

Community wealth building in Luton

Final Report March 2020



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Centre for Local Economic Strategies

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Independent	Always acting with integrity
Acting in solidarity	Supporting, nurturing and empowering ourselves and others

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Executive summary

This report was produced by the Centre for Local Economic Strategies (CLES) to assist in developing a community wealth building approach in Luton. The report lays out the context to community wealth building in Luton, outlines the activities that are currently being undertaken, and provides recommendations for how the agenda should be taken forward.

Methodology

CLES conducted this work via our community wealth building “diagnostic”. The process involved assessing community wealth building in Luton across the five pillars of community wealth building. These are: progressive procurement of goods and services; fair employment and labour practices; socially productive use of land and property; financing the economy; and plural ownership of the economy.

We conducted a document review of key Council strategies to develop an understanding of the Luton context, and to highlight pillars where existing activity is strong. We supplemented this work with officer, councillor, and key stakeholder interviews in order to understand what has already been done, and which areas could be developed. An exploratory anchor workshop was held in December 2019, the purpose of which was to identify good practice across institutions, and to inform our recommendations. Finally, a dissemination and discussion workshop was held in March 2020, with representatives from anchor institutions and Luton Borough Council.

Findings and recommendations

Our recommendations are aimed at identifying achievable, evidence-based actions to develop an approach to community wealth building in Luton.

Necessarily, there are some areas where work is more developed, and others where it is less so. There are also some areas where the scope for scaling up work is more feasible than in others.

Nevertheless, it is worth stressing that for community wealth building to take off and make a difference in Luton, there needs to be a meaningful commitment to these strategies, and a recognition of the role they can play in realising the Luton 2040 agenda.

Some of the recommendations are technical in nature, some are more policy-focused, and others relate to culture, governance, and practice. As a whole, they would require significant effort and buy-in. However, it is CLES’ view – shaped by practical experience across the UK and further afield – that if this was to be done, community wealth building would represent a meaningful shift in the lives of

Lutonians, and an effective way of supplementing and implementing the wider Luton 2040 agenda.

RECOMMENDATIONS

Luton as a community wealth building place

- 1) Make community wealth building central to the delivery of Luton 2040
- 2) Publish an annual community wealth building progress report
- 3) Deepen and formalise collaboration between anchors
- 4) The citizens assemblies on climate change should feed into the wider London Luton Airport expansion consultation

Progressive procurement of goods and services

- 5) Undertake yearly spend and leakage analysis
- 6) Review supplier set up process to ensure accurate data
- 7) Use the opportunities of the Luton Investment Framework to be far more ambitious in demanding social value “asks” from suppliers
- 8) Deepen procurement analysis through a survey of suppliers and a market supply analysis
- 9) Formalise social value framework across anchors
- 10) Explore a forum where procurement practitioners from across Luton anchors can collaborate

Making financial power work for local places

- 11) Lobby Bedfordshire Pension Fund to localise spend
- 12) Establish an anchor SME Investment Fund (this also applies to the plural ownership pillar)

Socially productive use of land and assets

- 13) Use the Luton Investment Framework as a catalyst for community wealth building
- 14) Set aside space for “generative” businesses at The Culture Trust (this also applies to the plural ownership pillar)
- 15) Use council and other anchor assets to develop a “deep town approach” to community wealth building within Luton

- 16) Support the growth of the community housing sector

Fair employment and just labour markets

- 17) Undertake an employee mapping and diversity exercise
- 18) Boost anchor-led skills policy and practice
- 19) Push the inclusive employment agenda
- 20) Adopt a “Luton Leader” good employment charter

Plural ownership of the economy

- 21) Investigate the feasibility of forming a municipal energy company
- 22) Undertake business analysis to pinpoint potential firms for co-operative conversion
- 23) Set aside community centre space for plural ownership enterprise hubs
- 24) Establish an anchor SME investment fund (this also applies to the financial power pillar)
- 25) Set aside space for “generative” businesses at The Culture Trust (this also applies to the land and assets pillar)

1. Introduction and context

This report for Luton Borough Council marks the beginning of a journey to develop a more inclusive economy through a new approach to economic development – community wealth building. In so doing, the Council joins a progressive movement of UK local authorities and areas using this approach.

The mobilisation of a community wealth building approach requires political buy-in and leadership at the highest level.

Luton's top priority is ensuring that no-one in the town is living in poverty by 2040. "Luton 2040" will be at the heart of everything Luton Council does as an organisation going forward. While the Luton Investment Framework has made excellent progress in transforming the town, creating jobs and opportunities, and raising aspirations, unfortunately not everyone is benefitting from this growth, and far too many children and working families are living in poverty.

Everyone benefits from a Luton without poverty: residents will live happy and healthy lives, businesses will profit through a thriving economy and highly-skilled and high-performing local workforce, and pressure will ease on public sector organisations and charities who are currently overwhelmed by high service demand.

Ensuring the town has no-one living in poverty by 2040 is a bold ambition, and Luton Borough Council are fully aware they cannot deliver this long term ambition alone. Luton will need all people, organisations and institutions to play their part.

Under the Luton 2040 programme of work an Inclusive Growth Commission was established to advise on how everyone can benefit from the town's ongoing growth and transformation. The Commission has provided valuable recommendations which have shaped thinking on how Luton will become an inclusive, modern and aspirational place, with community wealth building approaches having a key role to play.

The Executive's commitment to this progressive programme of work is therefore an important first step. In this phase of work, the Centre for Local Economic Strategies (CLES) has conducted a diagnostic of Luton Borough Council's progress across the five pillars of community wealth building. The recommendations contained within this report articulate what needs to happen next to make the development of an inclusive economy and community wealth building a reality, in so doing helping to bring about the ambitious Luton 2040 agenda.

This report presents the findings from our community wealth building diagnostic in Luton. The report is split into the following elements:

- Section one places the report within the local strategic and wider UK contexts and gives an overview of the methodology employed;
- Section two sets out the overarching community wealth building frame for Luton and what needs to happen for it to be amplified;
- Sections three to seven are organised by the five elements of community wealth building, and for each we outline the key issues, review Luton Borough Council's existing strategies, review the anchor institutions' approaches, and present emerging recommendations in each area;
- Section eight summarises our recommendations, in the form of an action plan, to build a community wealth building approach in Luton.
- Appendix 1 demonstrates how the pillars of community wealth building apply to achieving the Luton 2040 agenda. Appendix 2 provides a list of stakeholders consulted, documentation reviewed, and anchor institutions present at the workshops, all of which fed into this report.

Why this work is important

It is increasingly clear that our current economic growth model is failing some locations and communities. Recent OECD data showed that the UK is the only developed economy in which wages fell while the economy was actually growing, albeit meagrely.¹ The UK is an economy where one in eight workers live in poverty,² and where 1.3 million people (including children) rely on food banks.³

These problems are not caused by a lack of wealth, but rather where wealth is going, who owns it and who benefits from it. Fuelling this inequality is the fact that the fruits of growth are too readily extracted by the already wealthy few, rather than increasing incomes for the majority. At a local level, the prevailing model of economic development has failed to engage with these questions of wealth distribution, focusing instead on generating contributions to GDP.

Luton Borough Council has committed to eradicating poverty in the Borough by 2040, but in order to do this radical change is needed. This can be developed via the implementation of a community wealth building approach.

What is an inclusive economy?

An inclusive economy is an economy which is focussed on social goals, social justice, environmental sustainability and prosperity for all. From an inclusive growth perspective, inclusion is about what happens after the fact of growth. Whilst helpful, this aim is limited (and limiting), given the scale of the social issues and economic challenges facing our society.

¹ <https://www.ft.com/content/83e7e87e-fe64-11e6-96f8-3700c5664d30>

² <https://www.jrf.org.uk/press/uk-poverty-2017-country-reaches-turning-point>

³ <https://www.independent.co.uk/news/uk/home-news/food-banks-uk-how-many-people-adults-poverty-a8386811.html>

An inclusive economy is a deeper concept, considering how social benefits flow from, or feed into, economic activity. An inclusive economy is an economy which is intrinsically married to social goals, social justice, environmental sustainability and prosperity for all. This is not inclusion after the fact of growth. Instead an inclusive economy seeks to develop inclusion with or without growth, whilst seeking to address the fundamental social flaws of market liberalism more generally. An inclusive economy is not merely about the poor social effects of economic growth outcomes, it is about addressing the causes of the socially damaging approach to growth. This agenda is aligned to a belief in heterodox economics and new forms of economic democracy and urban development such as new municipalism⁴.

What is community wealth building?

As a fundamental driver of an inclusive economy, community wealth building aims to reorganise and control the local economy so that wealth is not extracted but broadly held and generative, with local roots, so that income is recirculated, communities are put first, and people are provided with opportunity, dignity and well-being. Through community wealth building we are seeing a democratic, social and economic movement, which seeks to provide resilience where there is risk and local economic security where there is precarity.

Community wealth building has a particular focus on the activities of anchor institutions. Anchor institutions are large established organisations, rooted in local communities, which can improve local economic and social wellbeing through the use of their spend, employment practices, and use of land and assets.

At the heart of the community wealth building approach are five strategies for harnessing existing resources to enable local economies to grow and develop from within:

- 1) **Progressive procurement of goods and services** – progressive procurement is a means through which greater economic, social and environmental benefits can be achieved for local places and people. CLES have pioneered and been at the forefront of work around progressive procurement in the UK, helping to develop a dense local supply chain of local enterprises, SMEs, employee owned businesses, social enterprises, co-operatives and other forms of community ownership. Increased local spend creates jobs, contributing to a multiplier effect which in turn creates additional jobs via increased demand for local goods and services.
- 2) **Fair employment and just labour markets** – often the biggest employers in a place, the approach anchors take to employment can have a defining effect on the employment prospects, incomes, and overall prosperity of local people and local communities. Commitment by anchors to pay the living wage, have inclusive employment practices, recruit from lower income areas, build progression routes for workers and comprehensive union recognition are some of the examples of actions by anchors that can

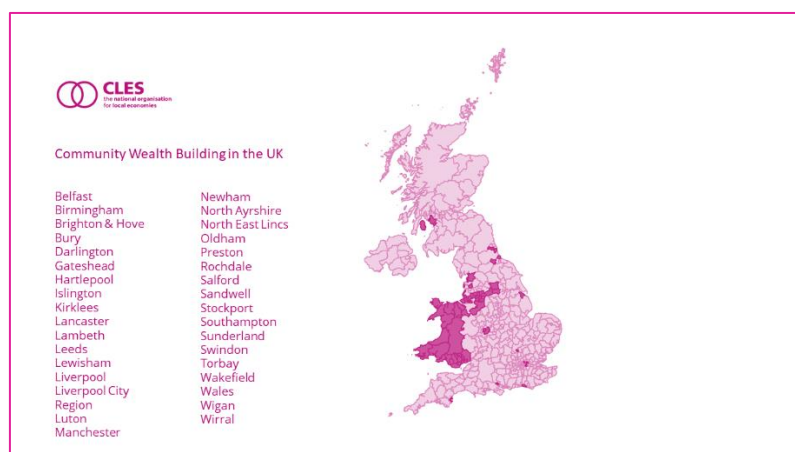
⁴ <https://cles.org.uk/blog/local-government-the-commons-the-time-has-come/>

stimulate the local economy and bring social improvements to local communities.

- 3) **Making financial power work for local places** – community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, rather than by seeking to merely attract national or international capital. For example, local authority pension funds can be encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow, and regional banks charged with enabling local economic development are established. All of these are ideally placed to channel investment to local communities while still delivering a steady financial return for investors.
- 4) **Socially productive use of land and assets** – anchors are often major land, property and asset holders. These represent an asset base from which local wealth can be accrued. In community wealth building the function and ownership of these assets is deepened to ensure any financial gain from these assets is harnessed by citizens. Furthermore, there is a desire to develop local economic uses, and extend local social/community use of those assets. Indeed, much public sector land and facilities are the commons, and should be used to develop greater citizen ownership of the built, open space and natural environment.
- 5) **Plural ownership of the economy** – community wealth building seeks to develop a more diverse blend of ownership models: returning more economic power to local people and institutions. As such, community wealth building asserts that small enterprises, community organisations, co-operatives and forms of municipal ownership are more economically generative within the local economy than large companies or public limited companies.

CLES has worked with dozens of institutions across the UK to develop the community wealth building movement, with each locality taking on a different blend of activities based on the five elements outlined above. 14 million people now live in community wealth building neighbourhoods, which is 21% of the UK's population.

Figure 1: Map of community wealth building localities in the UK



Methodology: community wealth building diagnostic

CLES have undertaken a desk-based review of key documents to assess the extent to which the tranches of work Luton Borough Council is currently undertaking (i.e. in policies, strategies and actions) are reflective of a progressive and inclusive local economic approach, structured around the five pillars of community wealth building.

We then undertook a series of semi-structured interviews with officers, councillors, and key stakeholders in order to analyse their capacity for elements of community wealth building. See Appendix 2 for a full list of stakeholders we engaged with.

In December 2019, we held a series of workshops with key anchor organisations, to better understand the work they are undertaking which aligns with the pillars of community wealth building, and to hear their thoughts and comments on advancing this progressive agenda in Luton.

We have used the findings from this process, alongside the desk based work, and wider experiences and insight from CLES' legacy of community wealth building work to make recommendations across the five pillars.

These recommendations feature at the end of each section, and CLES have produced these with an eye on ensuring specific strategic and policy relevance for either the Council, Luton anchors, or the two working in collaboration.

This report also includes an action plan, in section 8, setting out next steps for each recommendation, as well as a deeper examination of how the strategies and policies of community wealth building can help successfully bring about the ambitious Luton 2040 agenda, which can be found in Appendix 1.

2. Luton as a community wealth building place

Community wealth building should be made central to the narrative and actions related to improving the economy of Luton, achieving the Luton 2040 ambition to eliminate poverty locally, and, by extension, improving the lives and fortunes of Luton residents. This section sets out the overarching strategy of the Council and what CLES see as the key challenges and opportunities going forward. It also makes recommendations as to where CLES thinks there is opportunity for deeper community wealth building work.

Strategic direction

Luton Borough Council's overriding priority is the "Luton 2040" agenda – ensuring nobody in the town is in poverty by 2040. This is a well-developed ambition, with buy-in from councillors, officers, and key stakeholders alike. It is consciously stated as central to the Council's current work.

Related to this is the Luton Investment Framework. The Luton Investment Framework is bringing significant investment to the local area – over £1.5bn of investment, 18,500 new jobs, 5,700 new homes, and two new schools.

An Inclusive Growth Commission has been convened to ensure that this investment is utilised in a way that alleviates poverty, builds opportunity, and helps develop an inclusive economy in Luton. A report has been published by the Inclusive Growth Commission, which makes a series of recommendations for Luton, many of which align with the principles and practice of community wealth building.

In the most recent Corporate Plan, the Council describes itself as a "a community leader" and a "place shaper". In all of this, there is a natural overlap with community wealth building. Indeed, a number of the ambitions set out in the Inclusive Growth Commission report directly hint at this, calling for "a strong foundation of anchor institutions" and a procurement model which "supports local wealth building."

Interviews flagged up a seriousness and deep commitment to the Luton 2040 strategy to eliminate poverty in the town. From a governance perspective, the overlapping Health and Wellbeing, and Inclusive Economy boards is a useful and positive frame by which to approach the achieving of Luton 2040, recognising the interrelationships between health and wealth. Crucially, these boards will be made up of council stakeholders alongside figures from local public services, local

businesses, and the local VCS sector.⁵ Not only does this ensure a variety of voices are heard – it also aligns with the “community” aspect of community wealth building.

A point raised by a number of stakeholders was that previous strategic approaches employed by the Council pursued a number of important goals and aims, but often in somewhat siloed and disconnected ways.

Luton 2040 represents a more streamlined approach, which a number of interviewees felt was important in focusing minds and working towards a singular priority. Bringing together boards across the gamut of issues is therefore important in both minimising duplication and ensuring all relevant sectors of the organisation are aware of ongoing projects and priorities related to Luton 2040. The awareness of health outcomes and how they relate to wealth – and vice versa – is particularly important in the Luton context – this point was made to us by multiple stakeholders during interviews, and in selected documents we reviewed, such as the Population Wellbeing Strategy 2019-2024, which specifically notes that:

“At least 60% of health outcomes are determined by factors outside healthcare (wider determinants). This includes having a good home, good job and good social network (family and friends). Our health and wellbeing ambition, which is linked to our Luton 2040 ambition of eradicating poverty, is that: Luton is a more equitable place where people thrive, have the opportunity to live a healthy life mentally, socially and physically; and maximize their potential.”⁶

However, there is a wariness around the dangers that can accompany investment of the scale that the Luton Investment Framework is delivering, such as gentrification and the entrenchment of an inequitable local economic model. Inward investment can and often does bring growth, but if there are no fundamental changes to how a local economy functions, this growth may not benefit all. Indeed, the levels of investment and regeneration may make life tougher for some Lutonians currently experiencing the rough end of the local economy: struggling to afford their rent, whilst working in unstable and poorly paid sectors, with limited chances for career progression. Inward investment always carries a degree of risk – as well as reward – and it is important to manage this. Community wealth building and the policies and pillars thereof are an important and valuable frame in undertaking this work in relation to the Luton Investment Framework.

Community wealth building also represents a progressive frame and practical and feasible vehicle through which to align the efforts of the Council, along with anchor institutions, in making Luton 2040 a success.

⁵ https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Luton-2040.pdf

⁶ [Luton “s Population Wellbeing Strategy 2019-2024, https://bit.ly/2ujzVom](https://bit.ly/2ujzVom)

Challenges

The way in which community wealth building is applied differs from place to place, reflecting the challenges, opportunities, and capacity of a place. This is no different in Luton, where the approaches and angles to take should be shaped by the issues affecting Lutonians, as well as the specific context of the Luton 2040 agenda and the significant investment entering the locality via the Luton Investment Framework.

A number of challenges can be identified, which community wealth building should be mobilised to address. The Luton labour market is not delivering as it should be for all Lutonians – **poverty** of varying sorts is all too common. There are over 15,000 zero-hour contracts in Luton. More than 1 in 4 working families in Luton live in relative poverty and almost half of the children in Luton live in poverty. Luton also has related issues pertaining to **health** inequalities and outcomes. The difference in life expectancy for women between the most and least deprived areas is 5.6 years; for men, it is 11.6⁷.

The trajectory of the **housing** market is heading in a deleterious direction for many Lutonians. 22% of Luton households live in the private rental sector – 8% higher than the English average. At the same time, average house prices have risen 43.2% between 2015 and 2018, whilst median house prices are now close to 10 times average gross annual earnings. Luton's Housing Strategy shows that private renting is increasingly unaffordable in Luton – especially for those receiving housing benefit or Universal Credit.⁸

There are also significant issues with **skills** in Luton. As the Inclusive Growth Commission Report notes, 12.9% of working age residents in Luton have no formal qualifications, which is considerably higher than the equivalent rates of 7.7% nationally and 7.2% regionally.⁹ This is an impediment to them being able to access the well-paying jobs which are overwhelmingly held currently by non-Luton residents – the earnings of people who commute to Luton are around 11% higher than those of residents who both work and live in the town. This means that people who commute to Luton – rather than those who live in the town – are more likely to be working in better-paid jobs in Luton.

There is an attainment gap between schools in Luton and the rest of England – which grows from 2.6% at early years to a 6% gap by Key Stage 2. Within Luton, there are also significant inequalities in educational attainment. From the perspective of employers, these factors also cause them problems – in 2017, more

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https://www.luton.gov.uk/Health_and_social_care/Lists/LutonDocuments/PDF/Annual%20public%20health%20reports/luton-annual-public-health-report-2018.pdf

⁸ <https://www.luton.gov.uk/Housing/Lists/LutonDocuments/PDF/Housing/housing-strategy-2019-to-2022.pdf>

⁹ <https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/business-economy-skills-presentation-lc.pdf>

than two thirds of employers in Luton had skills gaps in their existing workforces, whilst almost a third had hard-to-fill vacancies due to skills shortages.¹⁰

Opportunities for community wealth building

The sizeable **Luton Investment Framework** means the difficulty faced by many places – a dearth of investment – is much less of a problem for Luton. The Council and other anchors have not just the opportunity, but the responsibility to be bullish and demanding when it comes to negotiating with developers and investors.

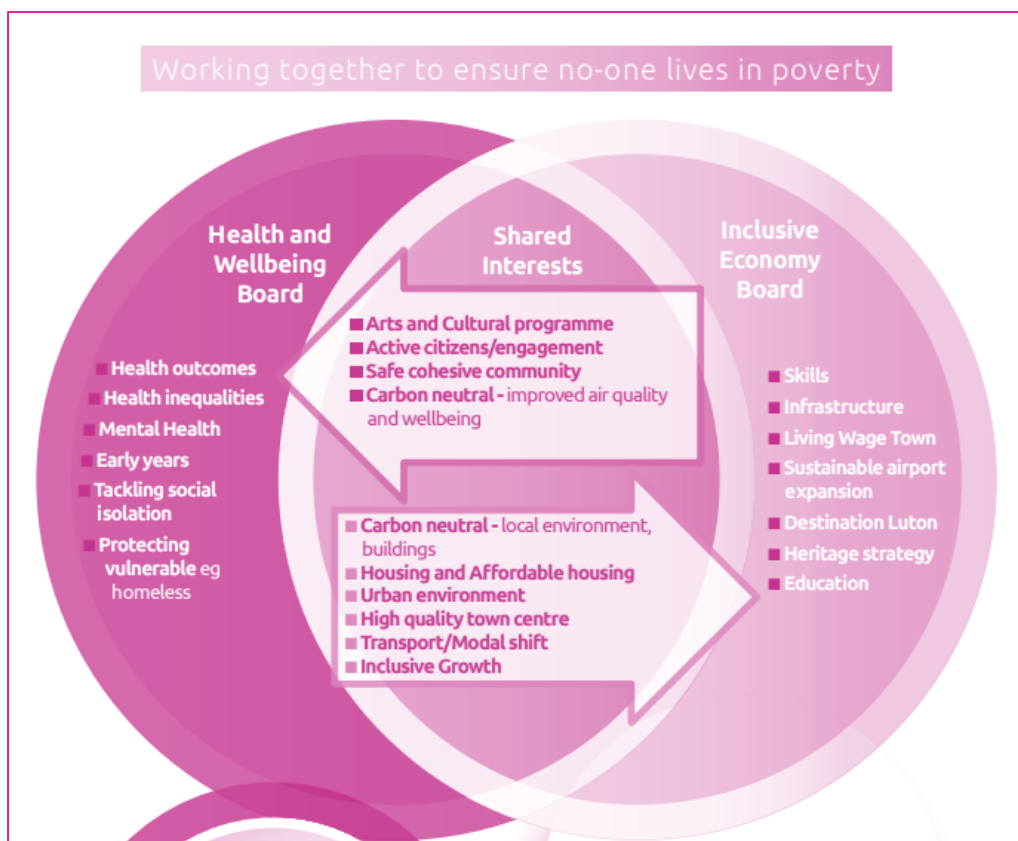
The **Inclusive Growth Commission** was set up by Luton Borough Council in December 2018. The Council, in both its words and its actions, has shown a recognition of the fact that inward investment alone cannot solve poverty, and that Luton needs to build a more inclusive economy. Ensuring the commission's recommendations are implemented and scaled-up is key.

The fiscal context for local government has left many councils in perilous positions and forced them to make difficult decisions. Luton is no different here. That said, the Council has managed to retain a number of insourced departments, particularly in the housing and building sectors, including an architectural arm, and owns both council housing as well as an arms-length housing company, Foxhall Homes. London Luton Airport, owned by the Council, also provides an important revenue stream – the dividend stream provided £20.2m to the Council in 2018-19.¹¹ Including the airport, Luton Borough Council own around 20% of the land in Luton.

As part of the **Luton 2040 delivery and governance arrangements**, there are already well-thought-out workstreams in place, with a broad range of participants representing the Council, businesses, and the community. Luton 2040 has consciously aimed to bring in the community as part of its strategy – consultations recently closed whereby residents and stakeholders could contribute to how they thought this vision could be strengthened and advanced. CLES' work, both in reviewing documents and interviewing stakeholders, flagged up this willingness to involve the community in developing this work. The Luton 2040 boards and governance arrangements are a strong and cohesive starting point from which to both begin building community wealth and working towards achieving the Luton 2040 aim.

¹⁰ https://www.growinglutonttogether.com/assets/documents/Report_GLT_Spreads_Final.pdf

¹¹ <https://futureluton.llal.org.uk/>



Source: Luton 2040 Discussion Leaflet, p. 10.

Commitment to an inclusive economy is integral to the building of community wealth and, per the Luton 2040 ambition, eradicating poverty. Awareness of the relationships between health and wealth – and the wider determinants of health – is also crucial in assembling bespoke strategies for place. This is because looking solely at economic statistics alone may lead to policy proposals that overlook some of the health-related issues holding people back from the labour market and increasing their levels of skills. The same applies in the other direction – health-based interventions which do not have an understanding of, for example, the ways in which low pay or poor housing may lead to health issues,

Luton is well-placed, in other words, to apply the principles of community wealth building – both as a means to implementing the Luton 2040 agenda, and as a broader project that seeks to make Luton's local economy more prosperous and pluralistic.

Anchor institutions

The Luton Inclusive Growth Commission identified the role of anchor institutions – organisations, businesses and public bodies who make the biggest impact locally. Luton already has well developed relationships with a wide range of public, private and community-based anchor institutions and are working closely with these partners so that they may play a more significant role in delivering on the Luton 2040 ambitions.

We have been particularly impressed by the level of engagement and buy-in from private sector anchors in Luton. Private sector businesses such as Luton Town Football Club, EasyJet, Civica, The Mall Luton, Strawberry Star, Kier, and Vauxhall are well engaged and actively changing and shaping business behaviours, particularly around inclusive employment, progressive procurement and the social value agenda.

London Luton Airport, while wholly owned by the Council, is demonstrating through its five year Responsible Business Strategy how a commercial operation can boost its contribution to the local economy and play a role in reducing poverty. The strategy has 63 targets to help ensure the airport's contribution to the local economy supports local businesses and local people to access local opportunities.

Luton have led a successful Real Living Wage employer campaign with Bedfordshire University, Active Luton, and London Luton Airport paying the Real Living Wage to all employees. Private local firms - from Olney Headwear, a 100-year-old family run business to Pearson, a global learning company supporting teachers around the world with learning products – are also accredited Real Living Wage employers. Luton Town Football Club became an accredited Real Living Wage employer in December 2014, becoming the first accredited club in professional football in England.

The Love Luton campaign is enthusiastically supported by Luton's businesses, voluntary and community groups, as well as the Council. Sponsors include Arriva, the biggest bus operator in Luton, who provide the current chairperson for Love Luton. EasyJet have been actively involved for many years, as have Luton Town Football Club, The Mall Luton and TUI, the travel operator.

Delivering on the Luton 2040 ambitions of eradicating poverty will be hugely challenging. However, if Luton can harness the commitment of anchor institutions from across the public, community and private sectors it can embed community wealth building approaches so that everyone benefits from future growth. Residents will live happy and healthy lives, businesses will profit through a thriving economy and highly skilled and high-performing local workforce, and pressure will ease on public sector organisations and charities who are currently overwhelmed by high service demand.

Recommendations

Luton Borough Council

1) **Make community wealth building central to the delivery of Luton 2040**

There is a natural overlap between the aims of community wealth building and those of Luton 2040: providing prosperity; eliminating poverty; building a resilient and inclusive local economy.

We see community wealth building as a strategic frame and practical and feasible vehicle through which to advance these agendas: community wealth building should be made central to the delivery of Luton 2040.

Subsequent recommendations set out in practical or strategic terms how this could be achieved – whilst Appendix 1 highlights the linkages between the pillars of community wealth building and the Luton 2040 agenda. We feel it could be useful for either this report, or Appendix 1, to be shared with all stakeholders working on Luton 2040 delivery.

2) **Publish an annual community wealth building progress report**

As part of their joint work towards achieving Luton 2040, the Population Wellbeing and Inclusive Economy boards should jointly produce an annual community wealth building progress report, assessing progress against the five pillars and recommendations that the Council choose to adopt and push forward on. This should be brought under the remit of the “Shared Interests” work through which there is already collaboration between these boards.

On top of this, we believe the community wealth building work should be celebrated by the council, with successes and case studies flagged up either on the Council website – as is the case with the ‘Luton 2040’ material - or as a part of a discrete website, as is the case with ThinkLuton. Alongside this, we believe there is scope to use these sites as portals with helpful resources and toolkits for anchors and other interested parties.

Luton Borough Council and anchor institutions in collaboration

3) **Deepen and formalise collaboration between anchors**

Our experience across diverse places is that community wealth building is most effective and transformative in places where the local authority and key anchors meaningfully collaborate, with formal structures getting key partners in the same rooms, advancing shared strategies and goals. The Luton 2040 boards are already well-placed in pushing this work, featuring voices from a number of sectors. However, further collaboration should be progressed to deepen and scale-up progressive practice in Luton.

Throughout the following sections we suggest several opportunities for formal anchor networks. These can, and should, serve as the breeding ground for cross anchors discussion, analysis and action. In doing so, they hold the potential to maximise the transformative benefit of community wealth building.

4) The citizens assemblies on climate change should feed into the wider London Luton Airport expansion consultation

The Luton 2040 agenda seeks to eliminate poverty in Luton by 2040. CLES fully supports this ambitious agenda, and sees community wealth building as central to this task. We are aware that London Luton Airport, wholly owned by the Council, is hoping to double passenger numbers to 32 million passengers per annum. This will bring a boost to growth, in the aviation sector, supply chains, and service sectors.

Climate emergency is - and will increasingly become - a social justice issue, and Luton should be leading on this agenda, as it is on poverty alleviation more broadly. Luton Borough Council has taken and is taking action on climate crisis, including planning to hold citizens assemblies. From an infrastructural perspective, there is more that could be done by London Luton Airport; some airports, such as Manchester, East Midlands, and London Stansted Airport, have taken measures to become carbon neutral.¹²

It is also important, however, that there is a joining up between consultations and citizens assemblies. We are aware the consultation on London Luton Airport expansion has closed. Nevertheless, with the scale of the crisis facing us, we feel the Council should explore ways in which the citizens assemblies could feed into this.

¹² <https://www.airportcarbonaccreditation.org/airport/participants/europe.html#tabs-5>

3. Progressive procurement of goods and services

The procurement of goods and services by local authorities and key anchor institutions is a crucial lever in the building of community wealth. Important in all places, there is however a renewed impetus for this pillar in the context of the work taking place through the Luton Investment Framework. It is vital the Council and key partners use their purchasing power and convening abilities to deliver economic, social, and environmental justice to the people of Luton through the progressive procurement of goods and services.

Context

In the financial year of 2017/18, Luton Borough Council spent £238m on goods and services. Around 50% of this procurement spend was with SMEs, and around 25% was with local businesses. From a broader geographical perspective, the public sector organisations across the county of Bedfordshire spent an estimated £800m on goods and services in the 2017/18 financial year.

The Council has an ambitious progressive procurement strategy as well as an in-house spend analyst. This provides the Council with the capacity and skillset to both deepen their activities around progressive procurement and gain a deeper understanding of the local market for suppliers and firms.

What Luton Borough Council is doing

The Prosperity through Procurement document¹³ sets out an ambitious strategy which commits the Council to “achieving significantly improved outcomes in the community through its purchasing and commissioning activities.” This is at the heart of the progressive procurement pillar of community wealth building. The document explicitly speaks the language of community wealth building – there is a recognition of the role procurement can play in boosting prosperity for a place, and an awareness that the Council, along with other large place-based organisations, are “anchor institutions and[...]significant contributors to the local economy”.

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https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Corporate%20Finance/Procurement/procurement-strategy.pdf

Indeed, Aim 2 of the Procurement Strategy, “Contributing to the Local Wealth Building” is to be achieved through pushing a number of aims, including making it easier to tender for Council contracts, increasing proportional spend with local suppliers and local SMEs, supporting suppliers to both hire local and pay the Real Living Wage, and developing collaboration with anchors and local partner agencies. This agenda and strategy supports a realisation of the Inclusive Growth Commission Report’s calls for the development of a “city-wide procurement model which delivers real social value and supports local wealth building.”

To work towards these aims, the Procurement Strategy sets out a timeline for implementation on a number of areas. From a community wealth building perspective, the development of a social value framework and toolkit is a particularly important early milestone.

Whilst this framework has not yet been published, we are aware it is already being utilised in contracts. The Council and partners are using their weight substantively, to ensure the delivery of social value and help to build community wealth across a number of contracts, as we heard during our interviews.

At the Marsh Farm development, for example, hundreds of new homes have been built, with a high degree of local supply chain (82%) and provision of apprenticeships created. London Luton Airport’s construction of the DART – Direct Air Rail Travel – being built to connect the Council-owned airport with St. Pancras station in London, has also been judicious in its use of social value in order to ensure the most possible benefits accrue to the local area. This has meant that, to take just some examples of the lead contractor’s best practice commitments to sourcing: over 80% of the unskilled project workforce from within 20 miles of Luton, all of the unskilled new recruits from within 20 miles of Luton, 90% of plant procurements within 20 miles of Luton, and 100% of sub-contractors who are signed up to the project’s Social Value Charter.¹⁴

More broadly, anchors such as Luton Town Football Club have been ambitious with their football stadium development and the Council has used social value progressively in the Town Centre Master Plan and is looking at collaboration with housing associations.

While good practice examples are strong, social value is not fully embedded across the board. For example, Building and Technical Services – the Council’s Direct Labour Organisation – subcontracts frequently however we heard that an explicit social value framework may not be being used in this context.

There is a sense amongst some officers that some firms were not especially ambitious in delivering social value – seeing it as a tick-box exercise, marketing the same activities as corporate social responsibility internally and social value externally.

¹⁴ <https://dart.llal.org.uk/>

What the anchors are doing

Stakeholders noted several anchors recognise the benefits of a local supply chain, and some are actively seeking to increase theirs. For example, around 40% of the Culture Trust's suppliers are local, and they have plans to increase this to 50% by 2022.

However, a stakeholder noted the challenge with a "lack of bandwidth" within certain organisations to embed social value within their supply chain. To follow in the path of Luton Borough Council, anchor institutions will need support and to support each other with good practice. One way of doing this would be to develop a forum in which procurement officers in Luton anchors can discuss their strategy, activity or challenges to find common solutions.

Recommendations

Luton Borough Council

5) Undertake yearly spend and leakage analysis

The fact that Luton Borough Council has already developed a spend analysis is a positive sign and an important stepping-stone in developing a more progressive approach to procurement. Officers have recently been trained in using CLES' methodology, which in addition to automating some of this analysis, will enable them to undertake more advanced analysis. This includes investigation of non-regional spend – understanding where money is "leaking" out of the Bedfordshire area, and which sectors this is within. The purpose of this exercise is to filter the contracts that are deemed "influenceable" or not – i.e. whether local suppliers could be encouraged to bid for the contract when it is next procured.

It appears there is a strong corporate focus on the overall local spend target, which, at 70% by 2023, appears overly ambitious¹⁵. As such there is a risk of "missing the wood for the trees". Having such a high target may also incentivise spend that would not otherwise be deemed "influenceable", such as capital spend, being included in the local spend figures when a more accurate but lower figure would provide a more realistic measurement of Luton's journey to a more local supply chain.

As such, there is a need to shift focus to a broader consideration of social value within the procurement process more generally, such as firms that pay the Living Wage, offer strong terms and conditions and provide support to the local voluntary and community sector.

¹⁵ To put this into perspective, given 2017/18's local spend of 25%, Luton Council would need to achieve 43% by 2018/19 and 52% by 2019/20 to remain "on target" for 70% by 2023/24.

6) Review supplier set up process to ensure finance system has accurate data

Relying on an external data observatory for use within the Council's spend analysis is perilous. For example, if the private sector organisation deems the observatory unprofitable and discontinues the service, it puts Luton Borough Council's ability to undertake such analysis in jeopardy. In order to build resilience and sustainability in terms of reporting spend going forward the Council's own systems need to capture such data. A review should be undertaken to determine the most efficient way of capturing this data, perhaps by implementing a supplier "set up form" within the finance system. The in-house analysis is an extremely valuable resource in terms of forwarding a progressive procurement agenda; however, the limitations on the quality of data is currently holding back the richness of the analysis possible. A supplier set up form (containing fields such as local office address, SME status, VCS status and industrial classification) would ensure the quality of the data in the system (and hence data being used within spend reporting) is robust, as well as ensuring time-intensive data cleansing is not necessary, freeing up the spend analyst to undertake meaningful analysis of the data.

7) Use the opportunities of the Luton Investment Framework to be far more ambitious in demanding social value "asks" from suppliers

The DART has been progressive in its use of social value, acting in order to ensure the most possible benefits accrue to the local area. This "best practice" process should be applied to all projects as part of the Luton Investment Framework, with social value being a key component of the 2040 delivery strategy.

8) Deepen procurement analysis through a survey of suppliers and a market supply analysis

Luton Borough Council already has access to supply chain data analysis, so the ambition now should be to deepen this analysis by undertaking a suppliers survey.

The purpose of such a survey is to gain intelligence on the local and social value impact of suppliers and the suppliers of those suppliers, assessing the extent to which the entire supply chain understand social value or whether they need support delivering it etc. This monitoring and analysis of social value need not just be limited to the traditional supply chain of the Council, but perhaps also the services the Council has chosen to in-source.

This is also critical to produce the outcomes that frame social value more broadly than merely the percentage of local spend. For example, pursuing higher percentage of spend spent within local suppliers who continue to pay low wages, at the expense of firms paying the Living Wage and/or offering strong terms and conditions.

A market supply analysis is also important in understanding the wider local and regional business base beyond the direct supply chain, to ensure that the Council have a fuller picture of how best they can support a responsible business agenda. This analysis should be undertaken on a regional basis, recognising the size, nature and hence potential of Luton's economy to be self-sufficient. Colleagues in procurement should work closely together with those in economic development to ensure the intelligence gained from this analysis informs and deepens their activities.

These analyses could be resourced by, capacity permitting, either the procurement department or perhaps with assistance from a specialist third party.

Luton Borough Council and anchor institutions in collaboration

9) Formalise social value across anchors

According to stakeholder feedback, a number of anchors agree with the aspirations of the progressive procurement agenda, but lack the "bandwidth" to make it happen.

A way to address this may be to develop a "business case for social value" document, containing "how to do social value", explaining it in terms of a competitive advantage and an explanation of how to prove the impact of social value. This idea was suggested at a workshop attended by anchors and was broadly popular, achieving votes from nine anchors including named support to develop the document from LLAL and Citizens Advice.

In order to lower the capacity required to enact such a process, procurement staff already have plans to "roll out" the existing Council framework to the other anchors, making tweaks to ensure its fit and relevance to each organisation. This would also enable standardisation of outputs, so collective progress can be measured.

10) Explore a forum where procurement practitioners from across Luton anchors can collaborate

There is good practice from Luton Borough Council (and almost certainly from other anchor institutions across the area) that could be shared in a fairly structured manner. There is also already procurement meetings between the council, university, and hospital. The exploration of a deeper forum where practitioners are able to work on joint strategy around procurement, commissioning and social value, but also support each other in very practical terms could be valuable.

This forum could build on the work of the "Central Buying Consortium" that already meet quarterly to share best practice, occasionally buy together for goods/services and discuss implementing measures to address certain issues such as modern slavery. However, the disparate nature of this group's attendees means that a forum with a more Luton/Bedfordshire

focus could add value – indeed, procurement officers are already making links with equivalent colleagues in other local anchors; an initial meeting to explore the feasibility, determine the correct officers to attend and evaluate potential benefits of a semi-regular forum for social value should be scheduled.

Recommendations that anchors voted on during the workshop we held, and which may be topics for investigation at such a forum included helping SMEs to access opportunities to access the procurement process (such as facilitating workshops on how to bid and revising procurement processes) as well as a visible “rating system”, akin to a food hygiene rating, for businesses with regard to their social value commitment.

4. Making financial power work for local places

The UK banking sector is orientated to global markets rather than local investment and economic development. Over recent years, we've seen a stagnation of lending to small business and the closing of many local bank branches and lending centres, reducing the connection between lenders and their local communities. Access to credit is the life blood of many small businesses without which they struggle to operate and compete with larger firms to provide goods and services. At the same time, increasing poverty is driving many individuals to pay-day lenders, with punitive interest rates.

Community wealth building seeks to increase flows of investment within local economies. It does this by harnessing the wealth that exists locally, rather than by seeking to attract national or international capital. For example, local authority pension funds are encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow, and regional banks charged with enabling local economic development are established. Ensuring there are ethical lenders such as credit unions is also key in ensuring local people are not sent into unmanageable debt. As such, access to finance is fundamentally important to the success of community wealth building.

Context

Of course, this is easier in some contexts than others, and the wider national frame can often make this work difficult. Luton's context is shaped heavily by the Luton Investment Framework, which will transform the locality over the coming years, bringing in billions of pounds worth of investment. This will benefit many Lutonians, bringing jobs and opportunities. However, this investment does not look set to tackle the wider issue of finance – or the lack thereof – in the local economy, particularly for SMEs, and for a number of Lutonians.

SMEs are vitally important – both in Luton, and across the UK economy. They account for 99.9% of all private sector businesses¹⁶, 60% of private sector employment and 47% of private sector turnover across the country.¹⁷ Increasingly, however, traditional banks are preferring not to take the perceived risk of lending

¹⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746599/OFFICIAL_SENSITIVE_-_BPE_2018_-_statistical_release_FINAL_FINAL.pdf

¹⁷ <https://www.civitas.org.uk/content/files/helpingsmesaccessfinance.pdf>

to SMEs, increasingly implementing stricter lending criteria. In 2019, the value of bank loans to SMEs fell in more than half of the country.¹⁸

Getting funding to SMEs is crucial. Doing so acts as a poverty alleviation strategy - by helping local firms to flourish, grow, invest, and hire - and as a way of building a robust and resilient local economy, which is not vulnerable to the shocks that can occur through the closure or departure of a large private employer.

Personal debt is also a significant problem in Luton. While some actors locally control the flow of billions, the levels of personal debt managed by Citizens Advice Luton have increased markedly. Citizens Advice Luton managed a record £7.1m of personal debt in 2018 – this was expected to rise a further 20% in the course of 2019.¹⁹

Debt is a complex issue, and in Luton this is especially true – as shown in the Inclusive Growth Commission Report:

"75% of debt cases were in rented accommodation, of which private rented was by far the largest sector. Although each of these factors is not new, the majority of debt clients at Citizens Advice Luton are now living in rented accommodation and in full-time, paid employment. The complexities attached to debt in Luton are also significant, with an average of 10 issues accompanying each debt enquiry, more than twice the national average. Although inward investment from various organisations in Luton makes a positive difference to help citizens obtain welfare benefits, the ability for them to access good credit, make informed decisions and adhere to repayment plans is a major issue".

²⁰

As this shows, there are issues regarding access to credit, especially for those most in need of it: SMEs and many Lutonians, including those in full-time employment.

What Luton Borough Council are doing

Luton Borough Council works in partnership with a number of information, advice, and guidance agencies at the local level, providing integrated debt and money advice to local people.

In terms of business financing, the Council recently reached an agreement with Peugeot SA, owners of Vauxhall, to ensure the continued presence of the firm in the town, and the creation of 200 new jobs. As part of this, Luton Borough Council offered a £3.2m grant to Peugeot SA.²¹

The Council has also invested £1.9m in developing and supporting a programme to help Luton residents secure the jobs which the Luton Investment Framework will provide. This is a bold step, particularly in the current fiscal context for local

¹⁸ <https://smallbusiness.co.uk/sme-lending-falls-2547173/>

¹⁹ https://www.growinglutontogogether.com/assets/documents/Report_GLT_Spreads_Final.pdf p. 37

²⁰ https://www.growinglutontogogether.com/assets/documents/Report_GLT_Spreads_Final.pdf

²¹ <https://www.lutontoday.co.uk/news/future-of-luton-vauxhall-plant-secured-by-170m-investment-1-8444396>

government, and will certainly benefit a number of Lutonians. It also speaks, however, to what some stakeholders regarded as being an overreliance on the Luton Investment Framework. In terms of direct Council provision regarding the support and, in particular, financing of local businesses, there is little in the way of bespoke offers in Luton. Much of the website material redirects users to national or SEMLEP administered funding opportunities. This pillar, then, appears to lack the maturity of some other pillars in the Luton context: CLES sees scope here for longer term aspirational working.

The work surrounding the Luton Investment Framework will provide a boost to the local economy, but there is a danger that Lutonians already dealing with debt, or local SMEs lacking finance, will not be in a position to benefit from this growth.

When it came to discussions with stakeholders surrounding finance, some interviewees noted that the Luton Investment Framework will deliver properties at higher council tax bands, which will provide more revenue to the Council to be redistributed, which could in turn be used to further finance firms and provide credit to individuals in the locality.

Whilst this is true, it is also not a sure-fire strategy to help finance the people and SMEs of Luton. As our recommendations set out, we believe it is important that strategies and policies are implemented which provide the financing for local SMEs and local people – as a compliment to, rather than a detraction from, the activity being undertaken as part of the Luton investment Framework. Particularly in the case of SMEs, it is vital that adequate financing is available to ensure they are able to benefit from the economic activity that the Luton Investment Framework will – and is – bringing about.

What the anchors are doing

A number of the anchors use their financial clout for the good of Luton and Lutonians. EasyJet, for example, financially supports community initiatives and “Love Luton”, as does Luton Town Football Club. London Luton Airport Ltd also provides streams of community funding, as well as providing the Enterprise Grant which is administered through Wenta.

We got the sense, however, that many of these good initiatives are not as joined up or coordinated as they could be. This is the case between anchors, and – in some cases – between individual anchors and Luton Borough Council itself. More broadly, directing finance to existing or emerging businesses – LLAL’s Enterprise Grant excluded – seemed to be an underdeveloped strategy.

Recommendations

Luton Borough Council

11) Lobby Bedfordshire Pension Fund to localise spend (see case study below)

The scale of inward investment into Luton suggests that there is an expectation that significant returns can be achieved in coming years. If this is true for the private sector, it is also true for public pension fund capital.

With due awareness of time horizons and fiduciary duty, renewed attempts should be made to encourage Bedfordshire Pension Fund to invest locally, especially in projects with clear social value such as social housing. Longer time horizons can, indeed, be beneficial, in allowing investment into projects which will deliver significant returns over the medium to long term.



Local pension fund investments

Lancashire and Preston

In much the same way that Luton's local government pension fund is managed by Bedfordshire County Council, Preston's pension fund is managed by Lancashire County Council. As part of the "Preston Model" of community wealth building, these two organisations worked together to localise pension investment in Preston. Since 2013, £100m has been allocated in Preston and South Ribble, with investments in student housing and hotel redevelopment. This strategy ensures stable returns also benefit local people and the local economy.

Luton anchor institutions

12) Establish an anchor SME Investment Fund (this also applies to the plural ownership pillar)

Many of the anchors already support Luton and Luton businesses – both through their own supply chains and hiring practices, and through direct schemes such as the London Luton Airport Ltd Enterprise Fund. Community wealth building is about bringing anchors together, to scale-up their impact in place, and we believe this can be done through a jointly funded anchor SME investment fund.

Local SMEs and start ups should be able to bid for tranches of this money – this was a suggestion made by a number of anchors at the workshops we attended. Indeed, intelligence from the market supply and supply chain analysis should dovetail with this process, helping inform which types of local businesses need investment in order to build capacity to fulfil anchor contracts. There is scope here to further deepen the social value agenda locally, by making potential recipients commit to achieving social value target requirements as a prerequisite for support. On top of this, attempts should be made to directly target this support at sectors seen locally as key targets for development and promotion.

As well as supplying anchors, the Luton Investment Framework brings with it the opportunity for local SMEs to grow, employing more local people, building local supply chains, and spreading prosperity throughout the town – but finance is key to their achieving this.

We also believe a proportion of this fund should be aimed towards the development of plurally owned businesses, such as co-operatives and social enterprises. Developing and nurturing a flourishing, diverse business base is also a route to helping combat issues of debt, ensuring more workers in Luton are benefitting from the wealth they are creating.

5. Socially productive use of land and assets

Land and assets form a key element of community wealth building. Whilst a traditional economic development approach might only measure the value of these assets in economic terms, developing a community wealth building approach in Luton would see these assets harnessed to serve the common good.

Context

Compared to some other local authorities, Luton is in a relatively auspicious position when it comes to land and asset ownership. Stakeholders informed us that almost 20% of land in the county, including the airport, is owned by the Council. The Council has both a council house building programme and a property company, Foxhall Homes, which is wholly owned by the Council. Around 10% of the properties in Luton are owned by the Council.

The Property and Construction section is made up of the Estates, Project Management, Facilities Management, Maintenance, Compliance, Design, Investment, Energy and Agile Working Teams. The Council had previously experimented with outsourced delivery but had decided to return to insourced working as a result of calamities seen in other localities.

As noted earlier, the Council also owns London Luton Airport, which provides revenue. The town also has land set aside for development. Whilst this is a comparatively strong position for the Council to be in, Luton is also facing issues in the land market.

Recent years have seen average housing prices increase markedly – by 43% between 2015 and 2018.²² Median house prices in Luton are almost 10 times average gross annual earnings. Almost a quarter – 22% – of households in Luton are living in the private rental sector: this is higher than the national average and this sector, too, is becoming unaffordable for a number of Lutonians.

In the Housing Strategy 2019-2022 document, the Council has produced a housing ladder diagram showing affordability levels – this was referenced during a number of our fact-finding interviews. Those with incomes in the bottom 50% in Luton cannot afford a family sized property of two bedrooms or more in the private

²² <https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Planning/Observatory/luton-poverty-needs-assessment-2018.pdf>

rented sector, with Local Housing Allowance (LHA) rates well below actual rental costs in the town.²³ Poverty after housing costs is therefore a big issue in Luton.

There are also issues in the town centre. One interviewee told us about the effect permitted development rights had had around the town centre, whereby a number of office blocks had become relatively poor-quality dwellings. They said the Council needed to be more judicious in the use of article four directions, which restricts these rights.

We heard about the need for town centre redevelopment and revitalisation – varied stakeholders mentioned this issue, whilst a number of anchors said that there is a need for mixed use regeneration of the Arndale Centre, with space for local businesses and housing. More broadly, anchors expressed a desire to be more engaged in the process of visioning, planning, and developing the town centre.

As the Luton 2040 document notes, 40% of shops on George Street in the town centre are either vacant, betting shops, or pound shops.²⁴ This means that Council revenues are reduced for the time when vacant premises are eligible for business rate relief – and also means that there is less economic activity in the town centre, and thus less employment. More broadly, it makes the town centre a less inviting place to be.

What Luton Borough Council are doing

Housing

The Council owns one in ten homes in the town and is engaging in further work in the housing sector. Recent projects include the High Town and Marsh Farm redevelopment projects. The latter represents a positive application of community wealth building strategies – 82% of the supply chain used in the development project is local, and local apprentices were employed.²⁵

As well as retaining a council housing arm with significant insourced capacity, the Council also wholly owns Foxhall Homes. Foxhall is a company which is developing a number of sites across the locality. More broadly, we heard how the Council “builds things nobody else will” – for example, at Marsh Farm, there was provision of both four bed properties, for larger families, and disabled-accessible properties.²⁶

²³ <https://www.luton.gov.uk/Housing/Lists/LutonDocuments/PDF/Housing/housing-strategy-2019-to-2022.pdf>

²⁴ https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Luton-2040.pdf

²⁵

https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Policy%20and%20Performance/LBC-corporate-plan.PDF

²⁶ <https://www.lutontoday.co.uk/news/people/residents-benefit-from-marsh-farm-transformation-1-9097561>

Private rental sector

The Council is also undertaking a number of positive measures to address issues in the private rental sector locally. The Council is implementing a selective licensing scheme across parts of five wards: Farley; High Town; South; Dallow; and Biscot. This means landlords must have applied for, and received, a license in order to let properties in the designated areas.

The Council also runs a “rogue landlord” scheme, in partnership with a number of anchors, to ensure properties are properly maintained, let under the correct permissions, or are not left derelict.

As of December 2019, the Council has also opened an ethical lettings agency – Luton Lets Squared – in collaboration with a local housing association. This agency consciously works differently to private firms, with fees charged for the private rented and sales services being used to offer properties at below market rents.

Assets

The Council has a policy of preferencing community asset transfer. There have been a number of examples of this, such as at Park Street Adult Shelter, Bushmead Community Centre, Raynham Way Community Centre, Icknield Way Scout Hut, Birdsfoot Lane Scout Hut and Bells Close Pavilion.

We heard that whenever Council owned land containing similar assets is redeveloped to provide housing, the Council works to ensure like-for-like replacement of e.g. leisure centres or community centres as part of the new development. For example, the Solway Road development will see the site of a former community centre becoming new housing as well as a new community hub.

Capital strategy

Consultants are working on strengthening the existing capital strategy to include, among other things, a consideration of the degree of risk the Council is taking on with its various investments. A stakeholder noted the Council has taken on a relatively high level of risk (compared to other councils of a similar size) and so it is sensible to discuss “how much is too much”. The Council is investing heavily, banking on the returns of the economy growing – however, this investment has created a short/medium term pressure on debt.

Having revenue from London Luton Airport (from which the Council receives a payment per passenger) has helped resist the urgency to cut budgets, although a stakeholder noted there are challenging times ahead, with around £20m of revenue savings to find over the next 4/5 years.²⁷ More broadly, we heard from some stakeholders that there was a perceived overreliance on the airport.

²⁷ https://www.luton.gov.uk/Council_government_and_democracy/Councils/Pages/Budget-2020-21.aspx

What the anchors are doing

London Luton Airport Ltd hold the airport as an asset.

2020 Developments, the company behind Luton Town Football Club and its development projects, have a long term lease on the football stadium, as well as two local land parcels with planning for development. They will be delivering the new football stadium over the coming years, with mixed use space around the site. This will also provide new community programmes – Luton Town Football Club also runs the Luton Town Football Club Community Trust.

Central Bedfordshire Council offer space for communities at peppercorn rents – principally in community centres and other such assets, where social enterprises are making use of the space.

The Culture Trust Luton is an arts and cultural charity that is developing new creative work, study and show spaces called the “Hat District” in Luton’s conservation area. Following the Trust’s funding bids to bring £9.5m inward investment to Luton, work has begun to transform three former hat factories and develop a new build into 25,000 sq. ft. of new creative workspace. The trust offers curated workspaces at low rents to creative businesses at different stages of development.

The new library at the **University of Bedfordshire** is carbon neutral, and the new STEM building is fitted with solar panels.²⁸

Recommendations

Luton Borough Council

13) Use the Luton Investment Framework as a catalyst for community wealth building

Conversations we had suggested the Council, via S106, the council house building programme, and Foxhall Homes have an impressive record at delivering affordable homes. The Luton Investment Framework represents an opportunity to go further, and be more bold in pushing developers and investors when they are seeking planning permission.

At the very least, the Council should demand the 20% affordable housing provision is met for all Luton Investment Framework development projects.

More broadly, there is scope to push these “asks” in a community wealth building direction, by looking for the further provision of community space, and/or support to be offered to local businesses – both in terms of supply chain engagement, and in helping the formation and development of

²⁸ <https://universitybusiness.co.uk/Article/bedfordshire-university-opens-luton-based-40m-stem-building/>

plurally owned businesses, which help to retain the “Luton Pound” through their organisational structures.

We recommend working backwards, looking at proposed measures by which Luton 2040 will be achieved, and then isolating policy “levers” and S106 “asks” that can be utilised so as to ensure Luton Investment Framework investment works towards achieving these measures.

Luton anchor institutions

14) Set aside space for “generative” businesses at The Culture Trust (also applies to *Plural Ownership pillar*)

Luton Culture Trust plan to “curate” tenants for the working spaces within the three former hat factories based on “cultural” sectors. Luton Borough Council could encourage the Culture Trust to reserve at least a proportion of their space for generative businesses (or generative creative businesses).

By “generative” we mean small enterprises, community organisations, co-operatives and forms of municipal ownership which tend to broadly hold their wealth within the local economy, versus large companies or public limited companies which tend to “extract” wealth out of the local economy via shareholders dividends.

Luton Borough Council and anchor institutions in collaboration

15) Use Council and other anchor assets to develop a “deep town approach” to community wealth building within Luton

A “deep town approach” to community wealth building involves choosing a locality, and applying all the principles of community wealth building to a smaller geography – harnessing the land, assets, and local employment of the Council and other anchors and implementing strategies across all five pillars on a micro-scale in order to act as a test-bed for the wider area.

The first stage of this process would be for officers and elected members to decide on an area. Potential test bed areas could be the five wards that already have selective licensing – but this decision should be reached based on assessment of needs and capacity, with feed-in from officers, elected officials, and the wider communities.

Once an area has been decided upon the next stage would involve running a mini diagnostic, to understand what land and assets the Council and other relevant anchors own, understanding the business base and whether any suppliers present within the area currently supply goods or services to any anchors.

This project would require a significant investment, with an officer who is able to navigate various different areas of the Council, project managing a task force.

16) Support the growth of the community housing sector

Joined up work around homelessness and key workers could be expanded upon to support the growth of a community housing sector, focusing on small sites and refurbishment. The quality of some of the private rented sector housing in Luton is very poor. Bearing this in mind one option we heard discussed was for the Council to utilise S106 financial contributions to compulsorily purchase the worst offenders and redevelop these properties through Foxhall Homes or Squared²⁹.

This would align with the Housing Strategy, which states the Council will *"work with other partners such as the CCG to ensure that homes support wider strategic objectives for public health and independence."*³⁰ More broadly, it would represent a pluralisation of the land and assets of Luton, helping to alleviate poverty through rent reduction, whilst simultaneously broadening community ownership. Depending on capacity and viability, we see scope for both community *ownership* – through models such as Community Land Trusts – with the council co-producing plans with community groups, and then transferring the assets to CLTs.

²⁹ Formerly Luton Community Housing

³⁰ <https://www.luton.gov.uk/Housing/Lists/LutonDocuments/PDF/Housing/housing-strategy-2019-to-2022.pdf>

6. Fair employment and just labour markets

Employment and skills are a key element in developing an inclusive local economy. Both in terms of equipping people with the commensurate skills that the economy needs, but also developing self-worth and growth of people, and supporting all people to reach their full potential.

Context

As with a number of localities, Luton faces a number of issues when it comes to both the local labour market and the skills and qualifications possessed by Lutonians. Over a quarter of working families in Luton are living in relative poverty, whilst 17.5% of employees earn less than the Real Living Wage.

As noted in the Inclusive Growth Commission report, 12.9% of working age residents in Luton have no formal qualifications. As of 2017, 26.5% of Luton's working population had degree level or above qualifications, compared to 31.1% for England.³¹ On the other hand, in 2017, more than two thirds of employers in Luton had skills gaps in their existing workforces, whilst almost a third had hard-to-fill vacancies due to skills shortages.³²

In the local economy, there are over 15,000 zero-hour contracts – and this number, per 2018 figures, is increasing.³³ Whilst there is growth in Luton, it is not benefitting all Lutonians. Two of the key factors flagged up as causing this are lower than average levels of qualifications and low wages.³⁴ These issues are exacerbated – as the previous section showed – by the rapid increases in house prices Luton has experienced in recent years.

A greater proportion of workers in the Luton economy (15.5%) work in elementary occupations than do in the UK economy (10.4%) – and this is one of the employment sectors flagged up by the Inclusive Growth Commission report as particularly affected by low pay. The proportion of employees in the “managers, directors and senior officials”, “professional occupations”, and “associate

³¹ <https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/business-economy-and-skills-evidence-pack.pdf>

³² https://www.growinglutonttogether.com/assets/documents/Report_GLT_Spreads_Final.pdf

³³ <https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/business-economy-and-skills-evidence-pack.pdf>

³⁴ <https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Planning/Observatory/Luton%20Inclusion%20Growth%20Monitor%20Report%20Aug%202017.pdf>

professional and technical occupations” employment sectors are all lower in Luton than they are in the wider UK economy.³⁵ On top of this, Luton workplace earnings are estimated to be around 11% higher than those of residents – in other words, commuters to Luton are more likely to earn higher wages than resident Lutonians.

In terms of local employment, Council documentation shows that 28% of the workforce are either not from Luton or do not live there.³⁶ We heard from some stakeholders, therefore, that more work could be done in this area – particularly in ensuring that the Council workforce, especially at senior level, is reflective of the vibrancy and diversity of Luton itself.

What Luton Borough Council is doing

Luton Borough Council has a number of schemes to address both skills and employment, from early years upwards. Early years work falls under the Flying Start Programme, which is an attempt to tackle some of the issues and inequalities pertaining to skills and literacy with young Lutonians, aged between birth and five.

In response to the criticism that its children’s centre offer was too diverse (i.e. different lead agencies were responsible for delivery in different areas, leading to a postcode lottery of uneven services) the Council became the lead agent, providing branded centres featuring a core offer available to all, with monitoring to ensure high quality of services.

Elected members have historically been very supportive of early years provision and the funding necessary to maintain the high standard of its services. This is welcome, and it is important to keep this energy and resource going in order to ensure all Lutonians gain opportunities and support from an early age.

The Council also runs a Passport to Employment programme, whose purpose is both looking at the needs of the local workforce and providing support to help people to access the Luton labour market.³⁷

There is broader work, backed up by a £1.9m investment from the Council over three years, to help develop a skills pipeline, and to try and make sure as many Luton residents as possible benefit from, and get jobs with, projects within the Luton Investment Framework.³⁸

Luton Borough Council supports and pays the Real Living Wage, and has been encouraging the contractors at London Luton Airport, through London Luton Airport Limited, to do the same.³⁹

³⁵ <https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/business-economy-and-skills-evidence-pack.pdf>

³⁶ Luton Borough Council, People Plan 2016-2019, <https://bit.ly/2sU4kJG> p.15

³⁷ <https://www.luton.gov.uk/Business/LIF/lif-skills/Pages/Passport-to-employment.aspx>

³⁸ <https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/LIF%20brochure.pdf>

³⁹ <https://www.luton.gov.uk/news/Pages/Council-and-its-airport-company-back-real-living-wage-campaign.aspx>

The Inclusive Growth Commission, convened by Luton Council, also recommended that local businesses should pay the Real Living Wage. Luton Borough Council's procurement strategy stresses the importance of suppliers paying the Real Living Wage, and the Luton 2040 document sets out an ambition for Luton to become a "Living Wage Town". The Inclusive Growth Commission has also called for the development of a flexible working culture across Luton, with the Council working to support SMEs in embracing this agenda.

What the anchors are doing

Luton Town Football Club is a Living Wage employer – it was the first professional football club in England to gain this accreditation.

London Luton Airport, alongside **Luton Borough Council**, is a supporter of the Real Living Wage for London Luton Airport campaign. All **London Luton Airport Operations Limited** staff receive the Real Living Wage – but it was noted that the challenge is in getting third party suppliers to do this as well.

The **University of Bedfordshire** is undertaking investments and running courses that offer the skills required by local employers. It is already a Real Living Wage employer.

Luton Borough Council's Passport to Employment programme has also been jointly designed alongside local anchor employers. As part of the **DART** construction project, some participants have been referred from this Council programme to the **Construction Skills Training Hub**, offering construction skills to Lutonians.⁴⁰

Bedfordshire Police engage in targeted BAME employment to build a more diverse police force.

Active Luton are Real Living Wage employers – but noted that this makes it difficult to compete with other firms in their field, many of whom do not pay the Real Living Wage.

Recommendations

Luton Borough Council

17) Undertake an employee mapping and diversity exercise

There is fertile ground for progressive action when it comes to ensuring senior leaders reflect the diversity of Luton's residents. Targeted recruitment and apprenticeship strategies aimed at particular wards – especially those suffering from deprivation – coupled with clearer paths to progression for graduate and apprentice employees are strategies that have been successful in other places. But it is vital to have this information to start with, and work should be undertaken to better understand Luton

⁴⁰ <https://dart.llal.org.uk/>

Borough Council's workforce and gain a sense of whether it adequately reflects the vibrancy of Luton.

Luton anchor institutions

18) Boost anchor-led skills policy and practice

The Council is doing a great deal, from early years through to adult learning, to help Lutonians benefit from the Luton Investment Framework. Anchors need to pull their weight too, ideally in a structured and collaborative way. The apprenticeship levy is a natural fit here, and a number of anchor institutions voiced their support for Luton aiming to become the best town in the country for the use of this levy. Activity is already underway regarding the development of an apprenticeship 'hub', where anchors could collaborate to ensure the maximisation of levy usage.

Participating organisations could also collaborate with anchors to suggest proposals which meet their skills gaps whilst also delivering Council-led skills policy, presenting such ideas at cross-anchor forums.

The Luton Investment Framework will benefit local firms, and those committed to Luton and the Luton 2040 agenda could help realise the elimination of poverty through driving forward a skills strategy that will also benefit their own organisations, underpinned by real time skills and employment support mapping, pathway analysis, and promotion and market management from the LBC side.

Luton Borough Council and anchor institutions in collaboration

19) Push the inclusive employment agenda

We found broad agreement across both anchors and Council stakeholders of the need to push an inclusive employment agenda across the town. A number of local anchors explicitly noted their support for this agenda at the workshops we helped facilitate, which shows the depth of support.

Anchor forums should be convened to share and celebrate good practice at the local level (as we have recommended with another specific focus in the procurement chapter), and a toolkit should be developed to help suppliers and anchors meet best practice. Such an approach, if applied with intent and volition, should help in meeting three interconnected aims: Luton 2040; making Luton a Living Wage town; and building community wealth in Luton.

20) Adopt a "Luton leader" good employment charter (see case study below)

Businesses, anchors, and the Council are all partners – their co-operation is what will either make or break both Luton 2040 and the project to build community wealth in Luton. A useful way of pushing these agendas and allowing anchors to practically demonstrate their commitment to them is

through the development of a good employment charter. This could take the form of an accreditation, awarded to businesses and anchors who meet specific criteria, such as on paying the Real Living Wage, offering flexible working criteria, or engaging in targeted hiring from deprived areas in Luton. Alternatively, a tiered system – as utilised in Greater Manchester and discussed in the case study below – could be implemented. Under such a system – which was discussed with anchors at the dissemination workshop for this report – support and guidance could be offered to businesses, particularly local SMEs, who

Such a system creates a virtuous circle, whereby employers and anchors are able to demonstrate their commitment to Luton, whilst simultaneously pushing up employment conditions for Lutonians. It is important to stress that the point of such a system is to celebrate the progress made by businesses, regardless of where they are on their journey.

Of course, as well as celebrating the work of local employers there is also a need to challenge those who are not playing their part. Help and guidance should be offered to firms who want to pay the Real Living Wage – but there should also be a willingness to make clear when other firms who could afford to do so are choosing not to. This is a necessity in becoming a Living Wage town and achieving Luton 2040.

Employment charter

Greater Manchester Good Employment Charter

Leaders across Greater Manchester have agreed a Good Employment Charter to encourage and support employers to identify and provide good jobs, deliver opportunities for people to progress and develop, and help the city region become more productive.

The model for the Charter has been co-designed and put together with input from business owners, employers and employees across the city region, and involved two public consultations to develop and agree the proposals. The Charter will have a tiered approach to help support and encourage employers to share excellent practice, access support to progress to higher standards, and help them become more successful as a result.

The three tiers identified through the consultation process are:

Tier 1: **Supporters** – for those employers who support the aims of the Charter and Greater Manchester Strategy, but are not yet in a position to meet the requirements of accreditation.

Tier 2: **Membership** – requiring employers to demonstrate excellent practice in key characteristics of employment practice, these are: secure work; flexible work; a Real Living Wage; workplace engagement & voice; excellent recruitment practices & progression; excellent people management; a productive & healthy workplace.

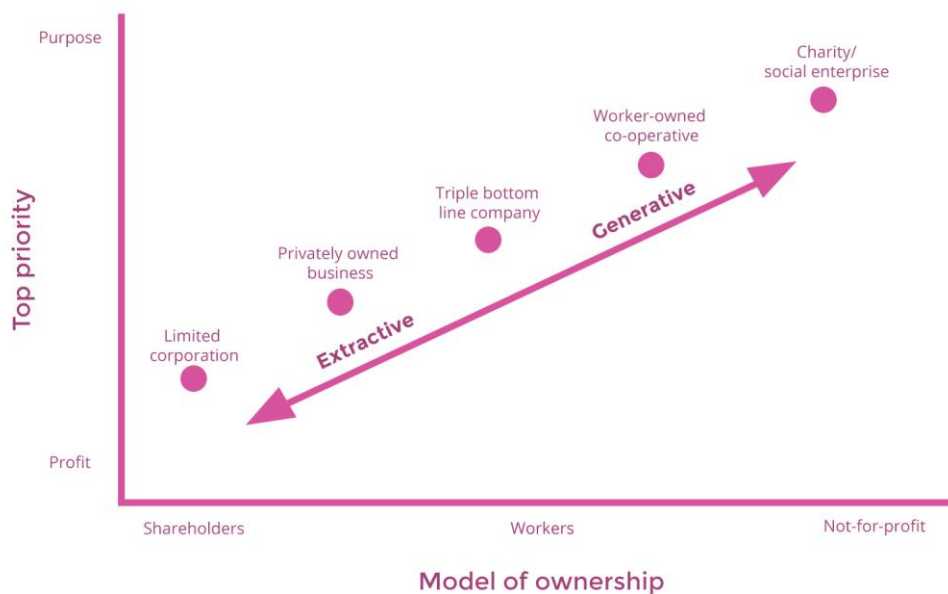
Tier 3: **Advocates** – employers who meet high standards in all the key employment characteristics to be members, and then go out to other employers to encourage them to raise employment standards and join the Charter process.⁴¹

⁴¹ <https://www.greatermanchester-ca.gov.uk/news/greater-manchester-s-good-employment-charter-model-revealed/>

7. Plural ownership of the economy

Plural ownership of the economy refers to the element of community wealth building concerned with the governance, ownership and management of the businesses and enterprises which make up the everyday economy. This means creating an economy where there are more SMEs, municipally owned companies, and other forms of ownership such as co-operatives, community businesses and mutually owned businesses.

As demonstrated in the figure below, the idea of moving the economy towards more plural models of ownership is to make the overall economy less “extractive” (e.g. when wealth is taken out of the economy by shareholders) and more “generative” (e.g. when wealth is broadly held by all). The purpose of this work is therefore not to totally eliminate listed corporations and enterprises with profit-seeking motives, but instead to rebalance the economy so that as a whole it becomes more generative of wealth for all.



Context

Because of the issues pertaining to poverty, employment and skills noted earlier in this report, and in much of the documentation produced as part of the Luton 2040

and Inclusive Growth Commission report for Luton, advancing this pillar represents an important part of Luton's community wealth building journey.

As noted previously people who live outside the town but commute to Luton are more likely to earn higher wages than resident Lutonians. On top of this, higher-paid occupations are more commonly occupied by non-residents. More generative businesses combat these trends and ensure workers have more of a say alongside better pay and better working conditions. This is important in Luton, where zero-hours contracts and low pay remain live issues.

Generative businesses are also often more resilient – 80% of co-operatives survive the first years of trading, compared to only 44% of companies.⁴² Incentivising these generative business forms is crucial in bringing about wider social aims – such as the elimination of poverty by 2040.

Council employees working in procurement suggested that there was not enough knowledge about the ownership of local businesses for there to be certainty that procuring from them would ensure that wealth was circulated locally. However, we did hear that the number of family businesses in Luton represented a potential inception point for a campaign of co-operative conversion. On top of this, there are also some 350 VCS organisations operating in Luton.

The Council has also helped develop two spinoff organisations - The Culture Trust Luton and Active Luton which have responsibility, respectively, for the cultural and sports-based activities in the town.

Both are a little over a decade old. The Culture Trust Luton currently runs the museum, discovery centre, libraries, and arts centre of Luton. It also runs Luton's "Hat District", where a number of former hat factories offer curated space to creative organisations at different stages of business development.

Active Luton is a social enterprise (limited by guarantee), which was spun-out of the Council 14 years ago following a best value review. In addition to operating Council owned leisure centres, it provides a wide range of services to Luton residents, such as workforce development and training, physical activity projects within the community and social prescribing.

One reason for Active Luton's success (in terms of their strong offer to a diverse section of Luton residents) is Luton Borough Council's intent around protecting services (giving a long contract, and a remit to do more than merely running leisure centres) and hence enabling a wider range of services that deliver social value, as opposed to merely saving money for the Council. As such, Luton Borough Council must be firm in its long term and strategic intent if any other such services are spun out in the same way, wary of the potential of "false economies" with regard to saving money in the short term but potentially decreasing the value of precious community resources in the long term.

⁴² <https://www.uk.co-op/newsroom/secret-start-success-become-co-op-co-operative-economy-report-2018>

What Luton Borough Council are doing

Luton Borough Council already retain a good amount of insourced provision, and this is a positive starting point in developing a plural ownership approach. This is an approach supported by CLES, where financially feasible, as our experiences show that insourced services are both more generative and, in many cases, provide better working conditions for their employees. The Council has also committed to exploring the development of a Council owned energy company, as mentioned in the 2018 Luton Borough Council Energy Strategy.⁴³

Luton Borough Council's procurement strategy, "Prosperity through Procurement", has a number of workstreams and commitments which relate specifically to deepening work with SMEs and Luton's VCS sector.

These include:

- Helping the voluntary and community sector to be more "market ready" and increasing council procurement spend with this sector
- Encouraging local SMEs to bid for work
- Increasing the Council's proportion of spend with local SMEs
- Reducing the barriers faced by SMEs in tendering for the Council

This strategy, as noted before, is explicit in pushing a community wealth building agenda, and this is a positive starting point.

That said, the business support offer appears to be less well-developed, particularly when it comes to the establishment of a plurally owned local economy, and in supporting existing local businesses. As with the financing pillar, we feel there is work to be done here. The Luton Investment Framework is vital to Luton's growth, and providing opportunities to Luton residents. However, without both a detailed understanding of the local business base, and an infrastructure to support Luton firms, it will be difficult to knit together the opportunities that arise from this investment with local suppliers. Scaling-up and deepening existing good practice around meet-the-buyer events and supply chain analysis are key here, as is engaging with anchors to do their bit in terms of business engagement.

Through the ThinkLuton website, there are a number of resources available, and schemes such as the "Red Carpet" service targeted at inward investors, which offers 45% rates relief for businesses moving to Luton.⁴⁴ On top of this, CLES thinks there is also a need for the Council to potentially re-examine the allocation of resources aimed at supporting the development of the *local* business base – from business start up, through to scale-up and benefiting from the Luton Investment Framework, and in ensuring a knowledge base and infrastructure exists to allow the conversion or plural ownership of firms. There is scope here to maximise the officer locally,

⁴³ <https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Energy-strategy.pdf>

⁴⁴

https://www.luton.gov.uk/news/Lists/LutonDocuments/New%20Branding%20Examples/74_18%20LII%20Leaflets%20A5_WEB.pdf

linking as well to the work being undertaken through the SEMLEP Growth Hub. The intention should be to complement and add value to, rather than duplicate, existing offers, whilst imbuing the bespoke offer with a community wealth building frame.

What the anchors are doing

London Luton Airport Ltd funds an Enterprise Grant, which provides local start ups with up to £1,000.⁴⁵ **EasyJet** also offer targeted support to local VCS organisations and support wider initiatives in and around Luton.

A number of anchors, including Luton Borough Council, rent out space at Futures House – part of Marsh Farm Futures – which also offers the provision of space for SMEs and community businesses.⁴⁶

Anchors present at the workshop expressed a willingness to support the development of a more plural economy in Luton. Two key structural themes emerged during these workshop sessions:

- **Social/community enterprises** – a number of anchors stated that they wanted to support the growth of social enterprises but were not entirely clear as to how best this could be achieved.
- **VCS** – there was also an awareness that collaboration between some anchors and the wider VCS sector could be improved – and that work also needed to be done in helping VCS organisations coordinate and collaborate with one another.

Recommendations

Luton Borough Council

21) Investigate the feasibility of forming a municipal energy company

It is encouraging that the 2018 Energy Strategy floats the idea of developing a Council owned energy company. The Council should further investigate the feasibility of this proposal, and ideally push ahead if it is seen to be viable.

As well as progressing plural ownership in the local economy, such a development would also work towards the achievement of other strategic aims, such as Luton Borough Council's Housing Strategy 2019-2022 commitment to reducing levels of fuel poverty by 25% – and thus the wider Luton 2040 agenda.

⁴⁵ <https://www.luton.gov.uk/Business/Bstarting-your-business/startup-support/Pages/Wenta%20Business%20Support.aspx#:~:targetText=Wenta%20delivers%20the%20LLAL%20Enterprise,Airport%20area%20and%20surrounding%20areas.>

⁴⁶ <https://marshfarmfutures.co.uk/futures-house/office-space/>

This is an approach which has been successful in Nottingham and Bristol, with Bristol Energy passing on £12m in social value to the city whilst simultaneously delivering savings to customers. A possible route for Luton to follow could be that being pioneered in Hackney, where the council is forming a municipal energy company which will heavily utilise council-owned property and council housing in order to install solar panels.⁴⁷ Linkages with Foxhall Homes, council housing development, and/or properties being constructed as part of the Luton Investment Framework could all play a similar role if this scheme were progressed in Luton.

22) Undertake business analysis to pinpoint potential firms for co-operative conversion (see case study below)

Across the UK, there are around 120,000 family-run SMEs likely to face a change of ownership in the next five years.⁴⁸ Research has shown that these firms are likely to face issues around succession, and that there is a danger that a lack of planning can mean companies closing and local jobs being lost. We heard from a number of stakeholders that Luton has a number of family-run SMEs which could represent potential inception points for co-operative conversion.

Business analysis should be undertaken so as to understand if this could be a viable strategy in Luton, and if so, targeted intervention with viable firms could be undertaken by the Council. This analysis more generally will be useful in developing a sense of the business base in Luton.

Support, guidance and funding (see the anchor SME investment funding recommendation) could be placed on the agenda of anchor meetings, so as to help bring about these changes collaboratively – further expertise should be sought from organisations such as the Employee Ownership Association.

A target could also be set to increase the number of local co-operatives and/or local employment proportion within co-operatives as part of Luton 2040.

⁴⁷ <https://www.eastlondonlines.co.uk/2018/11/solar-panels-to-be-installed-on-council-owned-hackney-housing/>

⁴⁸ <https://neweconomics.org/uploads/files/co-ops-unleashed.pdf>



Employment ownership and co-operative development

Scotland and North Ayrshire

The Scottish Government has been one of the most active administrations in the UK in advancing an agenda of employee ownership and co-operative development. Scottish Enterprise⁴⁹ provides information on both succession planning and employee ownership, whilst the Scottish Government has formed an industry group – Scotland for EO (Employee Ownership) – to help further develop this agenda.⁵⁰

This work is advancing too at the local authority level, particularly in North Ayrshire Council, where CLES has undertaken work on community wealth building. The Council is keen to push forward on this strategy, helping to keep firms active, the local economy resilient, and money flowing in local areas – through developing an agenda of employee ownership and conversion for viable local SMEs without succession plans.

23) Set aside community centre space for plural ownership enterprise hubs

As noted earlier, Luton Borough Council has a strong record of keeping community centres open following regeneration and of undertaking asset transfers to VCS organisations. We believe efforts should be made to set aside space or facilities in these areas to establish community enterprise hubs – where those interested in starting a new business can find the space to do so, network and access materials and support. This should be part of a wider strategy to supporting an architecture amenable to the development of locally and socially owned businesses, as with the recommendation regarding “generative” curation at The Culture Trust.

⁴⁹ <https://www.scottish-enterprise.com/support-for-businesses/business-development-and-advice/employee-ownership>

⁵⁰ <https://cando.scot/places/united-kingdom/glasgow-city/glasgow/scottish-enterprise-business-gateway/scotland-employee-ownership/>

Luton anchor institutions

24) Establish an anchor SME investment fund (this also applies to the financial power pillar)

Many of the anchors already support Luton and Luton businesses – both through their own supply chains and hiring practices, and through direct schemes such as the London Luton Airport Ltd Enterprise Fund. Community wealth building is about bringing anchors together, to scale-up their impact in place, and we believe this can be done through a jointly-funded anchor SME investment fund. This could also be supported through the simplification of existing SME support funds and offers into a single funding offer.

We believe a proportion of this fund should be aimed towards the development of plurally owned businesses, such as co-operatives and social enterprises.

In particular, we believe it is important the funding streams are directed towards local businesses which have – or will help develop – local supply chains. This will help to achieve two key aims. Firstly, it will help to pluralise the local economy, ensuring a multitude of firms are trading and growing, and thus building local economic resiliency. Secondly, it will help nurture and support a dense local supply chain infrastructure, and – bearing in mind the potential loss in or barriers to trade arising post-Brexit – to develop a local “insurance policy” to minimise this negative impact at the Luton level, especially regarding the automotive and aviation sectors.

25) Set aside space for “generative” businesses at The Culture Trust Luton (this also applies to the land and assets pillar)

Luton Culture Trust plan to “curate” tenants for the working spaces within the three former hat factories based on “cultural” sectors. Luton Borough Council could encourage the Culture Trust to reserve at least a proportion of their space for generative businesses (or generative creative businesses) such as social enterprises and co-operatives.

8. Action plan

Luton as a community wealth place

Recommendation	Lead organisation(s)	Time horizon	Next steps
1) Make community wealth building central to the delivery of Luton 2040	Luton Borough Council	Medium term	We recommend distributing Appendix 1 – and potentially this report in full – amongst all Council staff and relevant anchor employees. Stress the linkages between the broader Luton 2040 ambition and the strategies, pertaining to different pillars, that can be utilised to work towards and achieve Luton 2040.
2) Publish an annual community wealth building progress report	Luton Borough Council	Annual	Bring this within the remit of the “Shared Interests” collaborative work between Population Wellbeing and Inclusive Economy boards so as to deliver on this.
3) Deepen and formalise collaboration between anchors	Council and anchors in collaboration	Short term	An anchor collaboration network should be formalised, attended by the Council and key anchors – either through or alongside the existing Inclusive Economy and Health and Wellbeing Boards.
4) The citizens assemblies on climate change should feed into the wider London Luton Airport expansion consultation	Council and anchors in collaboration	Short term	Direct the discussion during the citizens assemblies onto the proposed airport expansion – summarise and, if possible, feed these discussion notes into the wider consultation process

Progressive procurement of goods and services

Recommendation	Lead organisation(s)	Time horizon	Next steps
5) Undertake yearly spend and leakage analysis	Luton Borough Council	Short term	Undertake analysis of previous financial year as benchmark
6) Review supplier set up process to ensure finance system has accurate data	Luton Borough Council	Short term	Design set up form and investigate logistics of embedding within finance system
7) Use the opportunities of the Luton Investment Framework to be far more ambitious in demanding social value “asks” from suppliers	Luton Borough Council	Ongoing	Use existing social value framework coupled with needs assessments and the broader criteria for Luton 2040 to develop targeted “asks” from suppliers undertaking Luton Investment Framework projects.
8) Deepen procurement analysis through a survey of suppliers and a market supply analysis	Luton Borough Council	Short term	Undertake suppliers survey
9) Formalise social value framework across anchors	Council and anchors in collaboration	Medium term	Facilitated workshop of procurement officers across anchors to discuss suitability of “rolling out” Luton Borough Council framework
10) Explore a forum where procurement practitioners from across Luton anchors can collaborate	Council and anchors in collaboration	Medium term	Facilitated workshop of procurement officers across anchors

Making financial power work for local places

Recommendation	Lead organisation(s)	Time horizon	Next steps
11) Lobby Bedfordshire Pension Fund to localise spend	Luton Borough Council	Medium-to-long term	Prepare any relevant business propositions and present to relevant individuals in the pension fund
12) Establish an anchor SME Investment Fund	Luton Anchors	Medium term	Place on agenda of proposed anchor collaboration meetings / at informal forum. Gauge anchor commitment and implementation strategy.

Socially productive use of land and assets

Recommendation	Lead organisation(s)	Time horizon	Next steps
13) Use the Luton Investment Framework as a catalyst for community wealth building	Luton Borough Council	Ongoing	We are aware the Luton 2040 consultation closed in December – when the finalised measures are published, the Council should work backwards – with their achievement in mind – when engaging with Luton Investment Framework investors
14) Set aside space for “generative” businesses at The Culture Trust Luton <i>(also applies to plural ownership pillar)</i>	Luton Anchors	Medium term	Place on agenda of proposed anchor collaboration meetings/at informal forum. Gauge anchor commitment and implementation strategy
15) Use Council and other anchor assets to develop a “deep town approach” to	Council and anchors in collaboration	Medium term	Collaborate with anchors so as to ascertain their willingness to engage and any assets they could utilise.

Recommendation	Lead organisation(s)	Time horizon	Next steps
community wealth building within Luton			
16) Support the growth of the community housing sector	Council and anchors in collaboration	Medium term	Assess viability of using S106 contributions to CPO poor quality housing. Engage with community groups as to the possibility and feasibility of Community Land Trust development.

Fair employment and just labour markets

Recommendation	Lead organisation(s)	Time horizon	Next steps
17) Undertake an employee mapping and diversity exercise	Luton Borough Council	Medium term	<p>Develop a questionnaire for current employees to better understand the background and geographical location of the Council workforce, measured against the wider demographics of Luton</p> <p>Use this data to target employment advertisements in the most deprived postcodes and amongst under-represented population groups of Luton, and share this knowledge and practice with other anchors</p>
18) Boost anchor-led skills policy and practice	Luton Anchors	Short to medium term	Place on agenda of anchor collaboration network meetings or raise informally in a forum setting

Recommendation	Lead organisation(s)	Time horizon	Next steps
19) Push the inclusive employment agenda	Council and anchors in collaboration	Short term	<p>Moving from intent to action is key – and ensuring there is collaboration and joined-up thinking between anchors and the local authority</p> <p>Place on agenda of anchor collaboration network meetings, or raise informally in a forum setting</p>
20) Adopt a “Luton Leader” good employment charter	Council and anchors in collaboration	Short term	<p>Based on engagement with anchors and the business community, a draft good employment charter for Luton should be published, with firms and anchors supporting Luton 2040 and practicing good employment standards picked out and celebrated as trailblazers.</p> <p>At the same time, business analysis should be carried out to work out which sectors and firms, for example, do not pay the Real Living Wage but could afford to do so. A strategy should be implemented to ensure Lutonians become aware of which firms are not pulling their weight in supporting alleviating poverty in the town.</p>

Plural ownership of the economy

Recommendation	Lead organisation(s)	Time horizon	Next steps
21) Investigate the feasibility of forming a municipal energy company	Luton Borough Council	Short to medium term	Undertake outline business case and stress cross-departmental working so as to minimise duplication and ensure e.g. fuel poverty strategy is considered.
22) Undertake business analysis to pinpoint potential firms for co-operative conversion	Luton Borough Council	Medium term	Carry out business analysis – potentially in collaboration with CLES – to find out about the number of, and viability of, firms in the local area which could be converted to co-operatives
23) Set aside community centre space for plural ownership enterprise hubs	Luton Borough Council	Ongoing	To be considered in any immediate/short term community asset transfers – and to be adopted in a more holistic manner when it comes to future provision of community space as part of regeneration work.
24) Establish an anchor SME Investment Fund <i>(also applies to financial power pillar)</i>	Luton Anchors	Medium term	Place on agenda of proposed anchor collaboration meetings/at informal forum. Gauge anchor commitment and implementation strategy
25) Set aside space for “generative” businesses at The Culture Trust <i>(also applies to land and assets pillar)</i>	Luton Anchors	Medium term	Engage with The Culture Trust, both independently and at anchor forums, in order to learn about the organisation's willingness to engage on this agenda, with an evidence base showing the value of “generative” businesses in boosting local economies and ensuring the “Luton Pound” works locally

Appendix 1

Recommendation 1: make community wealth building central to the delivery of Luton 2040

Community wealth building pillar	How this helps bring about Luton 2040
Luton as a community wealth building place	The intent and governance structures surrounding the advancement of the Luton 2040 agenda are already well developed. Community wealth building requires serious collaboration, and we see the potential – if community wealth building is seriously applied, anchors are convened, and the agenda enters the remit of the Luton 2040 governance boards – for Luton to become a trailblazer in this regard: working towards both the elimination of poverty and the development of a resilient and socially just local economy.
Progressive procurement of goods and services	Buying from local firms, and ensuring serious social value is delivered from all contracts, is a tried and tested way of making council and anchor institution spend go further – which means the “Luton Pound” helping the town, and more money in the pockets of Lutonians. Key here, as with much of the community wealth building agenda, is bringing together anchors to scale-up impact, and share best practice – such as Luton Borough Council’s work in the “Prosperity through Procurement” document, and distributing the social value framework and guidance provided by CLES to the Council amongst key anchor partners.
Making financial power work for local places	The wealth of anchor institutions and pension funds can be put to work, doing double duty in a place – securing solid and reliable returns, whilst helping to build more just local economies. Anchor institutions committed to Luton and the Luton 2040 agenda can help generate a prosperous and pluralist local economy via supporting SME, social enterprise, and co-operative development. Targeted interventions on issues like debt can help Lutonians out of poverty – and may well save the Council money in the long-run, if they stop people being put into even worse positions, where the Council has a statutory duty to house them.

Community wealth building pillar	How this helps bring about Luton 2040
Socially productive use of land and assets	<p>High rents and poor housing quality are two key issues behind poverty in Luton – and thus are issues that Luton 2040 seeks to address. Harnessing the land and assets of the Council and anchor institutions is a useful way of alleviating these issues. On top of this, there is scope to ensure provision is made for community facilities and space is set aside to help Lutonians develop generative businesses, leading to a more resilient and pluralistic local economy. At a hyper-local level, developing a “deep town approach” can allow community wealth building to flourish in the areas that need it most – whilst across Luton, the Luton Investment Framework gives the Council opportunities to flex investment in order to meet the needs of Luton and Lutonians.</p>
Fair employment and just labour markets	<p>In pushing the inclusive economy and Real Living Wage agendas, helping local businesses, and supporting the development of generative firms, community wealth building can help ensure that Lutonians get good pay, allowing them to spend money on other goods and services, building a virtuous and prosperous circle, working to alleviate poverty in the town. Scaling up interventions in skills means the generations of the future are well-placed to benefit from growing prosperity, and a collaborative, anchor-led approach is the best way to do this. Celebrating good employers and challenging those who could do more is a clear demonstration from both the Council and anchors that they are committed to the 2040 plan. Internally, the Council can demonstrate its own commitment to ensuring all areas of and groups in Luton are represented by carrying out a workforce audit.</p>
Plural ownership of the local economy	<p>Community wealth building looks to build a rich tapestry of ownership models in a place: companies; but also co-operatives, municipal enterprises, social enterprises, and community interest companies. “Generative” businesses keep money circulating in an area and deliver social good – ensuring that Lutonians do not miss out on the wealth they create. Investigating the development of a municipal energy company is a policy which has precedent elsewhere and can help push both the carbon reduction aims of Luton 2040 and the poverty reduction strategies regarding fuel poverty. Exploring potential firms for co-operative conversion or social ownership is also key in pushing this pillar. Using the existing assets of anchors and council alike, a demonstrable commitment can be made to pushing the development of plural ownership across the town.</p>

Appendix 2

I. List of stakeholders consulted

Name	Position / Area
Claire Astbury	Head of Housing Strategy and Development
Helen Barnett	Active Luton Chief Executive
Stephanie Cash	Programme Lead, Children, Families, Education Directorate
Laura Church	Corporate Director, Place and Infrastructure
Rachel Hopkins	Councillor
Roger Kirk	Service Director, Property and Construction
Robin Porter	Chief Executive
Guy Smith	The Culture Trust Luton Director of Business and Performance
Catharine Southern	Service Manager, Corporate Procurement
Gerry Taylor	Director of Public Health
Sian Timoney	Councillor, Deputy Leader, Portfolio Holder Transformation and Regeneration
Mark Turner	Interim Service Director for Policy, Communities, and Engagement; Airport Client Manager; CFO London Luton Airport Limited
Scott Walker	Chief Accountant

II. List of documentation reviewed

- Prosperity Through Procurement: A Five Year Strategy
- Luton Corporate Plan
- Luton Investment Framework
- Luton 2040

- The Final Report of the Luton Inclusive Growth Commission
- Luton Skills and Employability Strategy
- Inclusion Growth Monitor 2017
- Luton Poverty Needs Assessment
- Luton's Flying Start Strategy
- Housing Strategy 2019-2022
- Health and Wellbeing Strategy
- Asset Management Plan 2020-23
- Luton Annual Public Health Report 2018
- Luton's Population Wellbeing Strategy 2019-2024 Appendix 1
- Business Economy and Skills Evidence Pack
- Luton People Plan
- Luton Borough Council Energy Strategy 2018

III. List of anchor institutions present at the workshops

- Luton Borough Council
- EasyJet
- Federation of Small Businesses
- London Luton Airport Operations Limited
- Luton Town Football Club
- Vauxhall
- VolkerFitzpatrick-Kier
- Central Bedfordshire Council
- Bedfordshire Police
- Ryebriidge
- West Herts College
- Luton Citizens Advice Bureau
- Luton and Dunstable Hospital
- Luton BID
- Active Luton
- Metrobank
- Department for Work and Pensions
- Electrolux

