



COMMUNITY WEALTH BUILDING

A TOOLKIT FOR LOCAL COUNCILLORS

A practical guide to transforming your local economy, using the untapped powers of local government to bring about real and lasting economic change in your community

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democracycollaborative.org

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“

The Community Wealth Building agenda is being adopted by councils and local leaders across the country, signalling an attempt at reconfiguring local economic development by offering real, on-the-ground solutions to communities that have faced decades of neglect.”

**– Dave Ward,
Communication Workers Union (CWU)**

From Preston to Cleveland, Scotland to Australia, Community Wealth Building is rapidly emerging as the development alternative to a failing economic model of extraction and footloose capital.

Offering real, practical solutions to localities and regions battered by successive waves of disinvestment, displacement, and disempowerment, Community Wealth Building offers a new configuration of economic institutions and approaches capable of producing more sustainable, lasting, and equitable outcomes.

Instead of seeking to correct the negative outcomes of a broken system after they have occurred, the aim is instead to change the nature and operations of the local economy so that they routinely produce better outcomes in service of people, place and planet.

With national policy failing to address the major crises of our time, Community Wealth Building offers a way to start creating the democratic economy we need with tools that are already available—from local government procurement policies to anchor institution workforce development, public and community banking, and more.

As Community Wealth Building gathers steam—with interest and some plans in world cities such as Sydney, Toronto, Chicago and New York—this guide seeks to provide a step-by-step introduction to the approach, offering lessons from leading practitioners that can be adapted and implemented where you are.

Contents

Page No

About This Toolkit

05

1. Introduction to Community Wealth Building

08

2. Governance and Anchor Institutions

18

3. Procurement

23

4. Finance

30

5. Land and Property Assets

36

6. Inclusive Ownership

41

7. Workforce

46

Conclusion

50




ABOUT THIS TOOLKIT

This Toolkit has been created for use by **local leaders, local cabinet members, councillors, prospective councillors** and other interested **local government stakeholders**. (Future toolkits will be created specifically for **local activists** and **trade union members**.)

It provides a basic understanding of **Community Wealth Building** (CWB) and its key components as a method for transforming local economies to make them more just, equal, and socially and ecologically sustainable.

The toolkit is intended to offer **a practical start-up guide** to help you determine how you can begin to advance Community Wealth Building at the local government level where you are, using the resources and policy levers already available to you.

STRUCTURE OF THE TOOLKIT

- **Section 1** offers a brief introduction to Community Wealth Building.
 - **Section 2** offers advice on how to create effective governance and structure around your approach to Community Wealth Building.
 - **Sections 3-7** detail the components of Community Wealth Building, arranged by the widely-used “five pillars” of CWB.
 - **Sections 2-7** are divided into four sections (described below), designed to equip you with the relevant information to begin advancing CWB in your area.
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Background Information

We will explain the key concepts, components and approaches that make Community Wealth Building a transformative local economic development strategy.

Critical Questions

The toolkit takes a “critical questions” approach, posing questions to help you think about whether or not you have the conditions in place to move forward with various elements of Community Wealth Building in your area and to help determine how to push for improvements. Work through the “decision tree” of questions to see whether the answers are: “yes”, “no” or “needs improvement”!

This diagnostic approach is intended to help you establish **a baseline of current practice** to think through **where and how you can advance Community Wealth Building** in your locality.

Actions

There is no one-size-fits-all model of Community Wealth Building. Each experiment with CWB might be different, based on the local context, ecosystem, resources, and politics. Our hope with this toolkit is to provide you with the basic information needed to get started on an assessment of the needs, opportunities, and levers available to you to begin creating your own **CWB Action Plan**.

Each CWB Action Plan will be different, but good examples of developed CWB Action Plans include those prepared by [Preston City Council](#) and [North Ayrshire Council](#), two of the leading CWB councils in the UK.

In the face of claims that “it can’t be done” or that “we’re already doing it”—two of the most frequently occurring objections to CWB—it can be particularly effective to equip yourself with knowledge about the leading edge of CWB practice. “If other councils have found a way to move on this, why can’t we?”

While this guide seeks to provide some of the tools and resources to go about Community Wealth Building from a technical standpoint, what we are really talking about with CWB are transformations in existing arrangements of economic and political power. As such, you are likely to encounter forms of political opposition and resistance to change.

Simply put, there is no substitute for organising to build a base of political power in your community. Power concedes nothing without a demand! Community Wealth Building provides substantive content for such local political demands.

Resources

This toolkit will point to a wealth of further resources, tools and wider reading, as well as real-world examples of how key CWB concepts have been applied on the ground to real effect. There are a myriad of examples from across the country that can be considered elements of Community Wealth Building; however, we should make clear that not all of these are being undertaken by progressive organisations or those seeking systemic economic change.

Community Wealth Building encompasses many aspects and institutions; but just because some of these are in place in a community, that doesn't mean that Community Wealth Building is actively being pursued there. Moreover, Community Wealth Building is a journey and not a destination, and there will always be room for improvement and refinement.

Thus, some of the examples that appear in this toolkit should be viewed as isolated good practices, and we should not assume that the organisations themselves or any other activity they may be undertaking are progressive or in line with best Community Wealth Building thinking, policy and practice.

Next Steps

This Toolkit is intended as a **guide to getting started**, a first step in understanding the **basic elements of Community Wealth Building** and how to establish a baseline of the relevant state of play regarding local policy and approaches in your community upon which to base your own CWB strategy and Action Plan.

Additional training materials will be forthcoming – and further direction and advice can be sought from key practitioner organisations such as the [Centre for Local Economic Strategies](#) (CLES) and [The Democracy Collaborative](#).



1. Introduction to COMMUNITY WEALTH BUILDING

Community Wealth Building is about establishing direct community ownership and control of the local economy. A new model of economic development emerging in our cities and communities in response to growing needs on the ground, it offers real, practical solutions to localities and regions struggling with the legacy of decades of disinvestment, displacement, and disempowerment.

Instead of trying to clean up around the edges of a failing economic model, Community Wealth Building seeks to **change the model itself**. It does this by creating **a new configuration of economic institutions and approaches** capable of producing **more sustainable, lasting, and equitable economic outcomes** in and of themselves.

We all know the challenges faced by local governments across the United Kingdom. Decades of public spending cuts and centralisation of power in Whitehall, coupled with the outsourcing of service provision to the private sector, have left our local authorities hollowed out and depleted.

However, even in the most centralised country in the Western world, this isn't the full story. As this guide will show, there is still a great deal that can be done at the local level to bring about progressive economic change—as many of the leading lights of Community Wealth Building in local government are amply demonstrating.

Growing inequality, concentrated economic power, climate destruction—instead of seeking to treat the symptoms of a broken economic system *after they occur*, the aim of Community Wealth Building is instead to tackle the root cause. We can achieve that by changing the nature and operations of the local economy so that it produces better outcomes as a matter of course, working in service of people, place and planet rather than the extraction of profit.

Rooted in “place-based economics”, with democratic participation and ownership at its heart, Community Wealth Building seeks to mobilise the largely untapped power of the local public sector and other rooted “anchor institutions” as the basis for a new local economic model. As such, it is a practical approach to economic system change, starting at the local level—one which we already hold within our grasp.

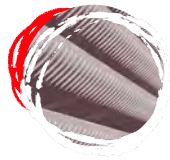


Despite all the empty promises of a “Northern Powerhouse”, “levelling up” and “taking back control”, it is increasingly clear in community after community up and down the country that no-one is coming to save us. Community Wealth Building offers a way in which we can get started today, building the democratic economy of the future that we all know we need, and with the tools that are already available to us.

What is Community Wealth Building?

***COMMUNITY WEALTH BUILDING (CWB)
is a system-changing approach to community
economic development that works to produce
broadly shared economic prosperity, racial
equity, and ecological sustainability.***

***CWB achieves this through the reconfiguration
of economic institutions and local economies
on the basis of greater democratic ownership,
participation, and control.***



Reimagining local democratic control of the economy

We all live in particular places and particular communities, and the politics and economics of those places and communities matter hugely for the quality of our lives. These are basic, inescapable facts of human existence, and yet they are often overlooked when we think about changes in politics and the economy.

And yet, when national government is pursuing destructive economic policies, action at the local level can be an obvious form of protection. More than that, local economic policy can often be a way of creating plans and models that prefigure the changes we need at the national level—in fact, this is exactly what happened with the creation of our National Health Service.

Somehow, however, we seem to have lost sight of the possibilities that are afforded us in local government. Too many of our local authorities have simply slotted into the administration and orderly management of decline. Some of this comes from real constraints and difficulties; but it can also be a result of a failure of political imagination and leadership. Some local councils have allowed themselves to fall prisoner to outdated economic thinking or become dependent on the received wisdom of the political-economic status quo.



You already possess many of the tools you need!

Traditional economic development models are often based on the presumption that local communities need to attract outside investment to meet their needs and grow their local economies. This places them in competition with each other, 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.

Community Wealth Building is different. The starting place for CWB 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 you.

The Centre for Local Economic Strategies estimates 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 it like this is—or should be—the business of local democratic politics.

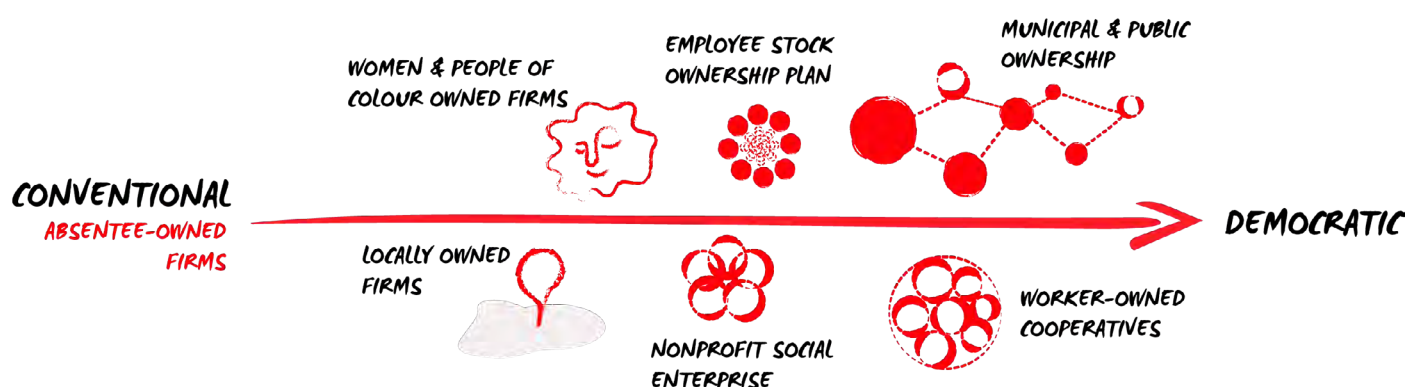


Building wealth in your community

There is no one-size-fits-all model of Community Wealth Building. Rather, it is a bottom-up approach that centres **democratic ownership of the economy** and community self-determination. This means that each local experiment with CWB might be different—based on the local context, ecosystem, resources, and politics.

One principal means by which CWB delivers benefits is through changing the structure of ownership in the local economy through the promotion of a plurality of enterprise forms along a spectrum of democratic ownership. A shift can thus be engineered away from absentee-owned firms towards local businesses, and from privately held to collectively held enterprise forms, including cooperatives and municipal public enterprises.

Building a More Democratic Economy: THE SPECTRUM OF OWNERSHIP FORMS



There is a spectrum of ownership forms, ranging from conventional structures such as absentee owned firms to conventional but locally owned businesses, local businesses owned by women and people of colour, social enterprises and nonprofits, through various forms of employee ownership and cooperatives up to and including, perhaps most democratic of all, community ownership and forms of public ownership such as municipal enterprise. Hybrid forms are also emerging, but, generally speaking, the democratic community accountability and control over such businesses increases as one advances along the spectrum of ownership forms from left to right.

However, what all CWB strategies have in common is that they aim at improving the ability of communities and individuals to **increase broad-based ownership of the economy, anchor jobs¹ and resources locally, create shared prosperity, and ensure local community economic stability and democratic control**. They also keep money recirculating locally rather than extracting it.

MAKING MONEY WORK FOR LOCAL BENEFIT - THE MULTIPLIER EFFECT



The estimate of the multiplier from buying local is eight. This means that if you buy from a large multinational corporation then that money leaves your community right away, heading straight to corporate headquarters or offshore, but if you buy from a local business it stays local and is spent a further eight times, circulating and recirculating, allowing local residents and businesses to “take in each other’s wash”.



¹ Anchor jobs, refers to employment within large public organisations such as local authorities, health trusts, universities, colleges etc.

Through such multiplier strategies—the opposite of the **economic extraction** from our communities that is at the root of many of our problems—money can be kept **recirculating**, anchoring jobs and building community wealth, reversing long-term economic inequality and decline.

Importantly, real CWB must be inclusive by design, so that it delivers for those who have historically been the most excluded, marginalised, and exploited. It is not simply about correcting some of the worst injustices of our system, or about making modest improvements in the economic health of a few isolated communities. Instead, it is about linking new bottom-up forms of development to create an economy in which all can flourish.

CWB approaches work across five pillars:

The Five Pillars of Community Wealth Building

- 1. *Plural ownership of enterprise*** through worker and consumer cooperatives, employee ownership, social enterprises, community land trusts, municipal ownership and 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;
- 2. *Democratic control of finance***, redirecting money in service of the real economy through public and community banks, credit unions, targeted public pension investments, etc.;
- 3. *Fair employment practices*** to build real jobs and decent work and conditions, and advance living wages and trade union rights;
- 4. *Mobilising land and housing assets*** to build real wealth in communities, bringing local land and real estate development back under public control, combatting speculation and displacement;
- 5. *Progressive procurement*** by local government and place-based “anchor institutions” to re-localise economic activity, build local multipliers and end leakage and financial extraction.

Across these five pillars of the local economy, numerous strategies can be deployed. To naysayers who argue that it can't be done, we'd simply say: look at Preston, North Ayrshire, Wirral, Salford, Newham, Islington, and a growing number of localities, where related strategies are already being put into practice—and proving very popular, politically and electorally! Legislation enabling Community Wealth Building is currently being developed by the Scottish Government and in the United States Congress.

That said, CWB is not just a collection of progressive policies, however much these might be good things to do individually. Rather, it is aimed at creating a dynamic relationship across and among a set of complementary local policies and actions that work toward a tipping point to produce systemic local economic change.

Obviously, with the above pillars of action, there is a modular element of “pick and mix”, and any singular or group of actions can be helpful, demonstrating that a path to economic transformation has begun.

However, a comprehensive suite of actions across all five pillars is where transformation occurs—and where the path to true systemic change lies.



General Resources on Community Wealth Building

General background material

- A short history of the development of **Community Wealth Building in the United Kingdom** by CLES, tracing how what was once a marginal pursuit became a widely-adopted corrective to a failing economic model, in podcast and transcript form. <https://cles.org.uk/publications/community-wealth-building-a-history>
- **The Making of a Democratic Economy** by Marjorie Kelly and Ted Howard, a book by two leading practitioners, situates CWB within the broader movement for democratic economic transformation. <https://democracycollaborative.org/learn/publication/making-democratic-economy-0>
- **The Case for Community Wealth Building**, a short book-length primer by Joe Guinan and Martin O'Neill, lays out the basic case for CWB, addressing some of the most common critiques and misconceptions regarding economic inefficiency, so-called “municipal protectionism”, and more. <https://www.wiley.com/en-gb/The+Case+for+Community+Wealth+Building-p-9781509539031>
- **Wealth for All: Building New Local Economies**, an academic journal article on the emergence of the CWB movement, detailing CLES’ work with a number of local authorities and local anchor organisations at the vanguard of this movement. <https://cles.org.uk/publications/wealth-for-all-building-new-local-economies/>
- **Democratic by Design: A New Community Wealth Building Vision for the British Economy After Covid-19**, a Common Wealth and Democracy Collaborative report on future directions for CWB. <https://www.common-wealth.co.uk/reports/democratic-by-design>
- **Community Wealth Building 2019: Theory, Practice, Next Steps**, a Centre for Local Economic Strategies UK report, taking stock of recent progress. <https://cles.org.uk/publications/community-wealth-building-2019/>
- **Owning the Future: After COVID-19, a New Era of Community Wealth Building**, a Democracy Collaborative and CLES report on the role of CWB in COVID economic recovery and reconstruction. <https://democracycollaborative.org/sites/default/files/2020-04/Owning%20the%20future%20FINAL3.pdf>
- **Elements of the Democratic Economy**, two-page summaries on various institutional elements of the democratic economy in the United States, many of which are applicable in the UK. <https://thenextsystem.org/elements>

Videos & graphics

- General CWB explainer videos:
 - CLES, **We have a Wealth Problem**: <https://cles.org.uk/the-community-wealth-building-centre-of-excellence/>
 - The Democracy Collaborative, **What is Community Wealth Building?** <https://democracycollaborative.org/learn/video/what-community-wealth-building>
- Scottish Government infographic on Community Wealth Building. <https://www.inclusivegrowth.scot/our-work/community-wealth-building/2021/03/community-wealth-building-delivering-a-wellbeing-economy-in-scotland/>



Developing a Full CWB Strategic Action Plan

The following sections detail the background information, critical questions, actions and a wider set of resources regarding governance and the five pillars of Community Wealth Building. It is important to note that aside from the individual sections there is a need to bring all of these elements together under one singular Strategic Action Plan. This generally occurs when the political groundwork has been laid and there is already local buy-in to launch a CWB effort.

To implement a full CWB approach locally, two options present themselves:

1.

Conduct a full process in house, using the following material and other inputs as a guide.

2.

Work in partnership with an organisation who are specialists in action planning work, e.g. the Centre for Local Economic Strategies in the UK.



2. Governance & ANCHOR INSTITUTIONS

Background

Community Wealth Building is intended to be a strategy for place-based economic development under the democratic control of the local community. In order to deliver on the promise of such control, it requires **relative autonomy from market forces** to allow for **true democratic local economic decision-making**.

Our communities cannot be said to have any real power over their destinies if our choices are radically constrained by external factors, such as pressure to retain a favourable business environment for outside investment or risk being buffeted by economic forces beyond our control.

Instead of the fatalist belief that communities are simply at the mercy of the disciplinary forces of the market, Community Wealth Building involves a shift to a more interventionist outlook regarding public institutions. This includes an acknowledgement of the role of public (and quasi-public) institutions in shaping the economy rather than merely participating in it. This shift brings with it a change in outlook from reactive to active, a shift from lacking control to taking control over our collective destinies.

CWB does this, in part, by harnessing the power of so-called “anchor institutions”.

WHAT ARE ANCHOR INSTITUTIONS AND WHY DO THEY MATTER?



Anchor institutions are large public, non-profit and social sector organisations. They can exert sizeable influence in the local economy through the purchase of goods and services, the employment of local people, and through the deployment of their land, property and financial assets. Most importantly, unlike private corporations, they are place-based and therefore highly unlikely to take up and leave, and are also susceptible (albeit imperfectly and to varying degrees) to democratic pressure, accountability, oversight, and direction.

Examples of anchor institutions include local government, educational and school systems, the health service, cultural institutions, and large place-based non-profit organisations.

The role of anchor institutions is rooted in institutional economics, particularly the notion that institutions can shape economic activity and behaviour. This theoretical bedrock sparks a different way of thinking about institutions and the influence they have on people and society, positioning anchors as a potentially powerful force for social, economic, and environmental justice within a locality. In so doing, these organisations therefore affect the social determinants of health and wellbeing—that is to say, the conditions in which people are born, live, and work.

Recognition of the role that anchors can play has been growing steadily, and is now advancing at a national policy level—particularly in health and higher education, for example. The National Health Service recently adopted an “anchor mission” as part of its long-term strategic plan.

While the primary objective of anchors may not always be social justice, the scale of these institutions, their fixed assets and activities, and their links to the local community mean that they are “sticky capital” on which new local economic approaches and social improvements can be based.



Governance

Community Wealth Building needs a local governance architecture that is organised, disciplined, and politically accountable. In setting out to begin a CWB effort locally, it is critical to identify a viable governing body.



Critical Questions

- Is there a pre-existing partnership body or group which includes major anchors? (In England, this could be some form of Strategic partnership/Leaders' board; in Scotland and Northern Ireland, this could be the Community Planning Partnerships; in Wales, this could be the Public Service Boards.) This is an important piece of the governance architecture. If there is one, then it should be augmented with a CWB mandate and activity.
- If there is no suitable pre-existing group, a bespoke anchor network or partnership should likely be established. For examples of such bespoke vehicles, see [Birmingham](#) or [North Ayrshire/Ayrshire](#).
- Depending on exactly how your local authority organises itself, given the complexity and different sectoral focus of the component parts of Community Wealth Building the above group may require specific sub-groups that relate to the CWB pillars.

Actions

Councils need to:

- Set up an anchor network or use existing partnership vehicles which have a focus on CWB, with associated sub-groups.
 - Develop an anchor charter of key commitments to which participating local anchors can be held to account.
- Set up an internal council CWB steering group. This should likely be chaired by a senior Councillor or Officer.
- Develop a process of political education, so that learning regarding CWB is developed and embedded in the wider local community—putting the “community” in Community Wealth Building.

Critical indicators:

- A functioning anchor network and CWB steering group.

Resources

General guidance

- Overview of Community Wealth Building through anchor institutions. <https://cles.org.uk/publications/community-wealth-building-through-anchor-institutions/>
- Guidance on Community Wealth Building for councillors in Scotland. <https://www.inclusivegrowth.scot/wp-content/uploads/2020/09/Community-Wealth-Building-A-briefing-note-for-elected-members.pdf>
- Guide explaining the conditions that are required for networks of anchor institutions to flourish. <https://cles.org.uk/publications/growing-anchor-networks-in-place-a-how-to-guide/>
- Report on how community businesses and anchor institutions can better work together to evolve and realise their full potential, and build local wealth. <https://cles.org.uk/publications/community-business-and-anchor-institutions/>

Practical examples

- A series of case studies from the Birmingham Anchor Network that show how anchor institution networks can deliver on the goals of creating and reinforcing positive outcomes in the local economy. <https://cles.org.uk/publications/anchor-institution-network-solutions/>
- Examples of health institutions as anchors. <https://cles.org.uk/publications/cles-onhealth-institutions-as-anchors/>
And on the proof of concept. <https://cles.org.uk/publications/health-institutions-as-anchors-establishing-proof-of-concept-in-the-nhs/>
- Examples of how CWB Governance is set up in North Ayrshire. <https://www.north-ayrshire.gov.uk/council/community-wealth-building/community-wealth-building.aspx>
- Anchor Charter Example from North Ayrshire. <https://www.north-ayrshire.gov.uk/Documents/cwb-anchor-charter.pdf>
- Full list of Community Planning Partnerships in Scotland. <https://www.improvementservice.org.uk/home/scottish-councils-and-community-planning-partnerships>
- Full list of Community Planning Partnerships in Northern Ireland. <https://www.communities-ni.gov.uk/articles/community-planning>
- Searchable list for all Public Services Boards in Wales. <https://gov.wales/public-services-boards>



3. Procurement



Background

The procurement and commissioning of goods and services by local authorities and key anchor institutions is a crucial lever in the building of community wealth. It is vital that the Council and key partners use their purchasing power and convening abilities to deliver economic, social, racial and environmental justice to local communities through the progressive procurement and commissioning of goods and services.

This stands in stark opposition to the trends of recent years, which have seen a short-sighted pursuit of the lowest unit costs to the neglect of social, ecological and other democratic considerations. Public spending can, should, and—under the terms of the Social Value Act—is permitted to do double or even triple duty, securing not just financial but social and environmental value for the local community. This focus is all the more welcome in times of constrained budget environments. The means by which this can be achieved is progressive procurement.

Progressive procurement means a number of things:

- First, it is about increasing the importance of procurement as a corporate function.
- Second, it is about increasing levels of spend with local organisations, social enterprises and small and medium enterprises (SMEs), including minority- and women-owned businesses.
- Third, it is about addressing some of the myths around what can and cannot be done around procurement, particularly around legislation, regulation and bureaucracy.
- Fourth, and probably most importantly, it is about using procurement as a lever to address the local economic, social and environmental challenges which communities and localities face.

A powerful demonstration of what can be done with procurement in practice can be found in Preston, one of the flagship CWB councils.

Once a poster child for economic deprivation and “left behind” places, Preston has already seen [significant payoffs](#) from its Community Wealth Building approach, having been named the UK’s most improved urban area by the professional services firm PricewaterhouseCoopers, in their annual report on *Good Growth for Cities*. The share of the public procurement budget spent in the City of Preston quadrupled between 2013 and 2017, representing a gain of £75m, while across Lancashire it more than doubled for a gain of £200m. Prior to COVID, unemployment has fallen, and Preston has seen better-than-average improvements in health, transport, work-life balance, and youth and adult skills acquisition.

BUYING RACIAL JUSTICE: THE ROLE OF PROCUREMENT



In a number of locations across the UK, consideration is now being given to how Minority, Women and Black Enterprises (MWBE) can be supported in competing and winning public sector contracts through the procurement process. This includes dedicated business support for MWBE, alongside the targeting of MWBE in invites to tender for public contracts—for an example, see the Anchor Network in Birmingham.

GREENING PUBLIC PURCHASING



Procurement is increasingly being used as a lever to green the market. In this scenario, suppliers are asked to show their commitment with demonstrable evidence of net zero/zero carbon policies. A weighting within the contract is given to those potential suppliers who display excellence in this commitment. Furthermore, a fundamental element of progressive procurement is about shortening supply chains by supporting more local production, with carbon benefits stemming from the elimination of long-distance transport and the general re-localisation of economic activity.



Critical Questions:

- Do you know where your local authority spending currently goes?
If not, then this is one of the first things to find out. This includes where firms are based, ownership and size of firms, number of social enterprises, cooperatives, community businesses, etc. (In Scotland, this is available annually and done by Scotland Excel, thus local councils do not need to do this for themselves.)
- Does the council have a Social Value policy and framework? (In Scotland, social value is called community benefits; Northern Ireland has no Social Value legislation or process for community benefits.)
- Does the Council have an insourcing plan to bring more services back in house and under direct council control?
- Is the council's procurement linked to economic development corporately? (Often these departments are separate, with procurement part of finance departments and detached from economic development strategy.)
- Is the council's procurement linked to economic development corporately? (Often these departments are separate, but it is important that they have strong relationships - procurement spend is a key economic development lever to democratise the economy.)
- Does the council have a robust Social Value compliance policy, to which all contractors are subject?
- To what extent does the council insist on the [Fair Tax Mark](#) or the [Real Living Wage](#), within its contracting procedures?
- Is the council part of any ethical commissioning approach, such as the [ethical care charter](#), [Unite's construction charter](#) or the [Armed Forces Covenant](#)?

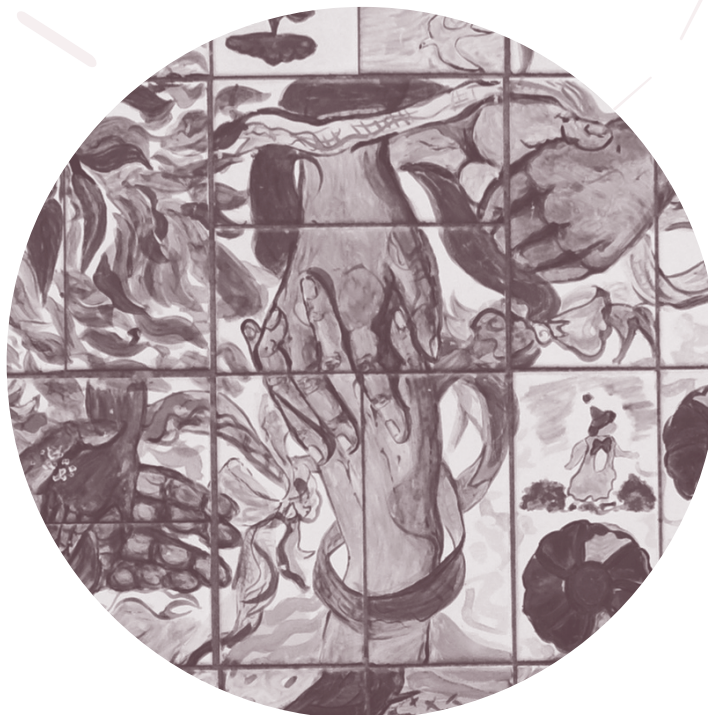
Actions

Councils need to:

- Have a Social Value framework with a progressive procurement strategy.
- Develop a robust spend analysis process to establish an existing baseline.
- Develop a robust monitoring process for take up of real living wage, fair tax within the supply chain.
- Break down large bids so that local businesses are able to apply for them.
- Survey the local private sector to get a sense of who in the local business community is available to respond to tenders, and conduct a “gap analysis” that could inform where the council should aim to create new cooperative businesses or municipal enterprises (see inclusive ownership, below).

Critical indicators:

- Percentage of local spend.
- Percentage of spend with cooperatives, social enterprises etc.
- Percentage of new jobs through progressive procurement approach.
- Percentage of new jobs that pay living wage.



Resources

General guidance

- Social Value Guidance. <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>
- Scottish government guidance on community benefits (i.e., Social Value) in public sector procurement. <https://www.gov.scot/policies/public-sector-procurement/community-benefits-in-procurement/>
- Guidance and resources on how to implement fair tax in your locality. <https://fairtaxmark.net/supporters/councils-for-fair-tax/>
- Report examining the extent to which local authorities spend their procurement resource in their own boundary and with Small to Medium Sized Enterprises. <https://cles.org.uk/publications/local-procurement-making-the-most-of-small-businesses-one-year-on/>
- Information on the concept of a real living wage and associated campaigns. <https://www.livingwage.org.uk/what-real-living-wage>



Practical examples

- Example of Social Value/community benefits “wish list” from Perth and Kinross council. This is a process by which the community have input into what the community wishes to see the contractors provide in terms of Community Benefits. <https://kwiksurveys.com/s/X8yQF3vr#/>
- Example of Social Value procurement from Manchester City Council. <https://cles.org.uk/publications/the-power-of-procurement/>
- Example of Social Value procurement from Bristol City Council. <https://www.bristol.gov.uk/documents/20182/239382/Social+Value+Policy+-+approved+March+2016-1.pdf/391b817b-55fc-40c3-8ea2-d3dfb07cc2a0>
- Unison’s ethical care charter. <https://www.unison.org.uk/content/uploads/2013/11/On-line-Catalogue220142.pdf>
- Example from London (Newham) of ethical construction standards charter. <https://www.unitetheunion.org/news-events/news/2019/september/mayor-of-london-and-unite-join-forces-to-boost-the-capital-s-construction-standards/>
- Example from Salford of ethical construction standards charter. <https://sccdemocracy.salford.gov.uk/mgConvert2PDF.aspx?ID=15177>
- Unite the Union’s construction charter. <https://wlcunite.org/2019/06/26/unite-the-union-construction-charter/>
- UK armed forces covenant on ethical standards for fair treatment for those in the armed forces. <https://www.armedforcescovenant.gov.uk/>

An aerial, black and white photograph of a large crowd of people gathered on a floor with a large-scale checkered tile pattern. The people are scattered across the frame, some standing in small groups, others walking. A prominent, thick, red brushstroke with a white center sweeps across the middle of the image, partially obscuring the crowd. The number '4' is printed in a large, bold, red font, and the word 'Finance' is in a bold, black font, both positioned within the white area of the brushstroke.

4. Finance



Background

Community Wealth Building seeks to increase flows of investment within local economies, and encourage its circulation and recirculation so that local residents and businesses and the community as a whole are able to “take in each other’s wash”. It does this by harnessing the wealth that already exists locally, rather than by seeking to attract new national or international capital.

The finance pillar of Community Wealth Building straddles both public and private finance considerations. It seeks to enhance the financial clout of local authorities alongside strengthening the foundations of local places by ensuring local businesses, entrepreneurs and households are financially secure.

The evidence from many localities pursuing CWB is that the finance pillar can prove to be the most challenging. There are various reasons for this, including the systemic focus of the UK banking sector towards global markets, which has created a lack of depth in regional banks; constitutional constraints on local tax-raising powers; and risk-aversion amongst elected members and local officers when it comes to building new institutions and adopting innovative financial products and services. But no CWB strategy can fully succeed without addressing the financial flows within communities.

Examples of the finance pillar in action include local authority pension funds redirecting investment from global markets to local schemes and away from fossil fuel investments.

Access to finance is fundamentally important to the success of Community Wealth Building models and approaches. As such, it is vital that mutually owned banks are supported to grow and regional banks charged with enabling local economic development are established. Ensuring there are ethical lenders such as credit unions is also key in ensuring local people are not pushed into unmanageable debt.



RACIALLY INCLUSIVE FINANCIAL ORGANISATIONS



Access to personal or business credit is an issue for many communities, especially communities of colour. In responding to this need, many finance initiatives including credit unions and community development financial institutions are dedicated to serving Black, minority and working-class communities.

LOCAL PENSION FUND DIVESTMENT FROM FOSSIL FUELS



Across the country, CWB activity is prompting councillors on pension committees to accelerate the divestment from fossil fuels. Influence has seen shifts in investment activity, with some such as Lancashire Pension Fund now having reduced investment in fossil fuels to as little as 1%. For the full list on Local Government pension fund investment in fossil fuels, see:

https://www.divest.org.uk/wp-content/uploads/2021/03/UKDivest_Report.pdf



Critical Questions

- Is there adequate council scrutiny and oversight of finance across council, with all Councillors briefed and kept informed?
- Is the council actively supporting and working with community finance, [credit unions](#) and other [Community Development Financial Institutions \(CDFIs\)](#)?
- Are councillors on the Pension Committee actively [seeking divestment from fossil fuels](#) and promoting pension investment in local economies?
- Does the council have a financial inclusion policy? (This is a policy to address individual and family financial hardship.)
- Does it have/has it considered [participatory budgeting](#)?
- Is mainstream special funding (e.g., Levelling Up funds) placed within a CWB and Social Value lens?
- Is thought/consideration being given to council involvement in public and community banks?
- Does the Council have any joint ventures with offshore firms/investors in land development? (Obviously, it's not good if it does!)

Actions

Councils need to:

- Ensure public pension divestment from fossil fuels.
- Pursue a portion of pension investment for local investments.
- Support local community finance and community banks.
- Ensure all partners adopt the fair tax mark.

Critical indicators:

- Increase in revenue for the council through increase in democratic ownership.
- Reduce pension fund investment in fossil fuels to below 1% of total investments.
- Create a target for local investments within pension fund.
- Decrease in % of population facing financial insecurity.

Resources


General guidance

- Guide commissioned by the Local Government Association on how councils can work with responsible financing institutions. <https://www.local.gov.uk/publications/improving-access-affordable-credit>
- Labour Party report on the scope for a new banking ecosystem. <https://labour.org.uk/wp-content/uploads/2019/03/Building-a-new-public-banking-ecosystem.pdf>
- Explainer on what public banks are and their transformative potential, with examples from Europe and the United States. <https://thenextsystem.org/learn/stories/public-banks>
- Research report on using pension funds for local investment. <https://cles.org.uk/publications/local-authority-pension-funds-investing-for-growth/>
- Report from Divest UK, with full list of the extent of fossil fuel involvement by UK public sector pensions. <https://www.divest.org.uk/wp-content/uploads/2021/05/Councillor-briefing.pdf>



Practical examples

- Example from Brighton and Hove council on how to develop a financial inclusion strategy, including a plan to build a community banking partnership (CBP). <https://www.brighton-hove.gov.uk/content/council-and-democracy/equality/financial-inclusion-brighton-hove>
- Example of a city-level Financial Inclusion Strategy for Glasgow city council. <https://glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQDN0GZ3Z3T1T1>
- Examples of community financing initiatives and institutions:
 - My Community Finance provides access to ethical lenders. <https://www.mycommunityfinance.co.uk/>
 - Association of British Credit Unions Limited represents and promotes credit unions across England, Scotland and Wales. <https://www.abcul.coop/about-us/about-abcul>
 - Responsible Finance is a national membership body for responsible finance providers. <https://responsiblefinance.org.uk/>
- Report of plans for public bank in Wales. <https://gov.wales/economy-minister-sets-out-plans-banc-cambria-wales-new-community-bank>
- Public bank initiative for North West England, North West Mutual. <https://nwmutual.co.uk/>
- Short Guidance on Participatory Budgeting. <https://www.local.gov.uk/topics/devolution/devolution-online-hub/public-service-reform-tools/engaging-citizens-devolution-5>
- Example of participatory budgeting supported nationally in Scotland via the Community Choices Fund. <https://www.gov.scot/policies/community-empowerment/participatory-budgeting/>
- Examples of participatory budgeting from the Americas. <https://thenextsystem.org/learn/stories/participatory-budgeting>
- Example from Luton of a council's pension divestment from fossil fuels. <https://www.bbc.co.uk/news/uk-england-beds-bucks-herts-59327259>



5. Land & Property Assets



Background

Land and property assets form a key element of Community Wealth Building. Whilst a traditional economic development approach prioritises the value of these assets in economic terms, developing a Community Wealth Building approach would see these assets harnessed first and foremost to serve the common good, rather than through the narrow lens of a commodity.

Community Wealth Building is particularly concerned with the question of ownership. This pillar is significant because land and property ownership is the manifestation of economic and political power, and the current state of land ownership is a major driver of wealth inequality in the UK. This pillar is not only intended to help areas to explore how local authorities and other anchors can use their land and property for socially and environmentally productive purposes. It also aims to inspire councils to question the way land and property should be used and viewed within their areas as a whole. The Liverpool City Region Land Commission report offers an example as to how land and property can be explored and understood in a Community Wealth Building context.

LAND USE AND CLIMATE CHANGE



Many areas involved in CWB have sought to increase the extent to which community or publicly owned land is used for green energy production. A notable example is North Ayrshire and the use of council owned land for a solar farm. <https://www.north-ayrshire.gov.uk/council/community-wealth-building/community-wealth-building.aspx>



Critical Questions

- Does the council have an up to date asset register? (These are formal records of what assets a council holds.)
- Does it have a strategy for deepening municipal/cooperative ownership, rather than disposal for sale?
- Is the development/regeneration/planning agency aware of CWB and what it means for their activities as regards community asset ownership?
- Is there an assessment of common good land (Scotland only)
- Does the council have a land and property strategy that considers wider social ecological use (e.g. municipal energy/solar farms)?
- Is there an awareness and approach of [Community Land Trusts](#) and [Public Commons Partnerships](#)?
- Has the council considered setting up a [land commission](#)?
- Has the council considered a municipal development vehicle?
- What housing organisations do councillors sit on and what is the policy for social rent in those bodies?

Actions

Councils need to:

- Advance community, cooperative and municipal ownership of land and property.
- Consider setting up a land commission.
- Develop a municipally owned development vehicle.

Critical indicators:

- Percentage increase in number of community land trusts / community / cooperative owned assets.
- Percentage of land and buildings used for local economic, social or ecological purposes

Resources

General guidance

- Report outlining pathways and tools for building local asset ownership. <https://cles.org.uk/publications/community-led-development-a-roadmap-for-asset-ownership/>
- Guide for councils on owning renewable energy assets. <https://www.local.gov.uk/publications/renewable-energy-good-practice-guidance>
- Community Wealth Building and energy transition. <https://cles.org.uk/wp-content/uploads/2021/11/Front-page-FINAL.pdf>
- Information on Community Land Trusts. <https://www.communitylandtrusts.org.uk/>
- Report on Public Commons Partnerships. <https://www.common-wealth.co.uk/reports/public-common-partnerships-building-new-circuits-of-collective-ownership>



Practical examples

- Review of the use of land for Community Wealth Building for Liverpool City region: final report of the Liverpool City Region Land Commission. <https://cles.org.uk/publications/our-land/>
- Example of a registry of council owned properties from Preston city council. <https://www.preston.gov.uk/article/1543/Council-owned-property-and-sites>
- Example of a council-owned development company from Salford. <https://www.derivesalford.co.uk/>
- Solar farm plans in North Ayrshire. <https://www.north-ayrshire.gov.uk/news/Council-reveal-latest-green-drive.aspx>
- Examples of building “energy democracy” through local utility ownership in the United States. <https://thenextsystem.org/learn/stories/democratic-energy-utility>





6

Inclusive Ownership

Background

Inclusive ownership of the economy refers to the element of Community Wealth Building concerned with the governance, ownership and management of businesses and enterprises. This means creating an economy where there are more SMEs, municipally owned companies and other forms of ownership such as cooperatives, community businesses and social enterprises. This can run in tandem with conventional approaches to local economic development.

These approaches tend to focus on high growth sectors and drawing inward investment into an area, whereas Community Wealth Building emphasises the importance of foundational sectors and supports models of ownership which hard-wire wealth and social benefits into the local economy. The idea of moving the economy towards more inclusive models of ownership is to make the overall economy less “extractive” (wealth is taken out of the economy) and more “generative” (wealth is broadly held by all). The purpose of this work is to rebalance the economy so that it is capable of producing vastly improved economic, social and ecological outcomes as a matter of course.

RACIALLY INCLUSIVE OWNERSHIP



Extending ownership where more marginalised and minority groups own more land and property assets is a key objective of Community Wealth Building. This sits across much CWB activity in Scotland in relation to urban Vacant and Derelict Land. Many areas have undertaken assessments of publicly owned assets, with CWB used as a means to unlock potential for communities of colour.





Critical Questions

- Does the council consider questions and actions on inclusive ownership within its economic development strategy?
- Is the council actively supporting the development of cooperatives within the commercial/private economy (as opposed to cooperatives in public services, which is a form of outsourcing and not part of CWB)?
- Does the council pursue employee ownership or worker conversion approaches within the local economy?
- Are there plans to develop more democratic ownership models within the voluntary, community and social enterprise (VCSE) sector?
- Is there an active and developed policy/strategy on SMEs and community businesses?
- Is the council engaging with the local trade union movement regarding insourcing and democratization of the private economy?

Actions

Councils need to:

- Adopt a strategy for growing inclusive ownership models within the economy.
- Adopt an insourcing plan for public services.
- Repurpose existing business support toward development of inclusive ownership models, e.g., worker and community ownership.

Critical indicators:

- Percentage increase of cooperatives/employee-owned firms within the local economy.
- Percentage increase of local citizens who are in worker cooperatives/employee-owned firms.

Resources

General guidance

- Labour Party report on why alternative models of ownership are beneficial. <https://labour.org.uk/wp-content/uploads/2017/10/Alternative-Models-of-Ownership.pdf>
- An introduction to public holding companies with examples from the United States. <https://thenextsystem.org/learn/stories/public-holding-company>
- An introduction to worker co-operatives with examples from the United States. <https://thenextsystem.org/learn/stories/worker-cooperatives>
- Co-operatives UK, a network of UK-based co-ops with a mission to support and grow the co-op movement. <https://www.uk.coop/>
- The Employee Ownership Association represents and promotes employee ownership of businesses. <https://employeeownership.co.uk/>
- Association for Public Service Excellence (APSE) guidance on in-sourcing:
 - Report outlining why in-sourcing public contracts is beneficial. [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
 - Reporting outlining the value of returning local authority services in-house in an era of budget constraints. [https://www.apse.org.uk/apse/assets/File/Insourcing%20II%20%20An%20update%20\(%20UNISON\)\(3\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20II%20%20An%20update%20(%20UNISON)(3).pdf)
 - Practical guide to bringing local authority services back in-house. <https://www.apse.org.uk/apse/index.cfm/research/current-research-programme/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/>

Practical examples

- Preston cooperative development network.
<https://prestoncoopdevelopment.org/>
- Case Studies from Cooperative Councils Innovation Network.
<https://www.councils.coop/case-studies/>
- London Borough of Islington – Cooperate Islington. <https://www.islington.media/news/islington-council-to-help-give-hundreds-of-workers-a-stronger-stake-in-local-economy>
- Wigan Community Wealth Building. With inclusive models of Care (see page 17-18). <https://www.wigan.gov.uk/Docs/PDF/Council/The-Deal/Community-Wealth-Building-document.pdf>
- Formation of supply teachers cooperative in North of Tyne.
<https://neunorthern.blogspot.com/2021/02/some-good-news-for-supply-teachers.html>
- Inclusive “Ownership Hub” in Sheffield.
<https://www.scrgrowthhub.co.uk/services/ownership-hub/>





7. Workforce



Background

For many places in which there is a need to push back against decades of unemployment and poverty, employment and skills must be at the core of the Community Wealth Building agenda.

Concerted efforts by the public sector to turn the dial on employment and skills have the potential to reshape the labour market so it works for local people and businesses for years to come—equipping local people with the skills needed to support the development of growth and self-worth, enabling people to reach their full potential. Critically, doing so in the context of an overall CWB approach ensures that there will be actual local jobs available at the end of skills and training efforts, rather than training and equipping people for jobs which turn out not to exist, which is often the outcome of traditional economic development approaches to upskilling.

Linkages to procurement can encourage fair employment practices in order to foster real jobs and decent work and conditions, and advance living wages and trade union rights. The CWB focus on local supply chains can also support the growth of local jobs within marginalised communities.

SUPPORT FOR INCLUSIVE WORKFORCE DEVELOPMENT



The original CWB model, the Evergreen Cooperatives in Cleveland, Ohio, principally created jobs for the city's low-income communities of colour, many of them returning citizens from the prison system who would otherwise face high barriers to employment. In the UK, Islington Council has recently launched Cooperate Islington, an initiative offering seed funding and business advice to support job growth through a new generation of democratic businesses, especially cooperatives led by women and people from Black, Asian and Minority Ethnic backgrounds.



Critical Questions

- Does the area have an employment charter? (This should be done in partnership with anchors and monitored.)
- Does council recruitment policy have a local focus, and does it actively encourage applicants who are women, from minority groups or people living in areas of high deprivation?
- Is the council a real living wage employer?
- Does the council encourage unionisation across the council area including through social value/procurement policies?

Actions

Councils need to:

- Create an employment charter.
- Become an accredited living wage place.
- Adopt a policy on gender/racial pay gaps.

Critical indicators:

- Percentage increase of employees who are paid the real living wage.
- Percentage increase of employers who pay the real living wage.
- Increase in unionisation.
- Reduction in gender/racial pay gaps.

Resources

General guidance

- Report on how public employment can bring multiple benefits, including supporting local economic development.
<https://cles.org.uk/publications/towards-a-future-for-public-employment/>
- Information on trades councils.
<https://www.tuc.org.uk/trades-councils-who-we-are-and-what-we-do>

Practical examples

- Example of a fair work charter from Scotland that defines what fair work is and suggested targets and pathways for building an economy based on fair work. <https://www.fairworkconvention.scot/the-fair-work-framework/>
- Example of a local workforce building strategy from North Lanarkshire. <https://www.northlanarkshire.gov.uk/sites/default/files/2020-11/Workforce%20for%20the%20Future%20Strategy%20v3.pdf>
- Example of a good employment charter from Greater Manchester including definitions of good employment. <https://www.greatermanchester-ca.gov.uk/news/greater-manchester-s-good-employment-charter-model-revealed/>
- Councils are considering how their staff can assist in supporting community energy projects. See Plymouth Energy Community. <https://plymouthenergycommunity.com/>

Conclusion: **BECOME A COMMUNITY WEALTH BUILDER WHERE YOU LIVE**

At a time of renewed crisis and uncertainty, the outlines of a new economic paradigm are beginning to take shape. Community Wealth Building is how this next system begins in your community.

A powerful story is developing, based on the growing effect that these models and others are having on policy and practice in an increasing number of cities across the United Kingdom and elsewhere. The advances on Community Wealth Building approaches that are taking shape are creating a politically potent sense of excitement, possibility, and hope. They illuminate how new approaches can work in practice and generate new solutions to longstanding economic challenges.

By projecting and extending these practical experiments, the underlying structural building blocks of a new democratic local economy can be assembled. There is a path beyond crisis and decay, to take us to something better.

Community Wealth Building offers a framework for reimagining local democracy by putting citizens at the heart of key decision-making processes – as workers, carers, consumers, and community members. The principles and new institutional arrangements at the heart of Community Wealth Building represent foundational steps for building a new economy from the bottom up in which the needs of the community and planet come before the prerogatives of private capital.

We hope you find this toolkit helpful as a “getting started” guide as you set out on your own transformational Community Wealth Building journey.

— *The Democracy Collaborative and Momentum*

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