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Community Wealth Building Summit 2019



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Making financial power work for places

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CLES

progressive economics
for people and place



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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 incomes 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.





Why is making financial power work for place so important?

Making financial power work for places

- Money feels distant to people
- Without the financial flows to support it community wealth building is extremely difficult
- The UK is behind the curve - our financial systems are dominated by extractive models of finance, distant from place



Making financial power work for place in practice

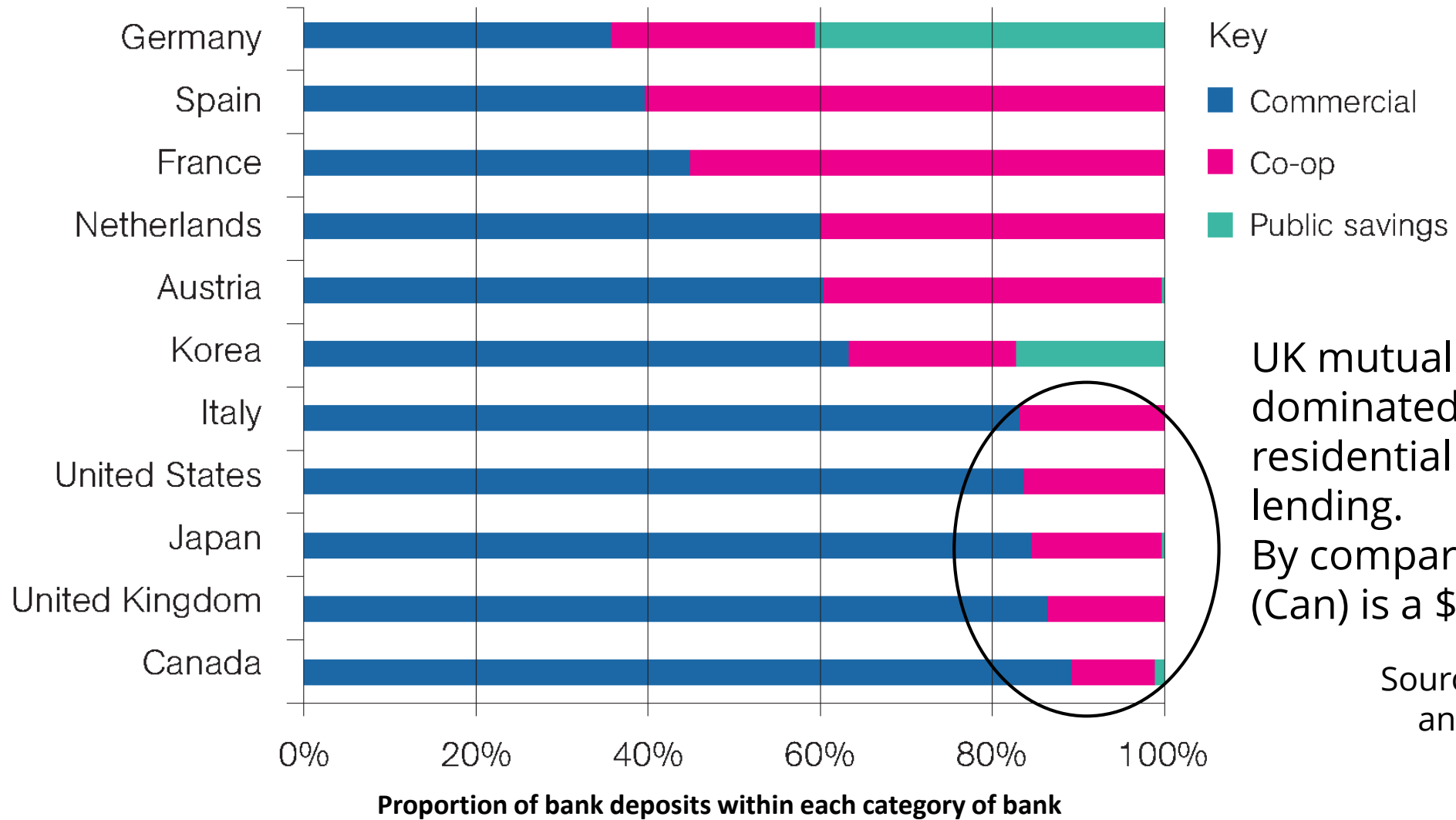
- Not new, long tradition in the UK and around the world: Credit Unions; regional banks; cooperative banking; patient, values driven investment
- Post-2008 flowering of new types of activity: community banking; community shares, crowd funding, alternative currencies
- Innovation happening all the time, eg: community municipal bonds



The challenges

1. A regulatory frame rooted in the status quo
2. Mainstream models of incubation and finance strip actors of their radicalism
3. To realise potential these innovations need to be woven into eco-systems of support for more democratic, locally-generative local economies


1. The UK is weird



UK mutual sector is dominated by residential mortgage lending.
By comparison Vancity (Can) is a \$26bn bank

Source: Greenham and Prieg (2015)

2. We have no regional stakeholder banks

	USA	Germany	France	UK
Regional commercial banks	5,700 £3,600bn	209 £730bn	81 Coop Banks Crédit Agricole Banques Populaires Crédit Mutuel £1,700bn	
Regional stakeholder banks	5,644 Credit Unions £1,000bn	403 Savings Banks £1,000bn		
Local credit institutions	991 CDFIs (inc CDCUs) £82bn	1,104 Co-op Banks £653bn	20 Municipal Credit Unions	470 Credit Unions £3.1bn. 45 CDFIs £0.7bn
<i>Total assets</i>	<i>c. £4,700 billion</i>	<i>c. £2,400 billion</i>	<i>c. £1,700 billion</i>	<i>c. £4 billion</i>

3. Community wealth building needs community banks

SME's in the South West region:

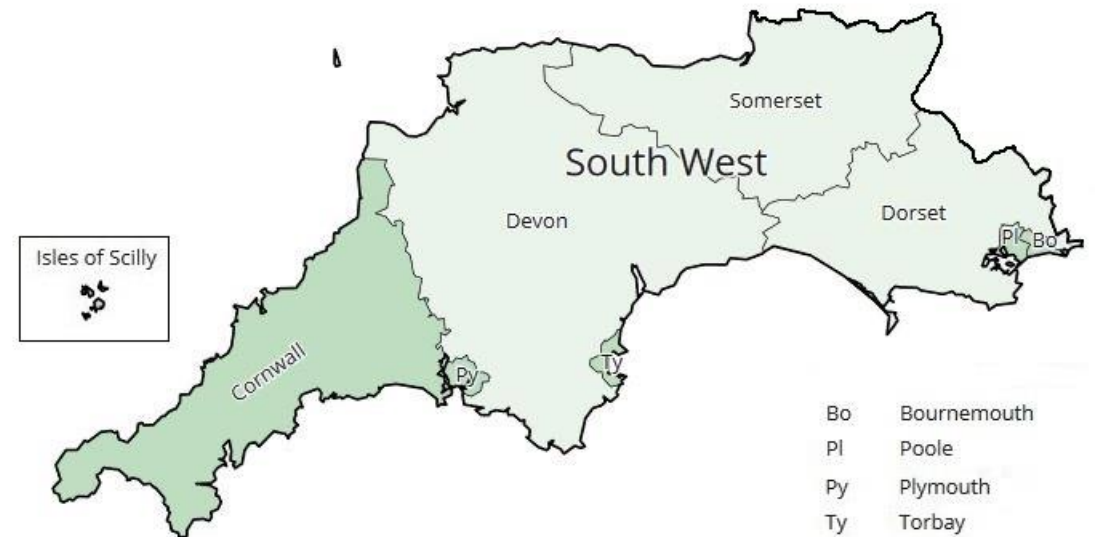
Deposits **£6.1 bn**

Loans **£3.3 bn**

Net outflow **£2.8 bn**



SOUTH WEST MUTUAL



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