Power to Change
Backing community business

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Centre for Local Economies

Built to last

The social economy and the foundations of good growth

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About Power to Change

Power to Change is the think-do tank that backs community business.

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them. We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.

About the Centre for Local Economies (CLES)

Founded in 1986, the Centre for Local Economies is an independent economics think tank and charity. We work collaboratively across the UK and Ireland to develop solutions that ensure economies are rooted in the places people call home.

At CLES, we partner as equals with all levels of government, local institutions and communities — challenging outdated methods and tackling local issues with practical, long term solutions.

Executive summary

Economic growth is not reliably translating into better living standards, economic security or broadly shared prosperity across the UK. For too long, economic development has focused on attracting investment, increasing output and creating jobs, without sufficient attention to who benefits from that activity or where the wealth it generates ultimately goes.

Good growth must be judged by what it delivers for people and places. That means accessible and rewarding work, greater economic security, stronger local resilience and a fairer distribution of economic benefits. Achieving this requires us to look beyond how much growth an economy generates to consider who owns and controls businesses and assets, how economic value is distributed and whether it is reinvested for lasting local benefit.

The social economy – comprising community businesses, co-operatives, mutuals, social enterprises and trading charities – offers a practical way of changing these relationships. Different forms of ownership and governance can give workers and communities a greater stake in economic decisions, direct surpluses towards social purpose and reinvestment, and support locally rooted employment and enterprise. These organisations can also extend economic opportunity into disadvantaged communities and strengthen access to essential services. Their contribution goes beyond their own jobs and turnover: by changing the ownership and composition of local economies, they can help ensure that more of the benefits of growth are widely shared.

The current phase of devolution presents an opportunity to make this part of mainstream economic development. Strategic authorities have growing powers to influence economic strategy, investment, commissioning, procurement, business support, land use and regeneration at a regional scale. Working with councils, the NHS and other anchor institutions, they can use these powers to shape which forms of enterprise develop, where public spending flows and who benefits. But national government must also create the policy and financial conditions that enable places to act.



This paper makes six recommendations for moving from individual examples of good practice to a more systematic approach:

1. **Make diverse ownership and wealth retention core economic outcomes.** Embed social economy development within Local Growth Plans and strengthen how strategic authorities measure changes in diverse ownership, wealth retention and the distribution of economic benefits.
2. **Use Good Growth Funds to develop the social economy.** Create accessible investment routes for social economy enterprises, combining patient and catalytic public finance with other appropriate sources of capital.
3. **Join up prevention, good work and growth.** Use commissioning and devolved funding to support preventative services, pathways into employment and better working conditions, recognising that economic security and health reinforce one another.
4. **Build the local institutions needed to develop different forms of enterprise.** Invest in specialist business support, trusted intermediaries and local capability to help social economy organisations start, grow, acquire assets and access finance and markets.
5. **Use public purchasing power to shape local markets.** Bring anchor institutions together to develop local supply chains, and reform NHS procurement arrangements to improve access for smaller and locally rooted suppliers and enable appropriate regional purchasing approaches.
6. **Keep more of the value of regeneration within communities.** Use public land, regeneration investment and long-term stewardship arrangements to broaden community ownership and ensure local people have a lasting stake in the assets and value created.

Together, these recommendations offer a practical route to embedding the social economy within mainstream economic development. The task is not simply to support more social economy organisations, but to use the powers and resources of government and public institutions to change how economic value is created, owned and shared.

Power to Change and CLES want to work with national government, strategic authorities and local partners to put these approaches into practice, helping turn the ambition of good growth into lasting economic change for people and places.



How this paper is structured

The paper is organised into two chapters. **The challenge we face and the moment we're in** examines why economic growth is not reliably delivering broadly shared prosperity, explains the importance of ownership and the distribution of economic value, and sets out how the social economy can contribute to good growth. **From demonstrators to default: changing mainstream economic development practice** develops the six recommendations, drawing on practical examples to show how strategic authorities and their partners can use existing and emerging powers to put these approaches into practice, and where national government needs to act.



The challenge we face and the moment we're in

For much of the past four decades, the UK's economic development policy has rested on a relatively simple proposition: attract investment, increase output, create jobs and expect the benefits to spread through the economy. Yet that connection has become increasingly unreliable. The UK has a longstanding problem of weak growth, and the challenge is not simply how much economic activity we generate. It is what that activity actually means for people's lives.

Incomes for the poorer half of non-pensioner households have risen by an average of just 0.5% a year since the mid-2000s, despite rising employment.[i] Poverty remains entrenched and work too often fails to provide economic security.[ii] These conditions matter for health too: income, secure employment and the quality of work are among the basic conditions that shape how long and how well people live.[iii]

Part of the problem is that economic growth within our regions does not always create wealth for local people. Rising output does not tell us who benefits from growth, how much reaches workers through wages, or where profits and other gains eventually end up. In the UK, productivity has at times risen without typical wages keeping pace.[iv] Growing employment can sit alongside low pay, insecure work and limited opportunities to progress.[v] Growth can therefore take place, at least by conventional measures, without delivering corresponding improvements in living standards or lasting economic benefits for the places in which it occurs.

Attracting inward investment, raising gross value added (GVA) and supporting high-growth sectors can all be important parts of an economic strategy. But none, by itself, tells us whether people are getting better jobs or whether investment leaves places stronger over the long term. Good growth should be judged by whether it raises living standards and economic security, creates accessible and rewarding work, and strengthens local resilience. Achieving this requires greater attention to who owns and controls economic assets, where the value generated by growth flows, and how its benefits are shared. These outcomes are also closely connected to health: secure incomes and good work support better health, while poor health can constrain people's opportunities to participate in the economy.

The current phase of devolution creates an opportunity to influence those outcomes. Strategic authorities have growing powers over investment, skills, transport, land, regeneration and business support. Local Growth Plans give mayoral strategic authorities an important role in shaping long-term economic priorities and public and private investment. These powers provide greater scope to influence the character and consequences of growth. Used purposefully, they can help address weaknesses in the prevailing growth model by shaping investment, employment and the ownership of economic assets.[vi]

The social economy as an engine of good growth

At the heart of this is a question too often missing from economic strategy: who owns, governs and controls the businesses and assets through which growth happens? Ownership matters because it influences who receives the proceeds of economic activity, who makes decisions about investment and how economic value is shared.

The social economy offers a practical way of changing these relationships. Its significance lies not simply in the jobs and services that community businesses, co-operatives, mutuals, social enterprises and trading charities provide, but in how their ownership, governance and purpose can influence who benefits from economic activity and who has a say in shaping it.

These organisations take different forms, but share a commitment to organising enterprise around social purpose, member benefit or community interest, rather than maximising returns to external shareholders.[vii] This can change how economic gains are distributed from the outset. Surpluses can be reinvested in businesses, workers and communities, while co-operative, mutual and other forms of shared ownership can give people a greater stake in decisions about investment, enterprise and assets.[viii] Community ownership of land and buildings can similarly keep control of valuable assets, and the income they generate, within places over the long term.[ix] Rather than relying solely on redistribution after wealth has been created, the social economy offers ways to share economic value and power more widely through the way businesses and assets are owned and governed.

These differences can translate into tangible benefits for local economies. Power to Change's 2024 research found that an average of 81% of community business

employees lived locally, while 51% of their expenditure went to local suppliers.[x] This supports local incomes and helps money circulate through local economies. Reinvestment is another important mechanism. Social Enterprise UK estimated that social enterprises reinvested around £1 billion in profits towards their social purposes in a single year.[xi] While not all of this spending necessarily remains local, it demonstrates how the returns generated by enterprise can be directed towards wider economic and social benefit.

The social economy can also help spread economic opportunity more widely. Power to Change's 2022 research found that nearly half (48%) of community businesses operated in England's 30% most disadvantaged areas,[xii] where investment and economic opportunities are often more limited. Its 2024 research also found that an average of 37% of community business employees had previously been unemployed.[xiii] These organisations can therefore help create employment and opportunities for economic participation among people and places that conventional approaches to growth have struggled to reach. Broadly shared prosperity depends not only on how wealth is distributed, but on who has the opportunity to contribute to it and benefit from economic activity.

The social economy can also strengthen economic security and resilience by improving access to essential services and helping communities respond to changing needs. Research from the Organisation for Economic Co-operation and Development (OECD) highlights how social economy organisations can provide accessible and affordable care and housing, which addresses gaps in provision that affect household wellbeing and economic security.[xiv] Their locally rooted relationships and networks can also help sustain essential services during periods of crisis.

None of these outcomes are automatic. The social economy encompasses different organisational forms, and its contribution depends on how organisations are governed, financed and supported to develop. But its potential goes beyond the direct contribution of individual businesses. By diversifying ownership and changing the composition of local economies, it can help ensure that growth translates into more widely shared prosperity, greater economic security and stronger local resilience.

Realising this potential requires more than supporting individual social economy organisations. It means making different forms of ownership and enterprise part of mainstream economic development. Strategic authorities can use their powers to develop locally rooted businesses and assets and influence how the benefits of growth are shared. The following chapter sets out how they, alongside national government, can make that shift.

From demonstrators to default: changing mainstream economic development practice.

The following six recommendations set out how strategic authorities can broaden ownership and ensure the benefits of growth are more widely shared. They show how this can be achieved through setting economic strategy, shaping investment, connecting prevention and growth, strengthening local institutions, improving procurement and commissioning, and influencing land and property ownership. The recommendations also identify where national government needs to create the conditions for these approaches to become part of mainstream economic development practice.

Setting local economic strategy

Local economic strategy shapes the composition of the economy, and therefore who owns businesses and assets, where returns flow and which neighbourhoods benefit. Yet ownership and wealth retention are rarely treated as core economic outcomes. To address this the social economy should be embedded in local economic strategy, rather than confined to a separate sector plan. Strategic authorities should build on this by tracking where investment lands, who captures its value and whether its benefits reach the neighbourhoods that need it most.

Local Growth Plans establish what mayors seek to grow, while the outcomes framework for mayoral strategic authorities shapes what progress is valued and reported. Unless both address ownership and the distribution of economic value, authorities may continue to reward aggregate growth even when wealth leaves the region or bypasses its most disadvantaged communities. Embedding these outcomes at the strategy and accountability stages would make them part of mainstream economic development decision-making.

Power to Change's 2025 paper, "Lessons in Local Growth", articulates the steps strategic authorities can take to do this, based on the experiences of the North East Mayoral Strategic Authority, West Midlands Combined Authority and Liverpool City Region Combined Authority.[xv]

Recommendation 1: Make diverse ownership and wealth retention core economic outcomes

Strategic authorities should:

- Embed social economy development within Local Growth Plans, as they are produced and refreshed, with clear objectives and ambitions for diversifying local ownership, retaining and distributing wealth, and increasing economic security and resilience.

As **central government** streamlines the outcomes framework for mayoral strategic authorities, it should:

- Include a proportionate set of measures covering diverse ownership and wealth retention in the streamlined outcomes framework for mayoral strategic authorities, alongside existing indicators of wages, job quality and economic security. Corresponding indicators should reflect local priorities, but could include the share of anchor spend kept local, or the share of businesses in local, employee or community ownership. These should inform Local Growth Plans as and when they are refreshed.

Shaping investment and finance

Investment often determines which forms of enterprise can start, scale and acquire assets. Conventional markets under-serve businesses within the social economy where returns are often slower and partly non-financial. Patient public capital, focused on delivering long-term returns, can address this gap and deliberately broaden local ownership. Its reach can extend further when used to mobilise different sources of capital to align around shared local priorities.

Good Growth Funds offer mayors an opportunity to broaden ownership through long-term regional investment but only if investment routes for social economy enterprises are built into their design. Alongside fiscal devolution, these Funds will be one of mayors' most important mechanisms for investing in their regional economies. Government support for their rollout across England will provide regions with a single local investment approach, with the opportunity to align Public Financial Institutions, pension funds and private capital behind local growth priorities.[xvi] Success should be judged by both the investment the Funds attract and leverage and the forms of

enterprise they enable to grow. Without accessible investment routes for the social economy and locally rooted enterprises, they risk reinforcing existing patterns of ownership rather than diversifying them.

Strategic authorities can mobilise additional impact capital to help shape these routes, utilising their convening power and the patient public capital within Good Growth Funds. In recent years there has been growing recognition of the role strategic partnerships between government and the impact economy play in driving inclusive growth across the UK.[xvii] The establishment of the Office for the Impact Economy now brings dedicated capacity within central government to mobilise impact capital, comprising philanthropic capital, social investment and institutional impact investment, to support core national priorities. Some strategic authorities are already proactively forming place-based impact partnerships that do this at a regional scale, blending different sources of capital to further local priorities, including social economy development.[xviii] Pioneering initiatives, such as Kindred in Liverpool City Region (see below), the Greater Cambridge Impact Fund and Bristol City Funds, demonstrate a range of partnership models whose successes can be learnt from and replicated elsewhere.

Recommendation 2: Use Good Growth Funds to develop the social economy

Strategic authorities should:

- Incorporate social economy development into Good Growth Fund investment priorities, creating accessible routes for local investment in diverse enterprise models.
- Use convening power, alongside patient public capital from Good Growth Funds, to mobilise philanthropic and impact capital, that collectively support the development of innovative financial products with appropriates terms and time horizons for social economy enterprises.
- Choose delivery routes that ensure investment flowing from Good Growth Funds is accessible to social economy enterprises; using trusted local intermediaries where they already exist and building long-term local capacity and capabilities where there are gaps (see Kindred example below).

Central government should:

- Make support for the social economy an explicit expectation within Good Growth Fund guidance in recognition of its role in furthering inclusive local growth priorities.

- Ensure strong coordination between the Office for the Impact Economy and Number 10 North, linking devolution and impact economy priorities. Publish a joint framework, alongside Good Growth Fund guidance, that sets out how strategic authorities can use Good Growth Funds to mobilise place-based impact partnerships that support social economy development, drawing on the experience of pioneering regions (such as Liverpool City Region).

Kindred: A new approach to investing in people and place

Liverpool City Region Combined Authority has used public investment to broaden access to appropriate capital for the social economy to promote inclusive growth across the region.[xix] The Combined Authority invested £5.5 million, alongside £1 million from Power to Change, to establish Kindred, a community interest company providing patient 0% loans to socially trading organisations. The model is designed to reach local enterprises that are often excluded from conventional investment markets and allows loans to be repaid partly through social impact outcomes.

Since its launch, Kindred has invested £3 million in 69 organisations to successfully enable and help local enterprises grow their turnover, employment and community impact. The model has also improved access to finance for underrepresented groups, with 37% of investment in 2025 reaching Black and ethnic minority communities in comparison 2-5% of social investment is estimated to have gone to Black and ethnic minority-led charities and social enterprises to date nationally.[xx] Crucially, Kindred has acted as a catalyst for further investment, attracting almost £4 of follow-on investment for every £1 invested.[xxi]

This example demonstrates how strategic authorities are already using regional investment funds to crowd in further investment, build local capacity and create accessible routes for financing the growth of social economy enterprises, enabling wealth and economic opportunity to be distributed more fairly.

Building the link between prevention and growth

Poor health and economic insecurity reinforce one another. Low pay, insecure work and inadequate household incomes can damage health, while ill health can prevent people from finding, sustaining or progressing in employment.[xxii] In the UK, more than 2.8 million people are economically inactive because of health conditions.[xxiii] Tackling economic inactivity cannot therefore be separated from improving the quality of work available to people, or from preventing ill health in the first place.

The social economy has a role on both sides of this relationship. Locally rooted organisations provide preventative services, community support and pathways into employment, often reaching people who face the greatest barriers to participation. But they can also help improve the quality of work itself, particularly in foundational sectors such as care, where employment conditions have a direct bearing on economic security and health.[xxiv]

These benefits are not automatic. In publicly funded services, the ability of organisations to offer decent pay, secure employment and opportunities for progression is influenced by how services are commissioned and funded. Commissioning therefore offers an important opportunity to connect prevention and economic development: supporting services that improve health and access to employment, while also creating better jobs and working conditions for those delivering them.



Recommendation 3: Join up prevention, good work and growth

Strategic authorities should:

- Work with constituent councils, NHS partners and other public institutions to align prevention and employment support funding, pooling budgets where appropriate and permitted. This funding should be used to commission social economy organisations to provide joined-up support around health, wellbeing and pathways into sustained employment, particularly in disadvantaged communities.

- Make good employment an explicit objective of commissioning. Contracts should support fair pay, secure working conditions, workforce development and progression, with funding arrangements that make these standards achievable. Commissioning outcomes should reflect the quality and sustainability of employment created or supported, alongside improvements in health and wellbeing.

- Provide longer-term funding arrangements that allow social economy organisations to invest in their workforce, develop trusted relationships and sustain preventative support, rather than relying on short-term contracts that undermine continuity and capacity.

National government should:

- Give strategic authorities and their partners sufficient flexibility to align prevention, health and employment support funding over longer periods, with greater emphasis on sustained employment, job quality and improved wellbeing.



Greater Manchester Live Well: Tackling health and economic participation

Live Well, Greater Manchester Combined Authority's (GMCA) whole-system approach to public service reform and systems change, offers an emerging example of how prevention, employment support and community-led provision can be brought together. Supported by joint investment from GMCA and NHS Greater Manchester (NHS GM), aligned funding from the Department for Work and Pensions (DWP) and the National Lottery Community Fund, and a £1 million Live Well Communities Fund, Live Well is developing a network of neighbourhood-based support through Live Well centres and community-led spaces.

Across the region's ten localities, implementation plans will support a growing network of Live Well centres, community-led spaces and joined up support offers. To deliver this, local authorities will provide at least 50% of the £20 million joint investment from GMCA, NHS GM and the DWP to the voluntary, community, faith and social enterprise sector,[xxv] recognising the importance of trusted local organisations in reaching people and communities facing barriers to good health and work. This will create essential capacity to scale prevention services and to enable supported employment pathways for marginalised communities.

Live Well illustrates how devolved institutions can bring together funding and partners around the relationship between health and economic participation. The wider opportunity is to ensure that commissioning also improves the quality of employment within the services being funded, so that preventative investment strengthens economic security for both those receiving support and those delivering it.

Building strong local institutions

Devolution will deliver good growth only if places have the institutions and capabilities that enable devolved powers and resources to be used deliberately and effectively. Strategic and local authorities need the capacity and expertise to shape investment, markets and assets effectively, but local capabilities must be considered beyond government.

Local institutions, including those which sit outside the state, play an important role connecting enterprises with routes into advice, finance, markets and assets, which help them start up and grow. However, enterprises with distinct ownership, governance and purpose, particularly those led from disadvantaged places and underrepresented communities, are often not effectively supported by institutions which are primarily designed to serve conventional business.[xxvi]

Government has a responsibility to ensure that strategic authorities have the right capacity and capabilities to deliver good growth, including by effectively shaping the ownership of the local economy to retain more wealth locally. Strategic authorities also have an important role to play in strengthening the capacity and capabilities that local institutions need to develop different forms of enterprise and ownership within the economy, for example specialist business support, succession and ownership transition, trusted sectoral intermediaries and routes to accessing finance and markets. The government's announcement of a £10 million Cooperative Development programme,[xxvii] is a significant opportunity for mayors and strategic authorities to fund the development of local capabilities to grow cooperatives. However, there are many other forms of organisations within the social economy that retain and distribute wealth locally which should be equally prioritised for development.

Recommendation 4: Build the local institutions required to develop diverse forms of enterprise

Strategic authorities should:

- Assess local capabilities and capacity for supporting social economy development, both within the strategic authority itself and across the local social economy ecosystem. Develop an action plan, with social economy stakeholders, to strengthen the local conditions required to support the development of different forms of enterprise that broaden ownership and retain more economic value locally.

- Use regional resources, alongside forthcoming Cooperative Development funding, to build local long-term social economy capacity and capabilities. Provide multi-year support for trusted intermediaries, specialist business support providers, enterprise infrastructure, and networks that connect social economy enterprises to finance, assets, procurement opportunities and markets. Prioritise provision that fills evidenced local gaps and can be sustained

beyond the initial national funding period, including working with organisations "of the sector" which can provide business support, incubation, accelerator and co-working space.

Central government should:

- As part of the Rewiring the State Delivery Plan, define social economy development as a core capability for strategic authorities and develop a shared Social Economy Readiness and Maturity Framework to support this. providing a diagnostic of a region's social economy ecosystem maturity and the strategic authority's own capabilities to nurture and scale it, identify investment priorities and track progress against these over time.

Emerging practice across England demonstrates the different institutions needed to enable good local growth.

Investing in the local capabilities

Greater Manchester's Our Business shows the value of dedicated social economy infrastructure. The co-operative provides specialist advice, funding and collaboration opportunities, while its directory connects more than 1,000 organisations across ten boroughs, strengthening local supply chains and increasing opportunities to win contracts and access markets.[xxviii]

The West Midlands Ownership Hub shows how targeted investment can build local capability for the social economy. By embedding specialist expertise within the West Midlands Combined Authority, the Hub raised visibility and awareness of employee and worker ownership models for the creative industries, trained business advisers, and strengthened support networks. Alongside helping develop new co-operatives and employee-owned businesses, it built lasting knowledge, relationships and advocacy capacity within the region's economic development ecosystem.[xxix]

Community asset developers as catalysts for local enterprise

Two community asset developers are demonstrating how the social economy can be supported to develop through business support and incubator, accelerator and co-working space provided by its own organisations.

Safe Regeneration has provided business start-up and growth support for over 15 years, and now provides support in partnership with Merseyside Expanding Horizons and Invest Sefton.[xxx] Their work has supported 266 people to establish their own business, with 511 jobs created and 90 apprenticeship roles for young people.[xxxi]

Nudge Community Builders provides a physical community-led space for people to start or grow a social enterprise.[xxxii]The provision of business support and spaces for new businesses has both supported the financial viability of these two organisations, and supported the creation of a wider ecosystem of social economy organisations within their places.

Together, these examples show that social economy growth depends on strong local institutions that can coordinate, connect and support enterprises over the long term.

Public procurement and commissioning

Public procurement and commissioning are powerful tools for shaping local economies.[xxxiii] The decisions public institutions make about what they buy, who they buy from and how contracts are structured influence which businesses can develop and grow, the jobs and supply chains they support, and where economic value ultimately flows. Much of this purchasing power sits not with strategic authorities themselves, but with councils, NHS bodies and other anchor institutions.

Public bodies can use this power to shape markets, creating opportunities for different forms of enterprise to develop and thrive. This means engaging suppliers earlier, making contracts more accessible to smaller organisations and connecting procurement with business support, skills and investment. Changing procurement practices alone will achieve little if the businesses needed to respond do not yet exist.

The NHS offers a particularly important opportunity. Its considerable spending on goods, services and consumables could be used more deliberately to support local enterprise, manufacturing and employment. Yet purchasing arrangements increasingly favour national procurement routes and consolidated contracts. NHS Supply Chain's new Core List, for example, directs trusts towards centrally sourced products as existing contracts expire.[xxxiv] While national purchasing can deliver economies of scale and consistent clinical standards, it can also make it harder for smaller and locally rooted suppliers to access NHS markets.

Strategic authorities have an important role in bringing together public purchasers, identifying opportunities to develop local supply chains and connecting these with wider economic development priorities. But national government also needs to ensure that NHS procurement arrangements, for example, enable, rather than constrain, this approach.

Recommendation 5: Use public purchasing power to shape local markets

Strategic authorities should:

- Convene councils, NHS trusts, Integrated Care Boards, housing associations, universities and other major purchasers to map where public money is spent and who benefits, identify opportunities for social economy provision and locally rooted suppliers, and publish joint priorities for developing local markets.

- Connect public procurement pipelines with business support, skills and finance to build the capacity of local suppliers to compete for contracts. Work with NHS partners to identify suitable opportunities for regional manufacturing and supply, including where alternative ownership models could retain more economic value locally.

National government should:

- Use the Procurement Act 2023 and National Procurement Policy Statement to reduce barriers facing smaller and social economy suppliers. As Place Based Budgets move from pilot to wider use, greater attention should be paid to who owns service providers, where public spending flows and how commissioning can develop locally rooted markets.[xxxv]

- Reform NHS Supply Chain procurement arrangements to improve access for SMEs, social enterprises, co-operatives and other locally rooted suppliers. This should include reviewing the operation of the NHS Core List and national frameworks, using early market engagement, proportionate requirements and appropriate contract structures to enable a more diverse supply base. Supply-chain resilience, employment and wider economic value should be considered alongside price and clinical quality.

- Clarify and strengthen the scope for NHS trusts and regional procurement partnerships to develop alternative purchasing arrangements for suitable goods and consumables where these can demonstrate value for money, clinical safety and wider economic benefit. This would allow NHS purchasing power to support regional productive capacity without losing the benefits of national procurement where these are appropriate.

We Are Juno: Commissioning to develop alternative forms of provision

We Are Juno in Liverpool City Region illustrates how commissioning can support the development of alternative forms of provision.[xxxvi] Established by the social enterprise Capacity, with input from care-experienced young people and investment from Wirral Council, the Liverpool City Region Combined Authority and social investors, the not-for-profit provider is developing children's residential homes as an alternative to conventional commercial provision. A subsequent home in Runcorn was developed in partnership with Halton Borough Council and Plus Dane Housing.

This example demonstrates how public investment, commissioning needs and alternative ownership models can be brought together to develop provision organised around social purpose and reinvestment.

Northumbria Healthcare: Building local manufacturing capacity

During the Covid-19 pandemic, Northumbria Healthcare NHS Foundation Trust established its own manufacturing operation in response to shortages of protective equipment. Working with local manufacturers and partners, the Trust developed the capacity to produce gowns, scrubs and other medical supplies. By October 2020, the initiative had produced around 2.2 million gowns and its expansion created 60 local jobs and 10 apprenticeships.[xxxvii]

Although not a social economy enterprise, the initiative demonstrates how public purchasing can support alternative models of provision, develop regional manufacturing capacity and strengthen supply-chain resilience. It raises an important question about how NHS purchasing could be used to build lasting productive capacity beyond the exceptional circumstances of the pandemic.

Shaping land and property ownership

Land and property ownership shapes who captures the wealth generated by economic growth and rising land values. When seeking to dispose of public land or committing major regeneration funding, it is rare that the social economy organisations which can support the development, ownership or stewardship of land and assets are considered unless in response to a "market failure" or to prevent an "at risk" asset from closure or privatisation.

For every £1 generated by community asset-owning organisations, they contribute approximately £2.50 to the local economy.[xxxviii] Community land trusts,[xxxix] community asset developers,[xl] community energy organisations and community-led and co-operative housing are all models that can deliver greater lasting local value in comparison to conventional development models. This is based on their ability to retain wealth in their places and deliver wider social outcomes (such as affordable housing and reducing the cost of energy).

Diversifying the ownership and use of land and property can help to retain the wealth generated through growth for our communities, and boost opportunities for the social economy to develop. Strategic authorities can use public land, regeneration funding



and planning powers to broaden the ownership of local land and assets, helping to secure affordable space for social economy organisations, and supporting the businesses and forms of ownership which help to retain the wealth generated by growth and rising land values within communities.

Recommendation 6: Keep more of the value created by regeneration within communities

Strategic authorities should:

- Take a strategic approach to fostering community ownership, prioritising the ownership and development of assets which give communities more economic opportunity and local control, not just a route to save 'at risk' assets from closure or privatisation.

- Embed community ownership in regional regeneration and growth strategies, identifying and transferring a proportion of space in major regeneration projects to communities to enable them to shape what they need where they live, embedding community ownership to safeguard against gentrification by keeping spaces affordable and accessible to local people.

- Work with councils to support the effective use of community asset transfer and other mechanisms like Compulsory Purchase Orders and High Street Rental Auctions to enable the shift of public and private buildings and land into community hands where this can support improved service delivery, local growth or social outcomes. This approach should ensure councils transfer genuine assets – not divest of liabilities.

- Work with local authorities to develop and coordinate a support offer for those interested in taking on opportunities to own and steward land and assets, including access to finance (for example through a regional Community Ownership Fund), technical and legal support.

- Enable pathways to ownership which work for both the asset and the community. For example, taking a phased approach to handing over assets via a long-term stewardship arrangement rather than full ownership in the immediate term, depending on the nature of the asset and the maturity and confidence of the organisation taking it on.

As **central government** strengthens the framework for public development corporations and considers how places can benefit from rising land values, it should:

- Require public development corporations to set out from the start how community ownership and long-term stewardship will be built into their plans;
- Enable a share of captured land value and developer contributions to fund community acquisition and long-term stewardship;
- Back the Community Right to Buy with the right finance and capacity support communities need to exercise it in practice.[xli]

Baltic Creative CIC: Urban regeneration for community benefit

Baltic Creative CIC demonstrates[xlii] how community ownership can both enable community-led regeneration and retain the wealth created by regeneration locally. Established in 2009 with £4 million of public grant funding, the organisation acquired and refurbished underused warehouses in Liverpool's Baltic Triangle, creating affordable workspace for creative and digital businesses.

Through its community ownership model and asset lock, value generated by rising land and property values is retained and reinvested locally rather than extracted by private investors. Today, Baltic Creative manages around 120,000 sq ft of workspace valued at £6.6 million, supports more than 180 tenant businesses and approximately 650 jobs, with tenants generating an estimated £16.6 million in annual GVA. The organisation has also helped catalyse wider regeneration, contributing to the growth of the Baltic Triangle into a major creative and digital cluster. The example shows how public investment, combined with community ownership and long-term stewardship, can support economic growth while ensuring that more of the value created remains rooted in place.

Conclusion

Good growth should mean growth that improves people's lives and strengthens places over the long term. Yet economic development continues to focus primarily on attracting investment, increasing output and job creation, without sufficient attention to where value flows and who benefits from it. If devolution is to deliver 'good growth in every postcode', government at all levels must pay greater attention to the economic mechanisms that connect growth to better outcomes: wealth retention and distribution, economic security and resilience.

As this paper has argued, the social economy provides one practical way of doing this. Community businesses, co-operatives, mutuals, social enterprises and trading charities offer ownership models that can help retain wealth locally, broaden it's distribution, strengthen resilience and ensure that more of the value generated by growth benefits the people and communities who create it. The examples and recommendations set out in this paper show that strategic authorities do not need to wait for new powers to act. Through setting economic strategy, shaping investment, connecting growth and prevention, strengthening local institutions, improving procurement and commissioning, and informing land and property ownership, they can already influence the ownership and composition of their local economies.

Now is the time to make the shift from individual examples of good practice to a more systematic approach to economic development which recognises the social economy as an engine of good growth.

Power to Change and CLES are combining our complementary expertise in social economy development, community wealth building, devolution and local economic strategy to help turn these proposals into mainstream economic practice. We want to work with strategic authorities, national government and local partners to embed the social economy within economic strategies, investment, procurement and regeneration, and demonstrate how these approaches can broaden ownership, retain wealth and strengthen economic security.



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Power to Change Trustee LTD is a company limited by guarantee, registered in England and Wales, no. 08940987. Power to Change is a registered charity, no. 1159982.

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them.

We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.

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