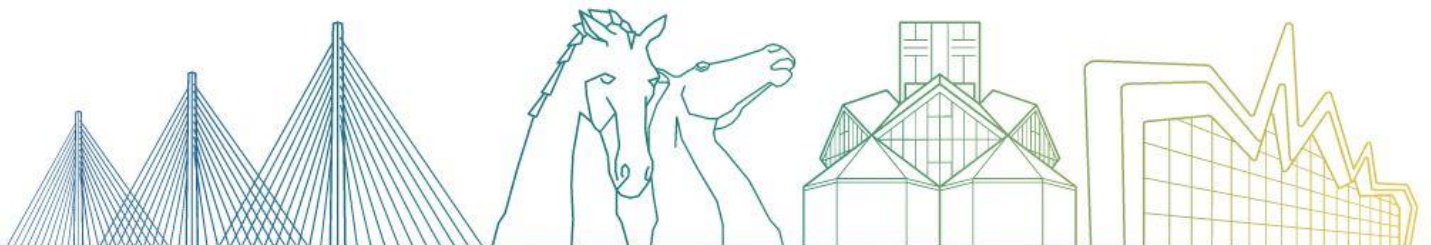


# Community Wealth Building, Inclusive Growth & City Regional Deals – A Practice Note

Chris Oswald



# WHAT IS THE PURPOSE OF THIS PRACTICE NOTE?

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Suddenly everyone is talking about Community Wealth Building!

This short practice note sets out what Community Wealth Building (CWB) is and how its principles can be used to add value to the £5 billion investment in the City Region & Regional Growth Deals programme.

The first thing to say is that many of the things that make up CWB are not new. Many of the principles may already in place, but perhaps not drawn together. More than anything it's a technique or approach as to how you do economic and place development and business, including who you do it with and what for. Inevitably as with any “new” thing there is a degree of professional language that's built up around it. This note aims to make it more accessible.

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## SO WHAT IS COMMUNITY WEALTH BUILDING?

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It's about using the combined power of communities, public bodies and private companies to support local, regional and national economies. It aims to retain wealth in the local economy, using local enterprise, labour, talent and finance to own, build, and to produce the things that we need.

CWB makes local wealth 'stick' by supporting the organisations most embedded in local economies, including employee owned firms, community businesses, cooperatives and social enterprises. Making the most of what we can control makes us stronger participants in our national economy.

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

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## HOW DOES IT WORK?

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The CWB approach is built around **5 key principles** that frame the practical action you can take. Critically, to make it work, local institutions need to work together to pool their money, assets and ideas. These ideas may well be familiar to you – CWB is about working on a bigger scale, or with closer integration, to maximise impact.

### 1. PROMOTE LOCAL OWNERSHIP

(Also known as “Plural ownership of the economy”)

Globalisation has had an impact locally, displacing local producers and service providers, by offering economies of scale. Even when we want to, it can be difficult to promote local businesses, and particularly those types of businesses that are rooted in our communities.

Local and democratic ownership – and particularly the development of local housing organisations, social enterprises, co-ops - and buying from local suppliers keeps the wealth generated locally in local hands. That’s mainly because these types of enterprises are more likely to employ and invest in local people, putting money back into the local economy. The Centre for Local Economic Strategies estimates that the benefit is as much as an extra 23p for every pound you spend compared to larger firms who are not invested in that locality.

That’s not to say that larger companies, including those operating in several locations, can’t be community wealth builders. Some larger businesses bring significant benefits to local economies through their fair work and procurement practices; sometimes also by geographically distributing senior jobs and decision making.

To ensure that community businesses flourish, local institutions will need to provide practical supports such as developing their business skills, advice on IT and HR, help with identifying and securing work spaces, and access to finance. Sometimes smaller organisations can benefit from access to shared facilities and services.

### **Questions to ask yourself**

- What are we doing to incentivise ethical business practices?
- Is there a clear plan which all the major institutions have signed up to that supports smaller social enterprises to develop? What sort of 'support in kind' can we collectively offer through employee secondment, access to training, or advice?

### **Who's doing this already?**

[The Preston Co-operative Development Network](#)

## 2. USE OUR OWN MONEY WISELY

(aka “Making financial power work for local places”)

Like our High Streets, our financial arrangements have become far more globalised than they were 50 years ago. A local authority might invest its money in a Nordic Bank, or a workers pension fund investing in property in Dubai to make the maximum benefit for pension holders, but equally couldn't we make this money work for us, ethically and more locally?

Every public body has significant amounts of wealth, even if it doesn't always feel that way. Whether it's a short term surplus or long term pension funds, by investing this in a local building society or local charitable trust we can focus the benefit here in terms of supporting local employment and investments.

So, why not use your surplus capital to support ethical or community or locally owned businesses? Local building societies lending to local social enterprises; local pension funds investing in local energy production? Your investment helps the community – better jobs, longer term loans - a different perspective to risk that balances financial and social gains. Also, by investing in smaller organisations, you're often helping your customers grow, which may offer new types of future opportunity. One of our major banks is doing this in partnership with local government, businesses and colleges in Kilmarnock, to support business growth, skills and training.

### Questions to ask yourself?

- Can I invest temporary surpluses into local building societies?
- Can I invest longer terms funds in local business opportunities, developments, credit unions or co-ops?

### Who's doing this already?

[Glasgow City Council](#)

### 3. MAKE WORKPLACES FAIRER

(aka “Fair employment and just labour markets”)

Employment practices that result in people working split shifts, or operating on zero hours contracts work for some people but can also have destabilising effects on others, including families. Caring for children or disabled relatives becomes problematic and the flexibility such jobs can bring can just as easily eat into people’s family time. The additional travel costs mount up. Life can become more centred on work than home.

Local companies, and particularly social enterprises or community led businesses, often have different priorities, which are not solely driven by financial gain, ones that value community gains. They have an interest in recruiting locally, drawing from a wide pool of labour. In the long run, helping local companies to employ people who might otherwise struggle to secure work can reduce your costs in other areas over time – particularly on social work, health, or mental health budgets. Giving younger people meaningful work can offer them an opportunity to make a positive contribution and keep them in the area.

When you are buying services or goods you can use your powers to ask about suppliers’ relevant employment practices, require contractors to sub-contract to local firms, and encourage recruitment for specific groups such as disabled people or lone parents. You can also ask them if they use Fair Work First principles – are they reducing their gender pay gap, or their use of zero hours’ contracts. Do they pay the living wage and consider how they will invest in the ongoing development of their staff?

#### **Questions to ask yourself?**

- What, beyond minimum standards, can I ask for in our contract with contractors?



- How can I use community benefits clauses to increase the skills and employability of local people?
- Can we target advertising for jobs into our more deprived areas to help improve local citizens' income?
- Can we connect with local schools or colleges to promote the opportunities available?

**Who's doing this already?**

Dundee City Council

## 4. BUY BETTER, BUY LOCALLY

(Aka “Progressive procurement of goods and services ”)

All public bodies need to keep an eye on the purse strings but whilst buying in bulk and from the biggest suppliers may look cheap, it can also have unintended consequences. Awarding a cleaning contract to a big company might reduce costs but could a smaller local company do just as good a job, and pay their staff a bit more, which could be recycled in the local economy? How can you ensure that more of the money you spend on services goes into local pockets?

Larger contracts give you the opportunity to ask for community benefits back from the contractor. Use these effectively. In the short term, for example, more tablets for your local school could be really useful, or some taster sessions for local students to encourage them to consider careers beyond what may be the norm. However you can also ask for more concrete outcomes in terms of apprenticeship diversity and training.

Community benefits can also give buyers significant influence over who and how suppliers recruit local apprentices or develop local peoples skills. It could deliver a vital piece of local infrastructure that is currently lacking – a play park or crèche facilities or inclusive play areas. You could ask them to give work experience to young people at risk of offending, or people in recovery. Sometimes interventions can feel small scale but they could be the difference between some people feeling able to access opportunities, or not.

### Questions to ask yourself?

- Could this work be done by a local company if we broke the contract into smaller pieces?
- How can I get the contractor to help local people’s employment opportunities?

### Who’s doing this already?

[North Ayrshire Council](#)

## 5. REMEMBER WHO OWNS THIS STUFF

(aka “Socially productive use of land and property”)

Between them, local authorities, health boards, colleges and the police own an awful lot of local land and property but for one reason or another not all of it is being put to its best use. How many pieces of derelict land can you think of locally? Or vacant or underused buildings? If you added up the potential value of all of these parcels of land and property what value would it hold and how could you put it to best use?

If you’ve got a significant number of vacant properties in your area in private hands could you encourage owners to rent them out at sub-market rates to local co-ops or social enterprises? Many public bodies have bits of land that they currently have no real plans for – you could ask the local community what they would do with it if they had the chance. Big or small there are opportunities for communities to take on the ownership and management of land – land for local food production or energy production, workshops for small businesses, or premises for the voluntary sector.

It sounds expensive but for the current owner it might be cheaper than keeping it empty. And there are a number of funding sources which support local land and property buy outs.

Investment decisions can be made around long-term value for communities not short-term receipts. Longer-term socio-economic benefits for an area and reduced costs for other services can be captured in decision making.

### Questions to ask yourself?

- Do I know how many local properties are vacant or land which isn’t being used? Do we own any if it?

- Could we develop these as Community Assets?
- Are our investment decisions based on achieving long-term value for communities or generating short-term receipts?

**Who's doing this already?**

[Community-driven place making across Scotland](#)

## SO WHAT'S ALL THE FUSS ABOUT?

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You may be sitting thinking, this seems familiar and common sense. And it is. However, the important thing about CWB is that you bring these considerations front and centre of all economic practice. By themselves each of the five principles set out above will help local people, local economies and local democracy. But if you do all five of them consistently you really can maximise your impact.

And then imagine what could happen if all the anchor organisations - the council, the college, the health board and local business - got together and did all of this together. Suddenly you have a much more powerful voice, a lot of wealth, and much bigger influence to build and retain community wealth.

And that's what CWB is all about.

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