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# Recommendations to advance Community wealth building in Northern Ireland

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From The Independent Advisory Panel on Community  
Wealth Building to The Minister for Communities

October 2022



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# Executive Summary

We are in a moment of profound and growing political, economic, and ecological difficulties. War and inflation have destabilised long-standing policy approaches and responses. An unprecedented cost-of-living crisis threatens to ravage real wages and living standards. Austerity and the Covid-19 pandemic have diminished community economic resilience, while decades of underinvestment and productivity challenges have led to a low-wage, low-skills economy in Northern Ireland that remains highly vulnerable to external shocks. Deep economic and regional inequalities persist and are worsening. And the looming civilisational threat of climate change calls into question many of the fundamental assumptions of a four-decades-old economic model predicated on growth.

In such a forbidding context, in which available resources are scarce but the need is growing exponentially, every public pound is going to have to do double or triple duty. The calculus must change from one of overly narrow cost-benefit analysis on a lowest unit cost basis to one in which the objective is to understand the role of the public sector in Northern Ireland as a stabiliser and anchor and catalyst for economic change, ensuring that public money stays and recirculates in local economies rather than being immediately extracted away to distant shareholders offshore.

The good news is that Community Wealth Building (CWB) can be one of the major tools of government in Northern Ireland in responding to multiple and related challenges, making public money and interventions go further in underpinning the essentials of a more stable and equitable economy. It can help lessen the pressure on social security and health budgets, tackling problems in a more cost-effective manner by intervening way upstream, enlisting the social determinants of health and poverty as intervention points and drivers of change.

CWB supports collective community ownership of, and democratic control over, the local economy. It does this through a range of institutions and policies, including worker cooperatives, community land trusts, community development financial institutions, “anchor institution” procurement strategies, municipal and local public enterprise, and public and community banking. CWB offers the local building blocks by which we can set about a transformation of our economy. Awareness of, and support for, CWB strategies is growing, and powerful examples of CWB already exist in communities across Northern Ireland. There is a well-developed community infrastructure, a thriving social enterprise sector, the credit union sector is one of the largest in Europe, and social finance has grown in response to demand. Furthermore, the size and strength of the public sector in Northern Ireland is a key building block for a CWB approach and offers a baseline of economic stability and means of resilience in a period of crisis.

Yet to truly displace the extractive economy and all its ills, CWB must be properly supported and scaled—redirecting resources that have been funnelled towards failing and insufficient economic development and regeneration efforts. This will require a whole-of-government approach and a political commitment to driving real change. Positive outcomes will not be produced by tinkering around the edges of an extractive system, akin to trying to run up a faster and faster moving down escalator. What is needed is a transformative approach that tackles problems at their roots, changing institutions and relationships and building new ones that produce resilience, sustainability, equity, and stability by their ordinary everyday functioning. This change in the institutional basis and functioning of the economy at its base is what CWB has to offer.

Building on the existing expertise, experience, and impact of CWB efforts in Northern Ireland, this report, produced by the independent Minister’s Advisory Panel (MAP) on Community Wealth Building (CWB) convened by Deirdre Hargey, Minister for Communities within the Northern Ireland Executive, offers key recommendations for how the Executive can truly step up to the task of creating this new economy for all of Northern Ireland’s communities.

Given its size, the strength of its public sector, the robustness of its community infrastructure and social enterprise sector, and the scale of its need, Northern Ireland is well positioned to become not only a regional leader in CWB but even a global beacon. Getting there will require strong political leadership and the mobilisation of the whole-of-government in Northern Ireland to support CWB.

# 1. Preface

This report was produced by the independent Minister’s Advisory Panel on Community Wealth Building (CWB) convened by Deirdre Hargey, Minister for Communities within the Northern Ireland Executive.

The Minister’s Advisory Panel (MAP) is made up of five members selected based on their knowledge of, and expertise in, CWB and related fields, locally and internationally. The MAP consists of Harry Connolly with Fáilte Feirste Thiar; Joe Guinan with The Democracy Collaborative; David Hunter former CEO of Access Employment Limited (AEL); Sarah McKinley with The Democracy Collaborative (Chair); and Brendan Murtagh with Queen’s University Belfast. The goal of this report and its recommendations is “to advise the Minister on the most effective and sustainable approach to embedding the principles of CWB into all relevant departmental investment, policy and practice.” The full Terms of Reference for the MAP can be found in the appendices to the report.

In developing the report’s recommendations, the panel has brought to bear its own knowledge and experience; built upon the extensive research, analysis, and ongoing engagement activities and parallel consultation processes of the panel secretariat made up of Trademark Belfast (Seán Byers) and Development Trusts Northern Ireland (DTNI) (Paul Roberts and Charlie Fisher); engaged directly in additional information

gathering with key stakeholders, including members of the Department for Communities’ CWB Action Learning Group; and consulted with leaders in the CWB field, most notably the Centre for Local Economic Strategies (CLES), and with counterparts in Scotland and the Republic of Ireland. A list of direct MAP consultations and parallel engagement processes that fed into this report can be found in the appendices.

The major focus of the panel’s work has been on the appropriate role of government in Northern Ireland—specifically within the remit of the Department for Communities, but also importantly considering a whole-of-government approach—in supporting CWB work in communities by partners on the ground. The report’s recommendations are therefore oriented towards necessary policy and legislative changes as well as modelling, leadership, influence, and enabling actions that government can take to help deliver transformative impact through CWB in Northern Ireland. Some of the recommendations are more detailed and specific, building on a substantial body of existing work, while others are broader and more aspirational, offering frameworks and bold directions necessitating the development of new strategies and lines of work.

A word about purview: This report is strategic but selective—its scope is by no means exhaustive, nor is it representative of the full

range of CWB activities and actions already taking place in communities across Northern Ireland at different levels and scales. Rather, it seeks to provide a framework for additional government support and actions to advance the CWB agenda at scale moving forward.

The success of a truly transformational CWB approach in Northern Ireland (and, indeed, the successful delivery of the recommendations presented in this report) will require deep partnership, consultation, and empowerment of community stakeholders and bottom-up activity in, and by, communities themselves. While government has a necessary and powerful role to play in delivering a CWB agenda, for true long-term viability and impact, CWB must be community-owned and-driven. The actions the MAP is proposing should be viewed in that light.

The panel has convened on a weekly basis over a period of six months between March and September 2022, reviewed the CWB learning and capacity building work previously conducted by the Department for Communities in partnership with Trademark Belfast and DTNI, and conducted a series of information gathering conversations with key stakeholders inside and outside government. We have drawn upon best practices elsewhere in localities where governments are engaged in CWB efforts. While we have done our best to cover the landscape and waterfront of

CWB activity in Northern Ireland, time and resources have by necessity meant a focus on the role of the Northern Ireland Executive in delivering an enabling framework and support for further advancement.

Some of our recommendations address specific actions and needs while others suggest larger-order changes in government policy and direction the details of which lie beyond our scope of inquiry. This accounts for an unavoidable unevenness of specificity and focus in the contents of the report as we move from the general to the particular and back again.

Finally, we wish to emphasise that the real work of CWB must occur on the ground in and by communities for their own development. Our recommendations to government should be understood as seeking to support the advancement and further growth of such activities in order to bring about the overarching objective of CWB: a transformation of the Northern Ireland economy on the basis of democratic ownership and control to deliver real and lasting change for all its people.

## 2. What is Community Wealth Building?

Community Wealth Building (CWB) is a fast-emerging new approach to economic development that seeks to transform local economies based on direct community ownership and control of assets and wealth by the people of those communities themselves. As such, it extends democracy beyond the political to the economic realm, giving people real ownership and control over their own economic lives and destinies.

CWB seeks to transcend the limitations and failings of existing economic development approaches by tackling social, economic, and ecological challenges head on. For example, CWB addresses long-standing problems of income and wealth inequality not by seeking to correct such lopsided outcomes “after the fact” through regulation or redistribution (though both will remain necessary) but instead by reorganising and rewiring the core functioning of the economy itself. Through reconfiguring the everyday institutions and relationships of the economy, different and better outcomes are generated as a matter of course through its ordinary operations, and the worst excesses of an unequal and extractive system are not merely ameliorated but abolished. In this way, wealth is not extracted but instead becomes broadly held, such that income and investment recirculate automatically to the benefit of the community, and all people can be given the opportunity to realise their full human potential.

Viewed in this light, CWB is economic system change, starting at the local level, enacted from the ground up. It represents in microcosm a new approach to a more democratic and inclusive economy.

First articulated in the United States in 2005, CWB provides a frame for thinking about local economic change and a practical and pragmatic means of getting there. It coheres existing building blocks, such as community land trusts, worker cooperatives, municipal enterprises, public banking, and more—the elements of a democratic economy—and seeks to scale and enhance their impact through policy and institutional and financial support strategies.

In recent years, CWB has been spreading far and wide, with many governments across the UK, including the devolved governments of Scotland and Wales, taking up CWB or elements of CWB strategy. It is also spreading internationally, including in Ireland, North and South, and has recently been included in the strategic plan of the U.S. federal government’s Department of Housing and Urban Development (HUD). There is growing interest in CWB in parts of Europe, Canada, Australia, and New Zealand. The UK National Health Service (NHS) has recently taken up aspects of CWB—in particular, the “anchor mission”—as part of its long-range strategy.



## The Five Pillars of Community Wealth Building

CWB focuses on developing targeted strategies and approaches across five interrelated pillars of the local economy to harness existing resources and enable local economies to grow and develop from within. The pillars relate to sectors in all local economies, but can (and should) be adapted to the context of specific places.<sup>1</sup> The panel has thus adapted the five pillars of CWB to Northern Ireland for the purposes of this report. They are:

- I. Plural Ownership.** A thriving local economy should have multiple forms of business enterprise, including worker and consumer cooperatives, social enterprises, municipal enterprise, and more, based on the recognition that the ownership of productive capital is at the heart of where power lies in any political-economic system.
- II. Locally-Rooted Finance.** Government and local institutions should redirect money in service of the real economy of production and consumption—rather than financial speculation and extraction—through public and community banks, credit unions, targeted public pension investments, and kindred strategies.
- III. Fair Employment and Just Labour Markets.** Every worker must receive a living wage and real power in and control of their workplace for decent work and conditions, and advancing employment rights.

- IV. Socially Productive Use of Land and Property.** Land and property assets should be deployed to build real wealth in communities, bring local land and real estate development back under community control, and combat speculation and displacement.
- V. Social Commissioning, Sourcing, and Procurement of Goods and Services.** Local governments and place-based “anchor institutions” should lead with commissioning and procurement practices that re-localise economic activity, build local multipliers, and end leakage and financial extraction.

As a still-emerging paradigm and body of practice, CWB becomes truly transformative when it moves beyond a focus on just one of these pillars or any single approach but instead seeks to pull together all of the actions within these pillars in an interconnected way, disrupting and displacing the extractive features of the present economy, and creates a new place-based and re-circulatory economic model that delivers improved economic, social, and ecological outcomes as a matter of course by building a more democratic economy from the ground up.

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<sup>1</sup> The five pillars of CWB were first articulated by Neil McInroy of The Democracy Collaborative while he was Chief Executive of the Centre for Local Economic Strategies, and have since been re-articulated in a Scottish and U.S. context.

## 3. Community Wealth Building as a Response to Growing Crisis

### Contours of the Present Crisis

It is important to acknowledge that this report has been delivered at a moment of profound and growing political, economic, and ecological difficulties. War and inflation have destabilised long-standing policy approaches and responses. An unprecedented cost-of-living crisis threatens to ravage real wages and living standards. Austerity and the Covid-19 pandemic have diminished community economic resilience, while decades of underinvestment and productivity challenges have led to a low-wage, low-skills economy in Northern Ireland that remains highly vulnerable to external shocks. Deep economic and regional inequalities persist and are worsening. And the looming civilisational threat of climate change calls into question many of the fundamental assumptions of a four-decades-old economic model predicated on growth.

Taken together, these factors amount to a complex and multifaceted crisis that is going to strain the capacity of government, businesses, and local communities to deliver an adequate response. Moreover, worsening framework conditions are likely only going to get worse before they get better. In Northern Ireland, newspaper reports are predicting that more than 70 per cent of households will be living in fuel poverty by January of 2023, compounding hardship for people and families across the region. While some of these crises have been nearly half a century or more in

the making, it is important to recognise that they are not born just of temporary political or policy difficulties. At their heart, they stem from a steadily-building crisis of our underlying economic model. To address these crises at their roots, rather than attempting to merely ameliorate their symptoms, means addressing the dysfunctional aspects of our economic model itself.

Most ordinary people experience an economy that is no longer working for them, their families, or their communities. Instead of producing broadly-distributed prosperity and happiness, today's economy delivers only for a small number at the very top, who are increasingly receiving the lion's share of wealth and income. This is in a context in which the United Kingdom already boasts the greatest regional economic disparities in Europe. Returns to capital have been increasing at the expense of labour's share of the economic pie: recent years have been locust years for workers, who have experienced the longest squeeze on their incomes since the Napoleonic Wars, with inflation-adjusted real wages still lower than they were before the financial crisis of 2007-2008—and set to be eroded still further by the onset of an era of double-digit inflation. We are back to the economic distributions of the 1920s and 1930s, before the collective global descent into Depression and World War.

## **An Overly Extractive Economic Model**

While external shocks have fed into this crisis, it is also a crisis of the functioning of the economy. The economic data reveal an economic model that is essentially extractive—that is designed to enable the extraction of financial gain for asset holders at the top, regardless of the collateral damage that creates for workers, communities, and the environment. The result is a new era of monopoly in which the energy firms, property developers, big banks, and large corporations control our natural resources, land, money supply, and capital assets, and are steadily extracting growing profits from customers and suppliers with impunity.

In such a model, gains to the economy do not flow downwards but upwards to economic elites, and a rising tide does not lift all boats, as “trickle-down” economic doctrine had claimed. Rather, concentrated ownership, corporate dominance, and the ascendance of finance are driving the negative outcomes we see all around us: crumbling public infrastructure, social atomisation, environmental degradation, widening economic and regional inequalities, stalled social mobility, and a widespread sense of popular disempowerment and political alienation.

Such outcomes will not be sustainable for very long, and will otherwise lead to social backlash and further instability. At the same time, without a dramatic change in direction, we will be left largely underprepared for the era of climate and economic disruption that stretches ahead.

This grim reading is not intended as doom-mongering but as an unblinking assessment of the conditions in which the Northern Ireland Executive will likely be operating in the near future. In such a forbidding context, in which available resources are scarce but the need is growing exponentially, every public pound is going to have to do double or triple duty. The calculus must change from one of overly narrow cost-benefit analysis on a lowest unit cost basis to one in which the objective is to understand the role of the public sector in Northern Ireland—encompassing Executive departments, public bodies (including various different Executive and non-departmental public bodies and arm’s length bodies), local government, and public companies—in acting as a stabiliser and anchor and catalyst for economic change, ensuring that public money stays and recirculates in local economies rather than being immediately extracted away to distant shareholders offshore.

CWB can be one of the major tools of government in Northern Ireland in responding to this crisis, making public money and interventions go further in underpinning the essentials of a more stable and equitable economy. It can help lessen the pressure on social security and health budgets, tackling problems in a more cost-effective manner by intervening way upstream, enlisting the social determinants of health and poverty as intervention points and drivers of change.

This will require a whole-of-government approach and a political commitment to driving real change. Positive outcomes will not be produced by tinkering around the edges of an extractive system, akin to trying to run up a faster and faster moving down escalator. What is needed is a transformative approach

that tackles problems at their roots, changing institutions and relationships and building new ones that produce resilience, sustainability, equity, and stability by their ordinary everyday functioning. This change in the institutional basis and functioning of the economy at its base is what CWB has to offer.

## **The Community Wealth Building Alternative**

Traditional economic development models are often based on the presumption that local communities need to attract inward investment to meet their needs and grow their local economies. This places them in competition with each other—a zero-sum game in which they can only succeed at the expense of other jurisdictions by scrambling to attract and keep golden-egg laying geese—and can push them in the direction of offering favourable treatment to corporations and developers, even when it might be against the wider community interest. CWB is different.

Instead of traditional economic development through tax breaks, outsourcing, and public-private partnerships, which uses billions to subsidise the extraction of profit by footloose multinational companies who may have no real long-term loyalty to communities, CWB supports collective community ownership of and democratic control over the local economy. It does this through a range of institutions and policies, including worker cooperatives, community land trusts, community development financial institutions, “anchor institution” procurement strategies, municipal and local public enterprise, and public and community banking. CWB offers the local building blocks by which we can set about a transformation of our economy.

Instead of the ongoing concentration of wealth in fewer hands, CWB pursues a broad dispersal of the ownership of assets. Instead of distant global markets, it develops the rooted participatory democratic local economy. Instead of extractive corporations, it is recirculatory, mobilising “anchors”—large place-based economic institutions such as local government, hospitals, and educational institutions—in support of socially-oriented firms that are often democratically-owned and-controlled by their workers or the community as a whole. Instead of private credit creation by private commercial banks, CWB looks to the huge potential power of community and state banks, cooperative credit unions, and public money creation.

The starting place for CWB approaches is that, in most communities, the resources, levers and tools already exist to begin creating a more equal, just, and sustainable economy—you just have to know where and how to look for them. Whether it is local government, educational and school systems, the health service, cultural institutions and the non-profit sector, or public pension funds and other collective capital, the resources to build a more inclusive and democratic economy are all around.

Estimates are that in most places in the UK the potential “CWB sector” amounts to as much as a third of any given local economy, if only it can be repurposed to serve community needs. Repurposing this activity into a coherent and interconnected CWB model of economic development is happening all over—from Cleveland, Ohio, in the United States to Preston, Lancashire, in England, and now, most notably, Scotland, where they recently appointed the world’s

first Minister for Community Wealth Building. To truly displace the extractive economy and all its ills, CWB must be properly supported and scaled—redirecting resources that have been funnelled towards failing and insufficient economic development and “neighbourhood regeneration” efforts—to build a new economic model from the ground up.

Given its size, the strength of its public sector, the robustness of its community infrastructure and social enterprise sector, and the scale of its need, Northern Ireland is well positioned to become not only a regional leader in CWB but even a global beacon. The know-how and expertise and models are increasingly available; the question will mainly be one of leadership and political will.

## 4. Community Wealth Building in Northern Ireland

Few places in the advanced industrial world have a more urgent need, or make a stronger case for, CWB than does Northern Ireland. Here communities have been ravaged by deindustrialisation, austerity, and sectarian divides. For decades, Northern Ireland has had an economic model based on low wages, precarious employment, financialised property speculation, and heavy reliance on foreign direct investment and tourism, coupled with a generous system of state subsidies and tax breaks for big transnational companies.

The result of this is an “agglomeration economy” that has concentrated power and capital accumulation in the urban centre of Belfast at the expense of state-led investment, indigenous enterprises, balanced regional development, and community needs. This further exacerbates community and regional inequalities, economic insecurity, and precarity at a time of crisis, all of which undermine the fragile balance of peace building and the ability for all people living in the region to thrive and improve the quality of their lives.

The good news is that awareness of and support for CWB strategies is growing, and myriad CWB activities already exist in communities across Northern Ireland. There is a well-developed community infrastructure that has long supported working-class and marginalised communities, and considerable progress has been made on the five pillars of CWB across areas, sectors and organisations. There is a thriving social enterprise sector with

a turnover of nearly £1bn per annum, a Gross Value Added (GVA) of £625m, and around 25,000 employees, whilst a range of labour market intermediaries have placed thousands into valuable work. The credit union sector is one of the largest in Europe and social finance has grown in response to demand. We have also seen new social value clauses in procurement and communities taking more control over land and property to use them more effectively and sustainably. All of this has helped to create a vibrant and diverse social economy across the region.

Furthermore, the size and strength of the public sector in Northern Ireland—defined above as consisting of Executive departments, public bodies (including various different Executive and non-departmental public bodies and arm’s length bodies), local government, and public companies—is a key building block for a CWB approach and offers a baseline or economic stability and means of resilience in a period of crisis.

Stabilising and sustaining public services is key to CWB by insourcing jobs and contracts that had previously been outsourced to the private sector, and by municipalising or nationalising important goods, services, and assets that have either been privatised or otherwise should be in public hands. Public services are (or can be) “anchor institutions”—large economic institutions that are rooted in place—with an important role to play in incentivising and supporting re-localisation

and democratisation of the local commercial economy through local sourcing, hiring, and investment.

CWB approaches can be adapted to, and implemented in, the range of geographical and economic contexts that exist across Northern Ireland, from growth areas of Belfast and Derry to parts blighted by deindustrialisation, from small market towns to the struggling agricultural and rural communities of the border regions who face the need to make an imminent double transition away from farm subsidies and carbon emissions. Indeed, CWB can be a powerful tool to address regional and community imbalances driven by historic conflict and therefore help advance peace in areas most affected by conflict.

It is also a feature of Northern Ireland that the places most damaged by conflict are among those that have benefited least from peace. Desegregation in housing and mixing in work, education and public spaces have been highest in areas where economic progress and investment have increased. There needs to be stronger recognition that local economic development in places and among people left out of such processes is an important pathway to peace building, meaningful contact, and social progress. In addition, CWB can help in the democratisation and creation of cross-community ownership of a state in Northern Ireland that has itself been viewed as problematic by many communities.

The ground is fertile and steps have already been taken to support and advance CWB efforts in Northern Ireland. However, there is also cause for sober consideration and

assessment here. Several past efforts to launch full-scale CWB strategies in Belfast and elsewhere have failed to take root. That said, significant groundwork has been laid, many key elements exist in the current landscape, and the timing is right and critical. Organisations such as the DTNI and Trademark Belfast (who have supported the work of this Panel) have worked to promote, popularise, and drive a CWB approach and agenda. Burgeoning cooperative efforts and community finance movements have popped up in support of proliferating democratic ownership forms. The Centre for Local Economic Strategies has supported CWB action plans for local authorities such as Belfast Council and developed network strategies for local anchor institutions.

Executive government in Northern Ireland has a necessary and integral role to play to advance CWB. Already, the Department for Communities is leading the way, having committed in its five year strategy to “grow and scale community wealth building” to support sustainability and inclusive growth. But there is so much more that government can and must do, not just in one department, but across all that it does. It can calibrate and harness the grassroots energy on the ground, and empower and fund community-based organisations, acting as a convenor to bring together different groups across the community and ensure alignment. It can choose to invest its significant purchasing power locally, particularly in under-served communities. It can better channel resources, and incentivise other large institutions to do the same, and also create job training programs and grow community enterprises

to service their demand locally. It can mandate that all investments be green-proofed and advance industrial planning for a just transition. It can deliver even more much needed public services, from broadband to transport, in a fair, affordable, democratic and accessible way.

Getting there will require strong political leadership and the mobilisation of the whole of government in Northern Ireland to support CWB from the top down and implement it from the bottom-up. This report seeks to build on the existing expertise, experience, and impact of CWB efforts in the North and offer key recommendations for how the Executive can truly step up to the task of creating this new economy for all of Northern Ireland's communities.



## 5. Recommendations for Advancing a Whole-of-Government Approach to Community Wealth Building in Northern Ireland

In this section we present our top recommendations for how government can help to grow, scale, and connect CWB activity in Northern Ireland. The recommendations offer actions across all five of the pillars of CWB, as well as our best thinking on how to structure appropriate governance that will embed and sustain a CBW approach to economic development across the Northern Ireland Executive. These recommendations are both evidence-based, rooted in practice, as well as bold and aspirational. The goal is to present a mix of both “easy wins” to inspire and show the art of the possible and bold forward thinking to position Northern Ireland, with all of its assets and potential, as a leader in CWB and an international model for delivering an equitable and resilient economy that works for people, place, and planet.

As indicated above, these recommendations are based on direct consultation, our own expertise, existing research, and ongoing engagements and learning. We do not intend to represent or present the full gamut of CWB activity occurring across Northern Ireland, but rather to focus in on key actions that the Northern Ireland Executive can take to scale and move this work to the next phase of action and transformation. Deep partnership and consultation with community is necessary for successful delivery of all of these actions.

We have done our best to provide illustrative examples where possible to make these actions concrete and pragmatic. Yet, again, as noted above, some of the recommendations grow out of a large body of existing work and will therefore be more detailed and have ready examples to which we can point, while others are broader and more aspirational, requiring new work to be done and new models to be created. While we appreciate the difficulty and complexities involved in implementing this work on the ground, we believe that bold actions and pathbreaking directions are necessary for a truly transformative agenda commensurate with the scale of the social, economic, and ecological challenges.

We have done our best to synthesize a vast body of information and expertise, and to incorporate many ideas and best thinking in line with CWB principles. We fully acknowledge our limitations, both in general and within the confines of this process. We hope these recommendations are received as suggestive but actionable milestones and guideposts to achievable policy and institutional change.

## 5.1. Plural Ownership

### Context:

CWB is underpinned by a vision of a more democratic, regenerative, and sustainable economy in which wealth is broadly shared by those who create it. The successful creation of this kind of economy will require a strategic focus on growing a plurality of inclusive business models, including SMEs, social enterprises, community-owned businesses, cooperatives, public enterprise, and employee ownership.

We noted earlier that the social enterprise sector is strong and diverse and works effectively in deprived areas, integrating those furthest from the labour market into good quality work and delivering a complex mix of services in neighbourhoods, including to some of the most excluded people in the region. Indeed, the communities with a strong social enterprise base have adapted and coped most effectively in response to the Covid-19 pandemic, with voluntary, community, and social enterprise (VCSE) organisations—“the third sector”—stepping up to coordinate mutual aid efforts and support the work of statutory services.

Despite this, there is a widespread feeling within the social economy sector that its contribution is undervalued by state agencies and policy-makers, with social enterprises too often treated as something that exist outside the “real”—i.e. commercial private sector—economy. There is no dedicated strategy for the sector, and the Department for the Economy’s 10X Strategy sees social enterprises primarily as a vehicle for delivering labour market integration. This marginalisation

stands in sharp contrast to the experience of regions with a thriving social economy, which are characterised by an enabling financial and fiscal environment, regulatory support, coordinating mechanisms, research and development, capacity building, and a commitment to invest in sectoral growth.

Just as there are multiple challenges facing the social economy, so too is there the potential for scaling up, diversifying and integrating the sector into the wider economy in order that it can play a more central role in area-based regeneration and CWB. The following recommendations are cross-cutting in nature and designed to encourage a new departure in how the social economy is understood and supported.

### Recommendations:

#### **1) Adopt, deliver, and resource a social economy strategy for Northern Ireland.**

The Panel notes that in 2004 Northern Ireland’s Department for Enterprise, Trade and Investment (DETI) introduced a strategic plan for the social economy sector, but that this lacked the enabling legislative framework and investment needed to make it a success. Since then, the region has fallen further behind its nearest neighbours, both in policy terms and the extent to which the sector has received government support to grow and develop.

To address this weakness, we recommend that the Department for the Economy introduces, delivers, and properly resources a new social economy strategy. This should be far-reaching and encompass all aspects of a sectoral approach, including cooperative

models, community associations, foundations, and development trusts. The strategy should focus on increasing awareness of the social economy, the policies that need to be put in place, and what is needed to upskill and upscale the sector. It should also come with a fully developed social investment plan that will underpin delivery.

### Timeframe and delivery

The delivery of this recommendation is a priority for the social economy sector, and critical to the success of CWB in Northern Ireland. It should be noted that Social Enterprise Northern Ireland (SENI) has drafted a fresh social economy strategy, which provides a basis for expediting this recommendation. The Department for the Economy should engage with SENI and other key stakeholders with a view to introducing a new strategy and investment plan in Year 1, drawing on the experiences of Scotland and the Republic of Ireland.<sup>2</sup> Given its cross-cutting nature and cross-departmental focus, the Northern Ireland Executive CWB Unit (see Governance section below) and Social Economy Policy Group will be key players in driving this strategy forward. The strategy would be informed by a strong collaborative approach, but would:

- Put in place staged support for new-start, emerging, growth, high-capacity, merger and scaling businesses across sectors and places;
- Stimulate growth in cooperatives and worker buyouts/ownership;

- Strengthen support for intermediaries in networking, advocacy, and business support;
- Set out and resource a comprehensive programme of skills and technical support; and
- Build social finance supply and access to competitive grant/loan products.

These dovetail with and are supported by a range of recommendations under the related pillars described below.

### 2) Establish a CWB/social enterprise fund.

The Panel strongly believes that one outcome of any social investment plan should be the establishment of a CWB/social enterprise fund that caters to the capital, technical, and revenue needs of the sector. This fund should be flexible in so far as to provide bespoke solutions that enable the social economy to grow and ultimately realise its full potential. It will be used to address the legacy of underinvestment in the sector, and to help restructure areas of high social deprivation by building a workable, sustainable, and locally embedded economy with social enterprises playing an anchor role.

### Timeframe and delivery

The Department for Communities and Department for the Economy should begin an engagement with the Department of Finance around the question of how such a fund could be capitalised, both directly and under the aegis of the Social Economy Policy Group. The fund should be in place by Year 2

<sup>2</sup> Scotland's Social Enterprise Strategy 2016-2026: <https://www.gov.scot/publications/scotlands-social-enterprise-strategy-2016-2026/>; Scotland's Social Enterprise Action Plan (2020): <https://www.gov.scot/publications/social-enterprise-action-plan/>; The National Social Enterprise Policy for Ireland 2019-2022 : <https://assets.gov.ie/19332/2fae274a44904593abba864427718a46.pdf>.

and be administered by the Northern Ireland Executive CWB Unit. (see Governance section below).

### **3) Review and realign existing financial levers to support the social economy.**

As noted above, access to finance and skills are critical to the future prospects of the social economy. There are a range of already existing financial instruments and capital resources that could be better used to support the development of the sector, be that through ringfencing, repurposing, or the insertion of CWB criteria into guidelines. These include the Northern Ireland Central Investment Fund for Charities, the Dormant Accounts Fund, Financial Transactions Capital, the local government pension fund, and mainstream regeneration and grant-making programmes administered by the Department for Communities. In addition, the Levelling Up, PEACE PLUS, and City & Region Growth Deals present significant opportunities to prioritise investment in local economies and CWB. The Panel recommends that these various levers are explored for their CWB potential and that steps are taken to deploy them in support of this agenda.

#### **Timeframe and delivery**

The Department for Communities has influence over a number of the levers identified, and will have a pivotal role in delivering this recommendation. For those where there exists a short window of opportunity, it will require swift action in collaboration with key partners such as Local Government. For others, there will be scope for a more strategic long-term shift that by

necessity draws in other departments and public anchor institutions.

### **4) Explore the potential for cooperatives, employee ownership, and worker buyouts.**

Cooperative and worker ownership is commonplace across Europe, forming a key part of the social economy in regions such as the Basque Country and Emilia Romagna. Closer to home, there is growing recognition of the role that employee-ownership successions and worker buyouts can play in saving jobs and retaining wealth within the community, thereby helping to build more resilient and democratic local economies. England and Scotland have both seen exponential growth in employee ownership in the past few years, driven by a favourable policy environment and the work of agencies such as Cooperative Development Scotland, while the Welsh Government has recently taken tentative steps in the same direction.<sup>3</sup>

In recognition of this progressive trend, and noting that Northern Ireland lacks the requisite levers and infrastructure to underpin similar progress on the domestic front, the Panel recommends that a scoping study be commissioned to explore the untapped potential of cooperatives, employee ownership, and worker buyouts in Northern Ireland. This is of particular concern given the impact of the pandemic and cost-of-living shocks on the family-owned business sector and the ongoing and growing “silver tsunami” wave of retiring baby boomer business owners.

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<sup>3</sup> See CLES, *Owning the workplace, securing the future* (2022), which was commissioned by the Welsh Government: <https://cles.org.uk/wp-content/uploads/2022/06/ENG-Owning-the-workplace-FINAL.pdf>.

### **Timeframe and delivery**

It is proposed that the Department for the Economy commissions a scoping study in Year 1, with a view to working with the Northern Ireland Executive CWB Unit to action its recommendations in Year 2.

### **5) Expand democratic ownership, control, and participation in the public sector through democratisation of public services and innovative public enterprise models.**

The Panel sees Northern Ireland's public sector as a major reservoir of community wealth, but acknowledges that more could be done to facilitate community engagement and citizen participation in the delivery of policy outcomes. To this end, we recommend a process of exploration and experimentation with participatory approaches to the design, management, and delivery of public services, drawing on best practice exemplars from across Europe. As part of this exercise, consideration could be given where appropriate to new multi-stakeholder models of asset ownership and management, for example Public-Common Partnerships (PCPs).<sup>4</sup> This should not be confused with outsourcing and privatisation, which are not part of, and in fact, antithetical to, a CWB approach! We also recommend that efforts are taken to determine the potential for state-owned and municipal enterprise, in line with the experience of successful regional economies and progressive CWB efforts in areas such as North Ayrshire.

### **Timeframe and delivery**

This is conceived as an ongoing process that has already begun in local authority areas including Newry, Mourne & Down. In the near term, we recommend that all local authorities follow this lead as part of their own CWB agenda, and that the broader piece (including guidance to Councils and government agencies) is taken up by the Northern Ireland Executive CWB Unit once established.

### **6) Experiment with spatial interventions within an area-based framework.**

Building integrated, regenerative, and sustainable local economies that build community wealth will require an area-based framework for delivery, and there are both well-developed and emerging models of how this might work. In the first place, there is considerable evidence that anchor social enterprises and social economy clusters have turned places around, providing a basis for wider regeneration in combination with other public and private investments. Secondly, the Panel notes that a number of VCSE organisations have come together to establish 'CWB Hubs' in the north-east and the north-west of the region. The Panel therefore recommends that the Department for Communities works with others to explore and experiment with spatial interventions such as Social Enterprise Zones, Social Enterprise Places and CWB Hubs, using these to connect social innovation and skills development with upscaling and diversification of the social economy.

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<sup>4</sup> For more on Public-Common Partnerships (PSPs), see: <https://www.common-wealth.co.uk/interactive-digital-projects/a-new-model>

### **Timeframe and delivery**

The Department for Communities has leverage with local authorities through the community planning process to better connect communities, planning, and local economic development. This can be used to identify and road test the most effective spatial intervention, suited to the unique context of Northern Ireland. This may be supported in the short-to-medium term using financial levers such as PEACE PLUS, which have a focus on social innovation.

## **5.2. Locally-Rooted Finance**

### **Context:**

The manner in which money flows and recirculates in a local economy is determinative of a range of important economic outcomes. Instead of financial speculation and extraction, the money and banking system locally should be a source of real economy investing to build a community-serving local economy. One necessary element in the institutional landscape of all successful CWB efforts is a network of plural local banking forms, including public and community banks, and the creation and use of local investment funds. Locally rooted financial flows are integral to ensuring that an economy is developed in a way in which local people and communities benefit, positive social outcomes are secured, and wealth grows and recirculates for local benefit. Financial institutions and investors, particularly in the UK, are now increasingly consolidated and globally focused, with little or no attachment, connection, or affinity to local places. This means that the return on investments is extracted for the profit of distant shareholders rather than recirculated

through local economies via community-based and-oriented finance.

The long-term solution is to substantially redirect investment locally and to communities. This includes mechanisms that recirculate and increase local multipliers by public (both direct investment and to influence private investment) as well as private finance, and requires a plural local financial ecosystem. To support this, it is important to build a thriving community-focused banking ecosystem that includes lending and investment vehicles that root money flows locally and ensure that investments are deployed in a way that helps build community wealth. Patient (long term and risk-tolerant) capital needs to be made available to CWB organisations and institutions, offering not just debt but also equity investments, and making significant-scale resources available with fewer strings attached.

A key means to do this is through the establishment of a regional public bank that should be mandated to support local community banks, which serve the everyday financial needs of citizens, local community groups, and pluralistic local businesses. This is particularly relevant in Northern Ireland, where public resources dominate and public spending is among the highest proportion of any regional economy in Western Europe. A public bank would be a way to funnel that investment directly into activity in the real economy of households and businesses, production and consumption, and away from financial speculation. Precedents for public banking exist in such diverse places as the State of North Dakota in the United States and across Germany in the form of the Sparkassen Banks. Such institutions can connect to and

support the scaling of the growing community banking movement. Additional powerful financial tools are municipal bonds issued by local authorities to support CWB or direct investment from local public pension funds. A diverse banking landscape is integral to a healthy local economy and should be the backbone for capitalising community businesses and investing in local initiatives, and should be supported at all levels.

Northern Ireland already has the groundwork to build a strong locally-rooted and community-focused financial ecosystem. Credit Unions in particular, as well as Community Finance Ireland, play a significant role in communities and there are new efforts to develop a mutual bank for the region. Much more can be done to support this growing landscape, while new tools and instruments can be created through the redirection of existing and new capital flows and investment opportunities. For example, in North Ayrshire in Scotland, they will be leveraging their annual revenue budget, their capital programme and house building programme, in addition to the £251 million Ayrshire Growth Deal—which includes a £3 million fund to pioneer Scotland’s first CWB project—to grow community wealth.

Beyond their provision of welfare and social programmes, the Department for Communities alone is responsible for roughly £1.1 billion, with more than £800million in resource/revenue spending and £200million in capital spending; and tens of millions allocated from Financial Transactions Capital. This money should be streamlined, screened, and directed in a way that considers the development of CWB capacity and mechanisms. Furthermore, when looking

across the whole of government in Northern Ireland there are multiple forthcoming sources of finance and investment that have the potential to be directed in such a way that supports and scales CWB activities in place. These sources of finance come from various different bodies, and are made up of both public and private resources. The levers may vary significantly, but they represent significant emerging opportunities and there is potential to influence their direction and focus to some degree. These include the following, though by no means comprehensive, list:

- Belfast City & Region Deals (£1bn)
- PEACE Plus (£1bn)
- Dormant accounts and assets (£30-100m)
- Financial Transactions Capital (£60m?)
- Casement Park and sub-regional stadia programme (£140m)
- Neighbourhood Renewal (£18m)
- UK Levelling Up Funds
- National Lottery Funds (Community, Heritage, Sport, etc.)

While the challenges are pressing, from budgetary pressures within government, made worse by the challenge of replacing post-Brexit funds, to the piecemeal and short-term nature of funding, and the needs myriad—from the need to change capital rules to allow for credit union investment in CWB and the social economy to diversifying grant and social investments to meet the needs of social enterprise—there is still much that can be done both in the immediate term to address current needs and fill gaps, and over the long term to build a stable and sustaining local financial ecosystem. The following recommendations are intended to help accomplish both.

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## Recommendations:

There are a number of ways to ensure that finance is rooted locally and investments recirculate for the benefit of residents and community in Northern Ireland. Here we offer our top line recommendations for both developing new tools and resources that lay the groundwork for a robust local financial landscape moving forward, as well as changing or adjusting existing programmes or efforts and lifting up and scaling ongoing work. The below recommendations connect to and compliment recommendations in other target opportunity areas, and are meant to be additive to, support, and augment the financing recommendations proposed in those sections.

As a basis for all the below actions, we recommend that a full audit of available funds (a brief illustrative listing of which is offered above) be conducted as a baseline to ensure a full picture and allow for informed decision-making about how best to redirect finance without unnecessary market disruptions.

### **1) Explore the potential for a public investment bank as an intermediary for social and green lending.**

A public regional investment bank is a state-owned and publicly capitalised institution which provides financing to public and private bodies in service to the social good. This should be a mission-oriented public bank which would seek to catalyse transformational change in key areas. Drawing from the example of the recently established Scottish National Investment Bank (SNIB), a regional investment bank would be ‘mission orientated’ in its approach, generating a return across its portfolio as a whole but shifting the traditional

investment focus of profit maximisation toward tackling challenges such as securing a just transition or improving quality of life and place through its investments.

A key mission of the investment bank should be to support CWB activities, and it should have an explicit objective to provide patient risk capital to safeguard long-term funding for the cooperative, mutual, and social enterprise sector. The governance of this bank is critical to its functioning. The Board of Governors should include at least one Minister, one trade union representative, two representatives from civil society, one representative from local authorities, and one representative from a social enterprise or CWB background—and the number of Board Members from the conventional private sector should be capped at one-third. This is to ensure that the public investment bank does not simply replicate the behaviour of private commercial banks.

### **Timeframe and delivery:**

The feasibility and scoping for this work can begin immediately, though the implementation would begin in the medium to long term. The Department of Finance should lead on the establishment of this entity.

### **2) Establish a Community Wealth Building pilot programme fund.**

In order to support the development of robust CWB models in Northern Ireland that demonstrate the “art of the possible,” funds should be made available, in a competitive bidding process, to projects on the ground that focus on resident ownership and control, and demonstrate connectivity across all the five pillars of CWB in a specific community. For example, how could a community-owned



asset, financed through community-controlled funds, house democratically run enterprises that create stable jobs employing local residents? The goal of this fund would be to strengthen local ecosystems while building pipelines to develop and deliver CWB model projects on the ground.

This pilot fund could be seeded with Lottery funds, or even potentially UK Levelling Up funds, and could be further capitalised by contributing foundations and charitable investors. An example can be found in the City of Chicago in the United States, which has recently launched a \$15 million CWB pilot project fund on this model, using the Biden Administration's federal American Rescue Plan Act (ARPA) money to initiate the fund.

**Timeframe and delivery:**

This fund could be set up relatively quickly and could be housed in the Department for Communities with support from the Departments of Finance and Economy.

**3) Conduct an audit of underutilised financial instruments and repurpose them for Community Wealth Building ends.**

Pension funds, community shares, green bonds, and municipal bonds can drive direct investment into CWB related activities, and particularly to activities that advance a just transition. The Place-based Climate Action Network in partnership with the Grantham Research Institute on Climate Change have already presented a proposal to the Northern Ireland Executive on how to capitalise a green bond to finance a just transition by revitalizing the Housing Executive's power. This is just one example of how to use underutilised assets to capitalise investment tools. Municipal bonds

can enhance the borrowing and investment power of local governments in advancing CWB. In Preston in the North of England, for example, they also used public pension investment to develop affordable student housing. Some of these assets could be used to support the creation of new fund as noted above.

**Timeframe and delivery:**

This audit should be conducted immediately and should be the responsibility of the Departments of Finance and Economy, with oversight from and accountability to the Northern Ireland CWB Unit, and should involve the Department for Communities as well as local government.

**4) Strengthen the role of community finance as a key partner to distribute and diversify funding and financing away from government.**

We recommend that regulations are changed so as to allow credit unions to become more involved in business lending in the real economy. This will involve loosening capital requirements, but should not be seen a move towards deregulation or to permitting speculative activity outside of bread-and-butter real economy lending—as has been a notable risk elsewhere when capital requirements on community-based lenders are relaxed. Additionally, Community Finance Ireland (CFI) should be supported in its efforts to develop and grow as a social lender and a rigorous feasibility study should be conducted to evaluate the possibility of establishing a local mutual bank in Northern Ireland, as is being proposed.

**Timeframe and delivery:**

This should be acted on immediately and is the responsibility of the Departments of Finance and Economy.

**5) Embed participatory budgeting practices across local authorities in Northern Ireland.**

Participatory budgeting (PB) is a democratic process in which citizens decide directly how best to spend some portion of a public budget, and is a means of supporting both community empowerment and the development of participatory democracy. Deployed most famously in Porto Alegre in Brazil, PB has been practiced in many communities globally, and was most recently included in Scotland's Community Empowerment Act as a means of delivering on the goals of their National Performance Framework. We believe that the Northern Ireland Executive should consider a mandate for local authorities across Northern Ireland to agree that at least 1% of local budgets be subject to PB within the coming years.

**Timeframe and delivery:**

This would be a medium-term consideration, to be implemented in the next 2-4 years. It would be the responsibility of the Department for Communities, falling under their remit with local government.

### **5.3. Fair Employment and Just Labour Markets**

**Context:**

CWB takes a holistic approach to tackling poverty and advancing community and individual development by creating just and inclusive local economies in which decent work and pay are central.

In contrast to conventional economic development approaches, which too often view labour as a mere input into production (or, worse, a cost to be relentlessly minimised in service of profit), CWB seeks to ensure that workers receive their share of economic gains and elevate the importance of fair employment practices and just labour markets as part of ensuring that the economy serves the needs of people, place and planet. Viewed through a CWB lens, good work is a core social aim and an important source of individual human development.

In CWB practice elsewhere there have been significant recent efforts to advance these objectives through social value policy, skills development, targeted employment support programmes, intermediary labour markets, and interventions to drive up employment standards across the public, private, and VCSE sectors. Some of these are already present in embryonic form in Northern Ireland, or have been shown to be effective in the past. That said, a number of challenges and opportunities remain.

The recommendations in this section range from immediate CWB conditionalities that can be applied to government-controlled activity to tilt the playing field back in the direction of workers' rights and labour's share of economic returns to more economy-wide interventions that would advance the green and community-based economy of the future that has been envisioned and called for in a number of previous government reports—but not, as yet, delivered in practice.

Northern Ireland is currently marked by a high prevalence of low-paid employment, with almost a quarter of all employees receiving

less than the Real Living Wage. Overall earnings have stagnated for decades, and the effects of this will be compounded by the recent, unprecedented cost-of-living increases. Meanwhile, productivity has lagged the UK average for decades along with employment rates, and there is a persistent skills imbalance in particular areas of the economy. This is not simply a question of raising productivity—the so-called “productivity puzzle”—as elsewhere where productivity is higher there has been a persistent decoupling of wages from productivity increases, with the latter simply producing higher returns to capital.

Part of the picture is the lack of bargaining power on the part of workers in Northern Ireland, who like their counterparts across the UK have laboured for decades under some of the most restrictive trade union legislation in the advanced industrial world. Just over half of workers in Northern Ireland have union bargaining in their workplace, with coverage of only 32 per cent in the private sector. This includes the VCSE sector, which has poor levels of union representation and no coherence around how best to advance the rights of a disparate workforce. Moreover, the UK as a whole—and by extension, Northern Ireland—is set to fall further behind its European peers in this regard, with the Council of Europe approving a directive to move EU Member States to 80 per cent collective bargaining coverage. Simply increasing trade union strength in the workplace is a proven method of increasing wages via increased worker bargaining power on wages and conditions.

Another piece of the puzzle is the protracted issue of unemployment. The drivers of worklessness in Northern Ireland are cross-cutting, and impact more on groups such as women and lone parents. There are also regional and geographical disparities, with unemployment and in-work poverty being more concentrated in inner-city areas as well as rural communities and small towns across the region. On the upside, social enterprises and community-based organisations are significant employers and providers of employment support in areas of high social deprivation, offering a base that could be more strategically utilised to create progressive employment opportunities for those furthest from the labour market.

Finally, we believe it is necessary to look at some important interventions at the level of the economy as a whole that go far beyond the usual domain of CWB practice. Without such interventions—for example, the development of a powerful industrial strategy for the Northern Ireland economy of the future—there is a risk that CWB interventions, however beneficial, will become lost in the overall deteriorating macroeconomic environment we described at the outset. CWB is most effective when embedded in a compatible macroeconomic context that does not leave its practitioners attempting to run up a faster and faster moving downward escalator. These wide-ranging recommendations are by their nature more suggestive and overarching, and may require resources and a new political mandate beyond the scope of our Panel’s investigations, but will nevertheless be essential in ensuring that CWB is operating in a conducive and supportive context rather than working against the grain of the overall economy in Northern Ireland.

## Recommendations:

For many places in which there is a need to tackle decades of worklessness and poverty, fair employment and skills must be at the core of any CWB agenda. Concerted efforts by the public sector to turn the dial on employment and skills have the potential to reshape local labour markets so that they provide progressive training opportunities, supporting people to develop and reach their full potential—and to ensure that there is decent employment available at the point of entry (or re-entry) into the jobs market. This vision is largely reflected in the Executive’s renewed focus on better jobs with better wages, including for those with non-academic skills and qualifications. Work has also begun on three longer-term ‘missions’ addressing some of Northern Ireland’s biggest challenges (employability and productivity; green sustainable future; and improving life outcomes), which could help deliver on the ambition for a generational transformation in economic and employment patterns.

Situating these efforts in the context of an overall CWB approach not only provides a framework for connecting fair employment to related and interdependent public policy agendas, but also helps to identify the various ways and means by which better jobs can be directed to where they are most needed. At both a local and regional level, linkages to procurement can encourage fair employment practices to build real jobs with decent terms and conditions, and advance living wages and trade union rights. Critically, the CWB focus on building resilient and ethical local supply chains can also support the growth of progressive training and employment opportunities within marginalised communities and excluded populations.

The Fair Employment and Just Labour Markets pillar of CWB is too often underdeveloped. The Northern Ireland context in particular calls for a robust set of interventions to spread and enhance existing good practice, while also building towards longer-term structural change, including:

- deploy the available levers of government and public anchor institutions in support of fair pay and working conditions;
- raise the bargaining power and wage levels of employees; and
- ensure that supply side measures on skills and workforce development link to actual jobs and to the development of sectors of the economy that better meet the needs of the future.

### **1) Deploy the available levers of Government and public anchor institutions in support of fair pay and working conditions.**

The utilisation of levers such as procurement, investment, and public finance in support of CWB can play an important role in transforming Northern Ireland into a high skills, high wage, and high productivity economy through a carrot and stick approach deploying incentives, on the one hand, and conditionalities on the other. In this area, given the region’s size, it may be appropriate to pursue a centralising rather than decentralising approach that can truly “level up” while simplifying standards and procedures across tiers of government and areas of public policy. One example of this centralising approach is Scotland’s Fair Work Convention, an independent advisory body

established in 2015 to support the Government to realise its vision of fair work by 2025.<sup>5</sup>

It is important that any such approach is rooted in the conditions of Northern Ireland, and builds on progress that has been made to date. Recognising this, we recommend two key provisions that would augment existing practice and help the region on its way to achieving a fuller vision of fair work:

**a) Spread the Northern Ireland Executive's Real Living Wage commitment to other public bodies through conditionalities in their public contracts.** The public sector has a responsibility to set the bar on pay, job quality, and employment standards, and through this promote a “race to the top” across other sectors. With this in mind, the Panel welcomes the Executive's accreditation as a Real Living Wage employer, alongside the clause in the Scoring Social Value Policy that payment of the Real Living Wage must be included as a condition of contract for all tenders. It should also be emphasised that the Department for Communities has introduced full cost recovery on its own grant programmes. Such leadership, demonstrating what is possible, should be replicated across government, public anchor institutions, public companies, donors and grant-makers, and extended into the wider economy through the promotion of Real Living Wage accreditation.

### **Timeframe and delivery**

This is a proposal that could be actionable in the short term, consolidating recent gains and building on work that is ongoing. We understand that Executive Departments have been engaging with the Living Wage Foundation around a programme to promote Real Living Wage Accreditation across all sectors, and recommend that the Department for Communities assumes responsibility for taking this forward.

**b) Add trade union recognition to the Social Value Policy.** As outlined in the Scoring Social Value Policy, adherence to collective agreements and the adoption of fair work practices are among the mandatory requirements to be incorporated into all government contracts. The Panel welcomes these efforts to improve public procurement practice, guided by the Carnegie Trust definition of fair work. We recommend that this is further strengthened with the insertion of trade union recognition and access as an additional clause in the Social Value Policy. Furthermore, the adoption of fair work or good employment charters should be encouraged across all local authority areas, and fair work audits should become part of the system for recording, monitoring and policing of social value outcomes.<sup>6</sup>

### **Timeframe and delivery**

The adoption of fair work or good employment charters is an exercise that could begin with immediate effect (Year 1), led by the Department for Communities working in

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<sup>5</sup> For more on Scotland's Fair Work Convention, see: <https://www.fairworkconvention.scot/>

<sup>6</sup> For examples of best practice, see Greater Manchester Authority's Good Employment Charter: <https://www.greatermanchester-ca.gov.uk/news/greater-manchester-s-good-employment-charter-model-revealed/>; and Scotland's Fair Work Framework: <https://www.fairworkconvention.scot/the-fair-work-framework/>.

collaboration with local government in Northern Ireland. It is envisaged that the new Northern Ireland Executive CWB Unit would have a role in ensuring that these charters and their real-life outcomes are effectively monitored. New trade union insertions into the Scoring Social Value Policy and the incorporation of fair work audits should proceed over the medium-term as part of the Department of Finance’s continuing efforts to review and strengthen social value policy and practice.

## **2) Harness the power of collective bargaining for social and economic benefit.**

The benefits of inclusive collective bargaining systems include reduced wage inequality, better terms and conditions, improved workplace safety, and lower staff turnover, with positive implications for overall societal wellbeing. Collective bargaining is also good for innovation and productivity, forming one part of the economic performance equation. Recent legislative efforts to address this, and to catapult Northern Ireland to the forefront of workers’ rights in the advanced world, have fallen short.<sup>7</sup> But the legacy of the pandemic and challenges of the future mean that the case for reform is stronger and more urgent than ever.

Recognising this, we recommend a renewed effort to institute a labour relations model in Northern Ireland that is fit for the twenty first century-one that accounts for the unique structure of the regional economy as it currently exists but also ensures that the benefits of long-term economic change

are equally distributed. This process should begin with the necessary steps to keep pace with progress in EU neighbours:<sup>8</sup> specifically, the Panel recommends that the Department for the Economy produce an action plan for progressively increasing collective bargaining coverage to 80 per cent, in keeping with the recent Council of Europe directive, setting out a clear timeline and concrete measures for doing so. This action plan should outline statutory measures for re-establishing sectoral bargaining, combating union busting, and strengthening the right to trade union access. Within the scope of this exercise, the Department for the Economy should also explore the case for extending collective bargaining to all matters relating to pay, terms and conditions, productivity, and the transition to net-zero.

### **Timeframe and delivery**

Work to producing an action plan should be commenced by the Department for the Economy within Year 1, informed and guided by developments in EU neighbours, engagement with key stakeholders through existing fora, and emerging research on best practice internationally.

### **3) Put the Real Living Wage on a statutory basis.**

Fair pay is not only a critical means of putting money in people’s pockets and lifting them out of poverty. It also makes economic sense, as those most in need of a wage uplift are most likely to spend their income in local businesses. This is what is meant by CWB’s

<sup>7</sup> <http://www.niassembly.gov.uk/assembly-business/legislation/2017-2022-mandate/non-executive-bill-proposals/trade-union-and-labour-relations-amendment-bill/>

<sup>8</sup> For more on the new EU Directive, see: <https://www.consilium.europa.eu/en/press/press-releases/2022/06/07/minimum-wages-council-and-european-parliament-reach-provisional-agreement-on-new-eu-law/>

commitment to fair work and just labour markets and to a high road economy based on building local spending power and multipliers.

Indeed, there is growing evidence that paying living wages generates a wealth of benefits for workers, businesses, and communities alike.<sup>9</sup> Employers ranging from SMEs to FTSE 100 companies have attested to the multiple benefits accrued from voluntarily paying the Real Living Wage,<sup>10</sup> while recent research estimates that the economic dividend of moving a quarter of low-paid workers up to this wage level would be worth £910 per worker annually in a UK region outside London.<sup>11</sup> Although the universal adoption of the Real Living Wage would naturally result in increased costs for some employers, this has to be balanced against its likely benefits, both at the level of individual firms and more broadly in terms of increased consumption, higher tax revenues, and possible reductions in social welfare spending.<sup>12</sup> This is of particular relevance to Northern Ireland, where low pay is prevalent and a high proportion of working-age families are in receipt of income supports.

The Panel therefore endorses the commitment within the “New Decade, New Approach” agreement to devolve the Minimum Wage and recommends that steps are taken to explore the potential for making the Real

Living Wage the statutory floor. Following the example of the Irish Government,<sup>13</sup> the Department of Finance should commission independent research to look at the issue of low pay in general, and to examine the design and implications of a statutory Real Living Wage for Northern Ireland. Proposals for policy or legislative change should account for the high concentration of micro-businesses in the region, as well as the obvious need for the Real Living Wage to be linked to the cost of living. This would represent a bold step to tackle the persistence of working age poverty, putting Northern Ireland at the cutting edge of best practice globally.

### Timeframe and delivery

The Department of Finance can begin the process by exploring the possibility of devolving the Minimum Wage and commissioning the body of work proposed in Year 1, while continuing to support the roll-out of Real Living Wage accreditation (see above). It is likely that a significant legislative programme would be required to enable policy change of the kind we envisage, but this would become clearer once the initial groundwork has been undertaken. Action on the bulk of the Real Living Wage implementation would occur in the medium term.

<sup>9</sup> Anna Barford, Richard Gilbert, Annabel Beales, Marina Zorila and Jane Nelson, The Case for Living Wages (2022): [https://www.cisl.cam.ac.uk/files/the\\_case\\_for\\_living\\_wages\\_report\\_2022.pdf](https://www.cisl.cam.ac.uk/files/the_case_for_living_wages_report_2022.pdf).

<sup>10</sup> Edmund Heery, David Nash and Deborah Hann, The Living Wage Employer Experience (2017): <https://www.livingwage.org.uk/sites/default/files/Cardiff%20Business%20School%202017%20Report.pdf>

<sup>11</sup> Paul Hunter, The Living Wage Dividend: Maximising the local economic benefits of paying a living wage (2021): [https://www.livingwage.org.uk/sites/default/files/The%20local%20Living%20Wage%20dividend%20REPORT%201\\_0.pdf#:~:text=The%20report%E2%80%99s%20findings%20suggest%20that%20if%20Living%20Wage,wages%20boosting%20productivity%20and%20providing%20additional%20local%20spending](https://www.livingwage.org.uk/sites/default/files/The%20local%20Living%20Wage%20dividend%20REPORT%201_0.pdf#:~:text=The%20report%E2%80%99s%20findings%20suggest%20that%20if%20Living%20Wage,wages%20boosting%20productivity%20and%20providing%20additional%20local%20spending)

<sup>12</sup> See for example, KPMG, The Living Wage: An economic impact assessment (2015): <http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/the-living-wage-an-economic-impact-assessment.aspx>

<sup>13</sup> For the Irish Government’s journey to bring in a living wage, see: <https://www.gov.ie/en/press-release/8556d-tanaiste-outlines-proposal-to-bring-in-living-wage-for-all/#:~:text=the%20living%20wage%20will%20be,currently%20%E2%82%AC10.5-0%20per%20hour.>

#### **4) Integrate CWB into Labour Market Partnerships and efforts to broaden access to employment.**

As emphasised throughout this report, the social economy sector plays an important role in promoting fair work at a local level. Social enterprises working at scale not only provide direct employment from the delivery of their own services, but those with well-integrated intermediary labour markets and youth (and family) intervention offer a more holistic approach to tackling the barriers faced by those furthest from the labour market. As the experience of the Northern Ireland European Social Fund (ESF) Programme<sup>14</sup> and other recent employment support programmes demonstrate,<sup>15</sup> there is considerable value in building integrated pathways that link personal development, social inclusion, skills, and technical assistance to decent and secure employment opportunities.

Evidence presented to the Panel suggests that social enterprises have the potential to play an even bigger role in the delivery of these integrated models in areas of high social deprivation. Recognising this, the Panel recommends the development of Labour Market Partnerships (LMPs) across all local authority areas in collaboration with community partners, using social economy

infrastructure as a delivery vehicle. This should include the integration of area-based training, including lifelong learning, work-readiness, and technical apprenticeships within the social economy sector, as well as across the public and private sectors. Investment in skills and retraining should be connected to the development of growth sectors such as the green, circular, and creative economy that offer better employment rewards.

It should be noted that the social economy sector's current and future involvement in local labour markets needs to be underpinned by sustainable investment. Brexit and the end of ESF funding leaves many social enterprises facing a financial cliff-edge and a significant loss of investment, damaging their capacity for sustaining or expanding the provision of progressive employment and training opportunities for those most in need of them.<sup>16</sup> The Department for Communities has a critical role to play in the shift to the UK Shared Prosperity Fund, however it looks increasingly uncertain that this will operate in a way that provides a like-for-like replacement of ESF funding in Northern Ireland. Clearly, this calls for a succession plan that directs adequate resources into employment programmes that are proven to be most effective.

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<sup>14</sup> Grant Thornton, An Impact Evaluation of the Northern Ireland European Social Fund Programme, 2014-20 (December 2020): <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/ESF-2014-20-Evaluation-Report.pdf>

<sup>15</sup> See for example report on "Disability within the Northern Ireland Labour Market" from DfC Professional Services Unit: <https://www.communities-ni.gov.uk/publications/disability-within-northern-ireland-labour-market>

<sup>16</sup> Pat O'Neill (SIB), Colin Stutt (SIB), Stephanie Morrow (SIB), Therese Hogg (SIB) and Mark Graham (SIB), European Social Fund Succession Landscape Paper: A report jointly commissioned by the Department for the Economy and the Department for Communities (February 2021): <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/european-social-fund-succession-landscape-report.pdf>.

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### Timeframe and delivery

There is an immediate need and opportunity to create an integrated employment pathway for those furthest from the labour market, using social economy infrastructure to deliver through mechanisms such as the LMPs. The Departments for Communities and the Economy should pursue this opportunity with Local Government in Year 1. This should go hand-in-hand with ongoing efforts to put in place an adequate succession plan that provides a smooth transition away from ESF funding.

### 5) Labour market planning to meet the needs of the future through a comprehensive industrial strategy.

It is time to seriously prepare the overall economy of Northern Ireland for the future, including through an industrial strategy in pursuit of a green transition and a refocusing on services such as care-giving that meet real and growing social needs.<sup>17</sup> An industrial strategy framework could help Northern Ireland overcome multiple economic challenges. It could provide high-wage jobs, generate revenue, expand exports, and reduce trade deficits—all while reducing greenhouse gas emissions and improving air quality and public health outcomes. Real-world examples in which industrial strategy has been married to democratic economy approaches (including the deployment of public finance) include the cooperative economy of Emilia Romagna in Italy, the social solidarity economy of Quebec in Canada, and—albeit in a more particularised fashion that is less portable and

replicable—the networked cooperatives of the Basque region of Spain, with its flagship Mondragon Cooperative Corporation.

The Panel recommends that the Northern Ireland Executive build upon the content of recent government reports and strategies to initiate a comprehensive industrial strategy framework that would complement, enhance, and align new and existing strategies. This policy framework should be based on existing and future audits of skills and enterprises on the supply side and an assessment of future needs (commercial and social) on the demand side.<sup>18</sup> In addition to government capacities, the resources and capabilities of the higher education sector should also be tapped and deployed to both create and address gaps in this vision and landscape.

A community-sustaining industrial strategy framework would consist of the direction of capital to sectors, localities, and regions so as to balance out market trends and prevent communities from falling into decay, while also ensuring the investment in research and development necessary to maintain a highly productive economy. In some cases this might mean assistance in allowing workers to buy up facilities and keep them running (see Pillar 1 above).

In other cases, it might involve retraining workers for new skills and refitting facilities for work in a different industry. As the 10X Economy Strategy suggests, a greater emphasis on reskilling and lifelong learning will be needed to facilitate this kind of

<sup>17</sup> For example, see North Lanarkshire's Workforce for the Future Strategy: <https://www.northlanarkshire.gov.uk/sites/default/files/2020-11/Workforce%20for%20the%20Future%20Strategy%20v3.pdf>

<sup>18</sup> See Ulster University Economic Policy Centre (UUEPC), Northern Ireland Skills Barometer 2021 (2021): [https://www.ulster.ac.uk/\\_data/assets/pdf\\_file/0010/1112986/Skills-Barometer-Summary-Report-2021\\_FINAL\\_SENT.pdf](https://www.ulster.ac.uk/_data/assets/pdf_file/0010/1112986/Skills-Barometer-Summary-Report-2021_FINAL_SENT.pdf)

transition. Going wider and deeper, affected localities and populations would be able to participate in planning and draw upon public resources whose aim is to help secure the long-term stability of communities and, overall, to sustain production in key sectors and industries. This top-down strategy would connect to bottom-up CWB approaches that would offer key avenues for delivery through gap analyses and local capacity building in response to identified needs and opportunities and strategic priorities. This would require greater economic planning capacity than currently exists at any level of government.

Community-sustaining policy to preserve particular places can be married to sector-based approaches. A more strategic emphasis on green manufacturing strategies and services can support the building and sustaining of demand and production capacities for ecologically sustainable forms of energy and technology.

Although the recent experience of deindustrialisation in Northern Ireland has already hollowed out a great deal of productive capacity, manufacturing remains a key sector in the Northern Ireland economy, accounting for an estimated 11 percent of employment and 15 percent of GVA. The low carbon sector is an important part of this, but has the potential for significant growth, with the race to net zero presenting opportunities for new entrants to the workforce as well as offering a just transition pathway for skilled workers in carbon-intensive industries. As Northern Ireland moves towards a mission-oriented focus on employability and productivity, green sustainability, and improving life outcomes, a community-supporting industrial strategy can help to

preserve productive capacities in communities on a long-term basis through their repurposing in pursuit of new priorities and objectives.

Tired approaches that place the emphasis on foreign direct investment (FDI) and its supposed trickle-down benefits will not achieve this, and do not merit the policy support or level of public subsidy devoted to them in the past. By contrast, a properly resourced industrial strategy would help ensure that productive capacities stay in use in such circumstances and provide guidance on how to organise conversion when a shift to a different product or industry is required. In the long-term, it may also entail the conversion of legacy industries to more socially beneficial purposes.

The details of how to develop such a strategy and provide the resources and political mandate are beyond the scope of this Panel. However, we urge the development of such a strategy as essential to providing a supportive framework for CWB in Northern Ireland, and note that rhetorical commitments to industrial strategy have been commonplace in both UK government and Northern Ireland Executive documents.

From the much-heralded “march of the makers” and “levelling up” to the inclusion of industrial strategy in the mandate of a purposely-created Whitehall Department—Business, Energy and Industrial Strategy (BEIS)—there have been lots of warm words from Westminster, but precious little concrete action. The Panel acknowledges the ambition within documents such as 10X that Northern Ireland will obtain a significant share of the jobs growth and economic opportunities arising from the UK Government’s ‘10 Point

Plan for an Industrial Revolution’, for example. But if Northern Ireland is to realise the jobs growth promised from above, this will require strategic interventions to develop the region’s indigenous industrial base. In short, if Northern Ireland is to have an actual industrial strategy for the twenty-first century it will have to develop one of its own.

In a Northern Ireland context, industrial strategy commitments can already be found across many recent reports and initiatives, including but not limited to:

- Economy 2030, a draft industrial strategy issued for consultation in 2017 by the then Minister for the Economy (who now heads up the Belfast Chamber of Commerce);<sup>19</sup>
- The 10X Economy strategy, which focuses on innovation, priority clusters, high value-added sectors, and the idea of emulating other small, advanced economies;<sup>20</sup>
- The Skills Strategy that accompanies the 10X Economy strategy, containing 34 individual commitments including the development of bespoke skills action plans to support the priority clusters and a heavy emphasis on developing local/sub-regional approaches to skills development in collaboration with DfC and local government;<sup>21</sup>

- The Green Growth Strategy that was published in 2020, following the declaration of a climate emergency, which may offer ways of linking CWB, industrial strategy, and climate action;<sup>22</sup>
- The 2022 Climate Change Act, which includes net zero targets by 2050, a requirement for sectoral plans and carbon budgets, and just transition principles, and which should be followed up with ambitious cross-governmental climate action plans. (Some local councils have already adopted their own plans tailored to their own context).
- The Department for the Economy Energy Strategy for Northern Ireland;<sup>23</sup>
- Work currently progressing to develop a circular economy strategy, which should be published in draft form this Autumn.<sup>24</sup>

We also understand that work has also begun on three longer-term ‘missions’ addressing some of Northern Ireland’s biggest challenges: employability and productivity; green sustainable future; and improving life outcomes.

<sup>19</sup> <https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf>

<sup>20</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/10x-economy-ni-decade-innovation.pdf>

<sup>21</sup> <https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/skills-strategy-10x-economy-consultation.pdf>

<sup>22</sup> [https://www.daera-ni.gov.uk/sites/default/files/consultations/daera/Green%20Growth\\_Brochure%20V8.pdf](https://www.daera-ni.gov.uk/sites/default/files/consultations/daera/Green%20Growth_Brochure%20V8.pdf)

<sup>23</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/energy-strategy-path-to-net-zero-action-plan.pdf>

<sup>24</sup> <https://www.economy-ni.gov.uk/articles/circular-economy>

### Timeframe and delivery

Developing a comprehensive industrial strategy framework will require a long-term commitment from the Department for Economy, but could begin with an audit or diagnosis of the existing industrial base and future needs. Much of the work required for developing a comprehensive industrial strategy for Northern Ireland may already be underway, but the danger is that it will happen piecemeal and without the necessary coordination and integration. It is also unlikely as of yet to be informed by CWB principles, nor will it view CWB approaches as a substantive input into the goals and purposes of such a strategy, nor as potential mechanisms by which such a strategy can be delivered on the ground. We believe that this is a huge missed opportunity and that political leadership will be required to bring such a joined-up strategy into being and that it should form part of a future Programme for Government for the Northern Ireland Executive.

## 5.4. Socially Productive Use of Land and Property

### Context:

The widespread public ownership of land and real estate property in Northern Ireland is an enormous baseline advantage in crafting a CWB strategy for the region, and it will be important to find ways in which to democratically determine the better deployment of these assets in service of the community. Certainly, we are against any fire-sale of public holdings, whether land or buildings. The absence of a legal basis for community land trusts (CLTs) in Northern Ireland also raises the question as to whether the region has all of the institutions it requires in order to manage the socially productive use

of land and property to the best effect from a CWB perspective.

However, in certain well-defined instances there may be opportunities in which it may be beneficial to pursue the transfer of ownership of real property from the state to the community. The community-led development of land and property has been one of the successes in urban regeneration and rural development in Northern Ireland and demonstrates the impact of partnership working between the public sector (who own the asset), social enterprises (who have developed them successfully) and local people (who benefit from their use). Asset holding social enterprises allow new facilities in areas where services have often been poor or non-existent; they remove blight and dereliction; create jobs and generate local spending; save important buildings for productive use; and enable organisations to sustain and diversify their work.

In 2019, the Department for Communities commissioned the Community Asset Transfer Strategic Insight Lab that identified the barriers to policy implementation, including the lack of capital investment, the absence of enabling legislation (similar to Britain), a risk-averse culture, and weak skills across the public and community sector. The current policy, launched in 2014, has enhanced awareness on community ownership but has failed to deliver a meaningful programme of asset transfer. The evidence presented to the Panel emphasises the importance of legislation to enable efficient low-cost projects, better support (especially in the start-up phase), and a stronger funding regime to enable transferred projects to develop as viable schemes.

Why do we need legislation? There are instruments and regulations that allow for the sale of assets by government departments at less than market price for social purposes and this has been, in part, clarified by Department of Finance Guidance on the Disposal of Surplus Public Sector Property.<sup>25</sup> This states (section 6.9) that ‘land can be sold, leased or otherwise transferred to a local authority or to a body or persons not trading for profit’ where Department of Finance ‘is satisfied that such a sale, lease or transfer will result in the development, improvement or general benefit of any land held by the Ministry’. Local authorities can also acquire and dispose of land to carry out their statutory functions at less than best consideration and the general power of competence enables local authorities to do anything an individual can do (subject to restrictions) rather than only what they are directly empowered to do.

However, Guidance on its own has not and is not likely to create a proactive and ambitious approach to a programme of asset transfer, as is the case in England, Scotland and Wales. Asset transfer and community ownership of land and property is an important and integral way of building sustainable local economies and should not be confined to the use of residual stocks of land and buildings. The Panel heard from policymakers across the UK and Ireland that legislation is critical to placing asset-based regeneration at the heart of sustainable economic, social, and environmental development. Laws are not an end in and of themselves but make the system work effectively and efficiently, supported by clear guidance, a proactive culture within the public sector, and competent sponsors

starting, operating, and scaling projects.

The Panel heard that there have been very few successful community asset transfers under the current policy and the lack of legislation, especially on right to challenge and build as well as General Disposal Consent, have made the system slow, bureaucratic, costly, and inefficient. It should be emphasised that this is important for asset holders because it provides certainty about what and how they can dispose of assets without attaining best value, sets out processes to make the system efficient, and provides legal certainty, especially around the use of public money. It also encourages the policy system across levels and agencies of government to be more facilitative and enabling, rather than seeing asset transfer as an exception. Only assets that qualify under the legislation in terms of value, current use, governance, and accountability would be considered for transfer. An asset-lock can be inserted to ensure that schemes are protected for community use; that profits need to be retained by the social enterprise; that assets cannot be disposed of outside the company; and that appropriate and reasonable clawback provisions would be placed on any investment including grant-aid. It should be emphasised that legislation is simply a mechanism to achieve something else—better regeneration outcomes—and needs to be seen in the context of investment, skills development, and support across communities and the public sector.

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<sup>25</sup> <https://www.finance-ni.gov.uk/articles/disposal-surplus-public-sector-property>

## Recommendations:

### **1) The Department for Communities should prepare a new Community Asset Transfer Delivery Framework based on comprehensive legislation to ensure effective and efficient community asset transfer across public bodies in Northern Ireland.**

A working group, led by Department for Communities, should report within year 1. Within this policy, a phased approach to legislation is proposed, starting with General Disposal Consent and then progressing to a comprehensive provision on community right to bid, buy, and build. A strategic review of the legislative options for Northern Ireland<sup>26</sup> concluded that a General Disposal Consent provision could be introduced in a timely and efficient way, with a longer timeframe to introduce asset transfer provisions to deliver an ambitious policy.

#### **Phase 1 legislation**

- \* General Disposal Consent in Britain provides general consent and guidance which allows councils to sell land at less than best consideration without the need to seek the consent of the Secretary of State, provided that the undervalue is less than £2m. This should be applied to public bodies in Northern Ireland along with further changes to Department of Finance Guidance (see above) on the disposal of land and property at less than best value.

#### **Phase 2 legislation**

- \* Community Right to Buy enables community organisations to make requests to public bodies for any land or buildings they feel they could make better use of. Public bodies would be required to assess requests against a specified list of criteria, including the contribution to economic development, regeneration, public health, social wellbeing, and environmental sustainability. The public body has a right of refusal, but there should be clear grounds for such a decision as well as a right to appeal by the community organisation.
- Community Right to Challenge gives community organisations and public employees the right to express an interest in taking over the running of a local authority service. The policy scope and exclusions (such as services and facilities for children, vulnerable people and mainstream health and social care) for such a challenge, would be developed by Department for Communities and reflect the configuration of public administration in Northern Ireland. If the public body accepts the challenge, it should run a procurement exercise for the service in which the challenging organisation can bid.
- Disposal of Land by public bodies would provide further discretionary powers to local authorities to dispose of land and assets to community organisations at less than best consideration, without reference to the appropriate Minister.

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<sup>26</sup> <https://www.dtni.org.uk/wp-content/uploads/2022/05/1-Technical-Advisory-Asset-Based-Development-Final.pdf>

It was noted that the Department of Finance Guidance on the transfer of surplus land and property is welcome but this needs to be supported by changes in practices around clawback provisions. Current charges made on social enterprises and community groups are overly restrictive. No evidence was presented to the Panel suggesting that clawback clauses should not be built into transfer agreements, but we did hear that the public sector insist on charges against whole organisations rather than individual grant-funded buildings. In many cases organisations are required to seek Departmental approval to borrow money, which acts as a disincentive to social enterprises and reduces their capacity to borrow. CWB needs responsible entrepreneurship and more commercially viable social enterprises and it is therefore important that charges are set against the appropriate liability in grants and transferred assets. Guidance should be revised to clarify that such charges in grant making to social enterprises and asset transfer schemes should only apply to the project under consideration.

### **Timeframe and delivery**

Short-term. The Department should establish a cross-agency working group on the introduction of community asset transfer legislation with relevant Departments, public agencies, and local government along with the Departmental Solicitors Office and

representatives from the community and voluntary sector. Department for Communities should aim to introduce General Disposal Consent within year 1 (Bill stage). Running parallel with this work should be the consideration of phase 2 provisions on community asset transfer legislation with an aim of introducing such legislation within year 3. Legislation in England, Wales, and Scotland already provide the basis on which such laws can be drafted, of course reflecting the administrative, political and legal context in Northern Ireland. Changes to Guidance on charges and clawback should be negotiated with Department of Finance in year 1.

### **2) Develop a capital and revenue-based funding programme to support asset transfer.**

There is limited value in transferring an asset without the necessary funding to realise its potential. A capital investment fund would help support construction works, renovations, and repairs; while revenue grants would pay for staff and running costs until the project can sustain its services. There is also a need to access UK-wide social finance products and to strengthen the supply of more appropriate (debt/grant) finance (see above). As part of the new strategy, the Department should set a capital and revenue budget to support specific asset transfer projects, which would be part of an overall investment in a CWB strategy. Community Plans would play a key role in identifying asset schemes across agencies at the local level and provide a framework for a more planned and integrated approach to local investment (see above).

### **Timeframe and delivery**

It will take time to build and/or realign budgets to deliver CWB interventions at the local level and how this relates to extant programmes such as Neighbourhood Renewal and Areas at Risk. Clearly, what is implied here is a transition in how urban regeneration and community development is structured at the local level. There is a review of neighbourhood renewal, which offers an important opportunity to create a progressive approach to rebuilding local economies, strengthening the social enterprise asset base, and to connect deprived communities to the wider labour market.

### **3) Develop a dedicated programme on Community-led Housing.**

The Department for Communities Housing Supply Strategy highlighted the importance of Community-Led Housing and the Northern Ireland Housing Executive is taking forward a programme of research and policy development with a particular emphasis on rural areas. The Department should work with the Northern Ireland Housing Executive to develop and implement a CLH framework for Northern Ireland that would set out: policy priorities; sectoral and area market potential; finance and investment models; and legal reform. Land law in Northern Ireland appears to make Community Land Trusts unviable and legislative changes (to lease conditions and types) would be required (including for example, via an amendment to the Property (NI) Order (1997)) to maximise their potential for housing as well as asset transfer projects more broadly.

### **Timeframe and delivery**

The Northern Ireland Housing Executive strategy could be integrated more firmly into the roll-out of the CWB framework and seen as an integral part of the first year of implementation by Department for Communities. Proposed changes to the Property (NI) Order could be delivered in parallel with community rights legislation in Recommendation 1, phase 2 provisions.

### **4) Evaluate the public sector asset register for the potential for community asset transfer.**

The Strategic Investment Board (NI) has developed an Asset Management Strategy (AMS) accompanied by Departmental Asset Management Plans (AMPs) and similar strategies for agencies and non-departmental public bodies. A systematic evaluation of the register to assess and prioritise land and property for community asset transfer would establish a proactive approach to local development rather than seeing it as an exception. Assets where community organisations have an established interest could be explored first for their viability, including, for example, size, condition and quality, planning constraints, and legal status with covenants or other restrictions. This would help prioritise schemes that can most contribute to local social, economic, and physical regeneration.

### **Timeframe and delivery**

The audit of the DfC asset register, especially around urban regeneration sites and Housing Executive landbanks could be commenced in year one. Prioritisation in terms of short (1–3 year release); and medium (4–6 year); or not viable would be the outcome of such a process published in year 2.



## 5) Strengthen skills across the public and community sector.

There is a need to strengthen investment readiness, project planning, and financial skills to underpin a sustainable programme of asset transfer. Technical assistance linked to each stage of the programme design, capital works, and implementation should connect a development budget to each one, including to access loan and grant investment. Linked to this, a separate capacity building pathway is needed for public sector asset holders to ensure an efficient management of the project in which government maximises social, economic, and environmental value from such schemes.

### Timeframe and delivery

This could be finalised in Year 2 with a review of capacity, needs, current provisions, and gap analysis. A new Skills, Knowledge and Learning framework would be published in year 3 with voluntary sector funding aligned around the priorities set out in the strategy. This has wider implications for capacity building and how CWB is underpinned by investing in the voluntary sector that supports groups in forming, consolidating, and scaling asset-based social enterprises.

## 5.5. Progressive Commissioning, Sourcing, and Procurement of Goods and Services

### Context

The commissioning and procurement of goods and services by government and place-based public anchor institutions is an important lever in CWB. The use of progressive and intelligent commissioning and procurement practices works to localise spend and build dense local supply chains, thereby reducing leakage and financial extraction from the local economy. A robust and diverse local supply chain should be made up of well-resourced third sector/VCSE organisations, new forms of plurally owned enterprises in the private sector, and democratically controlled local public enterprises. The goal is not to increase contracts or purchasing to the private sector, but rather to direct those that are already going to the private sector to more locally rooted and socially directed enterprises rather than to extractive multinational corporations. Developed in tandem with the pillars of CWB, this approach can help to create good employment opportunities and support the growth of the social economy in areas of high social deprivation. This promotes the recirculation of wealth and generates a multiplier effect which sustains jobs, businesses, and services in the community, all while reducing the environmental impact of public sector supply chains.

Executive and local government in Northern Ireland spends upwards of £3 billion annually on goods, services, and construction works, while the combined procurement spend of other public and semi-public anchors runs into the hundreds of millions. In addition, a further grant allocation of more than £1 billion is spent on external organisations that support the delivery of public sector policy objectives. There is growing recognition of the potential to harness this considerable purchasing power for local economic, social, and ecological benefit. Government departments, local authorities, health trusts, universities, and arms-length bodies (ALBs) such as the Northern Ireland Housing Executive have each begun to place greater emphasis on social value and social impact, and to pursue opportunities for collaboration around a more progressive commissioning and procurement agenda.

Significantly, this shift within the public sector has gained added impetus with the Executive’s adoption of a new Scoring Social Value Policy (PPN 01/21), which mandates that from 1 June 2022 public tenders must include a minimum of 10 per cent of the total award criteria to social value. This is the first time in Northern Ireland that awarding bodies will be obliged to take into account social value, alongside price and quality. Taken together with PPN 02/21 (concerning the use of reserved contracts) and the UK Government’s Procurement Bill, this new policy has the potential to act as an important enabler of social value, providing departments, arms-length bodies, and public companies with an imperative to identify social value priorities and develop more resilient and ethical local supply chains for community benefit.

## Recommendations

Building on progress in this area will naturally involve the consolidation and spread of existing good practices, from the establishment of anchor networks across all local authority areas to the use of ‘end-to-end’ social value plans in capital investment and regeneration schemes. It will also require a concerted effort to embed social value across all departments at the earliest stage of the commissioning process; to develop a robust system for recording, monitoring and policing social value outcomes; and to build models of delivery that support VCSE organisations and other forms of democratically owned enterprises to identify and access supply chain opportunities. The following recommendations are proposed with these objectives in mind.

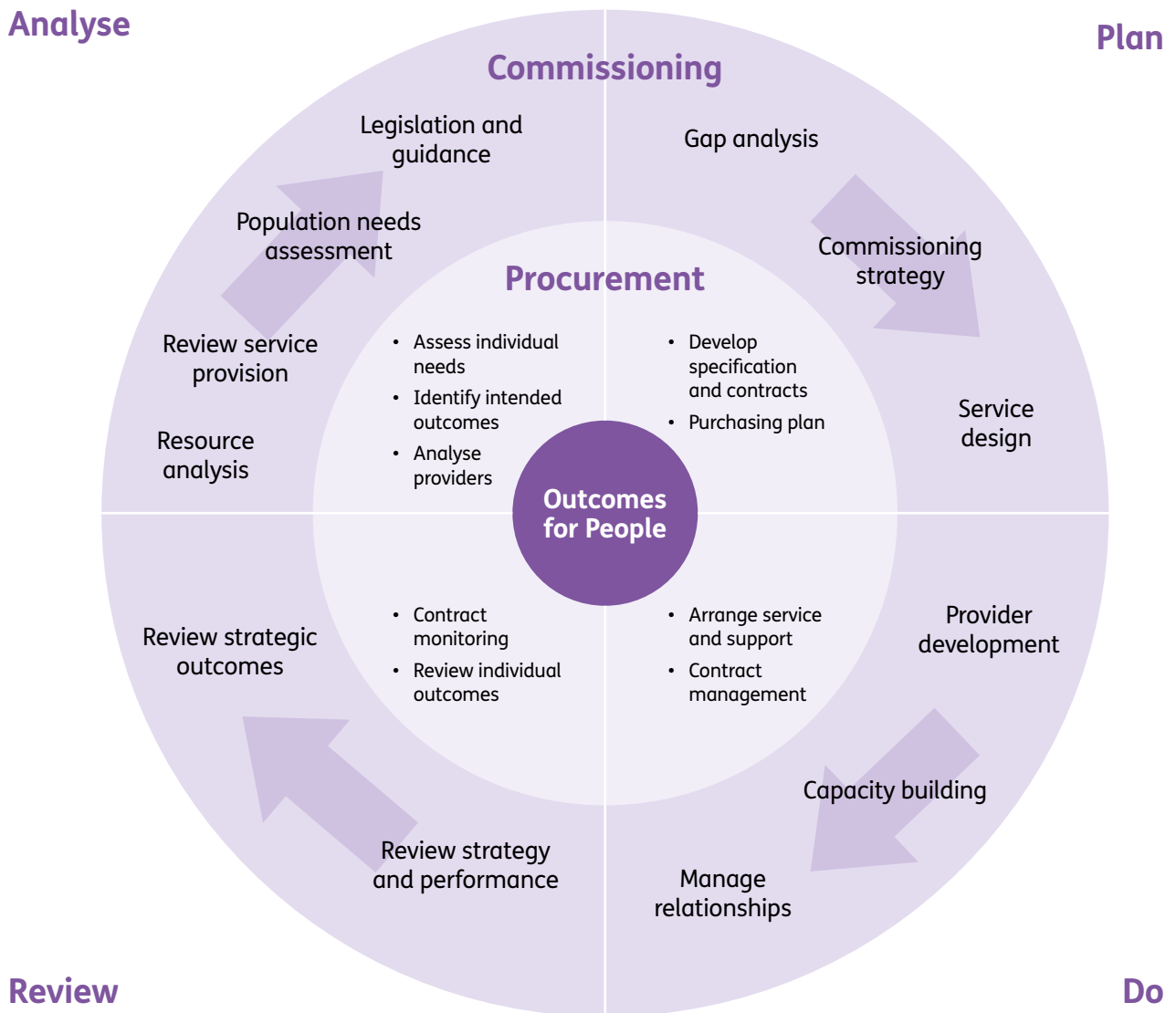
### **1) Develop a Public Sector Transformation Academy for Northern Ireland.**

Despite recent progress, there remains a heavy emphasis on the procurement route as the favoured option for sourcing goods and services. But it is widely acknowledged that when goods or services are at the procurement stage, then the opportunity to consider delivery methods with the greatest social value potential may have already been lost. This is a significant barrier preventing locally rooted organisations from accessing supply chain opportunities.

Successfully embedding social value and realising greater community benefit from government spend will require a culture shift that overcomes risk-aversion and encourages key decision-makers (policymakers, budget holders, commissioners) to think innovatively about how goods and services are sourced. A critical element of this is providing those key

decision-makers with the tools and techniques to manage the commissioning life cycle and consider the wide range of sourcing options (including procurement) to deliver their desired outcomes. This applies not only to mainstream budgets but also to grant spend, which is not as strongly linked to outcomes as it could be.

**Fig 1. The relationship between commissioning and procurement**



The Panel welcomes the opening up of training opportunities through the Strategic Investment Board (SIB) and the UK Commissioning Academy, which should go some way to support commissioning and procurement reforms. It is also to be welcomed that a number of Executive departments have commenced pilots to build in social value at the commissioning stage, with a view to making this a more mainstream approach.

It is felt, however, that Northern Ireland is still in need of a bespoke resource to help drive a step-change in thinking and practice. In view of this, the Panel notes that Social Enterprise Northern Ireland (SENI) and Ulster University Business School have partnered to develop the concept of a Public Sector Transformation Academy (PSTA) for Northern Ireland, and recommends that this concept be developed with the support of the Executive. In essence, a fully-fledged PSTA would become the regional hub for the development of essential knowledge and skillsets—a centre of excellence for sharing best practices among all key decision-makers who wish to transform service delivery and put social value at the heart of the commissioning process. There is also the potential to broaden the scope of the PSTA to include capacity and capability building with VCSE and other locally rooted organisations.

Furthermore, the Panel proposes the following parallel steps that should be taken to support the delivery of social value outcomes:

- Government departments and public anchor institutions should consider innovative ways of advertising tendering opportunities better suited for locally

rooted organisations to compete, to include the advertising of future tendering opportunities and smaller bundles and contracts. In addition, there should be greater use of reserved contracts to increase social value. Overall targets should be set, underpinned by statistics and examples of best practice, and reported to the NI Procurement Board quarterly.

- Consideration should be given to a pan-public sector survey of key decision-makers to pinpoint the knowledge, skills, and cultural barriers that need to be overcome in order for supply chain opportunities to be made more accessible for locally rooted organisations.

### **Timeframe and delivery**

Considering that research and early scoping for a PSTA has already been conducted by SENI with Ulster University Business School, we believe that with the support of the Executive, and particularly Department for Communities with support from Department of Finance, the next step development of the Academy could be advanced immediately.

### **2) Develop a robust system for the consistent recording, monitoring, and policing of social value outcomes.**

The Panel notes that the Department of Finance has developed a new system for recording and monitoring social value outcomes, while the UK Government's Procurement Bill obliges public authorities to publish details of awarded contracts and includes a requirement that suppliers report annually against stated outcomes.

To strengthen these arrangements, we are recommending that a consistent approach to recording and monitoring outcomes is developed centrally and implemented across the public sector. This should begin with a baseline spend analysis across government and public anchor organisations and should include the introduction of an effective system of accountability to include verification of delivery against social value clauses. The tracking process must be embedded with the contract management process and social clauses must carry the same status as the other conditions within the contract. A single independent unit should be created to gather, analyse, and report on all social impact data linked to public spend.

In parallel with this, we recommend that Department of Finance and the CWB unit investigate the possibility of introducing a “social licence to operate” for suppliers, which could become the overarching mechanism for setting the parameters of market participation and enforcing the delivery of social value outcomes. We note that the social licence to operate model is currently being explored as part of Scottish Government’s CWB agenda, and propose that the newly established Northern Ireland Executive CWB Unit liaises with Scottish counterparts regarding its potential application in a Northern Ireland context.

### **Timeframe and delivery**

While recognising that it is important to ensure that the right system is put in place, it is essential that the process of doing so begins immediately in order that that the new Scoring Social Value Policy can

be properly implemented and embedded. The social licence to operate model can be explored through new and existing fora for sharing knowledge and best practice with counterparts in the Scottish Government.

### **3) Deliver social value through working in partnership**

At all levels of government and public policy in Northern Ireland, there is a strong emphasis on the role of collaboration in tackling societal problems and improving wellbeing for all. This has given rise to various institutional arrangements designed to facilitate co-design and partnership working across government and with social and community stakeholders.

There is an obvious need and desire to improve how existing structures function in order to strengthen cross-sectoral linkages and provide for meaningful community engagement in policy design and implementation. Consideration also needs to be given to the practical means of supporting locally rooted organisations to identify and access supply chain opportunities. Ongoing capacity building and technical support is an important part of the equation (see above), as are the commissioning and procurement reforms discussed above. It is here that we focus on partnerships with the public and (where appropriate) private sector as a mechanism for: a) directing supply chain and employment opportunities towards areas of high social deprivation; and b) simultaneously building the capacity of the VCSE sector.

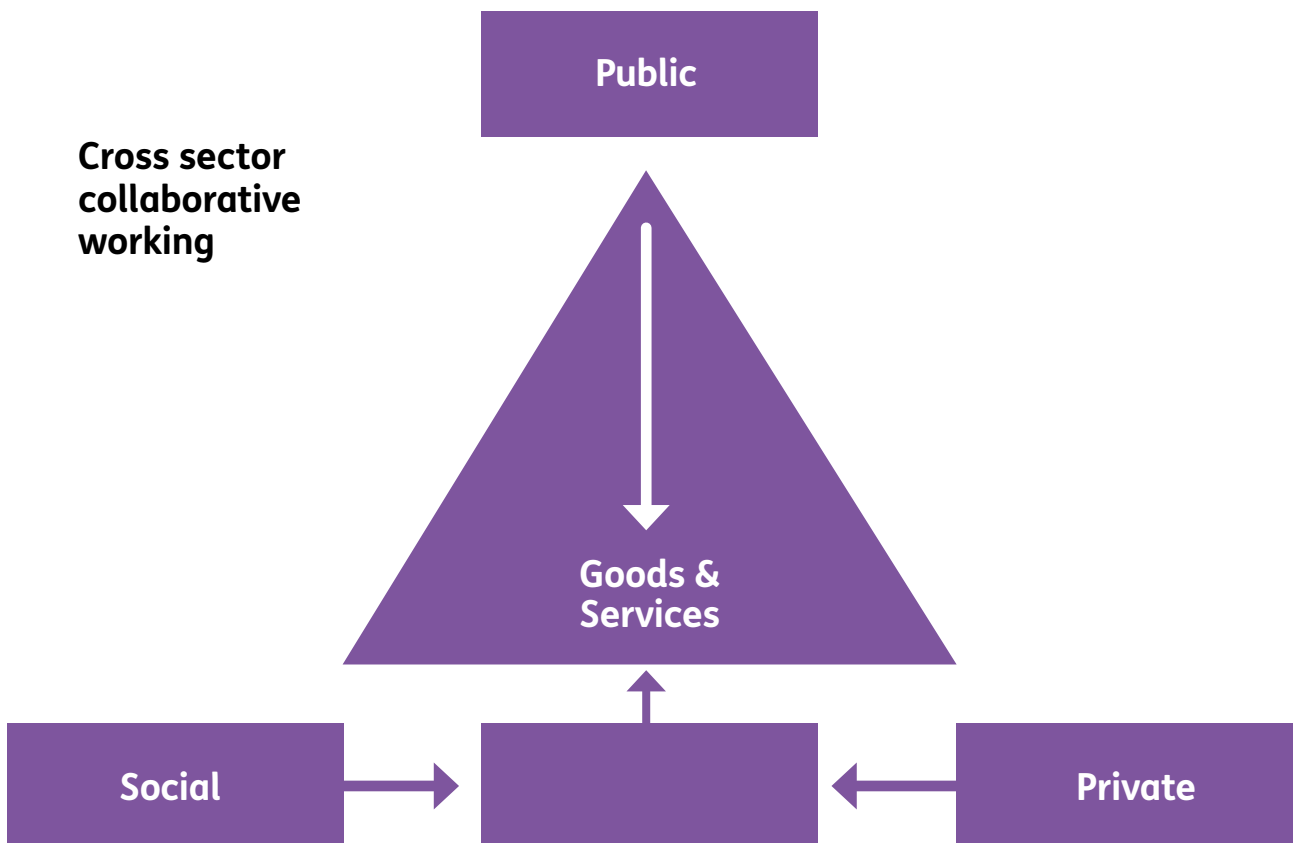
We note that the Scottish Government has sought to promote greater VCSE sector participation by investing in a number of

strategic Public Social Partnerships (PSPs),<sup>27</sup> and can see a strong case for adopting a similar approach tailored to the context of Northern Ireland. Variations of this model which could be considered by the Executive include:

- A Social Private Partnership model, which would ensure that there is at least one social partner involved in the delivery of large contracts.

- A Social Partnership Scheme (SPS), which would see Northern Ireland’s public, private, and social (VCSE) sectors working together to achieve the desired outcomes (see below).

**Fig 2. Social Partnership Scheme (SPS)**



<sup>27</sup> For more on Public Social Partnerships, see: <https://www.gov.scot/policies/third-sector/public-social-partnerships/>

One advantage of these proposed models is that they would allow respective partners to bring their skills and expertise to support the delivery of particular goods and services, and provide a means of evolving best practice in the design and delivery of social value outcomes. In the case of the SPS, the key objectives and activities of participating members would be agreed collectively and underpinned by a common commitment to deliver positive social change. Outcomes would be recorded and monitored in accordance with new and existing models of best practice.

The benefits for social partners would be twofold. First, they would receive a portion of the financial surplus to be invested either in the enterprise or in a related activity aligned to their social purpose. Second, their capacity would be strengthened through participation in the delivery of contracts and through regular engagement with established public and private sector partners. In the SPS model, it is envisaged that private and social sector partners would be encouraged to use their experiences from the SPS process to bid for new and recurring government contracts.

The Panel recommends that pilot schemes be identified for testing this model as a mechanism for delivering social value outcomes and building community wealth. Alongside this, a review should be carried out into the different sourcing options (including procurement) that can be used to achieve policy outcomes in the acquisition of goods and services. This should include a logical

decision process for inclusion of a preferred option as part of the development of business cases.

#### **Timeframe and delivery**

The Department for Communities should identify and support appropriate pilots for testing this model in Year 1. Work to embed the model and introduce any necessary policy change could begin in Year 2, working in collaboration with the Department of Finance and CWB unit.

#### **4) Introduce a Social Value Act and/or make direct changes to procurement guidance.**

As indicated above, the new social value policy is welcomed as an important step in the direction of transforming how commissioning and procurement is conducted in Northern Ireland, and the Panel recognises that it will take a period of time to bed in the changes to practice that accompany and flow from this policy development. At the same time, it should be noted that there is a strong body of evidence which favours the introduction of specific piece of social value legislation for Northern Ireland. The Panel is of the view that changes in policy and practice should ultimately culminate in the introduction of a Social Value Act, bringing the region into line with the rest of the UK, or possibly changes in procurement guidance as has been done in Scotland.<sup>28</sup> We therefore recommend that the Department of Finance continues to promote and embed social value in a way that prepares for this eventuality.

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<sup>28</sup> Find out more about Scotland's Procurement Reform Act 2014: <https://www.gov.scot/publications/procurement-reform-scotland-act-2014-statutory-guidance/pages/3/#:~:text=The%20sustainable%20procurement%20duty%20requires,particular%20focus%20on%20reducing%20inequality.>

### **Timeframe and delivery**

Noting that a Social Value Bill has been drafted and received cross-party support, we propose that the Department of Finance engages with the All-Party Group on Social Enterprise to assess the draft legislation's general preparedness and alignment with the Scoring Social Value Policy. Based on this engagement, Department of Finance should set out a timetable for the introduction of legislation in this mandate.



## 6. Pulling it All Together: Governance and Enabling Infrastructure for Long-Term Community Wealth Building in Northern Ireland

There is much to build upon in advancing CWB in Northern Ireland. At the same time, the approach requires a break with several decades of mainstream thinking and official culture on economic development, not least within government itself. To support the successful delivery of the strategic recommendations in this report, there must be a clearly articulated, empowered, and accessible “home for CWB” within the Northern Ireland Executive. This likely requires a purposely-created unit within government with access to the necessary financial, economic, and social levers across departments and agencies that would provide the enabling architecture and infrastructure to support, embed, and grow CWB action over the long-term. It is critical that this entity take a cross-departmental and whole-of-government approach to link policy and public resources directly to CWB practice on the ground.

An important aspect of successfully embedding CWB is shaping and creating a coherent narrative and building momentum and credibility around this work. Government has a key role to play in that and CWB needs to be better understood and articulated across all of government policy. This

includes presenting CWB as central to the economic strategy for Northern Ireland’s future development and a core means of achieving a more inclusive, sustainable, equitable economy that re-circulates wealth and improves the wellbeing of all citizens. To do this, we must secure wider institutional recognition and buy-in and align different agendas across government departments to build credibility and catalyse action to deliver positive outcomes. Empowering a purposely-created entity within government to own and drive CWB across all departments—from Communities and Economy to Finance and Health—would go a long way towards accomplishing this.

Knowledge and awareness of CWB within government is growing, but clearly remains unevenly dispersed across departments and business areas (and the community and voluntary sector and social enterprises). Additionally, there is an absence of dedicated resources, expertise, and easy-to-access information within government to support CWB delivery and practice. Similarly, there is a need to build capacity and leadership around CWB within communities in order to

address social and spatial inequalities and the particular historic challenges regarding democratic accountabilities and participation in the local state. Therefore, any cross-departmental government entity must own and drive awareness-building within government while also working to better mobilise policy and resources in support of community-led and-based CWB activities on the ground. This applies especially with regard to local government as a key player in delivering and enhancing CWB not only through its own purchasing power, hiring practices, and asset allocation, but also its ability to convene and set standards across the community. Therefore, it is essential that local government understand the full scope of a CWB approach—from delivery and practice to its transformative potential in reorienting the local economy. CWB should be seen not to duplicate or be in conflict with any other local government regeneration and community plans, but, rather, as connecting efforts systemically to be greater than the sum of their parts.

There are already a number of opportunities for the Northern Ireland Executive to embed CWB. First, CWB should be seen, and can act, as a bridge for an Executive-led approach to economic system change. Furthermore, while a number of regeneration efforts, including Neighbourhood Renewal, are under review, and efforts to advance community planning are processing, it is a good time to position CWB as a connecting frame that offers a roadmap for how to create changes in place and providing one potential route for embedding CWB at a local government and Executive level.

In the end, a whole-of-government approach is needed to embed CWB and fundamentally rewire the economy. Accordingly, the recommendations in this report clearly link CWB policy and practice to Programme for Government priority areas and outcomes, which should encourage serious adoption and cross-departmental collaboration. But this needs to go even further, by making CWB an explicit goal of the next Programme for Government. CWB needs a home within government with dedicated resources and a body of expertise to support CWB practice, as well as political leaders and champions to drive the agenda forward. This entity also needs to interact with external community bodies to support effective local delivery. Below we offer several ideas for how best to accomplish this.

### **Recommendations:**

We believe the following recommendations to be essential to supporting CWB as a means of creating a just and resilient economy for Northern Ireland for the long-haul. They have been developed based on learning from the experience to date of the Scottish Government, which now boasts the world's first Minister of Community Wealth Building, but also through consideration of what can work within the context of the Northern Irish Executive. Successful implementation will require both political leadership and political will and also detailed consideration as to the particular needs of government at the time these actions are taken. Without a strong lead on CWB within government, it will be difficult to deliver on any of the other recommendations within this report.

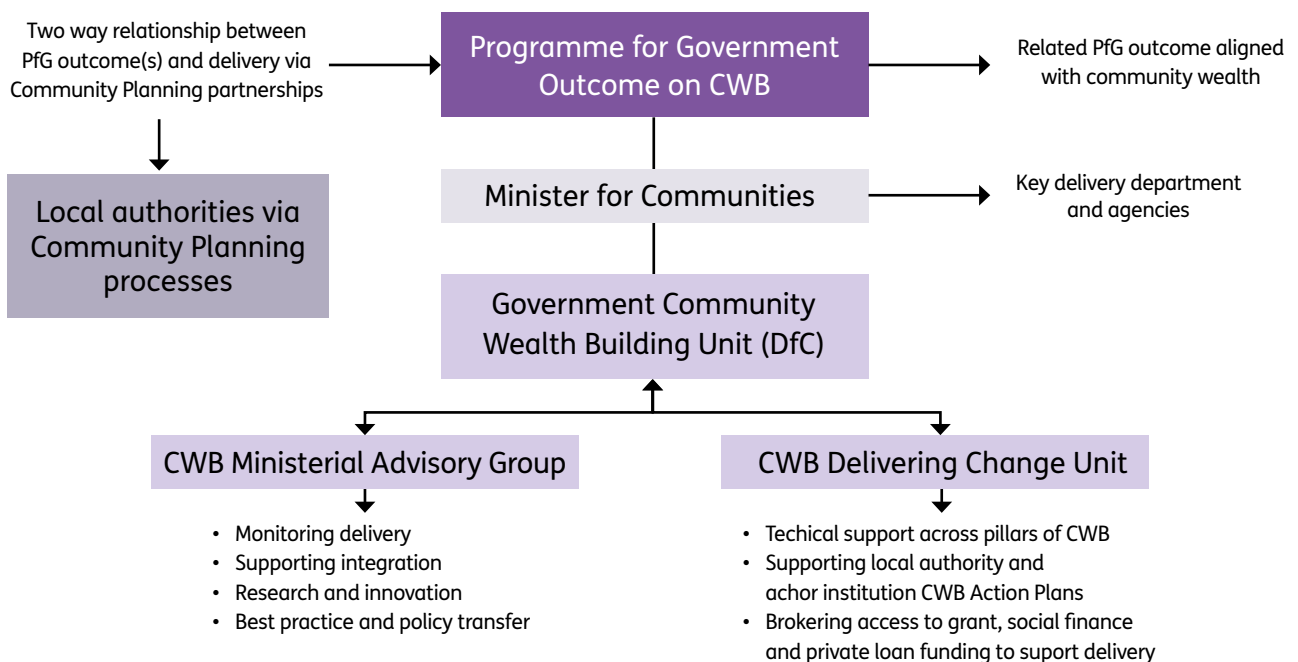
**1) Create, staff, and resource a cross-departmental CWB Unit within the Northern Ireland Executive to promote, embed, and coordinate CWB across government.**

It is essential that any dedicated CWB Unit has the remit to work across the Executive, as is the case in Scotland, and with all Departments across the Executive. This CWB unit should be included directly in and empowered by the Programme for Government.

The Panel recommends that this CWB Unit be housed within Department for Communities, as it is already leading on CWB and has responsibility for relevant policy areas, including local government and the third sector. However, it is important that the CWB Unit also has access to decision-making in both the Department of Finance and Department for Economy, so that they are not just connected to the work of the Unit but are directly engaged and committed to delivery through dedicated staff and a mandate for the unit that allows it to range across departments to hold them to

account. In particular, Department of Finance holds the purse strings and has the power to mandate other departments to pursue a certain policy agenda (i.e. through enabling frameworks, guidance and directives), and Department for Economy holds many of the levers required to fundamentally rewire the economy. The CWB Unit housed in Department for Communities should be given power to call on these remits in fulfilment of the agenda of the Unit. In particular, linking CWB into Programme for Government will be key to securing buy-in of other departments whilst integration between the CWB outcome and related PfG targets will strengthen connections at the operational level.

The CWB Unit should be placed within Department for Communities to integrate policies, programmes, and resources and to build the necessary horizontal (across Departments) and vertical (with local government and agencies) integration to deliver the programme of work under the five pillars.



The remit of this CWB Unit should be to:

- Set the strategic direction for the five pillars of CWB, design and implement action plans under each one, and monitor progress to agreed outcomes, linked to achieving PfG outcomes.
- Raise awareness and deliver training (and related materials in conjunction with the external CWB Delivering Change Unit) on the CWB approach and implementation across government departments, agencies, and local government.
- Conduct an audit and examine relevant existing policy and legislative infrastructure across government to determine the need for change as well as possible overarching CWB legislation.
- Provide dedicated resource to advance CWB practice across the statutory, voluntary, and, where appropriate, private sectors (especially around procurement). This resource would be supplied via external bodies through contracts to deliver specific programmes of work.

The Minister would convene a permanent expert advisory body, as has been done in Scotland, that would be serviced by the CWB Unit that should:

- Consult with and support the work of the CWB Unit to advance CWB practice on the ground in NI with a social /community interface, through which government policy can be CWB-proofed. (An example of this is the existing Ministerial Advisory Group for Architecture and the Built Environment, with expanded membership to include key social/community/civic stakeholders).

The Minister would also convene an external “Delivering Change Unit” that would be an independent organisation and would:

- Design and guide the preparation of CWB Action Plans for key public anchor institutions and in each of Northern Ireland’s eleven local council areas.
- Support a more planned approach to local investment and economic development, and over the long term ensure that the economic development remit of local councils is aligned with a CWB approach. These plans should be delivered in connection to existing Community Planning Partnerships and the agreed priorities in each local authority.
- Provide awareness-raising and capacity building across local government, arms-length bodies, public companies, and the third sector. Training and educational materials specific to local government will be of particular importance.
- Provide technical implementation expertise in all five pillars of CWB practice.
- Encourage promotion, replication, and scaling of best practice in CWB, both domestic and international, through communities of practice, stakeholder networks, and peer-to-peer learning opportunities.

## 7. Conclusion

In the preceding sections, we have laid out 26 key recommendations for how government can powerfully support the advancement of a coherent CWB approach to economic development in Northern Ireland across all five pillars of CWB, and considering broad governance structure. These recommendations grow from direct consultation, our own expertise, existing research, and ongoing engagements and learning, and are intended to align with existing work in communities across NI and support and grow these efforts moving forward. Taken as a whole, these recommendations represent a practical set of actions that the Executive, alongside partners in local government and the social and civic sectors, can take to help secure an equitable future for its residents, where the region's considerable wealth is broadly held and recirculated for the benefit of people, place, and planet for generations to come. These key recommendations are:

### Plural Ownership:

1. Adopt, deliver, and resource a social economy strategy for Northern Ireland
2. Establish a CWB/social enterprise fund
3. Review and realign existing financial levers to support the social economy
4. Explore the potential for cooperatives, employee ownership, and worker buyouts

5. Expand democratic ownership, control, and participation in the public sector through democratisation of public services and innovative public enterprise models
6. Experiment with spatial interventions within an area-based framework

### Locally Rooted Finance:

7. Explore the potential for a public investment bank as an intermediary for social and green lending
8. Establish a CWB Pilot Programme Fund
9. Conduct an audit of underutilised financial instruments and repurpose them for CWB ends
10. Strengthen the role of community finance as a key partner to distribute and diversify funding and financing away from government
11. Embed participatory budgeting practices across local authorities in Northern Ireland

### Fair Employment and Just Labour Markets:

12. Deploy the available levers of Government and public anchor institutions in support of fair pay and working conditions
13. Harness the power of collective bargaining for social and economic benefit
14. Put the Real Living Wage on a statutory basis

15. Integrate CWB into Labour Market Partnerships and efforts to broaden access to employment

16. Labour market planning to meet the needs of the future through a comprehensive industrial strategy

Socially Productive Use of Land and Property:

17. Prepare a new Community Asset Transfer Delivery Framework based on comprehensive legislation to ensure effective and efficient community asset transfer across public bodies in Northern Ireland

18. Develop a capital and revenue-based funding programme to support asset transfer

19. Develop a dedicated programme on Community-led Housing

20. Evaluate the public sector asset register for the potential for community asset transfer

21. Strengthen skills across the public and community sector

Social Commissioning, Sourcing, and Procurement of Goods and Services:

22. Develop a Public Sector Transformation Academy for Northern Ireland

23. Develop a robust system for the consistent recording, monitoring, and policing of social value outcomes

24. Deliver social value through working in partnership

25. Introduce a Social Value Act and/or make direct changes to procurement guidance

Governance and Enabling Infrastructure for Long-Term CWB:

26. Create, staff, and resource a cross-departmental CWB Unit within the Northern Ireland Executive to promote, embed, and coordinate CWB across government

These recommendations present a mix of both “quick wins”—things that are actionable in the short term for immediate benefit, while to inspiring and showing the art of the possible—as well as bold forward thinking to position Northern Ireland, with all of its assets and potential, as a leader in Community Wealth Building and an international model for delivering an equitable and resilient economy that works for people, place, and planet. At this moment of growing crisis, it is imperative that public investment and interventions work harder, go deeper, and recirculate further for the benefit of all residents while building the just and resilient economy necessary to prevent these kinds of shocks in the future. We believe that CWB is the best way to do that and this report offers our best thinking on the steps that the Executive can take to support CWB from the top down and empower implementation from the bottom-up.

# Glossary of Terms

**Anchor Institution:** Large public or non-profit institutions that are physically rooted in a specific geographic area and play a prominent economic role in their local communities.

Examples of anchor institutions include: hospitals, universities, municipal governments, electric and water utilities, and museums, libraries, and other cultural organisations.

**Commissioning:** The process by which goods and services are planned, purchased, and monitored by anchor institutions. Like procurement, commissioning should be conducted in a manner that makes community central to the process, prioritising local enterprises that deliver social value and social goods.

**Community Asset Transfer (CAT):** A process that allows a community organisation to take over publicly owned land or buildings in a way that recognises the public benefits that the transfer will bring. CAT can be achieved in a number of different ways at the request of the community. A CAT should only relate to viable assets not already in productive public use, and is concerned with how best to democratically determine the better deployment of these assets in service of the community

**Community Land Trust:** Community-based non-profit organisations designed to ensure long-term community control and stewardship of land. CLTs can be used for many types of development (including commercial and retail) but are primarily used to ensure long-term housing affordability. Moreover, they are democratic institutions that are often

governed by multi-stakeholder boards that can include residents, wider community representatives, and public officials.

**Cooperatives:** Cooperatives are businesses governed on the principle of one member, one vote. There are several common types of co-ops (as well as hybrids—which combine more than one type), including cooperatives owned and operated by: the people working there (worker or employee-owned cooperatives); the people buying the co-op's goods or services (consumer cooperatives); the people collaborating to process and market their products (producer cooperatives); and groups uniting to enhance their purchasing power (purchasing cooperatives).

**Procurement:** Contracts for goods and services that an anchor institution can shift to worker-owned companies, local businesses with high-road labour practices, and/or women and minority owned businesses in order to deliver significant direct and indirect local economic and social benefits. Most often, this involves goods and services that are not (or cannot be) produced in-house by the anchor institution. But in some cases, it may include goods and services that could, ultimately, be produced in-house but are currently being outsourced to large, extractive corporations.

**Social Enterprise:** Social enterprises are defined in many ways, but typically are non-profit organisations that operate businesses in order to generate revenues, meet a social need, and fulfil their missions to serve or employ.

Social Value: A term used to describe the difference an organisation or project can make to the community they are operating in to achieve positive and sustainable impact with regards to social, environmental, and economic outcomes. When considering social value, anchor institutions and enterprises must look beyond the financial cost of a contract to consider how the services they commission and procure can improve the economic, social, and environmental wellbeing of a community.



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### **Practice guides and toolkits**

CLES, Community Wealth Building: Guide for New Council Members (2022) – <https://cles.org.uk/wp-content/uploads/2022/05/New-Councillor-Briefing-FINAL.pdf>.

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# Appendices

# Appendix 1: MAP Terms of Reference

## Department for Communities - Independent Advisory Panel on Community Wealth Building

### Terms of Reference

#### Background

1. The Department for Communities has committed in its five-year strategy, Building Inclusive Communities, to “grow and scale community wealth building” to support sustainability and inclusive growth.
2. The Minister for Communities has decided to appoint an Independent Advisory Panel on Community Wealth Building (the Panel). The Panel will undertake a focused piece of work to advise the Minister on the most effective and sustainable approach to embedding the principles of CWB into all relevant departmental investment, policy and practice.
3. The Panel will build on the learning and capacity building work undertaken to date by the Department in partnership with Trademark and Development Trusts NI (DTNI).
4. The Panel will bring to bear the significant experience, skills, and knowledge of its members to identify how the Department can grow and scale CWB approaches to deliver outcomes against the 5 pillars of the CLES model for CWB.

#### Role of the Panel

5. The Panel is being established to:
  - Consider relevant research and analysis relating to the application of CWB principles, informed by successful on the ground approaches;
  - Make evidence informed recommendations to the Minister on the scope of a departmental CWB model and the key actions needed to support it, including proposals regulatory and legislative change;
  - Advise on the elements of CWB that are within the Department’s remit to implement;
  - Identify areas where the Department can influence the actions of key partners, including Executive departments, local government, its Arm’s Length Bodies and funded organisations who can deliver further impact in relation to CWB;
  - Identify potential actions which can be taken forward as part of the next Executive Programme for Government, directly by the Department and in partnership with others;
  - Advise on relevant resourcing requirements for the co-ordination of a mainstream Departmental approach to CWB, drawing on comparators in other jurisdictions, including Scotland and Wales;

- Advise on the development of policy implementation tools to support progress in effecting outcomes against our CWB goals (for example, appraisal and decision making templates/impact assessment, OBA indicators, outcomes/"Report Card")
- Recommend Cross-Sectoral (public, private, and social) solutions that encourage partnership or collaboration as a means to deliver CWB.

### **Membership and appointments**

6. The Panel will have five core members. Each member is asked to agree to 15 full working days to the project, with a view to presenting the Group's recommendations to the Minister for Communities within 20 weeks of the date of appointment. Panel members may also be called upon during the subsequent implementation stage of our CWB journey on an ad hoc basis. Indeed, the Panel may recommend further support needs as part of its report.
7. Panel members will be selected based on their relevant knowledge and expertise. They will have a range of expertise, lived experience and knowledge of CWB.
8. The Panel will nominate a chairperson who will serve as the main point of contact and will be supported by a Secretariat.

### **Conduct and Confidentiality**

9. Panel members will be asked to declare any conflicts of interest and must adhere to the Seven Principles of Public Life and GDPR obligations.

10. Panel members may be given access to information not yet in the public domain or which is policy under development. This information should not be shared outside the Group, including in the press or on social media, without prior written permission from the Department. This applies both during and after the Group's term of appointment.

### **Expenses and Remuneration**

11. Panel members not already paid from the public purse may be paid a fee of £300 per day (to be confirmed). Members may also be able to recover any reasonable expenses incurred for travel and subsistence at the discretion of the Department, in accordance with relevant NICS rates and guidance.

### **Evidence Gathering / Administrative Support**

12. The Panel will be supported by a Secretariat which will provide necessary administrative support. This will include co-ordination of evidence, liaising with colleagues across the Department to gather material, organising meetings, taking minutes, maintaining records in accordance with legislative requirements (including GDPR), and general administrative support. The Department will provide information we already hold on relevant policy, spending / budget, procurement and statistical information and analysis and other required information.
13. The Secretariat function will be supported by DTNI and Trademark who will also provide the Panel with updates and findings from their joint work strand and any ad hoc technical support required.

14. The Panel will have access to relevant senior Departmental officials, including members of the CWB “Action Learning Group”. Departmental officials will support the work of the panel and will be available to discuss its recommendations prior to finalisation and presentation to the Minister.

#### **Note from the Expert Panel**

The Panel provided the following paragraph when agreeing the Terms of Reference;

15. The Expert Panel accepts the ToR as presented, viewing it as permissive of an ambitious and wide-ranging set of recommendations for CWB in Northern Ireland concerning both the direct remit of the Communities Ministry and its opportunity and ability to influence other vitally important actors across all sectors. We recognise the great work, past and present, that has been done and can be built upon. In particular, we believe it is important for the Panel to set forth and articulate a definition of CWB principles within the context of

and as they pertain to Northern Ireland in particular. While there are common goals and unifying approaches to CWB globally, the framework for CWB in Northern Ireland must reflect local conditions and possibilities. We see significant potential in CWB as it relates to peacebuilding and the unmet needs of frontline communities in a society still emerging out of conflict. We will focus on the common purpose of a CWB strategy for Northern Ireland, lifting up what has worked in communities there and elsewhere, while pushing a “whole-of-government approach” to supporting and scaling these solutions for deeper impact and sustainable and transformative change. We will focus on action-oriented recommendations that address social, economic, and environmental needs in the short term, while building structures and institutions that imbed CWB for the long-haul. We look forward to beginning this much-needed and ambitious body of work.

# Appendix 2: Consultation and evidence gathering and process

In responding to its brief, the MAP drew on an extensive programme of consultations, thematic and area-based discussions, and structured surveys of social enterprises and development trusts. This consultation and evidence gathering process, carried out by Development Trusts Northern Ireland (DTNI) and Trademark Belfast throughout 2021/22, consisted of a number of related elements:

## **1. Survey of social enterprises and development trusts**

A survey of 54 locally-rooted social enterprises and development trusts focusing on capacity and priorities for delivery of the five CWB pillars.

## **2. Area-based consultation**

A programme of area-based discussions that engaged local agencies and community organisations:

Area discussion 1: South/East Belfast

Area discussion 2: West Belfast

Area discussion 3: Causeway Coast and Glens

Area discussion 4: Derry

Area discussion 5: Fermanagh & Omagh

Area discussion 6: Lisburn

Area discussion 7: Mid Ulster

Area discussion 8: Newry, Mourne and Down

## **3. Public discussions**

A series of public discussions on CWB related themes, featuring experts, practitioners, public anchor institutions, and stakeholders from across the social and civic sectors. This extended to sector-specific engagements that took place in response to requests from representatives of the sectors concerned.

Public seminar 1: Making Financial Power Work for Local Places

Public seminar 2: Public Anchor Networks and Community Wealth Building

Public seminar 3: Climate Action and Community Wealth Building

Public seminar 4: Participatory Budgeting and Community Wealth Building

Public seminar 5: Fair Employment & Just Labour Markets

Public seminar 6: The Role of Community Banks in Community Wealth Building

Public seminar 7: The Role of Housing in Community Wealth Building

Sectoral meeting 1: Women's sector

Sectoral meeting 2: Irish language sector

Sectoral meeting 3: Rural communities

#### **4. Analysis of CWB practice and impact**

Building on the survey conducted with social enterprises and development trusts, Queen’s University Belfast was commissioned to produce five Technical Advisory Papers focusing on the practice and impact of CWB across each of the pillars. These papers can be found **here**.

Technical Advisory Paper 1: Asset-based Development and Community Wealth Building

Technical Advisory Paper 2: The Plural Economy, Social Economics, and Building Communities

Technical Advisory Paper 3: Technical Just Labour Markets and Inclusive Work

Technical Advisory Paper 4: Making Financial Power Work for Local Places

Technical Advisory Paper 5: Progressive Procurement

#### **5. MAP consultation**

Following its appointment in April 2022, the MAP commenced an extensive consultation process, which ran in parallel with—and drew upon—ongoing research and engagement led by DTNI and Trademark Belfast. The Panel met on a weekly basis over the course of 20 weeks, consulting with and gathering evidence from a range of key partners, experts, and practitioners. The bodies and work areas represented during these sessions are listed below:



Body	Work Area
Centre for Local Economic Strategies (CLES)	CWB experts and practitioners (working with cross-departmental Action Learning Group of officials)
Community Finance Ireland	Locally rooted finance
Department for Communities	Permanent Secretary
	Deputy Permanent Secretary
	Community Planning and Local Government
	Engaged Communities
	Housing Division
	Neighbourhood Renewal
	Procurement
	Urban Regeneration
	Voluntary and Community Division
	Work and Wellbeing
Department for the Economy	Economic Strategy (Business Engagement)
	Sector Initiatives (10X Strategy and Social Enterprise)
Department of Finance	Policy and Performance Division, Construction and Procurement Delivery (CPD)
	Strategic Policy and Reform
Department of Rural and Community Development, Irish Government	Rural Strategy and Social Enterprise
	Libraries Development and Community Policy Unit
Irish League of Credit Unions (ILCU)	Credit Union sector, locally rooted finance
Northern Ireland Housing Executive	Housing Services
Northern Mutual	Community banking, locally rooted finance
Scottish Government	CWB advisor
Social Enterprise Northern Ireland (SENI)	Social enterprise and procurement
SOLACE	13 members of SOLACE with CWB-related areas of responsibility, representing all eleven local authorities
The Democracy Collaborative	CWB experts and practitioners

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