

Next Steps in Community Wealth Building



Community Wealth Building (CWB) is an approach to economic development which seeks to capture the power of public anchor organisations to better address poverty, marginalisation, and economic injustice. It argues that the public sector, from central to local government, can positively intervene in the economy through the strategic use of its land and property assets, its role as an employer, and the use of its purchasing power for public goods and services.

Research led by Development Trusts NI (DTNI) supported by Trademark Belfast and Queen's Communities and Place recorded the challenges and opportunities in developing a CWB approach to economic development. Based on the voice of the sector, key stakeholders and both area-based and thematic workshops, we set out what is needed to move CWB from theory to practice.

Socially Productive Use of Land and Property Assets

The land and property assets of the public sector are critical resources for local economic development. They have the potential to stimulate local regeneration, develop community ownership, and create surpluses, jobs and services that benefit neighbourhood economies. The adoption of legal frameworks in the UK has facilitated community ownership of a range of land and property assets. Community Asset Transfer (CAT) and community management should be a priority (not an exception) when considering the use and disposal of surplus assets as well as the alternative use of the wider public estate.

Key issues

- **Asset-based development** and community-owned land and property have been significant drivers of regeneration across some of the most socially deprived places in NI.
- **Community development trusts'** use of assets creates employment, labour market access, and business start-ups, and drives social enterprise activity including management of retail facilities, delivery of mental health and wellbeing programmes, environmental regeneration, and family support.
- **Legislative deficiency**, regulatory uncertainty and a risk-averse public sector are key barriers to supporting community ownership and management of public land and property assets.
- **A capital investment fund** is a key starting point to drive community asset transfer, ownership, and management in NI.
- **The measurement metrics** necessary to evaluate the true economic costs and benefits of asset transfer are not sufficiently developed, understood or accepted by key stakeholders.
- **Skills and knowledge** around the practice and potential of asset transfer needs to be strengthened across the public sector as well as among community development trusts.
- **Market analysis** is needed to identify the growth sectors for asset transfer in the medium to long term, especially in areas such as business services, informatics, and green technologies.

Next Steps

- **Legislation** is essential (including rights to buy and challenge) to underpin effective practice, and to ensure that transfers are managed effectively and efficiently.
- **General Disposal Consent** provision is essential but should reflect the configuration of the public sector in Northern Ireland and should not be confined to just local government.
- **Financial accounting guidance** on the disposal of assets is needed to ensure that a progressive attitude is taken to transfer by agencies, programme managers and auditors.
- **An asset register** should be established and systematically evaluated to identify a pool of assets with potential for community transfer.
- **Bespoke financial resources** (blended capital and revenue finance) are required to underpin the policy approach to CAT and CWB, where aftercare is also critical, to make sure schemes are not liabilities for the community or the public sector.
- **The borrowing capacity** of development trusts also needs to be strengthened with an emphasis on contract and investment-readiness.
- **Develop** a reliable set of indicators and metrics to capture the full economic costs and benefits of asset transfer.

Making Financial Power Work for Local Places

We need local area strategies that prioritise social economies and how they create, retain and recycle wealth. To do this, the supply of and demand for social finance needs to be reviewed to ensure that new investment, existing structures (especially credit unions), and a different skill set underpin CWB. We need to build investment in the social economy and support financial intermediaries, including social investors, to support Community Wealth Building.

Key issues

- **Financial investment** strategies for local communities that could build the social enterprise sector do not operate effectively.
- **City and region deals** could do more to engage the social enterprise sector as a delivery partner to build local wealth.
- **The regulatory environment** needs to change to support the ability of credit unions to invest in the social economy at more competitive rates.
- **Mutual bank** proposals being advanced across the UK are not supported in NI.
- **Charity investment** portfolios are generally directed at international investment markets not local communities.
- **Community shares** (and BenCom development partners) are not directly supported by the public sector, public-sector investment bodies (such as National Lottery Community Fund) or independent trusts and foundations.
- **Grant programmes** are not structured to support the VCSE sector to deliver on a CWB agenda.
- **Financial transactions capital** has not been utilised to deliver capital investment into the VCSE or to stimulate asset-based regeneration.

Next Steps

- **Make** better use of existing financial levers and grant programmes at a UK level to support local CWB projects.
- **Strategically** utilise Financial Transactions Capital to provide low or no-cost borrowing to social enterprises in deprived areas.
- **Strengthen** support for community shares and community bonds in extending the local ownership of assets.
- **Strengthen** the capacity of credit unions to lend more competitively, with fairer capital rules, to allow them to invest in social enterprises and development trusts.
- **Invest** in social enterprises to improve their contract-readiness and capacity to innovate.
- **Diversify** the investment to start-up social enterprises: blended loans and grants to encourage growth, and large-scale capital investment to transform local economies.
- **Improve** financial literacy and budgeting skills, particularly in the poorest communities.
- **Adopt** and scale successful participatory budgeting models to give communities a say in how resources are prioritised.
- **Evaluate** the proposal for a mutual bank.
- **Develop** a better understanding of how local multipliers work in deprived neighbourhoods, and how this can help plan and sustain regeneration programmes.

Plural Ownership of The Economy

A truly plural economy has a balanced mix of employers and business types including the private, public and Voluntary, Community and Social Enterprise (VCSE) sectors. In building a more plural economy there is a particular need to invest in the social economy. It addresses poverty; strengthens area-based regeneration; targets concentrations of poverty; develops spatial clusters and social enterprise poles; integrates urban economies; builds social inclusion; and innovates with the next generation of community economic models. Broadening our employer base requires the development of a more mixed economy, with investment in new suppliers including a social economy of cooperatives and community-owned businesses.

Key issues

- **NI has changed** significantly in recent decades, but many people and places not connected to the growth economy remain trapped in poverty and social immobility.
- **Communities**, especially those characterised by deprivation, require focused investment to build a workable, sustainable, and locally embedded economy in which social enterprises can play an anchor role.
- **Social/community** businesses are not fully acknowledged, employed, or capitalised as an integral part of the local and regional economy, and yet:
 1. **The social economy** is an ecosystem of community business providers with a unique focus on addressing poverty, area-based regeneration, tackling social exclusion and labour market connectivity.
 2. **The social economy** is a significant player in a mixed economy with a turnover of nearly £1bn per annum, a Gross Value Added (GVA) of £625m and around 25,000 employees.
 3. **The social economy** has the potential to scale up to diversify its business services and how it delivers regeneration and anti-poverty objectives, as well as integrating those furthest from the labour market.

Next Steps

- **Build** pathways for those furthest from the labour market, connecting investment in skills development with growth sectors including the green, circular, and creative economies.
- **Develop** intermediary labour markets, supply chains, and social enterprise consortia, including the private sector.
- **Restructure** deprived places by building a workable, sustainable, and locally embedded economy in which social enterprises can play an anchor role.
- **Deliver** a comprehensive financial management programme to build the capacity of social enterprises, from start-up, incubation and growth, through to scaling and diversification.
- **Explore**, replicate, and scale high-impact businesses across the social economy.
- **Experiment** with spatial interventions (such as Community Wealth Building hubs and Social Enterprise Zones); connect social innovation with scaling-up and diversification processes; and support initiatives that reach into the most excluded and marginal communities.

Fair Employment and Just Labour Markets

Community Wealth Building takes an all-inclusive approach to tackling poverty by creating just and inclusive economies in which decent work and pay are central. To deliver on this priority we need to invest in and strengthen locally owned small and medium-sized businesses, social enterprises, and cooperatives and connect them to existing and emerging labour markets. Local economies require interventions that support employment training and work readiness in a way that will provide a decent living wage and secure working conditions.

Key issues

- **A secure and living wage** is a critical means of addressing poverty by putting as much money into low-income households as possible.
- **Inflexible working** and access to childcare impact negatively on key groups such as lone mothers and the working poor.
- **The geography of worklessness** is spatially uneven, and deprivation and in-work poverty are more concentrated in inner-city areas as well as in rural communities and small towns across the region.
- **Employment skills** are a critical contributory factor to increase employability and provide pathways out of worklessness.
- **Progressive employment practices**, including paying the living wage, commitment to employee protection and benefits such as pension schemes and maternity pay, are foundational in developing a decent and efficient economy.

Next Steps

- **Explore** and develop Labour Market Partnerships (LMPs) across local authorities with community delivery partners to better integrate labour market interventions into CWB.
- **Utilise** community development trusts and social enterprises to create progressive employment opportunities for hard-to-reach groups.
- **Develop** integrated pathways with employment-readiness supports that link youth work and the most hard-to-reach young people with formal training and the social enterprise labour market.
- **Invest** in education and training, including lifelong learning programmes, work-readiness initiatives, and technical apprenticeships with social enterprises to address local skills gaps, as well as strengthen the knowledge intensive social economy workforce.
- **Campaign** for grant makers, charities, local government, and private sector employers to pay the living wage.
- **Strengthen** and develop progression routes to employment within the public and social economy sectors.

Progressive Procurement of Goods and Services

Procurement practice in NI specifies social value as a key outcome to be realised through public expenditure on goods and services. Whether building a school or a road or delivering a mental health service, contractors will need to demonstrate the social value impact of their work. The changing procurement landscape presents an opportunity to enhance the role of community development trusts and social enterprises to deliver public sector contracts.

Key issues

- **The value of public sector contracts** in Northern Ireland since 2016 was nearly £3.7 billion, but the social value of this spend, its impact on social enterprises and its contribution to Community Wealth Building could be significantly strengthened.
- **There are barriers** to social enterprise involvement in procurement, particularly the emphasis placed on price as well as the variety and, at times, prohibitive level of indemnity required.
- **The structure of tenders** often makes it difficult for social enterprises to bid: the processes are excessively technical and bureaucratic proportionate to value, and more emphasis should be placed on pre-tender consultation to allow social enterprises, community consortia and links with the private sector to be developed effectively.
- **Inconsistent use of social clauses** in procurement processes, which restricts the opportunities for social enterprises to demonstrate the maximum value they can supply.
- **Smaller social enterprises** and charities feel they are used in a marginal way to win public sector bids but do not benefit sufficiently for the delivery of often intensive and expensive work on the ground.
- **There is also good practice** in the regional Buy Social initiative, with technical support and brokerage services to maximise the benefit to the social enterprise sector.

Next Steps

- **Develop procurement competence** across the social economy as well as among buyers in government.
- **Redesign the structure**, size, and type of contracts supplied, to better match the profile and capacities of the social enterprise sector where social value is a priority.
- **Local commissioning** groups should prioritise social enterprises and community organisations where they are the most effective way of reaching those at the economic margins.
- **Shift the culture** within the social economy to identify, plan and win contracts that align with a social purpose, strengthen inter-social enterprise consortia and improve supply chain integration with the private sector.
- **Build procurement anchor networks** involving public-sector agencies and social enterprises across local authorities in Northern Ireland.
- **A pooled indemnity scheme** could be planned and funded by the sector with government support.



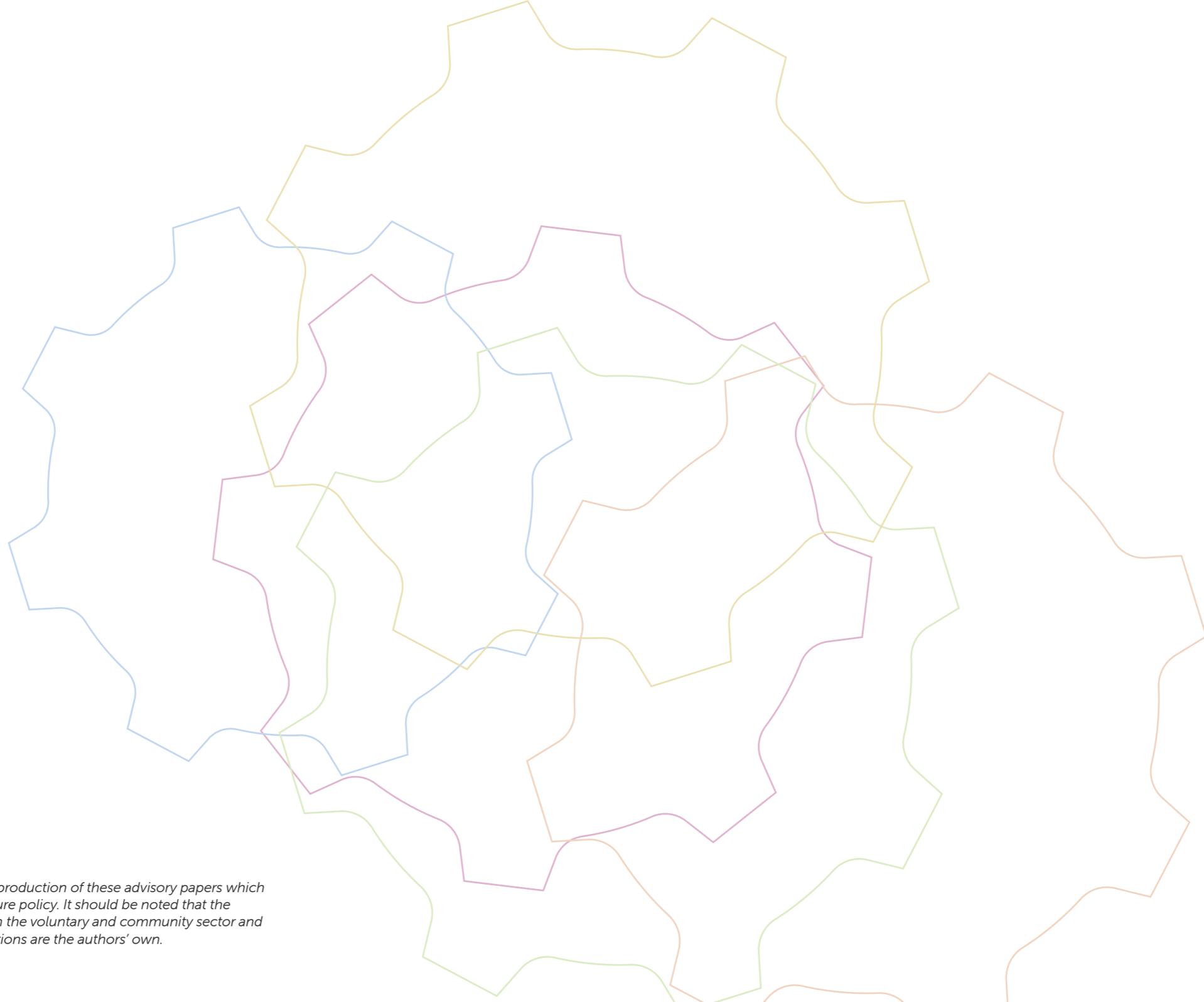
Empowering Communities

For further information

Email: info@dtni.org.uk

Tel: 028 9031 1132

Twitter: @devtrustsni



Thanks to the Department for Communities for supporting the production of these advisory papers which DTNI hopes will be taken into account in the formulation of future policy. It should be noted that the papers have been derived from research and conversations with the voluntary and community sector and other interested parties, and the conclusions and recommendations are the authors' own.