Community wealth building 2019

Theory, practice and next steps

CLES
progressive economics for people and place

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Centre for Local Economic Strategies

CLES is the UK's leading independent think and do tank, realising progressive economics for people and place. Our aim is to achieve social justice, good local economies and effective public services for everyone, everywhere.

About this publication

This publication provides a snapshot of the community wealth building movement in 2019. It provides an overview of theory, highlights both tried and tested practice, as well as the ways in which people, organisations and areas across the UK are forging new ground. In addition, the publication outlines the challenges that are currently affecting the advancement of community wealth building. It also provides some next steps that we hope will continue to build and grow this flourishing movement, enabling it to develop at scale across the UK.

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Foreword

Community wealth building is an intentional reorganisation of the local economy in order to tackle the inequalities and disadvantages that are today, more than ever, so acutely felt in our homes and communities across the UK.

Work by the Centre for Local Economic Strategies, and others, is developing practice that can be adopted to help change a system that we know is broken and is failing to serve the interests of the vast majority of people.

Whilst the post-war social contract and settlement ensured a benevolent state that managed and redistributed the proceeds of a regulated capitalist market, the state has since – over the last 40 years – become submissive in the face of global capital mobility. Increasingly, wealth has become disconnected to places and the economic fortunes of local people.

"Community wealth building is about creating a fairer, more socially just economy. It is practical action, framed by progressive concepts."

Community wealth building is therefore about creating a fairer, more socially just economy. It is practical action, framed by progressive concepts. Instead of solely relying on redistributing some growth 'after the fact' of its creation, community wealth building seeks to restructure the composition of the economy itself, so that the production of wealth is focussed on community benefit by ensuring it is widely held, shared and democratised.

In June 2019 the Centre for Local Economic Strategies hosted the second annual Community Wealth Building Summit, the only event like it in the UK. The 200-strong delegate list read like a roll call of locations and sectors where community wealth building is happening. From Newham to North Ayrshire and Leeds to Lewisham, this progressive approach to economic development is being adopted by universities, health institutions, community businesses, local councils, as well as the private sector.

We would like to thank all who attended the Summit and our sponsors for this publication, the Joseph Rowntree Foundation, Liverpool City Region Combined Authority, Open Society Foundations and the Power to Change Research Institute. The publication seeks to capture the essence of this year's Community Wealth Building Summit by providing you with an overview of theory and practice, the challenges that will need to be overcome and the next steps.

Let the movement flourish!

Contents

1. Introduction

Community wealth building is on the rise. In the last year alone, we have seen the first city regions adopt a community wealth building approach. The Welsh government are committing to elements of community wealth building under the auspices of the foundational economy, and we have seen an explosion in the numbers of councils, health institutions, combined authorities, housing associations and universities, across the UK that are adopting its principles and practice.

The Centre for Local Economic Strategies (CLES) has been at the vanguard of this movement in the UK and Europe since 2006, working in partnership with national government, local authorities and other local anchor organisations. In 2019 we have seen an acceleration of interest in community wealth building, with a rich diversity of practice and approaches emerging across the country.

It is the blossoming of this movement that has prompted us to write this report: to capture some of this diversity and to inspire and challenge ourselves and the wider movement. As such, this publication explores the state of community wealth building in 2019 – surveying the prevalence of these ideas in policy and practice, providing examples of tried and tested methods as well as emergent activity, and outlining the challenges that will need to be overcome in order to progress a community wealth building approach at scale across the UK.

What is community wealth building?

At the heart of community wealth building are five strategies for harnessing the power of anchor institutions to enable local economies to grow and develop from within. Key to these principles are the actions of anchor institutions. These are large commercial, public and social sector organisations which have a significant stake in a place. Anchors can exert sizable influence by adopting these strategies to impact upon economic, social, and environmental priorities, generating what is commonly referred to as social value.

Context, heritage and theory

Community wealth building is a radical and intentional reorganisation of the local economy. It seeks to end the negative consequences of the dominant market liberal approach and achieve social, economic and environmental justice.

Community wealth building prompts a paradigm shift in how we do local economic development. For many years, local economic development has been stripped of its intervening power; often assuming that once investment capital has been secured, wealth, jobs and opportunity will trickle down for all to share. This is failing. More often, the reality has been a depressing process of agglomeration, benefiting a narrow set of places and people. Indeed, agglomeration and the concentration of wealth in particular areas has often made the extraction of wealth from our communities easier.

Community wealth building offers a rejection of this economic development pathway and it does this by a return to common sense economic principles, whereby the economy and wealth is brought closer to our everyday lives, our homes, our communities and our neighbourhoods. This harks back to the root of the term ‘economy’: to the Greek work *oikonomos*, meaning keeper of the household. In so doing, community wealth building makes wealth socially helpful by ensuring it is broadly held, owned and distributed.

Community wealth building is badly needed. Today, while a few of our local economies are performing well in GDP terms - attracting inward investment, with property-led development and new spaces of consumption - this success excludes many people, and too often gives scant regard to climate justice. Many areas continue to struggle, and indeed, in some areas the problems are deepening and are being made worse by public sector austerity.[1] Faced with poverty, wage stagnation, underinvestment, low productivity and widening inequalities of income and wealth, the community wealth building movement offers an antidote to an economic orthodoxy that facilitates the process of wealth extraction into the ether of the global economy.

“Over the last ten years, we have seen community wealth building emerge as part of a new economic movement.”

Over the last ten years, we have seen community wealth building emerge as part of a new economic movement. Many of the constituent parts are familiar: insourcing of public services, mutual models of business ownership and municipal enterprise all have a centuries long history in the UK and Europe. Throughout this time, CLES’ work on community wealth building has been bolstered by connection and collaboration with The Democracy Collaborative (TDC),[2] who have been working on community wealth building for decades in the US. Building on this heritage, CLES’ work on community wealth building provides a whole systems approach to economic development geared to the very contemporary challenges of austerity, financialisation and automation.

The movement in 2019

Community wealth building practice is growing rapidly. In 2016 CLES was working with 11 local authorities to advance community wealth building practice. As of August 2019, CLES is now working with over 30 localities in the UK across local government, health, housing, higher education and the voluntary, community and social enterprise (VCSE) sector.

Our recent summit brought together 200 activists and changemakers from across many sectors. Demand was such that we even had to switch venue to accommodate the number of people who wanted to attend. The summit hashtag was trending on Twitter all day and a gif we released during the event reached over 1 million people.

Over the last year we have seen community wealth building reach new geographical areas. CLES' work with the London Boroughs of Islington and Newham is exploring what community wealth building looks like in high growth, large inner-city conurbations. In Wales and North Ayrshire, we are exploring community wealth building across rural footprints. We've seen a commitment to community wealth building principles inform the recent metro mayor manifesto of Jamie Driscoll in North Tyne. In Liverpool City region, there has been a commitment to develop a new industrial strategy centred around a community wealth building approach.

At a national policy level, recent developments have increased interest in the role of local anchor institutions in the NHS and higher education for example. Our work with The Democracy Collaborative on health institutions as anchors has informed a commitment in the NHS Long Term Plan to work with sites across the country to identify good anchor practice that can be adopted across England.[3] The Civic Universities Commission report highlights the potential for Higher Education Institutions to operate as anchor institutions in place, delivering significant local, social and economic benefit. All of this couples to ongoing interest and work with housing, police, colleges and the VCSE sector. It is testament to a strong movement that is gaining momentum and is here to stay.

Despite these developments, community wealth building does not yet represent the mainstream in economic development. Therefore, whilst we must recognise and celebrate how far we've come, we must also be restless and ambitious, asking ourselves – 'what next' for this dynamic movement?

In what follows, we gather together a snapshot of a fast evolving movement, highlighting both tried and tested practice occurring under each of the five principles described above, as well as the ways in which people and organisations are forging new ground, applying these ideas in new ways and new contexts. We also provide an overview of a whole place approach to community wealth building, as adopted in areas such as Preston (section 2). We then outline the challenges that are currently affecting the advancement of community wealth building across sectors such as local government, health and higher education (section 3). Finally, we conclude by providing some next steps that we hope will continue to build and grow this flourishing movement, enabling the five principles to advance at scale across the UK.

The Five Principles of Community Wealth Building

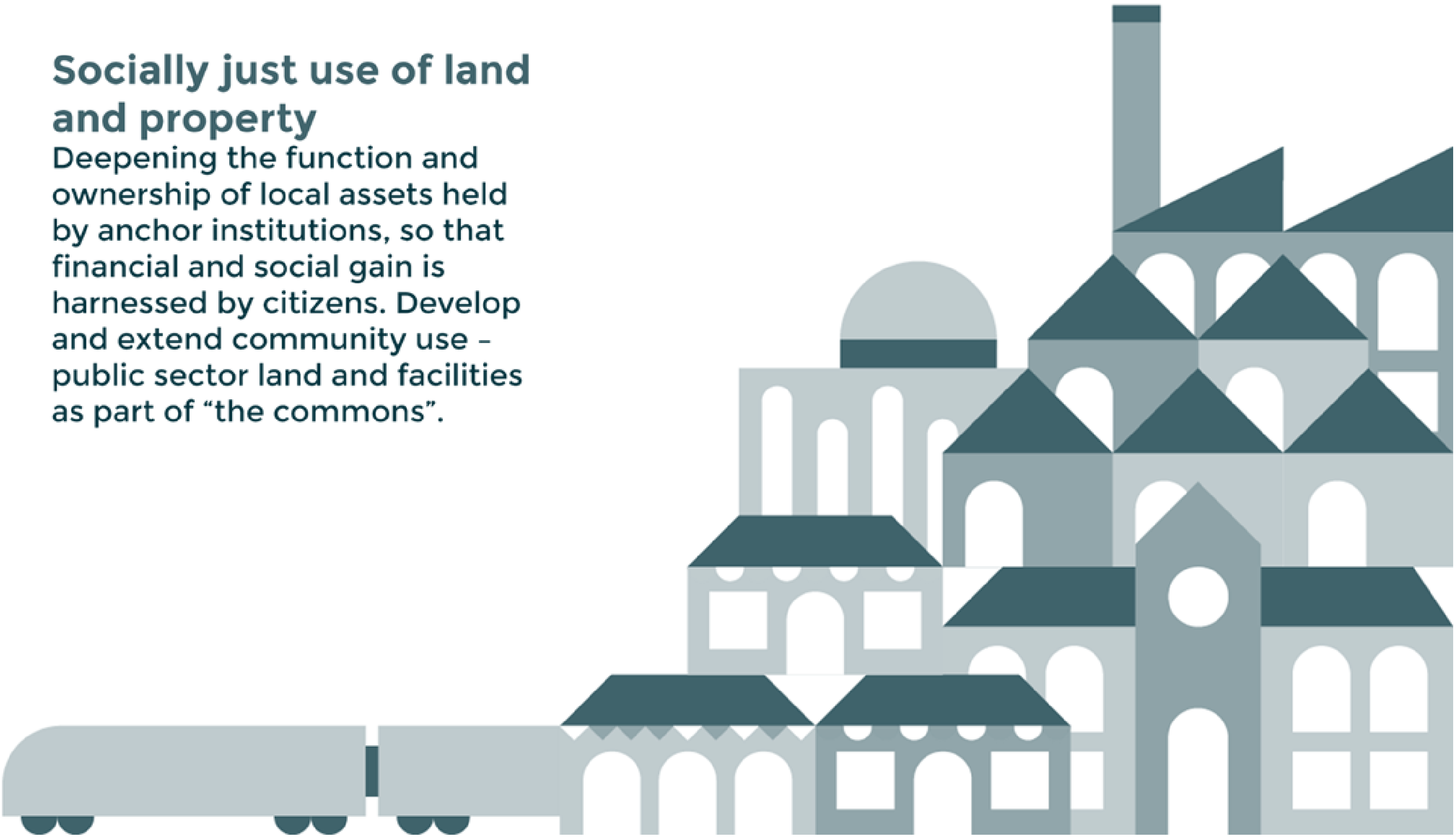
Plural ownership of the economy
Developing and growing small enterprises,community organisations, cooperatives and municipal ownership is important because they are more financially generative for the local economy – locking wealth in place.

Making financial power work for local places
Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital. This includes redirecting local authority pension funds, supporting mutually owned banks.

Fair employment and just labour markets
Anchor institutions have a defining impact on the prospects of local people. Recruitment from lower incomes areas, paying the living wage and building progression routes all improve local economies.

Progressive procurement of goods and services
Developing dense local supply chains of businesses likely to support local employment and retain wealth locally: SMEs; employee-owned businesses; social enterprises, cooperatives and community business.

Socially just use of land and property
Deepening the function and ownership of local assets held by anchor institutions, so that financial and social gain is harnessed by citizens. Develop and extend community use – public sector land and facilities as part of “the commons”.



2. The five principles: examples of progressive practice

Community wealth building is a growing movement. From Manchester to Preston, Newham to North Ayrshire and Leeds to Lewisham, tried and tested methods are being more widely adopted whilst new strategies are emerging, based on the five key principles outlined above.

Taking each of the five principles in turn, we provide a set of examples to illustrate what different areas and institutions are doing right now to advance community wealth building in their localities.

1. Plural ownership of the economy

Context

OECD figures suggest that the UK has amongst the highest levels of income inequality in the European Union.[4] Financial wealth is held by a small minority, with 44% of the UK's wealth owned by just 10% of its population, five times the total wealth held by the poorest half.[5] More than a fifth of the population live on an income below the poverty line, despite the majority of these households being in work.[6]

At a local level, this means that the wealth generated by workers, local people, communities, local enterprise and business in our towns and cities does not always flow back to them. Instead it is extracted by often distant shareholders in the form of profits and dividends. Data from the OECD in 2017 identified that the UK is the only developed economy where wages have fallen in real terms while the economy has grown.[7] Over the last 30 years, we have seen the severing of the links between wages and economic growth, which has fuelled further this inequality and led to a hollowing out of local economies.

The solution

Rebuilding strong connections between the enterprises, people and places that create wealth and those who benefit from it lies at the heart of community wealth building. We know that locally owned or socially minded enterprises are more likely to employ, buy and invest locally,[8] thereby contributing to local economic and social development. In these instances, therefore, there is a higher propensity for wealth to be generative rather than extracted. As such, community wealth building seeks to promote locally owned and socially minded enterprises. It also seeks to democratise the economy with greater local authority insourcing and development of municipal enterprise.

Tried and tested methods

- Public sector insourcing[9] - as revealed in a recent report by the Association for Public Service Excellence (APSE),[10] insourcing is on the increase and is increasingly viewed as a pragmatic means to address service improvement, service efficiency and to recalibrate local services to local needs. This is exemplified in the Liverpool City Council case study below.
- Municipal enterprise - In Wrexham, the local authority has implemented a renewable energy scheme, which will reduce the amount of CO2 emitted by three thousand tonnes a year and generate up to £1m a year in surplus income for the next twenty-five years.[11]
- Worker ownership – Preston City Council has led international innovation on the democratisation of the economy, working with UCLAN, local people and organisations to develop a healthy local co-operative sector.[12]
- Community ownership - Granby 4 Streets is a community land trust which provides affordable ownership and rental property for residents in Toxteth, South Liverpool.[13]

Emerging practice

We are starting to see local communities and local authorities take back control, working together to develop alternative models of ownership to support local service delivery. For example, a group of local people in the Colne Valley, Kirklees have recently decided to create a multi-stakeholder social care co-operative to ensure that staff are valued and supported, with favourable working terms and conditions, quality training and the opportunity to contribute to decision making.[14]

There is also an increasing role for anchors to take a more 'activist' position: stepping into the market to enable, mediate and cajole other actors as a means of maximising local community benefit and generating social value as a result. The case study below on Islington council and their work to promote co-operative development is indicative of this approach.

Insourcing

Liverpool

The initial outsourcing of frontline services in Liverpool took place in 1991, based on the belief that this would facilitate “best value”. Several services were outsourced and re-tendered on a rolling basis over the following decade including refuse and recycling, street scene services, grounds maintenance and highways services which included gully cleansing, highways maintenance and road-markings.

However, the outsourcing push led to staff redundancies, as well as changes in employee terms and conditions. Also, whilst contracts were outsourced on the belief that this would save the council money, these savings have failed to materialise in later years, with quality also deteriorating. Given this context, the Council decided to review its contracts and, in 2015, a decision was made to move refuse collection and street scene services back in house. Efficiency was cited as a key driver in the decision to insource along with service quality and better integration of the service. This move created an immediate saving of £1.4m with an additional target to save £2m over three years. Moreover, insourcing had a stabilising effect on workforce, lessening the reliance on agency or non-permanent staff. It also helped create 100 new jobs in the local area. This is helping to provide a positive message in the local economy and with the internal workforce: namely, that there is a viable alternative to unstable, ad-hoc employment.

Affordable workspace

Islington

Islington Council has recently purchased a long-term lease on a co-working and event space in Finsbury Park, known as Space4. It has subsequently let the space to a tech co-op, called Outlandish, on a peppercorn rent. In return, the co-op will create a "tech for good" workspace to boost employment and enhance Islington's lucrative digital sector, while ensuring profits circulate locally instead of being extracted by multinationals.

Outlandish aims to help found a minimum of five tech co-ops per year at Space4. The idea is that the incipient co-ops will stay at Space4 for stints of about a year or so, before they then move out and make space for a new wave of start-ups. In order to purchase the lease, Islington Council matched a £1m donation provided via the mayor of London’s Good Growth Fund. Crucially, this money hasn't come from the Council's core budget but rather through past donations made by developers as part of Section 106 agreements. These planning agreements are used by the council to require 50% of any new housing development to be genuinely affordable. However, developers can also choose to pay a donation instead. Donations are then used to fund initiatives like Space4.

2. Making financial power work for local places

Context

The UK banking sector is orientated towards global markets rather than local investment and economic development.

Over recent years, we've seen a stagnation of lending to small businesses and the closing of many local branches,[15] reducing the connection between lenders, their local communities and personal banking services. Access to credit is the life blood of an effective recirculation of wealth and developing innovation. Indeed, without access to affordable credit, many small businesses struggle to operate and compete with larger firms to provide goods and services.

The solution

Community wealth building seeks to increase flows of investment within local economies. It does this by harnessing the wealth that exists locally - to channel investment to local communities while still delivering a steady and reasonable financial return for investors.

Tried and tested methods

- The use of local pension funds to support local investment priorities - Preston City Council has already taken steps to ensure that its large public pension investments are utilised for social good, using this money to fund housing development in the city centre.[12] In 2017, Islington Council set about reducing its pension fund's exposure to carbon. It is also investigating how it might support social impact investment, specifically social housing.[16]
- Support for local credit unions and the provision of loans to community groups – local government in particular is able to support credit unions in the form of grants or guarantees as well as depositing funds with credit unions that would otherwise be invested with banks.[17]

Emerging practice

In addition to the use of local pension funds and support for credit unions we are seeing the growth of community banking. Work led by the Royal Society of Arts, Manufactures and Commerce (RSA) is promoting a regionally focused, mission-led model of community banks to advance the banking sector and put sustainable development, people and planet, back at the heart of the UK investment sector. The case study below provides further illustration of this new emerging practice. We are also seeing the emergence of platform co-ops which are designed for the exchange of goods and services. These are collectively owned and governed by those who participate in them and offer a social alternative to traditional models of financial exchange. This is illustrated below by the Equal Care Co-op and its development of "care coins".

Community banking

RSA

A group of innovators, led by RSA Fellow James Moore, and a team with over 150 years banking experience between them have set up the Community Savings Bank Association (CSBA) to facilitate the development of a network of regional community banks.

The first of these banks will be Avon Mutual which will take local savings and use them to create local loans. Avon Mutual aims to serve the everyday financial needs of ordinary citizens, local community groups, and small and medium sized companies. It will also work closely with community development corporations, community development finance institutions, local social investment funds, revolving loan funds and others. It aims to become a key anchor institution focused on shifting the region's economy to promote sustainable and equitable prosperity.[18]

Care coins

Equal Care Co-op

Equal Care Co-op is challenging the balance of power that currently exists in the care sector. It is tackling the low wages of professional care and support practitioners; inequitable relationships between councils and providers, as well as providers and workers; and the growing vacancy rate within social care. To do this, it is building a relationship-centred service where carers are paid fairly for their work and people receiving support can not only find care services for themselves, but also offer their skills, experience and support to others, on a paid or voluntary basis.

An important next step in the journey for Equal Care Co-op is developing the concept of "care coins" – an alternative currency which will power the exchange of care and help create their vision of a care and support system which puts the relationship between giver and receiver first. Inspired by the lessons which emerged from Japan's long-term experiment with 'a ticket for a caring relationship'[19] and by the work of Edgar Cahn's No More Throwaway People[20], which introduced timebanks and co-production, they are exploring a care currency which can be exchanged with anyone who provides support to others and which can be integrated into more formal models of commissioning care.[21]

3. Fair employment and just labour markets

Context

Continuing stagnation of real wages, the erosion of job security, the rise of zero-hour contracts and job loss driven by automation, mean that the reality of employment for many in the UK is increasingly precarious.

Many people working in full time jobs are unable to make ends meet. In 2018, the Joseph Rowntree Foundation calculated that the number of workers in poverty was 4 million, meaning that about one in eight people are now classed as working poor.[22]

Solution

Community wealth building not only aims to improve employment opportunities but wider employment terms and conditions and worker rights - for example, by promoting recruitment from lower income areas, inclusive employment practices, committing employers to paying the Living Wage and by building progression routes for employees. Often the biggest employers in a place, the approach anchor institutions take to employment can have a defining effect on the prospects and incomes of local people. Working with human resource departments within anchor institutions to stimulate the local economy through progressive employment and local labour market activities has proved a powerful tool. Instances of this are occurring across the local government, health and higher education sectors.

Tried and tested methods

- The real Living Wage - many anchor institutions are now real Living Wage employers, paying a minimum of £9 per hour in the UK and £10.55 per hour in London. Latest figures from the Living Wage Foundation tell us that 106 local authorities, as well as 106 universities and colleges across the UK, now pay the real Living Wage. For the NHS and housing figures are lower – 15 and 26 respectively.[23]
- Inclusive employment programmes - numerous anchor institutions have adopted inclusive employment programmes to attract those furthest from the labour market into employment. Leeds Teaching Hospital NHS Trust, run a programme with other local partners to build the confidence of the long term unemployed. They also have a particular focus on promoting careers to young people in the local area, have established a number of health career ambassadors and have a cohort of staff who go into schools in areas of high deprivation.[3]

Emerging practice

We are also starting to see certain anchors take a more active role in promoting fair and just labour markets, nudging and cajoling other partners to utilise their respective employment practices to maximise social value. For example, cities such as Dundee are leading the development of Living Wage Places. HEIs such as the University of Manchester are working with other local employers to provide thousands of local people with ring-fenced access to training, advice and job opportunities.

Living Wage Places

Dundee

In Dundee, an alliance of prominent local employers recently launched an action plan to establish how they will work together to make Dundee a Living Wage city. They are the first city to adopt a place-based approach to driving uptake of the real Living Wage by local businesses.[24]The alliance includes major anchors and employers such the City Council and Dundee and Angus College as well as Dundee Voluntary Action, a local bus operator and the local Chamber of Commerce.

Dundee already has 50 accredited real Living Wage employers – employing a quarter of all workers in the city. The plan is to double the number of workers covered by Living Wage accreditation over the next three years.

The Works

The University of Manchester

Led by the University of Manchester, The Works is a one-stop-shop supporting local people with ring-fenced access to training, advice and job opportunities – both at the University of Manchester and with a host of other partner employers. This facility is unique in British higher education, transforming thousands of lives, and is the only employer-led employment and skills facility in the north-west of England.[25]

The Works has a physical location in the neighbouring Moss Side area, bringing access to computing facilities, training and advice into the heart of the local community. University staff lead and coordinate the initiative, with the Manchester Growth Company providing additional financial support for other support staff, premises rental and utilities.

Many of the University’s non-academic vacancies are filled through The Works. It also encourages the University’s major suppliers, largely in the construction industry, to use The Works for recruitment to their University contracts and to help train potential recruits.
To date:

- 4,153 people's lives have been transformed by taking them out of unemployment.
- The social and economic value generated is equivalent to an estimated £60.6m a year.

4. Progressive procurement of goods and services

Context

When it comes to how money is spent and how services are commissioned by anchor institutions, cost is often the dominant determining factor in who gets the contract. Social value therefore tends to be a weaker consideration.

Solution

Community wealth building promotes the progressive procurement of goods and services, as this spending power can be a means through which greater economic, social and environmental benefits can be achieved.

By adapting their procurement processes and decision making, anchor institutions can create dense local supply chains and ecosystems of local enterprises, SMEs, employee owned businesses, social enterprises, cooperatives and other forms of community ownership. This is important because these types of businesses are more likely to support local employment and have a greater tendency to recirculate wealth and surplus locally and help to reduce carbon footprint.

Tried and tested methods

- Local spending - Preston's efforts to localise social value impact has brought millions of pounds back into the local economy.[12] The recirculation of over £200m being spent with local suppliers as a result of the changes in procurement behaviour across anchor institutions has had a positive multiplier effect on local jobs, wellbeing, health, and economic growth. This is partially reflected by the fact that in 2018 Preston was named the 'Most Improved City in the UK'.[26]
- Social value frameworks - the adoption of a robust social value framework by Manchester City Council, who consistently use 20% social value weighting in their tendering process, has produced significant social and economic impacts. These include creating jobs for the long term unemployed and persons with learning disabilities, as well as support for the VCSE sector.

Emerging practice

There has been a tendency in community wealth building to associate the progressive procurement of goods and services with simply spending more money locally. At CLES we see it much more as an opportunity to maximise social value. At the leading edge of progressive practice, we are starting to see strong intent to drive social value through the whole of the commissioning process. The example below from Tameside and the retendering of their home care contract is indicative of this approach.

Social value framework

Manchester City Council

Like all local authorities in Greater Manchester, Manchester City Council has adopted the social value policy and framework designed by the Association of Greater Manchester Authorities procurement hub. The Council recognises that social value considerations need to be considered at all stages of the procurement cycle. To facilitate this, the Council has set-up a cross departmental procurement working group tasked with embedding social value throughout the process. More broadly, Manchester City Council consistently use 20% social value weighting in their tendering process. They also hold regular "meet the buyer" events where they emphasise their priorities around reducing worklessness and raising aspiration. As a result of their approach to social value, in 2016/17 Manchester City Council created:

- 32 additional jobs for people with learning disabilities;
- 351 jobs for long-term unemployed people, 239 of whom were young offenders;
- 1,135 apprenticeships;
- 158,591 hours of support for the VCSE sector.

Home care

Tameside Council

Prior to 2016, home care in Tameside was based around a "time and task" model whereby providers were paid for support they provided in 15-minute blocks of time. The model was also based around low pay, with a lack of opportunity for career progression which led to low levels of job satisfaction. This meant that providers were struggling to recruit and retain staff to deal with the levels of demand. Tameside Council set about reimagining their service along the lines of the "Buurtzorg", a Dutch mode of community nursing and care at home. This model advocates person-centred care, with needs assessed holistically.
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Existing providers were brought together and the Council outlined their intentions to build a new model of home care delivery and explained that they would be putting this new service out to tender. They also explained that, as part of their new contract, they wanted their group of providers to work together to help deliver improved outcomes for users as well as better rates of pay for staff. Whilst some of their existing providers decided not to bid for the new contract, this process helped to "separate the wheat from the chaff and ensure that those who remained were committed to developing a new model of care.

Following this process, a new six-year contract commenced in October 2016. This initial phase involved honing the outcomes-focused model specification, with roll-out of the new services commencing from year two.

5. Socially just use of land and property

Context

How land and property assets are owned and managed are key features of any local economy. Land ownership matters because it is an expression of economic and political power.

In the UK the ownership of land is concentrated in the hands of the very few, with the current state of landownership a major driver of inequality, as a few private owners benefit from speculation on property markets whilst the majority suffer the consequences of unaffordable house prices.

A huge amount of wealth is held through the land and property assets of anchor institutions, and in the past anchors would act to ensure that publicly owned land secured benefits for the local community, for example municipal town halls and local parks. However, in recent decades over 2 million hectares of public land has been sold off to private interests, often with little scrutiny or accountability. This has meant that the wealth previously generated in the interest of local communities has increasingly been enclosed and captured by elites.

These trends have been exacerbated by conditions of austerity, with local authorities especially under pressure to sell off land and property assets rather than investing in their social, economic, and environmental value for the local community.

Solution

Local land and property assets represent a base from which local wealth can be accrued through equitable forms of ownership, management, and development. Through a community wealth building approach, these assets are owned and managed in ways which ensure that they generate wealth for local citizens, as opposed to being enclosed by private interests.

The goal here is not simply for a local authority or anchor institution to 'own more land', but instead to ensure that the land they do own is run by and for the people. This can be understood through the concept of 'the commons'- the idea that the land held by public institutions is owned by all of us, together. To achieve this, public land owners should develop governance and management structures where communities can take direct control of common assets.

By advancing a 'commons' approach to public land and assets, anchors can ensure that our shared buildings, parks, and other land holdings help to create good local economies, ensure sensible environmental stewardship, and advance social justice.

Tried and tested methods

- Community asset transfers – as part of developing the relationship with the community, the transfer of management/and or ownership of land or buildings from public bodies to the VCSE sector is becoming more and more prevalent. It is an approach that Wigan have utilised extensively as part of the Wigan Deal,[27] which has led to numerous former Council-owned buildings being transferred to community organisations to provide services such as sporting facilities, allotments and libraries.
- Using land to support the local community – this is an approach that is currently being utilised by University Hospitals Birmingham NHS Foundation Trust who regularly allow local community groups and charities to make use of their buildings and facilities for free, giving over their conference centre to let local charities run annual conferences for example. They also run a local farmers market on their land which is specifically targeted at micro enterprise within a 30-mile radius.[3]

Emerging practice

In seeking to advance a more socially just use of land and property, we're seeing a more interventionist approach emerging. Going beyond letting the local community make use of their land, we're seeing some anchor institutions choosing to use their land to build affordable housing. Furthermore, whilst not yet established in the UK, we're also seeing new practically based thinking emerge around the need to replace public-private partnerships with public-commons partnerships.

Case studies

Affordable housing

East Lancashire Hospitals NHS Trust

At East Lancashire Hospitals NHS Trust, they are currently involved in two projects to develop affordable housing. First, they are developing a portion of land on one of their sites, working with a local housing association, to provide affordable housing and accommodation for key workers. They are also working with Burnley Council, who are again currently developing a piece of land to incorporate more key worker housing. Whilst the focus here is for key workers within the Trust, they also recognise that many of their staff on the lowest wages cannot afford to rent or buy a property in the local area. So whilst building affordable housing is linked to workforce requirements, there is also a moral focus linked to assisting single parent families and people who cannot get on the property ladder.

Public-common partnerships

In a recent report for think-tank Common Wealth, Keir Milburn and Bertie Russell proposed a new approach to collective ownership involving unions, social movements and local government. As a replacement for traditional public-private partnerships, public-common partnerships provide an alternative model that could strengthen public ownership and give power back to communities. For example, with respect to local energy systems and large-scale public housing, as well as infrastructure such as water, transport, food production and distribution, they argue that these should be collectively owned and co-governed by local residents in a commoners association.[28]

They cite a number of similar models from Europe to support their solution, such as BEG Wolfhagen, a German energy cooperative owned by citizens in a small town in the region of Hesse. Here, citizens get an annual dividend and make the decisions about how profits from the energy company are reinvested. Building on experiments in collective ownership and governance, Milburn and Russell believe that PCPs can be a load-star for progressive bottom-up planning. Furthermore, collective ownership in a co-governance structure offers a training in democracy, where residents get to decide the metrics of success in their own communities.

A whole-place community wealth building approach

Adopting any of the practical examples detailed above is a positive step in terms of an anchor institution, or a locality's, community wealth building journey. However, in a growing number of places, local authorities and combined authorities are leading a wholescale community wealth building approach across some or all of the five community wealth building principles. Woven indelibly into the particular nature of a given place, this approach sees a bespoke blend of activity across the principles, typically based around:

- local geographical context (rural, urban, city regional etc);
- type and number of anchor organisations and their administrative footprint;
- scale of social, economic and environmental challenges, evidenced locally;
- economic development, regeneration context and market buoyancy/sluggishness;
- pre-existing activity which has already progressed elements of community wealth building principles;
- political will and appetite; and,
- capacity and resources to adopt community wealth building.

In progressing the adoption of this placed-based community wealth building approach, CLES has a range of methods which seek to both assess capacity and develop bespoke plans of action and practice.

The table below highlights the locations, as well as the type and blend of activity for a small selection of the localities that CLES is involved with. This is a snapshot, with many areas indicated below in process of developing an approach to advance community wealth building principles in full.

	anchor approach	spend	land and property	workforce	finance	ownership of economy
Preston	full	full	full	partial	full	full
Islington	partial	full	full	partial		partial
Sunderland	partial	partial	partial	partial		partial
Oldham	full	full	partial	partial		partial
Liverpool City Region Combined Authority		partial		partial		partial
Wirral	partial	partial	full	partial	full	full
Southampton	partial	partial		partial		
North Ayrshire	partial	full	partial	full		full
Wigan	partial	partial				
Newham	partial	full	partial	partial		partial

Preston

The original whole-place community wealth builder

In 2011, post global financial crisis, some development and inward investment activity within Preston had slowed down, with little hope of being rekindled. With little funding or capacity to prioritise traditional regeneration, Preston needed to think and act creatively. As such, the City Council, working with CLES, began to explore ways to apply community wealth building ideas locally. The starting point was to reach out to engage the city's anchor institutions. The scale and local roots of these institutions made them ideally placed to affect a progressive change in the city's economy. From this, CLES and the City Council began working with six of the city's anchor organisations.

This work identified that, of the collective £750m spent by those institutions procuring goods and services, 5% was spent with organisations based in the Preston boundary, with 39% spent with organisations based in wider Lancashire (including Preston). Over £458m was leaking out of the Lancashire economy. For each area there was scope to 'repatriate' spend (i.e. where there was a quality local supply base). Following consistent work by Preston City Council's leadership and CLES with procurement and with potential suppliers, we have seen some increase in local spend. Across the institutions, 18% of all procurement spend is now with Preston-based organisations. Spend in Lancashire has increased from 39% to 79%, an increase of some £200m.

As well as retaining money in the area, the work has also supported other forms of economic democracy and community wealth building. This includes capitalising on existing links between the University of Central Lancashire and the Mondragon network of co-operatives in Spain. Preston has now created the Preston Co-operative Network, along Mondragon lines. It is currently working to not only turn existing social networks into co-operatives, but to identify gaps in the local market where co-ops could be created to supply some goods and services locally.

Preston are also working to bring even more democracy to the local economy by establishing an energy supply partnership, seeking to establish a community bank and actively looking for further opportunities for local investments by Lancashire's Pension Fund. For Preston, the work continues to mature and deepen and they are increasingly collaborating and sharing their experiences with other local authorities.

3. The challenges in 2019

The examples of community wealth building activity highlighted in the previous section showcase the opportunities for actors across all sectors to progress community wealth building activity. This is starting to push at the boundaries of the current economic system and policy context. As such we are starting to see just how many national policy frames and behaviours are serving to inhibit the widescale adoption of community wealth building practice across the UK.

The fact that community wealth building is now pushing the boundaries of the current system, is the sign of a maturing movement. Nevertheless, there are challenges to overcome. As we articulate below, these challenges pertain to the continued dominance of the current approach to economic development, a lack of specific national policy drivers to encourage community wealth building activity, as well as a number of specific policy obstacles that affect sectors such as local government, health, housing and higher education.

1. The continued dominance of our current economic model

Old habits die hard. Economic development – as a public policy process of intervention – should have lessened the worst excesses of wealth extraction and served to ensure that social outcomes are secured. Unfortunately, in the period before and after the global financial crash, the practice of economic development and regeneration has gone badly awry. It has failed miserably to ensure that economic gains and wealth are delivering social benefits at scale or are working within environmentally sustainable limits.

“At its core, inclusive growth is about ‘after the fact’ economic development centred around the fruits of growth – no matter how extractive the ownership of production may be.”

In response, we have seen the rise of the term “inclusive growth” as the antidote *de jour*, with the term adorning many local economic and industrial strategies.[29] However, inclusive growth is limited as a conceptual and practical frame. Crucially it implicitly accepts the fundamental extractive element to the economy: namely that growth is forged from deregulated/privatised markets. Inclusive growth offers little to challenge austerity in public services and the erosion of employee rights. At its core, inclusive growth is about ‘after the fact’ economic development centred around the fruits of growth – no matter how extractive the ownership of production may be. In practice, inclusive growth is strong on competitiveness and inward investment, but weak on tackling inequality and poverty.

Unsurprisingly, this is not a fertile economic frame for community wealth building, as it perpetuates an obsession with growth, GDP and other traditional measurements of economic success. It can lead to the prioritisation of so-called key sectors, encourages agglomeration and detracts from the vital role that anchor institutions can play in a locality’s economic development. This needs to be challenged and it is why CLES calls for an inclusive economy approach – an approach to economic development focused on social goals, environmental sustainability and economic prosperity for all.[30]

2. Policy obstacles

As a result of the dominance of the current economic model, and by a deliberate policy of austerity, a logic of commercialisation now permeates sectors such as local government, health and higher education. In many areas of the public sector, commissioning (a term more properly used to describe the processes of assessing needs and designing ways to meet them) has been reduced to a competitive tendering activity, often framed by a rigid set of costed outputs and complex contract conditions. The spending of public money is understood first and foremost as a commercial market transaction with public servants duty bound to ensure the much prized 'value for money' across all activities. We see the impact of this in decisions by procurement teams to sign contracts based primarily on driving down costs.[31] Unfortunately, this frustrates the opportunity to use supply chains as a means of rooting wealth within local communities. Austerity and funding cuts also impact upon capacity. In the NHS, for example, because of the push towards national frameworks and in an effort to control costs, the number of staff with local procurement expertise is declining and they are not being replaced when they leave.[3]

"The spending of public money is understood first and foremost as a commercial market transaction with public servants duty bound to ensure the much prized 'value for money' across all activities."

In the social housing and higher education sectors, this logic of commercialisation has had a profound impact. Since the removal of all government grant funding for social housing in 2010, housing associations have only been able to build new homes for social rent if they cross-subsidise them through the building of homes for private rent and purchase.[32] Combined with changes to the national regulatory regime for social housing (which has moved away from quality of service to focus almost exclusively on financial viability) this has created a policy environment in which social outcomes are deprioritised, with financial considerations the preeminent force.

In higher education the embedding of commercialisation has manifested in a profound shift towards a marketisation of university education.[33] The introduction of tuition fees, deregulation of providers and the lifting of the cap on student numbers have again seen competitive advantage and market position become key markers of success, with few external drivers for social value.

In the health sector, recent research by CLES and TDC has highlighted the way in which a dominant narrative around cost savings and efficiency is currently affecting the ability to scale a community wealth building approach.[3] In particular, the restructuring of the NHS that has occurred post 2012, particularly in relation to the creation of NHS England and NHS Improvement, means that some NHS trusts are at times being subjected to apparently competing demands. With respect to the sale of NHS land for example, the directive is to both consider social value but also, in some instances, to sell land off to the highest bidder. This is confusing and appears to be taking up bandwidth within some NHS trusts, meaning that there is a lack of headroom to contemplate the pursuit of community wealth building activity.

Furthermore, NHS provider trusts are strongly encouraged to buy all of their goods through a centralised procurement system, known as the Future Operating Model (FOM). The FOM has been identified as a means of leveraging the NHS' purchasing power on a national scale to aggregate demand, centralise purchasing and deliver better value for money for NHS trusts and the taxpayer. However, its current focus is on achieving the best price and quality for its customers and does not appear to include social value considerations.[34]

3. A lack of strong drivers to encourage community wealth building

Attempts to curb the influence of far-reaching commercialisation has in many ways served to camouflage the extent of the damage done. The Social Value Act 2012 is a powerful example of this. Requiring all public bodies to consider social value in their procurement activity, the Act has been enthusiastically taken up by some organisations seeking to leverage real social, economic and environmental benefit for local people. Positively, some public bodies have adopted a bullish approach, with some councils incorporating mandatory percentage weighting for social value into their contract awarding procedures.[35] However, by merely requiring public bodies to consider social value, rather than enforcing it, there have been large variations in how the Act has been implemented. A significant 'industry' has emerged around social value, with various commercial offerings as to how it is measured and accounted for. In some cases, this has reduced the pursuit of social value to a mere tick box exercise, with an unclear process of contractor compliance.[36]

"A significant 'industry' has emerged around social value, with various commercial offerings as to how it is measured and accounted for."

In the NHS, despite the recent emergence of policy drivers which appear to lend their support to a community wealth building approach, there is a question mark around how effective they will be in their current format. For example, the commitment from NHS England in the Long Term Plan to identify good anchor practice that can be adopted across England, whilst laudable, is unlikely by itself to be sufficient to drive the adoption of community wealth building activity at scale. In short, given the kind of policy obstacles highlighted above, the NHS needs to be given more headroom to contemplate this agenda.

4. NEXT STEPS

Community wealth building has emerged as a powerful tool to democratise our economy and create wealth for all. Considering the scale of both the opportunities and challenges highlighted above, now is the time for restless ambition and to ask ourselves: what is next for this dynamic movement?

1. The ask from national government

- **End austerity budgeting**. Funding cuts, particularly to councils and the NHS have had a corrosive effect on the values required to commission and procure in a way that promotes social value. They have also affected the capacity and availability of the headspace required to advance community wealth building. Austerity budgeting should therefore end. Revenue support grants to local authorities and levels of investment in the NHS should return to what they were pre-2010.
- **Strengthen the Social Value Act**. As outlined above, the current Social Value Act fails to confront the market liberal and new public management orthodoxies which ultimately undermine the pursuit of a community wealth building approach. The Act should therefore be amended or potentially replaced with a new Act which introduces a process of social licensing, whereby the right to deliver public services would be dependent on the discharge of clear social, economic and environmental obligations around areas such as the real Living Wage, for example. Any potential act should also provide capacity for compliance to be monitored.
- **Policy flex within the system**. In sectors such as health, for example, there is an apparent tension between the kind of directives contained within the Long Term Plan and its support for the NHS as an anchor institution, which is not necessarily in harmony with the drive for cost and efficiency savings. With NHS Improvement and NHS England now working together across a series of regional footprints there is an opportunity to explore how conflicting requirements and ambitions could be resolved.
- **Create single national procurement rules for all local public institutions**. One the issues facing the acceleration of community wealth building, is the different procurement processes adopted by various local

anchor institutions; as different Whitehall departments have different sets of procurement systems, process and rules for higher education, Police, local government etc. At present this hinders and slows down local coordination, and reduces the potential for deep progressive procurement outcomes as part of community wealth building. Therefore, there has to be common procurement rules across all Whitehall departments in relation to the local anchor institutions, under their influence. This will remove barriers and practical differences across local networks of anchor institutions and therefore speed up and deepen local joint working and thus outcomes for community wealth building.

2. Local action

As mentioned above, community wealth building requires the pursuit of an inclusive economy not inclusive growth. This calls for a local economic development approach that hardwires social, economic, and environmental justice into ownership and production. This can be achieved partly by anchor institutions adopting the principles of community wealth building as described above. It also requires collective action at a local level in the following ways:

- **The role of anchor institutions as key economic agents needs greater recognition**. Anchor institutions have significant economic and social impact. In Greater Manchester, for example, health and local government institutions alone employ 127,715 people and spend nearly £16bn per annum.[12] The notion that these organisations have a key role with respect to their wider economic and social impact should therefore be fully and wholeheartedly supported by local economic development planning's desire for social value. Specifically, rather than repeating the standard mantras around inclusive growth, the authors of local economic and industrial strategies ought to put more emphasis on harnessing the power and impact that anchor institutions have in their localities.
- **Nurturing strong anchor institution relationships**. Local government is a facilitating institution that empowers, coordinates and upscales social innovation. In areas such as Preston, its lead in developing a strong network of anchor institutions has been the key to growing community wealth across the locality. Local government should seek to take a lead in all local areas, facilitating and nurturing the relationships between anchors with a view to securing maximum benefit from individual and joint activity.

3. Developing the vision

Community wealth building must always be a bespoke process, tailored for each local economy. We know that the Preston Model might work for Preston, but what about community wealth building in high growth, large inner-city areas? For example, what is the Hackney Model going to look and feel like? In short, how can we encourage local authorities to share best practice, yet also maintain their differences?

CLES has been awarded funding by Barrow Cadbury Trust to develop a centre of excellence, which is refining and developing the diverse experiences and thinking taking place around this agenda and translating it into practical action. Our Community Wealth Building Centre of Excellence is supported by an advisory group to guide activity by:

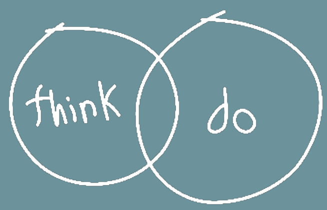
- drawing on expertise to support the development and deepening of community wealth building work;
- providing insight on the national policy environment;
- advocating for community wealth building principles and practice in key sectors.

The Centre aims to make community wealth building practice the guiding principle of economic development by developing and accelerating both theory and practice. As such its objectives are two-fold.

1. To inspire, support and evaluate the ongoing experimentation-through-practice of community wealth building.
2. To increase the number of organisations undertaking community wealth building in their places by disseminating concepts, tools and learning and developing and influencing policy.

The Community Wealth Building Centre of Excellence:

cles.org.uk/CofEx



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