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## ELECTED MEMBER BRIEFING NOTE

# Community Wealth Building





# Elected Members Briefing Series

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The Improvement Service (IS) has developed an Elected Members Briefing Series to help elected members keep pace with key issues affecting local government.

Some briefing notes will be directly produced by IS staff but we will also make available material from as wide a range of public bodies, commentators and observers of public services as possible.

We will use the IS website and elected member e-bulletin to publicise and provide access to the briefing notes. All briefing notes in the series can be accessed at [www.improvementservice.org.uk/products-and-services/skills-and-development/elected-members-development/elected-member-guidance-and-briefings](http://www.improvementservice.org.uk/products-and-services/skills-and-development/elected-members-development/elected-member-guidance-and-briefings)

## About this briefing note

This information is gathered from a range of Centre for Local Economic Strategies (CLES) documents and informed by discussion via a Scottish Local Authorities Economic Development (SLAED) working group.

Community wealth building is part of a place-based approach which is gaining traction across the UK with a number of local authorities. Like all place-based approaches it seeks to reduce inequality, specifically seeking to take a proactive approach to supporting local inclusive economies. It is built upon the concept of creating a fairer, more socially just economy and has been advanced through a blend of five principles:

1. Plural ownership of the economy: seeking to develop a more diverse blend of ownership models.
2. Making financial power work for local places: seeking to increase flows of investment within local economies.
3. Fair employment and just labour markets: positively impacting on the prospects and incomes of local people.
4. Progressive procurement of goods and services: developing dense local supply chains.
5. Socially productive use of land and property: deepening the function and ownership of assets to ensure that any financial gain is harnessed by citizens.

This briefing note sets out the key concepts and strategies for community wealth building, and points to other useful sources of information.



# What is the issue and why does it matter?

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Community wealth building (CWB) has developed as a response to what is seen as a failure of 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 demonstrates 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 extracted from the locality through spend with national and international companies and the profit enjoyed elsewhere.

CWB is a people-centred approach to local economic development, which redirects wealth back into the local economy. Through this approach local economies are reorganised, so that wealth is not extracted and sent off to stakeholders, but is held locally and income is recirculated in local communities.

Key to the approach is the role of ‘anchor institutions’. These are large commercial, public and social sector organisations (including local authorities) 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.

Starting in the US, community wealth building (CWB) has emerged as a powerful approach to local economic development. It is gaining traction, particularly in England, where the Preston Model is the most talked about. The Centre for Local Economic Strategies (CLES) has been working with Preston City Council and they have published a report [‘How we built community wealth in Preston: achievements and lessons’](#).

CLES also have a [useful report from 2019](#) which sets out CWB theory, practice and next steps.

Local authorities have key roles to play:

- As an anchor institution themselves
- As a strategic partner of other anchor institutions who may already be a part of local community planning structures
- As a partner of Scottish Government, developing policies and enabling measures.

It is clear that Scottish councils are already working on inclusive economies and contributing to community wealth building; approaches which support the

development of wellbeing economies. Further targeted work should be undertaken to maximise impact and to build upon existing delivery. This could be done in partnership with other organisations: via community planning; city and growth deals; regional economic partnerships and via locality planning.



# What does this mean for elected members?

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A number of councils are already working on inclusive economies and community wealth building approaches, and elected members are involved in shaping these. Elected members can champion these approaches in their own areas by highlighting the significant benefits. This includes assisting councils to understand where their employees live and helping to target employment opportunities at identified priority areas/groups. Councils should also be encouraged to target support in schools and communities to build skills levels and develop access to future opportunities in areas such as childcare and social care. This can be supported by encouraging councils and community planning partners to provide greater employment, training and work experience opportunities to target disadvantaged groups/areas. Elected members can encourage their local authorities and partner anchor institutions to become accredited living wage employers.

In addition to employment, elected members can encourage councils to develop procurement strategies that contain explicit measures for the use of community benefit clauses and local supplier development. Inward investment activity can be targeted at developing the local supply base, and a means of monitoring where this spend goes and the impact it has should be identified. In addition, council procurement spend with local companies should be enhanced wherever possible and spend out with the local area should be analysed to identify any additional local opportunities.

Finally, elected members can encourage councils to consider the impact of their assets on inclusive economies and how they can contribute to socio-economic development objectives and build resilient communities. This might mean linking asset management to locality plans and identifying how to support local people to take over council assets for the benefit of their communities. This can be achieved through promoting community asset transfer and exploring where this can be used to support area-based regeneration objectives, bearing in mind the need to support capacity building for communities currently less able to take on and manage assets.



# What does good practice look like in this area?

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The City of Edinburgh Council has developed a range of wellbeing measures of economic activity and are keen to work with others who are interested in influencing this. As part of the Edinburgh Economy Strategy it adopted a good growth framework approach. The annual report on the strategy went to the Housing and Economy Committee on the 6 June 2019.

North Ayrshire Council launched its Community Wealth Building Strategy in May 2020 which is the first of its kind in Scotland. As part of its inclusive economy journey, early work included fact-finding and learning lessons from Preston, building on the Improvement Service economic footprint reports, establishing an officer working group, commissioning CLES to undertake a local wealth diagnostic across the CWB pillars and to make recommendations, and establishing a CWB Commission including key local and regional anchor institutions. The Ayrshire Growth Deal Heads of Terms included £3 million from Scottish Government for a Community Wealth Building Fund to develop a regional approach to community wealth building and there are close links to the £8.5 million regional skills and inclusion project. The new strategy sets out our ambitions for this new economic model and how the council will achieve this by focusing on a CWB mission of ‘enhancing local wealth and the creation of fair jobs, and maximising the potential of all our places through working in partnership with our communities and businesses’. The council has set out six objectives to deliver CWB:

- **Community Wealth Building Council:** We will work across all our services and wider local and regional partners to implement Scotland’s first approach to community wealth building.
- **Procurement:** We will use our spend to actively encourage and support a growing, diverse and resilient local business base, and to support our net zero carbon ambitions.
- **Fair employment:** We will encourage the creation of fair and meaningful jobs with progression opportunities to unlock the potential of our residents.
- **Land and assets:** We will support the wider regeneration of our communities by maximising all of our land and assets including through alternative uses for community and business benefit.
- **Financial power:** We will invest locally and encourage regional and national institutions to invest in our communities.
- **Plural ownership of the economy:** We will support the creation and sustainability of a range of business models including SMEs, social enterprise, employee ownership, cooperatives, municipal activity and community enterprises.

The strategy sets out a range of ambitious actions for embedding the CWB approach, including: co-producing CWB activities with communities and businesses; encouraging local businesses to explore more local supply chains; ensure all anchors adopt a fair work approach; review land and assets to explore alternative community uses, commercial opportunities to grow local wealth, develop low carbon energy schemes, and to remove carbon dioxide from the atmosphere; explore the feasibility of a community bank and explore the use of local authority pension funds to support local projects; and promote the cooperative model.



# Key issues to consider

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A CWB approach can help councils meet a range of duties including, for example:

- Public Sector Equality Duty,
- human rights,
- Fairer Scotland Duty,
- tackling child poverty,
- the Procurement Reform Act, etc.

CWB pursues the twin ambitions of reducing economic and social inequity by creating good jobs where workers have stable employment conditions, voice and respect as well as a decent wage. A more democratic and engaged economy and society helps us to create the structures that allow us to live together as equals; and only when we relate as equals do we have the preconditions for flourishing democracy (fulfilling the intention of the Community Empowerment Act and supporting the direction of travel set out in the responses to the Local Governance Review). The values of equality and democracy, though distinct, are intimately related.

There are particular gender inequalities issues in the economy which CWB could help address. Low wage/low productivity in sectors where a majority of women work, such as retail and wholesale, hospitality and tourism, food and drink and health and social care, many in highly flexible or casual conditions (e.g. zero hours contracts) and largely part time can lead to greater levels of poverty for women, particularly female lone parents (tying into a key target group of the Child Poverty Act). There is a need to improve the productivity of the economy and wages in this sector as well as valuing this kind of work and the work women are more likely to do in the home. Support of social enterprises and co-operatives could be one of the ways in which to do this (in addition to maximising income from benefits).

CWB could also go some way towards improving health inequalities via public health whole system approaches. As evidenced by the NHS Health Scotland Triple I tool, improving income has one of the biggest positive impacts on health inequalities. A focus on building a more equal share in prosperous economies across a community will improve public health.

Questions you could ask locally include:

- Is your council using a community wealth building approach?
- What are you already doing that could be considered community wealth building?
- How does the council work with partner institutions to support CWB approaches?



# Summary

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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.

Community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, as opposed to attracting national or international capital. As large employers, the approach that anchor institutions take to employment can have a defining impact on the prospects and incomes of local people. Recruitment from lower income areas, commitment to paying the living wage, and building progression routes for workers are all examples of actions that anchor institutions can take to stimulate the local economy and bring social improvements to local communities.

Anchor institutions are often major local asset holders. These assets represent a base from which local wealth can be accrued. In community wealth building the function and ownership of these assets is deepened to ensure that any financial gain is harnessed by citizens. Furthermore, there is a desire to develop and extend community use of those assets. It should be remembered that much public sector land and facilities are a part of the commons and should be used to develop greater citizen ownership.

## Further support and contacts

The [Economic Outcomes Report](#) summarises key points that have emerged from the 32 local economic footprint reports, which were produced for each council, focussing on the three pillars of employment, procurement and asset management. North Ayrshire Council factored its Economic Footprint Report into its planning for community wealth building.

If you would like to find out more about community wealth building you can access further resources on the [Centre for Local Economic Strategies \(CLES\) website](#).

For information about wellbeing economy approaches, visit the [Wellbeing Economy Alliance](#) and [Wellbeing Economy Governments](#).

You can contact SLAED via [slaed@improvementservice.org.uk](mailto:slaed@improvementservice.org.uk)

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