money flows in and goes straight out again. Apart from the river, there is no perceived incentive for people to walk inland and spend their money.

If we build upon our irrigation metaphor, regeneration funding could even be seen as a large irrigation channel with a dam built outside the community! This dam stops a large proportion of the regeneration money from ever actually reaching the community at all (renovation contracts going to external firms, training staff travelling in to the area, grants going to peripheral businesses with minimum linkages). And additionally, the money that does enter the community frequently leaves it immediately. So the impact of the regeneration funding in terms of increasing local productivity is minimal.

The above is of course very simplistic – the regeneration arena is complex terrain with many different arguments for adopting multi-pronged strategies. One dilemma for the regeneration official is that if an area is run down then they cannot only focus on job creation since they will find that as soon as people get jobs they want (outside or even inside the area) they will leave the area to live in the nicer surrounding suburbs, and so the area itself remains run down.

Similarly however if they *only* focus on improving the physical environment and don't focus on job-creation then over a period of 5-10 years the area falls once again into

disrepair as no-one locally has the money or inclination to keep it all in good condition and so the neighbourhood returns back to square one – trying to attract in regeneration grants to upgrade the area!

Additionally of course jobs can only be given to people with a certain level of skill and so good education is vital. And access to education is no help if people are not physically or emotionally healthy and so on and so forth.

However despite the complexity of the regeneration terrain there is still a lot of scope for increasing local employment through applying a longer-term vision that is more joined-up. The leak-plugging ideas outlined in Appendix 5 and also on our website show a wide range of initiatives, particularly social enterprises, that have proved very effective vehicles for longer-term regeneration. This approach would enable regeneration funding to have a much greater irrigation impact on the local area – however it does require a very carefully supported programme that enables those mini-channels to be dug very effectively at every step of the regeneration – or inward investment – programme.

Digging SUSTAINABLE mini-channels

So if creating mini-channels is part of the answer for making communities wealthier then who is it that ought to dig those mini-channels? And who should then maintain them to ensure that the land is irrigated into the future? If our economic channel-digging is solely in the hands of the policy makers or even the inward



investors it is probably not sustainable – over time interest will be lost to other priorities and the channels will silt up. This is the point at which economists will rightly proclaim that 'protectionism breeds inefficiency'.

So it is necessary to take a facilitative and less protectionist approach to channel-digging, just as it would be in an agricultural world. For example it is usually wiser to leave it up to the smaller local 'farmers' (businesses) to look after their

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mini-channels – maintaining each open and flowing well – since they know how important this flow is to their survival. They will spot the need to adapt or improve their channel as environmental circumstances change.

However it is also very likely that a farmer would have tremendous difficulty accessing water from scratch without any support – sometimes this support needs to be technical advice; or access to finance or equipment; or perhaps even the creation by government of the first major irrigation channel into the area. The form of support given is at its best if it is very clear to the farmer that the farmer – or perhaps the farming community – has complete responsibility for ensuring that the mini-channel itself is maintained in good condition.

When translated into economic terms this is the aim of the Plugging the Leaks approach – the creation of linkages with existing inflows of inward investment such that they can circulate more productively around a community. This work needs to be facilitated because many potential entrepreneurs or small businesses need some initial support to help them make these connections. However, as with farmers having to maintain their own mini-channels in good condition, once the facilitation of a linkage has been undertaken it must be clearly in the hands of the local businesses to maintain those linkages through providing excellent service to their clients.

The illustration on the front cover summarises this approach: money pouring in facilitated by a range of officials and business people; and a realm of potential action that residents and businesses can undertake to help stop that money from flowing away too fast.

Appendix 3. Getting started worksheets

Worksheet 1

Define your stakeholders

We use the term 'stakeholders', although it is a piece of jargon, because there does not seem to be a better word. The stakeholders are the groups that have a stake in the issue that you want to act on. One way to define your stakeholders is to ask:

- Who is affected by what happens?
- Who affects what happens?
- Who has good information?

For example, when Rolls Royce closed down in Derby some 20 years ago, a stakeholder that it would have been easy to overlook was the Derby and Ilkeston Window Cleaning Company. Rolls Royce was their only client, so, as far as they were concerned, although the company was so small, their stake in whether Rolls Royce closed or not was enormous.

It is worth spending time on this, because there may be some answers that are not obvious, like the window cleaning company, that will provide new and unexpected allies. Complete the following:

Who is the stakeholder?	What is their stake?

Worksheet 2

Define your area

At the outset you should decide what are the boundaries of the geographical area that you are studying. You probably know roughly what area interests you, but that is not decisive.

For example, in deciding the stakeholders you have pulled together a list of people who either do have or could have an interest or involvement in your local economy. It is however quite possible that each of them will be interested in slightly different geographical areas – so for example a school might be interested in its catchment area, a health authority in a much bigger area and a funder in only a small part of such an area.

You will also know what are your main motivating reasons for deciding to plug the leaks. Use this knowledge to define your area. Was it to set up a particular business for your community group? If so then you need to decide which geographical area is of most interest to your group. Was it to try to influence the grant-making or spending decisions of the local authority or schools? Then you would need to work to their areas of interest. And so on.

It is likely that you want to do several different things: you need to decide which is the most important and therefore which geographical area to put a boundary around.

Alternatively you might decide on two boundaries: one that shows the area that your customers or clients are interested in; another that shows the nearby areas that we don't *mind* our money leaking out into. For example, Crickhowell is in the Brecon Beacons. The local people decided to explore leakages out of their local Crickhowell economy. However, they noticed that the whole of the Brecon Beacons was having a difficult financial time and a lot of money was flowing from village to village. So they decided that the leak-plugging action that they would take would, in the first instance, look at plugging the leaks flowing *outside* of the Brecon Beacons. Once they had been plugged then maybe at a later stage they would look at leaks that were nearer to home.

Fill in the answers to the following questions below:

- What area are you interested in?
- What geographical area does the income for that area come from?

For example, visitors to a farmers' market in Richmond, London, probably come from all over south west London, so it's probably worth studying that larger area. Thus if another market starts up in south west London, the takings of the Richmond market will be affected. On the other hand, tourists to the Brecon Beacons come from all over the world, so you might as well stick to the Beacons area.

- Where do suppliers come from?
- What area are the stakeholders interested in?
- Now compare the different answers. What area appears most often? Which answers matter most?

Appendix 4: Plugging the Leaks surveys

You can download fully developed questionnaires from our website – here we have simply extracted a few of the key questions for each sector as illustrations of the types of questions you can ask.

Questions for residents

1. Which of the following **products** or product groups do you **not** buy locally?

	Please specify (buy or not buy)	Would you like to source it locally? (yes/no)	If yes, why do you not buy it locally? (a) not available (b) don't know whether it is available (c) high prices (d) poor quality (e) lack of service (f) lack of convenience (g) or other reasons?
Food			
Household products			
Clothing			
And so on			

2. Besides the reasons stated above, what would it take for you to want to buy these things locally?

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3. Which of the following services do you not buy locally?

	Please specify	Would you like to source it locally? (yes/no)	If yes, why do you not buy it locally? (a) not available (b) don't know whether it is available (c) high prices (d) poor quality (e) lack of service (f) lack of convenience (g) or other reasons?
Entertainment			
Plumber			
Childcare			
Accountant			
And so on			

4. Is 'buying local' for you (a) very important, (b) important, (c) neither important nor unimportant, or (d) unimportant?

5. What is exported from this area?	Could it have more value added before it leaves?

6. What gets wasted or thrown away in the area?	Could this somehow be re-used? By whom?

7. Do you have any ideas that you would want to see developed, or would like to be involved in yourself, to improve the local economy?

Questions for public sector bodies or agencies

1. Please look at your departmental or organisational budget (whichever you are most comfortable with) and highlight what percentage of it is spent **non-locally**?

Office operational budget

non-local (%)

- a) Staff salaries
- b) Office services (cleaners, IT support, catering, etc)
- c) Professional services (accountant, lawyer, etc)
- d) Goods (stationary, equipment, food, etc)
- e) Other items (*please list*)

Project budget

non-local (%)

- a) Contract Manager
- b) Contract staff (carpenters, designers, etc)
- c) Professional services (accountant, legal advice, catering, etc)
- d) Goods (food, equipment, materials, etc)
- e) Other items (*please list*)

2. For those contracts that do **not** go to local businesses, what stands in the way of using local businesses?
3. How could their use be increased?
4. Are there any products or services you are having difficulty sourcing locally? *If yes, which?*
5. Do you have a policy on local procurement? *If yes, what are the measures taken? If not, why not?*
6. Do you actively support local businesses who wish to apply for contracts? *If so, how? How could it be improved? If not, how could it be done?*
7. Do you encourage local people to purchase local products or services? *If so, how?*
8. Do you have a programme promoting entrepreneurship? *If so, who does it target? How does it work?*
9. How do you assess what skills are needed locally to help the area make the most of what it has? And what do you do to meet any skills gaps that you identify?

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10. Do you run or fund courses for contract tendering?
11. How do you encourage people to take up training?
12. Are there any services that could be transferred to the community sector – such as leisure facilities, care services, recycling and so on? If so, how could you facilitate this transfer?
13. Do you have any ideas that you would want to see developed, or would like to be involved in yourself, to improve the local economy?

Questions for businesses

1. Please look at your business' budget and identify what percentage of it is spent non-locally.

Business operational budget

non-local (%)

- a) Staff salaries
 - b) Services (cleaners, plumbing, decorating, IT support, accounting, marketing, catering, etc)
 - c) Materials/equipment (*please list* key areas e.g. input materials, food, stationary)
 - d) Charitable donations
 - e) Other categories (*please list*)
2. What would you like to be able to source locally that you can't at present?
 3. Do you think that you could potentially improve your sales to the local market? If yes, how? Which collaborations could help?
 4. Do you have problems with recruiting employees with the right qualifications? If yes, which?
 5. Do you have any ideas as to how more money could be re-spent in the area?
 6. What opportunities are there for the council or regeneration initiatives to buy from local businesses (including yours)?
 7. Is it reasonably easy for you or other local businesses to bid for local authority work?
 8. What support would be needed for local businesses to band together to win contracts?
 9. What are the barriers to expansion or retention of local businesses? How might these be overcome?
 10. What promotion/training opportunities would you like to see made available to local people to help you recruit locally?
 11. What businesses can you see developing to complement yours? For example using your waste, your products, providing your main input material, or enabling you to expand the work you could mutually tender for?
 12. Is 'buying local' for your business (a) very important, (b) important, (c) neither important nor unimportant, or (d) unimportant?

Appendix 5: Leak plugging ideas

Here we outline a few examples of innovative leak-plugging activities from across the UK. These, in collaboration with the pilot case studies in Appendix 1, give a small sense of what might be possible if you decide to use Plugging the Leaks as a way to renew a local economy. However they are only here to whet your appetite – we have many more case studies on our website, with contact details of the groups who created them and have tried them out. If you have a particular leak you want to find a plug to, simply go to our website and explore a wide range of possible routes you could take.

Although the ideas outlined here tend to have a strong social as well as economic aspect to them this is not essential for leak-plugging – when Crickhowell in the Brecon Beacons noticed that they didn't have a local window cleaner they did not decide to set up a co-operative of window cleaners! They simply tried to identify someone who might like to fill this market gap.

We have not categorised the case studies into sectors (business, residents, public sector) since all of them benefit from the support of public sector bodies, the energy of local businesses and the involvement of residents. Additionally any one of those sectors could sow the initial seed for such actions to happen.

Intermediate Labour Markets (ILMs)

ILMs provide a 'stepping-stone' back to work for the long-term unemployed whilst also involving participants in projects that are of benefit to an area. They present a wide range of leak-plugging possibilities. Glasgow Works is currently involved with 25 independent enterprises. Examples include:

- City Centre Representatives provides help to visitors to Glasgow within the main shopping areas on a seven days a week basis. They act as a clean-up squad and provide a mobility service for the disabled
- Truegrit provides training and work experience in market research and survey work. It offers services to a range of organisations, mostly in the public sector
- Teleworks provides training in telephone and IT skills. It offers call centre services to small and medium-sized enterprises and consultancy services to other organisations setting up similar activities

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- The Electronic Village provides a range of Internet and IT services (such as Web page design, database creation, desktop publishing and IT training) mostly for the social economy and public sector organisations
- Other projects include youth work, childcare provision and an advice/drop-in service for the homeless.

The Wise Group's schemes have included:

- Heatwise to give long-term unemployed people the chance to insulate houses. They have insulated 120,000 houses saving an average £5-7 million on energy bills so far
- Childminding
- Call centres – basic training to help people get these jobs. 200 people per year are trained: Eighty per cent get jobs
- Army training – 12 week course to help youth improve their chances of selection, especially those with convictions
- Providing helpers in schools.

Taking over leisure services

Kettering Community Leisure is a co-operative that provides leisure services to the people of Kettering. It has leisure centres on five sites: two swimming pools, two health and fitness suites and a football pitch and running track. It also has a meeting space for local groups and a bar and function room. It is able to offer leisure services at discounted rates to people who may otherwise not be able to afford them.

Buy local

This is run by North East and North Lincolnshire Councils to increase the value of goods and services traded within the region between local companies. It is subject to the economic conditions of price, quality and delivery.

The programme includes the following elements:

- The Buy Local web site (www.buy-local.co.uk), only available to businesses registered in the local area and containing information on: forthcoming tenders, current planning applications and events involving local businesses and a comprehensive list of local organisations in the area.
- Business Network monthly meetings and meet-the-buyer events present the opportunity to promote products and services to a large 'host' company, during an evening of purchasing presentations and networking.

Furniture recycling

The Furniture Resource Centre (FRC) designs, manufactures, recycles, refurbishes, sells and delivers furniture to people in need, and so creates work for the jobless and

offers long-term unemployed people salaried training. In all aspects of FRC's work they integrate long term unemployed people into the core of their work. Trainees undertake real work – making, driving, delivering and selling. FRC offers NVQ qualifications up to level 3 in upholstery, logistics, retail and business administration as well as key skills in six areas up to level 5.

- Bulky Bob's provides a recycling service for Liverpool City Council collecting and segregating bulky household waste. Goods are collected for repair, reuse and recycling with circa 30% of all goods collected being recycled. Much of the re-upholstered, restored and refurbished items are then put up for sale at FRC's high street store Revive.
- Revive sells low cost high quality furniture direct to the public. Revive is supplied by the private sector as well as Bulky Bob's, Create and Dove Designs.
- CREATE (Community Recycling Enterprise and Training for Employment) collects discarded white goods – primarily washing machines, cookers and refrigerators – refurbishing where possible and selling the refurbished appliances on to the general public.

Neighbourhood management or grounds estates management

Many examples exist of tenants associations taking on greater management of their own estates. For example, Pembroke Street Estate Management Board through which residents of the estate set up their own cleaning and security co-operative, whilst others became involved in other aspects of the work such as landscaping. From this increased local organisation of the estate has followed other economic, crime prevention and revitalisation initiatives and a co-operative credit union is now open for business.

Providing care services

Wrekin Care Co-operative (WCC) provides home and day care services to people in the Shropshire and Telford area, thus creating jobs for local people who are also responsible for the running and control of the business. It currently sustains 97 jobs, with many carers working on a self-employed basis and so in greater control of the hours they work. They receive full training and initially work alongside a mentor. All the jobs are good quality jobs and the hourly rate paid by WCC is more attractive than for many similar jobs in the local area.

Sourcing local labour in construction

In Plymouth a minimum local employment code of practice was agreed for all city and health contracts for building work. This was formally recognised with the formation of Plymouth Employment in Construction Partnership (PEMICON) where its

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members agreed to provide all available support for the inclusion of training and local labour schemes in construction projects. In Luton New Deal for Communities (NDC) a local builders' co-operative was formed and has competitively won tenders for contracts inside their NDC area, thus keeping a lot more of the money locally.

Food

The West Dorset Food Links project links local food producers with local consumers, giving farmers the opportunity for direct sales, doing their own food processing and using co-operative methods of distribution to help them stay in business. They have produced a Directory of Local Food and have created their own community garden for use by schools and community organisations.

Social firms

Social Advantage Framework for Employees (SAFE) is a model for social economic regeneration that aims to reduce unemployment in disadvantaged communities. The basis is that all companies give their staff a salary, which in many instances is then spent where the employees live. So unless a company based in a deprived community employs local people, much of the money is drained out of the area. SAFE helps to capture a proportion of the employees' disposable income and retain it within the locality of the business. For this to happen it has to be spent on labour intensive products and services such as childcare, horticulture or catering. When a company agrees to participate, a survey is done of what its employees might be interested in and not-for-profit companies are set up to deliver these products.

Tourism promotion

Several very innovative schemes exist across the UK to link tourism more effectively with local communities so that local people more effectively benefit. The Beacons Trust in Brecon Beacons has created a marketing group made up of young local people to help address the youth market – as well as maintain more young people in the area. PLANED in Pembrokeshire have supported communities in the development of their local attractions. The aim is to use sign-posting and enhanced local facilities to encourage tourists to travel not simply from sight to sight but instead to go into the villages to shop, or visit cafes or B&Bs such that the village itself actually benefits financially from its local attractions.

Social Enterprise Zones

Community Links are piloting social enterprise zones in East London. It involves relaxing regulations in a specified community to allow the testing of innovative social, economic and political arrangements, in a similar way to the existing Business Enterprise Zones. Rules would only be relaxed to assist socially beneficial undertakings. One example given is that of enabling unemployed people to start up business using their underused skills in areas such as car maintenance by allowing

them to remain on benefit until the business generates sufficient income to be a realistic proposition. Income from the business could be held in trust to form a capital fund to support its continued existence. Current areas for experiment include housing, schools, training and health.

Micro-credit

WEETU (Women's Employment, Enterprise and Training Unit) has set up a peer-lending micro-credit programme, Full Circle, to enable low-income women in disadvantaged areas of Norfolk to develop micro-enterprises as a route into self-employment. Through the package of training, support and access to finance, as well as help with childcare and transport costs, Full Circle increases women's economic independence and enhances local economic activity.

Social Enterprise Clusters

Northern Clusters is the Social Economy Network covering the North of Sheffield, bringing together existing and embryonic Social Economy Organisations (SEO). This network provides mutual aid, support and development assistance to its members. It stems from a need to co-ordinate the development of SEOs to ensure that the supply of services does not outstrip the potential demand and that sound and economically prudent business plans are developed.

Village shop for inner city

E5 Enterprise Ltd was established in July 1999 as an income-generating vehicle for a number of community projects based in Hackney, east London. Having started life as a food co-operative the enterprise company now has a retail outlet with its own shop, has been the base for a Credit Union, LETS, and an outlet for locally-made arts and craft. It now has computer and internet access at affordable rates, hopes to establish a sandwich bar and comes complete with notice-board, staple goods, and friendly networking opportunities.

Access to finance

When the last bank in the village closed in 1995, Ibstock Community Enterprises (ICE), a social enterprise, struck a deal with the Bank of Scotland to run a local cash point and with Hinckley & Rugby Building Society to provide an agency point. ICE is paid a small commission, which it uses to promote local regeneration. A recent study has proven that for every £10 taken out of the cash-point, £6.30 was then spent in Ibstock; and for every £10 taken out the building society £3.80 was spent locally.

Mutualising energy

Energy Action Grants Agency (EAGA) was set up to manage the delivery of the Home Energy Efficiency Scheme providing insulation grants to low income households for lofts, cavity walls, pipes and boilers. In 1999 this work came up for tender and EAGA

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established themselves as a mutual (on the model of the John Lewis Partnership). EAGA won the largest group of regional tenders, but has also now developed a range of new services to households on lower incomes, such as giving members the benefit of wholesale discount rates (10-20% lower) from Scottish Power. EAGA is now developing a similar service for water supply.

Community transport

Ealing Community Transport (ECT) was started in 1979 with an endowment of four buses from Ealing Borough Council. Winning contracts from Social Services, the business (incorporated as a mutual) grew and has now diversified into a four company group employing over 200 staff and providing recycling and community transport services for six local authorities in London and two outside of London.

Marketing co-operatives

North East Music is a marketing co-operative, made up of music teachers who were about to be made redundant as a result of education cuts. This allowed the teachers as self-employed musicians to sell their services back to locally managed schools and other customers. To trade tax efficiently they negotiated mutual trading status with the Inland Revenue. The business provides 40% more children with music tuition than under the previous direct local authority provision and has made year on year savings for the City Council.

Business support networks

Bizfizz is a community-based business support model in which a wide cross-section of the community form a local panel to guide and support a local business coach. The coach then gives in-depth, one-to-one support to any local entrepreneur who wants to set up or grow a business in the local area. Once a month the coach then meets with the local panel to get their help in addressing any remaining challenges. This might mean trying to find a vacant premise (such as Mr Y's under-used garage?), or identifying a part-time book-keeper who would be prepared to profit-share rather than demand up-front payment (perhaps Mrs X who recently retired might be ideal for this?). NEF and Civic Trust are currently piloting this approach in four UK communities.

Welfare benefit take-up

The Social Regeneration Unit of the London Borough of Newham has run a very successful welfare benefit take-up campaign over the last 4 years. This is run through a Data Warehouse that integrates existing databases (benefits, council tax, housing, social services and so on) into a single database. Using the database it is possible to target people who are missing out on benefits. Similar initiatives have been run by community groups offering free confidential advice to citizens on how to claim the welfare benefits to which they are entitled.

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