



Growing anchor networks in place

A how-to guide



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CLES is the national organisation for local economies - developing progressive economics for people, planet and place. We work by thinking and doing, to achieve social justice and effective public services.

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Introduction

The Covid-19 pandemic has destabilised our present and will profoundly affect our social, economic and political future. As we begin to emerge from the initial stages of the crisis, we need to use the power of anchor institutions to help with the economic recovery.

Amongst those advocating for this approach are local politicians who have stewarded their places through the pandemic. Many are convinced of the imperative to not just recover, but to build back better by embracing progressive reform through community wealth building and the opportunity to harness the collective power of anchor institutions.

The following how to guide explains the conditions that are required for networks of anchor institutions to flourish. It also draws upon our learning from the Birmingham Anchor Network. Here we provide a practical illustration as to how groups of anchors can adopt progressive strategies in relation to procurement, employment, as well as land and property assets to assist in rescuing, recovering and reforming local economies in the wake of Covid-19.

Community wealth building

Emerging in the 2010s, community wealth building is a progressive approach to local economic development which rejects trickle-down economics - the assumption that if the richest gain an increase in wealth, then jobs and opportunity will filter through for all to share. In this, community wealth building aims to replace extractive models of business ownership – which focus on maximising profits to distant shareholders – with business models that are more socially productive. These “generative” businesses are firms in which the wealth created is held more locally and/or shared broadly between owners, workers and consumers.¹

Anchor institutions

To drive this transition, community wealth building harnesses the power of anchor institutions. Anchor institutions are large public, commercial and social sector organisations. They can exert sizable

influence in the local economy through the purchase of goods and services, the employment of local people and through the deployment of their land, property and financial assets.

The role of anchor institutions is rooted in institutional economics,² particularly the notion that institutions can shape economic activity and behaviour. This theoretical bedrock sparks a different way of thinking about institutions and the influence they have on people and society, positioning anchors as a powerful force for social, economic and environmental justice within a locality. In so doing, these organisations therefore affect the social determinants of health – that’s to say, the conditions in which people are born, live, and work.³

Recognition of the role that anchors can play here has been growing steadily and is now advancing at a national policy level – particularly in health and higher education, for example. Our work with the Democracy Collaborative and the Health Foundation on health institutions as anchors has informed a commitment in the NHS Long Term Plan to work with sites across the country to identify good anchor practice that can be adopted across England.⁴ A recent Civic Universities Commission report highlights the potential for Higher Education institutions to operate as anchors in place,⁵ delivering significant local, social and economic benefit.

Post-Covid-19 Recovery

In the light of Covid-19, the role of anchor institutions has grown immeasurably, with them offering economic ballast to local economies. As we move further into the recovery phase of the pandemic, the need for proactive anchor strategies is being amplified by two factors.

First, public sector employment is likely to be hit less hard than in the commercial sector, meaning that the percentage of public employment in local economies is likely to increase. Nationally, 16.5% of all people in paid work are employed in the public sector.⁶ The collapse of certain parts of the commercial sector is likely to take many years to recover; meaning that, in the intervening period, public sector jobs will have more significance within the local economy.

Second, anchor institutions take on additional importance in a recession because they may be the largest source of demand for goods and services left in local economies. As with employment, this means that the financial power of local anchor institutions will become more important, allowing them to act both as purchasers of goods and services in the local economy and as investors.

Developing formal anchor networks

Over the last decade, we have seen how networks of anchor institutions operating in concert can amplify their impact on the communities they serve. In a growing number of localities, local authorities and combined authorities are leading a wholesale community wealth building approach across groups of anchors – such as the local NHS, universities, colleges, housing associations, police, fire and rescue.

In Preston,⁷ for example, from 2014 to 2018, CLES worked with six anchor institutions, brought together by the city council. Here, we helped these institutions to use their combined weight to drive levels of spending with city-based suppliers up from £38.3m to £112.3m over a five-year period. In the light of this activity, the locality has begun to reshape the market for goods and services in some specific sectors to encourage more locally rooted companies to establish themselves and grow.

In Leeds,⁸ the biggest organisations in the city are currently working together to maximise the local benefits from their spending, services and recruitment. The “Leeds Anchors” network was established by the city council and brings together the key institutions from local government, higher and further education, the NHS as well as Yorkshire Water. The network is already looking at opportunities to direct more of its spending locally and CLES has worked with the network, training them in progressive procurement practice.

In Birmingham,⁹ CLES established the Birmingham Anchor Network to support seven participating anchor institutions to maximise the benefit they bring to the Birmingham economy. The network, which represents seven of the city’s largest institutions, a combined workforce of over 50,000 people and budget of over £5bn, has recently released an action plan which responds to the impact of Covid-19 on the Birmingham economy.¹⁰ This co-ordinated response is believed to be the first of its kind anywhere by a network of anchor institutions. The Birmingham Anchor Network Action Plan builds on two years of work developing the network by CLES, funded by Barrow Cadbury Trust, the independent charitable foundation for socially just change.

Last year the members of the network committed to progress joint action to utilise their spending power, workforces and land and assets to build a more inclusive and equitable city economy.

By collaborating on work in key areas of procurement, employment and the management of land and assets, these institutions are now helping to shape Birmingham's economic, social and environmental destiny, with a particular focus on rescue, recovery and reform in the wake of Covid-19.

You can lead a horse to water but you can't make it drink

Networks of anchor institutions exist across the UK in light of the numerous partnership arrangements that are particular to local places.

In England, the local strategic partnerships architecture established by the last Labour government brought together groups of local anchors to encourage joint working on place-based strategies and regeneration initiatives. The introduction of local enterprise partnerships with their focus on local economic priorities have had a similar binding effect, as has the emergence of integrated care systems which bring together NHS organisations and local councils to improve the health of the populations they serve.

In Scotland and Northern Ireland, community planning partnerships have been established to encourage joint working. In Wales, there are public services boards that are charged with carrying out local well-being assessments and publishing annual local well-being plans to set out how local areas will meet their responsibilities under the Well-being of Future Generations (Wales) Act.¹¹

Nevertheless, whilst the presence of these partnership arrangements brings groups of anchors together, these arrangements are not sufficient to drive the kind of community wealth building approach that we've seen in Preston, Leeds and Birmingham, for example.

To do so requires not just a strong intent and a commitment to community wealth building principles from local leaders, but also the presence of local change agents who can drive knowledge and practice exchange.

It is widely accepted that pushing knowledge or evidence from one set of users to another - in the form of guides or basic training exercises - does not successfully enable the spread of new or emerging practice, or focussed action.¹² Part of the reason for this is the

implicit rules, cultures, and realities that dominate the day to day lives of people working in particular organisations. They often make it difficult to implement new ways of doing things. New, sometimes complicated, information arranged in a particular and apparently logical order needs to be digested by practitioners and made sense of in its own context.

To facilitate this process, and bridge this gap between new action and the inertias of existing culture and rules, means we need intermediaries, champions, change agents, facilitators, and opinion leaders. In short, the kind of individuals who can influence other practitioners towards best practice, helping them to make sense of codified information and navigate through different organisational contexts.¹³

Learning from The Democracy Collaborative in the US confirms the importance of such actors in the development of successful anchor networks. In places such as Newark, New Jersey, Cleveland, Ohio and Rochester, New York, groups of local anchor institutions have benefitted from the presence of convening or backbone organisations. By providing resource in the form of staff and project management expertise, these institutions help to co-ordinate anchor activity and drive forward successful collaboration.¹⁴

Learning from the Birmingham Anchor Network

To facilitate the transfer of knowledge and practice between members of the Birmingham Anchor Network, we have appointed a 'community wealth builder in residence'. Funded by the network members, this co-ordinator role provides a resource that can work between the various institutions to share learning and mobilise progressive anchor practice in a range of different contexts.

As such, we now provide a practical illustration as to how this role has enabled this group of anchors to harness progressive action in relation to procurement, employment, as well as land and property assets, with a particular focus on rescuing, recovering and reforming the local economy in the wake of Covid-19.

Getting started – facilitating whole organisational buy-in

Getting senior leader to agree that their local anchor institutions should work together is relatively easy. As noted above, networks of anchor institutions exist across the UK in light of the numerous partnership arrangements that are particular to local places. Bringing the leaders of these institutions together to agree in principle to adopt collective progressive anchor practice is usually a straightforward exercise. This is especially true in light of the current pandemic with ongoing public health challenges and the economic and social ramifications, and of course the ongoing climate emergency.

The real challenge though is one of implementation and realising outcomes. In an era of reduced budgeting and capacity, how do you help a head of procurement, for example, who receives an email saying the council should now look to spend more of its budget with local generative organisations? Without the right assistance to deliver on this, barriers to new progressive practice can emerge.

Additional resource is therefore vital here. In Birmingham, our network co-ordinator is working closely with middle managers to help them change practice. This bottom-up pragmatic approach has involved interviewing and working with relevant middle managers and teasing out practical challenges that are hindering the amplification of good anchor practice. Following this exercise, a number of issues emerged.

For example:

- there was a lack of knowledge and capacity, amongst middle managers in all anchor institutions around and the fundamental elements of supply side development – namely, how to identify and engage with alternative more generative suppliers.

Moreover, the interviews also provided an opportunity to address other challenges that middle managers were facing that could potentially be solved by the network. For example:

- University Hospitals Birmingham NHS Foundation Trust was found to be facing recruitment and retention challenges and also needed a premises to establish a learning hub to provide pre-employment training for jobs within the hospital;
- Pioneer Group housing association had an issue with its tenants being made redundant from the hospitality sector in the wake of Covid-19; and,
- West Midlands Police were facing diversity challenges in their recruitment drive.

Following the individual organisational interviews, working groups were established around procurement, employment, land and property assets to work through the challenges. By collating problems, our network co-ordinator was then able to work between the institutions, make linkages, aligning the strength of individual network members to support each other, and generate solutions for real outcomes.

We now describe below some of the outcomes of this activity in relation to spend, employment, land and property assets.

Spending

As noted above, the issues around spending pertained to the lack of knowledge and capacity around the identification and usage of alternative more generative suppliers. To address this deficit, our network co-ordinator utilised the procurement working group to further interrogate this challenge. Here the question of what would be a suitable size of contract to entice smaller more generative business emerged. It was agreed that contracts of around £25,000 were a realistic prospect. In

theory, therefore, anchors could support the local generative economy by adopting a system of going out to the market and asking 3 local generative suppliers to quote for contracts. However, this posed two further challenges: namely,

1. How would anchors know which suppliers to ask?
2. Some anchors, such as the city council, are use to contracting at a much bigger scale. How, then, could they incorporate these smaller contracting opportunities for more generative suppliers into their procurement activity?

To address these challenges, our network co-ordinator is establishing a database of preferred local generative suppliers. They are liaising with the local enterprise partnership, Aston University growth hub and the local chamber of commerce as potential partners who could house the database on a permanent basis and devote capacity to maintaining it as a resource that could be used by all anchor network members. In addition to the database, work is also underway here to provide a resource that can help build skills and capacity where needed to enable local businesses to bid into and play a greater role in anchor supply chains.

With respect to second challenge around scale, CLES has worked with larger anchors to deploy a range of measures to engage SMEs in procurement.¹⁵ A process of breaking contracts down into smaller lots could be particularly effective here. For example, Lancashire county council recently broke down its school meals contract into smaller 'chunks' before going out to market. Consequently, there was a tender to provide yoghurt, others for sandwich fillings, eggs, cheese, milk, and so on. This resulted in a situation where Lancashire farmers won every contract, providing an estimated £2m boost to the county.¹⁶

Employment

In light of the challenges that emerged through individual interviews with each organisation, our network co-ordinator has been able to quickly address the recruitment and retention challenge that the local NHS Trust is facing, along with the issue faced by Pioneer Group housing association whose tenants are being made redundant from the hospitality sector in the wake of Covid-19.

After an introductory meeting, facilitated by our co-ordinator, the Trust and the housing association are now working together in a "win-win" situation where they help the solve each other's problems. As such, Pioneer Group is now providing the Trust with a pool of potential new recruits. In turn, the Trust is now training-up those facing redundancy in the hospitality sector to perform much needed roles within healthcare services.

Housing association intelligence is also being utilised as a potential avenue to address the diversity challenges faced by West Midlands police, who are looking to recruit 3000 new officers over the next 3 years.

During the course of the employment working group, it emerged that Bournville Village Trust housing association could be of assistance. The trust has a number of properties in the Nechells area of Birmingham, which is a highly diverse area of the city but with high levels of unemployment, low skills and training. The intention therefore is to target police recruitment from the Nechells area, using the housing association as a local trusted organisation that can link local residents with police community officers who, in turn, can go out into communities and hold local recruitment events and careers days at local schools. The hope is that this approach will engage local residents, build relationships and ultimately encourage more diversity in the employment profile of the local police force.

Land and property

Heartlands Hospital, which is part of the NHS foundation trust, is looking to establish a learning hub to provide preemployment training for jobs within the hospital. The council has a number of underutilised assets and during the working group meetings it emerged that it had two derelict buildings in Ward End park in east Birmingham which is just under a mile away from the hospital. As such, the council are now in the process of redeveloping the sites so that the assets can be used by the NHS trust to establish the learning hub within these premises.

Conclusion

As the impact of Covid-19 continues to be felt in our neighbourhoods and communities, the need for proactive anchor strategies and role of anchors is cast into sharp relief. By collaborating in key areas of procurement, employment and the management of land and assets, these institutions are able to shape the economic, social and environmental destiny of a place, with a particular focus on rescue, recovery and reform in the wake of Covid-19.

Anchors have the biggest impact when they act in concert and with intent. Whilst networks of anchor institutions exist across the UK in light of the numerous partnership arrangements that are particular to local places, the presence of intermediaries, champions, change agents, facilitators, and opinion leaders are required to enable them unleash their full anchor potential and make an added difference to the communities to which they serve.

Our community wealth builder in residence who has been deployed in Birmingham to co-ordinate anchor network activity represents one way of achieving this. Other localities may already have co-ordinators in place who could perform a similar role. The key point though is that progressive change is contingent not just on the strong intent of local leaders but also on the presence of people on the ground who can knit things together and drive the exchange of knowledge and practice for greater social, economic and environmental good.

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