

TITLE OF REPORT: Corporate Resources Overview and Scrutiny Committee – Review of Community Wealth Building: Final Report

REPORT OF: Mike Barker, Strategic Director, Corporate Resources and Governance

Purpose of the Report

1. This report sets out the findings and recommendations of a review by Corporate Resources Overview and Scrutiny Committee (OSC) in relation to its review of Community Wealth Building

Background

2. Within the 2022/23 work programme Corporate Resources OSC agreed to carry out a review of progress made with implementing Community Wealth Building in Gateshead.

Review Methodology

3. The review comprised two evidence gathering sessions. Evidence was sought from the internal council services, including Corporate Commissioning and Procurement, Economic Development and Human Resources. Centre for Local Economic Strategies (CLES) prepared a presentation for the Committee and the North East Business and Innovation Centre also presented to the Committee.
4. All of the sessions included a presentation by each of the groups / organisations listed followed by a Q and A session.

Proposal

5. The final report contains a summary of the evidence gathering sessions, the findings, issues and challenges arising from the review, these are set out in paragraphs 3 and 4 of the report at appendix 2. It is proposed that Corporate Procurement oversee implementation of the 10 recommendations agreed by Corporate Resources OSC as set out in paragraph 5 of the report at appendix 2.

Recommendations

6. It is recommended that Cabinet:
 - (i) Notes the findings gathered from the evidence gathering sessions undertaken by the Corporate Resources Overview and Scrutiny Committee and the 10

recommendations agreed by the Committee on 17 April 2023 outlined in the report attached at appendix 2.

- (ii) Agrees the 10 recommendations from the Corporate Resources Overview and Scrutiny Committee review as set out in appendix 2.

For the following reasons:

- (i) To ensure the Council continues to develop its approach to Community Wealth Building.
- (ii) To ensure the Council can meet its Thrive pledges, in particular to put people and families at the heart of everything we do, tackle inequality so people have a fair chance and support our communities to support themselves and each other.

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Policy Context

1. The proposals support the pledges within Making Gateshead a Place Where Everyone Thrives and the Council's ambition to retain as much wealth within Gateshead as possible.

Background

2. In the review scope, the review focussed on:
 - Making community wealth building central to Gateshead strategic direction through its strategy;
 - E-learning modules to be developed on community wealth building which are available via the intranet for all staff across the Council;
 - Reviewing spend analysis of the top 100 suppliers to identify where contracts could be delivered locally, addressing gaps in the local supply chain and those opportunities offered to local suppliers;
 - Exploring the development of social enterprises through the work of Economic Development;
 - Improving SME's access to contract opportunities through improving our internet pages and having a greater presence on social media;
 - Supporting the development of a more inclusive economy by working with other organisations to embed community wealth building through the Community Practice meetings and discussions at Anchor institute meetings.

The review also helped develop an understanding of the linkages with Social Value, progress with the Anchor Network and work that is being progressed to grow local and community ownership of the economy.

Consultation

3. The process of the review has involved the presentation of evidence, research and an opportunity to involve a range of partners, notably Corporate Commissioning and Procurement, Economic Development, Centre for Local Economic Strategies (CLES), North East Business and Innovation Centre were actively involved in the review.

Alternative Options

4. The evidence gathering sessions enabled the consideration of a range of issues, with the final recommendations being those considered to be the most appropriate by Corporate Resources Overview and Scrutiny Committee.

Implications of Recommended Option

5. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms there are no financial implications arising directly from this report.

- b) **Human Resources Implications** - There are no direct staffing implications arising from this report.
- c) **Property Implications** - There are no property implications arising directly from this report.
- 6. **Risk Management Implication** - There are no risk management implications arising directly from this report.
- 7. **Equality and Diversity Implications**- There are no equality and diversity implications arising directly from this report.
- 8. **Crime and Disorder Implications** – There are no crime and disorder implications arising directly from this report.
- 9. **Health Implications** – There are no direct health implications arising directly from this report.
- 10. **Climate Emergency and Sustainability Implications** - There are no climate emergency or sustainability implications arising directly from this report.
- 11. **Human Rights Implications** - There are no direct human rights implications arising directly from this report.
- 12. **Ward Implications** - There are no direct ward implications arising directly from this report.

Background Information

Corporate Resources Overview and Scrutiny Committee reports:

13 June 2022

24 October 2022

23 January 2023

6 March 2023

17 April 2023



**Corporate Resources
Overview and Scrutiny Committee
17th April 2023**

TITLE OF REPORT: **Review of Community Wealth Building: Final Report**

REPORT OF: **Andrea Tickner Service Director Corporate Commissioning
& Procurement**

SUMMARY

This final report sets out the findings and recommendations of the Corporate Resources Overview and Scrutiny Committee review on Community Wealth Building

1. Introduction

- 1.1 At its meeting on 13 June 2022, Corporate Resources and Overview Committee agreed the scope for the review focussing on:
- Making community wealth building central to Gateshead strategic direction through its strategy;
 - E-learning modules to be developed on community wealth building which are available via the intranet for all staff across the Council;
 - Review spend analysis of the top 100 suppliers to identify where contracts could be delivered locally, addressing gaps in the local supply chain and those opportunities offered to local suppliers;
 - Explore the development of social enterprises through the work of Economic Development;
 - Improve SME's access to contract opportunities through improving our internet pages and having a greater presence on social media;
 - Supporting the development of a more inclusive economy by working with other organisations to embed community wealth building through the Community Practice meetings and discussions at Anchor institute meetings.
- 1.2 The review was facilitated through a series of Evidence Gathering sessions

2. Review Methodology

- 2.1 The review comprised of two evidence gathering sessions. Evidence was sought from the internal council services, including Corporate Commissioning and Procurement, Economic Development and Human Resources. Centre for Local Economic Strategies (CLES) prepared a presentation for the Committee and the North East Business and Innovation Centre also presented to the Committee.
- 2.2 All of the sessions included presentations by each of the above followed by a question and answer session.

3. Summary of the Evidence Gathering Sessions

- 3.1 Session 1, held 24th October 2022, provided Committee with a summary of the Council's approach to community wealth building and briefly explored the 5 pillars of community wealth building:
 - **Commissioning and procurement**
 - **Fair employment and just labour markets**
 - Socially productive use of land and property
 - Making financial power work for local places
 - **Grow local and community ownership of the economy**
- 3.2 A range of activities had been undertaken including reviews into spend, officer interviews and workshops. Gateshead had prioritised the above pillars of commissioning and procurement, fair employment and just labour markets and grow local and community ownership of the economy (all highlighted in bold).
- 3.3 An anchor network was initiated in 2020, however a number of the anchor institutions were not able to share data and the network stalled during COVID due to each organisation having other priorities. Work is ongoing to reconvene the anchor network.
- 3.4 Stuart MacDonald from Centre for Local Economic Strategies (CLES) prepared a presentation to the Committee that explained the 5 pillars of community wealth building in more detail, providing examples about how each pillar contributes to building or retaining wealth within communities and setting out both the work that the Council and CLES have undertaken. The presentation was delivered by Andrea Tickner, Service Director, Corporate Commissioning and Procurement as Stuart's train was delayed, however he attended in time to answer questions
- 3.5 During COVID, a Social Value framework was developed which will help to deliver community wealth building and work had been undertaken to develop the community wealth building narrative.
- 3.6 Reported progress with the implementation of community wealth building included:
 - CLES commissioned to support the development of a Community Wealth Building agenda for Gateshead in April 2019;
 - Delivery of CLES initial report outlining recommendations in November 2019;
 - Development of internal commissioning and procurement proposals for capacity to support community wealth building in Gateshead in November 2019 (however this was delayed until April 2021);

- Greater emphasis on pre-procurement engagement with local organisations, quotations being ring fenced to local companies and a switch towards dynamic purchasing systems (DPS's) being made where appropriate to try to specifically target local organisations and encourage them to trade with the Council since December 2019
 - Action plan developed to implement community wealth building in March 2020;
 - COVID struck, March 2020;
 - Established Gateshead Local Enterprise Group to carry out enterprise support mapping and develop action plan in July 2021;
 - Social Value Toolkit approved for all procurements exceeding £100k in October 2021;
 - Established procurement anchor network to review spend analysis and develop an action plan in December 2021;
 - Established employment anchor network group to carry out employment analysis and develop and action plan in December 2021;
 - Work commenced on designing the community wealth building e-learning module June 2022;
 - Work commenced on updating the procurement internet pages in July 2022;
 - Establishment of social value database and more proactive approach to including required social value via a "wish list" in July 2022;
- 3.6 Session 2, held on 23 January 2023, provided additional evidence to demonstrate how the Council is implementing community wealth building across a range of activities.
- 3.7 Commissioning and Procurement. Janine Copeland explained that the Corporate Commissioning and Procurement Strategy is built on community wealth building principles, and it ensures that Council priorities including the implementation of community wealth building are incorporated into all commissioning and procurement activity.
- 3.8 The Council has also developed a Social Value Toolkit that also incorporates community wealth building principles and will drive this agenda forward. To date social value commitments aligned to a value of £3.8m had been offered through a range of procurement processes and a fixed term social value co-ordinator post had been established to manage the allocation and delivery of social value offers.
- 3.9 Grow local and community ownership of the economy. Andrew Tate from Economic Development also presented to the Committee, and highlighted the three strands that have been developed to improve this element of the work:
- Build a more generative economy
 - Build a more democratic economy
 - Build financial resilience
- 3.10 A Gateshead Local Enterprise Group has been established with the objectives of:
- Increasing the number of generative enterprises in Gateshead and supporting their development
 - Ensuring that local enterprises can compete for both public and private sector contracts and that opportunities are accessible to them in order to maximise the retention of wealth locally

3.11 Progress made to date is as follows:

- The Generative Economy in Gateshead has been baselined at over 80% of all businesses;
- EU funds have been levered to provide self-employment support and start up bootcamps;
- 79 new businesses have commenced trading so far in 2022/23;
- An accelerator programme has been piloted to facilitate growth in Social Enterprise;
- A Gateshead Connect service has been introduced with 4000+ supplier matches to 22 contract opportunities;
- There has been improved visibility of live and pipeline tender opportunities via social media, and e-newsletter
- Work has been undertaken to market test low value contract opportunities through the group's networks;
- A guide has been updated on how to do business with the Council.
- The procurement and economic development teams are actively supporting businesses to register on the Council DPS and NEPO Open portal (the new tendering portal soon to be implemented across all local authorities in the region)

3.12 The Committee also heard from Michelle Booth from the North East Business and Innovation Centre on some of the work they have been doing with businesses in Gateshead. They established a social enterprise team in 2018 and are one of the largest in the country. The centre is recognised both regionally and nationally as leaders in the field.

3.13 The team set up an Innovate for Good Incubator pilot in Gateshead at the start of covid, bringing together 11 social enterprises as a learning circle. The businesses get 1:1 business support, co-working opportunities, and come together once a week and a series of workshops were held including:

- Exploring your products/services
- Exploring impact
- Business planning
- Funding, markets and social media
- Developing your strategy

3.14 The Committee also received a presentation from Corporate Procurement regarding the Gateshead Anchor Network organisations which include the Council, Gateshead College and Gateshead NHS Foundation Trust (GHFT), NE and Cumbria Integrated Care Board, Connected Voice, Newcastle United Foundation, Bloom and NEPO. The anchor organisations have all agreed participation going forward and opportunities are being explored to collaborate with the already established North of Tyne Anchor Alliance.

3.15 Further ongoing work within Gateshead includes:

- Embedding of community wealth building e-learning modules
- Opportunity to embed community wealth building training across anchor organisations
- Promotion of the How to do Business Guide
- Continuing to promote contract opportunities through social media platforms
- Continuing to collaborate with the anchor organisations

3.16 The Committee were shown the Community Wealth Building e learning module.

3.17 Meeting on 6 March 2023

The Committee received an interim report at this meeting and requested information about gender equality in local economies. CLES released an announcement on 8th March 2023, National Women's Day, based on research that it had carried out jointly with The Women's Budget Group that suggested that the barriers to paid work encountered by women means that £88.7bn GVA is lost to the economy in England, Scotland and Wales annually. A link to the detail of this work can be found [here](#).

4. **Findings, issues and challenges arising from the review**

4.1 The following were discussed during the review process:

- The landing pages for doing business with the Council do not mention social value;
- Members were keen to see the Social Value Toolkit and a demonstration was incorporated within the second evidence gathering session;
- Members were keen to explore how we enable smaller organisation to bid for work and that was incorporated within the second evidence gathering session;
- It was suggested that there is a lot of expertise in the form of Ward councillors who have had previous roles in non-profit and other voluntary and social enterprises that is not currently tapped into;
- There is a whole new health structure which covers the whole of the North East and whose Chief Executive is really conscious of their role as community wealth builder and officers should engage with the Director of Place for Gateshead.
- We need to get better at understanding why companies are not submitting bids to us, although it was acknowledged that a huge amount of effort goes into trying to attract local companies where appropriate.
- It was queried whether there is a role for the council in connecting informal networks where no money changes hands and goods are exchanged in lieu of money (example one person pays for apples to feed their livestock with jars of jam, or one person has a garden but is no longer able to tend it allowing other people to use this resource)
- We need a much better understanding of what businesses exist in Gateshead and what they can supply as there is an issue around market intelligence and the creation of a database was not considered to be the answer because it would be difficult to maintain.
- One ward councillor brought together all of the voluntary organisation within his/her ward and was surprised at how many of the organisations did not know each other.
- The business networking programme that was led by the Council has not been re-established since COVID, however it will commence in March 2023.
- Members believed that we are a bit late in supporting co-operatives in the Borough in the same way that other authorities currently are despite us having Social Enterprise status since 2014.
- Too much emphasis is given to the legal status of organisations and it is important that the most appropriate legal status is used.
- There was concern that not for profit companies are not always the best types of organisation to deal with as some pay themselves huge amounts of money.

- It was suggested that we undertake a piece of research through Northumbria University to look at all of our contracts and see what the directors of not for profit organisations are being paid.
- In order to work better with small and micro business we need to increase our engagement with them as we have better intelligence for local businesses due to the Pandemic as we supported them with funding.

5. Recommendations of the review

Recommendation 1 – continue to drive community wealth building through commissioning and procurement, recruitment and economic development activity.

Recommendation 2 – procurement documentation and communications should be reviewed to ensure that there are no barriers for local SME's.

Recommendation 3 – undertake further investigation as to why local organisations do not engage with tender processes.

Recommendation 3 – further networking activity for local suppliers and CVS's should be explored by Economic Development.

Recommendation 4 – ensure that all officers engaged in commissioning and procurement activity across the Council undertake the e-learning community wealth building module.

Recommendation 5 – continue with the engagement with anchor organisations to explore joint working on the following:

- Commissioning and procurement activity
- Recruitment drives and skills development
- Reviewing of land and property assets held by anchor organisations in Gateshead to see if they could be re-purposed;
- Develop a carbon reduction/energy transition approach with anchor organisations
- To undertake workforce analysis, identification of gaps with parts/cohorts of citizens more distant from the labour market

Recommendation 6 – further develop the social value work through the newly appointed Social Value co-ordinator role and by working with the VCSE sector, schools and internal colleagues to maximise social value benefits through future procurement opportunities.

Recommendation 7 – Continue to develop and grow the generative economy working with local organisation to ensure they are fit to compete to maximise their success in future tender and quotation opportunities through pre-procurement market engagement sessions and by encouraging suppliers to attend the NEPO Business Club events.

Recommendation 8 – support the development of the social economy and alternative business models, including cooperatives and community interest companies that have the potential to provide goods and services that meet community need and address gaps in Council and anchor organisation supply chains.

Recommendation 9 – consider developing a social value framework for all planning and development to maximise future planning activity to maximise social and community benefits including residents access to employment opportunities arising from major regeneration projects through the Gateshead Works Service.

Recommendation 10 – Continue to explore opportunities for collaborating with the Anchor Alliance set up by the North of Tyne Combined Authority to enable us to build on the Anchor organisations we work with.

6. Recommendation of this report

6.1 Corporate Resources Overview and Scrutiny Committee is requested to:

- Consider and comment on the information provided in the report, the findings and the recommendations.
- Agree the final report be presented to Cabinet for consideration.

