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**Community Wealth Building in Glasgow City Region: a discussion paper**

**Purpose of Report:**

The purpose of this paper is to set out options for developing Community Wealth Building approaches within the Glasgow City Region.

**Recommendations:**

GERG members are encouraged to consider:

- Whether the principles and pillars of CWB may offer a framework for action in terms of recovery and reform at Glasgow City Region level;
- Policy or practice already in place that fits with CWB approaches;
- Which aspects of CWB may support short, medium- and longer-term economic ambitions for the GCR;
- Which aspects of CWB approaches appear to require further thought and discussion;
- Next steps in terms of CWB approaches for Glasgow City Region.

## Background

Community Wealth Building (CWB) originated in the USA through the work of the [Democracy Collaborative](#). The Collaborative achieved success in Cleveland re-invigorating local economies through leveraging the power of 'anchor institutions'. Anchor organisations or institutions are large, often non-profit, organisations that are rooted in place, such as local authorities, NHS boards, universities and colleges, as well as larger private and third sector enterprises.

In the UK, the Centre for Local Economic Strategies ([CLES](#)) (a 'think and do tank') picked up on this work and applied the principles of CWB to Preston, primarily through the purchasing power of anchor organisations. The success of this work, which began in 2013, has received much attention and is often referred to as 'the Preston model' (see case study, below).

Most recently, in response to the Advisory Group on Economic Recovery, Scottish Government are committed to community wealth building approaches:

*"We will accelerate our plans for community wealth building to retain spend within local economies to aid local job creation and drive inclusive growth, working with local partners to leverage the purchasing power, assets and recruitment practices of our 'anchor institutions' such as colleges, universities and healthcare facilities, for the benefit of local people and businesses. ...community wealth building is a key means to deliver many of our ambitions in Scotland in terms of strong local economies and vibrant communities."* (Scottish Government, August 2020)

Notably, Neil McInroy, of CLES, has been seconded into Scottish Government to support CWB work across Scotland.

## What is 'community wealth building'?

CWB can be defined as a: *"...people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people."* (CLES)

Alternatively, CWB is: *"...working with partnerships of public and private sector anchor institutions, focussing on their role in their local and regional economies as employers, purchasers, asset owners and enablers of wider economic activity."* (Scottish Government)

In general terms, CWB is a local economic development approach focused on building collaborative, inclusive, sustainable and democratically controlled local economies. This is achieved via a range of institutions and policies, with broad dispersal of the available assets as a goal. It is about place-based economic system change for a stronger, more inclusive economy.

The five pillars of community wealth building are:

***Shared ownership of the economy:*** supporting and growing business models that are more likely to support the local economy. This pillar focuses on developing cooperatives and locally owned or socially minded enterprises.

***Making financial power work for local places:*** increasing flows of investment within local economies by harnessing and recirculating the wealth that exists. This aspect of the CWB approach may include local authority pension funds redirecting investment from global markets to local schemes, for example.

***Fair employment and just labour markets:*** using anchor institutions to invest in and the improve prospects of local people. This strand may include encouraging anchors to pay the Living Wage, to adopt inclusive employment practices, recruit from lower income areas, build secure progression routes for workers, and ensure stable employment contracts and reliable hours.

***Progressive procurement of goods and services:*** developing local supply chains of businesses likely to support local employment and retain wealth within communities. This pillar is about evolving a dense local supply chain of local enterprises, SMEs, employee owned businesses, social enterprises, cooperatives, and other forms of social ownership, who can provide goods and services to the anchor organisations.

***Socially just use of land and property:*** reviewing the purpose and ownership of local assets held by anchor organisations, to maximise their benefit and use for communities. This final thread is about equitable forms of ownership, management and development of local assets to ensure any financial gain from these assets is harnessed by local people and communities.

CWB is a set of value-based approaches rather than a pre-defined model; it is place-based and context specific. The key aspect is that CWB is rooted in economic approaches.

Anchor organisations have power and leverage to stimulate the regional economy in their roles as both large scale employers and high-value procurers. Clearly, there is great potential at the scale of Glasgow City Region.

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***Case study: the Preston Model***

*The local authority in Preston has been taking forward a community wealth building approach since 2013. Due to the success of the work in Preston, it is often referred to as 'the Preston Model', although there are now strong examples of the approach in other areas.*

*The council partnered with the Centre for Local Economic Strategies (CLES) to explore the collective spend of Preston's anchor institutions with a view to shifting a proportion of this spend to benefit the local economy. In 2016/17 Preston City Council spent 18% of its annual budget with Preston-based organisations (up from only 5% in 2012/13) which equates to £74m; and 79% within the wider Lancashire area (up from 39%), a spend of £200m.*

*Preston have also established a Cooperative Development Network, and recently set up a cooperative to provide catering services from its community café.*

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## **Community Wealth Building in the Glasgow City Region**

There are numerous drivers for a change to the economic system at City Region level. Rising levels of poverty and widening health inequalities have long been an issue in Glasgow City Region (GCR), negatively affecting people and communities, and suppressing productivity levels.

Economic factors are the biggest determinants of population health; and population health is a driver of economic performance. Therefore, health and the economy have a mutually reinforcing relationship – a strong and **inclusive** economy supports good health and wellbeing in the population and vice versa. The evidence is clear that collaborative action across social **and** economic policy arenas is needed to reduce income and health inequality (e.g. so called '[superpolicies](#)').

Importantly, a CWB approach tackles root causes, rather than simply remediation of intractable issues – this is likely to be cost-saving in the longer term. It involves a shift away from making small changes around the edges, towards a system that promotes equality every day i.e. letting the alternative into the mainstream.

Our [climate emergency](#) means any growth, and efforts towards it, needs to be sustainable. Work has already begun on developing sustainable procurement policy across the GCR, and there are clear links to the development of a new ‘food plan’ of which procurement will be a central strand.

And skills are required for resilience and thriving now and in the future, aligning with the needs of employers in a changing environment; flexibility and diversity of the skills-base will be key.

The theory and available evidence (e.g. [Lupton R, et al](#)) suggests that CWB approaches can be a means to deliver on the health, wellbeing, inequality and inclusion agendas through economic means, supporting individual and population health, place, as well as shared prosperity. As CWB work is being taken forward in other geographical areas in Scotland and across the UK, the theoretical underpinning is supported by a growing and developing evidence base – the Preston Model, Manchester, Brighton, North Ayrshire, Wirral, and London borough of Newham, for example, have available and transferrable learning that GCR can build upon.

CWB must not, however, be thought of as a universal panacea (e.g. [Walsh et al 2020](#)) to the social and economic issues faced by the GCR, latterly exacerbated by the COVID-19 pandemic (see Appendix 1: ‘Community wealth building in the context of COVID-19, by Des McNulty). CWB offers a timely and solutions-focused framework for moving into action for recovery and reform, recognising that the potential lies in the combined power achieved through collaboration. The principles sit well with inclusive growth objectives and strategies for Glasgow city and the wider GCR set out in the respective economic strategies.

*“...sustained and inclusive economic growth through significantly improving productivity, boosting incomes; strengthening and growing the diverse business base to create more and better jobs; and increasing the working age population by supporting more people into work and attracting and retaining talent to the Glasgow City Region”. (Glasgow City Region Economic Strategy)*

Although there are numerous definitions of ‘inclusive growth’ it can be argued that it has prioritising inclusion at the heart, even when there is little (or no) growth: it is not only about better sharing the fruits of the economy after they have been produced but involves many more people participating in both creating and benefitting from the GCR’s wealth. The pandemic has highlighted the fragility of global supply chains and the toll of social and economic inequality across the City Region. Building local supply chains can protect SMEs so that a diversity of businesses survive. SMEs may also have ‘fairer’ employment practices than larger, global organisations.

In GCR, anchor organisations, through collective social responsibility, have the potential power to generate change at scale. Shared goals and collective mission are needed. CWB means exploring where the collective financial pot of anchor organisations is distributed and how local people, communities and organisations can have a share in it – both in terms of producing it and benefitting from the outputs. As employers, anchor organisations can provide good quality, fair work as Living Wage employers with a local workforce, and good terms and conditions, demanding the same from the organisations they partner with / procure services from.

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### ***Social value in Greater Manchester Combined Authority***

Within a wider set of CWB approaches, Greater Manchester Combined Authority (GMCA) has in place a Social Value Policy, which sets out how public sector authorities within Greater Manchester can increase the economic, social and environmental wellbeing of their local communities through procurement.

GMCA define social value as: *“A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.”*

Since 2014, tenders have been evaluated on the basis of a blend of price/quality and social value, with tenderers required to set out how they will: promote employment and economic sustainability; raise living standards of local residents; promote participation and citizen engagement; build capacity and sustainability through practical support for local voluntary and community groups; provide support for those in greatest need or facing the greatest disadvantage and tackle deprivation; promote environmental sustainability.

Weightings applied to social value vary from 5% to 20%. Lessons learned include finding that suppliers may have provided social value in some form for years but have not recognised it as such. Further, monitoring is required to ensure that the social value negotiated into a contract is actually delivered and that such contract management requires understanding and investment. Although there is a cost to doing it, GMCA conclude that the costs of not doing it are far greater.

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Lastly, support to take forward CWB is being made available from Scottish Government via the Scotland’s Centre for Regional Economic Growth ([SCRIG](#)). At a national level, CWB is viewed as the framework for delivery of inclusion in economic development practice. CWB approaches are already being supported by SCRIG in several geographical areas including Clackmannanshire’s wellbeing economy approach and in North Ayrshire, with a desire having been expressed to work with Glasgow City Region.

## Questions / critiques

Various critiques have been offered about how CWB might advance a focus on inclusive growth, some of which are touched upon here. However, it will be important to maintain a critical understanding of what community wealth building approaches can bring about, and the limits.

If CWB is a new badge for existing work, of course, nothing different can expect to be achieved. Fair work, and more progressive procurement are part of the GCR's economic plans currently as well as forming part of a CWB approach. But it is the shared collective vision, commitment and, crucially, action across the pillars of CWB, and the opportunity for change at scale that comes with this, that will make the difference to people and the regional economy.

In terms of localism, CWB is not about being protectionist, but about striking a better balance between internationalism and localism: strengthening local supply chains and disinvesting from large scale, often global, extractive suppliers and partnerships, in favour of the generative, where this is possible – a shift from a transactional to a relational economy.

Constraints do exist in terms of local and national procurement law and guidance which must be adhered to – but being careful and strategic within these boundaries about how to spend in a way that is supportive of local activity and enterprise, means the GCR can use the power of the pound to be virtuous. The lowest cost at the point of procurement does not necessarily have to be the overriding consideration, and may in fact be more costly over time if prioritised above social value.

Lastly, CWB does not preclude inward investment but supports a values-led approach to investment focused on, for example, net zero, fair work, sustainable and inclusive practices, and a focus on wellbeing outcomes.

## Monitoring and measuring progress

A CWB approach to the economy has implications for how 'economic success' is defined and measured. A key limitation with traditional measures, and a single pointed focus on GDP in particular, is that it tells us little about how income and wealth are distributed, or how 'good' the growth is in terms of where it comes from, and whether it is sustainable.

The Glasgow City Region is well placed, with the Intelligence Hub, to monitor and measure progress of CWB approaches in the short and longer term. Wellbeing and sustainable inclusive growth are at the centre of the National Performance Framework and Scottish Government's approach to growing the economy. Monitoring and measurement of CWB approaches calls for indicators that better capture sustainable prosperity. There is good learning from Iceland and New Zealand, both of which are partners in 'WeGo' (Wellbeing Economy Governments) with Scotland.

### **Recommended next steps**

It is recommended that connections are made with Scottish Government (SG) colleagues at SCRIG, via Geraldine Campbell. Early discussions suggest that practical support is available, led by Neil McInroy (CLES, currently seconded into SG to advise and lead on community wealth building approaches), and that SG are keen to work with GCR. A process of deep stakeholder engagement focused on performance across the five pillars of CWB would be an early piece of joint work, focusing on where the potential for 'most impact, most quickly' lies, with a view to identifying actions to deliver positive change.

It will be important to identify the GCR's anchor organisations, to include local authorities, NHS, universities and colleges, as well as large private and third sector employers, well-established in place, and key contacts within these organisations.

Working across the anchor organisations, it may be fruitful to collaboratively develop a statement of ambition for GCR's economy that provides clarity on key terms (e.g. CWB; inclusive growth) and represents a shared value-base in terms of population health and economic development goals to be worked towards using CWB approaches.

Building on the work in other geographical areas across the UK, it is recommended that available and transferable learning is utilised to inform work in the GCR.

### **Discussion points**

GERG members are encouraged to consider:

- Whether the principles and pillars of CWB may offer a framework for action in terms of recovery and reform at Glasgow City Region level;
- Policy or practice already in place that fits with CWB approaches;
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**Resources:**

There are many sources of further information and learning on community wealth building approaches, including:

CLES (2020) [Own the future: a guide for new local economies](#)

McInroy N (2018) [Wealth for all: building new local economies](#). Local Economy, 33(6): 678-687

Oswald C (2020) [Community Wealth Building, Inclusive Growth and City Deals: a practice note](#). SCRIG, Edinburgh.

Scotland's Centre for Regional Economic Growth (SCRIG) website: [Community Wealth Building](#)

*Val McNeice,  
August '20*

## Appendix 1: **Community Wealth Building in the context of Covid-19**

At the heart of CWB is the need for local anchors (broadly the major economic actors within a place) to agree where feasible to link their activities and business practices to wider place-based economic and social recovery planning with the aim of boosting prosperity, inclusion, resilience and wellbeing. Other relevant objectives might include just transition and zero carbon. Mechanisms for taking forward CWB might include a stronger focus on community benefits in procurement policy, staff (and student) recruitment policies that take account of the need for positive action to support the most disadvantaged groups and communities in the city (or city region). Given Glasgow's persistent health inequalities, it is particularly important that health and social care organisations are involved in any CWB initiative in Glasgow. The involvement of community housing associations, from the largest (the Wheatley Group) to the most local, along with the wider voluntary sector, is also important, particularly in building resilience. Universities and Colleges can play a significant role, both as economic actors and also in driving innovation which will be needed if Glasgow is to compete with other city regions for investment and to retain skilled people vital to its future success. Large and smaller companies can play a significant role, not just economically but in helping partners to better understand strengths and weaknesses of the city (or city region) and respond appropriately. Culture, leisure, professional sport and events organisations can also play a significant role as part of a wider effort to deliver sustainable inclusive growth as the core objective of the various Covid recovery plans.

What measures might be involved?

- 1 Partnership approach to economic strategy (and wellbeing and social recovery strategy) development, drawing on the innovation capacities of partners.
- 2 Examining how supply chains and procurement practices can be brought in line with a social value strategy that explicitly requires community benefit as part of contract specification and supports local small and medium sized enterprises to delivery services in ways that are both more innovative and more resilient.
- 3 Shared fair wage/good work objectives and practices, including ensuring that recruitment practices are mindful of, and contribute to, broader inclusion objectives.
- 4 Developing cross anchor approaches (including health and housing sectors) to just transition/zero carbon aspirations.
- 5 Co-ordinated approach to infrastructure planning at regional level to drive forward economic and social agendas.
- 6 Evidence driven approach that monitors progress against mission objectives and helps ensure tangible improvements against key indicators are delivered.
- 7 Community engagement and participation at more local (neighbourhood) level to ensure that citizen's voices are heard and that strategies are responsive to local needs and preferences.
- 8 Promote vibrancy - at neighbourhood levels through support for local businesses, cultural and sporting activity and voluntary organisations - and at

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metropolitan level by supporting the cultural ecosystem that underpins and supports the attractiveness of Glasgow as a place to live and as a destination.

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