



**Community Wealth
Building** through
Anchor Institutions





**progressive economics
for people and place**

Established in 1986, CLEES is the UK's leading, independent think and do tank realising progressive economics for people and place. Our aim is to achieve social justice, good local economies and effective public services for everyone, everywhere.

Community Wealth Building through Anchor Institutions

Published by
Centre for Local Economic Strategies
(CLES)

Date
February 2017



Contents

1.	About this publication	6
1.1	About the Preston City Council and CLES relationship	7
1.2	About the authors	7
1.3	Acknowledgements	7
2.	Introduction	8
2.1	A progressive local economics	8
2.2	Anchor Institutions in Preston	8
3	What we have done collaboratively in Preston	10
3.1	Set the foundations for anchor work in Preston	10
3.2	Undertaken activities to maximise the potential of procurement	11
3.3	Continuing work around procurement	13
3.4	Understood the impact of activities and the scope of other initiatives	13
3.5	Understood the role of business	14

4.	Achievements in Preston	15
4.1	Achievement 1 – placing Preston on the map	16
4.2	Achievement 2 – cooperation across institutions	16
4.3	Achievement 3 – an evidence baseline	17
4.4	Achievement 4 – an agreed statement of intent	19
4.5	Achievement 5 – greater understanding of existing local business base	20
4.6	Achievement 6 – changed behaviour in institutions and enhanced impact	20
4.7	Achievement 7 - continued and ongoing influence	24
4.8	Achievement 8 – realisation of importance of scale	24
4.9	Achievement 9 – realising impact	25
5	Next steps in Preston	26
6	Conclusion and progressing community wealth building - key lessons learnt	30



1. About this publication

Places across the UK are striving to find new ways of attracting wealth, enhancing economic growth and addressing poverty. For the Centre for Local Economic Strategies (CLES), the attraction of wealth is important; but of equal importance is understanding and harnessing existing wealth for the benefit of local economies and communities.

Anchor Institutions are central to the concept of community wealth building as a result of the scale of the jobs they provide, the scale of

spend through procurement, their land and assets, and the fact that they are unlikely to leave that place. CLES are the pioneers of, and are at the forefront of, policy and practice around anchor institutions in the UK.

This publication reflects on work undertaken collaboratively in just one locality (Preston over the last three and a half years) and particularly details: what we have done; what we have achieved; what still needs to be done; and what other places can learn.

This publication consists of four key sections:

- **Section 3** reflects on the activities undertaken collaboratively by CLES, Preston City Council and others in Preston and Lancashire since starting to work together in 2013;
- **Section 4** reflects upon what CLES, Preston City Council and others have achieved since 2013, particularly around anchor institutions;
- **Section 5** identifies what still needs to be done in Preston and wider Lancashire to further harness community wealth and adopt other activities;
- **Section 6** identifies the key lessons learnt from the approach undertaken in Preston around anchor institutions and from CLES' approach more generally to community wealth building.

For further information, please contact: Matthew Jackson, Deputy Chief Executive of CLES on 0161 236 7036 or matthewjackson@cles.org.uk.

1.1 About the Preston City Council and CLES relationship

Preston City Council are longstanding members of CLES which started operating in 1986. Over the years, Preston City Council has accessed bespoke research and training services offered by CLES. In addition to membership activities, CLES seeks to forge long term pieces of policy advice work with local authorities and other institutions; a prime example being this work around anchor institutions which has been undertaken for the last three and a half years and will continue into the future.

1.2 About the authors

Matthew Jackson is the Deputy Chief Executive of CLES. Matthew's work around community wealth building in Preston is just one project around this theme, a key component of which is work around procurement and anchor institutions. He is viewed as one of the leading experts on progressive procurement policy and practice in Europe. Around the topic of procurement, he has worked with over 200 local authorities in the UK¹; given evidence to parliamentary select committees², and he is currently working in Preston and Birmingham³ to explore the role of anchor institutions in harnessing community wealth.

He is the Lead Expert for the European Funded URBACT Programme's Procure network which

is looking to progress anchor institution procurement processes and practices across 11 cities in Europe.

Neil McInroy is the Chief Executive of CLES. Neil is the strategic organisational lead for progressive local economics and community wealth building. He has published widely on this, including the latest: Forging a good local society: tackling poverty through a local economic reset⁴. Over a 25 year career, Neil has been commissioned by, and collaborated, with a broad range of local, regional and national governments and agencies across UK and in Europe, Asia, USA and Australasia. He is an Honorary Fellow at the Centre for Urban Policy Studies, University of Manchester, and a Visiting Fellow at Edge Hill University.

1.3 Acknowledgements

CLES would like to thank Preston City Council for their continued support around work relating to community wealth building and anchor institutions with particular thanks to Councillor Matthew Brown, Cabinet Member for Social Justice, Inclusion and Policy; Derek Whyte, Assistant Chief Executive; and Tamar Reay, Economic Regeneration Officer/Lead Partner Coordinator of the Procure Network. We would also like to thank all of the contributing anchor institutions.



2. Introduction

2.1 A progressive local economics

There is a growing necessity that we build local economies for all. Poverty, low wages, inequality and under-employment are an entrenched feature of many local places. The promise of economic growth, is often just that, with many failing to see the benefits of economic growth or success. It is increasingly clear that the economy is not always working in ways which support individuals, families and communities. In looking to create a solution to this, there is a need to develop the connections between the economy, wealth creation and the people. In short, we need to reshape our economies for people.

The Centre for Local Economic Strategies (CLES) is at the forefront of this agenda. Through a range of activity and action across the UK and beyond, our community wealth building activities are looking to maximise the fruits of the economy, creating a context for a more inclusive economy and social growth. By community wealth building we mean activities which enable places to grow and develop from within, which harness existing resource in more progressive and beneficial ways for the community,

and which lead to a range of local economic, social and environmental benefits. In this we are not just interested in inward investment, but drawing on the pre-existing assets. We are not primarily focussed on the pre-eminent positions of big business or new industry, but acknowledge the power of small business, social enterprise and the mundane economy of everyday life. We are not just interested in GVA growth but well-being and fulfilled lives.

In this movement for progressive local economics, there are a range of local agents hankering for and driving this change. This includes businesses, who are paying the Living Wage and growing their care and concern for employees, including the development of investment portfolios which reflect local need and place development. In the social sector, we have many organisations developing cooperatives and economic alternatives which ensure wealth is more distributed and owned by the people who are producing the wealth.

In the public sector, we are seeing a greater acknowledgement of the public pound, and how

the commissioning and procuring of goods and services needs to be more local and flow through local supply chains. There is also a growing recognition of how land and property holdings and pensions funds should benefit local economies more. Above all, we have a new movement of social innovation, which is seeking to build a better economy, with a growth of interest in local currencies, local banks, community shares and community energy schemes.

Furthermore, and looking to the future, smart technologies are and should be increasingly seen as a means to democratise the economy. This heralds a new open source collaborative economy, where peer to peer activities take economic wealth production away from the few within a vertical hierarchy, to many within horizontal systems. All of this is seeking to build an economy for the many, not just the few.

2.2 Anchor Institutions in Preston

A key component of CLES' work on community wealth building has been around anchor institutions. We have worked in Belfast to develop an anchor institution strategy; in Preston to action change in anchor institution behaviour; and in Birmingham to move anchor institution work beyond an emphasis on procurement. This publication is inspired by learning from all three, but focuses particularly on the work undertaken in Preston.

In our 2015 publication 'Creating a good local economy: the role of anchor institutions'⁵, we reflected on three things. First, we outlined the theoretical underpinnings or components of a virtuous or good local economy including: the need to democratise the economy; the need to recognise the scale of procurement; the need to use the potential of procurement; and the role of cooperative creation. Second, we detailed the findings of initial collaborative working between CLES and anchor institutions in Preston, which sought to understand the direct impact of anchor institutions in the City and how their spend was and could be further maximised. And third, we sought to explore how the role of anchor institutions could be both further harnessed and maximised as part of a larger process of community wealth building.

Since April 2015, CLES has continued to oversee and collaboratively work with Preston City Council, other anchor institutions and other aspects of the public, commercial and social economies in Preston and across wider Lancashire. Some aspects of community wealth building have been at the heart of Preston City Council's approach to local economic development and addressing social exclusion for the last six years; the challenge has been about expanding the concept to other public institutions, and within the business and social sectors.



3. What we have done collaboratively in Preston

This section of the publication provides an almost chronological account of activities undertaken in Preston since 2011; with a particular emphasis on the work collaboratively undertaken with CLES by Preston City Council, other institutions and the commercial and social sectors.

3.1

Set the foundations for anchor work in Preston

Work commenced in Preston in 2011. The work was initially driven by the challenges facing the local economy and people as a result of the financial crises of the late 2000s and a political drive to challenge the orthodoxy of approaches to economic development and address poverty and social exclusion⁶. An early focus centred around Preston City Council becoming the first formally accredited local authority in the North of England to become a Living Wage employer and a wider campaign encouraging other institutions and organisations in Preston to become Living Wage employers⁷. The purpose of the activities was to progress a fairer and more progressive approach to delivering local economic and social outcomes for the people of Preston.

Following this initial emphasis upon campaigning, the attention of activities in Preston moved more towards anchor institutions based in the City and wider Lancashire; these were defined as organisations which employed a significant number of people, which spent a lot of money through procurement and other processes, and which were unlikely to leave as they were rooted there.

Three key factors drove the emphasis on anchor institutions. First, Preston City Council acknowledged the pioneering work previously undertaken by CLES in Manchester⁸ and other localities, around progressive procurement processes and practices, and wanted to think through how similar benefits could be realised in Preston and Lancashire. Second, Preston had attended a CLES session in London where a representative from the Democracy Collaborative⁹

had explained their work in the United States of America and particularly in Cleveland, Ohio around anchor institutions and cooperation and cooperatives; they were inspired by this. And third, there was a realisation that there were already a range of anchor institutions that were based in Preston with significant potential for their wealth to be harnessed and maximised.

Preston City Council therefore engaged CLES as key thought and practice leaders in 2013, to undertake collaborative work around realising these three factors and ultimately in harnessing the potential of anchor institutions.

3.2 Undertaken activities to maximise the potential of procurement

The first 18 months of CLES's work in Preston focused upon ensuring the anchor institutions based in Preston and Lancashire were engaged with the objectives of the work, with a specific focus on the process of procurement, realising the levels of spend of the anchor institutions and maximising its benefit for the Preston and Lancashire economies. As such, a number of activities were undertaken in these first 18 months.

3.2.1 Engaged with anchor institutions

CLES and Preston City Council (as the lead

anchor institution for the work) initially engaged with the lead politicians and officers for 5 other institutions based in the City through a face-to-face meeting.

The purpose of the meeting was three-fold. First, it sought to ensure that the principles of community wealth were embedded at the very top of each institution, whether that be with Chief Officers or political leaders and that their institutions were engaged in the long term. Second, it sought to ensure that the institutions were willing to make a change in their behaviour around procurement processes and practices in order to realise greater benefit. Third, it sought to ensure that the institutions were willing to share data around their procurement spend and provide CLES with access to their procurement officers.

3.2.2 Analysed procurement spend

Once the six identified anchor institutions (Preston City Council, Lancashire County Council, Preston's College, Cardinal Newman College, Lancashire Constabulary, and Community Gateway) were engaged with the principles of the activities, CLES commenced the process of seeking to understand the existing spend of the institutions and their impact on the Preston and Lancashire economies. We took the top 300 suppliers of each institution (by value and a collective of £750million) for financial year 2012/13 and sought to understand the extent

to which spend was with businesses and other organisations in Preston and wider Lancashire. This effectively provided each institution with a baseline position and an understanding of where their procurement spend went and also importantly the extent to which it leaked out of the local economy¹⁰.

3.2.3 Undertaken early influencing work

Following the initial engagement and the spend analysis, as described above, CLES and Preston City Council started the process of seeking to influence the behaviour of the anchor institutions through procurement. The starting point was an event which brought together the Chief Officers, political leaders of the anchor institutions and their procurement officers. The purpose of the event was two-fold. First, it sought to explain the findings of the spend analysis to each institution and to draw some collective conclusions; and second, it sought to create a common and agreed statement of intent across the institutions around how procurement spend could be maximised for the benefit of the local economy and residents.

3.2.4 Identified gaps and influenceable spend

The initial analysis of procurement spend across the anchor institutions identified that collectively 61% of all spend leaked out of the Lancashire economy. CLES therefore started to work with one of the anchor institutions

(Preston City Council) to seek to understand this leakage in more depth¹¹.

We were particularly interested in the industrial sectors where there was the greatest amount and proportion of leakage out of the Lancashire economy and subsequently the extent to which this spend was potentially 'influenceable'. By this we mean spend which could potentially be delivered by Preston and Lancashire based suppliers in the future; with 'non-influenceable' spend being that tied up in national level procurement frameworks and/or products and services not necessarily available in the local economy.

To supplement this 'gap analysis', CLES produced a database of Preston based businesses and other organisations for the sectors with the greatest levels and proportions of leakage which could potentially provide goods and deliver services in the future. The purpose of this was to enable procurement officers across the anchor institutions to be able to undertake pre-procurement engagement with local businesses to make them aware of upcoming opportunities and to scope out their capacity, skills and capability to potentially bid for and win those opportunities.

3.2.5 Undertaken further influencing work

Once the cross-anchor institution statement of intent was in place and the work around gap

analysis with Preston City Council completed, CLES started the process of seeking to influence the behaviour of the anchor institutions around procurement. This primarily consisted of the development of a Preston Procurement Practitioners Group. Meeting on a quarterly basis and also including representation from other local authorities in Lancashire, this group has sought to share practice and learning around how the benefit of procurement spend could be enhanced and maximised.

3.3 Continuing work around procurement

Following the launch of 'Creating a good local economy: the role of anchor institutions', Preston City Council and the other anchor institutions have continued to undertake work around progressing procurement processes and practices. This is primarily being driven through Preston City Council's status as the Lead Partner for the European Union's URBACT III Programme network, Procure¹². With funding from September 2015 to May 2018, the network is seeking to share knowledge and learning across 11 European Cities (including Preston) around how procurement can be used as a lever to bring economic, environmental and social benefits for those cities. Each city needs to produce an action plan detailing the challenges they face around progressing procurement practices and the actions they will look to implement to overcome those challenges.

The anchor institutions engaged in the initial work also form a key part of the Procure network, which is not only about changing the behaviour of the City Council, but also other key stakeholders and spenders within place. Indeed, the Procure network has enabled the Preston Procurement Practitioners Group to be sustained, with this now forming the URBACT Local Group which will co-produce the action plan over the coming couple of years.

As part of the activities of the Procure network, there is a particular emphasis upon spend analysis, the evidence from which will form part of the action plan. CLES is therefore looking to undertake spend analysis for as many of the anchor institutions involved as possible and where appropriate compare to the baseline analysis from 2013.

3.4 Understood the impact of activities and the scope of other initiatives

In September 2015, Preston City Council engaged CLES to undertake further collaborative work, deepening practice around community wealth building¹³. This partly sought to remove the sole emphasis upon the role of procurement in enhancing and harnessing community wealth; to consider the role of the supply chain to anchor institutions and physical development schemes in bringing benefit, the impact of the Living Wage campaign on behaviour and the

organisations adopting it, and the scope for other initiatives to be introduced and implemented in Preston.

The above work was framed by the development of a measurement framework which sought to explore the impact of existing activities (supplier behaviour, Living Wage campaign, physical developments) and potential scope of other community wealth building activities and their possible impact (complementary currencies, pension funds, community land trusts).

The framework had the following outcomes as context:

- promote employment and economic sustainability;
- raise the living standards of all residents;
- promote participation and citizen engagement;
- build capacity and sustainability of the voluntary and community sector;
- promote equity and fairness; and
- promote environmental sustainability.

3.5 Understood the role of business

In March 2016, Preston City Council engaged CLES to undertake further collaborative work around the role of business¹⁴. The previous three years of activity had focused upon the direct and enabling roles of Preston City Council, other anchor institutions, and their supply chains in facilitating behaviour and practice change for the benefit of the Preston and Lancashire economies and residents. There was, however, a lack of understanding of the key role of business of all sizes and regardless of whether they had an existing relationship through procurement in enhancing and maximising community wealth.

CLES therefore undertook survey and case study work with a sample of Preston based businesses to understand the contribution they made to the local economy and in addressing social and environmental issues. This is effectively encapsulated in the term 'business citizenship'.



4. Achievements in Preston

The above has described the activities undertaken in Preston over the course of the last five years. It is clear that a diverse set of activities have been undertaken around anchor institutions, Living Wage, and business citizenship. This section explores the achievements of these activities and the change they have instigated.



Placing Preston
on the map



Cooperation across
institutions



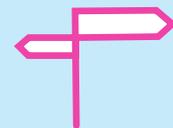
An evidence
baseline



Agreed statement
of intent



Greater understanding
of existing local
business base



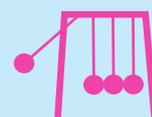
Changed behaviour
in institutions &
enhanced impact



Continued &
ongoing influence



Realisation of
importance of scale



Realising impact



Achievement 1 Placing Preston on the map

CLES' work around anchor institutions and wider activities has served to position Preston as a progressive place for local economic development and addressing poverty. Preston is the first place in the UK to adopt a long-term strategy and approach to realising the potential of anchor institutions. This has been recognised through significant profile in national and international media, which has all been important in promoting the activities of Preston City Council, the other anchor institutions and Preston and Lancashire based business.



Achievement 2 Cooperation across institutions

The work around anchor institutions and the wider initiative has led to a much more effective relationship within and between institutions in Preston. The relationship has not been like that of previous partnerships including the old Local Strategic Partnerships (LSPs), where the emphasis was very much upon discussion of issues and challenges; instead it has been about practice and changing behaviour with the result being tangible outcomes for the local economy and residents of Preston.

There are three key types of cooperation as a result of the activities. First, the initiative has enabled a common objective to be developed and realised across the anchor institutions, which has been to maximise the benefit they bring for the economies and people of Preston and wider Lancashire. Second, the initiative has brought together a group of stakeholders that would not necessarily normally engage with each other in the form of procurement officers; the work of the Preston Procurement Practitioners Group in particular has enabled procurement officers to cooperate and change behaviour. Third, the initiative through the Procure network has provided the basis for long term engagement of anchor institutions which will continue to at least 2018; meaning that institutions see a long term benefit to being involved.



Achievement 3 An evidence baseline

The work around anchor institutions and the wider initiatives has enabled a range of baselines to be gathered about the existing impact of anchor institutions and the wider business base in Preston. The data can be split into three key categories:

1. Understanding of procurement spend

Data was collected as part of the analysis of the procurement spend of six anchor institutions for financial year 2012/13. This identified that of the collective £750 million spent by those institutions procuring goods and services, 5% was spent with organisations based in the Preston boundary, with 39% spent with organisations based in wider Lancashire (including Preston). This means that over £458 million leaked out of the Lancashire economy. Subsequent analysis with UCLAN revealed that 18% of their spend was with organisations based in the Preston boundary, with 27% spent with organisations based in wider Lancashire (including Preston).

2. Understanding impact of suppliers to Preston City Council and UCLAN

There is the data which was collected as part of the 2015/16 democratising wealth in Preston report which sought to evidence the wider impact of suppliers. This data was gathered through a survey and highlighted for Preston City Council the following example findings:

- 25.9% of the employees of suppliers to Preston City Council were resident in Preston, with
- 42.6% resident in wider Lancashire;
- 30.4% of the suppliers of suppliers to Preston City Council were based in Preston, with
- 44.2% of suppliers based in wider Lancashire;
- Estimated that across the top 300 suppliers to Preston City Council that a cumulative 801 jobs were created in Preston in the last year, with 951 jobs created in wider Lancashire.

3. Understanding of Preston business

Data was collected as part of the 2016 report 'democratising wealth in Preston (follow up work around business citizenship)' which gathered information about the role of Preston based business in the local economy. Key example findings were as follows:

- An average of 77% of employees of responding organisations were resident in Preston, with 95% of employees resident in Lancashire (including Preston);
- 65% of responding businesses pay all their employees the National Living Wage Foundation's figure of £8.25 per hour (this was the correct rate at the time of the survey);
- 22% of responding businesses actively seek to create to apprenticeships;
- 34% of organisations created employment opportunities for individuals described as 'hard to reach'.



Achievement 4 An agreed statement of intent

Related to Achievement 2, the activities with the Chief Officers and the political leaders through initial engagement and events has secured their buy-in to the initiative. This is reflected in the statement of intent for the future activities of the anchor institutions which has the overarching vision of:

- 'A long term collaborative commitment to community wealth building in Lancashire for influenceable spend';

And the associated objectives of:

- To simplify the process of procurement in order to encourage a diversity of organisations to bid for opportunities;
- To actively reduce levels of spend leaking out of the Preston and Lancashire economies with consideration given on an anchor to anchor basis as to the scale of this reduction;
- To understand the Preston and wider Lancashire business base in more detail and collectively encourage businesses and social enterprises to bid for opportunities;
- To develop the capacity of Preston and Lancashire based businesses to bid for opportunities;
- To collectively raise awareness of procurement opportunities amongst Preston and Lancashire based businesses;
- To identify services where there is potential for cooperative models of delivery.



Achievement 5 **Greater understanding of existing local business base**

The gap analysis, identification of 'influenceable' spend, and supplier database activities undertaken by CLES collaboratively with Preston City Council has identified a range of businesses (including social enterprises and cooperatives) based in the Preston boundary, across a range of sectors which could potentially deliver goods and services for the City Council and the other anchor institutions.

This means that designers of goods and services and procurers have a far greater understanding of potential organisations to engage with prior to a good or service going to formal procurement. They can make those businesses aware that opportunities are upcoming and also assess their capability, skills and capacity to bid.



Achievement 6 **Changed behaviour in institutions and enhanced impact**

Each of the now twelve anchor institutions (a total procurement spend of well over £1 billion) engaged in the initiative have seen their behaviour change. In addition, there have been tangible benefits for the Preston and wider Lancashire economies. On the following pages we outline some of the key aspects of behaviour change for six institutions which have been instigated both directly by the institutions themselves and as part of the initiative.

PRESTON CITY COUNCIL

For Preston City Council, there have been two key aspects of change as a result of the anchor institution work and the wider initiative. First, the work around spend analysis has enabled Preston City Council to understand its baseline position in 2012/13 and also subsequent change. The proportion of procurement spend with organisations based or with a branch in Preston has increased from 14% in 2012/13 to 28% in 2014/15. This suggests that the activities around: spend analysis; gap analysis; the development of a supplier database; the development of a social value policy; and a generally more proactive approach to potential and existing supplier engagement and influence have all had an impact. Second, the work around community wealth building more generally has placed Preston City Council (as a District Authority) at the forefront of progressive action based work in the UK around local economic development; it has also demonstrated their ambition.

LANCASHIRE COUNTY COUNCIL

For Lancashire County Council, change around procurement and local economic development is framed by a much wider agenda than the initiative undertaken in Preston; it is posed by the need to respond to austerity and the need to reform public services. As one of the largest local authorities in the UK, Lancashire County Council has had to make significant changes to its budgets, services, and policy approaches over the last five years. Related to the work around anchor institutions, but not completely driven by it, Lancashire County Council has recognised the need to adapt and change its procurement processes so that they bring both efficiency savings and contribute to the achievement of wider economic, social and environmental outcomes. Lancashire County Council has therefore introduced a Social Value Framework which is designed to inform all aspects of the procurement cycle from: the design of the good or service, the strategy used to procure, the tender process, delivery of goods and services, and contract monitoring. This is also being used as part of City Deal procurement and monitoring.

LANCASHIRE CONSTABULARY

Involvement in the anchor institutions work has had a direct impact on the way in which Lancashire Constabulary think about procurement. They did not previously think about understanding where their spend goes; embedding social value considerations to tender processes, documents and decisions; attending and facilitating engagement with Lancashire based suppliers through 'meet the buyer' events; and monitoring suppliers against social value related Key Performance Indicators (KPIs).

Lancashire Constabulary have sought to shift this practice beyond Preston and it now informs commissioning and procurement practice across the County. The Constabulary are currently developing a new divisional headquarters in Blackpool with the above knowledge and process informing that development. For example, they will monitor against social value indicators such as: completion of a set number of NVQs per £1million of contract value; 31% of project spend being within 10 miles of the site; and 75% on construction value to be through SMEs.

UNIVERSITY OF CENTRAL LANCASHIRE (UCLAN)

UCLAN are undertaking an array of activity in Preston and wider Lancashire to demonstrate their role as a key anchor. In relation to the initiative, they have undertaken two key activities. First, they have adopted the approach advocated in the work around spend analysis in their own procurement processes and practices and have measured where their spend goes directly and also the contribution their suppliers make towards social value outcomes. Second, they are seeking in partnership with Preston City Council and others to create a Preston Cooperatives Network and associated architecture which supports existing cooperatives in Preston and helps to create new worker led cooperatives which fill particular gaps in the market and which potentially in the future can provide goods and services to anchor institutions. Bringing benefit for Preston and Lancashire is of ultimate importance for UCLAN, which is reflected in their emerging developments in the proximity of the City Centre in Preston and in their wider leadership and strategy approach.

PRESTON'S COLLEGE

The principles of the initiative and the activities around procurement have applied to Preston's College for a number of years. They have always sought to ensure that whatever they do strategically and particularly in terms of physical development brings maximum benefit for their students and the wider community. Since the commencement of the anchor institution work in 2013, Preston's College has commissioned the development and re-development of buildings on the College's premises. Integral to this has been an array of benefit including for: local suppliers and SMEs; the development of local labour forces; students who are undertaking courses related to the built environment including around construction and project management; and in the creation of apprenticeships. Preston's College have also upped their engagement and cooperation with other anchor institutions and activities being undertaken in Preston and wider Lancashire. For example, they work collaboratively with UCLAN on the transition of students across a range of courses; and are involved in the Work and Skills plan for Lancashire.

COMMUNITY GATEWAY

Community Gateway is a housing organisation and cooperative which has been undertaking progressive work around procurement and wider activities sometime before the advent of the initiative in Preston. Over the last couple of years, Community Gateway has continued this with a particular emphasis upon measuring the impact they bring for their residents and the wider Preston economy. A key example has been their Purchase and Repair project, which has sought to develop new and good quality affordable homes and repair existing stock. They have evidenced the impact of this with an initial investment of £1.8million bringing over £3.7million of social value for Preston; an additional £1.08 of impact for every £1 spent. In addition, the project has enabled half a million pounds of central government funding to be levered into Preston, and 20 homes are now refurbished and cost efficient. Community Gateway applies these principles of social value and evidencing impact to every project it undertakes.



Achievement 7 **Continued and ongoing influence**

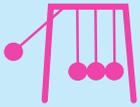
Harnessing the potential of anchor institutions takes time – it can, and will take years for desired activities to be fully implemented and outcomes maximised. A key achievement of the activities undertaken collaboratively in Preston is the pace and willingness at which the anchor institutions bought into the process and the extent to which they have sustained engagement. It is important to note that this is continuing through the next steps of activities to be undertaken collaboratively with CLES in 2017, and through the activities of the Procure network and particularly the URBACT Local Group. This will enable a concrete set of collective actions to be developed across the institutions which will effectively form anchor institution activities around procurement going forward.



Achievement 8 **Realisation of importance of scale**

The 2015/16 work around ‘democratising wealth in Preston’ explored the scope and potential of other community wealth building initiatives in Preston, namely: complementary currencies, pension funds and community land trusts. This work helped to realise that there are certain geographical levels and certain contexts in which particular activities can be undertaken. Whereas anchor institution work can be undertaken at both the District and County Council levels; work around pension funds and community land trusts are more conducive to sub-regional/Lancashire-wide or Combined Authority level. As such, Preston City Council as a second-tier council, has administrative geography as well as political remit limits, as regards the advancement of these activities; though it can influence.

In addition to the core work around anchor institutions and procurement, Preston City Council and partners have also designed and implemented some other community wealth building initiatives. These include; the development of a new credit union which now has over 500 members; support for the CDFI Lancashire Moneyline; and more traditionally in terms of local economic development, the redevelopment of the market has significant community benefit and social value attached to it.



Achievement 9 Realising impact

The activities undertaken in Preston and as described above have had an impact. The work around anchor institutions and procurement has drawn organisations together to work cooperatively; to understand where their resource goes; and importantly has started to shift behaviour so that the process of procurement brings benefit for the Preston economy and its residents. Like many areas across the country, the campaigning work around Living Wage has enabled businesses and other organisations to consider the importance of fairness in their workforce practices, and also led to a realisation that fair pay can bring productivity and other benefits. Indeed, from recent ONS data, Preston is ranked the third best area in Lancashire, with 23.2% of employees receiving less than the Living Wage of £8.45 per hour.

The work around financial inclusion has enabled individuals and families to have support around accessible and fair credit. All of the above has been undertaken with very little core funding; instead it had been done through harnessing the potential of existing wealth. It could also be tentatively suggested that activities undertaken in Preston have had an impact on improvements in the city in relation to the Index of Multiple Deprivation¹⁵ and upon quality of life, with a Demos and PwC¹⁶ report recently highlighting Preston as the best place to live and work in the North West of England.

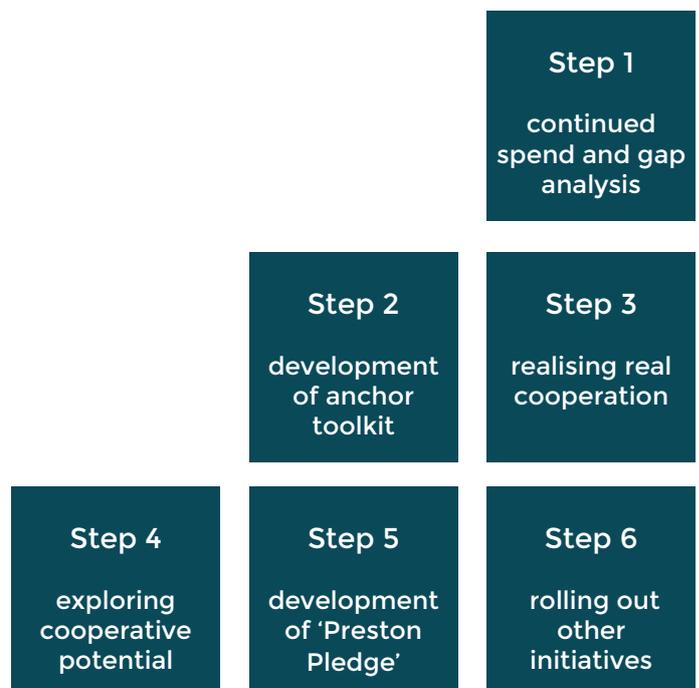


5. Next steps in Preston

This section of the publication outlines what remains to be done in Preston around anchor institutions and the wider activities to ensure the initiative continues to be enhanced and maximised. This recognises that whilst Preston has achieved a lot in the last five years, the process is a long term one and it takes time to fully realise all initial objectives and outcomes. It relates to anchor institutions and procurement and other activities.

5.1 Key next steps

The following are key next steps for CLES and partners in Preston to undertake to ensure harnessing wealth remains at the forefront of the approach to policy that addresses economic and social issues in Preston and wider Lancashire. These steps sit across the diversity of the public, commercial and social sectors.



Step 1

continued
spend and gap
analysis

Step 2

development
of anchor
toolkit

5.1.1 Step 1 – continued spend and gap analysis

In 2017, and as part of the development of the action plan for the Procure network, CLES will be working with as many of the anchor institutions as possible to re-baseline their procurement spend. In this we will explore the extent to which procurement spend is now with organisations based in the Preston and Lancashire boundaries and also explore any changes (increases/decreases) in spend in the local economy.

As part of this, CLES will also undertake the gap analysis with each anchor institution as previously undertaken with Preston City Council. This will serve the purpose of identifying the sectors where there is the greatest leakage and identify areas of potential ‘influenceable’ spend. This may lead to an understanding additionally of the types of procurements which anchor institutions could potentially collaborate on.

5.1.2 Step 2 – development of anchor toolkit

Anchor institution activities have been ongoing in Preston for the last three and a half years. In that time, CLES and Preston City Council have engaged with a range of individuals in each institution. Given the nature of employment, some of these individuals have now left the institutions or changed roles, meaning a new person needing to pick up the activities. This has often meant the process and journey of the community wealth building work needing to be explained again.

In 2017, and in response to this, CLES will produce collaboratively with Preston City Council an anchor institution toolkit. This will summarise the community wealth building initiative to date and explain what individuals and organisations need to do to remain engaged in the process of enhancing and maximising community wealth.



5.1.3 Step 3 – realising real cooperation

The activities undertaken through the initiative in Preston have brought different anchor institutions and other stakeholders together through a relatively loose arrangement. The nature of the relationship has been voluntary and institutions have attended activities, events, and groups where appropriate. This has meant and as detailed in the achievements section that evidence of change has been relatively anecdotal.

To address this during 2017, CLES will work collaboratively with the twelve anchor institutions to formalise the statement of intent into a memorandum of understanding, signed by Chief Officers and political leaders. CLES will also co-produce a cooperation network, where strategists in each anchor institution will come together to share learning and undertake collaborative activities which go beyond the remit of the initiative; and ensure that the various components of community wealth building are at the forefront of activities.

5.1.4 Step 4 – exploring cooperative potential

Sustaining existing and developing new cooperatives has always been a key objective of the initiative in Preston. In this, there is nothing to stop existing cooperatives in Preston bidding for upcoming procurement opportunities and there is a key role for procurement and economic development officers in developing a maturer understanding of the scale and nature of cooperatives in Preston.

As part of the gap analysis and influenceable spend activities described in step 1, CLES will look to identify gaps which can potentially be filled in the future by cooperatives. There is also scope to move cooperative development beyond the process of procurement, and through seed funding develop cooperatives that fill certain gaps in the existing business market of Preston.

Step 5

development
of 'Preston
Pledge'

Step 6

rolling out
other
initiatives

5.1.5 Step 5 – development of 'Preston Pledge'

The latest piece of work in Preston as part of the initiative focused on the role of business, seeks to explore their social responsibility and role as citizens. It concluded with a series of recommendations for more effective engagement of business in achieving wider outcomes, and included recommendations around: developing a consistent approach to the language of social value; the production of a social value 'how to' guide; and developing a local business mentoring scheme. The core recommendation is around the development of a 'Preston Pledge' and in 2017, CLES will work collaboratively with Preston City Council whereby businesses agree to:

- Optimise the social, environmental and economic well-being of Preston and its people across all activities of the business;
- Shape decision making to think long-term – by focusing on local investment to create long-lasting outcomes;
- Work in partnership across and within sectors across Preston to provide social value outcomes;
- Commit to a set of concrete values which include inclusion, openness, honesty, and social responsibility.

5.1.6 Step 6 – rolling out other initiatives

Community wealth building involves a range of activities, with anchor institutions being just one. Preston is seeking to experiment and harness other activities. Work is already underway around the utilisation of pension funds in the local economy for infrastructure; there is a new book cooperative at UCLAN benefiting students and staff; and Preston City Council is looking to develop a local energy company and a community bank.



6. Conclusion and progressing community wealth building - key lessons

The final section of this publication draws on the findings of the work by CLES around community wealth building and specifically in Preston around a key component of it (anchor institutions) to offer conclusions and recommendations. It is designed to conclude and reflect on the key lessons learnt which could be adopted by other places to address local economic and social challenges and enhance and maximise community wealth.

6.1 Concluding thoughts

Community wealth building includes an array of activities. This includes (amongst others): work around anchor institutions and realising and harnessing their potential; Living Wage activities; the development of worker led co-operatives; community banking and community energy schemes; work around the collaborative economy and the circular economy; and work stimulating the growth and social responsibility of business.

The work undertaken in Preston over the course of the last five years has explored and realised components of community wealth building, with some success. However, there are always opportunities to embrace other activities whether

that be around cooperative development or realising the potential of existing business.

CLES and Preston are part of a growing movement towards a progressive local economics and building community wealth. For this to accelerate at scale, a new socially just pluralism in organisational form and ways forward, is required. In this, there is much to be said for greater ownership and deepening of wealth in the form of community shares, mutuals, cooperatives, community interest companies, public sector owned trading arms, charities, social enterprises etc.

Furthermore, mainstream business practice and behaviour also has a vital role in this movement, ensuring they advance employee

involvement in the board room, adopt voracious corporate social responsibility activity and greater recognition of the vital citizenship role they also play.

Community wealth building is at the very heart of CLES' activities around progressive economics for people and place. Work around anchor institutions in Birmingham, funded by the Barrow Cadbury Trust will continue into 2017/18. In Birmingham, we are seeking to understand and change the behaviour of anchor institutions in relation to wider issues beyond procurement, including human resource practices, and how they utilise their assets.

6.2 Key lessons learnt around community wealth building

CLES' work around community wealth building generally and specific work around anchor institutions in Preston has taught us that the process of enhancing and maximising community wealth takes time and requires a number of conditions and factors to be in place in order to facilitate change. These are outlined below:

- Places and local authorities can benefit from external stimulus and vision from thought leading organisations like CLES;
- Places need to understand the types of outcomes they want to achieve; effectively a framework;
- Places need to have the buy-in and vision of senior leadership within place, both Chief Officers and Politicians, to community wealth building principles;
- Places need to understand the existing scale of activity – whether that be the impact of procurement spend, the impact of suppliers and business, and the scale and potential of initiatives;
- Places need to have governance structures which include considerations around both strategy and delivery;
- Places need to be reflective that different wealth building activities will work differently dependent on the place;
- Places need to continuously monitor the impact and behaviour change of community wealth building activities lead to and amend accordingly.



Endnotes

- 1 Federation of Small Businesses (2013), Local procurement: making the most of small business, one year on.
- 2 House of Commons – Communities and Local Government Committee (2014), Local government procurement.
- 3 Bringing Community Wealth to Birmingham. Available: <https://cles.org.uk/news/bringing-community-wealth-to-birmingham/> [Accessed 30 Jan. 2017]
- 4 Centre for Local Economic Strategies and Webb Memorial Trust (2016), Forging a good local society: tackling poverty through a local economic reset.
- 5 Centre for Local Economic Strategies (2015), Creating a good local economy: the role of anchor institutions.
- 6 Our Fairness Agenda. Available at: www.preston.gov.uk/thecouncil/about-preston-city-council/our-fairness-agenda. [Accessed 30 Jan. 2017]
- 7 Preston Living Wage. Available: www.preston.gov.uk/yourservices/jobs-and-volunteering/preston-living-wage/ [Accessed 30 Jan. 2017]
- 8 Centre for Local Economic Strategies (2010), The power of procurement – towards progressive procurement: the policy and practice of Manchester City Council.
- 9 Available: www.democracycollaborative.org/ [Accessed 30 Jan. 2017]
- 10 Spend analysis was subsequently undertaken with the University of Central Lancashire.

- 11 Centre for Local Economic Strategies (2014), Preston City Council Analysis.
- 12 Available: www.urbact.eu/procure [Accessed 30 Jan. 2017]
- 13 Centre for Local Economic Strategies (2016), Democratising wealth in Preston.
- 14 Centre for Local Economic Strategies (2016), Democratising wealth in Preston (follow up work around business citizenship)
- 15 Available: www.lancashire.goc.uk/lancashire-insight/deprivation/indices-of-deprivation-2015.aspx [Accessed 30 Jan. 2017]
- 16 Available at: www.pwc.co.uk/industries/government-ublic-sector/good-growth.html [Accessed 30 Jan. 2017]



Centre for Local Economic Strategies

Express Networks, 1 George Leigh Street,
Manchester, United Kingdom, M4 5DL

T. 0161 236 7036 | F. 0161 236 1891
info@cles.org.uk | www.cles.org.uk

#peopleandplace
@CLEStweet

