



# COMMUNITY WEALTH BUILDING

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GREEN  
NEW DEAL



## ***Community Wealth Building***

A Green New Deal aims to tackle environmental degradation and economic inequality through radically overhauling the economic system. Integral to this change is democratising decision making at the local level and funding local change. One way local government and institutions can impact their local areas and economies is through a model known as [Community Wealth Building](#). 'Community Wealth Building' is the idea that local government should have an economic strategy - and procurement process - that gives more control to local people and keeps profits localized. The strategy promotes better forms of business which do more for local communities and workers, while also reducing environmental impacts. From where they source their energy to who they buy their food off to funding and owning transport options local government, and associated institutions, can have a huge influence on their communities.

Community Wealth Building in the UK is most famously associated with [Preston](#). A once industrial center, Preston's Local Government decided to put local development at the heart of their political agenda, focusing on developing cooperatives and targeting local businesses for procurement. [Preston](#) has created a public bank to support locally owned businesses, cooperative businesses and energy projects. In turn, 'anchor institutions' such as hospitals and universities procure services from these businesses and cooperatives. In short, the Preston Model seeks to ensure local government, local institutions and local businesses work together to create a more prosperous economy.

## ***Key policy***

***Councils will maximise social and environmental value through its procurement and tendering, and directing public money towards local, mission-driven and democratic businesses.***

## ***Community Procurement explained:***

A large amount of council services, and as a result spending, come from procurement from outside the council. This is usually done through a competitive tendering process. In 2012 the coalition government introduced the Social Value Act, which meant councils were allowed to consider social and environmental factors in their tendering process. In Wales, it was introduced in 2015 under the ['Wellbeings of Future Generations Act'](#) and in Scotland under the ['Procurement Reform Act'](#). However, today the vast majority of local councils have not implemented this act. Local Government continue to prioritise cost

cutting measures in their procurement at the expense of social and environmental value. As a result, they have no real idea of whether they are getting good value for their money.

Councils are not the only source of public goods within a local area. Public services, such as hospitals, educational facilities and the courts, also procure goods. A GND that prioritises the strengthening of public services and local institutions would see councils work with these 'anchor institutions' to improve their procurement processes and maximise social and environmental value.

Alongside procurement councils can provide support to local businesses that are democratically accountable to workers or the community and pursue a social mission. This support can come through helping these businesses get public contracts and advertise their services, they can provide specialist business advice and finance for startups, and work with anchor institutions and regional governments to create investment funds, or even regional community banks.

We should be focusing on small local businesses, businesses that are democratically accountable in some way to workers or the community, and businesses that pursue a social mission rather than just focusing on private profit. Cooperative businesses ensure the local community has a stake in the business and as such the rewards are shared locally.

Finally, a GND focused on community wealth building would see Council's pension funds, a significant economic resource, used to support local and democratic businesses, ensuring they receive the support they need and creating good, unionised, green jobs in the process.

### ***Examples:***

- [Tower Hamlets council](#) has created an NGO; [the Social Value Exchange](#), to help themselves and other councils create social value through their contracts. The Social Value Exchange runs an online platform which connects councils, businesses and community groups. Councils offer contracts, businesses that want the contract place bids for it, while also pledging to provide finance and support to community groups that do good work in the town. Councils can then pick the contract which provides the best social value.

- In 2019 Manchester established their [Cooperative Commission](#), tasked with making evidence-based policy proposals for how Greater Manchester Combined Authority can support co-op development in three sectors: housing, the digital economy and transport. The Commission published its first report in January 2020.