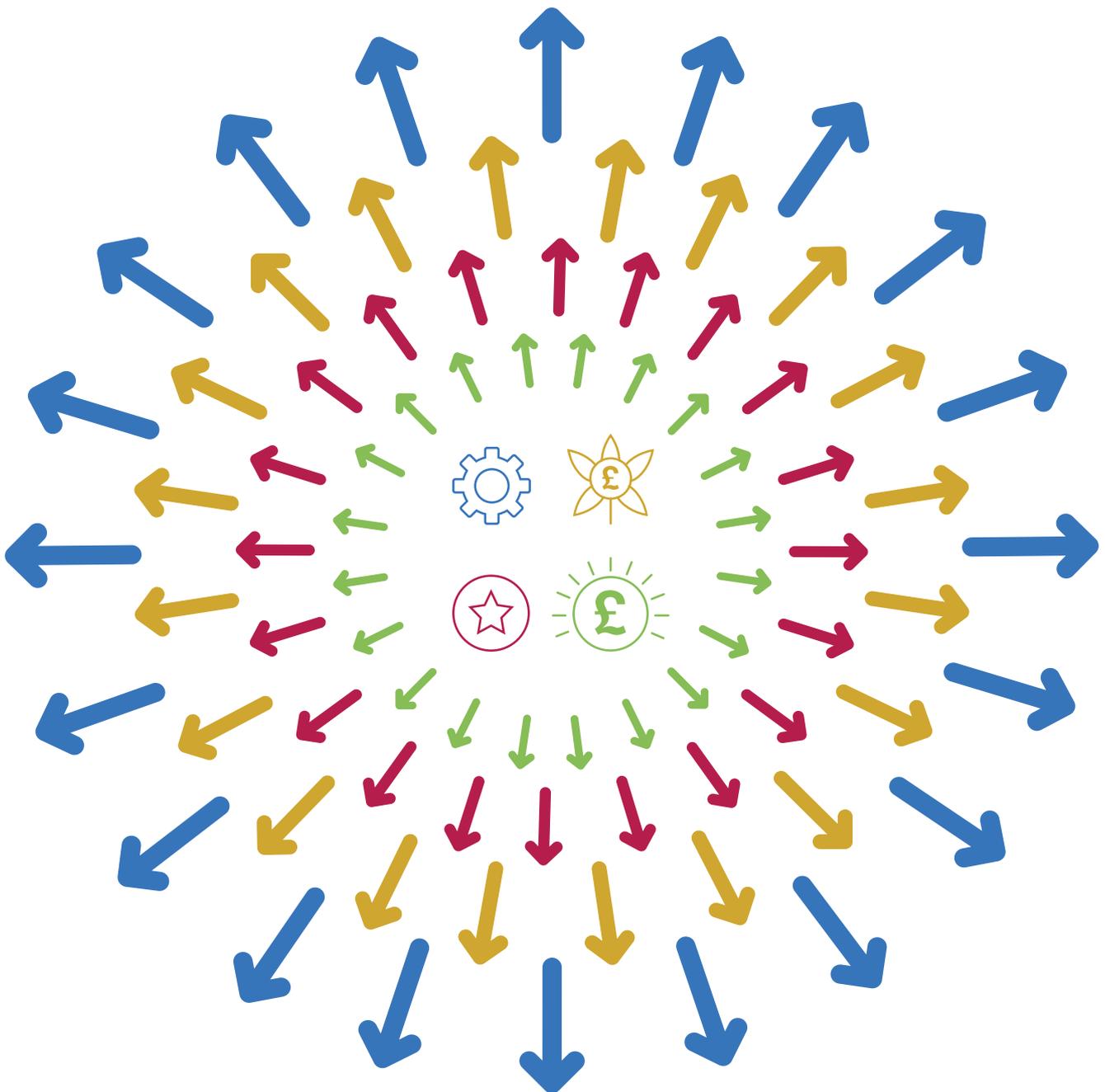


TIME TO BUILD AN INCLUSIVE LOCAL ECONOMY

A Charter for Change





TIME TO BUILD AN INCLUSIVE LOCAL ECONOMY

This Charter has been developed by Development Trusts NI (DTNI) in collaboration with the Centre for Local Economic Strategies (CLES) with the support of Friends Provident Foundation and The Community Foundation for NI.

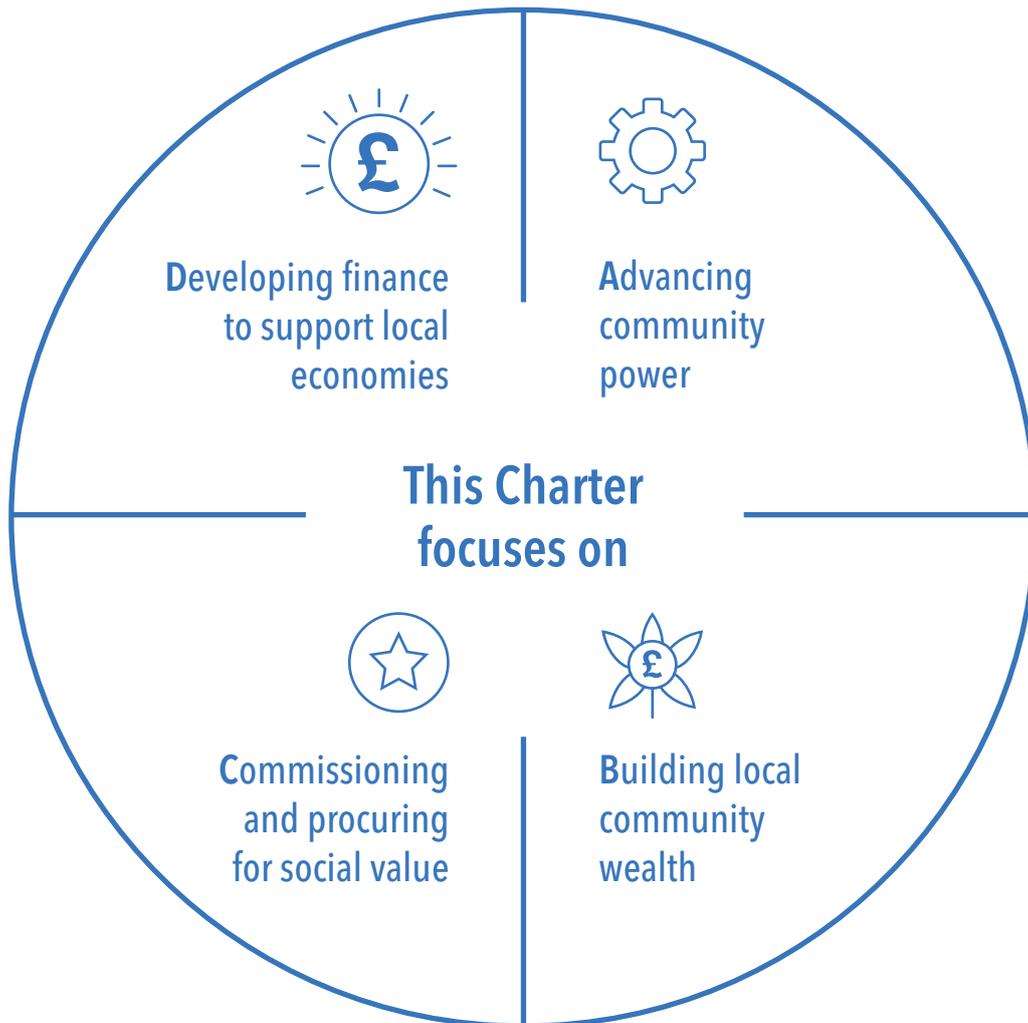
Development Trusts NI is a member led network of community development and regeneration organisations. DTNI advocates for participative democracy, promotes community action and empowerment, the collective ownership of assets for public good and enterprise for sustainable development.

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



THE ABCD OF AN INCLUSIVE ECONOMY

Recommendations for change to advance an inclusive economy focused on community wealth building, social justice, environmental sustainability and prosperity for all.



It has two main purposes

1

To frame the work of DTNI members & third sector organisations within a wider economic agenda

2

To identify key strategic policy actions for an inclusive economy



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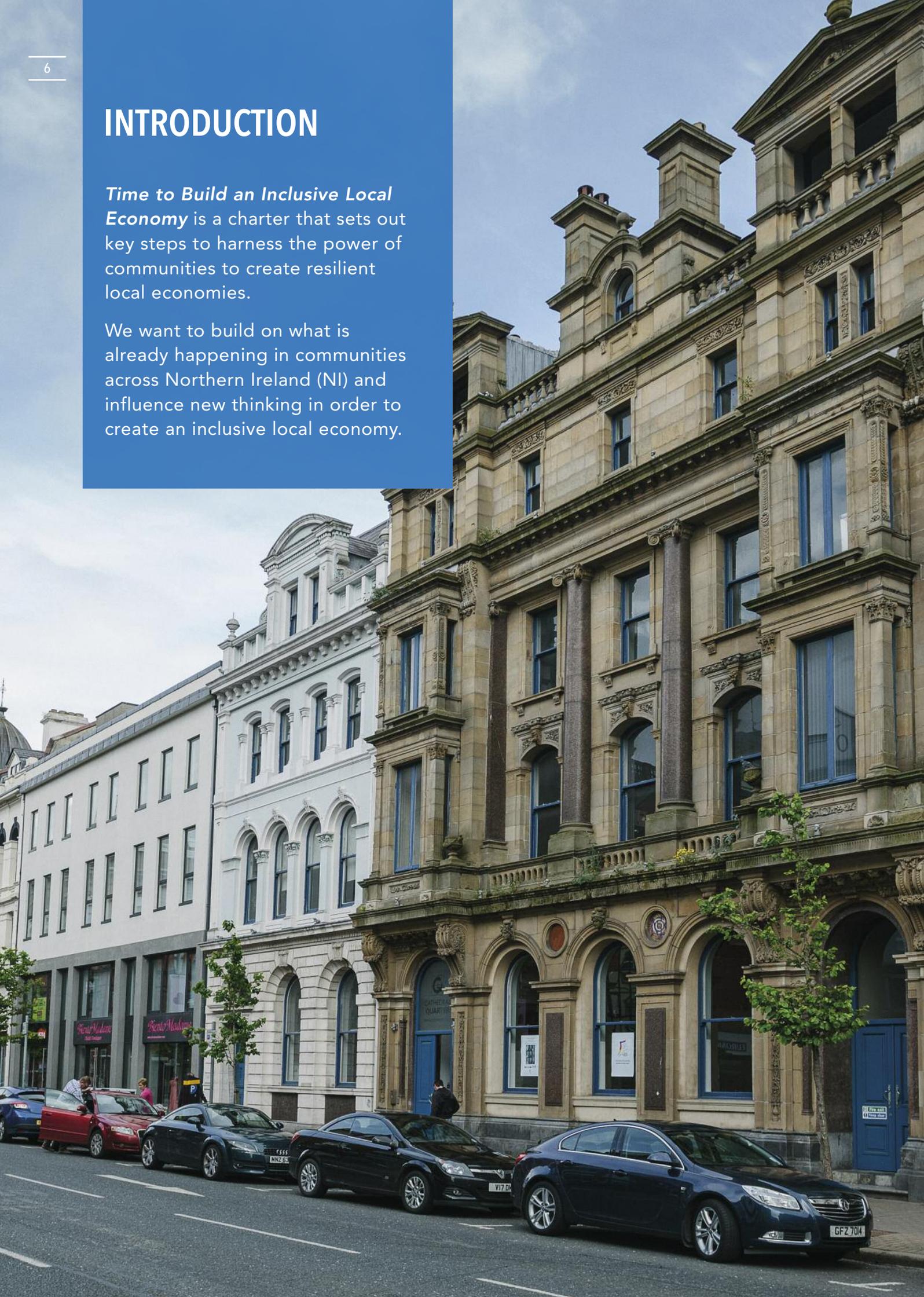
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INTRODUCTION

Time to Build an Inclusive Local Economy is a charter that sets out key steps to harness the power of communities to create resilient local economies.

We want to build on what is already happening in communities across Northern Ireland (NI) and influence new thinking in order to create an inclusive local economy.



Traditional economic thinking focuses on growth with the assumption that wealth ‘trickles down’ and creates prosperity for all. This thinking tends to view citizens and communities as recipients of wealth, rather than producers, and is pervasive in economic policy development across central government. Rather than creating prosperity for all, it has deepened inequality, increased poverty and heightened precariousness.

By contrast, an inclusive economy approach works to reshape the economic system to make it better serve people and community interests, and embraces people and communities as active players in wealth creation. Social capital is firmly linked to, and interwoven within, economic prosperity. The end goal of an inclusive economy is human wellbeing within environmental limits based on the premise that social, economic and environmental issues are interconnected. This goal can only be achieved when local agencies, organisations and businesses across the public, social and commercial sectors, mutually support and develop one another, unafraid to build relationships and share power.

New ideas and practice are starting to emerge across the UK on how we can build a more inclusive economy.¹ A key aspect of building an inclusive economy is a change of mindset. We must think less about what we can attract or construct through external investment and more about what we already have and how we build from within. Support for social and creative industries, environmentally based enterprise, local innovation and local enterprise, are key, and often under-respected, components of local wealth creation and they are far more likely to:

- root and retain wealth within localities
- create effective local economic multipliers
- bring greater social returns, and
- build long-lasting prosperity.

We, in Northern Ireland, already have the seeds of a more inclusive economy.

In order to allow those seeds to germinate and flourish, we must build more upon our assets - our land and buildings, people and relationships, and, most of all, the talent in our communities. There is no shortage, in any corner of NI, of innovation from community organisations, social enterprises and businesses.

Public sector organisations are responding and recognising that there is a need to update our model of economic development and that reform needs to happen. The draft Programme for Government² has started a process to shift the traditional economic thinking into new territory where quality of life has become a recognised measure of prosperity. In addition, the well-being aspirations of central Government are aligned with local public bodies through community planning partnerships.³

We are proposing in this charter another potential shift where the role of the social economy, generated by community enterprises, is fully recognised and woven into the work of public agencies and other commercial partners, and where local communities are supported to build upon their strengths and develop their economic resilience further. We believe that this approach will be transformative when key players from the public, community and commercial sectors play an equally important and recognised role.

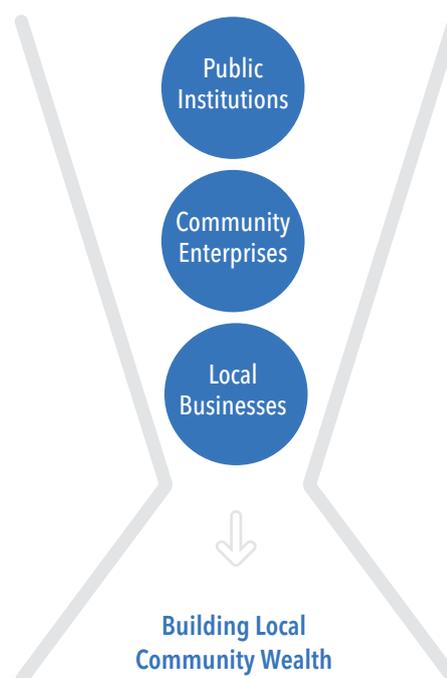
In order to achieve our goal of an inclusive economy across NI, we have identified four areas for development:

A - Advancing local community power

B - Building local community wealth

C - Commissioning and procuring for social value

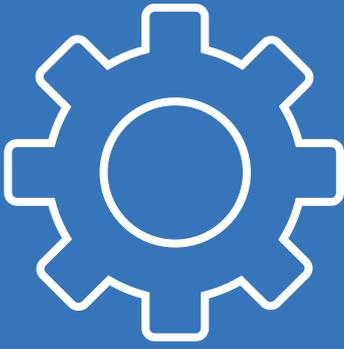
D - Developing finance to support local economies



¹ See recent Creating an Inclusive Economy in Wales and previous work done by DTNI on behalf of members on Good Local Economy <https://goodlocaleconomies.cles.org.uk> and Good City Economies <https://newstartmag.co.uk/wp-content/uploads/2016/09/Good-City-Economies.pdf>

² Draft Programme for Government (PFG) accessed at <https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/pfg-consultation-document.PDF>

³ The Community Planning Partnerships have each produced a community plan up to 2030. All plans accessible from <https://www.communities-ni.gov.uk/articles/community-planning>



ADVANCING COMMUNITY POWER

We need stronger civic powers and local rights so we can facilitate and enable meaningful local relationships across the public, social and commercial sectors, and stimulate innovation and creativity. We also need to address the imbalance of power and resources between central government departments and local government.

THE CHALLENGE

Local government is changing but it is relatively underpowered with responsibility for less than 4% (£738m) of public spending in NI in 2015/16, compared with 27% in Scotland and Wales.⁴ The NI Executive's 88% share of total public spending is more than double that of the Scottish and Welsh Governments. Furthermore, the policy levers and powers associated with services that are key economic levers, such as housing, education, youth services, and health & social care, are directed by central government departments. Central government is perceived as rigid, bureaucratic, hierarchical and slow and, thus, an impediment to developing an inclusive economy. In addition, a lack of local government power means its ability to convene effective local relationships across sectors is limited.

⁴ Kenway, P. & Petrie, I. Devolution within Northern Ireland. A report for the Northern Ireland Local Government Association. June 2018.

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THE RESPONSE

→ Support and develop an independent community sector

We need to support and resource social and community enterprises to experiment, develop and strengthen their capacity to adapt to changing circumstances and environments. In order to build resilience, communities must be supported to self-organise and explore innovative solutions to social, economic and financial issues in response to social change. Adequate resourcing for an independent community sector and recognition of the vital role that communities play in inclusive economies is crucial for both the public and commercial sectors.

→ Strengthen existing powers for local government

Local government and local areas must be equipped with the powers required to build inclusive economies. We believe that there is a need to assess what can be achieved by local government without new legislative or fiscal powers to lead change at a local level. Crucially, the devolution of statutory powers from the Department for Communities to local government for urban regeneration and community development as outlined in the Regeneration Bill must be revisited. Central government must give added support to local authorities, so they can take a lead on local economic development and local wealth building. NILGA's work with the eleven councils on devolution of power is central to this.⁵

⁵ Kenway, P. & Petrie, I. Devolution within Northern Ireland. A report for the Northern Ireland Local Government Association. June 2018 and NILGA A Programme for Local Government 2016-2021 & Beyond

→ Include community enterprises in community plans

We are starting to see community plans that hint at a greater involvement of communities and a more distinct emphasis on local economies. However, social and community enterprises must have a central role to ensure our economy is inclusive. All community planning partnerships should be required to make a clear statement of intent as to how they are to effectively engage with community enterprises. Furthermore, local government must be empowered to be able to hold statutory partners to account on that statement.

→ Define roles and responsibilities for 'good economy partnerships'

Social and community enterprises have developed great resources, expertise and knowledge to improve people's lives. However, the continuing trend towards outsourcing services to large private companies and UK-wide charitable organisations is undermining local development. Public money leaves local areas before it is of benefit to communities. The creation of 'good economy partnerships' between local community organisations and local public bodies can create better and more responsive services and build a fairer and more resilient economy.

→ Advance social, cultural and economic rights

Northern Ireland still has an underdeveloped approach to social, cultural and economic rights. We should establish an expert advisory group to lead a participatory process to make recommendations on embedding rights in practice. Citizens' assemblies have also been an effective vehicle to shape conversations around rights. Other models include Community Councils in Scotland and Co-operative Councils in England.

As per the experience in other regions, communities must be empowered and equipped with specific rights so that they can, where it is in the best interest of the community, request the transfer of land and buildings owned by public bodies and to take over delivery of local services. A Community Rights Act would legislate for rights to bid, to buy and to challenge decisions around the use of public land and buildings and build citizen engagement and deepen practice in participative democracy.



BUILDING LOCAL COMMUNITY WEALTH

Wealth building recognises local communities' financial, physical and social assets. Creating local wealth means building on communities' strengths and favouring local ownership of business activities.

THE CHALLENGE

Traditional economic policies have followed a 'trickle-down' path. This path assumes that if capital from foreign direct investment can be enticed, wealth creation will flourish, the business supply chain will benefit, and local jobs will be secured. However, investment is often not long term and wealth gains are not always as strong as the economic activity would otherwise indicate. Economic gains with big businesses and commercial chains who are greatly incentivised with taxpayers' money, regularly have detrimental effects on independent retailers and the regeneration of local towns. Often the types of jobs secured by this type of investment are precarious and low paid. In this traditional economic system wealth is too often held by distant shareholders and is extractive in nature. The real consequences of these policies have been a growth in inequality and poverty, and a job market characterised by low wages and precariousness.

The real consequences of policies have been a growth in inequality and poverty, and a job market characterised by low wages and precariousness.



THE RESPONSE

→ Harness the wealth of anchor institutions

Anchor institutions, such as local councils, universities and colleges, health trusts and hospitals, housing associations, credit unions, education boards, schools control significant budgets with which to buy an array of goods and services. We should harness this spending power to buy from local and socially progressive businesses and create supply chains within communities. These institutions should also employ more people from poorer areas and make sure their land and property assets benefit the local economy.

→ Advance community enterprises

We need to facilitate the growth of products, services and employment with community enterprises and workers co-operatives. We must create local goods and services that are needed for everyday life within local communities. Smart technologies herald a new potential in this area. This new economy can create deeper relationships between producers and consumers, creating a more distributive and resilient market with greater sensitivity to social concerns and unmet social needs.

→ Advance local ownership of underused land and buildings

There is a great deal of underutilised common and vacant land and buildings across NI that could be put to productive use. Central government must lead a full assessment of public buildings and land so that we can identify what could be transferred to local communities and managed for community benefit. In addition, we must re-energise existing practice by which public and private vacant and derelict land and buildings can be brought into productive use for economic, social and environmental benefit.

→ Support local business activities

Many local businesses play a social role that should be celebrated and developed. A new version of corporate social responsibility (CSR) should be supported and directed to a commitment of resources and commercial activities for regeneration and development, not only in the most lucrative areas of towns. In addition, we need to support both local businesses and community enterprises to voluntarily commit to the Living Wage and offer well paid employment to their workforce. Jobs should be opportunities for learning new skills and have progression routes for low paid staff. Anchor institutions, such as local Higher and Further Education Colleges and community enterprises offering education programmes, should proactively articulate the business case for investing in skills and development and highlight local employers' best practice. Local councils should utilise procurement practice to drive up skills and employment opportunities.

→ Increase variety of ownership models

We need to promote and support a variety of ownership models within the social economy which guarantee the circulation and distribution of wealth among local communities rather than its extraction. Community enterprises can take a variety of forms but in addition to principles and values, technical measures can be employed, such as statutory and voluntary asset locks, so that communities can hold local land and properties in perpetuity allowing future generations to continue to benefit. In addition, we must advance more local ownership of the foundational goods and services which are needed for a civilised society. We need new forms of local shareholding, which is not speculative or for private gain and includes forms of public, municipal or community ownership, for aspects of the economy such as the social care sector, local retail and utilities.

CASE STUDIES

Ballymacash Sports Academy



Ballymacash Rangers Football club served the community of Ballymacash and local young people for over 30 years. It was formed in 1984 by young men in the area who wanted to play organised football and quickly moved into Rushmore Park in 1986 – their home ever since. Through the club, thousands of young people have been engaged in football over the years. They also adapted the pitch and surrounding land owned by the local council and voluntarily refurbished old containers into changing facilities and a successful social club.

Ballymacash Sports Academy emerged from Ballymacash Rangers Football Club in 2017. The Academy embraced the fact that developing sports in the community meant developing stronger communities and started to plan for better facilities. The long-term vision is to provide more sports activities within a state-of-the-art facility on that very ground where they started.

As a community benefit society, Ballymacash Sports Academy was able to raise over £110,000 in community shares for phase 1 of their project which is to build a 3G pitch. The local area currently has a large shortfall in the provision of artificial playing surfaces and the Academy aims to provide a high-quality pitch at affordable prices to local schools, youth clubs and other football teams by the end of 2020.

Fermanagh Trust



The Fermanagh Trust is an independent community trust which supports local community groups across County Fermanagh and delivers a number of development programmes.

Since 1995 the Trust has supported hundreds of community-based projects and contributed to the local economy with employment and volunteering based in Fermanagh House, an asset that they have owned since 2007 and recently extended. As a community enterprise, Fermanagh House re-invests most of its profit to keep rents accessible and affordable to community groups located in the building.

The Trust's most innovative initiative has been to establish itself as a community foundation. This means that they set up a mechanism to re-circulate finance within their area of influence and prevent wealth seeping out of the county. By creating and managing an endowment, the Trust has ensured that commercial businesses and individuals can contribute their surplus, disposable income and legacies to benefit local community initiatives. Over time the endowment has provided an income to be used to meet the community's needs and build local economic resilience.

Women's Aid Armagh & Down



Women's Aid Armagh and Down (WAAD) was established in 1983 by local women to respond to the needs of women affected by domestic violence and abuse.

WAAD provide specialised support service to women, children and young people in the areas of Armagh and Down.

WAAD manage two full time resource centres in Newry and Portadown and a smaller centre in Armagh on a part time basis. The organisation also provides crisis accommodation in a Newry based refuge, an outreach service spreading across Co. Down and Co. Armagh and advice and support with housing and re-settlement.

WAAD have recently acquired an unused building from the local Health Trust with the purpose of developing a Trauma-informed and Trauma-responsive social enterprise with the aim of breaking the revolving door cycle of violence and abuse and reduce re-victimisation and intergenerational abuse.

The social enterprise will purposely increase access to education, employment and training for women, children and young people who have experienced domestic and sexual violence and abuse. An analysis of the potential social gains has been measured and for each £1 invested in this project £20 worth would be returned to the public purse and local economy directly benefiting women, children and young people affected by domestic and sexual violence and abuse, local schools, local authorities, and partners organisations over a period of 5 years.

Work West Enterprise Agency



Work West is an award-winning organisation based in Belfast which supports a range of new start and growing enterprises to think more innovatively using their entrepreneurship model which has 'design thinking' at the fore. As an asset-based charitable organisation, Work West has developed 65,000 sq ft of business units, 15,000 of which is dedicated to social enterprises in the Social Economy Village.

Work West has a proven record for investing in local education and promoting economic resilience in young people. The Thinc Schools programme was developed in response to the fact that the current education system is failing to prepare many young people for the economy of tomorrow. Delivered in five West Belfast schools, the programme has helped 215 young people and 39 teachers identify key challenges that matter to them and then apply creativity, imagination and design thinking to develop new solutions and adopt an innovators' mindset. Thinc Schools prepares local young people with key skills, such as creative problem solving, ideation, teamwork and critical thinking. With equal opportunity at its heart, the programme has allowed Work West to invest in disadvantaged local communities and build empathy and self-confidence amongst the innovators of tomorrow.



COMMISSIONING AND PROCURING FOR SOCIAL VALUE

As we are heavily dependent on public finance, we must make sure that resources are used to create an inclusive economy that benefits the most people. To do so our public commissioning and procurement processes must optimise economic gains with social value.

THE CHALLENGE

Northern Ireland, while undoubtedly negatively affected by austerity, has significantly more public sector resources than other parts of the United Kingdom or the Republic of Ireland.⁶ This is a strength and we must use every public pound effectively. However, commissioning and procurement practice is dominated by a risk-averse culture and constrained by seemingly rigid protocols governing the management of public finance. Commissioning often does take account of local service user voices, but procurement practice tends to preclude them from delivering. Furthermore, there has been a move away from Service Level Agreements and grant-funded programmes in favour of competitive tendering. This favours private sector providers, with preference given to the most economically advantageous tender, not necessarily the one that offers greatest social value.

Commissioning often does take account of local service user voices but procurement practice tends to preclude them from delivering.

⁶ Kenway, P. & Petrie, I. Devolution within Northern Ireland. A report for the Northern Ireland Local Government Association. June 2018.

THE RESPONSE

→ Procurement as a means to achieve wider outcomes

The introduction of the European Procurement Directives of 2014 and the core emerging principles around flexibility, SME engagement, social and environmental impacts,⁷ allows local councils to shape simpler procurement procedures so that wider social, economic and environmental outcomes can be achieved. CLES and DTNI have supported Belfast City Council to develop a Social Value Procurement Framework⁸ that works within current legislation and procedures. The Strategic Investment Board has also led on the development of social clauses⁹ in public construction contracts. Existing local, national and international approaches to accounting for social value across local authorities should be shared so as to create a common and relevant standard in NI. This will pave the road to, and support the successful implementation of, a Social Value Act in the future.

→ Develop more pre-commissioning dialogue with community enterprises

Community enterprises can often be more flexible and responsive to changing social needs, creating more impact in communities and economies. Through early pre-commissioning dialogue, social and community organisations can add significant public value. Therefore, we assert that services should be co-designed and co-produced by consulting with users, communities and potential providers to shape that service before it is commissioned. Operating in this way will also maximise social innovation and increase service providers' responsiveness to people's and communities' needs.

→ Community planning partnerships should adopt social value

Establishing a different approach to local area development will need to account for the work of community planning partnerships and the services to be commissioned and procured by the statutory planning partners.¹⁰ We propose that community planning partners should develop and adopt a set of common standards to support the delivery of social value in commissioning and joint-procurement initiatives in each locality.

→ Develop relevant social value measures

Community enterprises are currently locked out of the design of protocols around the disposal of public assets and offered limited space and time to articulate the social impact that such an asset would have in their community. Co-production of asset transfer protocols and appropriate application of social value measures¹¹ would enhance community ownership and increase mutual understanding between key stakeholders including government departments, the Strategic Investment Board and local communities. In addition, social value must also be adopted within operational procurement processes and practice and better measure what builds and increases wealth in local communities.¹²

→ Enable access to tender opportunities

Community enterprises and wider voluntary and community organisations are well placed to understand seldom heard users and have a unique ability to understand local needs and deliver services. There is a need to focus on the role that local community enterprises play in the delivery of public service and its untapped potential. Resources should be made available to support community enterprises, so that they can easily demonstrate that an investment in their provision is an investment for social and economic growth.

⁷ See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/560261/Brief_Guide_to_the_2014_Directive_s_Oct_16.pdf and <https://www.financeni.gov.uk/sites/default/files/publications/dfp/eu-directives-update-note-to-suppliers.pdf>

⁸ See recent application of Social Value Framework in a specific Belfast City Council procurement process <https://minutes3.belfastcity.gov.uk/documents/s74660/Social%20Value%20Procurement%20and%20Inclusive%20Growth.pdf> (Report dated November 2018)

⁹ <https://buysocialni.org/>

¹⁰ Education and Library Boards, Health and Social Care Trusts, Public Health Agency, Health and Social Care Board, Police Service of Northern Ireland, Northern Ireland Housing Executive, Northern Ireland Fire and Rescue Service, Invest Northern Ireland, Northern Ireland Tourist Board, Sports Council for Northern Ireland, Libraries NI, Council for Catholic Maintained Schools.

¹¹ Successful tools applied to measure social value in Community Asset Transfer (CAT) have been 'Costs/Benefit Analysis' and 'Valuing Worth' adopted by Birmingham City Council (<https://communityassettransfer.com/valuing-worth/>).

¹² LM3 (Local Multiplier3) has been used successfully for measuring the impact on local economy.



DEVELOPING FINANCE TO SUPPORT LOCAL ECONOMIES

We need a whole system of financing which supports, nurtures and promotes the independence of the third sector.

THE CHALLENGE

There is no doubt that current funding to community organisations has moderated the worst excesses of social ills, including poverty; however, the prevalence of short-term grants and contracts serves to maintain dependency and a power imbalance between funder and grantee. Finance should create breathing space for further development but in its current form it is simply adding pressure. As a consequence, economic development is often centrally controlled and takes a top down approach without recognising the potential for economic input of community and social enterprises. As such, systemic growth of the sector is hindered.

Finance should create breathing space for further development but in its current form it is simply adding pressure.



THE RESPONSE

→ Increase length of contracts and grant funding

There is an over-dependency on short cycles of grant funding to engage and support communities. This does not foster the growth of community enterprises nor help create autonomous organisations independent of public subsidy. It also creates additional burdens on central departments. To allow the sustainable development of communities, we need strategic and long-term funding covering at least 3-5 years in local community enterprises.

→ Targeted investment strategy for local enterprises

Central government, with the support of local government, needs to bring forward a targeted investment strategy for developing the local social economy. Pivotal to the delivery of such a strategy are local enterprise agencies and co-operative development bodies whose specialist remit is the growth of the social economy sector. Community and social enterprises must also be given access to central government financial transactions capital fund to stimulate investments in infrastructure projects that benefit local economy and the region as a whole.

→ Advance business investment in credit unions

NI has some of the best capitalised Credit Unions operating across the UK and Republic of Ireland. Though there is provision for corporate bodies to establish savings and loan accounts within Credit Unions there is no provision for direct investment from Credit Unions in communities for purposes such as regeneration, infrastructure development, housing, health care and business development. Credit Unions are not enabled to invest within their own area and are still encouraged to invest savings with banks. There is a need to consider how Credit Unions can better benefit the local economy and contribute to building local wealth.

→ Establish new local investment vehicles

In 2011, the NI Finance Act introduced provisions for local government to invest locally but there is little substantial evidence concerning its application. There is a need to consider how the local economy can benefit from this. We also need to establish more generative and transformative finance for the purpose of stimulating longer-term, placed-based and targeted funding, for instance, we must consider the potential distribution of the Dormant Accounts money for the purpose of stimulating the local social economy.

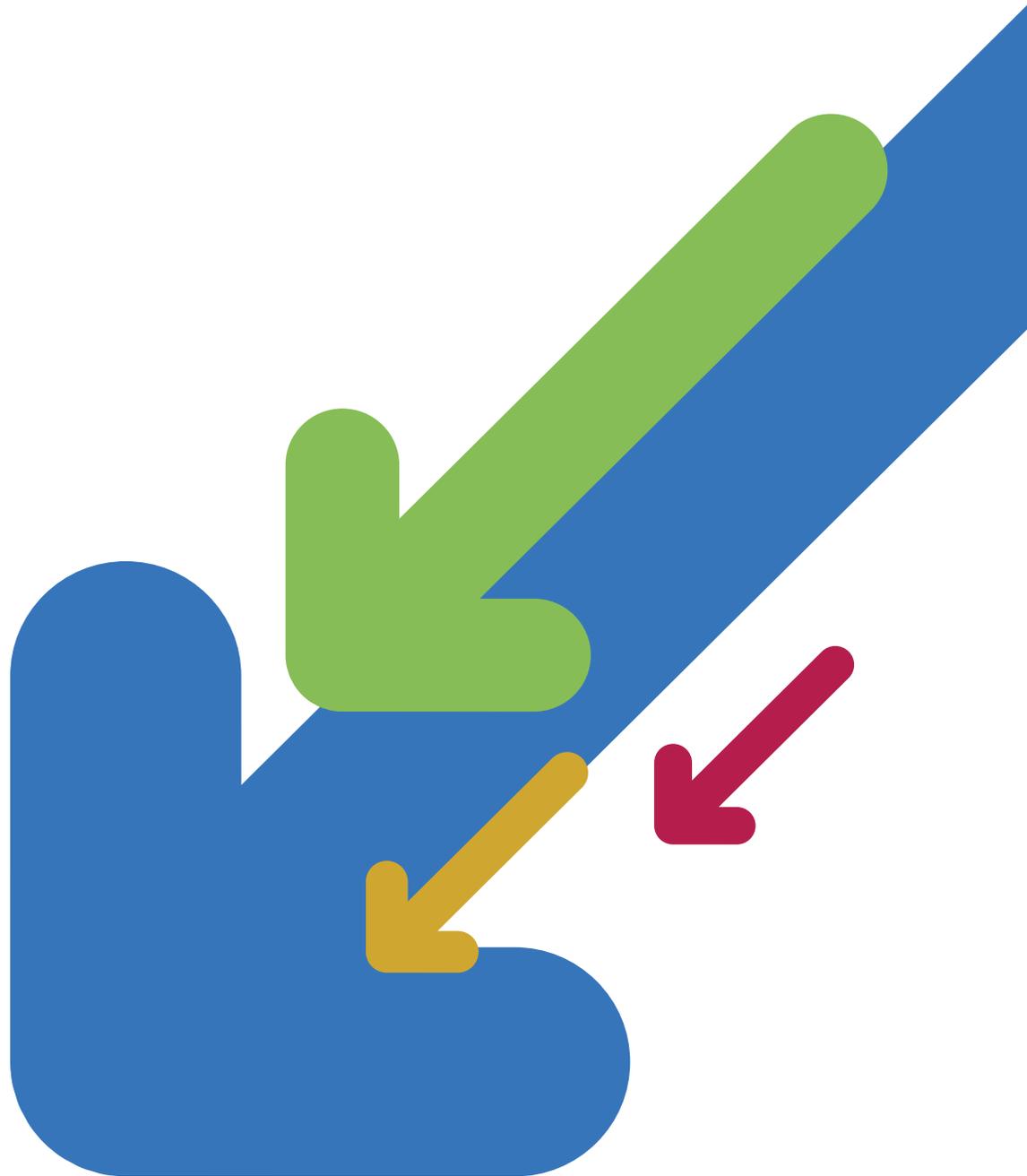
→ Alternative sources for local economic development

Most economic development activity is funded and driven by central government departments and Invest NI. Its focus is geared toward attracting privately owned investments with distant shareholders. We need to find new ways to channel local resources to support local activity and increase awareness of alternative investment and lending instruments such as community shares, community bonds and mix grants/loans. This could include the establishment of an Equity Fund for community economic development, open investment opportunities to pension funds and involve other institutional investors with a strong interest in social impact.





**TIME TO BUILD
AN INCLUSIVE
LOCAL ECONOMY**



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