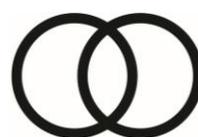


Embedding community wealth building into ESES City Deal projects and programmes

A framework for action



CLES
the national organisation
for local economies

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Summary

The Edinburgh and South East Scotland City Region Deal is a source of financial power to enable progressive economic development across the region. This report outlines how the region can build on its progress to date to further embed community wealth building principles into its projects and programmes.

Although knowledge and application of community wealth building is encouraging, our assessment is that the projects and programmes could go deeper. The following recommendations should provide food for thought for individual projects, the deal team and the region as a whole as to where it might go next with its community wealth building aspirations.

1. Finesses the vision and agree a comprehensive measurement framework

Building on the commitments made within the regional prosperity framework, the imperative going forward should be to use the deal's projects and programmes to grow and develop the economy from within. Support for traditional economic activity, such as heavily extractive forms of inward investment should, as far as possible, be kept to a minimum and opportunities to promote and elevate the grass roots economy should be prioritised. A more comprehensive set of measures could be deployed to track community wealth building progress across the region. Adapting and adding to the approach we have recently taken in Ayrshire, the report proposes a set of metrics for consideration which we have aligned to the region's strategic vision.

2. Develop local SMEs

Projects should maximise the use of community benefit procurement frameworks to go beyond wish lists and look for opportunities to encourage more local supply chains. With a view to promoting supply chain opportunities, project could make use of the Capital City Partnership's employer engagement network that operates across all six of the region's local authorities and has good relationships with Business Gateway, chambers of commerce and the Federation of Small Businesses. Project leads could also look to work more closely with local authority partners to develop a pipeline of alternative local suppliers. This kind of approach could also be an area of future development for the Big Moves 9 project. Where projects are focused on providing business premises, SMEs and other socially productive forms of business should be given priority.

3. Support different models of ownership

Support for SMEs and helping them to develop with greater social and environmental purpose is important, but there are a range of different pathways by which people can be enterprising and entrepreneurial. The pipeline of alternative suppliers described above should also look to encourage a broader range of ownership models – namely, more community businesses, social

enterprises, employee ownership and co-operatives. Individual project leads and local authority partners could look to work more closely with the Regional Enterprise Council to facilitate this activity. Where the principle of supporting local enterprise is built-in to projects – such as Edinburgh Food and Drink and the Data Driven Innovation project – greater links could again be made with the Regional Enterprise Council to encourage a broader range of ownership models.

4. Maximise skills and employment opportunities for all

Where feasible and relevant, and if they have not already done so, all projects should commit to working with the IRES team to maximise the impact of any potential employment opportunities. Moreover, there is the potential for progressive employment interventions to be driven forward, again by the Big Moves 9 project. There is a growing evidence of large anchor institutions, particularly within the NHS, contributing a portion of their significant employment opportunities and targeting these towards people and communities who need them the most. Where relevant, anchors could explore the feasibility of a similar scheme in their location and look to support from the IRES programme.

5. Build on new partnership arrangements to produce an ambitious community wealth building charter for the region

To build on the partnership working and regional collaboration that has stemmed from the deal process, as well as the ambition set out in the regional prosperity framework, ESES should ensure that the development of the forthcoming community wealth building charter for the region is bold in its community wealth building ambitions and follows the strong and purposeful vision that we establish here. This should attempt to balance the need for traditional economic activity with a greater emphasis placed upon the kind of asset-based approaches that we outline in this report.

1. Introduction

The Edinburgh and South-East Scotland (ESES) City Region Deal promises £1.3bn of investment into the region over the next 15 years. Delivered as a series of innovative projects and programmes, this is a significant opportunity to develop the local economy in such a way that delivers inclusivity, sustainability and prosperity for all.

Nevertheless, investment alone is no silver bullet: the devil is in the detail. In line with the Scottish government's commitments,¹ the ESES City Region deal team are keen to ensure that a community wealth building approach is embedded into the deal's project and programmes with a view to achieving the region's inclusive economy aspirations. This report explores how this could happen.

As a progressive approach to economic development, community wealth building seeks to change the way that our economies have come to function by aiming to increase the flow of wealth and opportunity for the benefit of local people. This is in contrast to the predominant economic model, where growth is exclusive, regeneration is based on speculative property development and large companies extract wealth for the benefit of distant shareholders.

ESES is well placed here. In addition to the strong and conducive national policy framework, with its growing commitment to community wealth building and proposals for legislation, the Centre for Local Economic Strategies (CLES), has already worked with Fife and West Lothian to establish community wealth building action plans which are now being implemented.

Yet, while CLES's action planning work across Scotland has made some recommendations about the delivery of Scotland's city region deals – largely around procurement and the generation of community benefit – there has to date been no detailed attempt to consider how a community wealth building approach could be maximised here.

About this report

Based on CLES's experience of the theory and practice community wealth building, we begin in section one with narrative and ambition. The £1.3bn investment into ESES is a mechanism for progressive economic development. Delivered in the right way, this should help to stimulate sustainable economic growth while also alleviating poverty, inequality and lack of opportunity. By providing an analysis of recent economic development practice from elsewhere, we sketch out a guiding narrative that should underpin all projects and programmes going forward.

In section two, we use insights gathered through a series of discussion groups with projects leads, the project management office and representatives from the Capital City Partnership to outline progress to date on embedding a community wealth building approach. Our assessment is that although knowledge and application of community wealth building is encouraging, the deal's projects and programmes could go deeper.

¹ The Scottish Government (2022). Programme for Government 2022-2023. [Link](#).

Finally, therefore, in section three we present a set of recommendations as to how community wealth building could be more comprehensively embedded into the deal's projects and programmes to maximise the impact of the deal.

2. Narrative and ambition

“The Edinburgh and South-East Scotland City Region Deal is a mechanism for accelerating economic and inclusive growth in the City Region.”

City region deal: Edinburgh and South-East Scotland²

Context

ESES has solid foundations. Home to 1.4m people, of whom 65% are of working age, the economy has performed well in pure growth terms over the last five years, with the region delivering approximately 30% of Scotland’s total economic output from a diverse industry base.³

As it stands, however, the prosperity and success created by this growth is not universal, with 22.4% of children now living in poverty.⁴ While the city region houses some of Scotland’s most affluent areas – such as Stockbridge in Edinburgh – this contrasts with areas such as Buckhaven in Fife which is ranked as the 7th most deprived area in Scotland.⁵

Although median weekly earnings for the city region as a whole are higher than the UK average, this is distorted by the City of Edinburgh’s positive impact where wages are on average 27% higher than the rest of Scotland.⁶ In the six other local authority areas, wages are in fact lower than the UK average.⁷

With its significant investment, there is a strong sense then that the city region deal must do more than just increase GDP over the next 15 years. In this, the region recognises that economic success must not be at the expense of the planet and it must not exploit or marginalise anyone. There is therefore a strong commitment to ending inequality, ensuring that the social and economic benefits of the £1.3bn investment are extended to all while protecting the environment and delivering a just transition to a net carbon zero economy.⁸

More than words

In seeking to deliver widespread prosperity for people and communities, the ESES region is not alone – inclusive economy ambitions are commonplace across other city regions and local authorities in the UK.

Recent research by CLES has revealed that many areas are now recognising that traditional approaches to economic development, with narrow growth-led definitions of success, are no longer

² Edinburgh and South East Scotland City Region (2018). City Region Deal: Accelerating Growth. [Link](#).

³ Edinburgh and South East Scotland City Region (2021). Regional Prosperity Framework (2021-2041). [Link](#).

⁴ Edinburgh and South East Scotland City Region (2018). City Region Deal: Accelerating Growth. [Link](#).

⁵ Scottish Index of Multiple Deprivation (2020). [Link](#).

⁶ Edinburgh Poverty Commission (2020). Poverty in Edinburgh – data and evidence. [Link](#).

⁷ Office for National Statistics (2022). Employee earnings in the UK: 2020. [Link](#).

⁸ Ibid.

fit purpose.⁹ Moreover, there is widespread acknowledgment that changes to practice are required to provide a more comprehensive response to the challenges areas are facing around poverty, inequality and the environmental crisis. As such, the strategic focus is more upon the qualitative nature of the economic activity, as opposed growth for growth's sake. Some have rebranded their economic development departments as directorates of inclusive economy and are adopting a broader set of metrics for success – going beyond GDP growth and looking at unemployment levels, groups of unemployed, the types of jobs people have, as well as life expectancy and hospital admissions.

In the main, however, this renewed strategic purpose has led to areas trying to squeeze more benefits for local people and places out of inward investment opportunities as well as the continued reliance on property development-led regeneration.

It remains to be seen, therefore, as to whether this will be enough to turn the dial here and have a positive impact on poverty, deprivation and inequality. Again however, recent analysis by CLES shows that while foreign direct investment (FDI) has increased in almost all English city regions,¹⁰ this has not correlated with a positive impact on deprivation.¹¹ Similarly, the latest statistics for ESES highlight an increase in FDI since 2015,¹² yet issues such as low average wages and child poverty continue to persist.

To date, growth-led approaches have been unable to resolve the intractable fact that low-paid, insecure jobs are a dominant feature of the UK's mainstream economic model, with detrimental consequences for worker health and wellbeing.¹³

This is not to say, of course, that local economic development practitioners should not be trying to squeeze as much as they can out of inward investment. But in addition, they should also be looking to diversify their approach to produce wider social, economic and environmental benefits at scale.

Leading lights

To this end, some areas are starting to tread a different path.¹⁴ Here community wealth building has become a much more embedded approach, with local place-based assets becoming the focus of local economic development practice. This has resulted in the adoption of the following interventions and tactics with a greater focus on the grass roots economy.

Vision and metrics

Minimising the extraction of wealth and building prosperity for all should be the intention of local economic strategy. Local economies everywhere should now be rejecting the idea that the sole measure of economic success is growth and should be including additional metrics for wellbeing, happiness, the reduction of poverty and carbon emissions. While economic strategy and planning falls under the jurisdiction of local governments, they should unite and inspire here, encouraging and enabling other anchor institutions, communities and the VCSE sector to play a key role in

⁹ TL Goodwin et al (2022). A light in the dark: progressive frontiers in local economies. CLES. Forthcoming.

¹⁰ Office for National Statistics (2021). Foreign direct investment involving UK companies by UK country and region, (directional): inward. [Link](#).

¹¹ Office for National Statistics (2019). English Indices of deprivation 2019. [Link](#).

¹² Office for National Statistics (2021). Foreign direct investment involving UK companies by UK country and region, (directional): inward. [Link](#).

¹³ E Yates I Clark and W Rossiter (2021). Local economic governance strategies in the UK's post-industrial cities and the challenges of improving local work and employment conditions. *Local Economy*, 36(2). [Read](#).

¹⁴ TL Goodwin et al (2022). A light in the dark: progressive frontiers in local economies. CLES. Forthcoming.

establishing an inclusive local economy vision. CLES's recent work with the Ayrshire region, to produce a new inclusive economic strategy is a key example of this approach.¹⁵

Developing and growing local enterprise

Looking for opportunities to support and influence the behaviour of local SMEs is emerging as a key local economic development tactic to promote a more inclusive local economy. As a result of Covid and the need to administer business support grants, many councils now have increased intelligence about the nature of their local SMEs.¹⁶ In councils such as Fife, Luton and Carmarthenshire, they are using this intelligence to target their own procurement expenditure towards growing and diversifying their local SME base. Here, economic development officers are engaging with local SMEs to make them aware of their goods and services pipeline, with a view to more of their supply chains being delivered by these local businesses. Through this engagement these local authorities are using this as an opportunity to address the environmental crisis – supporting local SMEs with retrofit and access to environmental grants. They are also encouraging the adoption of the living wage, as well as initiating discussions around succession planning, to potentially transition to worker ownership. This enables these local businesses to grow and develop with greater social and environmental purpose.

Diversifying ownership

The development of inclusive local economies also means growing other forms of more socially generative enterprise. Recent research by CLES has highlighted that employee-owned businesses, for example, tend to be more resilient, less indebted, pay higher wages and more productive.¹⁷ Here, councils such as Islington have diversified their business support by commissioning a social enterprise hub and a co-operative development agency.¹⁸ With support from Power to Change, Liverpool City Region has invested £6.5m to support the development local socially trading organisations. With this funding they have established Kindred - a new investment and development vehicle, owned and run by the sector, that is now providing business support and funding to local community businesses.¹⁹ In Greater Manchester, the combined authority is looking to establish a community wealth hub to support and grow co-operative, mutual, social and community enterprises in key sectors of the everyday economy such as childcare.²⁰ In North of the Tyne, the combined authority has been working with a group of supply teachers and local trade unions to create a supply teacher co-operative. Owned and controlled by the teachers themselves, the co-operative will replace the prioritisation of profit with an imperative to pay fairly and provide good terms and conditions for teachers.²¹

Building inclusive skills and employment pathways

Local anchor institutions often have significant numbers of jobs with good terms and conditions that can be targeted towards people and communities who need them the most.

In the West Midlands, for example, the Birmingham & Solihull Integrated Care System (ICS) is leading a programme across all of its employing providers. The programme will deliver a minimum of 100 entry level job opportunities each year for three years for unemployed and young people, targeting economically disadvantaged areas across the sub-region. It includes the provision of tailor-made “get into work” development and support programmes, with careers, interview, application support

¹⁵ CLES (2022). An inclusive economic strategy for Ayrshire: Building community wealth across the Ayrshire region. Forthcoming.

¹⁶ Local Government Association (2021). Supporting councils with business engagement. [Link](#).

¹⁷ S Benstead and J Heneghan (2022). Owning the workplace, securing the future. CLES. [Link](#).

¹⁸ CLES (2022). Community wealth building in Islington (2018-ongoing). [Link](#).

¹⁹ Kindred (2021). What we do. [Link](#).

²⁰ Greater Manchester Combined Authority (2022). Launch of the report from the Greater Manchester Independent Inequalities Commission. [Link](#).

²¹ F Jones (2022). Unions tackling wealth extraction on the front line. CLES. [Link](#).

and a programme of post-employment mentorship. The programme commenced during November 2021 and is now seeing its first successful applicants employed.

Anchor collaboration

Networks of anchor institutions exist across the UK in light of the numerous partnership arrangements that are particular to local places – such as community planning partnerships in Scotland. Harnessing the impact of place-based assets can be magnified by collaboration across anchors.²² The ICAN example above from Birmingham & Solihull ICS is a powerful illustration of the potential impact that can be achieved by anchor institutions working together in concert here. In a similar vein, local economies can also use these spaces to collaborate around harnessing the power of collective procurement budgets – as is being explored in Carmarthenshire in Wales –²³ as well as the usage, disposal and stewardship of public land.²⁴

Impact

Used in the right way, levers such as collective spending power, employment practices and land use can generate significant impact for local economies, stimulating progressive and sustainable economic development and driving improvements in population health.

In Preston, for example,²⁵ a group of the city's key anchor institutions adopted a suite of community wealth building initiatives such as redirecting their public expenditure towards local SMEs, cooperatives, and social enterprises, paying the real living wage and building affordable housing. This has increased local economic expenditure, raised average wages and, crucially, it has correlated with improvements in socioeconomic deprivation since the community wealth building programme has started.²⁶ Furthermore, a new National Institute for Health and Care Research (NIHR) project has also illuminated further positive evidence. In short, during the period since community wealth building has been introduced there have been fewer mental health problems than would have been expected compared to other similar areas. As a recent paper concludes, community wealth potentially provides an effective model for economic development that leads to substantial health benefits.²⁷

²² CLES (2020). Growing anchor networks in place: a how to guide. [Link](#).

²³ CLES (2021). Carmarthenshire anchors: food procurement. [Link](#).

²⁴ CLES (2021). Our Land: Final report of the Liverpool City Region Land Commission. [Link](#).

²⁵ CLES and Preston City Council (2019). How we built community wealth in Preston: achievements and lessons. [Link](#).

²⁶ Demos and PwC (2018). Good Growth for Cities 2018. [Link](#).

²⁷ B Barr et al (2022). The mental health and wellbeing impact of a Community Wealth Building programme – a difference-in-differences study. [Link](#).

3. Progress to date

With this narrative and these guiding principles in mind, we turned our attention to the city region deal's project and programmes. We undertook a series of short insight gathering discussion groups with the deal team, the Regional Enterprise Council as well as representatives from the following project areas. (See appendix for full list of stakeholders).

- **Edinburgh Food and Drink** – the development of an innovation park to bring together academic excellence and regional expertise in food, drink, and health sciences with Scotland's emerging businesses.
- **IRES** – a dedicated regional integrated skills and employment accelerator programme.
- **Data Driven Innovation** – the development of five innovation hubs across the region focused on data capability, computing and data storage infrastructure.
- **The Dunard Centre** – the development of Edinburgh's first dedicated new space for music and the performing arts in 100 years.
- **Sheriffhall Roundabout** – the construction of a new grade separated junction on the A720 Edinburgh City Bypass at Sheriffhall.
- **Fife Industrial Estates Regeneration** - a major investment programme in infrastructure and modern business premises to support economic development in Fife.
- **Borders Innovation Park** – a programme to develop high quality business space to the Scottish Borders.
- **Big Moves 9** - A commitment by the region's anchor institutions to more locally based supply chains linked to the broader objective of community wealth building.

Our lines of enquiry were designed to produce a snapshot of what progress has been made to date in terms of embedding a community wealth building approach and then to develop our thinking around how this approach could be amplified further.

While the projects share some core aspects – they all involve expenditure of the deal's funding streams – and some cover the same kinds of activity, in the main each project is quite unique. Moreover, although some projects are well under-way, others are still at their inception point. Nevertheless, we group our findings around the following themes

Community wealth building intent

In the majority of our discussion groups, community wealth building was a familiar concept and, despite the fact that there is a variance in terms of where each project is up to, there was a strong desire and intent to embed a community wealth building approach amongst the majority of discussion group participants.

"We're very committed to embedding community wealth building, but we are at a very, very early stage of the project."

"This project is about job creation, inclusive growth, equalisation around local areas that have been identified as areas of high social deprivation and tapping into opportunities for everyone – that is embedded from a policy perspective."

"It's for businesses that want to grow, but they need to show they are committed to developing and putting fairness and equality in the heart of their workforce planning."

"Not everyone's at the same place but I think there's a real desire."

Nevertheless, there was also said to be some lack of knowledge and understanding around the principles and practice of community wealth building.

"It's probably still quite confusing for a lot of folk and to understand what exactly does it mean... At the time inclusive growth was the main objective in the long view."

"We're probably playing a little bit of catch up... I'm not sure how well community wealth building was understood back when the deal was signed in 2017."

"There is tension there, as it's a new way of working and they don't know how to do it."

Spending and procurement

Of all the community wealth building pillars, there appears to be the most activity around procurement. The deal includes an agreed approach to procurement, whereby community benefit clauses are to be used to "target inclusive employment practices and other opportunities".²⁸ All projects have community benefit KPIs and these are currently being tracked centrally by the deal team. During our discussions, community benefit "wish lists" and the ESES Communities website was mentioned extensively. This allows community groups and good causes to submit requests to receive additional social value from the supply chain of businesses that are delivering publicly funded contracts and developments. It has been a valuable mechanism to start discussions with project leads and local authority partners around the community benefit agenda.

"Looking at the five pillars, a lot of good effort has gone into the procurement process."

"The Capital City Partnership have had great success with their ESES community benefits portal, so it's really matching up with the wants and desires of the community."

"... Building on what has been done within the deal and thinking how can we bring this collaboration a lot closer, so we can start to think about developing supply chains etc for community benefit".

There was some familiarity with the idea of using procurement as a lever to build more diverse local supply chains, although this activity was not mainstream.

"The best way to build the capacity of social enterprises is to trade with them, we need to look at how we can get them into supply chains... It's about taking some risk and working in partnership with them".

Employment and Skills

The skills and employment agenda is well represented within the city region deal through the IRES programme.²⁹ The programme is focused on delivering skills improvement, employment and career enhancement. It aims to unlock access to good opportunities for all the region's citizens, opening up new talent pools to business and stimulating increased recruitment from under-represented groups. As interview participants explained:

²⁸ Edinburgh and South East Scotland City Region (2018). City Region Deal: Accelerating Growth. [Link](#).

²⁹ Edinburgh and South East Scotland City Region (2022). Integrated Regional Employability and Skills Programme. [Link](#).

"[for] all the people we are putting through the training and skills programme, the ultimate goal is to get them secure and sustainable employment, that's one of the key goals of the project... In North Edinburgh we're going to put a skills hub in, to work with the local population to access opportunities that are going to come from the waterfront development."

"In West Lothian, two large businesses have been working on specific programmes with West Lothian College to tackle the lack of graduates in the area and fully maximise the pool of individuals they have access to."

"We tend to take the approach of linking the employability providers directly to the projects and suppliers, so they always get the opportunity to match their clients in if suitable."

We also found evidence of other projects linking to the IRES programme, as well project leads thinking about progressive skills and employment practice in broader terms.

"We're talking to the Capital City Partnership about the creation of a bespoke recruitment and skills plan, linking to their fuse platform."

"There are all the opportunities around the construction programme but then there are much wider ambitions around skills development in terms of our own workforce."

"We also offer access to accredited training through vocational training framework, adopting Fair Work principles, living wage commitments and linking with the investing in communities programme to support community empowerment. All of that will run through the construction, but we're also creating those policies for our organisation itself."

Ownership

A number of the projects present particular opportunities to promote more diverse forms of ownership. In the case of the Edinburgh food and drink and Data Driven Innovation projects there are direct commitments to grow and support local entrepreneurship and enterprise. At the Queen Margaret University, the establishment of the food and drink innovation hub has seen the council relocate its Business Gateway unit to help diversify the support offer. As one participant explained.

"[Currently] it tends to be graduates or post grad start ups and access from the community is slightly more limited, but the hub is going to change that."

Within the Fife Industrial Estates Regeneration project and the Borders Innovation Park there is the opportunity to provide premises for local businesses. Fife Council, in particular, are being very targeted in their approach here, filtering their support through a community wealth building lens.

"We stipulate that only innovative businesses can go, because they would be providing better salaried jobs. We ask them if you're paying the real living wage and we have aspirations that it is higher salaried jobs over 28 grand... There is a tenancy application process, they have to fill out; how their business is innovative, what are their employment prospects? Are they going to take on staff etc? We also ask them about their carbon ambitions and are they working towards their net zero ambitions or looking at ways of improving their efficiency. We will then assess them and whatever is going to bring the most benefit to the economy, they will score higher."

Within the Borders Innovation Park, activity is currently focused on phase one which is capital investment. For phases two and three, the original plan was to deliver office and business

space in quite a traditional way, but they are keen to revisit these plans and think more ambitiously and creatively about the use of space for business to stimulate more local entrepreneurial activity. Moreover, the council has bought a piece of the estate at Tweedbank that's available for new housing and new business space. A strong place-making approach is being adopted whereby the council is working with the local community to "create a really high-quality space to live and work."

Partnership Working

The implementation of the city region deal has led to greater collaboration between regional partners. This collaboration has continued to grow and mature through the development of the regional prosperity framework and is ensuring that a broad set of interests are being represented and incorporated into the economic development of the region.

Going forward, this should provide solid foundations to ensure that public and private investment will drive the region forward in a sustainable and inclusive manner.

"Originally the regional prosperity framework was called the regional growth framework.. [but we said] 'no', as we need to move away from measuring growth and there needs to be more of a focus on well-being outcomes amongst others."

"Probably the greatest benefit of the city region deal has been the greater partnership and regional collaboration that is driven with the partners. We are keen that doesn't limit itself to the deal."

Furthermore, within the Big Moves 9 project, with its collaboration between the region's anchor institutions, there is an ambition to go beyond procurement which has been the initial focus.

"We're still scoping that out at the moment in terms of what would give us the biggest benefit... There's more that we could do in relation to the Big Moves 9 that would really benefit all the regions."

Summary of key insights

To what extent then does this progress to date align with the guiding principles and practice identified in our previous section?

1. Although there is in the main a good awareness of community wealth building, there is perhaps **a lack of depth** in the understanding of its principles and practice. And more precisely, there is perhaps a lack of a clear and unanimous vision about what it is that community wealth building is trying to achieve. There was a sense from a number of interview participants that community wealth building feels a bit "motherhood and apple pie" and needs a more specific focus.
2. This assessment notwithstanding, **the employment and skills agenda is strong**. There is a very targeted approach here to make employment opportunities more inclusive and deliver more widespread prosperity across the region. To date, the programme has not looked at ringfencing job opportunities as showcased within the ICAN project outlined in the previous section. However, linking the employability providers directly to the projects and suppliers – as reported above – to some extent performs the same function.
3. Opportunities to develop more local and generative forms of ownership are to some extent being utilised, with Fife council standing out as a key exemplar here and with the Borders Innovation Park keen to adopt this kind of approach in the next phases of their project.

However, **any significant attempt to support other types of ownership models such as cooperatives, employee ownership, social enterprises and community businesses were not detected** within our discussion groups.

4. There was a strong association between the concept of community wealth building and the community benefits agenda. This is positive as it recognises the importance of harnessing public expenditure for greater social, economic and environmental benefit. However, while the city region deal plan recognises the importance of using procurement to grow more local supply chains and support local employment, our sense from the discussion groups is that **progressive procurement and community benefit tends to be more associated with community “wish lists”**. As such, opportunities to grow local supply chains and maximise local employment might not be fully realised.
5. Finally, **the forging of new partnerships as part the deal and subsequent activity is encouraging**. This has helped to push the regional prosperity framework in a more progressive direction, to incorporate broader definition of success beyond economic growth. It also bodes well for the future and would be key to the development of a community wealth building charter for the region, which is a key action that is to follow on from the development of the framework.

4. A framework for action

The £1.3bn of investment into ESES should be seen as a source of financial power to enable progressive economic development across the region. Key to this is maximising the adoption of community wealth building principles and practice.

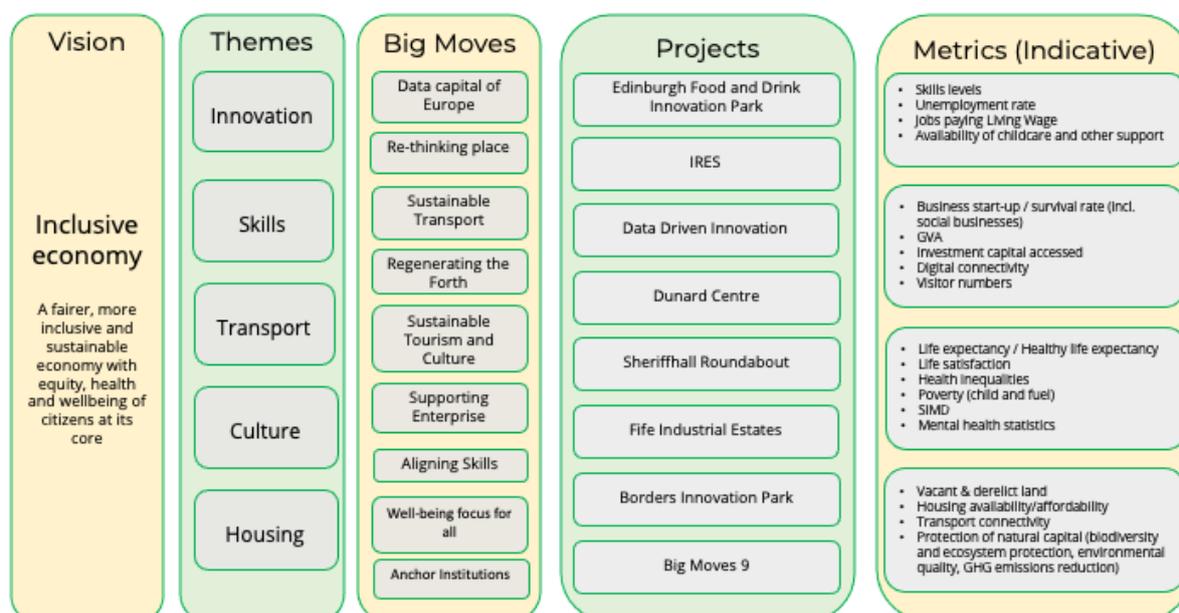
The progress to date outlined above is encouraging but our assessment is that the projects and programmes could go deeper. The following recommendations should therefore provide food for thought for individual projects, the deal team and the region as a whole as to where it might go next with its community wealth building aspirations.

1. Finesses the vision and agree a comprehensive measurement framework

Building on the commitments made within the regional prosperity framework, and in line with the narrative and vision outlined in section two, the imperative going forward should be to use the deal's projects and programmes to grow and develop the economy from within. Support for traditional economic activity, such as heavily extractive forms of inward investment should, as far as possible, be kept to a minimum and opportunities to promote and elevate the grass roots economy should be prioritised. For example, given the form and focus of the deal's projects and programmes the priority here should be on supporting the growth and development of local SMEs, other forms of socially productive business and promoting employment and skills opportunities across the region. This should be the central narrative which underlies all activity going forward. However, the city region will need to be pragmatic here. Whereas areas such as Fife have chosen to promote grass roots business activity through their regeneration project, for example, this might not be as feasible elsewhere. Moreover, where projects and programmes require spending on infrastructure, the scale of this activity means that the only current viable option is to use a tier one contractor. Nevertheless, where inward investment activity is still required, and large national or multinational construction firms are the only option, opportunities to maximise community benefit should be utilised – again, particularly in relation to the support of local supply chains and employment opportunities, with a focus on areas of deprivation.

Although the deal team are currently tracking the community benefits associated with the projects, a more comprehensive set of measures could be deployed to track the broader progress of community wealth building across the region. Adapting and adding to the approach we have recently taken in Ayrshire, we propose the following set of metrics below for consideration, which we have aligned to the region's strategic vision (see figure 1).

Figure 1: Measuring Success



2. Develop local SMEs

In relation to the procurement of goods and services, projects should maximise the use of community benefit procurement frameworks to go beyond wish lists and look for opportunities to encourage more local supply chains. With a view to promoting supply chain opportunities, they could also make use of the Capital City Partnership’s employer engagement network that operates across all six of the region’s local authorities and has good relationship with Business Gateway, chambers of commerce and the Federation of Small Businesses. In addition, to create more opportunities to diversify and strengthen the local economy – to the benefit of start-ups, SMEs, social enterprise, employee owned businesses and other generative businesses – project leads could also look to work more closely with local authority partners to develop a pipeline of alternative local suppliers. As noted in section two, councils such as Fife, Luton and Carmarthenshire, are using their procurement expenditure as a mechanism to grow and diversify local their SME base. In turn this is being used as an opportunity to address the environmental crisis – supporting local SMEs with retrofit and access to environmental grants – and also to encourage the adoption of the living wage, as well as initiating discussions around succession planning to potentially transition to worker ownership. By making local authorities aware of projects’ goods and service needs, this could provide economic development officers with more intelligence about potential sources of demand within their local economy that could be used to help grow and diversity local SMEs, with greater social and environmental purpose. This kind of approach could also be an area of future development for the Big Moves 9 project.

Where projects are focused on providing business premises, this should be targeted towards local SMEs in line with the approach that Fife is taking.

Furthermore, work has also been done in the South of Scotland where the South of Scotland Enterprise are looking to upskill SME's in the local construction trade. This is to meet the demand for retrofit and other emerging green economy opportunities and to ensure that any potential economic benefit is kept in the local area. With housing development planned at Tweedbank this is an opportunity to draw upon this change in practice to create affordable and sustainable housing built by local firms and people.

3. Support different models of ownership

Support for SMEs and helping them to develop with greater social and environmental purpose is important but there are a range of different pathways by which people can be enterprising and entrepreneurial. As such, building on the approach that Fife is taking, these kinds of projects could look to encourage a broader range of ownership models – namely, more community businesses, social enterprises, employee-owned businesses and co-operatives. Here they could look to work more closely with the Regional Enterprise Council to facilitate this activity.

In a similar vein, while the principle of supporting local enterprise is built-in to projects like Edinburgh Food and Drink and the Data Driven Innovation project, there is an opportunity here to encourage a broader range of ownership models. Again, greater links could be made with the Regional Enterprise Council. Furthermore, Fife's approach to encouraging businesses to develop with greater social and environmental purpose could also be considered in relation to these specific projects.

4. Maximise skills and employment opportunities for all

With its dedicated regional integrated skills and employment accelerator programme (IRES), ESES is well placed to ensure that skills improvement, employment and career enhancement opportunities are delivered as broadly as possible across the region and are particularly linked to areas of disadvantage.

Where feasible and relevant, and if they have not already done so, all projects should commit to working with the IRES team to maximise the impact of any potential employment opportunities.

Moreover, there is the potential for progressive employment interventions to be driven forward by the Big Moves 9 project. There is a growing evidence that large anchor institutions, particularly within the NHS, are contributing a portion of their significant employment opportunities and targeting these towards people and communities who need them the most.³⁰ For example, as showcased above in section two, the Birmingham and Solihull ICS is leading a programme across multiple anchors in the West Midlands. Where relevant, anchors could explore the feasibility of a similar scheme in their location and look to support from the IRES programme.

³⁰ TL Goodwin and D Burch (2021). NHS can use its power as an employer to create a more just society. Health Services Journal. [Link](#).

5. Build on new partnership arrangements to produce an ambitious community wealth building charter for the region

Finally, the greater partnership working and regional collaboration that has stemmed from the city region deal process was lauded as a great success during our discussions. To build on this collaboration, the deal activity through its various projects and programmes, as well as the ambition set out in the regional prosperity framework, ESES should ensure that the development of the forthcoming community wealth building charter is bold in its community wealth building ambitions and follows the strong and purposeful vision that we have established here. In particular, the charter should attempt to balance the need for traditional economic activity such as inward investment with greater emphasis placed upon the kind of asset-based approaches that have been outlined in this report.

Appendix – List of stakeholders

Ellen Munro	IEE Manager, project lead, CCP
Rona Hunter	Chief Executive Officer, CCP
Nicola Raine	IRES Programme Connector, PMO, CCP
Claire Darlow	Community Engagement Officer, lead CWB project officer
Andy Nichol	Head of Programme Management Office, ESESCRD
David Hanna	Programme Management Office
David Baxter	Programme Management Officer
Graeme Rigg	Programme Management Officer
Catharine Molloy	Project Manager, East Lothian Council
Stephen Scott	Director of Campus Development, Queen Margaret University
John Scott	Head of Delivery, DDI
Mark Graham	Lead economist
Jenny Mungall	Development Director, Impact Scotland
Joanna Baker	Executive Director, Impact Scotland
Staurt Moffat	Project lead
Jamie Robertson	Project lead
Ewan Doyle	Workforce Mobility Manager
Carlene Simpson	Project Manager - Strategic Growth City Deals Programme, Fife Council
Sandra Blacklock	Procurement Officer, Scottish Borders Council
Jenni Craig	Head of Economic Development, Scottish Borders Council
Claire Pattullo	CEO Edinburgh Social Enterprise



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