



Co-operative Councils
Innovation Network

COMMUNITY WEALTH BUILDING

Preston City Council

The Preston Model

Introduction

The Labour Party, including Cooperative Party members, took control of Preston City Council in 2011. We quickly recognised that there was a need for a systemic transformation of the local economy to bring about social improvements to the local community.

Based on work by CLES and the Democracy Collaborative in USA, in 2013 we identified so-called 'anchor institutions', the largest purchasers of goods and services in the locality, who we saw as potential 'community wealth builders'.

Exploring how a change in the spend of existing anchors within the public economy could create a local economic dividend our partners CLES analysed the top 300 suppliers for each of the anchors and identified over £1bn of annual procurement spend. We found that only a small proportion was being spent in Preston (5%) or wider Lancashire (39%).

Over the course of the past four years, with the help of CLES, Preston City Council and each of the anchor institutions have shifted their processes and practices around procurement, so that in 2017 wealth is being harnessed more effectively for the benefit of the local economy.

Updated Analysis

Across the six participating anchor institutions a total of over £746m was spent in 2012/13 procuring goods and services. This had gone down to just over £616m as a result of austerity. In the updated analysis, just completed it can be seen that:

- A total of over £112m of this £616m was spent with Preston based businesses (18.2% of total spend) **an increase in spend with Preston- based organisations of over £74m**. In 2012/13 spend was only £37m (5% of total £746m spend).
- Over £488m was spent with businesses based in Lancashire (equivalent to 79.2% of collective spend) an increase in spend with Lancashire- based organisations of almost £200 million since 2012/13 when spend was only 39% of the total.



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- Across the anchors institutions £128m (20.8%) of spend currently leaks out of the Lancashire economy. This compares to £457m (61%) of spend in 2012/13.

In terms of employment we estimate that the increase in Preston spend supports some 1,648 jobs, with the increase in Lancashire spend supporting some 4,500 jobs.ⁱ

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ⁱ As a result of utilising the actual levels of increase in spend figures for Preston and Lancashire and associated GVA per employee averages.

