

Standing up for local communities to build a better and more sustainable economy

COMMUNITY WEALTH BUILDING

SINN FéIN



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What is Community Wealth Building?

Community wealth building has emerged as a powerful approach to local economic development. Through this approach local and regional economies are reorganised to ensure that wealth is not extracted from towns and counties but retained and recirculated. This development model aims to leverage existing local resources to meet local needs while promoting values of equity and sustainability.

Community wealth building is about creating a better and more sustainable economy that strengthens our communities through local job creation, sustainable development and local business networks.

It builds on local talents, capacities and institutions, rebuilding capital to strengthen and create locally owned and community owned businesses that are anchored in place, that aren't moving.

If traditional economic development tends to be about attracting industry to a community, this strategy is instead about resourcing under-utilized local assets to make a community more vibrant. It's about developing assets in such a way that the wealth is added to a community and not simply extracted. This model aims to empower ordinary families, workers and communities in order to control their own economic development.

This model is about harnessing the potential of public procurement and that of key local and regional stakeholders in order to maximise the unleashed potential in every village, town and community across this island.

SINN FÉIN IS PROPOSING:

- That community wealth building has the potential to play an important role in the development of local economies across the island.
- That Community Wealth Building could be utilised to address the underdevelopment of rural Ireland and lead to more balanced regional development across the island.
- That the model merits further examination at local, regional and national level regarding how it could be implemented across the country.

Community wealth building Five principles



Fair employment and just labour markets

Anchor institutions have a defining impact on the prospects of local people. Recruitment from lower income areas, paying the living wage and building progression routes all improve local economies.

Progressive procurement of goods and services

Developing dense local supply chains of businesses likely to support local employment and retain wealth locally: SMEs; employee-owned businesses; social enterprises, cooperatives and community business.

Plural ownership of the economy

Developing and growing small enterprises, community organisations, cooperatives and municipal ownership is important because they are more financially generative for the local economy – locking wealth in place.

Socially just use of land and property

Deepening the function and ownership of local assets held by anchor institutions, so that financial and social gain is harnessed by citizens. Develop and extend community use – public sector land and facilities as part of 'the commons'.

Making financial power work for local places

Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital. This includes redirecting local authority pension funds, supporting mutually owned banks.



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Major benefits of Community Wealth Building

MAKING FINANCIAL POWER WORK FOR PEOPLE AND LOCAL TOWNS –

Local authorities and other public bodies spend significant amounts of money through procurement. It is important that we retain as much of this spend in the local and regional economy as possible by developing and supporting local suppliers.

Community Wealth Building harnesses local wealth and savings in a region through ‘anchor institutions’ in the locality. These are institutions like the local council, university, hospital, library, garda station, prison, semi-state companies etc. The aim is to enter into agreements with these institutions to direct as much procurement spend to local suppliers as possible, securing regional wealth retention and generating the local economy.

To do this we need to create local supply chains of businesses who are capable of competing for procurement contracts. SME’s, co-operatives, social enterprises and family run businesses all contribute to a sustainable, circular economy but they are often unable to compete for large contracts due to the finances involved and the complexity of the tendering process. Local authorities need to break down procurement contracts into smaller bundles below €250,000 to avoid e-tendering and allow community businesses to compete. We also need to work with these local businesses and assist in training staff to tender for these contracts.

The overall aim is to localise as much procurement spend as possible, securing investment in local supply chains and retaining as much wealth as possible. This will generate local employment and stimulate a circular economy.

HIGH QUALITY, SUSTAINABLE EMPLOYMENT

Community Wealth Building is about setting a standard for sustainable employment with decent pay and conditions for workers. This means creating employment opportunities in lower incomes areas which have been neglected for a long time. It can also be utilised to aid the promotion and creation of opportunities for people with disabilities.

The primary focus is to ensure that the ‘anchor institutions’ in the local region are upholding high quality employment practices. This includes being a Living Wage employer, recognising collective bargaining and offering paid apprenticeships.

Secondly, it is about working with and supporting local suppliers who uphold those same high standards for workers’ rights in their businesses.

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CARBON REDUCTION

Community Wealth Building offers significant advantages when it comes to climate action as it encourages local employment and shorter supply chains. Local economic development means investing in local businesses and sourcing goods and services from local suppliers and reducing our climate footprint. This is in stark contrast to the current policy of simply going with the lowest cost or tender. We also want to support local businesses to create local employment thereby reducing commute times and carbon emissions.

QUALITY OF LIFE

The overall aim of this economic system is to improve the quality of life for all workers and members of the community through creating local employment, lower commute times, better conditions for workers, local ownership of institutions and businesses, and a stronger sense of community.

CO-OPERATIVE DEVELOPMENT

The Community Wealth Building model encourages the development of local, sustainable economic development. This presents an opportunity to develop alternative economic institutions such as the co-operative model. The co-operative model has been found to be more resilient than traditional business models and offers a more inclusive and democratic work environment. In line with the Preston model, we should identify gaps in the local economy where co-operatives could be established to provide products or services that are currently unavailable. Secondly, there is significant potential in Scotland's strategy of co-operative development through succession planning. This is a process which involves transitioning traditional businesses into co-operatives following the retirement of the existing owners – an issue that is prominent in rural communities.

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Community Wealth Building in action

Preston:

At the start of the last decade Preston was a city with significant economic and social issues. There were a number of indicators of decline in Preston's socioeconomic situation in the 2000s: population growth had begun to stagnate; retail floor space had increased by only 2 percent since between 1998 and 2009; and 22 percent of children living in Preston were classified as living below the poverty line.

Faced with significant cuts to its budget, the Preston Council decided that it needed to adopt a new approach. They began to investigate how it could build a more inclusive economy through its procurement practices and retaining expenditure locally.

For Preston, the fundamental aim of community wealth building was to use local economic assets to develop the economy in ways that had tangible benefits for its citizens, communities, organisations and businesses.

In 2011, Preston reached out to six key "anchor institutions" which included the local college, council, Constabulary and Community Gateway Association. These anchors had a collective spend over £1bn per year, employing thousands of local people, and exerting 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.

This began a period of close working between the anchor institutions to shift their spending towards local and socially responsible suppliers. They identified that of the collective £750m spent by those institutions procuring goods and services over £458m was leaking out of the Lancashire economy.

According to the most recent analysis, locally retained spending has gone from 5% to 18.2% in Preston and from 39% to 72.2% for the wider Lancashire area (Johns, Raikes and Hunter 2019).



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Between 2013 and 2018 there was an increase of 4,000 employees in Preston earning the Real Living Wage.

Reduction in unemployment from 6.5% in 2014 to 3.1% in 2017 compared to the British average of 4.6%.

Preston moved out of the top 20% most deprived local authority areas in the UK.

Within a few years of implementing the model, Preston has become a model for how local economies could generate their own wealth.

They stand as proof that community wealth building can drive real change.

North Ayrshire:



In 2019, North Ayrshire Council became the first in Scotland to adopt a 'Community Wealth Building' approach to economic development.

A report by the Centre for Progressive Policy (CPP) in 2017 identified North Ayrshire as having very high levels of poverty, unemployment and low levels of wellbeing. Following this report, the North Ayrshire Council decided that it needed to try something very different at local and regional level to stimulate a change.

Ayrshire Council contacted those running the Community Wealth Building strategy in Preston and began a very similar process using the same key pillars for harnessing resources: procurement, fair employment, financial power, land and assets and democratic ownership of the economy.

This Ayrshire project is currently under development with support from the Scottish Government and wider regional partners, including through the Ayrshire Regional Economic Partnership and has been supported by a £3M fund from Scottish Enterprise.

Their mission is to enhance local wealth and the creation of fair jobs, maximising the potential of all our places through working in partnership with our communities and businesses.

Although it is still early days in the development of the North Ayrshire model, they are more committed than ever to establishing a new economic model for local development which is fair, sustainable, and people-centred.

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Proposed next steps:

- Local Authorities should examine the model with a view to incorporating a Community Wealth Building strategy into each of their Local Economic Community Plans [LECP].
- Initiate dialogue between Local Authorities and key local anchor institutions in the locality regarding their potential role in the strategy.
- Local businesses and enterprises including their representative's bodies such as local chambers of commerce and community activists need to be brought into the discussion around what type of Community Wealth Building, they believe is needed.
- Further engagement is required with councils in Preston, Ayrshire and elsewhere which have successfully developed this model.





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