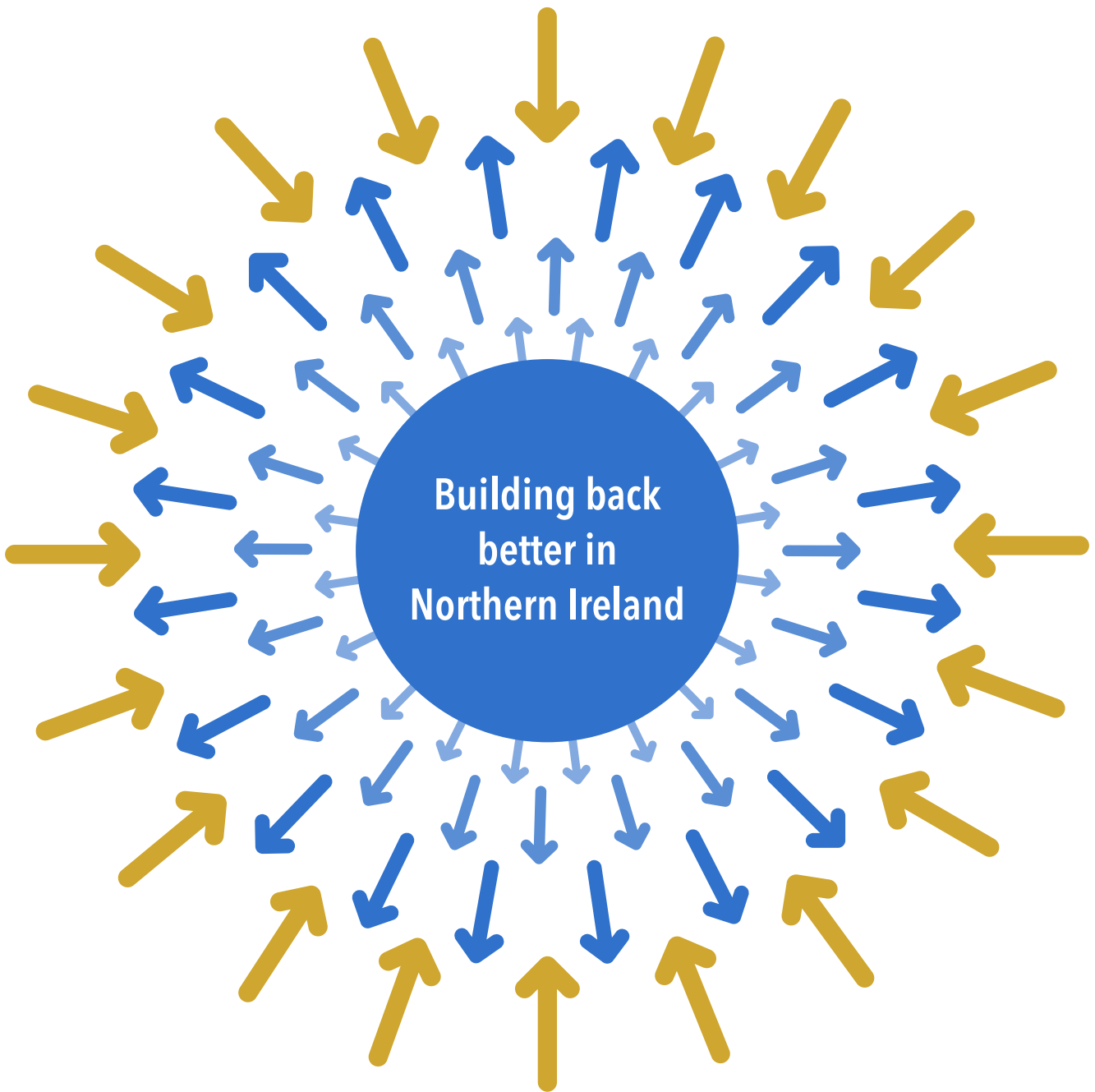


From Coronavirus to Community Wealth





From Coronavirus to Community Wealth

This report has been developed by Development Trusts NI (DTNI) in collaboration with the Centre for Local Economic Strategies (CLES) with the support of Friends Provident Foundation.

DTNI is a regional member-led network of community enterprise practitioners that promotes the collective ownership of assets for public good and enterprise for sustainable development. DTNI advocates for participative democracy and community action and empowerment.

The Centre for Economic Strategies (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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Executive Summary

One year on from the publication of *Time to Build an Inclusive Local Economy: A Charter for Change*, and in the midst of a generational crisis, there is a pressing need to reflect on and refresh how we build inclusive local economies in Northern Ireland.

Development Trusts NI (DTNI) is mindful that the challenge to build back better is the responsibility of many players from across central and local government, from the private sector and from the third sector.

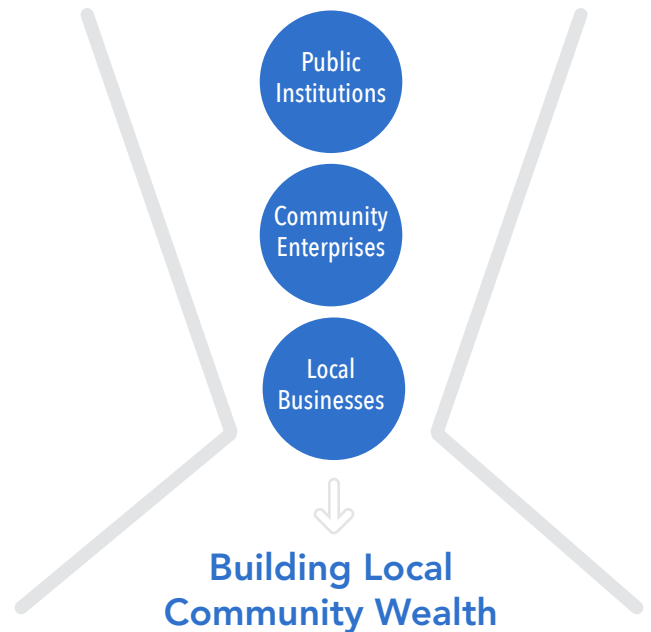
We have an interest in the roles to be played by each but foremost we are advocates for the third sector; for community, voluntary and social enterprise.

The key challenge of building back better is to ensure the community sector is seen not merely as a consumer of services, but also a leader, an innovator, a wealth builder and a valuable contributor and important co-designer in policy decisions in the new economy.

To build back better, we need to advance progressive local economic development strategies from Stormont down and the community up.

We need a new kind of economy in Northern Ireland (NI). This was true in 2019 when DTNI released its charter for change, *Time to build an Inclusive Local Economy*¹ and it is doubly true now.

The COVID-19 pandemic is likely to not only delay the long-awaited social value act, but also – due to the closures of non-essential businesses since the second half of March – threaten the very existence of some social enterprises and community organisations. Some 27% say they will not survive beyond the end of May without help and 43% of those polled by Social Enterprise NI feared they would not last beyond June.²



We need a step change in economic development policy and practice in our region if we want to create resilience and build back better. DTNI suggests that both policy interventions and practical steps are required through which this building work can be progressed.

At the policy level, we have refreshed and refined our four key building blocks – the ABCD of inclusive local economies - progressing achievable policy interventions based around the key themes of:

[A] Advancing local community power

[B] Building local community wealth

[C] Commissioning and procuring for social value

[D] Developing finance to support local economies

We have set out a framework through which community wealth building (CWB) defined by Centre for Economic Strategies (CLES) as 'a new people-centred approach to local economic development which redirects wealth back into the local economy and places control and benefits into the hands of local people',³ can be progressed from Stormont down and the community up, recommending the following practices:

- **Form a ministerial steering group on CWB to propel this work through government**
- **Progress community wealth building through departmental priorities and programmes**
- **Embed community wealth building both directly and indirectly in City Deals and Growth Deals**
- **Devolution of powers and advanced collaboration as a prerequisite to local CWB approaches**
- **Advance community ownership of local firms and assets by legislating for a Community Rights Act**

When the COVID-19 public health crisis abates, we will be left with economic and social upheaval. Brexit is looming and looks set to cause further economic dislocation and the impact of climate change continues to unfold. However these are not reasons to be glum, but instead, reasons to be ambitious.

DTNI has long been progressing this work on the ground and community development trusts across the north of Ireland have been representing and meeting a multiplicity of needs across local communities. Community anchors, such as **Fermanagh Trust, Holywell Trust, Inner City Trust, Resurgam Trust and Ashton Community Trust** are long standing. Others such as **Open House Festival, Sólás and Broughshane & District Community Association** have been leading on the acquisition of public assets in recent years (a courthouse, a further education college and a police station) to build wealth in their localities. Others, such as **Omagh Enterprise Company, Townsend Enterprise Park, Ledcom, Workspace, WorkWest and Mallusk Enterprise Park**, have been leading on business development and physical regeneration.

These local anchors, all community owned and all community led, are to be found – to a greater or lesser degree – in every town and village across Northern Ireland. The community architecture for community wealth building already exists so we must capitalise on its expertise and we must invest in it. We must establish a compact between central government, local government and the community sector; between public anchor and community anchor, to jointly support one another in creating a new inclusive economy.

In the next phase of our recovery and beyond, we are faced with a choice between trying to rebuild the systems we had or building new ones. Community wealth building presents us with a real opportunity to build a new and inclusive economic system. We can, and we must, grasp this opportunity to build back better.



Credit Union

Our Key Recommendations

Recommendation 1

An updated Charter for Change

Development Trusts NI will continue to be the advocate for community trusts and undertake the key challenge of ensuring that community businesses are not merely seen as a consumer of services, but that they are recognised as leaders, innovators and key wealth builders. The contribution of community anchor organisations to local economic development must be enhanced and resourced. We will develop a compact between central and local government and community anchors via the creation of local community wealth hubs to advance the concepts outlined in our updated Charter for Change.

Recommendation 2

Establish a Community Wealth Building ministerial steering group

Establish an inclusive CWB steering group, chaired by a minister or senior official. The group will scope current CWB practice, existing supports, and the critical success factors required to implement a CWB policy through conducting a consultation with central government, local government and community development trust practitioners. From the scoping exercise, a draft outcomes framework for CWB should be devised to inform a 3-year plus action plan to implement the updated ABCD concepts of the DTNI *Charter for Change - Time to build an Inclusive Local Economy*.

Recommendation 3

Introducing the principles of Community Wealth Building in local government

Local councils should work with organisations progressing the values of community wealth building and appoint a key individual(s) from across their organisation to champion its principles.⁴ The individual(s) will be tasked with examining current corporate, economic and community plans, to identify how the key principles of community wealth building can be aligned to the current plans, and communicating them effectively across the organisation. The pressing need will be to embed community wealth building into any new planning cycles and new or existing projects, and DTNI will support local government in the delivery of upskilling and designing a policy framework to initiate positive change in commissioning and procuring for social value.

Recommendation 4

New ways to raise finance for community organisations

Development Trusts NI will explore with government departments and its agencies, social lenders, independent trusts and foundations and both the Irish League and the Ulster Federation of Credit Unions, options for financing and investing in the work of development trusts and community businesses. We will seek to create a product to support the financial independence objectives of third sector organisations who have the capacity and ambition to develop by acquiring a public asset.

In addition to the design of new financial initiatives, the recommendation includes the need to address the current barriers to existing procurement and investment models for community sector organisations, enlisting support from the newly formed CWB ministerial steering group outlined in recommendation two.

One Year on from the Charter for Change

DTNI has been working closely on developing policy and practice to progress more resilient local economies. This time last year, we published our charter for change, *Time to Build an Inclusive Local Economy*,⁵ which set out a community wealth building approach in NI. The document identifies an ABCD for inclusive local economies.

ADVANCING COMMUNITY POWER



We need stronger civic powers and local rights so we can facilitate and enable meaningful local relationships across the public, social and commercial sectors, and stimulate innovation and creativity. We also need to address the imbalance of power and resources between central government departments and local government.

BUILDING LOCAL COMMUNITY WEALTH



Wealth building recognises local communities' financial, physical and social assets. Creating local wealth means building on communities' strengths and favouring local ownership of business activity.

COMMISSIONING AND PROCURING FOR SOCIAL VALUE



As we are heavily dependent on public finance, we must make sure that resources are used to create an inclusive economy that benefits the most people. To do so our public commissioning and procurement processes must optimise economic gains with social value.

DEVELOPING FINANCE TO SUPPORT LOCAL ECONOMIES



We need a whole system of financing which supports, nurtures and promotes the independence of the third sector.

New Decade, New Context

Since that document was produced, the wider context in which our work is progressed has changed immensely.



STORMONT

In Northern Ireland, **Stormont** has returned with the formation of a new executive and the publication of a new deal with the UK and Irish government - *New Decade, New Approach*⁶

EUROPE

At Westminster, the December 2019 election has ensured that the United Kingdom will be leaving the **European Union**. This has ramifications for supply chains and connectivity between Northern Ireland and the Republic of Ireland as well as Great Britain⁷

COVID-19

COVID-19 has wrought an intolerably grim economic impact across the globe and across our region

If it was time to build inclusive local economies back in 2019 then this work is now long overdue.

Northern Ireland has regained a functioning executive which has been forced to face a crisis unlike anything seen before. The recent publication of *Coronavirus – Executive Approach to Decision Making* shows that the executive's thought and practice is beginning to turn to what comes next.

There is a growing realisation that we will not be returning to the status quo, as the executive's document notes: *'The truth is that we will not see a return to all of the normal ways of living we had before the pandemic'*⁸

We see this reflected in stark economic figures which are continually being revised downwards – the consultancy firm EY recently changed its prediction from a 6.8 to a 7.5% drop in GDP across the UK in 2020⁹. Worrying projections are turning into grim realities: in April, almost 1 million people signed up for Jobseekers Allowance and Universal Credit across the UK¹⁰.

The economy in NI has not been working well for either people or place for a long time. Productivity has been stagnant. Poverty and inequality have remained stubbornly entrenched and we have the highest rate of economic inactivity across the UK (27%) – an unenviable record we have held for over 30 years.

Analysis of local unemployment figures since the coronavirus crisis began has already revealed that the Newry, Mourne & Down and Mid Ulster council areas have had some of the sharpest increases in unemployment.¹¹ "Business-as-usual wasn't working before – it definitely won't save us now".

Instead, as we emerge from this crisis, we need to build back better, forging an economy across NI shaped by the principles of community and co-operation, with inclusivity and resilience at its heart. We need to seize the opportunities presenting themselves.

7.5%

Predicted drop in GDP across the UK in 2020

27%

The highest rate of economic inactivity across the UK

'The truth is that we will not see a return to all of the normal ways of living we had before the pandemic'

'Business-as-usual wasn't working before – it definitely won't save us now'



Photo by: Nick Fewings ([instagram.com/jannerboy62](https://www.instagram.com/jannerboy62))

NI after Coronavirus: The Entrenchment or the Unravelling?

In our context, we see potential for either an entrenchment or an unravelling of existing practice.

In the **entrenchment scenario**, prevailing economic orthodoxies will continue as before. Investment will be centred on the Belfast City region and macroeconomic strategy will be primarily focused on attracting inward investment. Business interests may seek to resurrect recently dropped calls for corporate taxation parity with the Republic of Ireland.¹²

Rather than pursuing efforts to spur green investment and support community control, public money will be utilised to protect large corporates while unemployment rises. In short, we will have the economy we have now but with an even deeper entrenching of corporate control, while communities are further disempowered and shut out of decision-making processes.

Of course, it does not have to be like that. In the **unravelling scenario**, a realisation that these economic orthodoxies have not been serving our people well for years will prompt a serious rethink of what kind of economy we want and need to build in NI. As the situation unravels, this progressive agenda will gain growing momentum.

A renewed collaboration between councils and communities will prompt an opening up of decision-making processes, with greater opportunities for the control of community assets.

A recognition of the power of the state to support and steward will prompt a refresh of outdated economic and industrial strategies. The support of local firms in the public health effort will catalyse a renewed focus on local business development. Rather than consigning thousands of our citizens to unemployment, expansionary spending by a generous state will create good jobs.¹³

We can see this movement already beginning across the constituent nations and regions of the United Kingdom. Across Greater Manchester and the Liverpool City region, municipal leaders and business leaders have come together to sketch out the contours of a 'build back better' programme.¹⁴ Within the Scottish government's *Coronavirus (COVID-19): Framework for Decision Making*, the approach is predicated not just on recovery but also renewal, stating that: When things come apart, there is always the opportunity to put them back together differently.¹⁵

These are the options we see facing us in Northern Ireland – either an **entrenchment** of failing strategies, or an **unravelling** of those approaches, coupled with a recognition that things must and can be better.

To demonstrate this point further, it is worth working through how this could be realised in the context of land and assets and procurement of goods and services – core pillars of community wealth building¹⁶ and an area of critical importance for the work of DTNI and the wider community business and social enterprise sector in NI.

In the entrenchment scenario, we will see a ramping up of existing practice. Beleaguered government bodies may seek to offload underutilised (and indeed productive) assets to bring in precious revenue. Unfortunately, to date in NI, the pursuit of a capital receipt has often been the overriding factor in determining disposal of assets. We know this route is an option - it occurred on a shocking scale across GB as a result of austerity, with councils selling off assets worth over £9bn.¹⁷ If this were repeated now, it would entrench corporate control over our communities, with offshore investors snapping up property for pennies in the pound.

This is not a localised problem; this is happening across the world – 61% of assets globally are held by just 1% of asset managers; and they are using this crisis as a way of buying up even more.¹⁸

On the other hand, we could see a renaissance of community control and influence over place.

Councils, acting with and for their communities, could ensure an equitable and resilient build-back, through nurturing community ownership of land and assets alongside the development of community business. At Stormont, the passage of a Community Rights Act advocated for by DTNI could catalyse a reshaping of the relationship between communities, councils and the public sector in NI.^{19 20}

*On the one side, the **entrenchment** and concentration of corporate wealth, with the transfer of asset ownership from democratic bodies to private businesses. On the other, an **unravelling** of business-as-usual, and a renewed collaboration between communities and the local and regional state, with long-term local stewardship of land and assets.*

Achieving the good will not be easy but it can be done. In many cases, it is a question of implementing existing priorities and outcomes, adopting best practice from elsewhere, and responding to the significance of the moment we are in.

A Community Rights Act would help overcome the barriers that have hampered Community Asset Transfer (CAT) to date, including the preference for market disposal and the need for a capital receipt.

Enlightened economic thinking would build far greater consideration of social, environmental, and cultural value into accounting processes. There would be a greater use of community asset disposal, with local people stewarding and developing assets held in common, exerting rights in neighbourhood planning and rebuilding social and economic infrastructure in already fragile and marginalised places. As this example shows, there is a lot at stake.

How to Build Back Better in Northern Ireland – Policy Interventions for an Inclusive Economy

There are positive signs emerging in Northern Ireland already. At the local level, councils are stepping up and supporting their residents and local businesses.²¹

At departmental and executive level, policy, practice, and statements all show a recognition of the magnitude of this moment. And at the community level, despite intense financial pressures, social enterprises and community businesses are continuing to provide for and support their communities.²²

DTNI has long been progressing this work on the ground and community development trusts across the north of Ireland have been representing and meeting a multiplicity of needs from local communities.

Many community anchors, such as those listed, are long standing. Some have been leading on the acquisition of public assets that include a courthouse, a further education college and a police station. Others have been leading on business

development and physical regeneration. These local anchors, all community owned and community led, are but a sample of the range and scale of community businesses operating across NI and they are to be found in every town and village.

Where they are established, they must form part of local strategies to build back better; and where they are emerging as development trusts and community businesses, they must be supported to play that role.

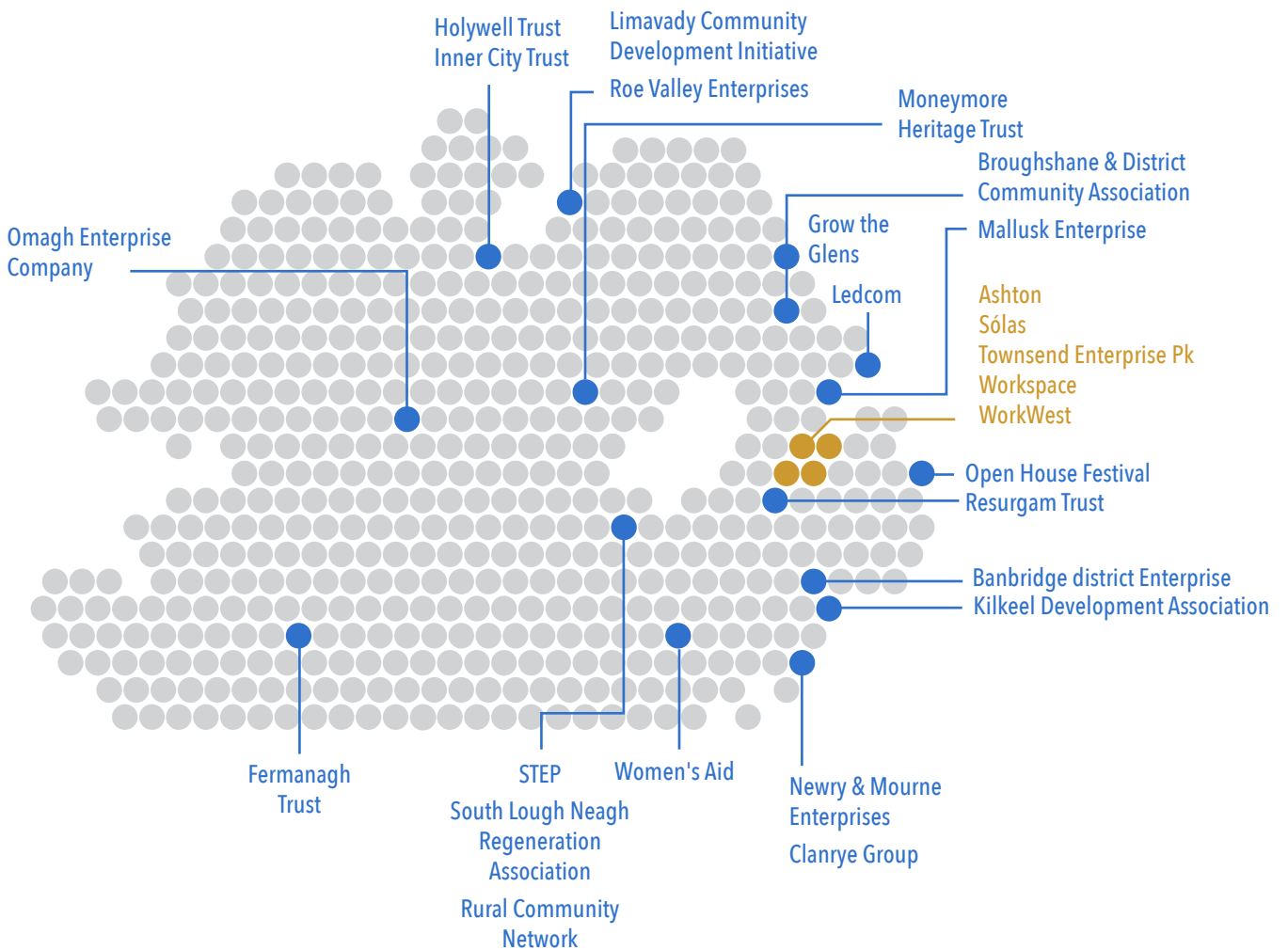
The community architecture for community wealth building already exists in NI. We must capitalise on its expertise, we must invest in it, and prepare a new compact between local government and the community, and between public anchor and community anchor to jointly support one another in creating a new inclusive economy.

We have the advantage in Northern Ireland that advancing societal wellbeing is already well-established in existing priorities and Programme for Government outcomes, many of which align with this agenda specifically.²³

Now is the moment to apply what we have learned across diverse locales, scale up local economic development activity, and ensure communities are placed in the driving seat as we seek to reform our local economies.

The emergency measures announced thus far are vital for keeping people tied to jobs, and for ensuring public health is the priority. Economic measures such as rates reductions make sense, reducing business costs and keeping struggling firms afloat. Going forward, however, we need more targeted structural shifts, to weather the coming storm and build back better.

A sample of community anchors across Northern Ireland



An Updated ABCD – New Asks for a New Era

Advancing Community Power

Support and advance our independent community sector

We need to support and resource social and community enterprises to experiment, develop and strengthen their capacity to adapt to changing circumstances and environments. In the immediate term, this means ensuring that funding streams and support offers are in place which will see the third sector through this crisis.

The provisions made available to third sector businesses in Scotland and England have to be applied in Northern Ireland. This must form part of a strategy of investment and reform, scaling up the role of the community sector and social economy more generally.

Community enterprises need to be properly embedded in community plans and partnerships, particularly after their efforts in supporting communities during the coronavirus lockdown. Community businesses should also take a far larger role in the commercial economy²⁴ for example, through retail and manufacturing co-operatives and community businesses.²⁵

Support local government through the crisis – strengthen it going forward

Councils have stepped up to the plate in responding to coronavirus. They know their communities, and have a democratic duty to support, nurture, and empower them.

Councils are local knowledge hubs and strategic planners.²⁶ More powers to support community development practice are needed at the local level. The Department for Communities plan for a *Capital Covid-19 Recovery Revitalisation Scheme* (offering the use of Department-owned assets and public spaces) presents a pathway for local decision making.²⁷

There also needs to be a fair and comprehensive funding scheme set in place which delivers for communities over the long-term. To this end, we need to establish a compact between local government and community anchors, embedding collaboration through heightened joint working, and ensuring the impact of their activities is maximised by avoiding duplication and siloed working.²⁸

The untapped potential of community planning – particularly around commissioning, procurement, and land and asset disposal – needs to be realised through strengthened collaborative working.

Advance community control of businesses

With the economic fallout from the pandemic we face a massive prospective ownership transition on the back of a wave of business closures for small and medium-size enterprises (SMEs). To counter this threat, the Northern Ireland Executive should consider and debate the merit of creating a state holding company to acquire and hold distressed business assets during the crisis until such time as they can be relaunched.²⁹ Such state holding companies are commonplace around the world. Indeed, Translink is one such example (under the ownership of the Northern Ireland Transport Holding Company).³⁰

By widening the remit of the Northern Ireland Transport Holding Company, it could be used as a vessel to achieve this aim, ensuring that the community business sector emerges from this crisis emboldened. Further more we should be seeking to ensure underutilised public assets earmarked for disposal or private development are instead transferred to community control, as catalysts for local social economy activity.

Building Local Community Wealth

Encourage direct community control of common assets

Ownership is key to all economies. It is vital, as we seek to rebuild, that ownership is advanced and progressed amongst local people and communities. Where private markets are failing to meet basic needs, the development of governance and management structures should enable communities to take direct control of some common assets, to stimulate alternative approaches to delivering those needs.

It should be made simpler for community enterprises and community groups to bid for and take ownership of underutilised public assets, allowing them to benefit the entirety of the community.

Underutilised assets could also be managed via joint public-community partnership models, and there should be scope for the development of community wealth hubs within these properties. To progress this work, exemplar proof of concept projects should be progressed, looking to utilise these assets as hubs through which and out of which community development trusts and local enterprise agencies could operate.

These community wealth hubs would be a fundamental refocusing of business support, with the objective of ensuring there is a plurality of vibrant, commercially viable, locally based, generative businesses (SMEs, co-operatives, mutuals, publicly owned enterprises and social enterprises) able to supply local needs for foundational economy goods and services. This would help broaden the scope of the community sector within the commercial economy at the same time as it ensures assets are kept under common, community control.

Trial job guarantee schemes

All projections indicate that the lockdown will result in a significant increase in unemployment across Northern Ireland. At the time of writing (May 2020), the NI Labour Force Survey shows the claimant count is now in excess of 65,200.³¹ Without specific intervention to support those with more limited capacity to re-enter the labour market, as well as those already furthest from the labour market, inequalities will entrench and widen. Providing a bridge in employability capacity will also help facilitate a shift towards the sectors of the future such as green industrial and digital sectors.

In July 2020 the UK Chancellor of the Exchequer announced a 'kickstart jobs scheme' for 16-24 year olds to help boost the economy. The plan was designed to support jobs by focusing on skills and young people, creating jobs with investment in shovel-ready projects and greening our infrastructure.³² This plan ties into existing ministerial statements from Stormont, noting that innovative green infrastructure (defined by the International Labour Organisation as jobs based on their environmental impact rather than environmental dependence) is key to recovery.³³

'Green jobs are decent jobs that contribute to preserve or restore the environment, be they in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency'.³⁴

Whilst this scheme is a good start, it is important that we support those of other ages hit by the coronavirus crisis. A job guarantee scheme should be implemented for Northern Ireland, ensuring that those who lose their jobs across all age groups are offered a role in the rebuilding of Northern Ireland to ensure they do not suffer the 'scarring' associated with employment loss during a recession.³⁵ This work could be tied into existing Buy Social NI objectives and outcomes for larger public sector contracts.³⁶

Progress community housing initiatives

Community wealth building has a strong focus on the ownership of the economy and housing is key to this. The quality of housing is generally of a higher standard in NI than across the rest of GB, particularly England.³⁷ There is an established and successful charitable and social enterprise housing association sector which leads on all new-build social housing.

Many of these associations have deep historical links with the communities from which they emerged at a time when social housing was poor quality, and characterised by community division.

What is less well developed, however, is the community and co-operative housing sector. Opportunities should be progressed for community-led housing development, with funding available on similar terms to that offered recently in England through the Community Housing Fund.³⁸ In particular, support should be given for the development of community land trusts in NI – a model of asset ownership which nurtures long-term stewardship and locks in community control. Land trusts allow land to be put to community use by ensuring affordability in perpetuity.

This model would complement the existing work led by the major housing associations in NI and indeed create new opportunities for collaboration with communities to establish land trusts.

Commissioning and Procuring for Social Value

Procure for the common good

Procurement – the purchasing of goods and services – is a vital cog in the local economic development process. Already, public procurement delivers approximately £2.7 billion to the Northern Ireland economy. This public pound will acquire added impetus as the economic turmoil develops.³⁹ Through a progressive community wealth building approach to procurement, key anchor institutions should seek to spend with local, generative businesses, such as co-operatives, social enterprises, and community businesses.

Innovative procurement practice is vital in ensuring businesses stay solvent. Procurement should be recognised, now and in future, as a key tool for an equitable and resilient recovery in NI, with the public pound supporting generative business types. Key to this is mapping public sector procurement expenditure and supply chain providers across the eleven local government authorities and respective community planning partners.

With coronavirus showing the fragility of long and complex supply chains, there should also be consideration in this area regarding supply chain localisation as part of a resilient recovery. More procurement opportunities should be tailored around the capacities of community businesses and social enterprises and co-operatives. There is a need to ensure that we accrue more public benefits for local communities and reduce wealth extraction.⁴⁰

Expand public sector recruitment

As well as, and through, the buying of goods and services, the public sector has a key role in labour markets. When the furlough scheme tapers off, the public sector needs to step in. There is work that needs to be done across Northern Ireland, from the retrofitting and renewing of land and assets, to the planting of trees, to the building of bicycle lanes. We are also facing high levels of unemployment. We need bold, expansionary public policy to tackle these two issues, with a hiring spree linked around catalysing a green transition, caring for our communities, and building much-needed infrastructure. This could be either alongside or in addition to the job guarantee scheme recommended in the previous section.

Deliver social value at scale

The public pound can be used to deliver not just goods and services, but also economic, environmental, and social value. This is through purchasing with, for example, firms that promise to pay the living wage, hire locally, or offer apprenticeship opportunities or volunteering hours. Whilst the Buy Social NI stipulations go some way towards achieving this, the high thresholds mean the fullest social value is not being obtained across Northern Ireland.

We need to ensure all instances of public spend deliver these benefits. This progressive approach should be formalised through an advancement of frameworks and measures around social value. At a bare minimum, Stormont should legislate to ensure parity regarding social value legislation with the United Kingdom.

Looking at the context we are in, we arguably need to be more ambitious than this. We should be looking at implementing social licences where access to public procurement opportunities is contingent on certain terms and conditions and advancing wellbeing. Under social licensing, providers can only enter certain markets if they have changed their business practices and guaranteed the provision of social benefits to communities and stakeholders.⁴¹

Social licensing would change the rules governing social value, giving companies or sectors the right to trade in public sector markets while placing them under reciprocal obligations to offer social returns,⁴² such as being a living wage employer that offers decent progression and training routes for its staff.

Developing Finance to Support Local Economies

Establish mutual credit networks and local public banks; support credit unions

A democratic and grounded finance system is crucial for economic recovery and building resilience. We need to build a financial architecture that by its nature supports and develops inclusive economies.

Our credit unions need to be supported through this crisis and then freed up to invest savings in local areas, or with new financial institutions such as public or community banks, whose remit should be focused on financing local economic development.

Public banks are publicly owned financial institutions organised at the local, regional, or national level. Public banks exist throughout the world, including the highly successful Sparkassen network of local public banks in Germany, which supported the recovery after the financial crisis.⁴³

There is scope for an NI public bank, as an intermediary to provide the much-needed financing necessary for us to build back better. With democratic decision-making rather than a relentless focus on returns, this could be a source of patient capital for firms and projects across NI.

Mutual credit networks should also be investigated as a way to support businesses now and in future. Mutual credit is a simple, legal mechanism whereby businesses can trade with each other without needing cash. By using mutual credit, businesses that trade primarily business-to-business can continue trading and will be more likely to survive the recovery period.

Fund the new economy

Most economic development activity is funded and driven by central government departments and Invest NI. Its focus is on attracting privately owned investments with distant shareholders. This narrow approach was not working in 2019 and it looks deeply unlikely to help us now.

With the UK government borrowing more per second in April than the average Northern Ireland resident earns per year, we need to be making the argument that both the capital and the need is there to ensure serious funding of the new economy.⁴⁴

We need to be bold and creative in both utilising and advocating for alternative financing instruments such as community shares and green or municipal bonds. On top of this, we also need dedicated funding streams to nurture and support local and community businesses, as part of an expansionary recovery package.

Outside of the state, NI already has well capitalised credit unions, and these too should be supported and encouraged to invest locally as part of this rebuilding effort. Community and social enterprises must also be given access to central government financial transactions capital funds to stimulate investments in infrastructure projects that benefit local economies and the region as a whole. In addition, local authorities, supported by Stormont, should lobby for access to the Public Works Loan Board.⁴⁵

Commit to long-term funding of key community enterprises

In this period of intense uncertainty, it is vital that commitments are made to ensure long-term financing and funding is in place to support communities. This was an issue raised in last year's report, which now takes on a new urgency.⁴⁶

Communities need the certainty of knowing they will be supported so they can make the decisions now and in the coming months which will engender a resilient and inclusive rebuilding of local economies.

From Stormont Down and Community Up – New Asks for a New Era

To bring about the changes we need for our local economies, there is a need – in order for this work to be progressed at the speed and scale necessary – for joined-up working, mobilising the capacities of our communities from Stormont down and the community up.

The Stormont Executive

Form a ministerial steering group on CWB to propel this work through government

To build back better, the Stormont executive needs to go above and beyond, implementing policy and practice changes which create an architecture of support for an inclusive economy across Northern Ireland.

Sitting front and centre of this should be a ministerial steering group on community wealth building, placing these principles at the core of the economic rebuilding process.

The ministerial steering group should function as a task group, working with the necessary urgency to seize this moment not to rebuild the systems we have, but to build new ones.

With a broad remit, the formation of this task group should expedite the implementation of a legislative framework amenable to community wealth building, recognising both the importance of these strategies in economic recovery and the applicability of them in achieving existing priority outcomes.⁴⁷ As part of this, key practitioners and policymakers with experience in progressing community wealth building should have a seat at the table.

Government departments

Progress CWB through departmental priorities and programmes

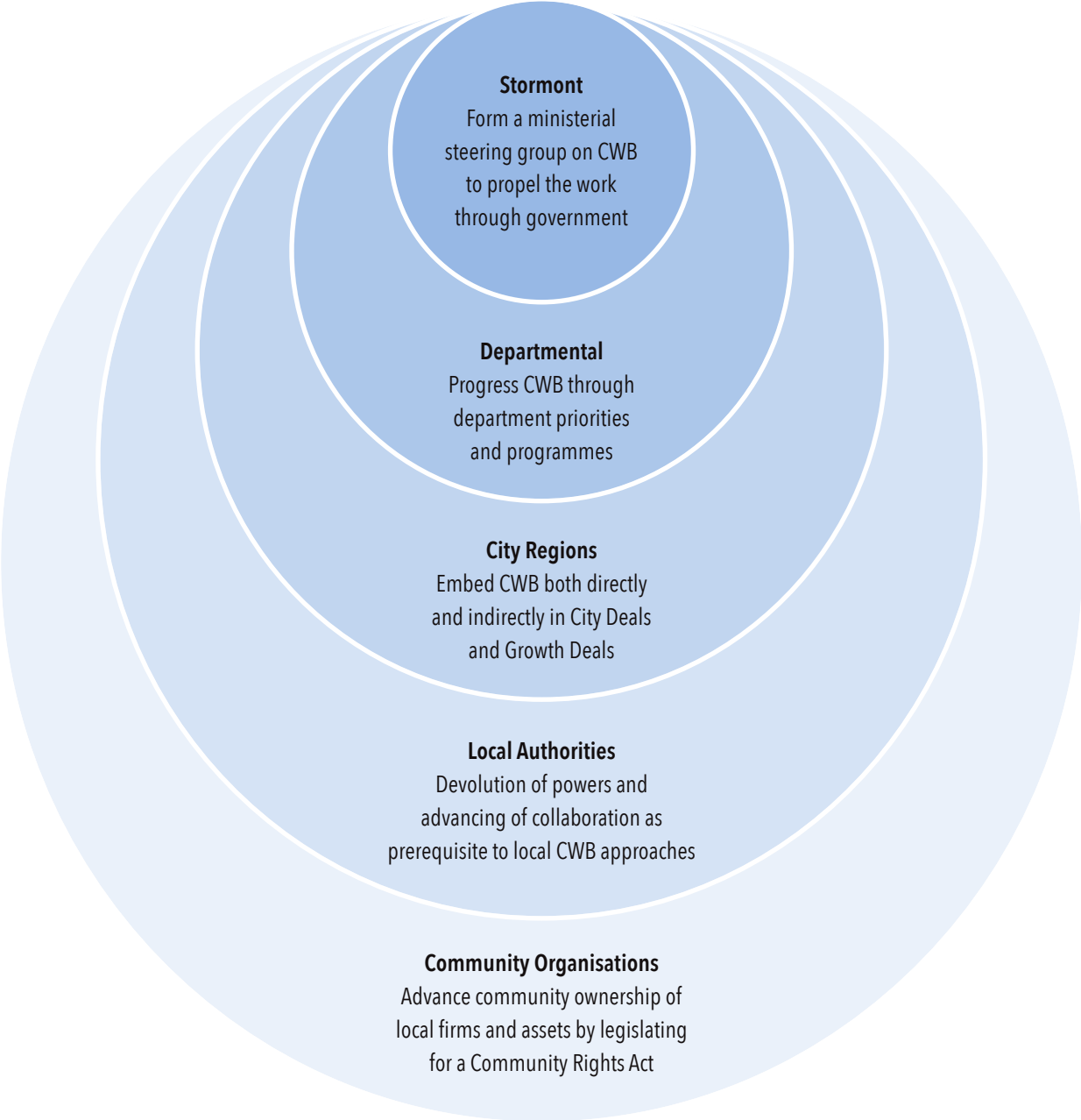
There is scope to advance CWB in Northern Ireland with the approval of the NI Executive. The CWB approach to economic development resonates with the programme for government and its principles can be applied to various government programmes, including those delivered through the Executive Office and the Departments of Finance, Economy, Infrastructure and Communities.

The work of DTNI and CLES is complementary to the work of the Department for Communities including programmes led by Engaged Communities and Housing, Urban Regeneration and Local Government. We believe that if community wealth building is to take root in NI it needs to be championed by a lead department to build awareness and consider the policy framework needed to test its assumptions

The principles covering the socially just use of land and property and progressive procurement of goods and services provide a jumping off point particularly when considered alongside the existing policy framework for community asset transfer (CAT) and legislation on community planning.

The potential for the Department for Communities to lead on and kickstart community wealth building in Northern Ireland should be investigated with its learning shared across other government departments and the NI Executive.

The ministerial steering group should function as a task group, working with the urgency required to seize this moment to choose not to rebuild the systems we have, but to build new ones.



This work has broader scope across other Departments too. Within the Department for Infrastructure, the green infrastructure initiatives which are being expedited as part of the recovery process could be given a community wealth building edge, by ensuring the procurement is progressive and seeks to contract with community businesses.⁴⁸

Similarly, DTNI believes there is a need to refresh the Northern Ireland Economic Strategy (Department for Economy 2012) which calls for a greater number of firms competing in global markets. This aim feels unrealistic as a result of coronavirus; instead, community wealth building principles should feed into a refreshed economic strategy for new times.⁴⁹ This could and should tie into recent calls for the recovery in Northern Ireland to build an economy which is inclusive and greener.⁵⁰

City Deal regions

Embed CWB both directly and indirectly in City Deals and Growth Deals

All parts of Northern Ireland are engaged in either Growth or City Deals through the UK government with match funding being provided from Stormont.⁵¹ These are significant pots of money, and investment of this level will make a real difference on the ground.

In light of the coronavirus crisis, there is a need to refresh the priority outcomes of these deals, ensuring they are tailored around the needs of new times, not building up the aspects of an economy which may not return.

In particular, we believe that efforts should be made to embed community wealth building explicitly and implicitly within City Region and Growth Deals.

Implicitly, this should be through ensuring that public expenditure as part of these deals is used to support generative firms which pay the living wage. Explicitly, tranches of this money should be set aside for community wealth building activities.

There is direct precedent for this from Scotland. North Ayrshire Council has set aside £3m for a community wealth building fund as part of a larger growth deal.⁵² Similar provision should be made in Northern Ireland.

Local authorities

Devolution of powers and advancing of collaboration as a prerequisite to local CWB approaches

With increased demand and decreased income, council finances are taking a hit – extra cost pressures mean local authorities are losing around £10.5 million per month in lost income.⁵³ The immediate emergency measures to provide funding to councils are welcome but we need sustainable measures going forward which allow councils to plan their response.⁵⁴ There needs to be a fair and sustainable financial package to allow local authorities to continue to play their roles as stewards of place and active agents in the economic recovery process. Alongside this, greater devolution of powers, particularly around local economic development as well as spending, is a necessity in ensuring local democratic authorities shape local economic development post-COVID-19.

Community organisations

Advance community ownership of local firms and assets by legislating for a Community Rights Act

Community groups have been at the forefront of the response to coronavirus at the local level, deeply tied to their local place, with a deep knowledge and sensitivity that comes through proximity and patient action. Communities need to be empowered and encouraged to wield influence and shape the rebuilding of their localities. We need an infrastructure and architecture which supports and nurtures their efforts: we need to hardwire community control into the way we build back better in Northern Ireland.

Alongside financial support and long-term funding, we need legislative changes that make it easier for communities to bid for and run assets and community businesses. To unlock this potential, and to bring Northern Ireland to parity with the rest of the UK, we need to legislate for a Community Rights Act that would provide:

- the right to bid for public and private assets;
- the right to challenge the provision and commissioning of local public services;
- and the right to participate in local democratic decision making.⁵⁵

Key Recommendations to Build Back Better

An updated Charter for Change

Through the updated *Time to Build an Inclusive Local Economy - A Charter for Change*, we will respond to new times and new challenges, but retain the core principles on which DTNI's work is centred – community empowerment; building resilient places; and forging inclusive economies.

Innovative procurement practice is vital in ensuring businesses stay solvent. Procurement should be recognised as a key tool for an equitable and resilient recovery in NI, with the public pound supporting generative business types. Key to this is mapping public sector procurement expenditure and supply chain providers across the eleven local government authorities and their respective statutory community planning partners, and building social licensing caveats into contracts to advance social value and wellbeing as priority outcomes for all public sector organisations.

Community wealth hubs are fundamental to refocusing business support, with the objective of ensuring there is a variety of vibrant, commercially viable, locally based, generative businesses (SMEs, co-operatives, mutuals, publicly owned enterprises and social enterprises) able to supply local needs for foundational economy goods and services and new jobs in a greener economy. This would help to widen and broaden the scope of the community sector within the commercial economy, at the same time as it ensures assets are kept under common, community control.

A democratic and grounded finance system is crucial for economic recovery and building resilience. We need to build a financial architecture that by its nature supports and develops inclusive economies. Outside of the state, NI already has well capitalised credit unions, and these should be supported and encouraged to invest locally as part of this rebuilding effort. Communities need the certainty of knowing they will be supported so they can make the decisions now and in the coming months which will engender a resilient and inclusive rebuilding of local economies.

Recommendation 1

An updated Charter for Change

Development Trusts NI will continue to be the advocate for community development trusts and undertake the key challenge of ensuring that community businesses are not merely seen as a consumer of services, but also as leaders, innovators and key wealth builders. The contribution of community anchor organisations to local economic development must be enhanced and resourced. We will develop a compact between central and local government and community anchors via the creation of local community wealth hubs to advance the concepts outlined in our updated Charter for Change.

Central Government

Actions required at the strategic level are to advise senior officials of the necessity to adopt community wealth building as a key cultural objective as well as a key strategic policy objective to underpin rebuilding an inclusive local economy. These actions are aligned to the outcomes of the current Programme for Government, the *New Deal, New Decade* agreement and with the DTNI's Charter for Change.

We will provide key senior officers with the knowledge and evidence required to examine how this model for local economic development can contribute to a prosperous, regionally balanced inclusive economy that is equal, innovative and offers better jobs in a connected society that cares and helps everyone to fulfil their potential. Rooted in this approach is the need to establish a clear direction and expansion for CWB principles to flourish and build back an inclusive local economy.

A key driver is the need to change the mindset of decision makers, so that local development trusts are recognised as an integral part of wealth building within their communities and the contributors of real value to the local economy. Government can only ever address a limited component of community wealth building and therefore it needs the skills, knowledge, experience and resources of social capital, that development trusts and community organisations provide, to address the unequal power relationship and financial barriers that cause the imbalance within our local economies.

Recommendation 2

Establish a Community Wealth Building ministerial steering group

Establish an inclusive CWB steering group, chaired by a minister or senior official. The group will scope current CWB practice, existing supports, and the critical success factors required to implement a CWB policy through conducting a consultation with central government, local government and community development trust practitioners. From the scoping exercise, a draft outcomes framework for CWB should be devised, to inform a 3-year plus action plan to implement the updated ABCD concepts of the DTNI charter for change - *Time to build an Inclusive Local Economy*.

Local Authorities

Since 2015 local government in Northern Ireland has assumed responsibility for key economic development powers from central government. One of the implications of this is that the Business Start Up Programme designed to increase the number of entrepreneurs across Northern Ireland is now managed at a local, rather than a regional level. This gives councils the flexibility to cultivate the sectors of their local economy that will achieve the best growth potential to sustain existing jobs and create the jobs of the future. The award of a City or Growth Deal provides an excellent opportunity to approve an advisory pillar for community wealth building. Herein lies the ideal opportunity for local councils who currently undertake less than 4% of public spending compared to 27% in Scotland and Wales⁵⁶, to advance a community wealth building approach. The community planning process is the ideal vehicle to accommodate this action.

There is an opportunity in this new climate for local government to be open-minded, ambitious, innovative, and to take an inclusive approach to economic delivery. When re-examining existing economic and community development strategies, the principles of community wealth building could be aligned to meet current economic and social need that will rebuild confidence in the economy and create skills and knowledge, particularly in the green and digital technology sectors.

There is a compelling need for local government to inform its staff at various levels across its functions in community wealth building principles.⁵⁷ Recognising the impact that a community-public partnership approach will have on their economy will provide a broad framework for a new model of economic development to progress locally.

Recommendation 3

Introducing the principles of CWB in local government

Local councils should work with organisations progressing the values of community wealth building and appoint a key individual(s) from across their organisation to champion the principles of community wealth building. The individual(s) will be tasked with examining current corporate, economic and community plans, to identify how the key principles of community wealth building can be aligned to the current plans, and communicating them effectively across the organisation. The pressing need will be to embed community wealth building into any new planning cycles and new or existing projects, and DTNI will support local government in the delivery of upskilling and designing a policy framework to initiate positive change in commissioning and procuring for social value.

Community organisations

Development trusts play an important role in local economic, social and environmental development and create wealth in its broadest interpretation for local communities. Social enterprises collectively contribute £625m to the NI economy. Directly and indirectly they provide approximately 24,900 jobs and 53% employ half their staff from the immediate local area.⁵⁸ Currently, there is little representation of the sector in the STEM, construction or agriculture sectors. The activities of most community organisations lie in community development activities and health and wellbeing and social care endeavours.

There are upwards of 109 public bodies to which NI public procurement policy applies. This is in addition to the eleven councils (that while not subject to this policy, adopted it anyway) that account for approximately £21.8 billion of public spending in the Northern Ireland economy.⁵⁹ While some large development trusts are widely experienced in tendering for and winning public contracts, many are not or do not bother for various reasons. Such reasons range from lacking the capacity to deliver a large contract due to their size or expertise, a lack of confidence or experience of making a tender application, or limited independent finance to invest. By not tapping into public contract delivery, organisations can experience low income and weakened resilience to unexpected events such as COVID-19, leaving some organisations struggling or even failing completely.

Community wealth building initiatives by local authorities in other parts of the UK have recognised the importance of supporting community organisations to become more independent, financially self-sufficient and to take ownership of public assets to run them in ways that are beneficial to them. To unlock this potential, and to bring Northern Ireland to parity with the rest of UK, there is an urgent need to legislate for a Community Rights Act to enable the right to buy surplus public assets; the right to bid for public and private assets; the right to challenge the provision and commissioning of local public services; and the right to participate in local democratic decision making.

However until the introduction of such legislation, a clear statement of intent by each of the eleven local authority community planning partnerships on how they will effectively engage with community enterprises, will go some way to enable community enterprises to play a more central role in the co-design of greater and more diverse social and wellbeing services.

Community organisations need focused support to encourage independent wealth within the sector. And, to build wealth for their communities, they need to be centrally involved in the design of new government policies and to have access to new models of community finance to support their independence. By having this it will level the playing field and give them a status of equality, enjoyed by public and private sector bodies in local economic development circles.

Recommendation 4 New ways to raise finance for community organisations

Development Trusts NI will explore with government departments and its agencies, social lenders, independent trusts and the Irish League and the Ulster Federation of Credit Unions, options for financing and investing in the work of development trusts and community businesses. We will seek to create a product to support the financial independence objectives of third sector organisations who have the capacity and ambition to develop by acquiring a public asset.

In addition to the design of new financial initiatives, the recommendation includes the need to address the current barriers to existing procurement and investment models for community sector organisations enlisting support from the newly formed CWB ministerial steering group outlined in recommendation two.



Telephone
+ text + phone

Photo : Bangor Court House / Open House Festival

Notes

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DTNI

For further information

Email: _info@dtni.org.uk

Tel: 028 9031 1132

Twitter: [@_@devtrustsni](https://twitter.com/_@devtrustsni)

www.dtni.org.uk

