

# Rescue, recover, reform

A framework for new local economic  
practice in the era of Covid-19



the national organisation  
for local economies

# About this paper

This paper is a practical tool for local authority politicians, senior officers and economic development professionals responding to the local economic shock of the Covid-19 pandemic. It aims to provide a practical framework to respond to the immediate crisis and the urgent imperative to rebuild local economies which are more fair, inclusive and secure than those that existed before.

It works in tandem with [Owning the Future: After Covid-19, a New Era of Community Wealth Building](#), a paper which has been jointly authored by The Democracy Collaborative (TDC) and the Centre for Local Economic Strategies (CLES). In that paper we lay out the likely impact of Covid-19 on the local economic landscape and begin to sketch out the contours of a new era of community wealth building.

This work was delivered with support from the Friends Provident Foundation.

# Introduction

Local authorities have played a vital role in leading emergency responses to the Covid-19 pandemic. They are now at the forefront of planning the next phases of the recovery effort and will take the lead in rebuilding and reforming local economies. The strategic, policy and practical responses of local government to these tasks will define the future of local areas and communities for generations.

The Covid-19 crisis has already brought about irreversible structural and societal change for our communities and local economies. The current crisis has laid bare the fragilities and failings of our national and local economies and has powerfully demonstrated that the economic development practices of the past cannot provide a road map for the task ahead.

The opportunity is now upon us to make the aftermath of the pandemic and the coming economic recovery effort a reformation moment for a new kind of local economy. As outlined in [the position paper accompanying this practice guide](#), to do this we must refashion the vision and practice of community wealth building as the vehicle to drive this systemic change. The present crisis makes the case for community wealth building all the stronger, just as it strengthens the potency of the challenges to which community wealth building is a response.

## Community wealth building

Community wealth building seeks to build collaborative, inclusive and democratically controlled local economies. Underpinning it is a drive to replace extractive models of wealth ownership – those companies whose business model relies on maximising profits to distant shareholders – with locally generative, democratic forms of wealth ownership, from employee-owned businesses, to SMEs, mutuals, municipal enterprises and community land trusts.

The community wealth building approach is underpinned by five pillars and all of the recommendations for action we make below fit within the following schema.

### Five pillars

#### 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.

#### 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.

#### 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.

#### 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.

#### 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’.



Local government has been at the forefront of community wealth building in the UK. The approach is evident in the proactive and imaginative way many local authorities have acted to co-ordinate the immediate emergency response to the Covid-19 crisis. It must now apply that same energy and imagination to mobilising community wealth building at scale as the basis of local economic recovery and reform. Only in this way can we create the kinds of democratic, inclusive and community-based economies we need – economies truly centred on collective well-being, local resilience, ecological sustainability and economic justice. The framework presented below is intended to assist local authorities in this crucial task.

## Risks

The job of rebuilding is huge, as the risk that we return to the broken economic model which has made so many so vulnerable to the pandemic and its impacts. In part one of the position paper accompanying this practice guide we set out the conditions that would see a return to the destructive norms of the past. At a local level, the risks of taking that path include:

- Displacement of businesses which generate community wealth by those which extract it.
- Asset stripping of generative, locally rooted businesses liable to be bought out by investors seeking to maximise profit.
- Downwards pressure on pay and terms and conditions, resulting from high unemployment, as well as a refocusing of employment support services on getting people into any job, regardless of employment quality.
- Piecemeal action which delivers some improvement in some sectors but leaves the majority more precarious and insecure than before the crisis.

Community wealth building offers a powerful means of minimising these risks. The framework below is a guide to the practical action required to minimise these risks, and - instead - make local economic recovery a moment for profound and lasting change.

## The role of local authorities

In providing rescue, responding to the crisis and reforming their economies, local government can maintain three overarching roles that underpin the actions in the framework.

### **The analyser**

Developing and maintaining a granular understanding of the underlying state of the local economy and the short/medium/longer-term impacts of the Covid-19 crisis in their area.

### **The anchor**

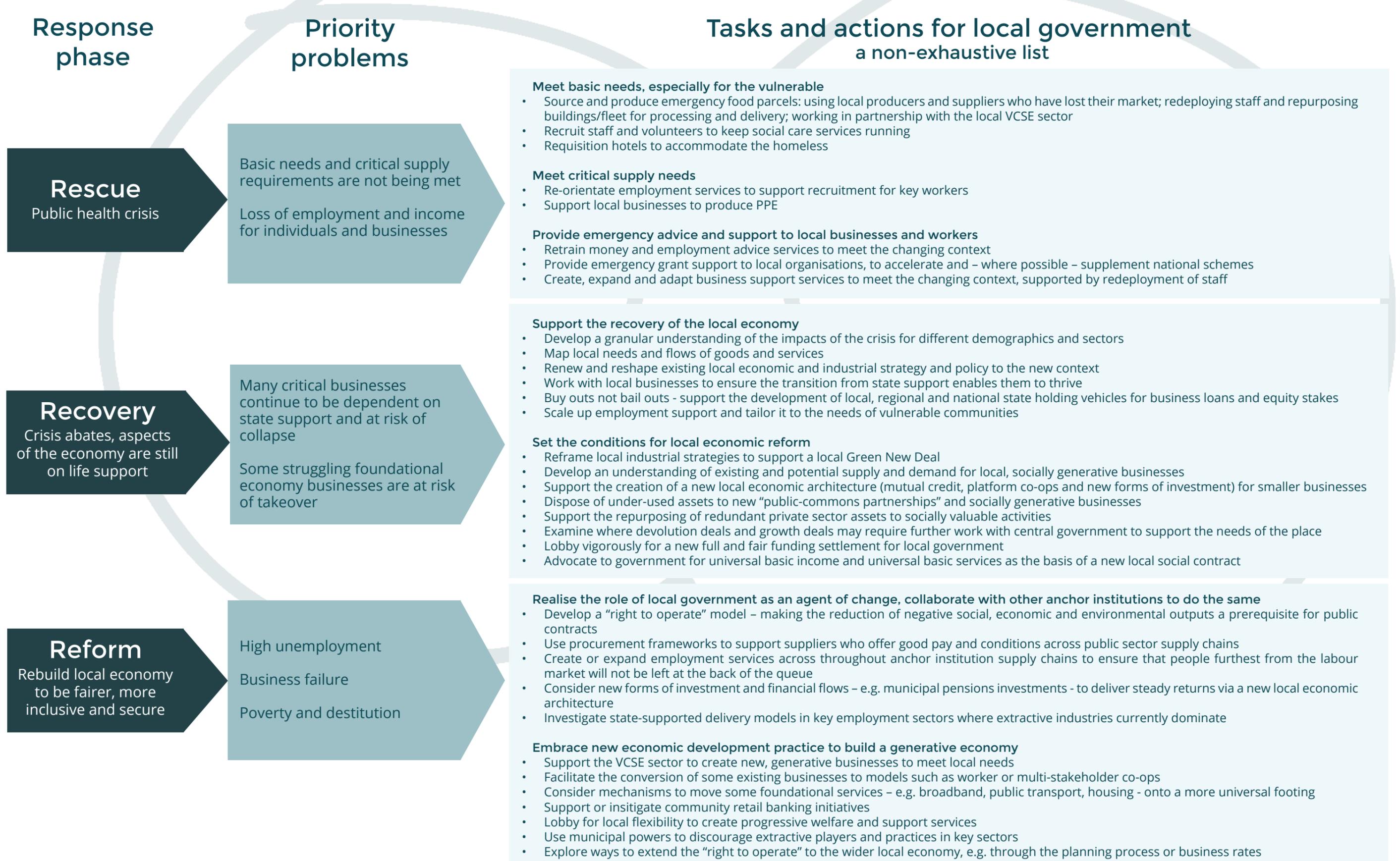
As an anchor institution which procures goods and services, employs people, owns land and assets and invests its financial resources, the local authority and other anchor institutions will be key sources of liquidity, assets and employment with which economies can be reformed.

### **The agent of change**

Using all the levers of the local state, they will act to create an inclusive local economy which functions to reduce the interconnected priorities of poverty, ill health, social isolation and inequality. Strong, confident intervention, at scale, to advance the cause of social and economic justice for all: insourcing, creating new municipal enterprises and rewiring local economic architecture.

# The framework for practice

The framework below describes the problems that local authorities and anchor institutions may face at each phase of the Covid-19 crisis and suggests tasks and actions to deliver a local economy centred on collective well-being, local resilience, ecological sustainability and economic justice.



# Support

CLES recognises the challenge of this work. While there is much to draw on from a decade of community wealth building practice across the UK and beyond, our thinking will continue to evolve and there is the imperative to accelerate both pace and scope, which will necessitate new approaches. We now have packages of support we can offer to local authorities taking this work forward, focusing on three areas:

## Diagnosis

Supporting councils to build comprehensive analyses of the impact of the pandemic on their local economies and the levers to respond to the specific issues arising in each place.

## New local economic recovery and reform strategy

Supporting the development of local economic recovery and reform plans, reviewing and stress testing existing plans and advising on local economic development capacity and ways of working.

## Policy development in specific functional areas

Working with localities to understand and analyse place-specific requirements for policy development.

## Centre for Local Economic Strategies

52 Oak Street, Swan Square  
Manchester, M4 5JA

info@cles.org.uk | cles.org.uk  
@CLESThinkDo



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for local economies