

# Community wealth building in North Ayrshire

Diagnostic Report



**Centre for Local Economic Strategies**

CLES is the UK's leading, independent think and do tank realising progressive economics for people and place. Our aim is to achieve social justice, good local economies and effective public services for everyone, everywhere.

[www.cles.org.uk](http://www.cles.org.uk)

**Partner name**

North Ayrshire Council

This report was conducted independently by the Centre for Local Economic Strategies. Whilst we have made every attempt to ensure that the information contained in this report is accurate, we accept responsibility for any errors contained within it.



# Community wealth building in North Ayrshire

## Diagnostic Report

**Published by** CLES, August 2019

Presented to North Ayrshire Council

Centre for Local Economic Strategies (CLES)

[info@cles.org.uk](mailto:info@cles.org.uk) | +44 (0) 161 832 7871

[www.cles.org.uk](http://www.cles.org.uk) | @CLEStinkdo

Registered charity no. 1089503.

Company limited by guarantee no. 4242937.

© 2019 Centre for Local Economic Strategies

# Contents

---

Executive Summary.....	5
1. Introduction and context .....	10
2. Ayrshire Growth Deal .....	16
3. North Ayrshire as a community wealth building council.....	19
4. Progressive procurement of goods and services .....	21
5. Fair employment and just labour markets.....	26
6. Socially productive use of land and assets .....	32
7. Making financial power work for local places .....	39
8. Plural ownership of the economy...	42
NEXT STEPS .....	50
Appendix 1 – Stakeholders consulted ....	54
Appendix 2 – Workshop notes.....	<b>Error!</b>
<b>Bookmark not defined.</b>	

# Executive Summary

---

This report was produced by the Centre for Local Economic Strategies (CLES) to assist in developing a community wealth building agenda in North Ayrshire. This report lays out the context to community wealth building in North Ayrshire and Ayrshire through the Growth Deal, what we found, and how the agenda should be taken forward.

## Methodology

CLES conducted this work via our community wealth building 'diagnostic'. The process involves assessing community wealth building in North Ayrshire across its five pillars. These are: progressive procurement of goods and services; fair employment and labour practices; socially productive use of land and property; financing the economy; and plural ownership of the economy.

We conducted document reviews and key stakeholder workshops and interviews across these five pillars in order to understand what has already been done, and which areas could be developed. Our recommendations are aimed at making achievable, evidence-based recommendations which North Ayrshire Council can put into practice.

This work is the part product of document reviews, workshops and interviews. However, this has not just a research exercise. Framed by deepening economic and social justice, the above methods and findings have been placed within a set of community wealth building pillars, alongside the experiences and insight from CLES.

This work lands during a formative process for Ayrshire. Whilst the Ayrshire Growth Deal Heads of Terms were agreed in March 2019, there is still work to do in developing detailed activity and processes; as such, this work will feed into that.

## Findings and recommendations

In each main section we outline our key findings and then present our recommendations. In making these recommendations, we make an informed judgment (based on consultation and previous experience) as to what is needed and desirable, based on:

- Ambition of Council
- Feasibility. Though some recommendations are more aspirational and longer term.
- Community wealth building aims.

These recommendations add up to a suite of actions which, if adopted, would represent a fundamental step forward to building community wealth in North Ayrshire and, as regards the Growth Deal, Ayrshire more generally. Some of the recommendations are technical in nature (i.e. procurement shifts), some are more policy focussed, whilst others relate to culture and practice. As a whole they would require significant effort and change. However, it is CLES' view that, if this was to be done, it would represent a key shift in improving the social and economic fortunes for residents in North Ayrshire and all of Ayrshire.

As regards to whom the recommendations are directed at, some are specific to North Ayrshire, whilst others relate to the wider Ayrshire Growth Deal and/or both. Throughout the report, reference is made to the scale the recommendation is directed at.

#### Key findings:

- The Growth Deal represents an opportunity for step change in the fortune of the Ayrshire economy. However, for it to deliver a positive step change in the lives of Ayrshire residents a community wealth building approach must be embedded within all aspects of the Deal

#### Key recommendations:

- 1. All Growth Deal projects should follow the principles of community wealth building**, with specific emphasis on commissioning and procurement.

### North Ayrshire as a community wealth building council

#### Key findings:

- The Council has declared a climate emergency, and recognises that new ways of working are needed if it is going to help deliver social, economic, and environmental justice for local residents in the twenty-first century.
- There is an appetite within the Council to upscale existing progressive activities and to innovate using community wealth building principles.

#### Key recommendations:

- 2. North Ayrshire Council should embrace the agenda and narrative of a 'community wealth building Council', and building on the community wealth building Commission, create dedicated oversight of the agenda, through an officer who reaches across the whole council.**
- 3. Anchor Charter agreement should be developed**, assisting in deepening community wealth building principles. This could be extended pan Ayrshire.

## Progressive procurement of goods and services

### Key findings:

- North Ayrshire Council has a corporate procurement strategy and delivers some social and environmental benefits through its Community Benefits activity.
- Stakeholders noted that there is more that can be done to build capacity of local companies, develop effective supply chains and increase levels of local procurement.
- Indirectly this means procurement is not having as transformative an effect that it possible through a progressive, community wealth building approach.

### Key recommendations:

- 4. Develop the corporate culture and status of procurement as a key feature of community wealth building.**
- 5. Include community wealth building priorities as part of wider review of community benefits as part of the procurement scoring process.**
- 6. Refine procurement analysis through a survey of suppliers and a market supply analysis.**
- 7. Explore cash or 'in kind' equivalent system for suppliers as an alternative to embedding community benefits within contracts.**
- 8. Work with anchors in the CPP to explore procurement spend, with potentially joint procurement activities.**
- 9. Assess whether there is the capacity for a change of approach towards wave-planning that enables deeper market and locality engagement before commissioning.**

## Fair employment and just labour markets

### Key findings:

- North Ayrshire faces many challenges related to its workforce such as high levels of unemployment and underemployment; low levels of skills; and recruitment challenges.
- Some campaigns exist to combat such recruitment, but stakeholders described them as 'piecemeal', particularly with regard to cross-anchor workforce initiatives.

### Key recommendations:

- 10. Push anchors to review workforce policy and planning.**
- 11. Develop an employment charter or 'pledge'**

## Socially productive use of land and property

### Key findings:

- North Ayrshire has a high level of vacant and derelict land such as brownfield ex-industrial sites.
- The Council has a Vacant and Derelict Land Strategy, containing key themes for intervention to assist, and an Asset Transfer Policy which contains an approach towards Community Asset Transfer.
- There is a market failure within the commercial property market, leading to a lack of private investment and a complete reliance on public sector funds to provide new or replacement stock.
- The limited amount of industrial stock that the Council has developed has been received well. There appears to be an institutional desire in the Council to intervene and counteract market failure. The Ayrshire Growth Deal will provide significant resources to allow this, and it is important that a community wealth building approach is used to maximise the economic, social and environmental value derived from this.

### Key recommendations:

- 12. Innovate through Public-Common Partnerships.**
- 13. Explore a development vehicle.**
- 14. Use council and other anchor assets to develop a 'deep town approach' within a locality.**

## Financing the economy

### Key findings:

- Some of the credit unions that are active in North Ayrshire are progressive. However, there are limits to what these organisations can do as a result of financial regulations.
- There is an aspiration among officers and elected members to create a community bank.

### Key recommendations:

- 15. Use credit unions to increase financial literacy and amplify progressive finance.**
- 16. Identify and present investment propositions within North Ayrshire to Strathclyde Pension Fund.**
- 17. Progress plans for community bank.**

## Plural ownership of the economy

### Key findings:

- North Ayrshire Council has a strong, proactive business development offer with an awareness of the potential of, and support for, alternative models of ownership.

- North Ayrshire has a Social Enterprise Strategy, and its strategic principles are embedded within the Council's procurement strategy.
- The family business sector is a defining feature of the North Ayrshire economy. It presents not just the North Ayrshire economy, but the economy of the region as a whole, with both a significant risk but also an opportunity to advance plural ownership, through conversion to worker ownership, when deemed desirable by both parties

**Key recommendations:**

- 18. Ensure Team North Ayrshire actively builds the 'Social and Solidarity Economy'.**
- 19. Accelerate conversion of family owned businesses to employee ownership.**
- 20. Investigate feasibility of municipal ownership.**
- 21. Apply a community wealth building frame to the commercialisation / municipalisation workstream.**

# 1. Introduction and context

---

This report for North Ayrshire Council marks the beginning of its journey to develop a more inclusive economy through a new approach to economic development - community wealth building. In so doing, the Council joins a progressive movement of UK local authorities and areas using this approach.

The mobilisation of a community wealth building approach requires political buy-in and leadership at the highest level. The Cabinet's commitment to this progressive programme of work is therefore an important first step. In phase one of this work, the Centre for Local Economic Strategies (CLES) has conducted a diagnostic of North Ayrshire Council's progress across the five pillars of community wealth building. The recommendations contained within this report articulate what needs to happen next to make the achievement of an inclusive economy and community wealth building a stronger reality in North Ayrshire.

The following report presents our analysis of community wealth building activity in North Ayrshire.

The report is split into the following sections:

- Section 1 places the report within the local strategic and wider UK contexts and gives an overview of the methodology employed;
- Section 2 outlines the context of the Ayrshire Growth Deal and how community wealth building can be embedded within it;
- Section 3 sets out the overarching community wealth building frame for North Ayrshire and what needs to happen for it to be amplified;
- Sections 4-8 is organised by the five elements of community wealth building, and for each we outline the key issues, review of North Ayrshire Council's existing strategies, and present emerging recommendations in each area;
- The final chapter summarises our proposed next steps.

## Why this work is important

It is now increasingly obvious that that our current economic growth model is failing some locations and communities. Last year, OECD data showed that the UK is the only developed economy in which wages fell while the economy was actually

growing, albeit meagrely.<sup>1</sup> The UK is an economy where one in eight workers live in poverty,<sup>2</sup> and where 1.3 million people (including children) rely on food banks.<sup>3</sup>

Fuelling this inequality is the fact that the fruits of growth are too readily extracted by the already wealthy few, rather than increasing incomes for the majority. However, the problem is not just a lack of wealth but where this wealth goes, who owns it and who benefits from it. At a local level, the prevailing model of economic development has failed to engage with these questions of wealth distribution, focusing instead on generating contributions to GDP.

North Ayrshire is ranked as the fifth most deprived council area according to the latest Scottish Index of Multiple Deprivation. This represents an increase in the number of areas within the most deprived 15% versus the previous Index<sup>4</sup>.

The council has committed to boosting and improving social and economic opportunity to create an inclusive economy. In order to achieve these aims, however, radical change is needed through the implementation of a community wealth building approach.

## What is an inclusive economy?

An inclusive economy is an economy which is focussed on social goals, social justice, environmental sustainability and prosperity for all. From an inclusive growth perspective, inclusion is about what happens socially to growth after we have growth. Whilst helpful, this aim is limited (and limiting), given the scale of the social issues and economic challenges facing our society.

An inclusive economy is a deeper concept, considering how social benefits flow from, or feed into, economic activity. An inclusive economy is an economy which is intrinsically married to social goals, social justice, environmental sustainability and prosperity for all. This is not inclusion after the fact of growth. Instead inclusive economy seeks to develop inclusion with or without growth, whilst seeking to address the fundamental social flaws of market liberalism, more generally. Inclusive economy is not merely about the poor social effects of economic growth outcomes, it is about addressing the causes which are created by the socially damaging approach to growth. This agenda is aligned to a belief in heterodox economics and new forms of economic democracy and urban development such as new municipalism<sup>5</sup>.

---

<sup>1</sup> <https://www.ft.com/content/83e7e87e-fe64-11e6-96f8-3700c5664d30>

<sup>2</sup> <https://www.jrf.org.uk/press/uk-poverty-2017-country-reaches-turning-point>

<sup>3</sup> <https://www.independent.co.uk/news/uk/home-news/food-banks-uk-how-many-people-adults-poverty-a8386811.html>

<sup>4</sup> <http://northayrshire-community.wordpress.nexuswebdesign.co.uk/wp-content/uploads/sites/60/2016/05/SIMD16-Presentation-CPP-Seminar-2016-12-07.pdf>

<sup>5</sup> <https://cles.org.uk/blog/local-government-the-commons-the-time-has-come/>

## New Municipalism

New Municipalism hints back to UK Victorian Municipalism or Municipal Socialism. However, it is a global movement and threatens to be even more transformative, going beyond the local state, with a deeper consideration of power, with reformed institutions. There are three key components to this.

- 1. Citizen power-** whereby the local state as an institution empowers, coordinates and upscales social innovation from community organisation and social enterprises.
- 2. Municipal power-** New municipalism is not a process of hollowing out the local state and outsourcing, rather it is a retained appreciation that the state should ensure that fundamental goods and services (i.e. care and energy) are insourced, fairly priced and accessible to all citizens.
- 3. Democratising the economy-** Municipalist economic policy breaks with the orthodoxy of corporate investments, large-scale property redevelopments and wealth extraction. Instead, it focuses on creating a generative economy, i.e. new institution forms such as cooperatives and municipal enterprises that lock in wealth, fairer wages, higher workers' control and more environmental and social responsibility.

## What is community wealth building?

As a fundamental driver of an inclusive economy, community wealth building aims to reorganise and control the local economy so that wealth is not extracted but broadly held and generative, with local roots, so that income is recirculated, communities are put first, and people are provided with opportunity, dignity and well-being. Through community wealth building we are seeing a democratic, social and economic movement, which seeks to provide resilience where there is risk and local economic security where there is precarity.

community wealth building has a particular focus on the activities of anchor institutions. Anchor institutions are large established organisations, rooted in local communities, which can improve local economic and social wellbeing through the use of their spend, employment practices, and use of land and assets.

At the heart of the community wealth building approach, then, are five strategies for harnessing existing resources to enable local economies to grow and develop from within.

# Community wealth building

## Five principles



### Fair employment and just labour markets

Anchor institutions have a defining impact on the prospects of local people. Recruitment from lower income areas, paying the living wage and building progression routes all improve local economies.

### Plural ownership of the economy

Developing and growing small enterprises, community organisations, cooperatives and municipal ownership is important because they are more financially generative for the local economy – locking wealth in place.

### Making financial power work for local places

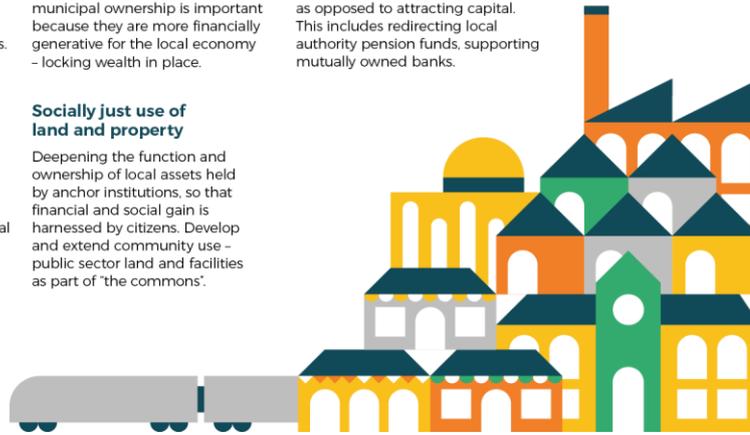
Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital. This includes redirecting local authority pension funds, supporting mutually owned banks.

### Progressive procurement of goods and services

Developing dense local supply chains of businesses likely to support local employment and retain wealth locally: SMEs, employee-owned businesses, social enterprises, cooperatives and community business.

### Socially just use of land and property

Deepening the function and ownership of local assets held by anchor institutions, so that financial and social gain is harnessed by citizens. Develop and extend community use – public sector land and facilities as part of 'the commons'.



- 1) **Progressive Procurement of goods and services**- Progressive procurement is a means through which greater economic, social and environmental benefits can be achieved for local places and people. CLES have pioneered and been at the forefront of work around progressive procurement in the UK, helping to develop a dense local supply chain of local enterprises, SMEs, employee owned businesses, social enterprises, cooperatives and other forms of community ownership. Increased local spend creates jobs, contributing to a multiplier effect which in turn creates additional jobs via increased demand for local goods and services.
- 2) **Fair employment and just labour markets** – Often the biggest employers in a place, the approach anchors take to employment can have a defining effect on the employment prospects, incomes of local people and local communities. Commitment by anchors to pay the living wage, have inclusive employment practices, recruit from lower income areas, build progression routes for workers and comprehensive union recognition are some of the examples where actions by anchors can take to stimulate the local economy and bring social improvements to local communities.
- 3) **Making financial power work for local places**- community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, rather than by seeking to merely attract national or international capital. For example, local authority pension funds can be encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow, and regional banking charged with enabling local economic development are established. All of these are ideally placed to channel investment to local communities while still delivering a steady financial return for investors.
- 4) **Socially productive use of land and assets** – Anchors are often major land, property and asset holders. These represent an asset base from which local wealth can be accrued. In community wealth building the function and ownership of these assets is deepened to ensure any financial

gain from these assets is harnessed by citizens. Furthermore, there is a desire to develop local economic uses, and extend local social/community use of those assets. Indeed, much public sector land and facilities are the commons, and should be used to develop greater citizen ownership of the built, open space and natural environment.

- 5) **Plural ownership of the economy** - community wealth building seeks to develop a more diverse blend of ownership models: returning more economic power to local people and institutions. In this, community wealth building asserts that small enterprises, community organisations, cooperatives and forms of municipal ownership are more economically generative within the local economy, than large companies or public limited companies.

CLES has worked with dozens of local authorities across the UK to develop the community wealth building movement, with each locality taking on a different blend of activities based on the five elements outlined above. 7,713,180 people now live in community wealth building neighbourhoods, which is 12% of the UK's population.

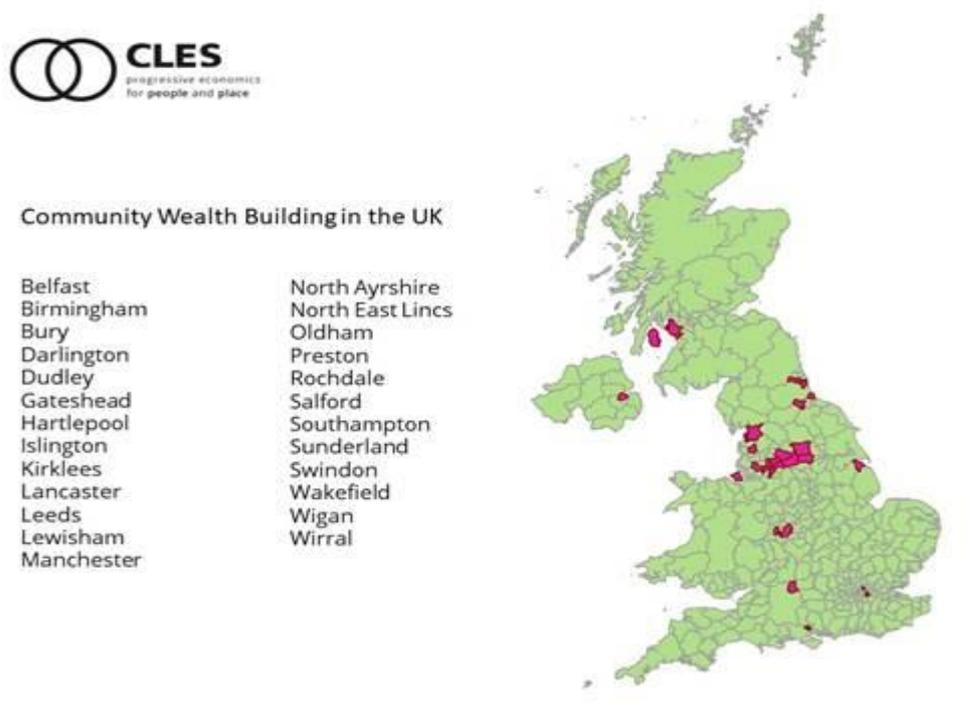


Figure 1- Map of community wealth building localities in the UK

## Methodology: community wealth building diagnostic

CLES have undertaken a desk review to assess the extent to which the tranches of work the council is currently undertaking (i.e. in policies, strategies and actions) are reflective of a progressive and inclusive local economic approach, structured around the five pillars of community wealth building.

We then undertook a series of workshops (one for each of the community wealth building pillars - see Appendix 2) and semi-structured interviews with senior officers and councillors in order to analyse their capacity for elements of local wealth building. See Appendix 1 for a full list of stakeholders we engaged with.

We have used the findings from this process, alongside the desk work, and wider experiences and knowledge gained in other areas undertaking community wealth building, to make recommendations as listed in the following sections. However, it is important to note that this not just research exercise. Framed by deepening economic and social justice, the above methods and findings have been placed within a set of community wealth building pillars, alongside the experiences and insight from CLES. This latter insight and experience mean that the empirical frame is based on both the secondary desk material, primary qualitative work and interpretive frame of CLES and the staff involved in this work.

## 2. Ayrshire Growth Deal

---

The initial Heads of Terms of the Ayrshire Regional Growth Deal were agreed in March 2019 between the three Ayrshire local authorities and the Scottish and UK Governments. The Growth Deal represents a major investment in the Ayrshire economy, worth over £250 million over the next 10–15 years, with the broad aim of radically boosting the economic performance of the area - supporting the development and expansion of companies and the creation of thousands of new jobs across a range of key sectors. The Growth Deal has been informed by the opportunities and challenges identified by the Inclusive Growth Diagnostic<sup>6</sup>.

A community wealth building approach should be embedded within all aspects of the Growth Deal; hardwired into how the various elements of the Growth Deal operate. We believe this is the case within both the procurement of Growth Deal projects, and the approach to inward investment and economic development more generally within the Deal.

### The community wealth building Fund

The Growth Deal has allocated £3 million to support the development of a community wealth building strategy across Ayrshire. This will be central to ensuring that the investment through the Growth Deal will benefit the whole Ayrshire community and play a major role in helping to tackle poverty in the region.

The £3m is a key resource lever to ensure the embedding of CWB throughout the £250m, and should be used for pan Ayrshire activity. Details of which recommendations relate to this fund, and those which do not, are included throughout this report. Details on actions in order to implement these recommendations are listed in the Next Steps chapter, at the end of this report.

### Growth Deal Recommendations

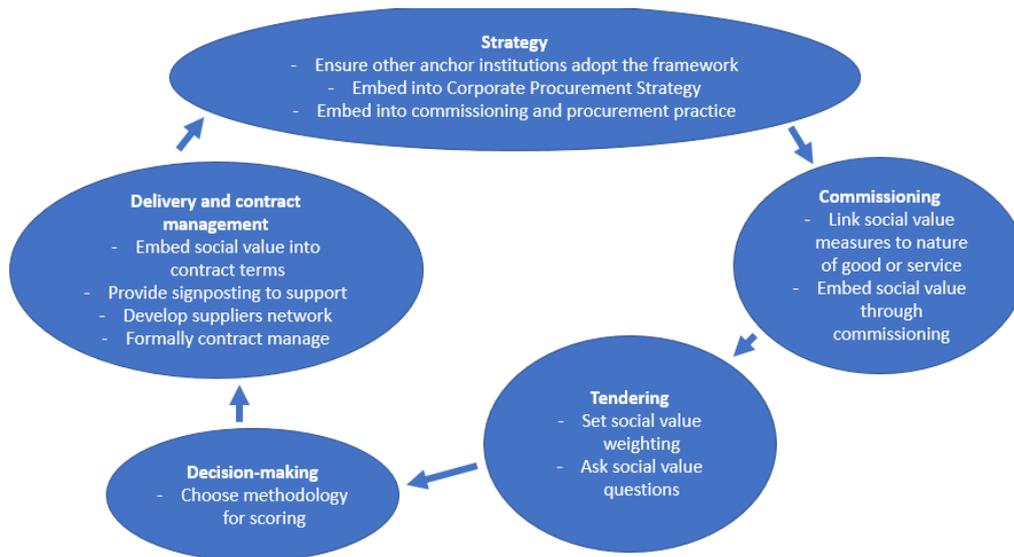
**1. All Growth Deal projects should follow the principles of community wealth Building.** Each part of the £250m package must seek to embed and build community wealth, providing benefits to local residents. This requires secure awareness and some concrete connections between aspirations for AGD and principles of CWB.

Procurement is likely to feature heavily. A joint progressive procurement working agreement or strategy should be progressed and used for all suppliers to Growth Deal projects. This arrangement must embed social values/community benefits

---

<sup>6</sup> <http://www.inclusivegrowth.scot/wp-content/uploads/2018/06/SCRIG-Content-North-Ayrshire-Inclusive-Growth-Diagnostic-FINAL-1.pdf>

values within all stages of the procurement cycle – as illustrated in the below diagram.



As part of the Glasgow City Deal a Community Benefits Strategy was developed, to align with the City Deal Procurement Strategy and the City Deal local authorities' existing approaches to delivery of Community Benefits within their contracts.<sup>7</sup> Such an approach could be followed in Ayrshire, with a framework listing shared values and vision, common Community Benefit Clauses and so on.

As the Ayrshire Growth Deal is an 'Inclusive Growth Deal', CLES believes this recommendation should be funded through the £3m community wealth building allocation.

Recommendations listed in the following chapters are structured according to their relevant pillar of community wealth building. A number of these are also relevant to the Ayrshire Growth Deal, and could be funded entirely or partially by the £3 million allocated for community wealth building within the Growth Deal. Please see the relevant chapters for more details, in addition to the table presented in the 'Next Steps' chapter. The relevant recommendations are:

**2. Create Dedicated oversight of the agenda through an officer who reaches across the council.** There is potential or this to be part relate to a pan Ayrshire role

**3. Anchor charter agreement for North Ayrshire.** There is possibility for this to be pan Ayrshire.

**5. Include community wealth building priorities as part of wider review of community benefits as part of the procurement scoring process.** This links with recommendation 1. And relates to how things are procured via growth deal monies.

<sup>7</sup> <http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=16877&p=0>

**6. Refine procurement analysis through a survey of suppliers and a market supply analysis.** There is possibility for pan Ayrshire elements.

**10. Push anchors to review workforce policy and planning.** There is possibility for pan Ayrshire elements.

**11. Develop a Business charter or 'pledge'** There is possibility for pan Ayrshire elements.

**14. Use council and other anchor assets to develop a 'deep town approach' within a locality.**

**17. Progress plans for community bank.**

# 3. North Ayrshire as a community wealth building council

---

CLES believes that community wealth building should be made central to the narrative and actions related to improving the economy of Ayrshire and, by extension, the lives and fortunes of Ayrshire residents.

'A Council That Is Fair for All' is the North Ayrshire Council Plan that sets out the ambitions, vision and mission for the next five years. The document sets out the clear corporate priorities of the Council to develop a new approach for the economy to prosper whilst tackling inequality. It is constructed around three strategic themes. The first two are outward looking whilst the third sets out how this Council will work moving forward:

- 1) Aspiring Communities – A society where everyone has the same life chances to grow, prosper and have fulfilling and healthy lives.
- 2) Inspiring Place – An enterprising, vibrant and sustainable environment, appealing to investors, attractive for visitors and a place our residents are proud to live and work in.
- 3) A Council for the Future – Our Council is forward-thinking – motivated to transform and improve services for our communities through innovation, reshaping our approach and focusing investment to our priorities.

The Council Plan also makes explicit commitments to taking forward community wealth building.

This council plan and the explicit commitments to community wealth building creates a fertile context upon which a deep and enduring commitment and programme of CWB can be advanced both within North Ayrshire and across the whole Ayrshire Growth Deal.

## Recommendations

community wealth building offers North Ayrshire Council the opportunity to develop a new narrative that will deepen and refresh the Council's pre-existing reputation for excellence, whilst at the same time offering meaningful ways to develop a '21<sup>st</sup> century approach' for the council. It also serves as a frame, mindset and vehicle by which the CWB approach and suite of recommendations can help in addressing the climate emergency.

The intention here is that community wealth building becomes the frame through which all Council activities are understood and evaluated. community wealth building should be understood as a practical set of tools through which the Council's agenda can be 'made real' to a range of stakeholders, including; internally; to local anchors; and to local citizens.

This new approach will take time and will require deep collaboration internally across the Council, and externally with major players in the local public and commercial sector. CLES' recommendation below are meant as a starter to get this process off the ground and running and locate the fruitful areas for community wealth building in North Ayrshire. The intention here is to devise practical policies that can have a tangible effect on the Council's actions, and ultimately improve the local economy for everyone in the local area.

As such, CLES welcomes the community wealth building Commission as a dedicated body to push this agenda forward. However, in order to truly embed community wealth building across North Ayrshire Council, they should:

**2. Create dedicated oversight of the agenda, through an officer who reaches across the whole council**, and liaise with other Ayrshire Councils, including a role in ensuring CWB is embedded within the with Ayrshire Growth Deal (AGD).

This oversight is key to ensure that community wealth building principles are embedded across the wide-ranging activities of the Council and ensuring the agenda doesn't 'fall between two stalls'. This represents a significant resource commitment, as this officer would need status and the skills to influence action across all departments of the Council. This role could be complimented by a community wealth building cabinet portfolio holder, which may be occupied by the Leader. CLES would also encourage external representation on this commission, perhaps in the form of a trade union or co-operative sector representative.

**3. Anchor Charter agreement should be developed.** This would lay out potential areas for collaborative work across the anchors across Ayrshire. This could be extended to include Pan Ayrshire anchors.

## 4. Progressive procurement of goods and services

---

North Ayrshire Council faces significant challenges to balance a reducing budget with increasing demand for services. North Ayrshire Council recognises that maximising the use of all resources, including value from external expenditure, can contribute towards driving better value for the Council and citizens.

### Issues

Procurement is a significant activity across the Council and typically the Council spends nearly £200 million per annum on external procurement expenditure, and therefore plays a key part in North Ayrshire Council's wider strategy of 'Good to Great'.

During conversations with officers it was clear that there was not a universal recognition that procurement and commissioning could be or is a tool for wider economic and place development - indirectly this means procurement is not having as significant an effect that it is capable of achieving within a community wealth building frame.

The 'wave plan' is the name North Ayrshire Council gives to the Council's forward procurement plan, designed to show what the Council will be commissioning and procuring over the next 2 years. There are a number of challenges around this - accuracy, keeping it up to date and accurate, and most importantly using it as an actual planning tool to let Team North Ayrshire, the procuring services and the procurement team to properly plan out a procurement exercise, engage effectively with local suppliers, provide them with the support they require and so on. This is a key issue for the Council and getting the wave plan 'right' as a planning tool will be critical to moving the progressive procurement<sup>8</sup> pillar of community wealth building forward.

### What North Ayrshire Council is doing

Each year the Scottish Government undertakes analysis of this spend. In the financial year 2017-18 North Ayrshire spent a total of £196m on procurement expenditure, with £44.7m of this spend being local suppliers within the North

---

<sup>8</sup> 'Progressive procurement', means the whole cycle of procurement which ensures there is consideration and action to ensure there is the widest and deepest potential for economic, social, cultural and environmental benefits accruing from public sector spending on goods and services.

Ayrshire Council boundary (22% of total procurement spend)<sup>9</sup>, which officers noted is below the Scottish average, leaving some room for improvement. The draft Council Plan has a Performance Measure of increasing the percentage of procurement spend on local enterprises to 26% by 2024.<sup>10</sup>

Approximately 60% of the external procurement expenditure is spent with small and medium sized enterprises (SMEs)<sup>11</sup>, which is a higher percentage than the averages across Scottish public sector bodies (central and local government, health and education organisations)<sup>12</sup>.

The North Ayrshire Social Enterprise Strategy (2016-2019) commits the Council and other public bodies to engage with social enterprises and community organisations to better engage and understand this provider community.

In December 2016 North Ayrshire Council published its Corporate Procurement Strategy, covering the period 2017-2020. In the strategy North Ayrshire Council set out how it seeks to improve, innovate and transform how the Council procures goods and services through 6 strategic aims.

Community benefit clauses provide a means of achieving sustainability in public contracts. They include targeted recruitment and training, small business and social enterprise development, community and education engagement. They are an important element of the sustainable procurement duty and the steps taken by North Ayrshire Council to include community benefit requirements demonstrates compliance with that duty. Whilst it is a statutory duty for community benefits to be considered for all procurements at or above £4 million in value, North Ayrshire Council request Community Benefits for all tenders over the value of £50,000 for Supplies and Services and £100,000 for works, on a voluntary or minimum requirement basis.

North Ayrshire Council has used its procurement strategy in order to deliver social and environmental benefits. In the review period examined, a total of 68 contracts were awarded, with a total value of £82,123,328. Whilst only 3 contracts would have been applicable for the statutory threshold (£4m), because North Ayrshire's thresholds are much lower a greater number of contracts (47) have contained community benefits. This has resulted in a number of jobs, apprenticeships and work placements filled by priority groups (23, 8 and 2 respectively), in addition to career talks, workshops for the third sector and SMEs.<sup>13</sup>

However, despite these relative positives, this work has found that more can and should be done so that the maximum of community benefits can be extracted from prevailing markets. In this, more effective methods of making use of community benefits should be considered. Furthermore, where specific markets are seen to

---

<sup>9</sup> 2017/18 Top 300 Spend Analysis Presentation, North Ayrshire Council

<sup>10</sup> Draft Council Plan Performance Management Framework

<sup>11</sup> Annual Procurement Report 31st December 2016 to 31st March 2018

<sup>12</sup> <https://www.fsb.org.uk/docs/default-source/fsb-org-uk/final-version.pdf?sfvrsn=0>

<sup>13</sup> Annual Procurement Report 31st December 2016 to 31st March 2018

generate less community benefits, intervention in the market, should be considered as regards to supplier development.

For example, an analysis of the relative costs and benefits of local and non-local food services suppliers is currently underway.

All of the above indicates that there is good awareness and decent practice around progressive procurement within North Ayrshire Council. There are solid foundations. The following recommendations seek to either build on what is already happening, introduce new activity which follows prevailing trends and ambition or extends the breadth of progressive procurement awareness and activities within the council, other anchors and wider Ayrshire Growth Deal.

## Recommendations

**4. Develop the corporate culture and status of procurement as a key feature of community wealth building.** In order for departments to prioritise procurement planning, an awareness-raising campaign should be developed to explain how procurement is a key lever of community wealth building – that it is a strategic place-based economic development function just as much as a regulatory one.

As such, a close working relationship and alignment of plans should be fostered between Procurement and Economic Development. Doing so should enable a cultural shift on ‘why we are doing this’ and maximise the ability for both functions to build community wealth.

**5. Include community wealth building priorities as part of wider review of community benefits as part of the procurement scoring process.** Community benefits are used to deliver social value, however there is a perception that there is not a link between what is asked of suppliers and what individual localities need. CLES recommends a shift to an approach where a ‘Community Benefits Framework’ is developed, to understand the corporate priorities (considering the needs of each locality) and using this to determine the ‘ask’ of suppliers in any given procurement exercise.

Measures related to all areas of community wealth building should be examined as part of the scoring process, to ensure all procurement decisions advance the social and economic justice aspirations of North Ayrshire Council. This could allow a department to deliver social benefit relevant to the needs of communities whilst being flexible enough to reflect the maturity of the market for the good or service being procured. This approach has been used by CLES in a variety of different authorities across the UK. Alongside this framework a robust system of monitoring is needed to ensure suppliers compliance.

This would also apply to elements of the Ayrshire Growth Deal. *See recommendation 1.*

**6. Refine procurement analysis through a survey of suppliers and a market supply analysis.** North Ayrshire Council already has access to analysis about their supply chain, so they already understand the impact of this spend, for instance the spend with local suppliers. The ambition now is to further refine this analysis by undertaking a suppliers survey (to gain intelligence on the local and social value impact of suppliers and suppliers of those suppliers, assessing the extent to which suppliers understand community benefits or whether they need support delivering it etc) as well as a market supply analysis (to understand the wider local business base beyond the supply chain, to ensure that the council have a fuller picture of how best they can support businesses to come on board with this agenda).

The procurement department would be best placed to undertake a survey of suppliers, perhaps with assistance from a specialist third party, whereas stakeholders suggested the capacity to undertake the market supply analysis could be found within Team North Ayrshire.

This would also apply to elements of the Ayrshire Growth Deal.

**7. Explore cash or 'in kind' equivalent system for suppliers as an alternative to embedding community benefits within contracts.** Some goods and services will be better suited to this type of measurement than others. North Ayrshire Council should consider whether having a cash or 'in kind' equivalent for use in a variety of projects, perhaps stemming from the Community Investment Fund. Whilst implementation of this approach has had unforeseen consequences this could be harnessed on certain contracts where embedding community benefits may be a challenge, for instance within a very specialist contract that is likely only able to be fulfilled by one or two suppliers globally. If North Ayrshire Council are interested in implementing this recommendation, officers should first investigate Scottish procurement law to understand whether it is legal for cash to be used as a community benefit, or whether an 'in kind' system would be more appropriate.

**8. Work with anchors in the CPP to explore procurement spend, with potentially joint procurement activities.** We are unaware of other CPP anchors who undertake analysis of their spend to the same degree that North Ayrshire Council does. Doing so would enable where there are shared areas of spend, 'leakage' out of the region across different industrial classifications and would enable them to start progressive procurement activities together to bring benefit to businesses and residents of North Ayrshire. Given that several CPP members cross Ayrshire boundaries, relevant progressive procurement cross-anchor activity should be pursued at a cross-Ayrshire level.

There may be resistance among certain actors in the CPP whose procurement are heavily influenced by national frameworks, such as in Health. At first glance, this may limit the extent to which they can deliver on social value / community benefits, and hence contribute to community wealth building. However, CLES is currently working with a number of progressive health organisations who are seeking to implement social value regardless of this fact. As such, the first step here is to identify what is and isn't governed by national frameworks. For the goods that that

fall outside of these frameworks, community wealth building principles can be applied, for example through the application of a social value framework.

Within health specifically, commissioning is an area that presents a significant opportunity to deliver social value. At NHS Salford CCG, for example, they have signed up to the '10% Better' social value campaign<sup>14</sup>. Consequently, even though the market for some of their services includes only provider (typically the local NHS provider trust), the CCG still hold them to account with respect to delivering social value as part of the contract.

**Longer term there is an 'ask' of the Scottish government for the ability to flex anchor partnership spending in Ayrshire to fit local needs to a greater extent than can currently be done as part of national frameworks.**

**9. Assess whether there is the capacity for a change of approach towards waveplanning that enables deeper market and locality engagement before commissioning.** Officers acknowledge the need to move towards a more proactive, account managed market engagement approach. This could work by greater focus on locality before commissioning, including assigning an officer per locality, working to understand, engage and build capacity within the local business base (including family owned firms, social enterprises etc). An increased connection between commissioning departments and the waveplanning process, an increase in lead-in times and increased early market animation by Team North Ayrshire should ensure timely commissioning of goods and services by local firms (where applicable). This approach, if successful, has the opportunity to be expanded across Ayrshire. However, we are aware of the pressures on capacity that exist within all departments. Work should be undertaken to understand whether this more proactive approach is achievable and what resource commitment would be required to implement it.

The Ayrshire Growth Deal provides an opportunity to enable progressive procurement, fully engaging with local organisations and businesses on opportunities. More details are outlined in the Ayrshire Growth Deal chapter.

---

<sup>14</sup> <https://www.salfordsocialvalue.org.uk/10-better-campaign/>

# 5. Fair employment and just labour markets

---

Employment and skills are obviously a key element in developing a good local economy. Both in terms of equipping people with the commensurate skills that the economy needs, but also developing self-worth and growth of people.

Traditional economic development, various policies and in particular funding contexts has created a rather opaque and at times confusing picture. A community wealth building approach, seeking to advance an inclusive economy, would go the extra mile in ensuring consistency, with the council playing a key place leadership role in developing the local labour market: skills provision; in-work progression; good terms and conditions; and a strategic approach to workforce development.

## Issues

As with many places across the UK, North Ayrshire faces a significant number of barriers to providing stable, meaningful, and well-paid work to local residents.

In 2017, 74.6% of the North Ayrshire population of working age were considered 'Economically Active'; lower than the Scottish and British averages of 77.4% and 78.5% respectively.<sup>15</sup> The draft Council Plan adds a Performance Measure of increasing the percentage of working age population in employment, from 68.2% (as of 2017/18) to 73% by 2024.<sup>16</sup>

Job density is also an issue facing North Ayrshire, with a density of 0.58 jobs in the total workforce (e.g. the ratio of total jobs to population aged 16-64). Again, this figure is lower than the Scottish and British averages of 0.81 and 0.86 respectively.<sup>17</sup> This reflects a relative lack of demand for labour in North Ayrshire, which is partially linked to a wider decline in the demand for labour across the area in an era of gradual de-industrialisation.

Alongside unemployment, North Ayrshire also faces serious challenges with regard to structural underemployment (e.g. when workers are 'in work', but this work is insufficient to guarantee a meaningful standard of living as a consequence of low pay or insufficient hours)<sup>18</sup>. Underemployment is particularly pernicious in areas with higher incidence of retail and tertiary work, where zero-hour contracts are often utilised by businesses to underpay workers. Such is the case in North

---

<sup>15</sup><https://www.nomisweb.co.uk/reports/lmp/la/1946157425/report.aspx?town=north%20ayrshire>

<sup>16</sup> Draft Council Plan Performance Management Framework

<sup>17</sup> Nomis

<sup>18</sup> Underemployment refers to not just part-time workers that would rather work full-time, but also relates to skilled workers in low income jobs or jobs that don't fully utilize their skills

Ayrshire, where over 7,000 workers are estimated to work in the Wholesale and Retail trade, which is 17.5% of the workforce; higher than the Scottish (14.3%) or British (15.2%) average.<sup>19</sup> North Ayrshire Council has recognised low pay as an issue and has included a performance measure in its draft Council Plan around reducing the percentage of those earning the Living Wage from 24.3% (as of 2017/18) to 20% by 2024.<sup>20</sup>

A key issue in North Ayrshire's economic development, intertwined with the issue of worklessness, are the skills of its workforce. In this area North Ayrshire performs poorly on traditional measures of skills, such as a higher than average percentage of its resident having no qualifications and a lower than average percentage with higher level qualifications (i.e. NVQ3 and above).<sup>21</sup>

Officers expressed concern that North Ayrshire Council has a challenge in recruiting for vacancies in several key sectors. These include:

- **Specialist roles, such as procurement and regulatory positions (i.e. roads, environmental health, building standards, planners, etc).** Certain face recruitment shortages nationally, whereas others (such as procurement) has become more in demand in recent years, allowing candidates to be more selective about which authority areas they work in, meaning that often people choose cities over more rural councils such as North Ayrshire;
- **Health and Social Care, particularly homecare.** The explanation for this is not a lack of skills – officers noted there is a relatively high level of people doing courses in healthcare within the authority. The issue is that 'care' is not seen as an attractive job, and wages aren't high enough given the demanding work involved. It was also cited that men are put off becoming carers because of the gendered perception of the position. This particular recruitment challenge has a knock-on effect to hospitals, as a lack of care workers means it is harder to discharge patients; and
- **Key workers within the Isle of Arran.** Despite the relatively low levels of unemployment in the Isle, the high cost of housing means that it is challenging to recruit key workers in area.

More generally, officers expressed the concern of a 'brain drain' – i.e. talented young people who leave the area to study at University, with fewer returning afterwards – partly because of the perception that there are not many opportunities for graduates in the area (although this problem was described as 'chicken or egg' by an officer).

---

<sup>19</sup> Nomis

<sup>20</sup> Draft Council Plan Performance Management Framework

<sup>21</sup> Nomis

## What North Ayrshire Council is doing

North Ayrshire Council already has undertaken work on the makeup of its workforce which details the percentage of staff living in the area (which is, according to officers, relatively high) as well as the proportion of employees living in areas of deprivation.

Although wages are an issue for the homecare market, the Council has already insourced a large percentage of this work, so the wages and terms and conditions for care workers, at least for those employed by the council, are relatively strong. North Ayrshire is a Living Wage accredited Council.

It is clear North Ayrshire must grow its own workforce and create apprenticeships in certain fields, but that also involves working with the necessary national bodies to develop the training framework that could allow that to happen. Some campaigns exist to combat recruitment challenges that exist in the local authority, but one officer described them as 'piecemeal'. In terms of concrete actions that the Council could implement in the short to medium term, a focus on social value implementation on the part of anchors (through workforce policy and planning) and suppliers (through the development of a Business Pledge) should be where efforts are focused upon.

The above activity indicates that for many years NAC have striven to develop a progressive workforce and employment practice as regards its direct employees and within the wider economy. There is sophisticated insight as regards the issues and a recognition of the challenges. The following recommendations seek to extend good practice more comprehensively across North Ayrshire and Ayrshire Growth Deal activities.

## Recommendations

**10. Push anchors to review workforce policy and planning.** One officer noted that whilst members of the Community Planning Partnership pay the Living Wage, some do not have the same 'enthusiasm' as North Ayrshire Council in terms of this agenda, such as pushing for formal Living Wage Employer accreditation or other elements of a progressive workforce. A stakeholder noted that there is scope for other anchor institutions to do more around Modern Apprentices or Supported Employment. It is vital to make clear that because of their large public budgets, they all have a responsibility to provide progressive employment opportunities. Strategic guidance around what they could do to progress this agenda would assist in making sure any change is substantial and transformative rather than piecemeal. Such an approach is needed to ensure the significant recruitment challenges in the authority are addressed.

Firstly, the council should audit its own HR / recruitment policies and planning to see if it is progressive, actively seeking to use its employment to build community wealth. For instance, officers noted there may be more that could be done to make recruitment processes accessible (for example whether interviews are the best form of recruitment for those with disabilities such as autism). Officers also noted

that there is not currently much of a conversation between the employability programmes that North Ayrshire Council offer and the internal teams in need of recruitment – advisors are trying to get residents within these programmes jobs in the private sector. Yet it appears this is a logical connection to make.

Secondly, the council should seek to influence good employment and HR practices of local anchor institutions in both the public and commercial sector. North Ayrshire Council should convene a meeting of the Community Planning Partnership to explore the appetite for a community wealth building approach to workforce across all anchors. The first stage of this would be to undertake a workforce analysis of all anchors, as the Council has undertaken for itself. Officers noted the idea of having a HR or employability officer seconded to undertake this work. The anchors could also alter their corporate policy and planning to recognise the role that community wealth building can deliver for communities they serve.

**11. Develop a Business charter or 'pledge'** If businesses are to be encouraged to act as citizens within North Ayrshire and contribute positively to the local economy, it is important to establish guidelines on how businesses can pledge to deliver social value. Part of this issue relates to how to 'sell' the wider social value and community benefits to business. Whilst officers cited some firms in North Ayrshire displaying good practice (with regard to their proactiveness and enthusiasm in delivering social value) others may see CSR, Business Citizenship or the wider inclusive economy agenda as a burden (especially if the economy becomes less buoyant and their margins are squeezed).

For instance, one of the most common problems cited by business is the difficulties in recruiting staff with suitable qualifications. If business citizenship is framed and 'sold' to businesses in this way take-up is more likely to be wider reaching, deeper and more sustainable than if approached and framed in the traditional way of 'doing your bit'. North Ayrshire Council must therefore explore how a business citizenship model, linked to Council priorities (i.e. improving the quality of employment), could be introduced within its existing programme of business support, perhaps through an employment charter or 'North Ayrshire pledge' conditionally linked to council (and/or Ayrshire Growth Deal) procurement, as per Greater Manchester (see case study).

## Employment Charter

### Greater Manchester Good Employment Charter

Leaders across Greater Manchester have agreed a Good Employment Charter to encourage and support employers to identify and provide good jobs, deliver opportunities for people to progress and develop, and help the city region become more productive.

The model for the Charter has been co-designed and put together with input from business owners, employers and employees across the city region, and involved two public consultations to develop and agree the proposals. The Charter will have a tiered approach to help support and encourage employers to share excellent practice, access support to progress to higher standards, and help them become more successful as a result.

The three tiers identified through the consultation process are:

- Tier 1: Supporters - for those employers who support the aims of the Charter and Greater Manchester Strategy, but are not yet in a position to meet the requirements of accreditation.
- Tier 2: Membership – requiring employers to demonstrate excellent practice in key characteristics of employment practice, these are:
  - a) Secure work;
  - b) Flexible work;
  - c) A real living wage;
  - d) Workplace engagement & voice;
  - e) Excellent recruitment practices & progression;
  - f) Excellent people management;
  - g) A productive & healthy workplace.

- Tier 3: Advocates - employers who meet high standards in all the key employment characteristics to be Members, and then go out to other employers to encourage them to raise employment standards and join the Charter process.<sup>22</sup>

However, some notes of caution should be taken from such a case study. A North Ayrshire / Ayrshire-wide Employment Charter will only be as successful as the staffing, resource and support put to it. Key to ensuring effectiveness is developing an effective monitoring and compliance, so developing strong governance and management is key. The Charter should be significantly resourced as developing, embedding and ensuring compliance will not be an insignificant task.

While any Charter has potential, it should be seen as a stepping stone to a more progressive labour market. Deeper intervention will be required to make significant change. North Ayrshire must not fall into the trap of Greater Manchester's employment charter by trying to be too many things to many stakeholders through being overly cautious in terms of reordering business, employment, or the economy. The first steps should be to undertake a feasibility and scoping exercise to plan for exactly what such a charter should encompass and what resources would be required to implement it.

Once an employment charter has been developed, business grants can be an instrument to ensure community wealth is built. For example, Team North Ayrshire could ensure commitment to the charter is a precursor to accessing grants.

---

<sup>22</sup> <https://www.greatermanchester-ca.gov.uk/news/greater-manchester-s-good-employment-charter-model-revealed/>

## 6. Socially productive use of land and assets

---

Land and assets form a key element of community wealth building including the buildings, land, pension investment, and any non-heritable assets a local authority might own. Whilst a traditional economic development approach might only measure the value of these assets in economic terms (often leading to the conclusion that a local authority should simply sell these assets for profit), a community wealth building approach seeks to harness these assets to serve the common good.

### Issues

The Land and Property estate of North Ayrshire Council consists of their operational estate (schools, community centres etc), commercial estate (offices, shops etc), some pieces of agriculture, miscellaneous pieces of land holdings that have built up over time and assets the council are looking to have re-developed. Many of these suffer from the market failure of property market – one officer noted that in some areas there are currently more social houses being delivered than market houses.

The asset portfolio of North Ayrshire Council includes:

- Over 100 operational buildings (offices, libraries, community centres and so on); and
- Maintenance of 2,410 hectares of public open space<sup>23</sup>

As of 2018 North Ayrshire contains the fourth highest level of vacant and derelict land in Scotland, with approximately 1,279 hectares<sup>24</sup>. This is a 6% decrease from the level as at 2012.

Officers stated the North Ayrshire Council's focus has so far been on 'buildings' (operational and commercial estate) than land. Yet if the council are holding land but not using it, it is maintained, at a cost. There is either potential for capital receipt, or for a community use.

---

<sup>23</sup> Scottish Vacant and Derelict Land Survey (SVDLS)

<sup>24</sup> Scottish Vacant and Derelict Land Survey (SVDLS)

## What North Ayrshire Council is doing

There are several performance measures related to Land and Assets within the draft Council Plan, including increasing the proportion of Council operational buildings that are suitable for their current use from 89.9% (as of 2017/18) to 93% by 2024, as well as decreasing the hectares of vacant and derelict land across the authority from 1,294ha (as of 2017/18) to 1,094ha by 2024.<sup>25</sup>

The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in North Ayrshire, approximately £91 million over the period 2019-2024. It states:

*“Public sector investment can have a transformational impact within our communities, and there are cumulative benefits to be achieved by considering ways in which such investment across RSLs, different public service areas and the private sector can be better coordinated. The Council expects all partners contributing to the SHIP programme to support the Council’s programmes to regenerate North Ayrshire. The Council intends to do this by exploring with our various partners the site and area specific opportunities to secure maximum regeneration benefits.”<sup>26</sup>*

The key way this will be undertaken is through the Council (or partners) Community Benefits scheme. Effective use of community benefit clauses in development contracts, and partnership work with colleagues in Economic Development will *“support our local construction and supply chain companies to bid for this work...[and] can secure many of these jobs for our local people.”<sup>27</sup>* As stated in a previous chapter, this development must be set against a framework of community benefits which reflects locality needs, together with a robust system of compliance.

From 2006 to 2017 Irvine Bay Regeneration Company took the lead role in making the local area a more attractive and successful place to live, work and do business. In 2017, the company was wound up, with responsibility for the continued regeneration of the Irvine Bay area transferred to North Ayrshire Council’s Economic Growth Service. As a result, the Council acquired the most strategic of these sites, such as i3 (Irvine Innovation and Industry), Irvine’s enterprise area<sup>28</sup> and Ardrossan North Shore (which aims to create new commercial space at the harbour, develop new homes and extend the existing marina<sup>29</sup>). Officers stated that proposals for these are being developed that are very ambitious and will be central to the Council’s regeneration plans.

Although it is in very early stages (agreeing principles and scope) officers stated a new regeneration strategy is being developed by the Council.

---

<sup>25</sup> Draft Council Plan Performance Management Framework

<sup>26</sup> North Ayrshire Council, Strategic Housing Investment Plan 2019 - 2024

<sup>27</sup> Ibid

<sup>28</sup> Scotland’s largest designated Enterprise Area with 132 ha of allocated land. The site is unique with both business rates relief and accelerated capital allowances available on different parts of the Enterprise Area <http://www.irvinebay.co.uk/projects/i3-irvines-enterprise-area/>

<sup>29</sup>

The Vacant and Derelict Land Strategy and action plan identified three key themes for intervention to assist:

- Prioritise the investment of the Council in vacant and derelict land;
- Support the development of sites by the private sector; and
- Continue to utilise appropriate legal interventions where other actions fail.

The strategy does not explicitly mention community asset transfer, although it does make reference to a 'Stalled Space' programme which aimed to offers grants to community groups to encourage temporary use of vacant and derelict land such as temporary landscapes, outdoor arts, or, community gardens/growing.

Vacant and Derelict Land funding is a Scottish Government funding stream allocated to Local Authorities with high rates of vacant and derelict land. A total of £2.141m was allocated for the financial year 2019/20<sup>30</sup>. Projects to date have included: Quarry road, Kyle Road and Greenwood Interchange in Irvine, Ardrossan North Shore, Lochside and Moorpark Road West in Stevenson.

North Ayrshire Council recognises that community asset transfer can be a valuable part of supporting and sustaining local communities in North Ayrshire. In 2013 North Ayrshire Council published an Asset Transfer Policy, to outline the process behind potential Community Asset Transfers, stating that the Council *"will consider transfer of an asset to any applicant that makes a credible application (supported by an appropriate Business Proposal) and demonstrates that it has the skills and capacity to manage the asset."*

North Ayrshire Council have built some new industrial business stock, responding to a 'latent demand' for small, modern industrial stock.

Development activity within North Ayrshire is relatively mature and sophisticated. In that, it is subject to the tried and tested conventions as regards land assembly, planning, financial investment and relationships with developers. This all is broadly aimed at realising economic and financial value and economic growth. In this community wealth building seeks to work with the grain of these norms, whilst introducing activity which gives greater consideration of social value and the counteracting of any excessive wealth extraction.

Given the maturity of existing convention in terms of policy, legislation and practice at the Scottish and international scale, new progressive activity requires careful calibration. CLES are well aware that financial flows and commercial developers are sensitive to contexts which break with convention. Therefore, progressive moves must be made which challenge, but don't stymie existing development pathways. The following recommendations seek to create new innovation and places for testbeds, within which new ways of harnessing value from land, property can be trialled.

---

<sup>30</sup> North Ayrshire Council 2019/20 - 2027/28 Finance Settlement

## Recommendations

**12. Innovate through Public-Common Partnerships.** Our research found that there is a willingness across North Ayrshire for new partnerships between the local authority and ordinary citizens to make the most of develop the local economy, for example through innovation in land and property assets. CLES suggests that North Ayrshire Council adopts an approach known as 'Public-Common Partnerships'<sup>31</sup>, an approach whereby a local municipality enters into the joint management of municipally-held assets with local cooperatives and community groups. Unlike traditional forms of public-private cooperation (for example PFI), Public-Common Partnerships entrust the governance and management of such assets to democratic, citizen-led bodies such as cooperatives or Community Land Trusts.

At the centre of a PCP is the Commons Association made up of citizen-owners. The Commoners Association would govern the PCP jointly with state government of the appropriate level (whether it be city-region wide energy production in Greater Manchester or the commercial activity of a North London market), in partnership with a third group – a project-specific coalition of experts and stakeholders, from unions to experts in the field. PCPs reinvest gains back into the community, taking a substantial proportion of the surplus generated for its own growth, while the rest goes to capitalize other collective ownership schemes.<sup>32</sup> There is already scope for their implementation by progressive municipalities such as Preston, Wirral and new city-regions such as the North of Tyne.

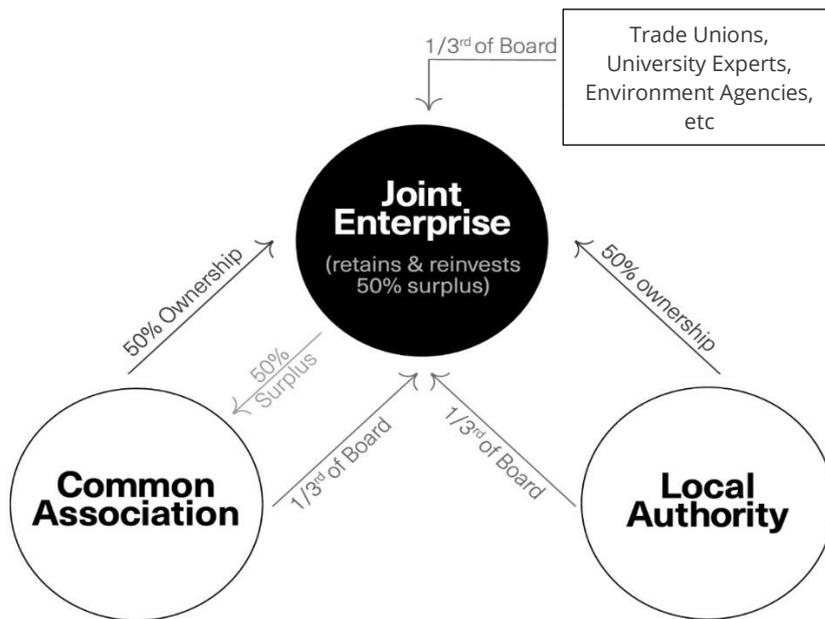
---

<sup>31</sup> For example, BEG Wolfhagen is a Public-Common Partnership in the town of Wolfhagen, Germany where the local state and a local cooperative took on the joint management of the town's energy infrastructure. See Milburn K and Russel B, 'What can an institution do? Towards Public-Common partnerships and a new common sense. (2018) Renewal. Available at:

<http://renewal.org.uk/articles/what-can-an-institution-do> (Accessed 17/06/2019)

<sup>32</sup> <https://www.citymetric.com/business/next-phase-preston-model-public-commons-partnership-4663>

Figure 1: Indicative structure of a Public-Commons-Partnership<sup>33</sup>



GMCA

GREATER  
MANCHESTER  
COMBINED  
AUTHORITY

## Public Commons Partnerships

**Greater Manchester Energy Company**  
 The Greater Manchester Combined Authority is hoping to establish a publicly-owned energy company that could cut costs for local consumers and drive investment in renewable energy projects. One idea for a PCP solution would be a collectively owned energy company, co-governed by local residents in a commoners association, the Greater Manchester Combined Authority, and a stakeholders panel made up of energy and environmental experts, along with local trade unions representing energy workers. The company could reinvest surpluses in other climate mitigating

<sup>33</sup> Taken from Milburn and Russell (2019) Public-Common Partnerships: Building New Circuits of Collective Ownership <https://common-wealth.co.uk/Public-common-partnerships.html>

Public-Common Partnerships building the kind of self-expanding circuit that problems the size of climate change demand<sup>34</sup>.

North Ayrshire Council should engage a wide range of stakeholders, ranging from local groups to relevant academics, to explore the potential for Public-Common Partnerships in North Ayrshire.

**13.Explore a development vehicle.** North Ayrshire needs to explore how it can become an economic actor to unlock some of the authority's unrealised potential. The purpose of exploring this approach would be to capitalise and capture value from the investment in the area created by the Growth Deal.

We are aware Irvine Bay Regeneration Company (IBRC) was wound up three years ago, and so there may be limited appetite within the council for developing anything in a similar vein. Fusion Assets Limited (see case study below) could provide inspiration and represents a very different model to IBRC as an arm's length and wholly owned company of the council.

The benefits of this approach include the ability to lever in private investment, greater flexibility and a more and agile way of working. That is not to say that the Council is able to be opportunistic and responsive without setting up new vehicles, contracts or governance structures. An initial exploration may result in such an approach being deemed surplus to requirements. However, given the huge opportunity the Growth Deal presents, CLES feels such an approach is still worth exploring.

If the Council were to progress with this approach and join forces with an external entity, it should be cautious around the extent of control it cedes to any third-party organisation.



## Fusion Assets Limited

### Property development and regeneration company

Fusion Assets Limited is a special purpose vehicle developed by North Lanarkshire Council following the closure of Boots' manufacturing operation in Airdrie. Fusion Assets works together with private sector partners through establishing

<sup>34</sup> Ibid

joint ventures for the delivery of property development and land reclamation initiatives.

The model allows for the company to work with private sector to draw in private investment, maximise grant funding, increase land values and borrow against that to develop property and achieve a return which is re-invested in the next project.

Fusion Assets is committed to improving and increasing the volume of housing, commercial property and industrial units in the area through working in partnership with the private sector and attracting external grant funding and investment into North Lanarkshire.<sup>35</sup>

**14. Use council and other anchor assets to develop a ‘deep town approach’ within a locality.** A ‘deep town approach’ to community wealth building involves choosing a locality, and applying all the principles of community wealth building to a smaller geography - harnessing the land, assets, employment owned by the Council and other anchors and implementing strategies across all five pillars on a micro-scale in order to act as a test-bed for the wider area.

The first stage of this process would be for officers and elected members to decide on an area. Once an area has been decided upon the next stage would involve running a mini diagnostic, to understand what land and assets the council and other relevant anchors own, understanding the business base and whether any suppliers present within the area currently supply goods or services to any anchors. This project would require a significant investment, with an officer who is able to navigate various different areas of the council, project managing a task force.

---

<sup>35</sup> <https://www.fusionassets.co.uk/>

# 7. Making financial power work for local places

---

The UK banking sector is orientated to global markets rather than local investment and economic development. Over recent years, we've seen a stagnation of lending to small business and the closing of many local branches, reducing the connection between lenders and their local communities. Access to credit is the life blood of many small businesses, without which they struggle to operate and compete with larger firms to provide goods and services.

community wealth building seeks to increase flows of investment within local economies. It does this by harnessing the wealth that exists locally, rather than by seeking to attract national or international capital. For example, local authority pension funds are encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow, and regional banking charged with enabling local economic development are established. As such, access to finance is fundamentally important to the success of community wealth building.

## Issues

The pension of North Ayrshire Council employees is managed by Strathclyde Pension Fund, which is chaired by Glasgow City Council.

Officers cited availability of finance for small businesses as 'not a huge issue'. There are a number of loan funds, such as Business Loans Scotland, Start Up Loan Company among others. An identified issue, however, was the relational support for businesses to enable them to grow. Stakeholders noted that support mechanisms tend to operate centrally, and there are fewer 'boots on the ground'. As such, it is difficult to identify possible growth opportunities.

## What North Ayrshire Council is doing

There are several credit unions which are active within North Ayrshire (First Alliance operating across Ayrshire, Credit Union North Ayrshire and Scotwest which operates across the West of Scotland) and are well regarded by officers. Some were described as 'forward thinking', with some providing bank-like functions such as online services, and 'progressive' such as lending money to residents on low incomes. However, officers cited limits to what credit unions can do as a result of legislation.



## Kilwinning Academy Credit Union

Pupils at Kilwinning Academy taking part in the Innovative Schools Project have launched a Credit Union, providing savings and loan facilities to the local community.

The Innovative Schools project is a partnership between Developing Young Workforce (DYW) Ayrshire and The Prince's Trust Scotland, and encourages school students to get involved in innovative activities which will help them develop employability skills.

The venture was conceived as a response to the closure of the town's high street banks and will allow 1st Alliance Ayrshire Credit Union to have a facility within the school for pupils, their families and local residents to use.

The pupils will work alongside 1st Alliance to develop their employability skills, financial knowledge and develop community links. The group will also be working towards qualifications in customer service, literacy and numeracy, volunteering and development.<sup>36</sup>

There is an aspiration, and proposals in existence, to create a community bank – perhaps operating at a West Scotland level. Officers cite the advantages of being able to pursue sub-optimal investments (i.e. projects which would contribute to the economic and social wellbeing of the North Ayrshire economy but, because of lower returns, projects that would not receive finance from traditional commercial banks). However, officers recognise this is more of a long term ambition, as a result of not just the time horizons involved in getting a banking licence and other regulatory issues, in addition to planning how to market such an entity to consumers, many of whom may be happy with their existing bank.

There is some innovation and progressive activity in North Ayrshire and some things to work on and progress. However, this component of CWB generally operates at a longer time frame, as it seeks to recreate new forms of financial

<sup>36</sup> <https://www.princes-trust.org.uk/about-the-trust/news-views/kilwinning-academy-credit-union>

architecture in contrary to many years of embedded institutional and legislative convention.

## Recommendations

**15. Use credit unions to increase financial literacy and amplify progressive finance.** Officers understand there are regulatory limits in terms of what credit unions are able to do in terms of progressive finance. However, working with Kilwinning Academy to provide an 'in school' Credit Union is a positive development. North Ayrshire Council should monitor the project, and if it proves successful it should be rolled out to other schools, especially in areas where banks have closed down. Scaling up a project will enable an increase in employability skills, financial knowledge and access to more generative financing options.

**16. Identify and present investment propositions within North Ayrshire to Strathclyde pension fund.** It appears that while there are some investments from Strathclyde Pension Fund in the North Ayrshire Economy, they are in projects that are not particularly generative for the residents of North Ayrshire (such as offshore wind farm, via JP Morgan Investment Fund). North Ayrshire Council should gather and present investment propositions to Strathclyde Pension Fund. A longer term approach may be to make the case via Convention of Scottish Local Authorities and the Scottish Government to pool Scottish pension funds, and adopt a community wealth building approach, in the sense of a greater emphasis on local investable propositions. Following from this, North Ayrshire Council should investigate the correct channels to present such investments to, and going forward always present such propositions once developed. Environmental or 'green investments' are seen as a growing asset class, offering a range of subsectors, industrial operations, and localities which could be used to diversify risk and returns across an investment portfolio<sup>37</sup>. This is particularly relevant in light of North Ayrshire Council approving the decision to declare a climate change emergency in June 2019<sup>38</sup>, with the aim to help to raise awareness of the threats of climate change, stimulate debate and issue a collective call to action to combat the rise in global temperatures.

**17. Progress plans for community bank.** As stated previously, this is more of a medium to long term ambition, but there appears to be appetite among officers and elected members for this idea, so North Ayrshire Council should progress proposals for this to take place. The first step of this should be to liaise with the Community Savings Bank Association to explore the feasibility of proposals.

---

<sup>37</sup> For more information see Smith Institute, CLES, Pensions Investment Research Consultants (PIRC) and the Local Authority Pension Fund Forum (LAPFF) (2012) Local Authority Pension Funds: Investing For Growth <https://cles.org.uk/wp-content/uploads/2012/09/Local-authority-pension-funds-investing-for-growth.pdf>

<sup>38</sup> <https://www.north-ayrshire.gov.uk/news/Plans-to-open-up-debate-on-climate-change.aspx>

# 8. Plural ownership of the economy

'Plural ownership of the economy' refers to the element of local wealth building concerned with the governance, ownership, and management of the businesses and enterprises which make up the everyday economy. This means creating an economy where there are more SMEs, municipally owned companies, and enterprises owned by workers, which can include cooperatives, mutually owned businesses etc.

As demonstrated in the Figure below, the idea of moving enterprises towards plural models of ownership is to make the overall economy less 'extractive' (e.g. when wealth is taken out of the economy by shareholders) and more 'generative' (e.g. when wealth is broadly held by all). The purpose of this work is therefore not to totally eliminate listed corporations and enterprises with profit-seeking motives, but instead to rebalance the economy so that as a whole it becomes more generative of wealth for all.

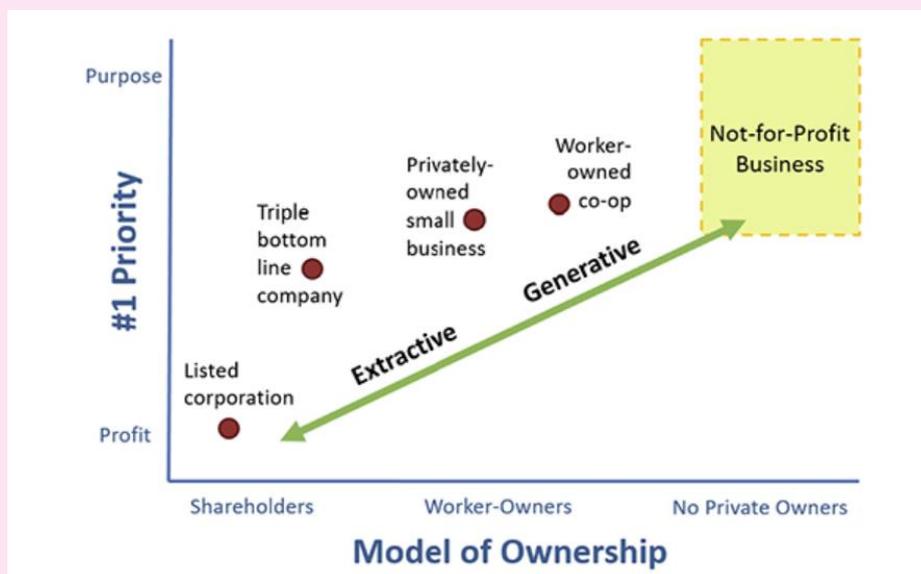


Figure 5- From extractive to generative models of ownership

## Issues

At first glance the state of the CVS in North Ayrshire appears strong. Community organisations are running services (officers noted that North Ayrshire Council is the only Council will voluntary organisations running all community centres), participation was described as 'very good' and having a 'high level' of social capital.

However, when pressed officers described funding for CVS being ‘hand to mouth’. Whilst the Council maintained community grants, officers described a struggle to disperse funds each year, due to the lack of capacity of staff to generate interest, building aspiration, interest and/or capacity to shape sustainable plans rather than ‘more of the same’.

The family business sector is a defining feature of the North Ayrshire economy. Evidence shows that these models perform well in terms of productivity, inclusion and innovation and there is less likelihood of them moving operations outside Scotland<sup>39</sup>. Yet only around 30% are passed onto the second generation, and just 12% are passed onto the third generation<sup>40</sup>. If not passed onto a future generation, most of these types of businesses will fail. As such, family businesses represent one of the biggest threats to the not just the North Ayrshire economy, but as these businesses are present across Ayrshire, the economy of the region as a whole.

## What North Ayrshire Council is doing

The architecture of enterprise and business support in North Ayrshire is a sophisticated weave of funding, projects and agency. Team North Ayrshire lies at the heart of the Council’s architecture of enterprise and business support; a sophisticated weave of funding, projects and agencies. As regards to the aim of CWB and plural ownership of the economy CLES’s overarching aim was to assess what is being done, and how effective this is in enabling the growth of enterprise - specifically democratic ownership forms, such as cooperatives and other forms of worker ownership.

In terms of strategy for plural ownership a North Ayrshire Social Enterprise Strategy has been developed by partners working together to identify priorities and strategic aims for the development and support of the social economy sector. Its vision to create a *‘diverse, vibrant and sustainable social enterprise sector in North Ayrshire, playing a key part in delivering a successful economy, maximising social value and improving the quality of people’s lives in local communities’*. In doing so North Ayrshire Council developed four strategic priorities:

- 1) Developing a high profile sector;
- 2) Growing market share;
- 3) Improving sustainability;
- 4) Demonstrating impact.

This ethos is similarly embedded within North Ayrshire Council’s procurement strategy, which has a stated vision to *“...work to support... third sector organisations and social enterprises...whilst delivering value for money for North Ayrshire residents”*. In its review it is related as ‘fully complaint’ in terms of equally treating operators, engaging with Social Enterprise Board and the Ayrshire Community trust helps support SME’s and third sector organisations to win Council contracts. As part of

---

<sup>39</sup> <https://news.gov.scot/news/new-leadership-group-for-employee-ownership>

<sup>40</sup> Statistics quoted by stakeholder within workshop

the 'community benefits' imposed on suppliers on condition on winning contracts, workshops on third sector organisations have taken place, and bidders are also asked to confirm subcontracting opportunities are accessible to SME's and TSO's.

Scottish Enterprise have a dedicated -Co-operative Development Scotland (CDS), whose remit it is to promote awareness of employee ownership and other co-operative models and provide advice to businesses considering adopting these models.

### **Team North Ayrshire**

Team North Ayrshire lies at the heart of enterprise development and economic growth. Its approach is characterised by being a 'one stop shop' with sophisticated array of support for business, working in partnership with a range of agencies including Business Gateway. Central to TNA and the way it works is it's 'locality approach', where account managers have responsibility for certain geographies. There are proposals to deepen the locality based approach to support local ecosystems to capture the wider volume business base, beyond growth firms<sup>41</sup>. However, it should be noted that these proposals have been paused due to budget constraints.

Officers described North Ayrshire Council's business development offer, in contrast to other localities' offers, as 'proactive'. For instance, North Ayrshire Council has become of the first councils to employ a 'family business advisor', who meets with such businesses and discusses succession plans or whether they are aware of and/or interested in converting their business to an 'employee ownership trust'. Officers described this as being 'very successful' at raising awareness of such issues.

In 2018 the Scottish government announced the 'Scotland for Employee Ownership' scheme, with the aim to increase the number of employee and worker-owned businesses from around 100 to 500 by 2030. It will be backed with £75,000 of Scottish Government funding, however as officers thought that, as this amount covers the whole of Scotland, it is insufficient to deal with the scale of the problem.

North Ayrshire Council agreed at its budget setting meeting for 2016/17 to create a 'municipalisation' workstream to 'develop a strategic approach to realise income from commercial operation of services', which follows five themes:

- 1) Understanding costs and therefore identifying accurate evidence in the levels of service "subsidy";
- 2) Ensuring fees and charges across the council are appropriate;
- 3) Maximising income opportunities by setting new income targets for existing commercial activities;

---

<sup>41</sup> Between 250-300 firms in various sectors that have been highlighted as businesses with growth potential

- 4) Reviewing all contracts for services to assess whether they can be delivered internally or in partnership; and
- 5) Identifying new opportunities for generating income<sup>42</sup>

It is evident that North Ayrshire has a very good evidence base and understanding of enterprise. This is translated into a sophisticated offering to enterprise covering a range of needs from start-ups through to enterprise growth and bespoke support. There is also a suite of support products, links with partners and the relationship with anchor procurement is made.

Furthermore, a plural ownership of economy component of CWB demands much deeper consideration of how we democratise and municipalise the economy. The recommendations below suggest how this can be achieved alongside an augmentation of existing business support and worker ownership; a deepening of what is being done already.

## Recommendations

**18. Ensure Team North Ayrshire actively builds the Social and Solidarity Economy<sup>43</sup>.** Stakeholders noted the processes that Team North Ayrshire follows, and hence the support available for, alternative forms of enterprise, is the same as that for normal businesses. In order to truly ensure local business build community wealth, CLES feels all firms should be dealt with by North Ayrshire in a place/locality perspective, and not just those that are classified as 'growth businesses' as is the case currently. The ambition should be to extend this approach, to include all business. Furthermore, by including 'all', businesses, cooperatives and other more democratic forms of will hopefully be picked up within the remit of TNA. A part process for this would be for locality officers on the ground to liaise closely with colleagues in other organisations and departments (i.e in estate management and employability/skills) to identify cooperative development opportunities. Above all, there must be clear intent to flex activity, so it can build a broad-based plural development process for enterprise. This could take inspiration and lessons from the approach in Barcelona to the Social and Solidarity Economy (SSE)<sup>43</sup> (see case study). This approach has enabled several aims to be tackled at once - youth unemployment, the growth of social entrepreneurship, together with wider issues of inequality.

---

<sup>42</sup> North Ayrshire Council (2019) Chief Officers Leadership Team, Municipalisation Workplan

<sup>43</sup> The International Labour Organisation defines the SSE as "*enterprises and organizations (cooperatives, mutual benefit societies, associations, foundations and social enterprises) which produce goods, services and knowledge that meet the needs of the community they serve, through the pursuit of specific social and environmental objectives and the fostering of solidarity.*"



## Building the SSE

### Barcelona Activa and the Impetus Plan

Barcelona Activa works with small businesses and start-ups to promote entrepreneurship and provide employment opportunities in the city.

It was established in 1986 by Barcelona City Council to develop strategies that support employment, business development, entrepreneurship which in turn foster a more diversified economy.

To promote entrepreneurship, Barcelona Activa offers a comprehensive model including technical coaching, feasibility assessment, tailor-made training and incubation programmes. This approach helps to facilitate the transformation of business ideas into successful enterprises.

In 2015 Barcelona elected a Mayor with a background in grassroots activism, Ada Colau, and for the last four years the city administration has been promoting the SSE. This has been based upon a strategy (the Impetus Plan<sup>44</sup>) which aims to consolidate the existing social economy enterprises and promote and support new initiatives.

The city council created a department with its own Commissioner for the SSE and has developed a range of measures including raising awareness of SSE models, advisory services for start-ups and existing ventures, financial support in the form of grants and bank guarantees, access to use empty council premises, the use of social clauses in council tenders and the promotion of inter co-operation between SSE organisations.

Many of the support activities are run through Barcelona Activa, which is *“responsible to a significant extent for implementing political leaders’ vision of growth and economic development in the city”*<sup>45</sup> and has had a greater focus on

<sup>44</sup> For more information see <https://ajuntament.barcelona.cat/economia-social-solidaria/en/facilities-and-resources#facilities-and-resources>

<sup>45</sup> [https://www.jrf.org.uk/sites/default/files/jrf/files-research/international\\_cities\\_barcelona.pdf](https://www.jrf.org.uk/sites/default/files/jrf/files-research/international_cities_barcelona.pdf)

tackling some of the inequalities of income in different parts of the city since the election of Ada Colau.<sup>46</sup>

Its impact on the local economy has been significant in providing services that assist young people to enter the labour market and by supporting entrepreneurship.<sup>47</sup>

This recommendation does not run counter to ongoing support and future support for growth businesses. However, deeper understanding of how growing the social and solidarity economy, may fit with ongoing plans, and locality approaches as regards business, will need greater consideration. Furthermore, there are resource implications, and choices to be made on balance of activity ascribed to supporting growth potential in the economy and socialising and democratising the economy.

**19. Accelerate conversion of family owned businesses to employee ownership.** As outlined in the Growth Deal chapter, the Deal combined with the shared historic tradition of family businesses across Ayrshire presents an opportunity to direct funds to support the creation of a plural range of generative businesses. Officers cited Scottish Enterprise's focus as historically being on high growth firms and Co-operative Development Scotland not having many 'boots on the ground' to generate interest (and hence currently only available to larger candidates for employee ownership). Providing support to family-run businesses transition to worker-owned businesses would help to mitigate the risk of these companies failing and putting jobs at risk, and may present an opportunity to work with CDS to drive a more collaborative plural business resource for Ayrshire.

**20. Investigate feasibility of municipal ownership** Some stakeholders cited ideas of creating municipally owned utilities and services. Such as running bus services, insourcing care or creating an energy company. In July 2019, officers at East Ayrshire Council have been asked by elected members to prepare a report on the possibility of establishing a municipal bus company, with the motion including a request to "*explore options of joint working with the adjacent authorities of North and South Ayrshire*"<sup>48</sup>. North Ayrshire Council should investigate the feasible as part of the municipalisation workstream, and potential for other areas of service.

---

<sup>46</sup> <https://e3m.org.uk/barcelona-promoting-the-social-and-solidarity-economy/>

<sup>47</sup> <https://use.metropolis.org/case-studies/barcelona-activa#casestudydetail>

<sup>48</sup> <https://www.dailyrecord.co.uk/ayrshire/council-run-buses-could-roll-17476591>



## Municipal Ownership

### Lothian Buses

The largest public bus company in the UK is Lothian Buses, owned by Transport for Edinburgh and three other neighbouring councils. In 2017, Lothian Buses returned £6m to the City of Edinburgh Council, which is reinvesting the dividend in the Edinburgh Trams Project. In the same year, Edinburgh's transport was ranked among the highest in the world – and second in the UK after London – in the Arcadis Sustainable Cities Mobility Index, beating larger and more heavily invested cities including Barcelona, Geneva, Washington DC and Sydney.<sup>49</sup>



## Municipal Ownership

### Robin Hood Energy

In 2011 Councillors in Nottingham were trying to tackle fuel poverty in the city. Officers created plans for different options; the council chose to create its own gas and electricity company.

After four years of planning and an £11m loan from the council, it launched in 2015. It is the UK's first local authority owned fully licensed gas and electricity supplier and is run on a not-for-profit basis.<sup>50</sup>

Robin Hood Energy's initial losses were steep, with the company losing £8m in 2016-17 (it expects to break even in

<sup>49</sup> <https://www.newstatesman.com/spotlight/transport/2018/06/municipal-bus-companies-can-public-ownership-be-profitable>

<sup>50</sup> <http://www.apse.org.uk/apse/assets/File/P%20Brennan%20Scottish%20workshop%20Robin%20Hood%20Energy%208%2011%2016.pdf>

2018). Nottingham has a history of municipalism (the council still owns its bus services), and as 52 of 55 seats on the council are held by Labour, there was little prospect of the party being turfed out and the company shut down by a new administration.

As of 2018 the company has over 100,000 customers. Only one in ten is in Nottingham. The rest live in areas where other councils offer their own locally branded version of Robin Hood Energy's services, in exchange for commission.<sup>51</sup>

### **21. Apply a community wealth building frame to the commercialisation / municipalisation workstream**

More emphasis needs to be placed on outlining the purpose of municipalisation workstream or 'commercialisation programme' is to provide direct attributable benefits for local residents, as opposed to raising income. CLES feels it is important to frame the municipalisation<sup>52</sup> programme within a community wealth building lens to reiterate the process is being undertaken to generate benefits for the residents of North Ayrshire Council, rather than raising income to meet budget shortfalls and helping to sustain key areas of service delivery. The agenda should be framed as a way to democratise (through municipal ownership and developing the SSE) and socialise (stepping in to counteract wealth extraction) the economy, whilst growing the local tax base. This may be achieved through considering community wealth building within Business Case methodologies<sup>53</sup>.

For example, a section of North Ayrshire Council's care contracts having been insourced, yet around a third still remain outsourced. North Ayrshire Council should look to advance insourcing of more services when it fulfils the objectives of community wealth building, with due regard of particular issues. For instance, with several care homes shutting in the last year, having these outsourced presents a risk that could be turned into an opportunity for further insourcing. North Ayrshire Council should investigate the feasibility of insourcing a greater proportion of contracts where appropriate.

---

<sup>51</sup> <https://www.economist.com/britain/2018/05/03/robin-hood-energy-the-company-bringing-power-to-the-people>

<sup>52</sup> The phrase we feel must be used, as opposed 'commercialisation' which may have the potential to be viewed by some as the council trying to 'make a buck'

<sup>53</sup> Chief Officers Leadership Team (20 March 2019) Municipalisation Workplan – Agenda Item Note

# NEXT STEPS

---

The next steps to advance Ayrshire’s community wealth building journey are to turn the recommendations stated in this document in actions. The table in the following pages intend to outline some suggested next steps to implement the recommendations, together with the estimated time horizon of each recommendation.

Table 1: North Ayrshire community wealth building diagnostic – action plan

CWB Pillar	Recommendation	Time Horizon	Next Steps
Growth Deal	1) All Growth Deal projects should follow the principles of community wealth building	Short-Medium	Investigate joint progressive procurement working agreement or strategy for AGD projects
CWB Council	2) Create dedicated oversight of the agenda, through an officer who reaches across the whole council  Additional possibility for pan Ayrshire.	Short	Recruit / second officer from elsewhere in council.  Potential for shared post across all councils?
	3) Anchor Charter agreement for North Ayrshire.  Additional possibility for pan Ayrshire.	Short	To discuss at next CPP meeting. Potential input from CLES at meeting?  Potential to spread across pan Ayrshire anchors
Procurement	4) Developing the corporate culture and status of procurement as a key feature of community wealth building	Short	Investigate alignment of plans between Procurement and Economic Development
	5) Include community wealth building priorities as part of a wider review of community benefits the procurement scoring. Links with Recommendation 1 as regards AGD.	Short	To audit community benefit strategy against best practice (i.e. Greater Manchester Social Value Framework) and adapt to close the gap
	6) Refine procurement analysis through a survey of suppliers and a market supply analysis.  Could also be done pan Ayrshire.	Short	Undertake survey of suppliers and market supply

CWB Pillar	Recommendation	Time Horizon	Next Steps
	7) Explore cash or 'in kind' equivalent system for suppliers as an alternative to embedding community benefits within contracts	Short	NAC to decide whether they wish to implement such a system
	8) Work with anchors in the CPP to explore procurement spend, with potentially joint procurement activities	Short-Medium	Discuss at next CPP meeting
	9) Assess whether there is the capacity for a change of approach towards waveplanning that enables deeper market engagement before commissioning.  Possibly pan Ayrshire	Short-Medium	Work should be undertaken to understand what resource commitment would be required to implement it.
Workforce	10) Push anchors to review their corporate workforce policy and planning.  May apply pan Ayrshire.	Medium	Council to audit HR/recruitment policies; Convene CPP meeting to explore appetite for joint CWB approach to workforce
	11) Development Business Charter or Pledge Could be done Pan Ayrshire	Medium	Undertake a feasibility and scoping exercise
Land + Assets	12) Innovate through Public-Common Partnerships	Long	Audit of assets; Engage a range of stakeholders to explore the potential for PCPs in North Ayrshire
	13) Explore a development vehicle	Long	Further investigation into viability
	14) Use council and other anchor assets to develop a 'deep town approach'	Medium-Long	Decide on a location and run a diagnostic encompassing CWB pillars of this geography
Financial Power	15) Use credit unions to increase financial literacy and amplify progressive finance	Short	Monitor and, if successful, roll out the 'in school' Credit Union
	16) Identify and present investment propositions within North Ayrshire/Ayrshire to Strathcycle pension fund	Short-Medium	Prepare any relevant business propositions and present to relevant individuals in the pension fund

CWB Pillar	Recommendation	Time Horizon	Next Steps
	17) Progress plans for community bank	Long	Progress proposals
Plural Ownership	18) Ensure Team North Ayrshire actively builds the Social and Solidarity Economy'	Medium	Revisit plans to apply place/locality perspective to all businesses
	19) Accelerate conversion of family owned businesses to employee ownership	Medium	
	20) Investigate feasibility of municipal ownership	Long	Join forces with East Ayrshire in its investigation of municipal bus ownership
	21) Apply a community wealth building frame to the commercialisation / municipalisation workstream	Medium	Investigate the feasibility of insourcing further contracts where appropriate

# Appendix 1 – Stakeholders consulted

Table 2: Workshop attendees

community wealth building Workshop	Corporate Group	Attendees
Procurement	Procurement Board	Mark Boyd – Head of Finance Caitriona McAuley – Head of Economic Growth Susan MacFadyen – Network Manager Yvonne Baulk – Head of Physical Environment Julie McLachlan - Senior Manager - Economic Policy Andrew Noble – Inclusive Growth Programme Manager Michele McColm– Communications Manager
Employment	HR and Employability representatives	Greig Robson - Senior Manager, Employment and Skills Jackie Hamilton – Senior Employee Services Jackie Smillie – Senior HR Manager Angus O’Henley - Economic Development Laura Cook – Equalities and Improvement Manager, Education Julie McLachlan - Senior Manager - Economic Policy Andrew Noble – Inclusive Growth Programme Manager
Assets	Strategic Property and Assets Group	Yvonne Baulk- Head of Physical Environment Audrey Sutton - Head of Connected Communities Laurence Cree - Property Management & Investment Fiona Ellis – Property Management Neale Mcillvanney – Planning Services Marnie Ritchie- Regeneration Manager George Hunter - Senior Manager, Tourism and Coastal Brendan Quigley- IT Manager Alasdair Laurenson – Senior Manager. Regeneration Andrew Noble – Inclusive Growth Programme Manager
Ownership	Team North Ayrshire and Connected	Matt Strachan- Business Development, Team North Ayrshire Audrey Sutton – Head of Connected Communities Tom Henderson – Social Enterprise Manager

community wealth building Workshop	Corporate Group	Attendees
	Communities representatives	Anne Blacklock – Business Growth Manager Richard Campbell – Team North Ayrshire Jon McGuire – Coordinator, Business Gateway Andrew Noble – Inclusive Growth Programme Manager
Financial Power	Finance and Chief Executive's	Julie McLachlan - Senior Manager - Economic Policy Catriona McAuley – Head of Service, Economic Growth Mark Boyd - Head of Finance Matt Strachan – Business Development, Team North Ayrshire Greig Robson - Senior Manager, Employment and Skills Andrew Noble – Inclusive Growth Programme Manager Andrew Fraser – Head of Democratic Services

Table 3: Interviewees

Name	Position / Area
Councillor Joe Cullinane	Council Leader
Councillor Alex Gallagher	Portfolio Holder for Economic Growth
Councillor Marie Burns	Leader of the Opposition
Craig Hatton	Chief Executive
Karen Yeomans	Executive Director of Economy and Communities
Laura Friel	Executive Director of Finance and Corporate Support
Elaine Young	Assistant Director of Public Health
Malcolm Simpson	Chair of the Team North Ayrshire Board
Barbara Hastings	Head of the Third Sector Interface and Ayrshire Community Trust