Alternative Economies

Exploring Community Wealth Building

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Introduction

This report was commissioned by the Best of Bensham Collaborative. A collective of community organisations working in the Bensham & Saltwell area of Gateshead. It was commissioned to explore alternative community and economic models that could be developed in the community for the benefit of the organisations and the residents that live in the area. It is an opportunity to explore new ways of living, working and being in a community that has suffered due to austerity, the effect of the pandemic and lockdown and the implications of leaving the EU.

These models have been around for quite a long time. However, due to the recent and current political climate, such as ten years of austerity, the potential implications of leaving the EU, and the effect of COVID-19 on communities, they have come more to the fore. For some local authorities they have become the cornerstone of economic strategy and are being applied across the country to reform local economies.

lKnown as community wealth building, alternative community and economic models are an intentional reorganisation of local economies with the intention of tackling the inequalities and disadvantages that are felt in communities. Community wealth building is about creating a fairer, more sociall just economy framed by progressive concepts. Instead of solely relying on redistributing some economic growth 'after the fact' of its creation, community wealth building seeks to restructure the composition of the economy itself, so that the production of wealth is focussed on community benefit by ensuring it is widely held, shared and democratised (1).

As of 2019 there are approximately 9000 community business across England, with a combined income of £890 million. Of those working in these businesses, 33,900 people are paid staff and 205,600 are volunteers. As can be seen, this is not a small amount and it is continuing to grow (2). These businesses are varied from community-owned housing, shops, pubs, food markets and allotments and energy creators. A recent report shows that by the end of 2019 there were372 community shops and 119 community pubs trading in the UK (3). People can hold different roles within them, including ownership, control, management, workers and users, but no matter at what level they are involved, they all have a say in how the business is run.

This report will look at several different models that may be relevant to Bensham & Saltwell. It will look at what these models are, how they work, what the positives and negatives are for each and include several case studies. It will start by exploring what is meant by community wealth building, followed by a discussion of the well-known method developed by Preston Council, known as the Preston Model. It will then investigate co-operatives, community benefit societies, community land trusts and community shares. In conclusion, it will bring these all together and put forward potential routes Bensham & Saltwell could use and how they can start to set up and develop community-run business and wealth building.

Community Wealth Building

Community wealth building is a response to the contemporary challenges facing communities, such as austerity, and more recently the effects of the COVID-19 pandemic. Community wealth building is a people-centred approach to local economic development that aims to reorganise local economies so that wealth is not extracted but redirected back into communities (4). It seeks to provide resilience where there is risk and local economic security where there is precarity. It is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people. (5) Marjorie Kelly, author of 'Owning Our Future: The Emerging Ownership Revolution', writes that:

> *If traditional economic development tends to be about attracting industry to a community, building wealth is instead about using under-utilized local assets to make a community more vibrant. It's about developing assets in such a way that the wealth stays local. And the aim is helping families and communities control their own economic destiny.* (6)

Community wealth building aims to strengthen our communities through broader democratic ownership and control of business and jobs. The wealth created is shared broadly between owners, workers and consumers, allowing wealth to flow through to local people and places. It builds on local talents, capacities and institutions, rebuilding capital to strengthen and create locally owned family and community-owned businesses that are anchored in place, that aren't moving (7). Community wealth is tied to place and the local people who own and control the businesses. It has five pillars that areas that want to build community wealth should follow (8):

1) **Finance** - Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital.

2) **Land and Property** - Deepen the function and ownership of local assets held by anchor institutions, so that financial and social gain is harnessed by citizens.

3) **Spending** - Utilise public sector procurement and commissioning to develop dense local supply chains of businesses likely to support good employment and retain work and harvest wealth locally to increase the flow of the local economy rather than trying to attract national or international capital.

4) **Workforce** - Exercise fair employment practices and work to develop a more just labour market to improve the prospects and wellbeing of local people through recruiting from lower income areas, committing to paying the living wage, and building progression routes for workers.

5) **Building the generative economy** - Develop and grow small, locally owned enterprises, SMES, community businesses and supply chains which are more likely to support local employment and retain wealth and surplus locally.

The first four—finance, land and property, spending, and workforce—together can lead to the fifth pillar, building the generative economy. These five pillars can create a space where communities can work together to start community businesses and develop and improve their local area. Benefits to this include productivity (contributing to prosperity), social (increasing economic activity where it can produce the highest social return) and environmental (through shortening supply chains).

Anchor Institutions

As has been mentioned, it is important to develop partnerships with what is known as 'anchor' institutions. These are the large, locally-rooted organisations such as councils, hospitals, universities, colleges and housing associations. They have an important presence in a place, usually by being a large-scale employer, major purchaser of goods and services, overseeing large areas of land and have relatively fixed assets. Guided by community wealth building they can play a defining role in creating and reinforcing local economic ties through how they spend their money, employing local people and considering how they use their land, property and financial assets in each community.

Structures and Models

Community wealth building has various models and ways of working, such as co-operatives, employee-owned companies, social enterprises, land trusts, family businesses, community development and community finance such as banks. There are many more. These models, how they are set up and connected to a community can:

- increase asset ownership and spend, invest and reinvest within the locality
- anchor jobs locally by broadening ownership over capital by insourcing of services and not outsourcing
- help achieve key environmental goals (including decreasing carbon emissions), by developing localised supply chains where possible
- expand the provision of public services
- ensure local economic stability

By following this, communities, and regions can control 'leakage' to a certain extent (the loss of finance and resources outside of the community or region) by spending into radical economic initiatives like co-operatives and other democratic enterprises. These financial and legal structures have different features that are important to understand when deciding which one to set up as. Some are set to benefit whole communities, others only to benefit their members; some can raise community shares; and some are asset locked or can be a charity, whilst some are very much a business, i.e., about making a profit. Understanding the community we work in, what assets we have, what opportunities there are and what we wish to develop as community-owned, will help determine the type of governance and legal structure to pursue. The below list shows what some legal structures can and cannot do under the co-op and Community Benefit Societies Act 2014:

- **Co-operative Society** – can raise community shares
- **Community Benefit Society** – is asset locked, can raise community shares
- **Charitable community benefit society** – asset locked, can raise community shares, can be a charity

Community Sectors

The type of sectors that are usually developed as community-owned businesses and enterprises through wealth building are wide and varied. These include:

- Community Agriculture (land owned by the community to grow food to be distributed)
- Woodland (bought or leased and what takes place there is for the benefit of the community)
- Pubs (community-owned)
- Shops (community-owned) Community-Led Housing (community land trust, housing co-op)
- Arts/Culture (community buildings)
- Public spaces (there has been an increase in withdrawal of responsibility by owners)
- Public Services –
    - Community Transport
    - Leisure
    - Social care

These sectors are the most common reasons for people running a community-owned business. Sometimes it can be because of a particular need in the community, the closing down or selling of an asset or service, which can lead to a gap or is an opportunity to bring it into community ownership. The below table gives an idea of how many co-operatives there are in each sector across the UK, as well as turnover (9).

This table does not include community benefit societies, community land trusts and other structures and models that come under the community wealth building model. As can be seen this way of working in a community can create new opportunities and economic wealth and give control to people who live in a community to be owners, managers and workers as well as users of their local services. It can lead to new ways of thinking and creating, to improve workers opportunities, develop local assets and keep finance flowing within the area, rather than leaking out. This way of working has already been explored and developed by some local authorities within the UK to try and solve economic and social problems to generate area wealth. The most well-known authority in the UK who has developed community wealth building as a strategy is the City of Preston.

Sector	Number of businesses	Turnover (£)
Education	286	501.8m
Energy and Environment	255	24m
Finance	46	250.7m
Food services and pubs	220	38.5m
Health and social care	101	140.4m
Housing	704	578.1m
Manufacturing	75	362.4m
Social Clubs and trade unions	2,459	537.3m
Digital and media	133	6.8m
Professional and legal services	147	90.7m
Retail	700	26.9bn
Sport and recreation	550	736.7m
Transport	25	6m

The Preston Model

The "Preston Model" is a term applied to how Preston City Council, alongside its anchor institutions and other partners implemented the principles of community wealth building within Preston and the wider Lancashire area. It offered an opportunity for local people to take back control, to ensure that the benefits of local growth are invested in their local areas, are used to support investment in productive economic activities and that people and their local institutions can work together on an agenda of shared benefit. The model started eight years ago and is an ongoing process.

After attending an event by the Centre for Local Economic Strategies (CLES), the council underwent a spending analysis in collaboration with local anchor institutions and discovered that of the total spend of £750 million, only 5% was spent in Preston and 39% in Lancashire. This meant that there was a £450 million 'leakage' out of the Lancashire economy (10). They analysed the types of spending which went to suppliers based outside of Preston and Lancashire and identified which could be opened to greater competition. This meant the council had to become knowledgeable of local socially responsible suppliers and identify areas where money was leaking out of the local economy and find ways to recapture this spending to better benefit local workers, employers and businesses. As a result, the change of working procurement spending retained within Preston went from £38million in 2012/13 to £112million in 2016/17; and spending retained in Lancashire went from £288 million in 2012/13 to £288m in 2016/17 - £488m (11).

The six anchor institutions were involved in developing an integrated plan for the city 'to build a common local economy strategy across anchor institutions from the region and develop knowledge and capacity of local suppliers' (12). Another important first step was becoming the first Living Wage Foundation-accredited employer in the North of England, committing to pay all staff the Living Wage. The council actively encouraged the anchor institutions to do the same. The council worked closely with academics at the University of Central Lancashire to advance the co-operative sector in the city, establishing the Guild Co-operative Network and Preston Co-operative Development Network. These initiatives helped develop worker owned co-operatives in the catering, tech, and digital sectors. Further community wealth building includes a community bank and the investment of pensions in locally developed student housing.

The direct impact of all these initiatives were (13):

- £74 million being redirected back into the Preston economy through procurement work
- £200 million invested into the wider Lancashire economy
- 4000 extra employees receiving the Real Living Wage
- 10% rise in 16–24-year-olds receiving at least an NVQ level 3 qualification
- Reduction in employment from 6.5% in 2014 to 3.1% in 2017 (national UK average in 2017 – 4.6%)
- Preston moving out of the top 20% most deprived local authority areas in the UK

By encouraging anchors to spend their money locally and socially, and encouraging other community wealth building strategies, the model could be seen to develop the skills of local people, create stable well-paying jobs, reduce levels of in-working poverty and keep money circulating in the local economy (14). In the 2019 report, 'How We Built Community Wealth in Preston: Achievements and Lessons' by Preston Council and CLES, they discuss the eight lessons they have learnt as a result of their community wealth building journey (15).

These eight lessons act as a way other authorities and areas could approach community wealth building, with the knowledge that it is not about replicating what Preston did, but to take the basic principles of the model and relate it, through research and partnership building, to their own local area. Not all of what Preston developed would be relevant to another area and may involve exploring other ways of working. By taking the principles of community wealth building an area can develop their own model that fits their economy. Preston are still developing community wealth building strategies and it is an ongoing project.

1. Community wealth building works - Achieved a meaningful transfer of wealth and power back to local communities.

2. It is the work of many hands - A shared endeavour involving many individuals across many organisations. Not the property of one but built by the stakeholders.

3. It must be unique to place - It needs to be bespoke to the place, meaning starting from an assessment of local need and realties on the ground.

4. It is about public service - Collaboration across anchor institutions, willingness to share ideas and new opportunities, based on honesty and with the flexibility to opt in or out of projects, and a shared understanding of civic responsibility.

5. It means a diversity of suppliers - Increased competition, allowing plurality of providers, including but not limited to local suppliers, to compete and bid. Not always about going with the most local firm but a careful balance of geographic, social, environmental and other factors.

6. It tells a story that people want to hear - as a viable alternative to orthodox economic models, giving local people pride in their area, helping anchor institutions showcase the excellent work they have done.

7. It is not a 'model' – it can't be lifted and replicated. There are core principles and insights to be shared, but not a one-size-fits-all policy prescription.

8. It is both a policy approach and a way of working – It is easy to set out the five principles but to animate them with the anchors (some driven by national policy) to affect a change takes focus, effort and time, involving individual changes to behavior and actions.

Future steps they are working towards include (16):

- Develop co-operatives, mutually owned business and municipal enterprises. Further development of workers co-operatives.
- Further link the development of the co-op sector to the advancement of the progressive procurement agenda.
- Establish a regional bank to support local SMEs.
- Anchor institution workforce - strengthen employment practice and policy so that most disadvantaged areas can access jobs and progression opportunities.
- Anchor institutions land, property and assets - rebalance through land and asset management practice. Manage sites to maximise public benefit.

This would give ownership of the economy back to the local community through greater diversity of local business ownership models to help citizens secure greater ownership and control of businesses they work for, use, profit from and potentially own. This could involve creating new businesses as well as transitioning existing businesses into democratic forms of ownership. The regional bank would support local SMEs and have the reduction of financial and social inequality at the heart of its mission. It would act as enabler of community wealth building and a viable alternative model of finance.

One criticism of the model is that it could be seen as "protectionist", i.e., protecting local industries against competition, no matter the quality of the local service and that communities would be better off in terms of economic growth. It is argued however that it would only be "protectionist" to offer a contract to an inferior local contractor to shield them from outside competition. This is not the case with community wealth building as a local contractor may only be awarded a contract if they can show that they can credibly compete on price, performance and quality. It's also about boosting local competitiveness and strengthening the capacity of SMEs to bid for contracts, become more proficient and compete with other large firms across the UK and beyond.

Through developing these steps Preston Council want to create a more democratic and socially just economy and build on these achievements to embed community wealth building within thier economy.

Co-operatives

Co-ops exist to create value for their members and their communities and are not just about maximising profits for shareholders.
Steve Murrells, CEO, The Co-op Group (17)

A co-operative is a business or organisation that's owned and controlled by its members, to meet their shared needs and aspirations, not to pay dividends to shareholders. The members can be its customers, employees, residents or suppliers, or a combination of all three, who have a say in how the co-op is run. They choose what to do with profits, whether distributing among members, reinvesting in the business or giving back to the community. Co-ops are based on the simple idea that organising together makes us stronger and more resilient.

There are currently about 7,063 independent co-ops across the UK operating across all industries, from farming to finance and from energy to education, with a combined turnover of £38.2 billion in 2020, up to £340 million from 2019 (18). There are about 14 million co-op members in the UK, equivalent to more than a fifth of the UK population, all of whom have a say in how their co-op businesses are run.

Co-ops are almost twice as likely to survive the early years of business when compared to companies. After 5 years, 76% of co-ops survive, compared to 42% of companies. Yet in 2020 they make up less than 1% of the total number of businesses (19). As we look towards a post-COVID-19 world, and consider how to make businesses more robust, more resilient and fairer, the answer must be a more co-operative economy.

Every co-op is guided by a clear set of values and principles. The seven co-operative principles that define how a co-op operates (20):

1. A co-op is owned and controlled by its members. It exists for the benefit of its members, who may be customers, workers, suppliers or the wider community.
2. A co-op is democratic – this means every member has an equal say in how it's run and how profits are used.
3. Every member contributes financially in some way – from buying products, working for the co-op, investing in it or deciding how to spend its profits.
4. A co-op is an independent business, owned and controlled by its members.
5. It offers education and training to everyone involved, so they can develop the co-op and promote the benefits of co-operation.
6. It co-operates, works with and supports other co-ops.
7. A co-op supports the communities it works with.

These principles have been designed to make sure that all co-ops working under these principles do more for their members and communities in which they operate. They are values that all co-ops must follow to be fully engaged with their members and to make sure equal opportunities and rights are created for all involved. They are many different types of co-ops and ways of setting up based on what the co-op does and what services they offer. Three common examples include (21):

- Worker co-op – people who earn a living/produce services or goods/take a role in management or ownership. Own building but worker co-op manages and runs activities e.g., community pub.
- Consumer co-op – people who buy services are entitled to be members and have a say in how it runs e.g., food initiatives, mutual aid.
- Producer co-op – people whose items are sold have a say in how its run – e.g., market or shop.

There are also multi-stakeholder co-ops, which are a combination of different types where producers, consumers and workers are all members and have a say, as well as being on the board. Co-ops can cross several sectors, including agriculture, arts and culture, digital and media, education, energy and environment, finance, food services and pubs, health and social care, housing, manufacturing, social clubs and trade unions, professional and legal services, retail, sports and recreation, and transport. The table in the chapter about community wealth building shows how many of each there are in the UK and their turnover. It shows how co-ops have developed across the UK and how much they can bring to a community, both socially as well as economically.

It is suggested that co-ops have a small number of members, for example about 20 per co-op, who all live within 15 minutes' walk. It is believed a small group means that everyone can have an equal role and that all members are neighbours. It means that if it gets bigger another co-op can be started, and each can support each other. They are supported by Co-operatives UK, a network for Britain's thousands of co-operatives. Their purpose is to work together to promote, develop and unite member-owned businesses across the economy. From high street retailers to community-owned pubs, fan-owned football clubs to farmer-controlled businesses.

As the UK faced tough economic conditions as a result of COVID-19, millions of people have participated in and benefited from solidarity and mutual aid. Co-ops can help the UK build back better by giving people better options in the way they consume, earn a living and do business.

Co-operative Case Study

Open Food Network was founded in 2012 in Australia and is an international community that is locally-led across the world. It is a global network of people and organisations working together to build a new food system. It believes there is a need to reconnect producers and consumers through developing a sustainable and resilient food system. It aims to empower people and communities and give them the tools and knowledge to develop the food systems they need for their community (22). Open Food Network operates in nine countries with approximately 636 'shopfront' members (23), and it welcomes new partners as it aims to achieve the vision of a food system that is fair, sustainable and resilient.

One of these is Locavore, a social enterprise retailer, grower and wholesaler running a grocery store in Glasgow (24). It delivers veg boxes across west-central Scotland, growing their own produce on urban plots and a market garden. Locavore connects people with locally and ethically sourced produce via its shop, wholesale operation and vegetable box scheme, and has been a genuine lifeline to some of its customers during the pandemic. Short supply chains and direct relationships with producers have proved key to coping with increased demand, including delivery to some of the community's most vulnerable people. "People really appreciate that we are reliable, that they can rely on us in an emergency. They're grateful we have been able to keep going, keep delivering their veg boxes, keep the shop open and well stocked", said Locavore's Dorothea Warlich, going on to say" It has really helped having the local connections. We are all about the short supply chains. I really hope this encourages a wider range of people willing to support the food producers in their local communities." (25).

In the four months from mid-January to mid-May the weekly turnover of Open Food Network shops increased by more than 1200% to almost £60,000 per week (26). They work to a clear set of values to facilitate a fairer system. They can give farmers a fair price and shoppers affordable, quality produce. COVID-19 has brought into sharp focus the need for local control of food systems, resulting in a real coming together of communities around the system, with a lasting effect.

Community Benefit Societies

A community benefit society is an enterprise that is run by the community to serve the broader interests of the community, in contrast to co-operative societies that serve the interests of members. All profits must be ploughed back into the business, rather than being distributed to members. They were previously known as Industrial and Provident Societies, until changing in 2010. It is incorporated and registered under the Co-operative and Community Benefit Societies Act 2014 and authorised by the Financial Conduct Authority (FCA). The 2014 Act requires a community benefit society to "carry on a business, industry or trade" that is "being, or intended to be, conducted for the benefit of the community". But the Act does not provide any further definition or description of what a community benefit society is, creating a reliance on the FCA's registration guidance (27). According to the FCA, they have four key characteristics (28).

A community benefit society is usually run by volunteers or a mixture of volunteers and paid staff, from the community that it is benefiting. Any person or organisation that purchases community shares in the business may attend and vote on issues at the Annual Members' Meeting (AMM) where members elect a management committee that has responsibility for managing all staff, financial and supplies, needed to run the CBS enterprise. The community benefit society should encourage as many local people as

- **Purpose**: "must be entirely for the benefit of the community." There can be no alternative or secondary purposes, including any that may preferentially benefit the members.
- **Membership**: normally have members who hold community shares and are accorded democratic rights based on one-member-one-vote. Any individual or organisation that buys one or more shares becomes a member and member liability is limited to the value of their shares. No group of members should have greater rights or benefits, as it must benefit the whole community.
- **Application of profits**: must be used for the benefit of the community. Unlike a co-operative, profits cannot be distributed to members of a community benefit society. Profits can be reinvested in the enterprise or distributed for social or charitable purposes.
- ·**Use of assets**: it has an asset lock meaning they must only use their assets for the benefit of the community. If it is sold, converted, or amalgamated with another legal entity, its assets must continue to be used for the benefit of the community and must not be distributed to members. Other features include that an elected committee manages it on behalf of the members, and pay interest to can shareholders if there are sufficient funds.

possible to buy shares so that its membership reflects a broad range of the community. It is the community support that will determine its success.

There is also a Charitable Benefit Society that does not have an asset lock which may seek charitable tax status from HMRC. They are currently exempt from registration with the Charity Commission, although this is expected to change at some point in the future (29).

Community Benefit Society Case Studies

Todmorden Learning Centre and Community Hub (TLCCH) is a project combining a community hub with a school for sustainability skills for an uncertain future. Its vision is to bring Todmorden Community College into community ownership, and see it fully used for the purposes of education, business and the community. The college used to be a vibrant, thriving hub at the heart of Todmorden but in recent years, with the withdrawal of Calderdale College and other tenants, the building has become under used (30).

TLC will encourage business enterprise, personal development and community engagement, in so doing enhancing the wellbeing and employment choices of its users. Central to the vision is the maintenance of the existing Children's Centre and Youth Services in a thriving hub, whilst considering ways to support and develop provision.

Natural building, agro-ecology and energy matters are to be taught alongside creative subjects and community-led learning (31). It will also be home to some council services including the Children's Centre and the Youth Club. There are three key community themes for the hub and learning centre that are core to its purpose, based upon the "Theory of Change" model (32).

- **Provide a Community Hub** - A welcoming, accessible and inclusive space for the whole community
- **Support Local Business** - Provide working spaces for local businesses, start-ups and entrepreneurships
- **Support Local Youth** - A welcoming space for young people to learn and be part of the community by facilitating a Surestart and Youth Group.

They also have three key Climate Challenge themes for the hub and learning centre including (33):

- Agroecology – Promote a sustainable use of the land
- Natural Building - Promote the use of sustainable building methods
- Low Carbon Protect – Promote low and zero-carbon projects

Through a community share issue, it wants to raise £60,000 a year. TLCCH's purpose is to deliver education to support the people of Todmorden. Its strategies are to achieve this through community learning and support and by providing practical employment skills relevant to working in a climate-challenged world are set out in this document (34).

Community Land Trusts

Community land trusts (CLTs) are set up and run to primarily develop and manage homes as well as other assets. They act as long-term stewards of housing, ensuring that it remains genuinely affordable, based on what people actually earn in their area, not just for now but for every future occupier. There are 263 legally incorporated Community Land Trusts in England and Wales, and including new groups forming the number is over 300. There have been 935 homes built to date and more than 16,00 community-led homes in the pipeline, with over 17,000 people as members of CLTs (35).

They are usually set up for several reasons, including lack of affordable homes for young people or families; because an area has suffered due to disinvestment, leaving empty properties; or that the community is doing a neighbourhood plan and they want to take charge about how that plan is delivered.

Community Land Trusts are one form of community-led housing, other types include cohousing, development trusts and housing co-operatives, but all share common principles (36):

1. The community is involved throughout the process in key decisions like what is provided, where, and for who. They don't necessarily have to initiate the conversation or build homes themselves.

2. There is a presumption that the community group will take a long-term formal role in the ownership, stewardship or management of the homes.

3. The benefits of the scheme to the local area and/or specified community group are clearly defined and legally protected in perpetuity.

CLTs are not a legal form in themselves (like a Company), however they are defined in law so there are certain things they must be and do (37):

- A CLT must be set up to benefit a defined community.
- They can't be a not-for-private-profit. This means that they can, and should, make a surplus as a community business, but that surplus must be used to benefit the community.
- Local people living and working in the community must have the opportunity to join the CLT as members.
- Those members control the CLT (usually through a board being elected from the membership).

There are alternatives to CLT housing. Lots of community groups are considering how they can make their communities more sustainable by generating renewable energy. This not only satisfies the appetite in many communities for caring for the environment, but it also provides an opportunity for a CLT to generate income. The advantage of a community-owned renewable energy system is that larger, shared systems tend to be more efficient and better value for money and potentially large sums of money can be raised to fund the capital costs, without necessarily needing a bank loan. These are generally recouped over time through schemes such as the Feed in Tariff (FIT) and Renewable Heat Incentive (RHI), which pays generators to produce renewable energy (38).

Some CLTs have made land available near to the homes built for allotments, and some groups have larger ambitions for community-owned farms. CLTs can also set up community shops, take over the local pub, develop workspaces or other community assets or enterprises.

How a community land trust is set up:

1

Ownership of land is gifted to or bought by the community.

2

The land is built on and led by the community is either sub-contracted or led by an architect/project manager.

3

The CLT provides homes that are genuinely affordable to rent or to buy and will remain so.

4

The CLT remains the long-term steward of the homes and assets.

Community Land Trust Case Studies

Homebaked is a community land trust and co-operative bakery situated on the boundary between the neighbourhoods of Everton and Anfield, just opposite the Liverpool Football Club. The project is co-owned and co-produced by people who live and work in our area. Starting from having saved a neighbourhood bakery from demolition and developed it into a thriving community-run business with an apartment above they proposed to regenerate their high street using money spent in the neighbourhood to benefit their community (39).

Homebaked started life in 2010 as a project in the old Mitchell's bakery in the shadow of Liverpool Football stadium, Anfield. The building like much of the local area had been, under the Housing Market Renewal Initiative (HMRI), designated to be demolished with 1,800 homes and spaces. Homebaked Community Land Trust was born in April 2012 with the aim of refurbishing the bakery building to provide workspace for social enterprise and affordable housing. Today it is run by a board of volunteers and a growing collective that includes people from the local area and professionals from the fields of law, architecture, accountancy and housing. Homebaked CLT have started on a process of designing, planning and learning together with our local community; a project named 'Build Your Own High Street.' The project has grown from the model of the bakery and proposes a larger scheme of community-led development and regeneration of the land adjacent to the building, providing workspace for social enterprise, long-term affordable housing, and communal outdoor space (40).

The cafe and bakery has become a hub and a meeting point for the different communities in the area, as well as visitors. Next to the day-to-day business they offer training courses for local people and put on events in the evenings. They also run a wholesale and catering business and operate a stall most weekends at markets across the region. The cafe is open 6 days a week, employing local people and paying a living wage (41).

Community Shares

Community shares are a form of crowdfunding. A way of financing projects, businesses and loans through small contributions from many sources, rather than large amounts from a few. They are a flexible and effective way to raise finance – benefiting businesses, investors and the wider community. An innovative, accessible investment model, community shares has become a popular approach to raising finance. It is unique to co-operative and community benefit societies – businesses owned and run by local communities across the UK. Communities can finance new renewable energy schemes, save pubs, shops, community centres and football clubs. By investing, individuals can support business and organisations important to themselves and their communities and become co-owners of the business in the process. Data taken from 'Understanding a maturing community share market' by Co-operatives UK, shows that there are 440 enterprises undertaking 585 share offers that have raised £155m from over 100,000 people. Of these, 92% are still trading (42).

Community shares are a form of share capital unique to co-operative and community benefit society legislation. Features are (43).

- Cannot be sold or transferred to third parties – ensuring no speculation or capital gain. They can be sold subject to the society's terms & conditions.
- One member, one vote, not one share, one vote - ensures democratic control of the organisation by members. This means no matter how much members invest, everyone has the same voting right.
- Share offers are exempt from financial regulation (FMSA 2000) - ensures shares are affordable/practical for societies to issue.
- Interest can be paid on share capital (but has no limited return) - ensures investors are compensated but focuses on long-term community benefits not private gain.

Community shares make investment accessible, giving people a stake and say in what matters to them. Investments in community share offers can be from as little as £10, with an average investment of £395 (44). People invest in the businesses they care about; they receive a financial return, (average interest is 48%) and a stake in the business. The average share offer is £300,000 with the number of investors being 250. Community shares work best when part of a 'blended' approach for raising finance. For every £1 invested by an individual in a community share offer, at least £1.18 of additional funding has been leveraged through grants, loans and institutional investment (45).

Community shares has significant potential to reduce inequalities and level up society. 80% of people invest in community share offers because of the wider social or environmental benefits of the organisation – and 78% have invested outside of their own locality. Data suggests that only 2% of investors in community shares are in the North East, yet, as mentioned, many invest outside of where they live, meaning there is potential for investment in Gateshead (46). Motivations for them to invest include wider social benefits (80% when asked and the top reason), to invest outside of their area (78%), because they become a co-owner of a business (46%), with only 20% saying for financial return (47).

The majority of funds raised through community shares have been raised in the energy, food, farming and retail sectors. There's also been growth and innovation in other sectors including social care, housing and media. There is significant evidence of the role of community shares as a useful tool in local, place-based economic development. Community shares can also be part of a much broader approach to levelling up society and tackling inequalities. Levelling up society is currently understood as tackling regional inequality by investing in 'left behind' areas across the country.

Community Shares Case Study

Ye Olde Cross is a community-owned and family run pub located in the heart of Ryton Old Village (48). The 100-year-old pub closed in 2018 but villagers and shareholders came together and started raising funds through community shares, events and grants and a loan to purchase the building. They raised £150,000 by selling community shares in the Ryton Cross Community Society co-operative, which was set up to buy the pub (49). They also raised a further £100,000, through a grant and loan from the Plunkett Foundation and Power to Change's More Than A Pub scheme (50).

They secured the purchase of the pub in January 2019 and since then, through a team of volunteers, have worked to renovate and refurbish the space. A committee of 12 volunteers make up the R.C.C.S (Ryton Cross Community Society) and together ensure the pub meets the joint vision of a community pub. A further campaign of community shares, costing £20 per share with a minimum purchase of ten shares continued until June 2019 to raise funds for refurbishment.

Conclusion

This report has explained the ideas behind community wealth building and its aim of strengthening communities through broader democratic ownership and control of business and jobs. It is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people. It has five pillars that areas that want to build community wealth should follow, which are finance, land and property, spending, workforce and building the economy.

To achieve this there must be a close working relationship with the anchor institutions in the local area. Those statutory or private organisations that are locally rooted such as councils, hospitals, universities, colleges and housing associations. They play a defining role in creating and reinforcing local economic ties and increasing community wealth building through how they spend their money, employing local people and considering how they use their land, property and financial assets in each community. This can help to stop 'leakage' of money outside of the local area.

The report has identified three types of societies that serve three different groups of beneficiaries. Co-operatives are for member benefit with no obligation to the wider community, so any profit is distributed to them; community benefit societies are for community benefit, so profit is for the community and has to have an asset lock; and charitable community benefit societies are for public benefit and can be a charity. Of the three, we concentrated on co-operatives and community benefit societies.

Co-operatives have the scope to distribute profits to members in the form of a dividend based on the level of their transactions with the co-operative, which can incentivise member loyalty and strengthen the business model. Co-operatives might have greater appeal to members who are attracted by the benefits of mutuality and community.

Community benefit societies with a statutory asset lock may provide greater reassurance to public funders and grant-giving bodies, whilst still affording such societies the freedom to engage in a wide range of business activities and are not restricted to pursuing charitable objects. Community benefit societies might be more appealing to members who put wider community benefit before their mutual interests. It is also worth noting that it is possible to convert a co-operative into a community benefit society, but it is not possible to convert a community benefit society into a co-operative. (51).

Alongside this is Community Land Trusts, which are set up and run to primarily develop and manage homes as well as other assets on a long-term basis. This is so it remains genuinely affordable, based on what people earn in their area, not just for now but for future occupiers. A CLT must be set up to benefit a defined community and can't be not-for-private-profit. This means that they can, and should, make a surplus as a community business, but that surplus must be used to benefit the community.

They can also be used to develop renewable energy or for food production. They can be run as either co-operatives or community benefit societies.

Both of these models can benefit from raising community shares. They are unique to co-operatives and community benefit societies and are a way of raising funds for community benefit alongside loans and grants. They are one member, one vote, not one share, one vote, which ensures democratic control of the organisation by members. This means no matter how much you invest everyone has the same voting right. Investments can be from as little as £10, making them accessible for all, and many invest outside of their community, meaning there is not a reliance on only people within the community. The aim is to build community wealth through economic initiatives like co-operatives and other democratic enterprises. Suggested initiatives to start the process include (52):

1

Legislate locally for public sector spending/investing requirements to meet criteria for community development, ecological outcomes and more.

2

Contact the anchor institutions in the local area to analyse spending and how much leaves the local economy.

3

Set up a Co-operative Development Network to help co-ops and community benefit society start-ups.

4

Channel money into community land trusts to keep land in the hands of residents.

5

Build formal alliances with other local authorities with similar aims, both in the UK and beyond.

6

Set up a Community Development Bank to keep wealth circulating productively

Questions that need to be asked to understand what type of society would benefit Bensham & Saltwell and the local area include:

1. What anchor institutions do we have in the area that we could work with?
2. What assets do we have in the area and what opportunities or gaps are there?
3. What sectors do we want to explore, i.e., food, energy, community shops or services?
4. Should we look for member benefit or community benefit, or are both relevant to the area?
5. What is the role of the Best of Bensham Collaborative in community wealth building? Are we a leader, champion or supporter?
6. Should Best of Bensham Collaborative be the leader and instigator of developing community owned businesses or does it support community members in starting their own through advice and financial support? Is it about developing and supporting both?

Through asking these questions Bensham & Saltwell can start the process of exploring community wealth building as a way to support our community in creating new opportunities, developing economic wealth and giving control to Bensham & Saltwell people.

Further Reading and Resources

CLES - https://cles.org.uk/

Community Shares - http://communityshares.org.uk/

Community Wealth - https://community-wealth.org/

Cooperatives UK- https://www.uk.coop/

National Community Land Trust Network - http://www.communitylandtrusts.org.uk/

Power to Change - https://www.powertochange.org.uk/

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