

Due North Liverpool

**Economic democracy and
alternative forms of ownership**

‘The Preston Model’

**Councillor Matthew Brown, Executive Member for
Social Justice, Inclusion & Policy**

Preston City Council

**We have been through a lot
since 2007**



The consequences of which are:

- **Huge amounts of public money has had to go into bailing out the financial system.**
- **Austerity measures mean continuing squeeze on most of population, despite some increase in jobs and modest growth.**
- **Investment and productivity remain weak & bank lending to business is paltry.**
- **Little sign of improvement in living standards and inequality continues to rise.**
- **A systemic failure – the 21st century model of capitalism has failed – but not been replaced.**
- **Current macro economic approaches seeking to prop a deformed system up – do not address inherent problems.**

Long term plans for Preston halted by the global economic crisis

Preston Tithebarn scheme abandoned after John Lewis withdraws

🕒 3 November 2011 | Lancashire

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The planned £700m Tithebarn regeneration scheme for Preston city centre has been abandoned after John Lewis pulled out.

A council spokesman said the scheme was "no longer financially viable and will not now be going ahead in its current form".

John Lewis was to have been the scheme's "anchor store" - it was hoped it would attract other retailers.

The council said it would now consider a less ambitious scheme.

The store's decision to withdraw means that the Tithebarn scheme that was originally proposed at a time of significant economic growth is not now deliverable.

'Deliverable plan B'

Leader of Preston City Council, Councillor Peter Rankin, said: "We are in the middle of one of the worst economic and financial situations since the 1930s and it is now clear that the large-scale comprehensive Tithebarn scheme, that received planning permission as originally proposed, is financially unviable.

"The world has simply changed and we have to move on and be realistic about what can be achieved.

"Our aim though is to still re-generate the Tithebarn area of the city."

He said the council and its development partner Lend Lease were rethinking the proposals.

LIVE As it happened: Lancashire Live on Tuesday

🕒 1 hour ago
Our live coverage across the day

Top Stories

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Features



Building an entrepreneurial state locally:

- Local authorities are increasingly **financially constrained** – but can **stimulate new thinking** and greater scope for other elements of **civic society**.
- Greater policy emphasis on the **role of place** – **cities** are where **most growth** comes from.
- That means greater roles for “**anchor institutions**” central to their places – councils, colleges, universities, hospitals, emergency services, housing associations.
- They have “**sticky capital**” which can stay local.

'Preston model' based upon successful alternatives here and overseas.

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Community Wealth Building

- Pursue social justice and economic democracy by:
 - Actively promoting the **Living Wage to local businesses** (over 50 now signed up). Preston in Top 10% of LA areas in the North West for women working part time receiving the Living Wage or above.
 - Promoting the concept of **Community Wealth Building** (initially increasing the amount of goods and services procured locally) with other local placed based 'anchor institutions'.
 - **Community Wealth Building** has over 10 large placed based institutions in Preston and Lancashire participating with a combined spend of over **£1.2 billion per annum**. (Examples include **University of Central Lancashire, Lancashire Teaching Hospitals, Lancashire Constabulary, Community Gateway, Preston's College, Lancashire County Council**)
 - Spend on goods and services of Top 300 suppliers to Preston City Council more than doubled from **14%** in 2012/13 to **28.1%** in 2014/15. With other anchors at **least £4 million** repatriated to the Preston economy. **Studies show an increase to local vendors of £10m will create over 400 additional jobs.**
 - Promoting **co-operatives** through the **Preston's Co-operative Network**, joint work with the **University and Mondragon**, through **Succession Planning** initiatives in partnership with the business community, and through identifying gaps in the local procurement chain which could be filled by **new worker led co-ops**.



URBACT NETWORK: Procure

Creating a good local economy through procurement



GOVERNANCE



ECONOMY

The aim of Procure is to explore how to harness the spending power through procurement of public / anchor institutions in the partner cities to bring about economic, social and environmental benefits for businesses and people which in turn will have a positive impact on the city and its local economy.

Over the two years, the partners will meet together (both at a European level and at a local level through local stakeholder groups) to discuss and explore a number of topics which they can then put into practice in their partner cities through the development of local partner Integrated Action Plans. The topics to be explored include:

Latest activities



19 January 2017

Koszalin – Over one year in the PROCURE network

Even though Koszalin possesses some experience in international partner projects within the framework of European Territorial Cooperation including...

Preston Markets: 'We want a local firm for £4m work' insists council

Posted on - 5th June, 2016 - 12:00pm | Author - [Ed Walker](#) | Posted in - [Business](#), [News](#), [Politics](#), [Preston City Centre](#), [Preston Council](#)



Workmen begin to put up scaffolding on the covered market on Friday Pic: Paul Melling and the new look Markets plan

The new look [Preston Market](#) should be built by a local firm, say Preston City Council.

A £4m contract to revamp and restore the Outdoor Covered Market has been put out to tender.

It's part of the [£50m Markets scheme](#) which will see the existing Indoor Market , car park and majority of Lancaster House demolished to make

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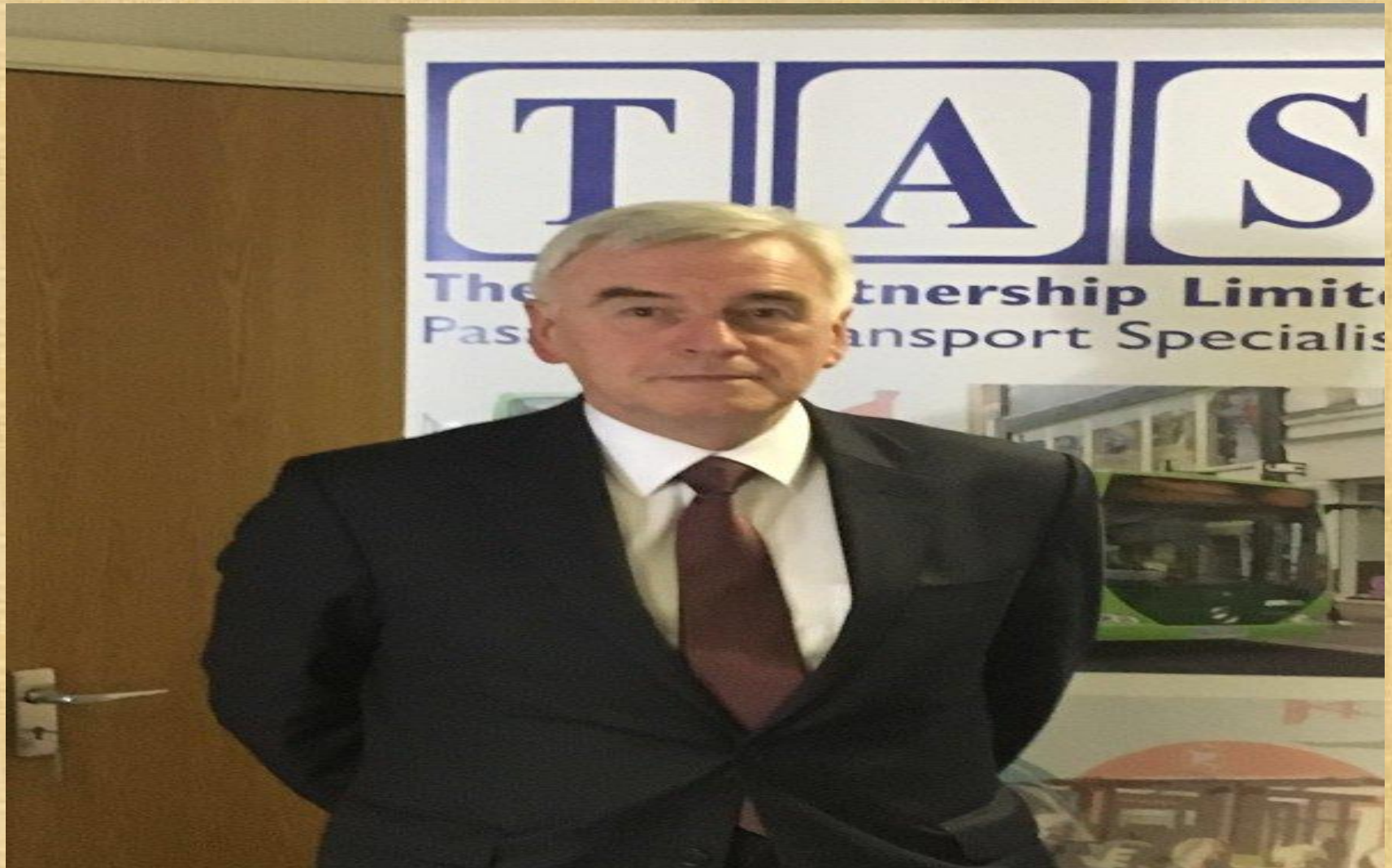
Preston in pictures



[View more](#)



Democratic companies in Preston





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EDUCATIONAL SCHOOL PSYCHOLOGISTS FOR CHILDREN

Link Psychology Co-operative offer Educational Psychology (EP) and associated services, to schools and other education-based organisations. We are a 'not for profit' co-operative consortium, based in the North West.

Our members are committed to delivering high quality casework and training for our clients. We work with those best placed to make a real difference in a child's life – wherever that might be. Together, we can forge the "links" to enable our children and young people to succeed!



The British Psychological Society
Promoting excellence in psychology

CO-OPERATIVES UK



"Optimism is the faith that leads to

Preston's Priorities – New ways of using capital

- Launched a new city wide **Credit Union 'Guild Money'** in Preston to address issues of liquidity and borrowing.
- **Guild Money** now has nearly 500 members and is being rolled out across anchor institutions and the wider community.
- Council also supports **Lancashire Moneyline** a CDFI operating in Preston as part of wider financial inclusion strategy including providing first class **debt and benefit advice services**.
- Agreed an initial £100m Investment Fund by the **Lancashire County Pension Fund** now linked to the **Preston, South Ribble & Lancashire City Deal**.
- Preston City Council actively considering help establish and invest in a **community bank**.

Preston's new Credit Union 'Guild Money'



£18m local government pension fund investment in Preston's economy



Preston's Priorities – Generating Wealth

- Investment of at least £5 million in **markets quarter re-generation** with Preston City Council committed to significant investment to provide a modern new successful market in local authority ownership. Project will support independent local businesses and facilitating further investment.
- Long term commitment for a municipally owned **wind farm** on council land at Preston docks to produce clean local energy to sell energy to the community to compete with Big 6 providers.
- In the shorter term we will look to partner with local authorities who act as energy providers to democratise energy. **(Nottingham, Cheshire East)**
- We want to build on current commitment of **Lancashire Pension Fund** to invest locally, establishing a pipeline of **viable investment projects** locally in affordable housing and renewable energy.

Preston's priorities – future plans

- Establishment of **Mondragon style infrastructure** involving existing coops, employee owned businesses, charities and CIC's linked to anchor institutions working with University of Central Lancashire (UCLan).
- Potential for **Union Coops** based on US experience.
- Plans for **new housing** by creating a development company across Preston and Lancashire as part of our Combined Authority bid.
- Work in place with Co-operative movement to establish '**gap coops**' from anchor institution contracts for goods and services.
- Actively considering further wealth building measures including a **Lancashire Community Bank**.
- **Free breakfasts** for primary school children using surplus food similar to an approach adopted in Leeds. Based on experience in Blackpool can save families on average of **£15 per week**.



Local Banking: **community-driven**



What Do We Do?

Learn about community banking and why it is so important for a sustainable economy in the UK

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Community Banking, Elsewhere

Discover how it is done in Germany

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Real Living Wage

- Out of **39 local authority areas** in the North West Preston ranks **2nd best** for part time female employees receiving living wage or less – **37.6%** compared to **45.6%** in North West – 2016 (ONS figures)





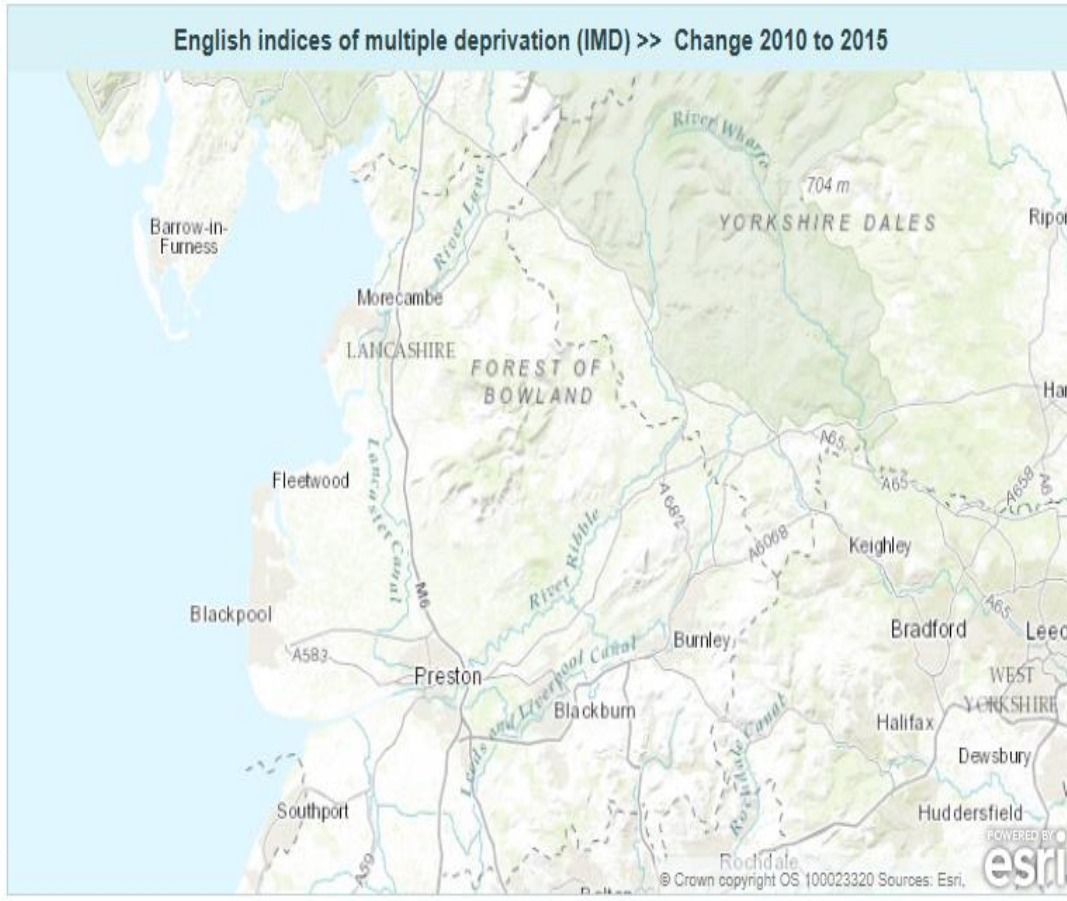
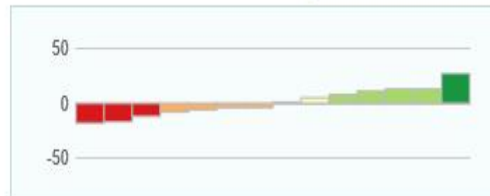
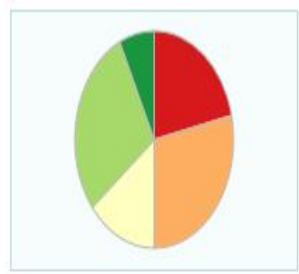
English Indices of Multiple Deprivation 2015

Lancashire Insight

Data

District Boundaries

- -18 - -12
- -11 - -4
- -3 - 5
- 6 - 13
- 14 - 27



Percentage change between the rank of average rank in 2010 and the rank of average rank in 2015.

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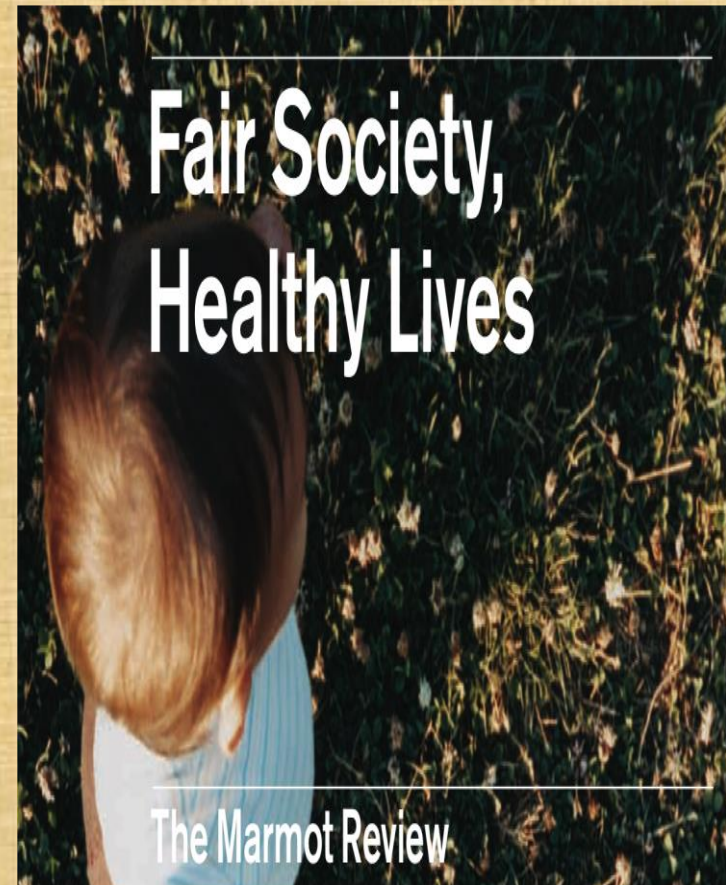
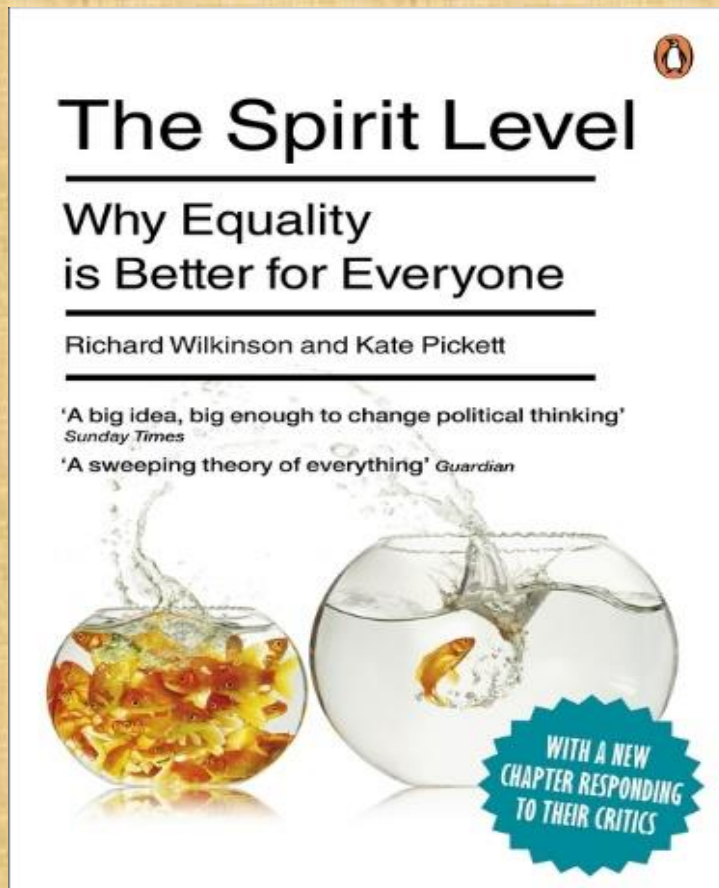
Source: DCLG

Name Change 2010 to 2015

Name	Change 2010 to 2015
Blackburn with Darwen	-4
Blackpool	-6
Burnley	-4
Chorley	13
Fylde	-17
Hyndburn	-12
Lancaster	-8
Pendle	1
Preston	13
Ribble Valley	5
Rossendale	8
South Ribble	27
West Lancashire	11
Wyre	-18

Clear X Filter X

Healthier economies lead to healthier lives



Social impact of employee ownership – evidence from Italy

As part of the research for his doctoral thesis in 1999, David Erdal conducted a study of three Italian towns in the region of Bologna: Imola, Faenza, and Sassuolo. Each town had twenty-six per cent, thirteen per cent and zero per cent respectively of the working population employed in worker co-operatives. He sought to explore the effects of having a more egalitarian society by studying the effect worker ownership had on each town based on the following metrics:

- Crime – victimisation; policing; confidence; feeling of security; and domestic violence.
- Education – level attained; age leaving school; truancy; expected truancy; post-school training; and perceived importance of education.
- Health – physical health; emotional health; and mortality.
- Social environment – perceived gap between rich and poor; helpfulness of authorities; and supportiveness of social networks.
- Social participation metrics – membership of clubs; voting rates; and blood donation.

Erdal found that the towns with a greater percentage of citizens working in co-operatives performed in terms of mortality (they lived 2.5 years longer), donating blood, and voting at local and national elections, as well as in all of the other metrics except for one.

Erdal concluded that 'an economy with a moderate to high level of worker co-operatives' produces significant beneficial effects in the wider community - better health and education, lower levels of crime, higher levels of social participation and increased appreciation of the social environment.

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