

DATA LABEL: PUBLIC



**PARTNERSHIP AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY PANEL**

**COMMUNITY WEALTH BUILDING**

**REPORT BY CHIEF EXECUTIVE**

**A. PURPOSE OF REPORT**

To inform members of the Community Wealth Building Wealth building approach and work underway within West Lothian Council compatible with its further development.

**B. RECOMMENDATION**

The Panel is asked to note the summary on the Community Wealth Building approach and the ongoing work being undertaken by officers to develop activities consistent with this approach and to further explore how a Community Wealth Building approach could be implemented in West Lothian.

**C. SUMMARY OF IMPLICATIONS**

<b>I</b>	<b>Council Values</b>	Focusing on our customers' needs; being honest, open and accountable; providing equality of opportunities; developing employees; making best use of our resources; working in partnership
<b>II</b>	<b>Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	-
<b>III</b>	<b>Implications for Scheme of Delegations to Officers</b>	None
<b>IV</b>	<b>Impact on performance and performance Indicators</b>	Approaches to Community Wealth Building have the potential to increase positive outcomes across a range of indicators.
<b>V</b>	<b>Relevance to Single Outcome Agreement</b>	Approaches to Community Wealth Building have the potential to increase positive outcomes across a range of indicators.
<b>VI</b>	<b>Resources - (Financial, Staffing and Property)</b>	Development work within existing Council budgets. Approaches to Community Wealth Building have the potential to increase

community resilience with a potential impact on council and partner budgets.

**VII Consideration at PDSP -**

**VIII Other consultations** Third Sector Representatives, Community Planning Partners

**D. TERMS OF REPORT**

**D.1 Introduction**

Community Wealth Building is an approach which aims to tackle the challenges of rising inequality by placing a greater degree of control into the hands of local people, communities, businesses and organisations. It has developed as a response to what is seen as a deficit in traditional approaches to economic development. These are based on the need for constant economic growth and an assumption that if the economy grows it will create wealth for all. The evidence of ongoing, and increasing, poverty however indicates that this wealth is not 'trickling down' to those most in need. In addition the wealth that is generated locally, through wages and local business activity, is often channelled away from the locality through spend with national and international companies and the profit enjoyed elsewhere.

Community Wealth Building promotes working in partnership with communities and businesses to build a strong and resilient local economy which supports fair work, encourages local spend and uses land and property for the common good.

Community Wealth Building seeks to use the economic levers available to local authorities and other 'anchor institutions' such as the NHS, further and higher education institutions, and larger private sector (and third sector) organisations to support their local economies, ensuring that wealth is locally retained and benefits local people. These locally rooted anchor institutions can exert their influence to impact upon economic, social, and environmental priorities, generating community benefits and wealth.

Community Wealth Building was developed initially by the Democracy Collaborative in the United States, and championed in the UK by the economics think tank, Centre for Local Economic Strategies (CLES). CLES has developed five principles for Community Wealth Building:

- **Plural ownership of the economy:** a focus on developing different types of ownership approaches (e.g. co-operatives, locally owned or socially minded enterprises)
- **Making financial power work for local places:** increasing flows of investment within local economies, e.g. local authority pension funds are encouraged to redirect investment from global markets to local schemes and community owned banks and credit unions are supported to grow
- **Fair employment and just labour markets:** working within large anchor institutions to encourage them to pay the living wage, adopt inclusive employment practices, recruit from lower income areas, build secure progression routes for workers and ensure stable employment contracts and reliable hours

- **Progressive procurement of goods and services:** developing a dense supply chain of local enterprises, SMEs, employee-owned businesses, social enterprises, co-operatives and other forms of socially rooted business, which can provide goods and services to the large local anchor institutions
- **Socially productive use of land and property:** ensuring that equitable forms of ownership, management and development of local assets are developed, ensuring that any financial gain is harnessed by local people and communities

Community Wealth Building is an approach which supports the development and delivery of a 'wellbeing economy'. Wellbeing economy approaches move away from the prevailing models of economic development focused primarily on growth and look at the success of economies more broadly. This includes whether economies are thriving, how happy people are, how well people participate and how well the environment is maintained.

## D.2 The Preston Model

Since 2011, Preston City Council and local anchor institutions have been developing and implementing a Community Wealth Building approach. Preston has undergone a deep transformation, with the Community Wealth Building approach playing a critical role in improving Preston's deprivation figures and quality of life. Preston was highlighted as the 'Most Improved City in the UK' in 2017.

- **Plural ownership of the economy:** The Council, Preston Cooperative Development Network and University of Central Lancashire are working to develop the co-operative economy in Preston.
- **Making investments work for local people:** Preston City Council have partnered with Lancashire County Council to maximise the social return of public pensions through the Lancashire Local Government Pension Fund. Since 2013, the Pension Fund has allocated £100m for investment in Preston and South Ribble and a further £100m for investment in wider Lancashire. The Council are now drawing up plans to establish a Lancashire community bank in partnership with Liverpool and Wirral Councils to support local SMEs.
- **Living Wage:** Preston City Council committed to pay all staff the Living Wage in 2012 and took an active role in encouraging local anchor institutions to pay the Living Wage.
- **Influencing local spend:** Over the five years since 2012/13, locally retained spend had increased within Preston from 5% to 18.2% and within Lancashire from 39% to 79.2%, representing a rise of £74m in Preston and £200m in Lancashire.
- **Potential of land, property and assets to unlock fair employment and labour markets:** Developers which apply for planning permission for more than 30 houses and/or 1000m<sup>2</sup> commercial floorspace must now demonstrate how they will provide training/skills and employment opportunities for Lancashire residents.

Although the Preston model is the most well-developed example, a number of other areas across the UK are working on at least one of the five pillars of Community Wealth Building, including Sunderland, Torbay, Birmingham, Hull, Newham and now North Ayrshire.

### **D.3 The Scottish Approach**

The practical principles of Community Wealth Building are already present to some degree in Scotland. A pilot project is well underway in North Ayrshire and a number of other areas are expected to begin pilots within the next few months – South of Scotland, Clackmannanshire, Tay Cities, Glasgow City Region and Western Isles. These actions plans are at various stages, with some areas focusing on all five pillars and some focusing on just two or three.

### **D.4 The North Ayrshire Model**

North Ayrshire Council is the first council in Scotland to develop a Community Wealth Building approach to economic development. Community Wealth Building is seen as a long term, transformative agenda for the council, partners and Ayrshire as a whole and is a key driver of the new Council Plan and supports the Local Outcomes Improvement Plan. The approach has been augmented by the Ayrshire Growth Deal which has supported the councils of Ayrshire with a £3m Community Wealth Building fund. Recent analysis and action work by North Ayrshire Council, supported by CLES, has started a programme of work, which seeks to influence not only the anchor institutions of North Ayrshire, but also the wider Ayrshire Growth Deal. A Community Wealth Building strategy and action plan has been developed and was launched in spring 2020. This will be taken forward in partnership with the Community Planning Partnership (CPP), the Ayrshire Regional Economic Partnership, local businesses, the third sector and communities. Actions have been identified for each of the five 'pillars' of Community Wealth Building (procurement, fair employment, land and assets, financial power, plural ownership of the economy). A Community Wealth Building Commission has been set up as a key vehicle to achieving the ambitions. All anchor institutions have now signed an Anchor Charter.

Actions are already being progressed, e.g. the business support team actively look at the local market to make sure there are opportunities for local business to bid for contracts. For larger contracts, they are assessing the procurement needs of the council over the next few years and undertaking local analysis to ensure businesses in the local supply chain are able to and are supported to bid. Nine Community Wealth Building roles are being recruited to support implementation.

### **D.5 The West Lothian Position**

A key focus of the West Lothian Jobs Task Force and the Economic Recovery and Growth Plan 2020-2023 is to prioritise inclusive and sustainable economic change. A number of activities are already being taken forward locally that are consistent with a Community Wealth Building approach and the Economic Recovery and Growth Plan includes additional relevant actions.

For example, the council is already committed to paying the Living Wage and has committed to encouraging suppliers to pay the Living Wage. Employability programmes help support local people into work. Through the Economic Recovery Plan, there is a commitment to enable local supply chain development, by bringing together local firms to create community and mutual benefit, and to increase the level of local procurement by West Lothian Council to 40% per annum. The council is taking forward participatory budgeting to ensure communities have a say in services being funded in their communities and also supports a community asset transfer process to ensure greater community ownership. The council has declared a Climate Emergency and is looking to ensure that the economic recovery plan focuses around green investment and ensuring that local economic growth is progressed in the most sustainable way.

There has also been discussion within Public Health Scotland and the Health Foundation around the role of NHS and health and social care services as anchor institutions that can contribute to Community Wealth Building, e.g. through procurement of services and goods, local employment, using the NHS estate to support communities, and reducing environmental impact. Public Health Scotland are exploring this work, have set up a Community Wealth Building group and are actively supporting the work in North Ayrshire.

There is an opportunity to build on the positive work underway and explore a more strategic approach to Community Wealth Building in West Lothian, focused around some or all of the five 'pillars', looking at how the council and local anchor institutions could use the economic levers available to them to create a more resilient local economy, with more diverse businesses, to create more well-paid jobs for local people. Potential anchor institutions in West Lothian could include West Lothian Council, NHS Lothian, West Lothian College, Oatridge College and businesses that have a long-term presence in West Lothian. Anchor Institutions can also be small and medium sized businesses, community organisations and charities and so Community Wealth Building could also be explored at a more local level, taking a more place-based approach. Partnership arrangements are already in place to explore how this approach may work in West Lothian, through the CPP and Jobs Task Force.

## **E. CONCLUSION**

The Community Wealth Building approach offers an opportunity to build resilience and local economic security during the recovery from the coronavirus pandemic. It presents an opportunity to contribute to the economic empowerment of communities. It can also be seen as being complementary to the wider approach to Community Empowerment agreed and being developed and implemented by the council. The Panel is asked to note the summary of the approach and note the ongoing work being undertaken by officers to develop activities consistent with this approach and to further explore how a Community Wealth Building approach could be implemented in West Lothian.

## **F. BACKGROUND REFERENCES**

N/A

Appendices/Attachments: None

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***Graham Hope, Chief Executive***

Date of meeting: 4 December 2020