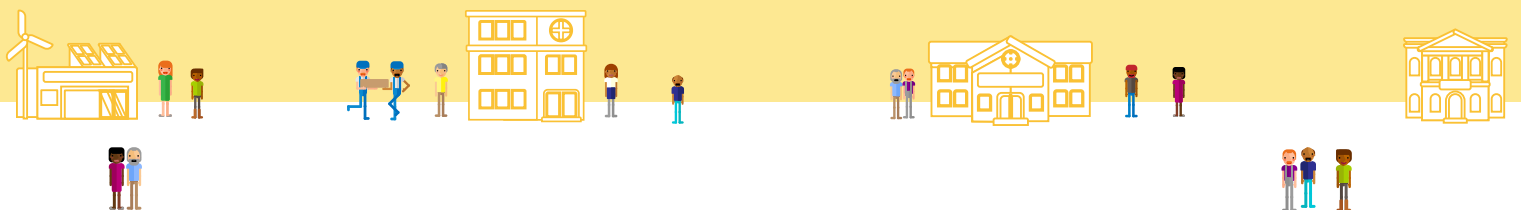


# LOCAL WEALTH BUILDING IN BIRMINGHAM & BEYOND

A NEW ECONOMIC  
MAINSTREAM



# Local Wealth Building

## An introduction

### Centre for Local Economic Strategies

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.

[www.cles.org.uk](http://www.cles.org.uk)

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We would also like to thank: all of the Anchor Institutions featured in this publication who are forging a new path in economic development, especially City-REDI at the University of Birmingham (Rebecca Riley, Dr Tasos Kitsos and Dr Charlotte Hoole) for compiling the data and analysis for the University of Birmingham Case study; the many social sector organisations who by their very existence contribute to a more democratic economy and; to our friends and collaborators overseas who have inspired much of this work.

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Local Wealth Building is a new approach to economic development that addresses the failure of the current agenda to generate significant benefit for local economies and people.

Born out of a frustration with 'development as usual' approaches, Local Wealth Building provides a practical framework for generating and spreading wealth within communities.

Over the last decade, people across the UK have taken on local wealth building ideas, applied them in their own communities and witnessed the fruits of their work through the growth of inclusive, living waged jobs, invigorated local supply chains, greater concentrations of local business and increased local spending.

### This publication

This publication distils the learning from these places and charts a course for a future in which Local Wealth Building is the mainstream of local economic development theory and practice in the UK.

This publication has been developed for the Birmingham Local Wealth Building Summit, 2018. It has three elements:

**Part One** outlines ten years of CLES' work on Local Wealth Building and makes the case that this approach should become the basis for local economic development, supplanting the prevailing agenda which all too often delivers poor social outcomes.

**Part Two** details Local Wealth Building work taking place in Birmingham, Europe's largest local authority area. Recent work with six Birmingham based Anchor Institutions has demonstrated the potential for them to play a defining role in shaping the city's economy and these organisations have committed to collaborating to fulfil this potential.

**Part Three** sets out CLES' thinking to date on the practical steps for local politicians, public sector organisations and people working in local economic development to grow Local Wealth Building across the UK, translating these ideas and approaches into mainstream local economic development. The outcome of the Summit will help to refine and develop this thinking and translate it into practical action.

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# A Powerful Alternative

The UK is the sixth largest economy in the world and yet it faces stark economic challenges. Despite national growth and historically low levels of unemployment, wages have failed to keep track with living costs and most peoples' living standards aren't rising. Wealth is increasingly generated by large companies owning and controlling common resources (such as land and energy), wealth is often extracted by distant shareholders, and dominant financialisation favours dividends over the servicing of local demand or production.

In short, the fruits of growth are too readily extracted by the already wealthy few rather than increasing incomes for the majority. The problem is not just a lack of wealth but where this wealth goes, who owns it and who benefits from it. At a local level, the prevailing model of economic development has failed to engage with these questions of wealth distribution, focusing instead on generating contributions to GDP.

## The neoliberal economic model

- Success is measured in terms of increases in GVA, competitiveness, job creation and a reduction in unemployment, with little emphasis on who gets the jobs, how much they are paid or the extent to which gaps between rich and poor are closed;
- Decisions about the use of public resources are concentrated in the hands of public sector leaders and big businesses;
- Public bodies focus on attracting inward investment from outside companies meaning profits derived from local production leak out of the local economy;
- The status quo of wealth inequality is reinforced, in hope that some benefit will trickle down.

## What is Local Wealth Building?

Over the last ten years, Local Wealth Building has emerged as a powerful alternative in which 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, social and public sector organisations across the UK who are now driving a shift in economic development thinking.



### Public Sector

Organisations are embracing the 'public pound', procuring goods and services so that this money flows through local supply chains, increasing recruitment of local people who face barriers to employment and developing under-utilised assets for the benefit of local people.

Includes: Hospitals, Councils, Housing Associations, Police Forces, etc.



### Social Sector

Organisations are growing co-operatives and other economic alternatives, which ensure wealth is distributed and owned by the people producing the wealth.

In this sector - Cooperatives, Social Enterprises, Mutually-owned businesses, community groups, charities, local currencies, community energy schemes, etc.



### Commercial Businesses

Many businesses are recruiting and buying locally, paying the Living Wage, and developing investment portfolios which reflect local need.

Includes: Corporate citizenship, Businesses paying Living Wage, Worker involvement on boards, sustainable procurement and investment.

## Four Strategies for Building Local Wealth

At the heart of the Local Wealth Building approach are four strategies for harnessing existing resources to enable local economies to grow and develop from within.



### Workforce of Anchors

Often the biggest employers in a place, the approach Anchors take to employment can have a defining effect on the employment prospects and incomes of local people. Recruitment from lower income areas, commitment to paying the living wage and building progression routes for workers are all examples of the actions Anchors can take to stimulate the local economy and bring social improvements to local communities.



### Anchor purchasing

Progressive procurement can develop dense local supply chain of local enterprises, SMEs, employee owned businesses, social enterprises, cooperatives and other forms of community ownership. This type of procurement is locally enriching because these types of businesses are more likely to support local employment and have greater propensity to retain wealth and surplus locally.



### Anchor land, property and assets

Anchors are often major land holders and can support equitable land development (through establishment of Community Land Trusts) and development of under-utilised assets for community use. In terms of financial investments, directing pension funds to local investment priorities can bring transformative capital to locally rooted enterprises.



### Ownership of the economy

At the heart of Local Wealth Building is the principle that wealth is broadly held. Cooperatives, mutually owned businesses, SMEs, municipally owned companies and local banks enable the wealth generated in a community to stay in that locality and play a vital role in counteracting the extraction of wealth.

**Anchors Institutions** are 'tied' to a particular place by their histories, missions, physical assets and local relationships and cannot easily move away. Their scale and local links mean that they can play a key role in local economic development, representing the 'sticky capital' around which economic growth strategies can be built and innovation fostered at a local level.



## CLES' work on Local Wealth Building in the UK: 2008-2018

Over the last ten years we have seen Local Wealth Building emerge as part of a new economic movement across the world. Many of the constituent parts are familiar – mutual models of business ownership and municipal enterprise have a centuries long history in the UK. Building on this heritage, Local Wealth Building provides a whole systems approach to economic development geared to the very contemporary challenges of austerity, financialisation and automation. The section below describes how CLES' work on Local Wealth Building has evolved over the last decade. Throughout, this work has been bolstered by connections made with the Democracy Collaborative (TDC), based in the USA, who have been working on community wealth building for decades. TDC are firm friends and collaborators of CLES.

2008

### Using procurement to strengthen local supply chains

CLES begins deep collaborations with local government on procurement spend and how we can use public money within local supply chains.

#### MANCHESTER

Since 2008, Manchester City Council has transformed its procurement by analysing their procurement spend (by geography, sector and amount spent with SMEs); embedding social value in their procurement processes (including a minimum weighting of 20% for social value in all contracts); and influencing the behaviour of suppliers. This has led to the proportion of total spend with organisations in Greater Manchester increasing from 51.5% in 2008-09 to 73.6% in 2015-16, creating over 5000 new jobs.

2010

### Driving local economic benefit through procurement and employment policy

Development of 'Local Multiplier 3' (LM3) methodology to analyse spend with suppliers and contractors and wages, and subsequent re-spend back in the local economy. This was translated into training for local politicians, policy makers and practitioners.

CLES worked across different sectors to support organisations to understand the impact their procurement and employment policy and practice was having on their local economy and identify ways to strengthen this. Examples included:

- Housing Organisations – Severnside Housing (2012);
- Hospitals – City Hospital Birmingham and Sandwell and West Birmingham Hospitals Trust;
- Local authorities – Belfast City Council, London Borough of Lambeth, Manchester City Council.

2012

### Anchor collaborations

CLES worked with groups of Anchor Institutions to explore how they could combine forces to shape their economy for greater local benefit and adopt schemes to move forward. Examples included Belfast, Oldham and Preston.

#### PRESTON

In 2013, a major developer withdrew from Preston and the city's economic development plans were dashed. The city needed a new approach, so Preston decided to re-imagine the way in which economic development could be pursued. By drawing on learning from Local Wealth Building activities taking place in the UK and beyond, Preston decided to harness the potential of its existing wealth within seven local anchor institutions. As a result of this work, over £70 million of procurement spend has been redirected into the Preston economy; £200 million invested into the Lancashire economy; spending behaviour within public bodies has been transformed.

2014

### City Region collaboration

Expanding on work with local Anchor Institutions in 2014 collaborations developed at City Region level aimed at addressing economic and social challenges through progressive procurement approaches.

#### GREATER MANCHESTER

In 2014, CLES worked with the Association of Greater Manchester Authorities (AGMA) to develop a shared approach to embedding social value in procurement across the city region. The resultant Greater Manchester Social Value Policy sets out a clear framework for potential suppliers to identify where they can contribute to addressing key economic and social challenges;

- Promote employment and economic sustainability;
- Raise the living standards of local residents;
- Promote participation and citizen engagement;
- Build the capacity and sustainability of the VCS;
- Promote equality and fairness;
- Promote environmental sustainability.

The Policy has been operational since November 2014, with an expectation that public authorities consider it in tendering and that outcomes are monitored against during delivery.

2015

### Tackling disadvantage through Anchor workforce strategies

#### MANCHESTER AIRPORT

Through a project in Wythenshawe, south Manchester, CLES worked with a commercial Anchor Institution (Manchester Airport) and organisations supporting people experiencing severe and multiple disadvantage to develop ways for local people to benefit from economic growth. Tailored traineeship and apprenticeship programmes were designed through collaboration with people with lived experience of severe and multiple disadvantage and local support services to ensure that the predicted 5000 new jobs being created in the Airport Expansion and Airport City Enterprise Zone were accessible to them.

### Expanding into Europe 2015-2018: Procure network

Funded by the European Union, Procure was a network of ten local authorities across Europe who came together to explore ways to harness the spending power of anchor institutions to bring about economic, social and environmental benefits for businesses and people which in turn will have a positive impact on the city and its local economy. Over two years participants developed action plans for their cities to ensure they thought about the local economy throughout the procurement process, addressing issues including unemployment, low skills, poor wages, or business sustainability.

### Embracing the breadth of Local Wealth Building

We are increasingly seeing organisations and areas embracing the full range of Local Wealth Building strategies, including Calderdale, Islington, Oldham, Birmingham and Preston.

#### BIRMINGHAM

In 2017, CLES began work with six Anchor Institutions across Birmingham, each focusing on one of the four Local Wealth Building strategies. Evidence was gathered to assess the organisation's current contribution to the Birmingham and wider West Midlands economy and actions were identified to strengthen this. The Anchors have now committed to forming a network to accelerate the implementation of these actions and more broadly leverage the assets of Anchors to benefit the people and economy of Birmingham. This work is described in more detail in Part Two.

2017

# Birmingham Anchor Institutions

## The Challenge

In 2016, CLES began to work with Anchor Institutions in Birmingham, funded by the Barrow Cadbury Trust. This was a new departure for the city which until that point had never fully sought to understand the potential of their many Anchors, and how they individually and collectively add to the economic and social vibrancy of the city.

This piece of work drew together Anchor Institutions based within Birmingham; provided a baseline understanding of their existing contribution to the Birmingham and West Midlands economy; and identified ways in which they could extend this contribution and collaborate to deepen their impact.

“Our Anchor Institutions are already hugely important but they can play an even greater role in economic growth and prosperity. Birmingham contains significant existing wealth which needs to be harnessed more effectively for the benefit of our economy and people.”

Leader, Birmingham City Council

“The Trust has been pleased to see debate and practice on local economies grow in Birmingham. This Anchor Institution work will build on a movement which is already strong within the city and help to explore how resources already flowing through the city can be better utilised for the good of all citizens.”

Chief Executive, Barrow Cadbury Trust

## The Approach

### Mapping the city's anchor institutions

The first activity was to map the scale of Anchor Institutions within Birmingham, through desk-based research and consultation with the steering group. The findings of this initial mapping is highlighted on the next page. Anchor Institutions were defined as organisations across the public, social and commercial sectors that had:

- over 250 employees;
- an annual spend on purchasing goods and services around £6million;
- own or manage key assets and land within the Birmingham boundary.

### Exploring existing impact

Following the mapping activities, CLES worked with six Anchor Institutions. Each organisation identified an element of Local Wealth Building which they felt was particularly relevant to their organisation:

- **Anchor purchasing** - demonstrating the impact on the Birmingham economy of procurement spend directly and through the supply chain;
- **Workforce of Anchors** – demonstrating the impact on the Birmingham economy of direct employees and their spending;
- **Anchor land, property and assets** – demonstrating the impact of the organisation's assets upon the Birmingham economy and communities.

CLES worked with colleagues at each Anchor to assess their current activity in their chosen area and the extent to which they were contributing to the economic and social wellbeing of the city, and identified steps to strengthen this contribution.

Public	Mutuals	Private	Voluntary & Community
<p><b>Local Authority</b></p> <p>Birmingham City Council</p> <p><b>Universities &amp; HE</b></p> <p>Birmingham City University Aston University University of Birmingham Birmingham Metropolitan College (BMet) South &amp; City College</p> <p><b>Schools</b></p> <p>Primary education Secondary education</p> <p><b>NHS</b></p> <p>Birmingham Community Healthcare NHS Trust Queen Elizabeth Hospital Birmingham Birmingham and Solihull Mental Health NHS Foundation Trust Birmingham Women's &amp; Children's Hospital NHS Foundation Trust</p> <p><b>Police &amp; Probation</b></p> <p>Staffordshire &amp; West Midlands Community Rehabilitation Company West Midlands Police</p> <p><b>Housing Groups</b></p> <p>Longhurst Group Wrekin Housing Trust Orbit Accord West Midlands Housing Group Walsall Housing Group Midland Heart Bromford Trident Social Investment Group Waterloo Housing Group Sanctuary Black Country Housing Group</p>	<p><b>Co-operatives</b></p> <p>Midcounties Co-op Central England Co-op</p>	<p><b>&gt; 1,500 employees</b></p> <p>NEC Group National Express West Midlands Enterprise Zones Kraft Deutsche Bank Sainsbury's Lloyds Bank Accord ASDA Birmingham Airport Mitchells &amp; Butlers Whitbread Royal Bank of Scotland Jaguar Goodrich Corp Specialist Computer Holdings</p> <p><b>1,000-1,500 employees</b></p> <p>Tesco Wesleyan Assurance Society Punch Taverns ATS Aston Villa Inspired Gaming (UK) GVA Grimley Co-op Group Eliza Tinsley Group WS Atkins R P L Productions Lloyds Pharmacy</p> <p><b>&lt; 1,000 employees</b></p> <p>Birmingham Wholesale Markets Anthony Collins Wing Yip East End Foods Gowling WLG WH Smith</p>	<p><b>VCS Businesses</b></p> <p>Acorns Hospice Birmingham Settlement Pioneer Group BVSC Age Concern Birmingham St Mary's Hospice Citysave Credit Union Aston Reinvestment Trust Groundwork West Midlands</p>

Mapping Birmingham's Anchor Institutions

# Birmingham City Council

## Procurement



### Starting point

Five years of work to embed social value in the Council's commissioning process and engagement with suppliers through development of Birmingham Business Charter for Social Responsibility (BBC4SR).

### Challenge

To understand the degree to which the supply chain of local enterprises retains wealth in the Birmingham economy.

### Approach

Analysis of procurement spend for 2016/17.

### Findings

- In financial year 2016/17, Birmingham City Council spent £762,252,621.78 with organisations based within the Birmingham boundary;
- This is equivalent to 68.7% of procurement spend with the top 300 organisations.
- In financial year 2016/17, Birmingham City Council spent £862,004,856.78 with organisations based in the West Midlands (including Birmingham);
- This is equivalent to 77.7% of procurement spend with the top 300 organisations;
- In financial year 2016/17, Birmingham City Council spent £501,047,064.73 with organisations that can be classified as small or medium sized enterprises (SME);
- This is equivalent to 45.1% of procurement spend with the top 300 organisations.

### Leakage

Of the 61 suppliers to Birmingham City Council in 2016/17 that were based outside of the West Midlands it was found that £147,863,430.04 was potentially influenceable (ie. not tied up in national procurement frameworks, and which could potentially be delivered by West Midlands based suppliers) and of this, spend on works (construction, repairs and maintenance), education and care accounted for the majority.

### Recommendations / next steps

To generate greater local economic benefit through procurement and support suppliers to deliver further social value and sustain the principles of the Birmingham Business Charter for Social Responsibility:

- Explore sectors where spend is leaking out of the Birmingham and West Midlands economy and assess whether there are West Midlands based firms which have the potential and capacity to bid for any future opportunities in these sectors;
- Engage early with potential suppliers (including those identified above) before the procurement process starts to enable them to fully understand the challenges and allow time for new product/service development prior to publication of contract notices;
- Continue to engage in areas of deprivation. Birmingham City Council spends significant amounts of money in neighbourhoods in Birmingham that are in the 10% most deprived nationally. These suppliers are already doing work to enhance the benefit they bring for local economies and communities, through the BBC4SR. Birmingham City Council should build up their dialogue with these suppliers to encourage and enable them to do more to recruit and support the people and communities in these areas;
- Think about Public Procurement of Innovation. For some aspects of public procurement, there are simply not the products and services on the market which enable such challenges to be addressed. In these areas the Council could look to work with suppliers to generate new and innovative solutions and make greater use of the procurement routes that enable innovation.

# Pioneer Group

## Procurement



### Starting point

Initial steps made to embed social value into processes of procurement and wider organisational strategy

### Challenge

To understand current impact of procurement spend on local neighbourhoods and tenants, and to identify ways to more effectively embed social value in to the procurement process.

### Approach

Analysis of 2016/17 procurement spend.

### Findings

#### Total spend of suppliers

- £6,077,965.85 spent procuring goods and services from its top 163 suppliers (this is by value and for spend over £2,000).

#### Spend with Birmingham based suppliers

- £2,689,539.17 spent with organisations based within the Birmingham boundary;
- This is equivalent to 44.3% of the procurement spend with the top 163 suppliers.

#### Spend with West Midlands based suppliers

- £4,740,650.00 spent with organisations based in the West Midlands (including Birmingham);
- This is equivalent to 78% of the procurement spend with the top 163 suppliers.

### Spend with SMEs

- £3,109,880.87 spent with small or medium sized enterprises (SME);
- The is equivalent to 45.1% of procurement spend with the top 300 organisations.

### Spend leaking out of West Midlands economy

- £789,034.54 spent with organisations based outside the West Midlands (including Birmingham);
- This is equivalent to 22% of procurement spend with the top 163 organisations;
- In numerical terms, 73 of the Pioneer Group's top 163 suppliers do not have a base in the West Midlands (including Birmingham).

### Leakage

Of the 73 suppliers to Pioneer Group in 2016/17 that were based outside of the West Midlands it was found that £789,034 was potentially influenceable (ie: not tied up in national procurement frameworks, and which could potentially be delivered by West Midlands based suppliers) and of this spend on works (construction, repairs and maintenance) accounted for the vast majority (66%).

### Recommendations / next steps

Greater local economic benefit can be generated through procurement and by embedding social value into the cycle of procurement by:

- Addressing sectors where spend is leaking out of the Birmingham and West Midlands economy and assess whether there are West Midlands based firms which have the potential and capacity to bid for any future opportunities associated with these contracts;
- Enabling tenant cooperative development in key spend areas to enable community ownership of some of the goods and services being provided. This could be particularly relevant around spend areas such as construction and cleaning, which are key areas of leakage;
- Expanding understanding of the contribution of supply chain in economic, social and environmental terms, including job creation, training and support being provided to the voluntary and community sector;
- Developing a social value procurement outcomes framework to shape all future procurement activities. The framework should be shaped by the organisations strategic objectives and also what they want procurement to realise for their tenants.



# West Midlands Police and Crime Commissioner's Office

## Procurement



### Starting point

Initial steps made to embed social value into processes of procurement and wider organisational strategy.

### Challenge

To link organisational priorities and plans to procurement policies and practices, understand the extent to which existing procurement policies and practices consider social value and how social value can be further embedded in procurement policy and practice.

### Approach

Development of social value outcomes and a new social value framework covering each stage of the procurement cycle.

### Recommendations / next steps

Social value could be generated through the adoption of the following social value procurement framework and outcomes.



# Birmingham Metropolitan College (BMet)

## Procurement



### Starting point

Commitment to make a contribution to a buoyant local economy.

### Challenge

To understand current impact of procurement spend and extent to which suppliers re-spend in the local economy.

### Approach

Analysis of procurement spend for 2016/17 and survey of top 300 suppliers.

### Findings

#### Total spend on suppliers

- During the 2016/17 financial year, BMet spent a total of £27,045,402.51 upon procuring goods and services from its top 300 suppliers.

#### Spend with Birmingham based suppliers

- In financial year 2016/17, BMet spent £7,819,250.80 with organisations based within the Birmingham boundary;
- This is equivalent to 28.9% of procurement spend with the top 300 organisations.

#### Spend with West Midlands based suppliers

- In financial year 2016/17, BMet spent £12,263,022.78 (45.3%) with organisations based in the West Midlands (including Birmingham);
- This is equivalent to 45.3% of procurement spend with the top 300 organisations.

### Spend with SMEs and Micro-businesses

- In financial year 2016/17, BMet spent £15,463,433.74 with organisations that can be classified as small or medium sized enterprises (SME);
- This is equivalent to 57.2% of procurement spend with the top 300 organisations.

### Leakage

Of the 192 of BMet's top 300 suppliers who do not have a branch based in the West Midlands, 88% provided the following goods and services:

- Professional and Business Services;
- Construction and building services;
- Examination and certification fees;
- Computer equipment and services;
- Utilities.

### Supplier survey outcome

#### Employment and economic sustainability

- On average 30% of employees were resident in Birmingham;
- 80% had created new jobs in the last year, with these suppliers creating 38 jobs in Birmingham and 54 jobs in the West Midlands;
- We can use this figure as a proxy to estimate that across the top 300 suppliers that a cumulative 242 jobs were created in Birmingham and 350 in the West Midlands in the last year;
- 42% actively sought to create apprenticeships, with these suppliers creating 11 apprenticeships in Birmingham and 35 apprenticeships in the West Midlands;
- We can use this figure as a proxy to estimate that across the top 300 suppliers that a cumulative 81 apprenticeships were created in Birmingham, and 250 in West Midlands in the last year.

# University of Birmingham

Procurement, Anchor Workforce, Wider Economic Impact



## Financial security

- 81% paid all their staff at National Living Wage;
- On average 97% of employees were employed on a permanent basis;
- Contributions to the voluntary and community sector;
- 47% actively encouraged employees to undertake volunteering and/or provide support to the local Voluntary and Community Sector;
- A total of 860 hours were offered by the responding BMet suppliers over the last year for volunteering and community activity in West Midlands.

## Equity and fairness

- 57% look to address challenges around gender pay gaps. 64% provide support to employees around childcare challenges and costs;
- 50% had created employment opportunities for individuals described as 'hard to reach' in the last year; a total of 46 opportunities;
- In terms of breakdown, 46% of employment opportunities in 2016/17 were secured by BME candidates; 15% by long-term unemployed; 11% by young people not in employment, education or training; 9% by ex-military; 7% by ex-offenders; 4% by asylum seekers or refugees and 2% by people with a disability.

## Recommendations / next steps

- Address sectors where spend is leaking out of the Birmingham and West Midlands economy by assessing the extent to which spend is influencable and whether there are West Midlands based firms which have the potential and capacity to bid for any future opportunities associated with these contracts;
- Enable student-led business and cooperative development. This would enable student ownership of some goods and services being provided and new businesses to develop and flourish. This could be particularly relevant around spend areas such as security, ICT, Communications, Catering, Books, and Printing which are identified as key areas of leakage;
- Develop a social value procurement outcomes framework to shape all future procurement activities. The framework should be shaped by the organisations strategic objectives and also what they want procurement to realise for their students.

## Starting point

UoB had recently invested in a study, 'Our Impact: The Economic, Social and Cultural Impact of the University' which calculated the number of jobs supported, fiscal contributions to the UK economy, movement of students from education to work, the economic value of UoB's research and knowledge transfer activity. They had also carried out an in-house analysis of the value of procurement spend to the Birmingham economy.

## Challenge

To understand the local impact of employee and student spend on the local and wider West Midlands economy.

## Approach

Analysis of where UoB employees live and surveys of employees and students to understand extent to which they spend in the Birmingham and West Midlands economies

## Findings

### Procurement

This university analysed spend between 2012 to 2017 to identify where money was spent geographically, sectorally, and in business type terms:

- Approx. 15% of the university's spending was with organisations based in the Birmingham boundary (£125.6million) and approx. 44% was in the wider West Midlands (£366.4million);

- The greatest proportion of spend was within the construction sector (42% of total spend)
- 69% of construction spend was with organisations based in the West Midlands;
- 47% of spend was with organisations which can be classified as SMEs.

#### **Workforce**

- 5,418 staff live in the West Midlands (including Birmingham), this is 73.3% of all UoB staff;
- 78% of the staff living in the West Midlands live within the Birmingham Local Authority area;
- 57.2% of all UoB staff live within the Birmingham Local Authority area;
- The highest concentrations of staff are in Harborne and Bournville (among the wealthier parts of Birmingham);
- The lowest concentrations of staff are in Hodge Hill and Shard End (among some of the poorest parts of the city).

#### **Spend on staff by Local Authority Area**

- 53.8% of Total Net Salary Spend on all employees is spent in Birmingham;
- 68.5% of Total Net Salary Spend on all employees is spent in the West Midlands (including Birmingham);
- Less than a third of Total Net Salary Spend on all employees is spent outside the West Midlands;
- The average UoB net salary spend in the West Midlands is £20,841;
- The local authority area with the highest average UoB net salary by is £24,965 in Solihull, closely followed by £24,846 in Coventry (Highest paid, fewest employed);
- In contrast, the lowest average UoB net salary spend was £18,053 in Sandwell (Lowest paid but many employed).

Just over 3,000 staff members (43% of all staff) live in areas in the 50% most deprived in the country with an average salary of £29,544. Just over 700 members of staff (just under 10% of all staff) live in the 10% and 1% most deprived parts of Birmingham. On average they are earning an annual salary of £21,470 and £17,952 respectively. Though comparatively few members of staff reside in the 50% least deprived areas in Birmingham, average salaries lie between £30,000 and £38,000 per year.

#### **Employee re-spend survey**

- All employees were invited to respond to a survey – 97 did, providing a response rate of 1.3%;
- Respondents who lived in Birmingham re-spent 30p of every £1 they were paid in the Birmingham economy, whereas those living in the wider West Midlands or outside the West Midlands re-spent 9p and 8p respectively. It was estimated that UoB employees re-spent just over £42 million back in the Birmingham economy in 2017;
- A similar survey was conducted with students, 84 of whom responded, giving a response rate of under 1%. It found that Birmingham based students had a spend rate of 74p for every £1.

#### **Recommendations / next steps**

- To increase the number of employees living in the most deprived areas of Birmingham such as Hodge Hill and Shard End, the University should actively promote employment opportunities in these areas and work with neighbourhood employment brokers to enable residents to apply;
- The University could further influence its supply chain by using the existing Birmingham Charter for Social Responsibility as a means of embedding social value into commissioning and procurement processes and engaging with existing supply chain organisations which are based in areas of deprivation to influence their knowledge of local surroundings and enhance their contribution to local economies;
- Developing a 'Shop local' scheme targeted at both staff and students has the potential to increase re-spend of staff wages and the economic impact of students on the Birmingham and West Midlands economy.

# Queen Elizabeth Hospital (UHB)

Anchor Land, Property and Assets



## Starting point

QEH had recently developed a new hospital site and renewed their focus on improving all aspects of wellbeing, through additional support programmes, green space and provision of essentials to patients

## Challenge

To understand the impact of hospital assets on patients, visitors and staff.

## Approach

Focus groups and interviews with employees, volunteers and beneficiaries to evaluate the impact of following assets on wellbeing of patients, visitors and staff:

- The Learning Hub – an on-site centre dedicated to assisting unemployed people back into work by providing pre-employment training, advice and guidance through programmes that engage people from the city's most deprived areas;
- The Food Bank – a collaboration between QEH and Sparkhill Food Bank;
- The Clothes Bank - a hospital initiative to provide clothes for patients who need them, including homeless people and people who have been admitted in their nightwear and need day clothing to support their recovery;
- Passive green space located around the hospital site created to provide a space for people to enjoy, including volunteer managed orchards, woodland areas for patients who are photosensitive, honey bee colonies to support pollination of plants across the site and beyond and specially designed areas for patients with limited mobility.

## Findings

### The Learning Hub

- 80% of beneficiaries rated their experience as 'excellent' and 20% as 'good';
- 90% were there to gain skills and experience either to gain employment in the NHS, at QEHB or for a specific job;
- All noted an improvement of 10 - 20% in their confidence and self-esteem;
- Improved communication skills, team-working, research skills, skills for finding employment;
- 9 noted an improvement in happiness of 10 - 30%, and felt that the Learning Hub had a significant or very big impact on this.

### Foodbank

- In 2017 1,200 meals were donated by hospital staff.

### Clothes Bank

- In 2017, over 1.5 tonnes of clothing were donated;
- Clothing was supplied both to patients returning home from a hospital visit and to those in hospital for a long time to enable them to have a more normal routine. In the NHS, "PJ paralysis" is a well-known phenomenon where patients without any access to 'day' clothes make slower progress than those who are able to get dressed in the mornings. This suggests a significant positive impact of donated clothes to both the patients' wellbeing;
- Patients requiring clothes tend to be from Birmingham and the immediate surrounding area, those from further afield tend to be planned admissions.

### Passive green space

Patients report that "feeling wind on [their] face" and "smelling fresh air" after being "cooped up" gives them a "huge feeling of relief", even if it is only for 5 minutes. One patient who benefited from the green space was a woman in her mid-forties that was recovering from brain surgery, she was very confused but felt very strongly about wanting to feel the rain on her face to give her back some sense of normality. A member of staff "took her down for a whizz around outside" in the green space, and this brought a sense of immediate relief to this woman who, post-surgery, was struggling to ground herself. The green space on the hospital site is 'absolutely heaving in the summer, with families and children playing and rolling down hills together'. This space provides a break for family and relatives of patients at the hospital particularly young children that are brought along. It is a great place for everybody to come together and "cop a squat on the grass".

# Learning and Next Steps

## Next steps for Birmingham: Mobilising through collaboration

The six Anchor Institutions have all committed to taking forward their work individually and are keen to amplify their efforts through collaboration. Their work has inspired others, with organisations including the Birmingham Chamber of Commerce seeking to learn from their experience and develop their own Anchor strategies. Plans are now being developed to establish a network of Anchor Institutions across the city with a focus on shared priorities including:

- Generating individual Anchor strategies which span the breadth of Local Wealth Building activities and working together to mobilise the resources and support to put these into practice;
- Advocating for the Anchor approach across Birmingham and the wider West Midlands and encourage a shift in policy and practice on procurement, workforce and management of land, property and assets;
- Construction and building: Of the four Anchor Institutions who undertook an analysis of their procurement spend as part of this project, all identified that a significant proportion of the money which leaks out of the Birmingham and West Midlands economy relates to construction projects. This presents a key issue for the city and wider region, with an opportunity to address this collectively in the context of the imminent investment in the facilities for the Commonwealth Games in 2022.

## Learning for Local Wealth Building in the UK

In addition to individual organisational insights, this work in Birmingham has provided valuable insights about the applicability of Local Wealth Building approaches, including:

- Spatial inequalities and focus on areas of deprivation: As the UK's second largest city, Birmingham's geographical and economic size mean that Anchor Institutions need to look beyond their overall contributions to the local economy to understand spatial imbalances in wealth across their locality, ensuring that wealth circulates to lower income areas through inclusive approaches to workforce and procurement. This is a key point for Anchor Institutions generally who need to seek explicitly to stimulate suppliers and recruit employees from areas of deprivation;
- Measuring impact of assets on wellbeing: Work with Queen Elizabeth Hospital demonstrated the value of focusing on optimising the benefit to communities and the environment from physical assets. Developing ways to design and measure this impact is a key area for CLES to help other Anchor Institutions expand their impact.

## Recommendations / next steps

To increase the reach of the Learning Hub it is recommended that activities are promoted much more actively. A number of learners reported that they had to rely on family to look after their children while they attended their course at the Learning Hub. Providing a childcare offer or some financial support to help parents access the courses available at the Learning Hub would make this asset far more accessible and inclusive.

While there was some reservations in the early stages about actively promoting the Food and Clothes Banks, QEH is now one of the biggest suppliers to the Clothing Bank at Sparkhill. It is therefore recommended that these initiatives are actively promoted to add to the growing community of donors, volunteers and recipients thereby increasing the value added through the food and clothing banks on site.

Make accessibility in green space an absolute priority. The plans for the green space at QEHB are commendable. The diversity of the offer on one site will be truly remarkable and will help QEHB in its contributions towards environmental sustainability and bringing communities together. There is however a strong level of need within the patient community at QEHB for accessible green space that is wheelchair and ideally bed friendly.

# Scaling Up

## The new local economic development

CLES's work with organisations across the UK and Europe over the last 10 years has established the potential of Local Wealth Building approaches to drive a new kind of economic development in the UK. The challenge ahead is one of scale. How do we move from a proven concept to Local Wealth Building becoming the new mainstream? Local Wealth Building is already being picked-up and utilised by people working on local economic development, politicians and policy makers. Below we outline the practical steps needed to mobilise and grow these ideas across the UK, translating this potential into mainstream local economic development.

### Dissemination of concepts, tools and learning

Production of tools and development of training - targeting audiences to communicate key messages and encourage the uptake of ideas in policy and practice:

- Showcasing, inspiring and galvanising collaborative action, by raising awareness and publicising the principles of Local Wealth Building along with key examples.

### Targeting local and national media

Increase knowledge of Local Wealth Building approaches to local economics amongst local and national journalists and develop better relationships between organisations applying Local Wealth Building principles and the local media:

- Press campaigns in local and national media;
- Proactive promotion on social media.

### Developing and influencing strategic policy

Much Local Wealth Building work operates within a local and national economic policy frame which is not always supportive or receptive as it could be. This is changing but more work needs to be done to develop strategic policy which offers an even more fertile context for the growth and acceleration of Local Wealth Building:

- Policy papers which advocate changes to national and local policy.

### Transferring knowledge

Building networks of support and inspiration is key to enabling policy makers and practitioners to embed Local Wealth Building approaches into their local approach to economic development:

- Communities of Practice to bring together peers and mentors to observe how others apply knowledge and then try it for themselves. Examples include:
  - Networks of Anchor Institutions;
  - Procurement officer learning networks.
- Intermediaries are individuals whose role is to influence other practitioners. They bridge the gap between theory and practice, serving as a reminder of best practice and support the application of new ideas. Examples include:
  - CLES support to organisations and places seeking to embed Local Wealth Building
  - Exchange programmes for practitioners.

Local Wealth Building is a democratic, social and economic movement which seeks to provide resilience where there is risk and local economic security where there is fragility. The energy that fuels this movement is growing and the range of Local Wealth Building activities are delivering outcomes. The task now is to celebrate and accelerate.

