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| anchor institutions and community business – evolving and realising potential |
| Proposal by |
| Centre for Local Economic Strategies  |
| Presented to |
| Power to Change Research Institute |

# Introduction

The Centre for Local Economic Strategies (CLES) is pleased to present this proposal to the Power to Change Research Institute. The proposal relates to an open call from the Power to Change Research Institute for research projects that will benefit the community business sector. The proposal introduces our proposed research; the context to it; and suggested methodology, costings and timeframes. Our proposed research will look to identify the ways in which Anchor Institutions can support community businesses to evolve and realise their local economic and social potential.

# introducing our proposed research and context

Anchor Institutions are large public, commercial and social sector organisations which are important for our places. They are important because: they create and sustain lots of jobs; they spend lots of money through procurement processes and the wider provision of services; and they are unlikely to leave that place because of market forces, they are effectively rooted there. Anchor Institutions include: local authorities, NHS related organisations, universities and colleges, large commercial businesses, housing organisations, and large place specific voluntary and community sector organisations.

Despite the above importance of Anchor Institutions, the concept of realising and harnessing their wealth in a UK context is a novel one. CLES believes that places have overly focused upon utilising relatively standard approaches to wealth attraction over the last 30 years such as inward investment and tax breaks, without fully understanding and harnessing the potential of the wealth that already exists. Anchor Institutions hold much of this wealth, with the challenge being to harness its potential for the benefit of local business and people.

Over the last 10 years, CLES has been at the forefront of UK and wider European thinking around realising the economic, social and environmental potential of Anchor Institutions. This includes work with Manchester City Council seeking to understand their procurement spend and subsequently shift the behaviour of their procurers and supply chain. It includes work with Preston City Council and six other anchor institutions around embedding more progressive approaches to wealth realisation again through procurement processes. It includes work in Birmingham and Oldham, where we are seeking to realise the importance of anchor institution procurement spend, employment practices and asset utilisation for the local economy. And it includes work across 11 European Cities, which is looking to develop anchor institution strategies and action plans.

Across all the above pieces of work we have sought to: understand where anchor institution spend goes geographically; understand the wider impact of anchor institutions through their supply chains and their own employee behaviour; shift the process of procurement, in particular, so that it brings greater local economic, social, and environmental benefit; promote the important role of local business and SMEs in delivering goods and services; and influence the behaviour of suppliers so that they in turn also deliver greater benefits for the places in which they are undertaking work.

The work has identified that whilst there are many challenges associated with harnessing the potential of Anchor Institutions for local economic, social and environmental benefit; there are also many opportunities, particularly when it comes to engaging SMEs in procurement processes, decisions and delivery. Through our work we understand intrinsically the barriers which SMEs face in procurement processes, and additionally what Anchor Institutions can do in their processes to support SMEs to bid for and deliver more contracts.

This leads us to our gap for this proposed piece of research funded through the Power to Change Research Institute. We now know what local authorities and other Anchor Institutions are doing to shift their processes to support SMEs, but what about community businesses? As such our proposed work is framed by a number of key questions around how Anchor Institutions can support community businesses to evolve and realise their local economic and social potential:

* What support are local authorities and other Anchor Institutions already providing to community business?
* What barriers and challenges do community business face in engaging with local authorities and other Anchor Institutions?
* What should local authorities and other Anchor Institutions be doing to support community business to evolve and deliver enhanced benefits?
* What processes need to shift to enable greater benefit to be realised?
* What do community business need to do to realise the opportunities offered through engagement with local authorities and other Anchor Institutions?
* How can a more effective relationship and realisation of wealth be brokered between Anchor Institutions and community business?

# METHODOLOGY

In order to identify how Anchor Institutions can support community business to evolve and realise their potential, and answer the questions posed above, CLES proposes a four stage methodology.

## Stage 1 – policy and literature review

The first stage of the work will be a policy and literature review. The review will seek to identify the key potential roles of Anchor Institutions in supporting community business to evolve and realise their potential. The review will explore both policy and legislative focused literature, academic literature, and case studies on the role of Anchor Institutions in harnessing wealth from across Europe and Internationally. The roles explored are likely to include: through the process of procurement; through business support activities; through linkages into community development and engagement activities; and through grant programmes (and many more). It will also identify common barriers and challenges associated with Anchor Institutions engaging with community business and vice versa.

## Stage 2 – primary research work in three localities

The second stage of the work will be to undertake primary research work in three localities in England. This work will look to utilise the common roles and barriers and challenges identified through the policy and literature review and test them with both Anchor Institutions and community business in each of the three localities. To select these localities, we will draw on evidence from stage 1, our previous work, and also engage with the Power to Change Research Institute and our wider networks.

In this we will engage with Anchor Institutions such as local authorities, universities and large commercial business in each locality and test the extent to which they are fulfilling the identified roles, identify other potential roles, identify examples of practice in relation to engagement between Anchor Institutions and community business, and identify recommendations for evolving the relationship in the future.

We will also engage with existing community business in each of the three localities to test the extent to which the common barriers and challenges associated with engaging with Anchor Institutions are applicable and to identify solutions to overcoming those barriers, which will effectively be recommendations. We will look to engage with different types of community business in different parts of each locality, including those based in deprived neighbourhoods.

## Stage 3 – wider stakeholder engagement

The outcome of stages 1 and 2 will effectively be a set of recommendations for how the relationship between Anchor Institutions and community business can evolve moving forward in order to harness wealth and realise the potential of community business. In this stage of the work we will look to further explore these recommendations with a range of wider stakeholders. The focus of these conversations will be upon exploring how the recommendations can become a reality in legislative, policy and practice terms; and will also look to hone the recommendations. The recommendations may be around commissioning and procurement policy, or around business policy, for example. The wider stakeholder engagement will be undertaken with Government Departments, Power to Change, and representative bodies associated with different types of Anchor Institutions and community business.

## Stage 4 – reporting and workshops

The final aspect of the work will be to produce a report and to facilitate workshops. The report will reflect on the findings of each of the stages of the work described above, and will also include infographics as to how the recommendations can be practically implemented in places to realise more effective relationships between Anchor Institutions and community business. The report will be written in a publication style which can then be disseminated through the CLES network which includes over 15,000 contacts and through Power to Change and other channels. We will also produce various outputs at difference stages of the methodology.

In each of the three localities from stage 2, CLES will also look to facilitate a workshop which brings together Anchor Institutions and community business. The purpose of these workshops will be to foster relationships and to commence the process of embedding and implementing the recommendations. Working with Power to Change, CLES will also arrange a launch event for the publication which will be for the national level and representative level stakeholders which we engaged with in stage 3. This will focus upon launching the policy focussed recommendations. We will also engage in other collaborative events as appropriate.

# why cles and our team

The Centre for Local Economic Strategies (CLES) is the UK’s leading think-tank and research organisation for progressive economics for people and place. Over the last 30 years, we have undertaken an array of research and advisory activities which have sought to enable places to harness and realise their local economic, social and environmental potential. Over the last 10 years in particular, we have worked in a number of localities with Anchor Institutions to support them to deliver better outcomes for their local economies and communities. This includes our significant body of work around procurement and progressing policy and practice so that places understand their procurement spend and subsequently that a more diverse supplier base is utilised.

As already detailed, CLES is at the forefront of UK based thinking and practice around community wealth building, anchor institutions and progressive procurement. Specifically, we have been working with Manchester City Council for the last 10 years to understand their procurement spend, shift the behaviour of their procurement team, and influence the behaviour of their supply chain so that more local economic, social, and environmental benefit is achieved through the process. In terms of wider Anchor Institution work, CLES is currently working in Preston, Birmingham, and Oldham to seek to influence anchor institution behaviour around procurement, recruitment, and asset utilisation. Through all these pieces of work we inherently understand the barriers and challenges facing different types of organisations and the solutions which enable wealth to be harnessed and realised.

In addition, CLES is the forefront of work across Europe around Anchor Institutions. The CLES Deputy Chief Executive, Matthew Jackson, is currently supporting 11 cities across 8 EU member states to develop Anchor Institution focused action plans. In addition, he is an advisor into the EU Urban Agenda Partnership on Innovative and Responsible Public Procurement. CLES also works closely with a range of different organisations at the local level who should in theory benefit from the wealth of Anchor Institutions. This includes: SMEs, voluntary and community sector organisations, social enterprises, and cooperatives. Historically, CLES has also undertaken work with Community Anchor Institutions across the North West of England seeking to ensure they link effectively to local authorities and other Anchor Institutions. Recently, CLES in conjunction with Cooperatives UK and the New Economics Foundation have been awarded a contract by Power to Change to provide capacity building support to community business.

The CLES team which will work on this research will be led jointly by the CLES Chief Executive Neil McInroy and the CLES Deputy Chief Executive, Matthew Jackson. Neil has worked in the fields of local economic development and public policy for over 20 years and strategically oversees and delivers the activities of CLES including our growing work in Australasia. Matthew has worked for CLES for over 12 years and heads up the organisations work on Community Wealth Building and Anchor Institutions including our work across Europe through the URBACT III programme and as part of the wider EU Urban Agenda. Neil and Matthew will work with CLES Researcher, Matthew Todd to realise the outcomes for this work. Matthew has been heavily involved in CLES’ work around procurement in Manchester and other localities. Some examples of recent work undertaken by CLES and Neil, Matthew, and Matthew which is relevant to this work are highlighted below:

* Jackson, M. and McInroy, N. (2017) Progressing community wealth building through anchor institutions. CLES, Manchester <https://cles.org.uk/wp-content/uploads/2017/02/Community-Wealth-Building-through-Anchor-Institutions_01_02_17.pdf>
* Jackson, M. (2017) The power of procurement 2 – the policy and practice of Manchester City Council: 10 years on. CLES, Manchester <https://cles.org.uk/wp-content/uploads/2017/02/The-Power-of-Procurement-II-the-policy-and-practice-of-Manchester-City-Council-10-years-on_web-version.pdf>
* Centre for Local Economic Strategies (2017) What needs to be done: the manifesto for local economies. CLES, Manchester <https://cles.org.uk/wp-content/uploads/2017/05/What-Needs-to-be-Done_The-Manifesto-for-Local-Economics.pdf>
* Centre for Local Economic Strategies and New Economics Foundation (2016) Creating Good City Economies in the UK. CLES, Manchester <https://cles.org.uk/wp-content/uploads/2016/12/Good-City-Economies-Report.pdf>
* McInroy, N. (2016) Forging a good local society. CLES, Manchester <https://cles.org.uk/wp-content/uploads/2016/10/Forging-a-good-local-society3.pdf>
* URBACT – representation of URBACT on EU Urban Partnership on Innovative and Responsible Procurement
* Salford CVS – evaluation of Third Sector Fund Grants Programme
* Greater Manchester Housing Providers – procurement and social value work
* Manchester City Council – continuation of work around procurement and local economic development
* Barrow Cadbury Trust – Progressing local economies: auctioning the role of anchor institutions
* URBACT III – Lead expert for phase 2 of the Procure network <http://urbact.eu/procure>
* Preston City Council – Democratising wealth in Preston (follow up work around business citizenship)

# summary and key considerations

This document sets out a proposal from CLES to undertake research exploring ways in which Anchor Institutions can support community businesses to evolve and realise their local economic and social potential. Below we outline the key considerations which have informed the development of the proposal in relation to the requirements of the brief.

#### A clear gap

CLES has undertaken a variety of pieces of work around Anchor Institutions and procurement and particularly the relationship with SMEs. However, research has not been undertaken around the role of Anchor Institutions in supporting community business to evolve and realise their potential.

#### Benefit community business sector

Whilst this work will be undertaken in three case study localities, it will benefit the wider community business sector as many of the roles, barriers, challenges and recommendations will be transferrable. The work with wider stakeholders will also promote the importance of the community business sector.

#### Quality and contributory

CLES only undertakes work which it is interested in and which adds value to existing research. Our work around Anchor Institutions is pioneering in a UK context and this work will add significantly to the body of evidence around the role of Anchor Institutions in stimulating local economies.

#### Strong project management

CLES closely project manages all pieces of work, utilising the principles of PQASSO. This work will be managed jointly by the CLES Chief Executive and Deputy Chief Executive to ensure quality and so that risks are minimised.

#### Value for money

CLES are the pioneers of work around Anchor Institutions in the UK and therefore offer significant knowledge and expertise from our work in Manchester, Preston, Birmingham, Oldham and across Europe. We are also focusing in our costings on purely research time and not charging for any costs associated with project management and engagement with the Power to Change Research Institute.

#### Other sources of funding

CLES are not seeking additional funding for this work. However, our wider work around Community Wealth Building and Anchor Institutions is gaining significant reputational capital across Europe. Where appropriate we will look to link in our other pieces of work into this one.

#### Key outputs

In physical terms, the key outputs of the work are a publication, workshops in three localities and a launch event. However, for us the outputs go much further in that we are seeking to organically shift the behaviour of Anchor Institutions, community business and wider stakeholders.

#### An opportunity to share

The outputs of the work will be shared widely through the networks of CLES and Power to Change. It will include to central departments and representative bodies, Anchor Institutions and community businesses themselves.