



# How we built community wealth in Preston

Achievements and lessons



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### Centre for Local Economic Strategies (CLES)

CLES 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.

### Preston City Council

Preston City Council has been a longstanding member of CLES' membership network, accessing bespoke research and training services for over two decades.

## Foreword

When I first joined the Cabinet of Preston Council in 2011 I was convinced that we needed a different kind of economic model – for too long we'd been at the mercy of the ebbs and flows of inward investment. Even in the good times, the fruits of the city's apparent success had little impact on the workers who created it. Instead we had families struggling to make ends meet, with low pay, ill health and deep-rooted inequality a persistent feature of the city. My vision was to begin transforming our economy to one where wealth produced locally was controlled by those who produced it, not by distant shareholders.

Preston had long been a member of the Centre for Local Economic Strategies (CLES) and it was to them that I turned. I realised that not only did they share my conviction that things must change but that they had the experience, expertise and commitment to help us forge this new approach. Over the last eight years they have rolled up their sleeves and worked with us in Preston to turn this conviction into reality on the ground. Some of this work has been far from glamorous. Together, we have built relationships with the city's anchor institutions, poured over procurement data and done the hard work of knitting a new economic approach against the grain of much conventional thinking on economic development. We all knew that adopting a policy position was the beginning not the end of this journey – change would need time, the work of many hands and the wisdom of many minds.

Several years on and the story of this journey is one which has sparked the imaginations of many across the UK and beyond. It is a story which has been picked up and retold many times by many people. In the midst of all the interest, this publication is vital. Based on nearly a decade of joint work, it tells the story from the perspective of the people who have been there throughout, the City Council and the anchors we've worked with, the growing network of worker-owned businesses. It brings together data on our impact, distils our shared learning and lays out a route map for pushing on further. It should also challenge some myths that our work is solely about 'buying local' and tells the wider picture of our ultimate aim to use a number of strategies to create a democratic local economy for Preston.

The Preston model is just that – a way of working crafted for and by Preston. But I hope that our work and this publication can continue to stand as an inspiration for the people of this great city and the wider world.



Cllr. Matthew Brown  
Leader Preston City Council

## 1. About this publication

This publication tells the story of community wealth building in Preston. It reflects on eight years of collaboration, outlines key achievements, offers reflections on the journey and maps out possible next steps.

### Who this publication is for

We hope this document will be widely read by citizens, economic development practitioners, politicians, anchor institution leaders and policymakers who want to build a better economy and a more just society.

CLES has recently launched the national community wealth building Centre of Excellence to develop and accelerate the adoption of community wealth building practice in the UK. If you are inspired by what you read here, and want to take further action, please visit our website where you will find further information on training and events, practical resources and tools as well as the latest research and news from across the UK and beyond: [www.cles.org.uk/community-wealth-building](http://www.cles.org.uk/community-wealth-building)

## 2. The story in Preston

### How it happened – a timeline



## 2.1 The failings of traditional regeneration

The UK is the fifth largest economy in the World, yet many of its local areas experience economic stagnation, falling wages, rising levels of poverty, and public sector austerity. The economy is not working for all; inequality is now entrenched with 10% of households owning 45% of the nation's wealth.<sup>1</sup>

The traditional model of economic development does little to address this wealth problem. Instead it focuses heavily on attracting inward investment, assuming that the wealth created will trickle down to local communities.

On one level it's a familiar story. At the start of the decade Preston, Lancashire, was a city with economic and social issues but also unrealised opportunities. The decline of industry in the 1970s had contributed to rising rates of poverty.

By the early 2010s these issues were being compounded: firstly, by public sector austerity and the post-financial crash recession and; secondly, the stalling and then eventual abandonment of the £700 million Tithebarn regeneration project, which had been expected to provide the inward investment necessary to transform the city centre.

### What is community wealth building?

Since 2006, Community wealth building has emerged as a powerful approach to local economic development. Through this approach local economies are reorganised, so that wealth is not extracted but broadly held and income is recirculated. These ideas are being applied by a growing number of businesses, public and social sector organisations across the UK who are now driving a shift in economic development thinking.

Community wealth building has been advanced through a blend of five strategies:

#### 1. Plural ownership of the economy

Community wealth building seeks to develop a more diverse blend of ownership models: returning more economic power to local people and institutions. In this, community wealth building asserts that small enterprises, community organisations, cooperatives and forms of municipal ownership are more economically generative for the local economy, than large or public limited companies.

#### 2. Making financial power work for local places

Community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, as opposed to attracting national or

international capital. For example, local authority pension funds can be encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow and regional banks - charged with enabling local economic development - are established. All of these are ideally placed to channel investment to local communities while still delivering a steady financial return for investors.

#### 3. Fair employment and just labour markets

As large employers, the approach that anchor institutions take to employment can have a defining impact on the prospects and incomes of local people. Recruitment from lower incomes areas, commitment to paying the living wage, and building progression routes for workers are all examples of actions that anchor institutions can take to stimulate the local economy and bring social improvements to local communities.

#### 4. Progressive procurement of goods and services

Progressive procurement can develop dense local supply chains, SMEs, employee owned businesses, social enterprises and cooperatives and other forms of community business. These types of businesses are more likely to support local employment and have a greater propensity to retain wealth and surplus locally.

#### 5. Socially productive use of land and property

Anchor institutions are often major local asset holders. These assets represent base from which local wealth can be accrued. In community wealth building the function and ownership of these assets is deepened to ensure that any financial gain is harnessed by citizens. Furthermore, there is a desire to develop and extend community use of those assets. It should be remembered that much public sector land and facilities are a part of the commons, and should be used to develop greater citizen ownership.

### Community wealth building delivers national and international benefits

Community wealth building can work anywhere. However, it is crucial in areas where the economy has been hollowed out through years of under-investment. Community wealth building also delivers national and international benefits, including:

- productivity benefits - contributing to national prosperity;
- social benefits - bringing economic activity where it can produce the highest social return
- environmental benefits from shortening supply chains.

### Anchor institution

The term 'anchor institutions' is used to refer to organisations which have an important presence in a place, usually by virtue of being large scale employers, the largest purchasers of goods and services in the locality, overseeing large areas of land and having relatively fixed assets.

Anchor institutions are often tied to a place by their mission, histories, physical assets and local relationships. Examples include local authorities, NHS trusts, universities, trade unions, large local businesses, housing associations and the combined activities of the community and voluntary sector.

Guided by Community wealth building principles, Anchor Institutions can play a defining role in creating and reinforcing local economic ties.

### 2.2 The birth of a new approach

In an important first step, the City Council became the first Living Wage Foundation accredited employer in the north of England, committing to pay all staff the Living Wage. Crucially, the Council also took an active role in encouraging local anchor institutions to pay the Living Wage, emphasising the collective role they could play in creating better conditions for all workers.

In 2011 Preston City Council began conversations with CLES about harnessing their spending and supply chains for greater local economic benefit. In March 2012 a representative of the City Council attended a CLES session in London with Ted Howard, founder of The Democracy Collaborative, an American think and do tank. Ted described his organisation's approach to community wealth building and how they had worked with anchor institutions in Cleveland, Ohio, to build wealth from within rather than relying on external investment. Later that year, CLES and the City Council organised for Ted to visit Preston and, in 2013, the City Council engaged CLES to explore ways to apply community wealth building ideas locally.

Informed by this work in the USA, alongside European and UK municipalism and ideas around the unique values within the public sector and a UK social contract, a programme of work began. The starting point was to reach out to engage the city's anchor institutions. Preston has a number of influential anchor institutions which collectively spend over £1bn per year, employ thousands of local people, and exert a large influence over city life. The scale and local roots of these institutions made them ideally placed to affect a progressive change in the city's economy.

From this, CLES and the City Council began working with Lancashire County Council, Preston's College, Community Gateway, Cardinal Newman College the Office of the Lancashire Police and Crime Commissioner and UCLan (who joined in 2014).

While all the anchor institutions had strong track records of delivering local economic and social benefit, the invitation from CLES and City Council to work collaboratively marked the beginning of a new chapter.

### 2.3 Unlocking the power of procurement

Recognising the many ways in which they influenced the city economy, the anchor institutions decided to focus initially on leveraging maximum local economic and social benefit from their spend on goods, works and services. This began a period of close working between the anchor institutions and with CLES to shift their spending towards local and socially responsible suppliers. The work started with CLES and Preston City Council representatives meeting with the anchor institutions to explain the concept and seek buy-in to work collaboratively. Following these initial conversations CLES conducted an analysis of the procurement spend of each anchor institution and mapped the financial value and geographical location of their top 300 suppliers.<sup>2</sup>

**This identified that of the collective £750m 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). Over £458m was leaking out of the Lancashire economy.**

## 2.4 Influencing local spend

CLES and the anchor institutions then began to analyse the types of spend which went to suppliers based outside of the Preston and Lancashire economy and identified which of these contracts could be opened up to greater competition. This necessitated developing an in-depth knowledge of local/socially responsible suppliers as well as overhauling procurement documentation and procedures to make opportunities accessible to a broader range of suppliers.

This work included meetings with senior officials and procurement leads, running workshops to identify the broad range of behaviours and patterns which influenced the procurement and commissioning processes. From this work, the anchor institutions agreed a statement of intent, with the overarching vision of achieving a 'long term collaborative commitment to community wealth building in Lancashire for influencable spend.'

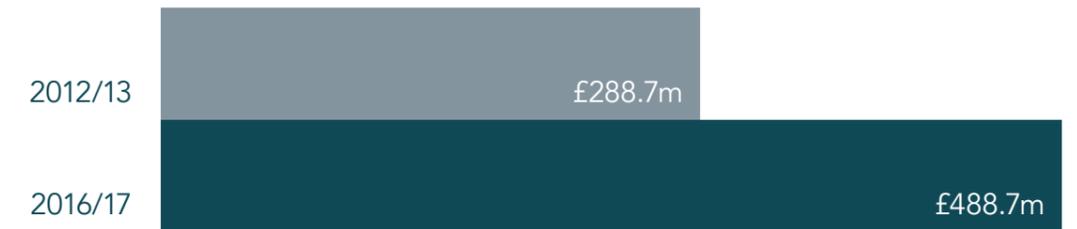
Over the next few years, the anchor institutions worked on ways to increase the local economic and social benefits generated by their supply chains. The idea was not to simply to increase local spend but to identify areas where money was leaking out of the Lancashire economy or being used in socially unproductive ways, and to find ways to recapture this spend to better benefit local workers, employers, and businesses.

**The impact of this work has been significant, with the most recent anchor institution spend analysis finding that the procurement spend retained within Preston was £112.3m, a rise of £74m from 2012/13. Within the wider Lancashire economy (including Preston) £488.7m of spend had been retained, a rise of £200million from the baseline analysis.**

### 1. Procurement spend retained within Preston



### 2. Procurement spend retained within Lancashire



The 2016/17 analysis figures showed that over the five years since 2012/13, locally retained spend had increased within Preston from 5% to 18.2% and within Lancashire from 39% to 79.2%.<sup>3</sup>

## 2.5 Building European collaboration

By 2015, Preston had gained a reputation for an innovative approach to public procurement and the City Council, with assistance from CLES, had successfully applied to the lead the EU and URBACT III funded Procure Network. Through this initiative 11 European cities (including Preston) came together to explore how they could harness their own spending power and that of anchor institutions within their localities.<sup>4</sup>

With expert advice from CLES, Preston created a programme of activity to meet, share experience and learning and, from this, develop local action plans. In Preston itself, the six anchor institutions were involved in developing an integrated plan for the city 'to build a common local economy strategy across anchor institutions from the region and develop knowledge and capacity of local suppliers'.

Through the Procure Network, the Preston anchor institutions refined and honed their practice, benefiting from the inspiration and learning of other network members. This was crucial to securing the increased levels of investment in the local economy. Following on from Procure, Preston successfully applied to lead a further EU URBACT funded Transfer Network called Making Spend Matter. Approved in April 2018, this is a network of seven cities (including Preston) from across Europe which enables knowledge transfer from Preston's experience.

## 2.6 Growing local businesses and cooperatives

Research and engagement with local businesses revealed that there were some types of anchor institution spend where the local supplier market was limited. Catering was an example of this. The City Council recognised that this situation provided an opportunity to not only encourage the growth of new businesses but to enable more democratic forms of business ownership. The Council worked closely with academics at UCLan to advance the cooperative sector in the city, establishing the Guild Cooperative Network and Preston Cooperative Development Network. These initiatives have been helpful in developing worker owned cooperatives in the catering, tech, and digital sectors - for example, The Larder (a food cooperative) and the Preston Digital Foundation (specialising in digital transformation).

## 2.7 Case studies of anchor institutions building community wealth

Collaboration on influencing supply chains has been a consistent focus for all six of the anchor institutions and has realised lasting benefit for the local economy. But beyond this, a broader community wealth building approach has developed, characterised by a diversity of activity bespoke to each anchor institution.

Over the following pages, we present a snapshot of the work each anchor institution has undertaken since this process began.

### Preston City Council

#### — Workforce

The City Council pays all staff at or above the Living Wage, as well as playing an active role in advocating for the adoption of the Living Wage across all employers in the city. The City Council also helped develop CLEVR Money, a credit union operating across Blackpool, Preston and the Fylde and through which City Council employees are able to make payroll savings. These savings contribute to a revolving loan fund available not just to council staff, but also to community members of the credit union, supporting access to finance in deprived areas of the city.

#### — Procurement

As the driving force behind the development of anchor institution collaboration, Preston City Council has itself increased the proportion of procurement spend with organisations based or with a branch in Preston from 14% in 2012/13 to 30% in 2016/17.

#### — Ownership of the economy

Preston City Council has led international innovation on the democratisation of the economy, working with UCLan, local people and organisations to develop a healthy local co-operative sector.

#### — Land, property and assets

Preston, South Ribble and Chorley have agreed a Central Lancashire Skills and Employment Supplementary Planning Document. This means that for developments of more than 30 houses and / or 1000m<sup>2</sup> commercial floorspace, developers applying for planning permission are required to attach a skills and employment plan demonstrating how they will look to provide training / skills and employment opportunities for local people.

### Lancashire County Council

Lancashire County Council has conducted a range of activities designed to deliver better economic and social outcomes for citizens in both Preston and across Lancashire. This work has been driven by a long-standing ambition to redefine the role of public service provision across Lancashire.

#### — Procurement

The Council has developed a social value procurement framework to encourage suppliers to promote local training and employment, support the voluntary and community sector, and promote environmental sustainability.

#### — Land, property and assets

The County Council partnered with Preston City Council to maximise the social return to public pensions through the Lancashire Local Government Pension Fund. Since 2013, the Pension Fund has allocated £100m for investment in Preston and South Ribble and a further £100m for investment in wider Lancashire. This has led also to direct investment of funds in locally developed student accommodation in the city centre.

## Office of Police and Crime Commissioner for Lancashire (OPCC)

### — Workforce

Working collaboratively with other anchor institutions encouraged the OPCC to drive forward progressive changes to employment practices. For example, championing the Living Wage and encouraging Lancashire Constabulary to become an accredited Living Wage employer.

### — Procurement

As the commissioner for a police force for over one million citizens in the North West, the OPCC has seized upon opportunities to drive social value through the procurement process. Since the commencement of anchor institution collaboration the OPCC has undertaken a range of activities relating to maximising social value in their supply chains, including:

- embedding social value requirements into invitation to tender and contract documents;
- developing mechanisms to accurately capture and monitor the application of social value;
- hosting 'meet the buyer' events for local suppliers.

This was all brought together in the commissioning of the new police station in Blackpool where a focused programme of supplier engagement enabled several small and micro local businesses to be involved in construction and fit out.

The OPCC's local spend went up from 52% in 2012/13 to 71% in 2017/18.

In April 2017, the OPCC released a social value policy, which set out a clear commitment to ensure that any procurement opportunities were linked to both the key priorities of the Crime Plan for Lancashire, but also the wider priorities of public services across Preston and Lancashire.

## Community Gateway

Community Gateway is a housing association formed from the transfer of Preston City Council's housing stock in 2005. It owns and manages over 6,500 homes in and around the city and employs approximately 250 staff.

### — Workforce

Recognising the importance of linking tenants and the wider community to job opportunities Community Gateway has secured funding for the Preston Vocational Centre. The Centre provides training for up to 200 students from local schools who have struggled to engage with academic courses.

Several Community Gateway suppliers provide employment opportunities for students at the Centre.

In terms of its own workforce, Community Gateway was an early adopter of the Living Wage Foundation Living Wage. It has also implemented an annual employee 'community activity pledge' through which staff are able to spend a number of working days per year supporting local community projects.

### — Land, property and assets

Recognising the twin issues of significant numbers of vacant, run-down, privately owned properties and a shortage of social housing, Community Gateway has worked with the City Council on its Empty Homes programme, buying and renovating empty properties so they can be rented out to people in need of social housing.

### — Ownership of the economy

Community Gateway is a tenant-led cooperative business which has pioneered a governance model which promotes local pride, tenant democracy, and community engagement. Named the 'Community Gateway model', this involves representation of local people on the Board, in service action groups and on-going and direct contact between staff and residents.

Demonstrating their commitment to utilising their financial assets to promote more democratic and locally beneficial models of business ownership, in 2013 Community Gateway made the decision to bring the repairs service back in-house. Previously, the service was delivered by companies based outside of the region. The decision to bring the service in house has generated significant local economic benefit, with many tenants securing jobs within the service. This has brought back around £5m per year to the local economy and has provided the opportunity for tenants to secure jobs within the service.

## Preston's College

Preston's College offers a range of further and higher courses for school leavers and adults across Lancashire. The College plays a vital role in developing the local skills and employment base, with over 90% of 16-18-year-old full-time learners going on to further study, an apprenticeship, or employment.

#### — Procurement

Preston's College has been applying social value principles to its procurement activities for many years. Since the start of CLES' anchor institution work in 2013, this has particularly focused on providing employment opportunities for local suppliers to work on re-developing part of the College's site. Preston's College undertakes a range of community-wide activities that link it to the wider activities of anchor institutions in developing a good local economy and society for Preston. These broader offers around community provision include; delivering English as an additional language courses as part of Preston's 'City of Sanctuary' status; offering voluntary opportunities with the local fire and rescue service; and working with local SMEs to provide employment pathways for students and members of the local community.

#### Cardinal Newman College

Cardinal Newman College is a sixth form college in Preston with over 3,000 students and 400 members of staff. The College was involved in anchor institution collaboration in Preston from the beginning, building on its rich history as an important player in the city's civic life.

#### — Workforce

In August 2014 the College introduced a Living Wage for all of its staff. This policy was extended at a later date to include all staff provided by the College's catering contractor.

#### University of Central Lancashire (UCLan)

UCLAN's involvement in the anchor institution collaboration process, buildson the University's strong heritage of playing a significant role in the economic, cultural, and social fabric of the city.

#### — Procurement

UCLan has driven social value through its procurement process, for example by requiring non-local contractors to sub-contract to local firms to develop its £200m campus masterplan.

#### — Ownership of the economy

The University has supported the development of the cooperative sector in the city through facilitating shared learnings with the Mondragon cooperative in Spain; leading to the creation of the Preston Co-operative Development Network; and contributing to research on areas such municipal energy and local democracy.

## 3. Impact

The fundamental aim of community wealth building in Preston has been to use local economic assets to develop the economy in ways that have tangible benefits for its citizens, communities, organisations and businesses. This section details the impact of the various policies and interventions undertaken in the last eight years, giving a picture of what has been achieved in Preston and how the work of each anchor institution has affected the local economy.

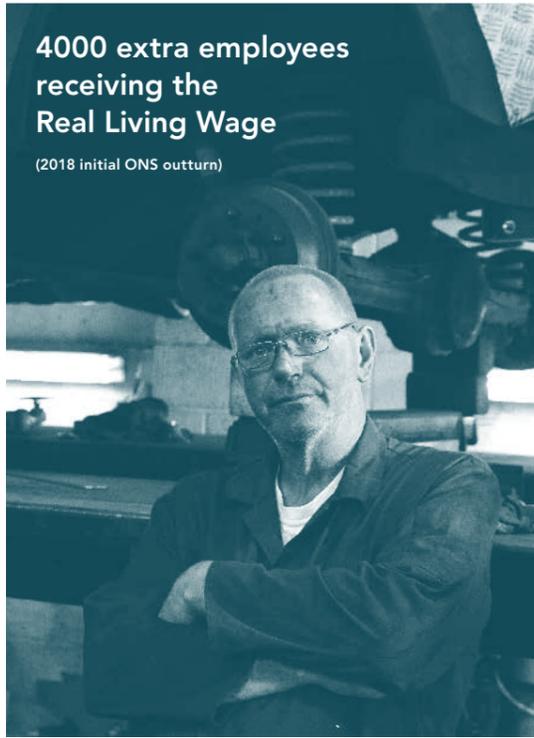
The recirculation of over £200m being spent with local suppliers as a result of the changes in procurement behaviour across anchor institutions has had a positive multiplier effect on local jobs, wellbeing, health, and economic growth. This is partially reflected by the fact that in 2018 Preston was named the 'Most Improved City in the UK'.<sup>5</sup> Whilst the changes that contributed to this success are not exclusively due to the increased proportion of public spending in the local and regional economy, it is evident that keeping money in the local economy has actively contributed to driving positive local economic and social outcomes.

£74m redirected back into the Preston economy through procurement work, with £200m invested into the wider Lancashire economy.

**£200M**  
BACK IN  
TO THE  
ECONOMY

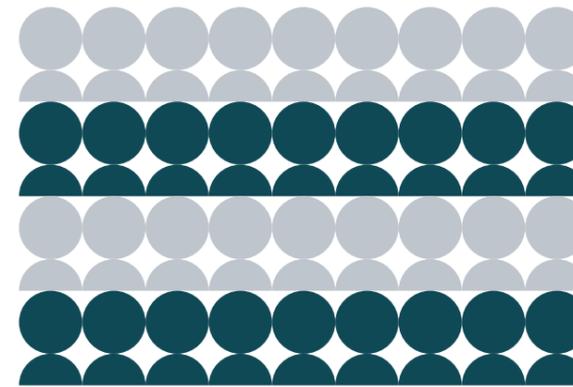
4000 extra employees receiving the Real Living Wage

(2018 initial ONS outturn)

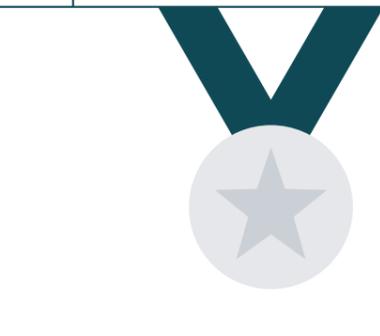


BY ENCOURAGING ANCHORS TO SPEND THEIR MONEY LOCALLY AND SOCIALLY, COMMUNITY WEALTH BUILDING HAS:

Developed the skills of local people within Preston and the wider Lancashire area.



**CREATED STABLE, WELL PAYING JOBS.**



Preston improved its position from 143th to 130th in the Social Mobility Commission index (out of 324 local authority areas).



Preston named 'Most Improved City in the United Kingdom' in 2018 in 'Good Growth for Cities 2018'.

**ABOVE-AVERAGE 'GOOD GROWTH INDEX' RISE OF LANCASHIRE LOCAL ENTERPRISE PARTNERSHIP.**

**REDUCED LEVELS OF IN-WORK POVERTY**



Kept money circulating in the local economy

10% rise in 16-24 year olds in Preston receiving at least an NVQ Level 3 qualification 2014 – 2017.

Reduction in unemployment from 6.5% in 2014 to 3.1% in 2017. (Compared to UK average of 4.6% in 2017).<sup>6</sup>

Preston moves out of top 20% most deprived local authority areas in the UK.<sup>7</sup>



Demonstrated the potential of anchor institutions to realise good local economies for people and place.



## 4. Lessons learned

Community wealth building in Preston has taught us a great deal. In this section, we present our key lessons from community wealth building in Preston.

### 1. Community wealth building... **works**

Preston was one of the first places in the UK to embed a suite of wealth building principles in its economic strategy. Its success presents a proof of concept that community wealth building works in practice and has the capacity to achieve a meaningful transfer of wealth and power back to local communities.

Work in Preston emerged in response to the challenges facing the local economy following the 2008 financial crisis and the clear failures of economic development orthodoxy. By modelling methods of economic development, which are predicated on harnessing the collective power of public institutions rather than relying on inward corporate investment, Preston has demonstrated that reliance on external investment is no longer the only game in town.

### 2. Community wealth building... **is the work of many hands**

The 'Preston model' has succeeded because it has been a shared endeavour involving many individuals across many organisations. It has never been the property of CLES, Preston City Council or any of the anchors, but instead has been collectively built by the range of stakeholders who have all brought different ideas about how to create a good local economy.

The process has demonstrated how true collaboration comes when senior managers, political leaders, and frontline practitioners across anchor institutions all feel a sense of shared ownership and are able to mould the collective journey based on individual institutional experiences. By fostering a culture of collaboration, Preston has demonstrated a viable alternative to centralisation and tight bureaucratic control.

### 3. Community wealth building... **must be unique to place**

Work in Preston is rooted in a European social democratic tradition and has drawn from the concept of anchor institutions and work of The Democracy Collaborative in the USA. However, participants understood early on that Preston work would need to create a bespoke local approach. This meant starting from an assessment of local need to identify the unique circumstances of Preston's economy and how community wealth building might be moulded to meet these strategic challenges. Thinking locally enabled partners to work in ways that were most appropriate for local conditions. Rather than a 'lift and shift' prescription, CLES and partners have constructed solutions which started from the realities on the ground.

### 4. Community wealth building... **is about public service**

The collaboration across the anchor institutions in Preston is testament to how civic institutions can work together in a locality to produce positive outcomes. Anchor institutions in Preston were willing to share ideas and explore new opportunities together, often leading to outcomes which were 'more than the sum of their parts.' At the same time, the relationship between anchor institutions was based on honesty about the scope of their work together. For example, anchor institutions were given the flexibility to opt in or out of projects as befitting their corporate priorities and policy constraints. This has led to a partnership that is flexible and mutually beneficial.

Ultimately, what brought the anchor institutions together was a shared understanding of their civic responsibility to produce a good local economy for the people of Preston. This work demonstrates that the anchor institutions are animated by public values, rooted in a desire to go beyond their immediate remit in order to serve the public interest.

5. Community wealth building... **means a diversity of suppliers**

The goal of the progressive procurement work undertaken in Preston has always been to increase competition, allowing a plurality of providers, including but not limited to local suppliers, to compete and bid. In this work we have found that maximising social value through public procurement does not always mean going with the most local firm, but instead demands a careful balancing of geographical, social, environmental, and other factors.

In practice, analysis has shown that, in Preston, the effect of increasing spend with local suppliers has been a reduction in spend with firms headquartered in London and the south east rather than in other parts of the UK.

6. Community wealth building... **tells a story that people want to hear**

The unprecedented media interest in the 'Preston model' demonstrates the latent demand for innovative new ideas across British society. It has also brought great benefit; increasing the profile of community wealth building as a viable alternative to orthodox economic development; giving Prestonians pride in their city; inspiring other local authorities to take up the call; and helping Anchor institutions showcase the excellent work that they have done.

However, and perhaps unsurprisingly, media attention can also bring challenges if it misrepresents and reduces the full picture. The notion that what happened in Preston can simply be related to a single political philosophy fails to reflect the plurality of drivers behind anchor Institution activity, when the work in Preston began. Moving forward, efforts must be made to ensure that the opportunity of media coverage and political interest is managed to ensure it captures the full essence of a project.

7. Community wealth building... **is not a 'model', it is an inspiration**

As suggested above, the media focus on the 'Preston model' has come with new challenges - none more so than the use of the word 'model' itself, which suggests that what has happened in Preston could be exactly lifted and replicated in municipalities across the world. Whilst there are core principles to wealth building (see above), and there are definitely experiences and insights to be shared, community wealth building must never be a one size fits all policy prescription, with Preston as the shining example. Rather, we must see what has happened in Preston as an example of the benefits brought by restless innovation and creativity. In this sense, it is an invitation for each municipality to develop their own work, based on the community wealth building principles and, from this, let many models bloom.

8. Community wealth building... **is both a policy approach and a way of working**

In Preston, community wealth building has been a long-term endeavour of social and economic change. It is relatively easy for an anchor institution to adopt the five principles of community wealth building (as set out on pages eight and nine) as an economic policy, but to animate that policy within a place with other Anchor institutions (some of whom are being driven by national policy) and then to affect a change in their business operations, takes focus, effort and time. It involves very many individual changes to behaviour and actions. This "embroidery" of linking people, activities and processes within and across institutions is crucial to the advancement of community wealth building and the achievement of real outcomes. It requires a relentless focus on everyday practice.

## 5. Next steps, in Preston and beyond

Preston has an excellent platform on which to create a more democratic and socially just economy. The challenge now is to build on these achievements and embed community wealth building to the fabric of the city. This will require deepening existing activities, finding new areas for collaboration, and pushing the agenda onto even bolder terrain. Below we describe a possible route forward.

### Nurturing strong anchor institution relationships

Since 2012, strong relationships have been built between Preston's anchor institutions. The number of anchor institutions involved has increased over time, most recently with the involvement of Lancashire Teaching Hospital in the Making Spend Matter project.

Recent national policy developments have increased interest in the role of local anchor institutions in the NHS and higher education. The NHS Long Term Plan, published in 2019, and the Civic Universities Commission report (also published in 2019 and which UCLan signed in May of the same year), both highlight the potential for large public sector organisations to operate as anchor institutions in place, delivering significant local social and economic benefit.

Continuing to nurture the relationships between anchors as the range of community wealth building work expands will be key to securing maximum benefit from individual and joint activity. There is also potential to further widen the range of anchor institutions involved, for example to include other parts of the local NHS.

### Deepening and championing procurement work

Progressive procurement has been the cornerstone of community wealth building in Preston, but there is more work to be done on how goods and services are commissioned. More attention could be paid to cultivating a plurality of local providers, especially in those sectors from which anchor institutions currently procure outside of the city and wider county.

### Linking work on procurement with development of a plurality of local business models

Animating a more diverse supply chain will further enable anchor institutions to contribute to a healthy economy.

Work undertaken in Preston to develop cooperatives, mutually owned businesses, and municipal enterprises continues apace. The further development of workers cooperatives is the intent of Preston City Council, and these form an important part of a wider need to advance other forms of democratic, municipal and community wealth building activity. The goal now is to further link the development of the cooperative sector to the advancement of the progressive procurement agenda.

### Sharing learning beyond Lancashire

Preston's anchor institutions have already become significant voices within their sectors at championing more locally focused and diverse commissioning strategies, helping to demonstrate the value of a locally determined approach. Anchor institutions should use the opportunity afforded by Preston's lead role in the European Union funded Making Spend Matter project, along with their own sector networks and the community wealth building Centre of Excellence established by CLES, to advance the case for community wealth building.

### Beyond procurement

Whilst anchor institution procurement work is the most advanced of all aspects of community wealth building work in Preston, work on the other principles has developed over the last eight years. Below we describe the opportunities available to deepen this work:

#### — Anchor Institution workforces

- There is ample scope to strengthen employment practice and policy in the city so that people from the most disadvantaged areas of the city are able to access jobs and progression opportunities within anchor institutions. For example, mapping where employees live against data on neighbourhoods which rank highest on Multiple Indices of Deprivation would give a clear indication of areas to target with future recruitment activity.

- A return to focusing on the conditions of pay and employment for citizens across the city. Preston could become a Living Wage City, e.g. a city where all anchor institutions agree to pay the Living Wage Foundation Living Wage. At a national level, it is estimated that this innovation could boost UK cities by over £1.1bn.<sup>8</sup>
  - Lancashire Constabulary and Community Gateway have both made decisions to bring previously outsourced services back in-house over recent years. This move has the potential to improve terms and conditions for employees, generate greater local economic benefit and strengthen democratic oversight of the service.
- Anchor Institution land, property & assets
- While wealth continues to be extracted from Preston by speculative land developers and property owners, anchor institutions have the opportunity to rebalance this trend through their land and asset management practice. The large-scale redevelopment of the UCLan campus has been designed with the explicit intention of creating publicly accessible civic resources for the city. Exploring new ways to manage these sites to maximise public benefit will be a key stage in realising the considerable potential of this investment for the city economy and developing approaches which could be more widely adopted by other anchor institutions.
  - Preston City Council has already taken steps to ensure that the large public pension investments it is a part of are utilised for social good, rather than private profit. The City Deal negotiated with Lancashire Council Pension Scheme saw investment in locally developed student accommodation in the city and, this year, the Park Hotel will be redeveloped. There is scope here for Preston to work with Lancashire colleagues to further use the sizable capital afforded by pension investments and combine that with other investments and assets to establish a local wealth fund to benefit Lancashire's economy.
  - Lancashire Constabulary and Community Gateway have both made decisions to bring previously outsourced services back in-house over recent years. This move has the potential to improve terms and conditions for employees, generate greater local economic benefit and strengthen democratic oversight of the service.
- Ownership of the economy
- The City Council and UCLan have already begun to enable greater diversity of local business ownership models in the city. For example, working with the Co-Tech - a network of technology cooperatives - to bid for services within local schools and universities. Intensifying these elements of the local economy will help Preston's citizens secure greater ownership and control of the businesses they work for, use, profit from, and could potentially own. This work will be accelerated and scaled up through work with Co-operatives UK and through a planned programme, led by UCLan and funded by Open Society Foundations, through which the Mondragon Corporation (a federation of worker owned cooperatives in the Basque Country region of Spain) will provide the training, business support and access to start-up finance to generate growth of cooperatives in the city.
  - Transitioning existing businesses into democratic forms of ownership is a key route to democratising the economy. To inform this, lessons can be learned from the Fund for Employee Ownership, a new investment fund led by the Evergreen Cooperatives in Cleveland, Ohio.<sup>9</sup> The fund's 'Acquire, Convert, Support' strategy offers a tangible example of how anchor institutions could set up their own funds to help workers take control of their companies.
  - Recognising the dominance of a small number of high street banks and declining levels of lending to SMEs, the City Council is drawing up plans to establish a regional bank. A bank of this type would support local SMEs and have reducing financial and social inequality at the heart of its mission. Overall, it would act as an enabler of community wealth building in Preston and beyond. Securing the support of other anchor institutions within Preston and more widely will be crucial to providing the critical mass of capital and custom needed to establish a viable alternative model of finance.

In eight years, Preston has shown that a different model of economic development is possible. The deep, practice-focussed work now stands as proof that community wealth building can drive real change.

In Preston, they are facing the challenge of deepening and strengthening the movement, building on the other principles of community wealth building beyond procurement. Beyond the city, we are seeing significant and speedy advancement in dozens of other areas.

**Preston will no doubt always remain an inspiration.**



## Endnotes

1. Roberts C and Lawrence M (2017) Wealth in the Twenty-First Century: Inequalities and Drivers. Available at: [www.issuu.com/ippr/docs/1508346909\\_cej-wealth-in-the-21st-c](http://www.issuu.com/ippr/docs/1508346909_cej-wealth-in-the-21st-c)
2. This includes original anchors in 2013: Lancashire County Council; Preston's College; Community Gateway; Cardinal Newman College; and the Office of the Lancashire Police and Crime Commissioner. University of Central Lancashire (UCLan), joined network in winter 2014.
3. These figures do not include UCLan. Baseline figures from 2015/16 show that UCLan has a spend of 19% of its top 300 suppliers within Preston and 32% within Lancashire.
4. Network activities concluded in May 2018 and its findings can be found here: [www.urbact.eu/procure](http://www.urbact.eu/procure)
5. PwC/Demos (2018), 'Good Growth for Cities 2018'
6. This figure relates to the the travel to work area for Preston of 250,000 people. This area includes the Preston district population of 141,000.
7. By rank average. According to the Office for National Statistics Indices of Multiple Deprivation, between 2007 and 2015 Preston moved from being the 20th most deprived local authority area in the country to the 60th.
8. Hunter P (2018) The Living Wage dividend; An analysis of the impact of the Living Wage on ten City Regions. The Smith Institute. Available at: [www.livingwage.org.uk/sites/default/files/The%20local%20Living%20Wage%20dividend%20REPORT%201.pdf](http://www.livingwage.org.uk/sites/default/files/The%20local%20Living%20Wage%20dividend%20REPORT%201.pdf)
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10. Jackson M and McInroy N (2017) Community wealth building through anchor institutions. Centre for Local Economic Strategies (CLES). Available at: [should be www.cles.org.uk/publications/community-wealth-building-through-anchor-institutions/](http://www.cles.org.uk/publications/community-wealth-building-through-anchor-institutions/)

## About this report

CLES and Preston City Council have been collaborating on community wealth building since 2012. This publication is a joint reflection by CLES and Preston City Council looking back on the lessons learnt through this collaboration. It builds on CLES' 2017 publication, 'Community wealth building through anchor institutions.'<sup>10</sup>

## About the author(s)

This publication was prepared by CLES Associate Director, Frances Jones, and Researcher, Jonty Leibowitz. It emerged from discussions between CLES CEO Neil McInroy; Councillor Matthew Brown, Leader, Preston City Council; Derek Whyte, Assistant Chief Executive, Preston City Council; and Tamar Reay, Economic Regeneration Officer/Lead Partner Coordinator of the Procure and Making Spend Matter Networks at Preston City Council.

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