

## COMMUNITY WEALTH BUILDING: HARNESSING THE POTENTIAL OF ANCHOR INSTITUTIONS

In April 2015, the Centre for Local Economic Strategies (CLEES) published 'creating a good local economy: the role of anchor institutions'<sup>1</sup>. Anchor institutions are organisations across the public, commercial and social sectors which have a significant stake in places as a result of the scale of their workforces and levels of spend, and the fact they are unlikely to leave. The publication focused upon the role of anchor institutions in utilising existing wealth within place to stimulate wider community wealth in the form of the local economy and for the benefit of residents; with a particular emphasis upon CLEES' collaborative action based work in Preston.

Over the course of the last year, CLEES has continued to undertake an array of work around anchor institutions. This has included work in: the American cities of Cleveland, Pittsburgh, Philadelphia, and Providence as reflected in 'building a new local economy: lessons from the United States'<sup>2</sup>; work across 11 cities in Europe; and continued work in Preston and across the UK.

Our historic and contemporary work around anchor institutions has led to a realisation that in times of economic uncertainty and austerity there is a host of unrealised potential within anchor institutions in places all across the UK which needs to be harnessed further. In this CLES 10 we therefore outline ten key steps to realising this potential.

### **1. Have a political and philanthropic vision**

Anchor institution activities in both the United States and Europe has often been driven by a strong political and philanthropic vision to realise the potential of such institutions and also to re-imagine the way in which their local economies function. The cities of Cleveland and Pittsburgh in the United States were driven toward anchor institution policies as a result of key economic challenges facing them around economic restructuring and population decline, with anchors seen as a way of stimulating local spending and enterprise formulation and development, and creating and sustaining jobs. Particularly in the United States, philanthropic foundations also play a key role. In Cleveland, for example, activities over the last 10 years have been backed by the endowments of the Cleveland Foundation.

### **2. Understand what you want to achieve**

Anchor institution activities have a multitude of things which they can achieve and places need to be clear on which, if not all, apply to them. These can include: economic outcomes such as the growth of small to medium sized enterprises (SMEs); social outcomes such as the creation of jobs for 'hard to reach' members of communities; and environmental outcomes in terms of the

1 Jackson, M. and McInroy, N. (2015) Creating a good local economy: the role of anchor institutions. <http://www.cles.org.uk/wp-content/uploads/2015/04/Anchor-institutions.pdf>

2 Jackson, M. (2015) building a new local economy: lessons from the United States. <http://www.cles.org.uk/wp-content/uploads/2015/09/Lessons-from-the-United-States.pdf>

distances which goods and services travel. They can also include governance outcomes in that anchor institution activities will draw together a host of organisations to work towards a common and long-term vision. Behaviour change outcomes, both in the institutions themselves, the supply chain, employees and the wider community can also be included. Work across the United States and Europe has been driven by a clear sense of what places want to achieve.

### **3. Persuade senior leadership**

Anchor institution activities need to be backed by senior leadership across a host of organisations. This includes Leaders and Elected Mayors of local authorities and city regions, together with their Chief Executives; the Chief Executives of institutions operating in the sectors of further and higher education, health, housing, and the Police, and leaders in the business and social sectors. Without this 'buy-in' it is likely that anchor institution activities will flounder as these individuals are required to pass anchor institution visions and proposed achievements through their organisations. In Philadelphia, activities around creating new forms of social business through anchor institutions have been driven directly by the Mayor and in Preston, senior leaders across the seven institutions have been engaged from the outset and through the three years of activities. In this, a neutral independent broker is also important in the cajoling of senior leaders.

### **4. Understand existing scale of impact**

Anchor institution activities need to be framed by evidence. In particular an understanding of the existing scale of institutions. This means an understanding of the scale of the assets which anchor institutions within a specific place own and manage; including public buildings, office space, sports grounds, and parks. This also means an understanding of the scale of purchasing power through procurement, particularly in terms of how much is spent, where it goes in terms of the local economy, what sectors spend is with and what leaks. This also means an understanding of the workforces of anchor institutions in terms of number of employees, the geography of those employees, and their wage levels and skills sets. This evidence sets a baseline position against which further activities can be monitored as to their effectiveness. In both Cleveland and Preston, the starting point of anchor institution activities has been exploring the scale of existing procurement spend and the direct impact it has upon their local economies.

### **5. Develop anchor strategies**

Anchor institution activities need to be driven by a collective strategy or statement of intent across the involved organisations. This formally sets out the aims and objectives of the anchor activities, what they are seeking to achieve, what the baseline position is in terms of scale, what activities are going to be undertaken, and how change is going to be monitored. The activities undertaken in Providence, in particular, have been driven by robust anchor institution strategies with involvement of city governments, universities, health institutions and philanthropic foundations. In Preston, the emphasis has been upon developing a vision and a set of supporting objectives around initially maximising the impact of anchor institution procurement spend.

## 6. Develop governance arrangements

As already detailed, anchor institution activities require a political and philanthropic vision and the engagement and buy-in of the senior leadership of involved organisations. With strategic involvement sorted; there however also needs to be an operational aspect to anchor institution activities, and the involvement of communities which activities are designed to support. In Cleveland, there are three tiers of governance around anchor institution activities. There is an overarching strategic group which amongst others include: the City of Cleveland, University Hospitals, Cleveland State University, and the Cleveland Foundation. There is an operational group which focuses upon specific actions; for example there is an emphasis upon procurement and engaging Cleveland based businesses in the process. And there is a community group which prioritises supporting people living in deprived communities in Cleveland into job and training opportunities at the anchor institutions.

## 7. Undertake a rounded set of activities

There are a range of activities which anchor institutions can undertake in order to maximise the benefit they bring for the local economy in which they operate and for people. These can be around procurement, recruitment and employee activities, for example. In terms of procurement, anchor institutions can: explore spend which is leaking out of a local economy and explore whether it is 'influenceable'; develop databases of businesses which can potentially deliver goods and services; scope the potential of developing cooperatives to fill gaps in delivery; adapt processes so that

social value becomes more prominent; and collaborate over common products in order to make efficiencies. In terms of recruitment, anchor institutions can work with neighbourhood level employment brokers to move those furthest away from the labour market towards employment and in terms of employees, anchor institutions can commit to paying a Living Wage. The activities in Preston undertaken with CLES have heavily focused upon changing behaviour around procurement with each of the activities described above undertaken.

## 8. Measure impact and monitor change

Anchor institution activities do not end with the drawing together of key organisations, the development of baselines and strategies, the development of strategic and operational groups, and the delivery of actions. Instead, anchor institution activity needs to be ongoing and a long-term commitment. Central to this is measuring impact and monitoring change. This can include re-baselining procurement spend to understand whether levels of spend in the local economy have increased; assessing changes in approach and behaviour around procurement; exploring the wider impact that suppliers bring in economic, social and environmental terms and measuring the impact of Living Wage principles upon productivity and staff morale. The activities in Preston are getting towards this stage with the City Council now measuring the wider impact of procurement spend, Living Wage and ongoing physical developments.

## 9. Influence others

There is a lack of evidence of robust anchor institution activity in the UK. Work undertaken in Belfast and Preston and wider Lancashire by CLES are some of the only examples. There is however so much potential in anchor institutions to be harnessed and assist places in addressing the economic, social and environmental challenges they face. Anchor institution work is not just about some loose partnership which chats about issues; but is an approach framed in a collective of organisations working collaboratively using an action based approach. Beyond anchor institutions, there is a further array of wealth and power in place through enterprise zones, city deals, local enterprise partnerships, and through the emerging devolution deals. Anchor institutions need to be involved in and influencing these agendas. The principles outlined above should also apply to the way in which wider wealth is harnessed for the benefit of local economies and local people.

## 10. Engage CLES

CLES is at the forefront of thinking around anchor institutions in a UK context. It forms part of our wider stream of work around community wealth building and is informed by three years of work in Preston and our experiences in the United States and Europe. CLES would argue that places across the UK should be thinking about how they can harness the wealth of their anchor institutions and as

such there are a number of ways in which we can assist:

- Developing frameworks of what anchor institutions want to achieve;
- Facilitating and brokering the involvement of senior leaders and sustaining it;
- Measuring anchor institution baseline positions;
- Suggesting anchor institution activities;
- Monitoring the impact of anchor institution activities and behaviour change;
- Influencing wider economic development agendas.

If you would like to talk further about CLES anchor institution activities, please contact Matthew Jackson, the CLES Deputy Chief Executive on 0161 236 7036 or [matthewjackson@cles.org.uk](mailto:matthewjackson@cles.org.uk)

