

# Wealth

CLES calls on the next government to...

## We must build local economies where wealth is harnessed and works for all.

Wealth is the defining feature of all economies - who produces it, who owns it and where it goes. In the UK wealth is too narrowly held, with 44% of the UK's wealth owned by just 10% of the population<sup>1</sup>.

Underpinning this trend is how the UK's local economic development policy has followed a trickle-down model, which assumes that inward investment and growth hot spots will create virtuous flows of capital and wealth for local people.

This model is not working for our local economies. Rather than trickling down, wealth has increasingly been concentrated and extracted away from our local communities, leaving vast wealth gaps and allowing poverty and deprivation to increase at an alarming rate. **The trickle-down experiment must end now.**

### Set up a community wealth building unit

Community wealth building is happening across the country, but in England this comes without national support. To amplify this movement a dedicated national government unit for community wealth building should be established. This national organisation would have cross departmental connections, with ministerial stewardship, and be housed within the Ministry of Housing, Communities and Local Government (MHCLG). It would host networks for local government and other public sector anchors and act as a clearing house for best practice, offering support and training.

### Pass a community wealth building act

CLES recommends that the next government passes a community wealth building act. This landmark piece of legislation would set out how the government will utilise the full weight of its resources to build an inclusive economy based on community wealth building principles.

# Advancing community wealth building

## Progressive procurement and commissioning

Government should see all national and local public spending as an opportunity to develop social, local economic and environmental wellbeing through progressive procurement and commissioning activity.

- **Social license to operate.** Any supplier to the public sector should be required to achieve a social license to operate - a national accredited scheme for all existing and potential suppliers to the public sector.

## Plural and democratic ownership of the economy

A genuine transformation in our society will only be achieved by ensuring that more people have a genuine and meaningful stake in the economy.

- **Develop a national programme for plural ownership.** Government should commit existing and new business development resources (business growth hubs, business support) to develop and grow co-operatives, community interest companies, community businesses, micro and social enterprises. This would include an aim to double the co-operative sector by 2025.
- **Advance employee ownership.** Government should return to the provisions of the 2012 Nuttall review of employee ownership, which called for national infrastructure to support workers to buy out their businesses through legal support, tax incentives, and Employee Stock Ownership Plans.

## Fair employment and just labour markets

Fair work is essential to a good economy. Community wealth building aims to improve employment prospects, workers' rights and their terms and conditions.

- **Fund in- and out-of-work skills.** Government should provide support to individuals to invest in education, training and re-training, throughout their working lives.
- **Embrace the four-day week.** CLES wholeheartedly endorses the four day week campaign<sup>2</sup>, and urges the next government to legislate for a reduction in working hours with no loss of pay.
- **Grow the role of democratic trade unions.** Workers need genuine sectoral bargaining, starting with a government that promotes trade union membership. Government must set out a clear timetable for doubling trade union membership by 2030.

## Socially just use of land and property

Reforming our broken land and property market should be a crucial priority for the next government.

- **A land value tax to fix our broken land economy.** This should be used to combat wealth extraction and directed towards local social investment.
- **Empower every local authority to establish a public development corporation.** These should ultimately replace private developers as the primary drivers of the regeneration of publicly owned land, so that the return from land and property development is fed back into the public purse. However, in the transition period, private developers as partners should be retained.
- **Defend and extend the commons.** The government should end what has been dubbed "the great British sell off"<sup>3</sup>, and instead reassert the right of the commons in our parks and public spaces.

## Making financial power work for local places

We urgently need to increase the socially virtuous flow of wealth into our local economies.

- **Divest from fossil fuels and invest in green energy.** As part of a Green New Deal, all public sector pension investment should be divested from fossil fuels into green, clean energy schemes.
- **Reverse the recent interest rates rise on the Public Works Loan Board scheme.** Recent governments have hiked up interest fees on the Public Works Loan Board scheme. This should be reversed so that councils can invest more in their communities.
- **Power up the community banking movement.** Government should directly invest in the Community Savings Bank Association to further facilitate the development of a network of regional community banks. This would also assist with issues around local authority funding for infrastructure.