Alternative agendas for local government

Community wealth building

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About CLES

• The **national organisation** for **local economies**

• Progressive local economics for people, planet and place

• Thinking *and doing*, to achieve social justice and effective public services
We need an inclusive economy

- A rising tide has not lifted all boats
- GDP as a measure of economic success doesn’t capture the stark inequality and deprivation
- In fact, poverty is rising and average incomes are failing
- COVID, Brexit and inflation have worsened an already dire situation
Inclusive Growth

- Economic model is fine, but need to connect more people to growth
- Marketisation and private values, can sit within and alongside public sector to advance inclusion
- Extraction of wealth seen as inevitable but need to slow for inclusion

Inclusive Economy

- Economic model is flawed, as it creates unacceptable inequality. Should serve inclusive social goals
- Restoration of public values within public sector market, is a route to greater inclusion
- Extracted wealth needs to be curbed and made more locally generative
The current state of local economic development

• Interviews and focus groups in seven local authorities around the UK

• National policy failures but also **practice** of local economic development has become **narrow and thin** over last few decades

• Heavily focused in some areas on **speculative property development** and/or **inward investment approaches** – with areas seeking to court and help large companies and industries to come in and set up shop

• Economic growth seen as the definition of success
“...this suddenly became the vehicle through which local economies could be developed... a lot this activity has involved chucking money at city centres to get them to thrive – the more cranes the more buoyant the economy”

“...[economic development] has become about high-level GDP, numbers of jobs, numbers of businesses – not too much thinking about how does that follow through into quality of life, wellbeing, and the quality of jobs”
• **Growing inequality** “The concern...is that some of our most disadvantaged residents are **being left behind**... how do we develop a progressive programme to support as many of those residents as part of that growth?”

• **In work poverty** “...growing issues of living standards, growing issues of poor quality work, growing issues of particularly young families in poverty...who were in work...juxtaposed against all of our **high-level indicators for economic development** that are still, relative to other places, stacking up really well”

• **Climate action** “...priorities will focus more and more on **climate emergency**. The council was looking at making cuts but...unlikely...now due to the importance of addressing **community led economic development** as a response to climate emergency”
How to create change?
Devolve, redirect, democratise

- Reshaping local economic development around **progressive principles** that work for people, planet and place
- A step-change in **devolution** through measures like expanded fiscal powers and a new national redistribution process
- Redirecting wealth through **community wealth building** to empower local areas and communities in the pursuit of **economic democracy**
- Expanding community **participation** in shaping the **economic destinies** of localities
Community wealth building

- A strategic approach to local economics that aims to increase the flow of wealth back into local economies by more control to local people and businesses.

- Aims to build wealth from within so that it is not simply extracted but redirected back into communities for example:
  - Greater diversity of economic ownership
  - Decent work, training and progression
  - More small businesses, start-ups, co-ops, worker ownership, social enterprises

- Economic outcomes are generative as opposed to extractive where people experience higher levels of economic and social justice.
Community wealth building - Five key levers

**Finance:**
Ensuring flows of investment and financial institutions work for local people, communities and businesses.

**Workforce:**
Increasing fair work and developing local labour markets that support the wellbeing of communities.

**Spending:**
Maximising community benefits through procurement and commissioning, developing good enterprises, fair work and shorter supply chains.

**Land and property:**
Maximise the value that local communities receive from land and property assets, including those held by the public sector.

**Inclusive Ownership:**
Developing more local and social enterprises which generate community wealth, including employee owned firms and coops.
Examples of change
• North Ayrshire and five pilot areas plus fast followers

• Varied approaches
  • Embedding in economic strategy (Ayrshire, South of Scotland)
  • Targeted approach – land, sectoral, employment, inequality, health

• Growing evidence base
• CWB to deploy inward investment better
• Public, private and third sector delivery partners
• Scottish Government Minister For Community Wealth
• Potential for a Community Wealth Building Act in 2023
Birmingham Anchor Network

• Birmingham Anchor Network – a combined workforce of over 50,000 people and budget of over £5bn
• Community Wealth Builder in Residence
• Action plan for response to the impact of Covid-19 on the Birmingham economy
  • *Hospitality to Health*
  • *I Can*
  • Procurement working group
• NHS using workforce strategy to address health inequalities
• Anchor work expanding across the West Midlands
Calderdale – building parity of esteem with the Voluntary and Community Sector

- Measured the spend of the VCS in the local economy
  - 63p of every £1 re-spent locally – workforce, spending, asset use

- Translating strategic ambition into operational ease

- Four key areas for action:
  - Build true parity of esteem - participation
  - Ease the burden on commissioning and delivery
  - Broaden support – not just funding
  - Measure the contribution – a true economic actor
Closing comments

• What would it mean to have local economies which generate positive social, ecological and economic outcomes?

• What needs to be done differently?

• Who needs to be part of the conversation and can commit to action?

• What are alternative measures of success?
Sources of support and information

- The future of local economic development in the UK
- Community wealth building: a history | CLES
- The Community Wealth Building Centre of Excellence | CLES
- Community Wealth Building in North Ayrshire | CLES
- Growing anchor networks in place: a how to guide | CLES
- Making financial power work for local places | CLES
- Restoring public values: the role of public procurement | CLES
- A just energy transition through community wealth building
- Blog | CLES – access to CLES podcasts
Thank you for listening!