



## Mayor and Cabinet

### **Update on Community Wealth Building and the Inclusive Growth & Innovation Strategy.**

**Date:** 12 February 2020

**Key decision:** No.

**Class:** Part 1.

**Ward(s) affected:** All

**Contributors:** Strategic Procurement & Commercial Services Manager – Katharine Nidd, Director of Strategy and Communications – Fiona Colley, Head of Economy and Partnership – Karen Fiagbe

### **Outline and recommendations**

The purpose of this report is two-fold: firstly to set out the work undertaken by Lewisham officers and the Centre for Local Economic Strategies (CLES) in the development of the diagnostic and narrative for community wealth building within Lewisham, and secondly for this to be taken forward and incorporated into the development and delivery of the Inclusive Growth & Innovation Strategy.

Mayor and Cabinet are recommended to:

- i) Note the work undertaken to date to consider alternative forms of community wealth building and the findings presented by CLES; and
- ii) Approve that further consideration and refinement of this form part of the development and delivery of the Council's Inclusive Growth & Innovation Strategy.

## **Timeline of engagement and decision-making**

11 September 2019 – Report to Sustainable Development Committee - including discussion of themes and Member engagement for the new Inclusive Growth & Innovation Strategy

29 October 2019 – Cabinet Member Report and Interview, Overview & Scrutiny Committee – including discussion of themes for the new Inclusive Growth & Innovation Strategy

### **1. Summary**

- 1.1. There is significant ambition within the Council and the wider Lewisham community for the development of alternative models to support financial resilience in Local Government and the retention of wealth within local communities. This is reflected in a number of the Corporate Strategy commitments, as well as numerous policies, strategies and initiatives, all of which can collectively be termed ‘community wealth building’ (CWB).
- 1.2. The Council has worked alongside an independent leader in this field, the Centre for Local Economic Strategies, who have developed a narrative and provided recommendations for the furtherance of community wealth building in Lewisham.
- 1.3. It is now proposed that body of work be taken forward for further consideration within the context of the development of the Council’s Inclusive Growth & Innovation Strategy which is currently in development.

### **2. Recommendations**

- 2.1. Mayor and Cabinet are recommended to:
  - i) Note the work undertaken to date to consider alternative forms of community wealth building and the positive conclusion and findings presented by CLES for further development; and
  - ii) Approve that further consideration and refinement of this form part of the development and delivery of the Council’s Inclusive Growth & Innovation Strategy.

### **3. Policy Context**

- 3.1. The Corporate Strategy has defined as a priority that it will look to build an inclusive local economy, and within this there is a specific commitment that: “We will review public sector procurement to maximise investment in local independent businesses and support local inclusive growth. Recognising that the current economic system produces unequal opportunities, so there is a need for policies to tackle these market failures, and where possible influence reorganisaion of how the local economy works.
- 3.2. The Building an Inclusive Local Economy theme sets out a vision for an economy where everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy. It specifies that success will see the

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borough having more living wage employers, residents supported to access work and to progress, that work will be of high quality and inequalities will be reduced and that Lewisham will have a thriving local economy.

- 3.3. The Corporate Strategy sets out a number of specific commitments including:
  - 3.3.1. We will double the number of Living Wage employers in the borough
  - 3.3.2. We will support an additional 250 people through the Mayors Apprenticeship scheme
  - 3.3.3. We will work with other employers to reduce the gender and ethnicity pay gaps in Lewisham
  - 3.3.4. We will work with local trade unions to tackle exploitation at work, including zero hours contracts
  - 3.3.5. We will create more enterprise hubs
  - 3.3.6. We will expand our business growth programme to reach 300 small businesses by 2020 and support more start-up businesses to grow and become sustainable

## **4. Background**

- 4.1. As set out in the section above, the Council has a clear commitment within the Corporate Strategy to building an inclusive local economy. It further intended that this be explored and developed with reference to the multitude of alternative models to support financial resilience in Local Government and the retention of wealth within local communities. Whilst numerous terms exist for this, a generally accepted and understood umbrella term is 'community wealth building' (CWB).
- 4.2. In order to ensure that these models were fully considered a paper was presented as a briefing to Mayor and Cabinet in November 2018 which considered and compared the various models of wider community wealth building, including the 'Preston model'. The paper described how these models could support the Council's ability to be financially and economically resilient, enabling it to continue to deliver key front line services to an excellent standard. Community wealth building contributes to the resilience of the borough as a whole and all of its residents, and at its most successful can reduce reliance on Council services, thus creating a virtuous circle.
- 4.3. However, the Council by its very existence and definition is an organisation with community and resident wellbeing at the core of its strategy and therefore there are numerous policies, strategies and initiatives already in existence which also seek to increase community resilience. It was therefore deemed prudent to secure some external support to collectively and holistically analyse these strands and to look to bring these together into a single community wealth building narrative.

## **5. Community Wealth Building and the Inclusive Growth and Innovation Strategy**

- 5.1. The Council sought support and advice from the Centre for Local Economic Strategy (CLES) for this work. This organisation has extensive experience and expertise in this area and is 'first in class' to assist Council's in both assessing their current levels of CWB success, but also in helping to define actions which can be taken to further improve this.
- 5.2. CLES began their engagement in the Summer of 2019 by reviewing the Council's CWB approach using their 'five strategic pillars' diagnostic review. CLES define the five strategic pillars as being: 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.

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- 5.3. During the same period the Council continued rapid progress on various corporate commitments, including the publication of its current Procurement Social Value Policy, signed the Lewisham Deal and published the first Social Value Report. Further progressive procurement practice included the signing of the Ethical Care Charter and the publication of the first annual Modern Slavery and Human Trafficking Statement by the Council.
- 5.4. The CLES review ran from June 2019 to December 2019. They conducted reviews of key strategic documents and interviewed officers and councillors from key service areas and portfolios to understand what has already been done, and which areas could be developed as well as meeting representatives from the other anchor institutions. The final report from CLES which contains its findings of this work along with a series of CLES recommendations for progressing the agenda is included in Appendix 1.
- 5.5. The key findings and conclusion is incredibly positive. CLES's view is that the Council has "already developed a sophisticated agenda around community wealth building that is achieving genuine outcomes for local residents. In both the partnership work through the Lewisham Deal, and with regards to the development of the Council's internal approach to social value, it is clear that Lewisham has a number of elements that are concomitant to developing their own bespoke blend- the 'Lewisham Model.'"
- 5.6. The report sets out 15 specific recommendations across the five pillars.
- 5.7. Whilst the CLES view is that Lewisham has already developed a very strong ethos and agenda to support CWB, it has still provided recommendations that the Council can consider to further develop and deepen the impact of CWB in the borough.
- 5.8. However, these recommendations cannot be considered in isolation and must be considered alongside our wider Corporate Strategy. It therefore is appropriate that the CLES recommendations form part of the analysis and considerations in developing and adopting the Council's Inclusive Growth and Innovation Strategy.
- 5.9. Officers from Procurement and the Economy and Partnerships services have met with the Cabinet leads for finance and resources, and culture, jobs and skills, and agree that the most appropriate forum for the further consideration and development of the CLES recommendations is to be within the context of the development of the Inclusive Growth & Innovation Strategy.
- 5.10. The Council has recently begun work to develop an Inclusive Growth and Innovation Strategy that will be used to support the development of the Council's Social Value, Skills & Employment and Business Support initiatives.
- 5.11. The development of this will be undertaken on two phases.
- 5.12. **Phrase 1** – A gap analysis of current policies and strategies and how they align locally, regionally and nationally (an evidence based study).
- 5.13. **Phrase 2** – Strategy development and action plan. To be developed iteratively in consultation with Council Officers, Members, and wider public.
- 5.14. The strategy will include a number of key priority areas for the Council to focus its agenda, these themes are not mutually exclusive:
  - Fair pay and good jobs
  - Narrowing the gaps
  - Upskilling residents
  - Enterprise and business environment
  - Connectivity
    - Transport Infrastructure

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- Digital and broadband
    - Community wealth building
- 5.15. Community Wealth Building recommendations will receive further consideration through the consultation stage and we anticipate that the adopted CWB recommendations will be embedded within the relevant key priority area(s) of the Inclusive Growth and Innovation Strategy.
  - 5.16. We would also like the Strategy to focus on the employment growth areas and appropriate business base mix (small, medium, large businesses) across the borough as projected in the Local Economic Assessment to build resilience in the local economy.
  - 5.17. We intend to have an action plan with indicative costs subject to review and phasing dependent upon relevant funding opportunities; for delivery of the recommendations made from the Inclusive Growth & Innovation Strategy, as well as, a set of measures to be developed that reflect the multi-dimensional nature of an inclusive economy even though we understand that it will be a number of years before we are able to measure our impact with any certainty.
  - 5.18. **Phase 1** – Commissioned CAG consultancy: Timescales for delivery of gap analysis and SWOT, early February 2020.
  - 5.19. **Phase 2** – Strategy Development and action plan: Successful applicants selected and confirmed through a request to tender exercise.
  - 5.20. **Indicative Timescale**
    - Contract commence – by w.c. 3rd Feb 2020
    - Key officers meeting – by w.c 17th Feb 2020
    - Cabinet Members meeting and public consultation - by w.c. 17th February 2020
    - Initial draft and Strategy workshop – by w.c. 20<sup>th</sup> April 2020
    - Final draft – by w.c. 25th May
    - M&C and Scrutiny – June 2020

## 6. Financial implications

- 6.1. The CLES report contains 15 recommendations, some of which would require significant resources to adopt and implement. There is no proposal at this point to adopt or implement these and they are to be considered as part of the development of the Inclusive Growth & Innovation Strategy.
- 6.2. The new Inclusive Growth Strategy will set the priorities for the team's work in the future and underpin decisions on the development and resourcing of the service, including relevant bids to a variety of potential funding sources and grant programmes as appropriate and strategic opportunities arise.

## 7. Legal implications

- 7.1. There are no direct legal implications of this report. However, decision making on what actions to take arising from this and the future work set out in the report will need to comply with and take account of the Council's legal obligations, both in its corporate role and – insofar as this arises – from its position as administering authority of the Council's LGPS pension fund.

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## **8. Equalities implications**

- 8.1. The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.2. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- 8.3. eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- 8.4. advance equality of opportunity between people who share a protected characteristic and those who do not.
- 8.5. foster good relations between people who share a protected characteristic and those who do not.
- 8.6. The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 8.7. The development of the strategy will fully consider any potential equalities implications and an impact assessment will be undertaken if it meets the threshold. Community Wealth Building as a model should advance equality of opportunity between people who share a protected characteristic and those who do not, but this will be established in detail in the development of the strategy.

## **9. Climate change and environmental implications**

- 9.1. One of the fifteen CLES recommendations is for the divestment from fossil fuels. Work to lower the level of investment in fossil fuels is already being progressed by the Pension Investment Committee, in line with their fiduciary duty to the fund. All other recommendations are considered to be at least climate change neutral as they seek to reduce carbon footprint through making all activity geographically local to the borough.
- 9.2. As the Inclusive Growth and Innovation Strategy is further developed the climate change and environmental implications will be reviewed and reported back.

## **10. Crime and disorder implications**

- 10.1. There are no known crime and disorder implications at this stage.
- 10.2. As the Inclusive Growth and Innovation Strategy is further developed the crime and disorder implications will be reviewed and reported back.

## **11. Health and wellbeing implications**

- 11.1. There are no known health and wellbeing implications at this stage.
- 11.2. As the Inclusive Growth and Innovation Strategy is further developed the health and wellbeing implications will be reviewed and reported back.

## **12. Social Value implications**

- 12.1. Whilst this is not a contract award report the concept of CWB is at its core designed to deliver social value, as will the Inclusive Growth and Innovation Strategy once developed.
- 12.2. The exact nature of the social value and its interaction with the Council's procurement

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function is as set out in the CLES report attached.

- 12.3. The Council separately reports on the social value derived from its procurement activity through the publication of the annual Social Value Report under the Lewisham Deal.

### **13. Background papers**

- 13.1. 'Community Wealth Building in Lewisham – a CLES Diagnostic Report'
- 13.2. Economy and Partnership Service – Implementing the 2018-2022 Corporate Strategy – report to Sustainable Development Select Committee 11 September 2019  
<http://councilmeetings.lewisham.gov.uk/documents/s67341/06%20Economy%20and%20partnerships%20110919.pdf>

### **14. Glossary**

- 14.1. Where terminology and abbreviations have been used these have been explained in both the body of this report and the attached CLES report as appropriate.

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