

Montgomery Street Cooperative



Forward

This Report is designed to outline the economic and social benefits of the Montgomery Business Centre to Sparkbrook and the wider community. It outlines the history of the site, the emergence of the Montgomery Street Co-operative, the threats to the continuance of the centre as the last remaining start-up hub in Birmingham and the recovery action as we emerge from the pandemic.

The Montgomery Street Co-operative, September 2021

Executive Summary

The following data helps illustrate the community wealth generation at the Montgomery Street Business Centre. This is based on a survey conducted by the Montgomery Street Co-operative of the site's 23 local businesses, and their local economic activity for the year 2019.

- Montgomery Street Business Centre supports 23 local businesses.
- These local businesses employ 58 people.
- They have a combined turnover of £2.2m.
- Their combined business turnover of £2.2m, through the local-multiplier effect, could mean as much as £3.5m to the local economy. Since the businesses based at the centre are situated locally, they also spend and employ locally, and the money generated can also get re-spent locally several times.
- These businesses purchase goods from 122 other local businesses and supply 559 more.
- Around 73 local people were trained by these businesses, this includes 50 people trained by the Youth Training Centre CIC (Unit D).
- We estimate around 60 businesses have used this community resource over the last 10 years.
- Our centre's current tenants include a social enterprise - [The Youth Training Centre CIC](#), a [Deaf-led digital design company](#) and a [Worker Co-operative](#).

In summary, Montgomery Street Business Centre is playing a massive local economic role with the £2.2m turnover being spent and then re-spent through purchases and salaries. This local multiplier effect makes it worth some £3.5m to the local economy.

Introduction

This report was initiated during a period of negotiating with our local authority, Birmingham City Council, over the sale of our business centre to our Co-operative Consortia, in Sparkbrook, Birmingham. This has motivated us to research and explore how local authorities recognise, measure and promote community wealth generation and local wealth building.

After hosting [Birmingham's Community Wealth Builder in residence, Conrad Parke](#) (CLES), we performed a survey of our tenants' local economic activity during 2019. This data has been utilised to present a robust case around our local/community wealth generation. This has helped inform ourselves as a Co-operative about our members' local economic activity and their collective business turnover. We also seek to inform our partners, Birmingham City Council, about our local economic activity and community wealth generation. This will help assist with meaningful Covid-19 recovery in terms of jobs, training and skills provision. As a Co-operative we have also contributed to their recent [East Birmingham Inclusive Growth Strategy Consultation](#).

The History of the Montgomery Street Business Centre

Birmingham City Council, through their former Economic Development Department, before terms such as "Community Wealth" and "Doughnut Economics" were commonplace, had the foresight to establish a series of 'Enterprise Zones' during the 1980s recession.

Montgomery Street Business Centre is one of these pioneering start-up hubs based in Sparkbrook to facilitate the generation of inclusive growth within their local economy. These Enterprise Zones or start-up hubs were established to help facilitate the incubation of local enterprises through the provision of small, affordable units with short or medium-term leases. These enterprises in turn created much needed opportunities for local employment, training and skills development - a ground-breaking anchor of community wealth building in the local areas. [Sparkbrook is one of the most deprived wards in our city, with twice the national average of youth unemployment](#), and the Business Centre forms a vital element in addressing that challenge.

This community resource has incubated many local enterprises over the last three decades (see Appendix). These enterprises began their journey here and benefitted from access to, and support from, the hub as a first step on the rung of the ladder to assist in sustaining growth and local wealth building.

Then during the 2000s, following significant central government cuts to local authority budgets, management of our business centre was transferred to Birmingham Property Services from the Economic Development Department. Adjusting to the financial constraints imposed on them as a local authority, it appears a different business model around the management of our business centre was adopted. Unfortunately, as a result of these cuts, Montgomery Street Business Centre site, through under-investment, went into material decline.

As a not-for-profit Co-operative of tenants based at the centre, we strongly believe we are best placed to not only run the centre, but also to plough surpluses back into the centre to improve it in the longer term. We believe our Co-operative business and governance model will ensure the centre is improved and sustained for decades to come.

Montgomery Street Co-operative

The Montgomery Street Co-operative is a diverse group of tenants based at the Montgomery Street Business Centre. We are intervening to save and improve a community asset. Our Co-operative already provides mutual support for economic resilience amongst our tenant members. We have mutually supported one another through the recent Covid-19 lockdowns and disruptions to trade and supply chains. We will continue to also provide resources and opportunities for community wealth generation and extending social value to our community. All these aspects intertwine and blend together in our centre.

We provide services at the most local level, working with the grain of our community. We can listen and respond to our community and our services are accountable to our members and the community.

The risks of losing the site to external investors/developers

At the very least, we would anticipate a huge disruption to our ability to sustain local wealth generation, jobs, training and skills provision if an external investor/developer acquired the site. There are no similar starter units in the City of Birmingham to relocate to, and none of the tenants have the reserves to fund a move out of the City. All our businesses' employees live locally, and any disruption would also impact on their families.

Birmingham Chamber of Commerce have highlighted the [urgent shortage of industrial spaces for SMEs in the City](#). Birmingham Property Services have sold off most of their portfolio of starter units too.

Even if a property developer did intend to continue with the running of Montgomery Street business centre, we envisage it wouldn't be for the long-term. There is very little incentive for a developer in terms of profitability to maintain this arrangement largely due to the site's dilapidations. If a new owner, in response to these costs, put our rents up, then that would force most of the tenants out too. Property developers would also be clearly bidding for the land here for a canal side development.

Ultimately, we believe it is fair to say, all our businesses, jobs and training would mostly go to the wall if the site were acquired by an external investor/developer. Particularly when factoring in the pressures we've already been experiencing during the pandemic, and the prolonged state of not knowing month to month if we would still have workplaces based at Montgomery Street Business Centre.

We believe as a Co-operative of tenants we are best placed to ensure the preservation and long-term improvement of our start-up hub in Sparkbrook for decades to come. [Co-operatives have already shown great resilience when it comes to navigating through the pandemic](#), and also building back better for the future.

Post-Pandemic: jobs, skills and training recovery

The benefits of our Co-operative lead back to the local community. Any surpluses generated will be recirculated back into the business centre to help create more wealth locally. The services we procure to run and manage our business centre will be re-evaluated to maximise community wealth generation. Decisions about these processes will be decided democratically by our tenant members. Local people govern our Co-operative and are accountable for it.

Our tenant-led Co-operative, rather than extracting profit from the site, will focus on reinvesting surpluses to regenerate our start-up hub for post-pandemic recovery. Inspired by the original model and intent of our local authority establishing our business centre as an Enterprise Zone for start-up businesses, we will seek to offer similar rent reductions to new start-up businesses for the first 6 months. We are also keen to offer a grant to start-up enterprises to help them on the first rung of the ladder of enterprise in Birmingham, and further help extend our local wealth building resource to the local community.

Community based, collectively owned, democratically accountable initiatives such as our Co-operative are the backbone to any initiatives based around building back better during post-pandemic revival and regeneration. We are confident, with the partnerships we have forged and the collaborations we have initiated over the last two years, that we can fully deliver this project in both the short and long-term.

We acknowledge the challenge our Council is facing in terms of balancing budgets and generating income for the provision of front-line services. Selling our business centre in a one-off disposal, will only generate a limited amount of income for that single transaction.

There is, however, a strong case around supporting the long-term investment in a community owned asset such as our business centre start-up hub. Investing in our local wealth building and the site that supports it by supporting our efforts as a thriving Co-operative, will contribute greatly to the Birmingham economy and therefore the Council's purse for many decades to come.

With its collective turnover of £2.2m, the Montgomery Street Business Centre is similar in scale to a large workplace such as a factory. Our enterprises, however, have the enhanced potential to go on to expand, employ more people locally, and to inspire more local people to do the same. There is a diversity of businesses and tenants that is unique to our start-up hub. It has demonstrably shown this potential over the last decades of its activity.

Appendix

In terms of businesses beginning life at Montgomery Street Business Centre and moving onto bigger things, we are aware of the following businesses:

- Green Gourmet Limited - £30m company employing over 50 people. Adam Sharkey started his business in Unit 8 <https://www.greengourmet.co.uk/>
- Sweet Joes Cookie Dough - Ammar and his team have just expanded to a larger unit in Bordesley Green <https://sweetjoes.co.uk/>
- Tasty Pastry - best Jamaican Patties in Brum! Now based in a large unit near Handsworth and a shop selling fresh patties. Their CEO went to Westminster to meet the then Prime Minister David Cameron <https://twitter.com/MontgomeryCoop/status/1414575512329113601>
- The Number Plate Centre - now based in a larger premises in Kings Norton <https://www.numberplatecentre.com/>
- AC Building Services - now based in Hall Green <http://www.acbuildingservices.co.uk/>
- Doorstep Dinners Ltd - dissolved now, but was a large company providing home delivered food nationally <https://find-and-update.company-information.service.gov.uk/company/09597720>
- Kumquat Catering - now dissolved, but was an event catering company for the film and television industry <https://find-and-update.company-information.service.gov.uk/company/05416504>
- The Flower Studio - Female lead business that started at Montgomery Street. They now have a shop on the Warwick Road
- Mantis Electronics Limited - now dissolved, but was a ground-breaking electronics firm employing many local people in Birmingham <https://find-and-update.company-information.service.gov.uk/company/02353188>

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