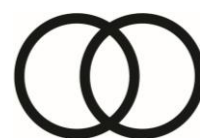


# Wolverhampton Pound

A business case to level up Wolverhampton



**CLES**  
the national organisation  
for local economies

# Introduction

---

The Wolverhampton Anchor Network was formally established in January 2019, bringing together the City of Wolverhampton Council, City of Wolverhampton College, The Royal Wolverhampton NHS Trust, University of Wolverhampton and Wolverhampton Homes.

## Wolverhampton Pound - Statement of Intent

As representatives of the above organisations, the members of the Wolverhampton Anchor Network made a public declaration on the 18<sup>th</sup> March 2021 via the signing of a Statement of Intent. This set out a long-term objective of restructuring the local economy using the principles of Community Wealth Building. Each institution made a commitment to make the collective spending power of the anchor network provide greater benefit to the local economy, local communities and local people.



## Strategic Case for Investment

This business case presents a 2-year delivery programme for the Wolverhampton Pound with the potential to realise an additional £21.8 million per year within the Wolverhampton economy, supporting an additional 430 jobs per year.

## Delivering the Wolverhampton Pound

City of Wolverhampton Council resourced CLES to support the development of the Wolverhampton Pound project for the first year. This work has embedded the principles and tools of CWB across the anchor network, identified tangible opportunities to grow and retain the Wolverhampton Pound and quantified the economic benefit of continued investment.

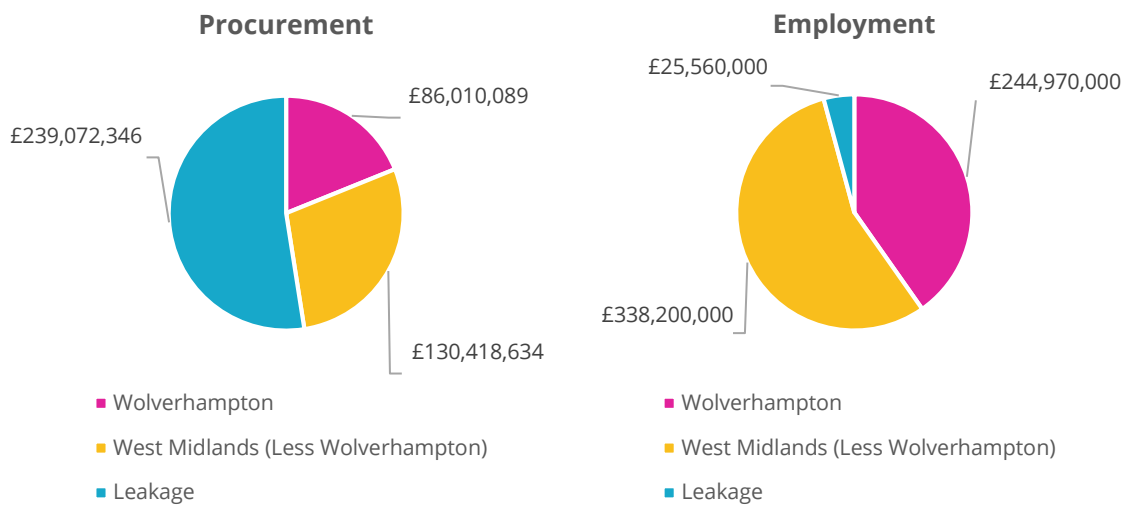
This business case outlines the key activities required to realise these opportunities and the resource needed to support the work which includes a 'Community Wealth Builder in Residence' to facilitate the Wolves Anchor Network, sustain the Anchor Network working groups and support the implementation of collective work plans (see Appendix 1). Targeted procurement resource will also be required to act as a catalyst to rapidly realise the opportunities outlined in this business case and demonstrate a return on investment through increased public sector spend in the local economy.

# Levelling Up through the ‘Wolverhampton Pound’

We must use the opportunity of the Wolverhampton Pound to meet the challenge of levelling up; over 30% of children in the city live in relative poverty, the unemployment rate sits well above the national average and disparity in health outcomes across the city is stark. Too many people and communities are excluded from the benefits of our economy often due to deeply embedded inequalities which have been further highlighted by the Covid 19 pandemic. By applying Community Wealth Building principles to Wolverhampton’s context we have developed an approach to not only Relighting Our City ‘together’ but also levelling up our communities. To achieve this will take a joined up, long term and sustainable approach across the major anchor institutions in the city.

## Scale of the Opportunity

The Wolves Anchor Network in 2019/20 spent over £1bn through its procurement & commissioning and its direct employment of staff.



However, from CLES’ analysis of how the ‘Wolverhampton Pound’ flows through the local economy, we have been able to identify that over half of all procurement spend flows outside of the West Midlands economy, and that over half of salary spend flows outside of Wolverhampton. This provides a target spend of over £600m that needs to be explored in greater depth. The Wolves Anchor Network working groups are putting in place action plans and strategies to localise this £ spend so that the local Wolverhampton economy, and Wulfrunians can benefit from the ‘Wolverhampton Pound,’ ensuring more money circulates locally, creating the multiplier effects that benefit the Wolverhampton economy.

## Size of the Prize

The yearly benefits of a progressive approach towards procurement and employment across the members of the Wolverhampton Anchor Network could reach as high as an additional £21.8 million per year within the Wolverhampton economy, supporting an additional 430 jobs per year.

# Potential Economic Return

---

Over the last 12 months CLES have supported the anchor network working groups to conduct a series of data and intelligence gathering activities to build up a detailed understanding of public spending in relation to the local economy. This has identified the opportunity areas moving forward for the Wolverhampton Pound and the potential economic benefits.

## Economic Output

### Increasing local spend

Given the current amount of Wolverhampton Anchor Network members spend on procured goods and services outside of Wolverhampton<sup>1</sup>, if the percentage level of local spend was increased by the rate at which we have seen in other localities we have worked within (averaging 1.8% per year<sup>2</sup>) this would add **£8.3m to the local economy per year**.

### Increasing local employment

There is, across the British public sector, turnover in employment of 16% yearly<sup>3</sup>. As such, we can estimate the value (in terms of salary spend) that is expected to be recruited within the next year across the Wolverhampton Anchor Network. If, out of these new recruitments, the anchors could increase the proportion of local recruitment by just 5% a year this would add **£2.9m to the local economy per year** in direct salary spend **and 135 additional jobs** supported per year for the additional increase in local employment.<sup>4</sup>

## Additional employment growth

The additional economic activity within Wolverhampton from localised spending would support additional jobs. This is estimated to be **300 additional jobs**

---

<sup>1</sup> £455,501,068 (2020-21) This is equivalent to 10.1% of Wolverhampton's economy, based on ONS data from 2018 showing GVA of the City to be £4,509,000,000

<sup>2</sup> Whilst each economic geography is different in terms of its business base and potential to meet internal anchor institution demand, we feel an average of a 1.8% increase over a 10 year period (i.e. the Manchester president) is a conservative but realistic aim.

<sup>3</sup>

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicspending/articles/isstaffretentionanissueinthepublicsector/2019-06-17#one-year-retention-rate-of-police-officers-nurses-and-midwives-and-teachers-was-above-the-uk-workforce-average>

<sup>4</sup> As this is likely to be focused on entry level roles, we have calculated this by dividing the additional economic impact by the 25% lower percentile annual wage 21,569 – source via ONS annual survey of hours and earnings - resident analysis

**supported per year**<sup>5</sup> for the additional local spend of Anchor Network members, bringing **an additional 435 local jobs per year** when combined with direct Anchor Network employment.

## Supplier Multiplier

Local suppliers re-spend the value of public sector contracts on their own suppliers and employees who are based in, or a resident of, the local or regional area. Harnessing the LM3 methodology<sup>6</sup> and from our experience of work in other local areas, we have an evidence base to estimate the impact this additional spend in Wolverhampton could generate.

Our annual supplier survey in Manchester over the past 10 years gives us a quantitative measure. For every £1 spent with the Manchester City Council supply chain, 32p is re-spent on their own suppliers and employees who are based in, or a resident of, the local area. Using this economic multiplier, the increased trade resulting from localised spend and employment would result in an additional **£2.6 million per year**.

## Employee Multiplier

The final element or 'round' of the LM3 methodology is the extent to which local staff then re-spend within the local area via disposable income for example. Again, whilst this will vary depending on each organisation and location, we have taken results from a prior survey in Greater Manchester and applied this to the employment forecast, and this is estimated to result in an additional **£4.1 million per year** from the increased local spend and an **additional £1.5 million per year** from the increased local employment re-spend locally by these staff.

## Financial Value of Social Value

If Wolverhampton Anchor Network members were to embed social value throughout the additional trade resulting from localised spend, it is possible to calculate the estimated financial value of the social value produced by the supply chain.

CLES utilised proxy values from an established source, the National TOMs<sup>7</sup>. The development of the National TOMs by Social Value Portal borrowed heavily from existing frameworks, including Greater Manchester Combined Authority (GMCA)'s to create a minimum reporting standard for reporting social value. The National TOMs (or Themes, Outcomes and Measures) provides a menu of outcomes and accompanying financial values that can be used to evaluate the relative merits of social value pledges in tenders, among other uses.

---

<sup>5</sup> calculated this by dividing the additional economic impact by the 25% lower percentile annual wage 21,569 – source via ONS annual survey of hours and earnings - resident analysis

<sup>6</sup> <https://www.nefconsulting.com/our-services/evaluation-impact-assessment/local-multiplier-3/>

<sup>7</sup> <https://socialvalueportal.com/national-toms/>

After calculating a ratio of the social value created by this supply chain relative to the value of the supply chain, CLES applied this ratio to the modelled additional trade resulting from the localising spend. It is this estimated that the social value relating to this localised spend equates to **£2.4 million**.

### Summary of yearly benefits

	Economic Output (/year)	Employment growth(/year)	Local Supplier Multiplier (/year)	Local Staff Multiplier (/year)	Value of Social Value (/year)
Increase in local spend	£8,252,531	300	£2,640,810	£4,126,265	£2,417,860
Increase in local employment	£2,921,904	135	n/a	£1,460,952	n/a
Total	£11,174,435	436	£2,640,810	£5,587,217	£2,417,860
	<b>£21.8m</b>				

As such, the yearly benefits of a progressive approach towards procurement and employment across members of the Anchor Network could reach as high as an additional **£21.8 million per year** within the Wolverhampton economy, supporting an **additional 430 jobs per year**.

### Asset Decarbonisation

It should be noted that we have just modelled the financial benefits of the Procurement and Employment elements. The financial benefits from a shared asset decarbonisation team will be significant, supporting additional local employment and re-spend in a shorter and better co-ordinated timeframe, in addition to carbon reductions faster than currently anticipated under business as usual. There are immediate opportunities to secure funding to invest in low carbon infrastructure through the Public Sector Decarbonisation Scheme and other emerging funding streams announced in the Government's Net Zero Strategy. A shared asset decarbonisation team would provide the anchor network with the expertise and resource to access the capital investment needed to realise our climate ambitions. Investment in carbon reducing infrastructure can also open up new revenue streams and commercial opportunities for the public sector in the long term. Any investment in a shared team should be considered with this in mind.

# Wolverhampton Anchor Network

---

## Chair of the network/working groups

As CLES' direct facilitation of the Anchor Network and the working groups ends, members of the network will need to step forward and nominate a chair. For the Anchor Network itself, we would propose a rotating chair every 6 months, so that each institution is able to build ownership of the network and it does not become associated with a single organisation. We would propose rotating chairs for the same reason within the working groups, however would suggest these rotate annually to allow progress to be made on implementation of work plans (see Appendix 1).

## Community Wealth Builder in Residence

The Community Wealth Builder in Residence post would provide dedicated resource to lead, manage and develop the Wolves Anchor Network, facilitating the existing partnership and stimulating its growth to include a wider range of institutions from across the voluntary and commercial sectors in the city. This post would ideally be co-funded by the Anchor Network members equally, so it is a truly collaborative project. The Community Wealth Builder in Residence would also facilitate the established working groups, supporting and facilitating the implementation of collective workplans.

The role would be about deepening organisational commitment among existing members, developing commitment from new members and then converting that commitment into practical action and practical change in the operations of the participating anchor institutions. This person would be an experienced project manager who thrives working independently and has the excellent interpersonal skills needed to build and sustain strong relationships between and within organisations with people from operational services through to senior leaders and politicians. The post holder would not need to be a technical expert but would need to have (or acquire rapidly) an understanding of community wealth building and anchor institution strategies and be able to identify opportunities, initiate and coordinate action and communicate this effectively and credibly with a wide range of stakeholders. Prior experience of working in a public sector environment with its procedures regarding procurement, asset management and/or employment would be beneficial as would familiarity with Wolverhampton.



## School of CWB

There is a growing interest from Local Authorities across the country in not just Community Wealth Building (CWB) but the idea of having a 'Community Wealth Builder in Residence' (CWBR) and/or an Anchor Institution Network Co-ordinator.

CLES is developing its School of CWB to provide a cohort of first-time CWBRs and Network Co-ordinators with the professional development and support they need by organising and delivering a year-long programme tailored to both groups. These will be designed to provide the opportunity to:

- Train in the key elements of CWB such as progressive procurement.
- Hear from leading practitioners in different elements of CWB.
- Analyse and learn from examples of good practice.
- Benefit from peer support.
- Participate in reflective practice.
- Contribute to a series of action learning exercises.

The core element of model will be a whole day meeting once a month with the participants working through an annual programme of activity. It is envisaged that that the majority of these events will be online but with two events 'in-person', one at the half-way point and one at the end of the annual programme.

An initial annual costing of £3.6k per participant (based on a cohort of 10) has been developed, based on two CLES facilitators/administrators per School. We are however seeking support from an external funder which would reduce the cost of participation for the first cohort at a minimum.

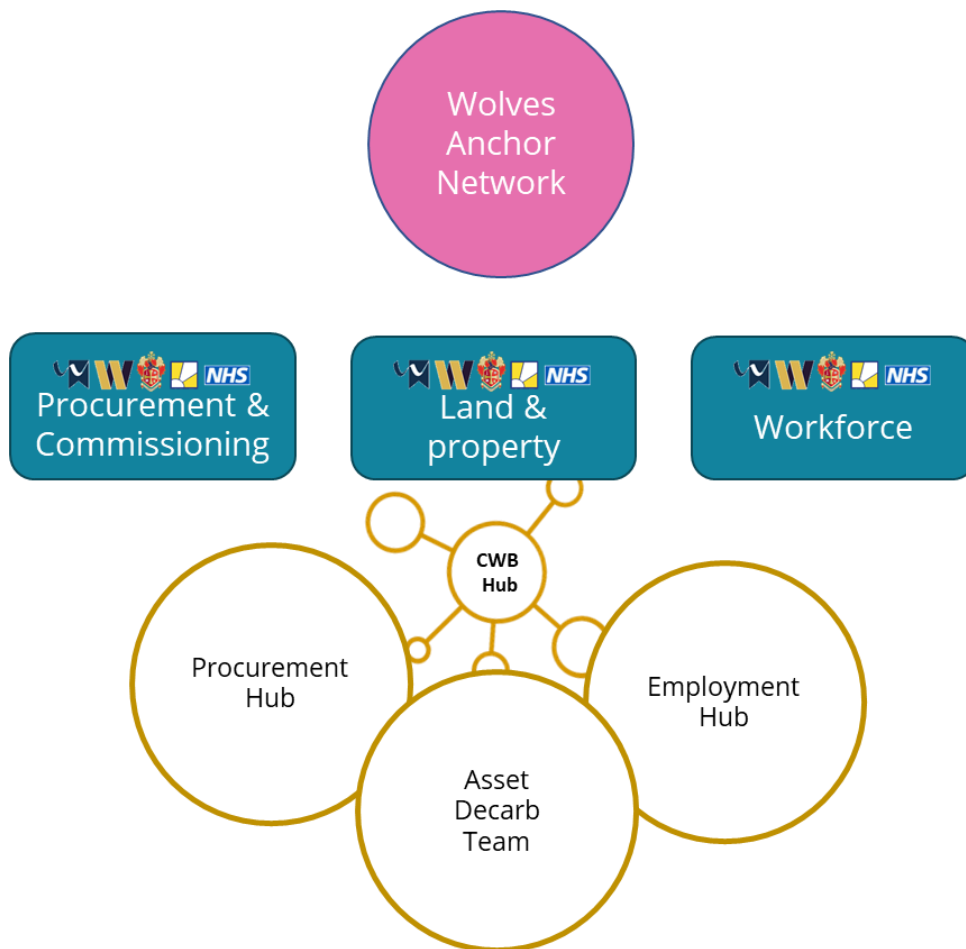
## Black Country Anchor Partnership Manager/Co-ordinator

The Black Country and West Birmingham Integrated Care System (ICS) are exploring the potential to fund a Black Country Anchor Partnership Co-ordinator who will be responsible for building and supporting a strategic Anchor Network (e.g., ICS, CCG, Consortium, LEP, Combined Authority, Chamber of Commerce, Police & Crime Commission etc) for the sub-region. This post and this strategic network will then work to support and enable each borough's own Anchor Network and Co-ordinator.

# CWB Hub

---

Our Community Wealth Building Hub proposal seeks to develop the required resources on the ground which can serve as a bridge to local firms and local people, connecting intelligence gathered from the Anchor Network with those who can realise opportunity locally. Through the development of our working group action plans, it has also become evident that each group will require support to realise the delivery of shared ambitions. The remainder of this paper seeks to make a business case for each element of this Community Wealth Building Hub.



# Procurement Hub

---

We are proposing the concept of a 'Procurement Hub' as a shared Anchor Network resource within the wider concept of a 'Community Wealth Building Hub'. A Procurement Hub would work to understand the Anchor Network's demands for good and services and match this with intelligence about the local economy.

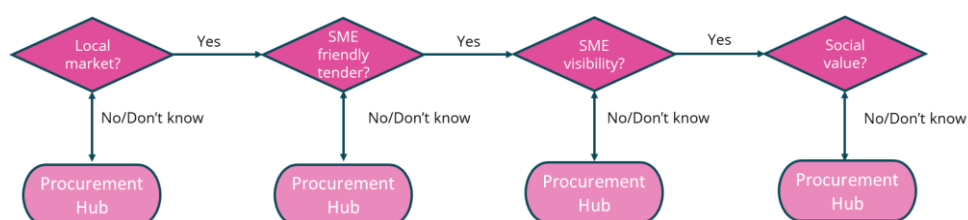
A detailed spend analysis has been conducted which can stimulate areas of focus, links to procurement registers have been collated and the procurement working group are being tasked to develop a procurement pipeline for spending in sectors which is currently leaking out of the local and regional economy.

To shorten public (and private) sector supply chains and support local firms, a detailed and active understanding of local market intelligence will be required. An active matchmaking service can then match local generative businesses (local SMEs, Co-operatives, Social Enterprises) with procurement opportunities from the Wolves Anchor Network members.

A Procurement Hub manager would join and sustain the Wolverhampton Pound Procurement working group, supporting the implementation of the collective workplan and identify viable opportunities for local market making. CLES have developed an outline framework to enable an interrogation of contracts which have previously be let outside of the West Midlands, and the Procurement Hub manager would work with the Wolverhampton Pound Procurement working group to implement this, providing support to each institution.

Collated intelligence on the gaps between Anchor Network demand and the local supply chain would be expected to influence the early stages of the procurement lifecycle, so that tendering opportunities are constructed with an awareness of the local business assets that exist within the local economy (e.g., lotting or breaking down contracts).

A Procurement Hub manager would need a decent grounding in procurement and commissioning, an understanding of the sources of market intelligence and an ability to work across various sectors of the economy, from construction to health & social care for example.



# Employment Hub

---

An Employment Hub would match the job requirements of the Wolverhampton Anchor Network with people seeking employment in the local community. We suggest this would use a targeted approach based on intelligence gathered about the current staffing body and an Employment Hub would serve as an active 'bridge' between the Wolves Anchor Network and the types of neighbourhood-based assets that can provide the pre-employment support for the most deprived, vulnerable and excluded communities.

The Employment Hub would work with the VCSE infrastructure bodies and the Cross Sector Forum to identify neighbourhood-based organisations who can provide reach into local communities and develop pre-employment support, gathering and feeding back intelligence on the barriers to public sector employment. We would expect this approach to supplement the City of Wolverhampton Councils Place Based working models that had developed pre-Covid and should be expanded with the broader support of the Wolves Anchor Network partners.

An Employment Hub would work with the Wolves Anchor Network Workforce working group to develop collective workforce planning and recruitment campaigns to support recruitment from the most deprived neighbourhoods, neighbourhoods with high youth unemployment (the public sector has an ageing workforce), neighbourhoods with high concentrations of BAME communities (the public sector in parts does not represent the diversity of the community) and neighbourhoods disproportionately affected by Covid-19 through job losses.

An Employment Hub would work with the Wolves Anchor Network to develop the emerging shared Anchor Network work experience programme and shared apprenticeship programme, engaging with local secondary schools and those working with NEET's, in targeted neighbourhoods to bring young people into the working environment of the anchor institutions, learn about what a rounded career in the public sector looks like, while reducing the burden on individual institutions.<sup>8</sup>

An Employment Hub manager would need a detailed understanding of the existing employment support landscape in the city and an ability to work on the ground at community level.

---

<sup>8</sup> A study published in the Journal of Education and Work showed that a young adult who has four or more contacts with employers could be expected to earn £3,600 p.a. more than his or her peers who had no such contacts.

# Anchor Decarbonisation

---

All of the Wolverhampton Anchor Network institutions are required to work towards the West Midlands Combined Authority targets of net zero greenhouse gas emissions by 2041, with an interim target of a 36% reduction by 2022 and a 69% reduction by 2027. Wolverhampton should remain within a maximum cumulative carbon budget of 6.3 million tonnes (MtCO<sub>2</sub>) for the period of 2020 to 2100, but are on track to use that within the next 6 years at current levels. Wolverhampton needs to initiate an immediate programme of CO<sub>2</sub> mitigation to deliver cuts in emissions averaging a minimum of -12.8% per year.

The Council's Roadmap to 2028 will include in the near term:

- All future corporate schemes (refurbs and new builds) should be built to BREEAM Excellent Standard as default, and encourage educational institutions to do the same.
- Carry out energy review of all buildings to devise heating system replacement programme to convert council hot water and space heating to low carbon or renewable sources
- Invest in SMART Energy management system across the estate to have more precise remote control over energy use and heating
- Undertake full energy surveys across council estate to inform the Asset Strategy and the energy efficiency retrofit programmes.
- In conjunction with the energy surveys, carry out renewable energy feasibility to identify the potential on-site renewable energy generation across council assets (Inc. wind, solar PV, Solar Thermal)

Not all of the Wolverhampton Anchor Network are as advanced in their asset decarbonisation planning, and we have proposed utilising the collective working of the network to develop a shared asset decarbonisation team. The council is already proposing to employ the required staff to address the needs of their own asset portfolio, however a collective approach would provide efficiencies along with scope to develop more strategic energy projects across the city and employ Low carbon bid writer(s) to attract the required investment.

Ultimately, the required spend on asset decarbonation will create significant opportunity for building community wealth. Connected to the Procurement Hub and Employment Hub, this approach can start to break down the skills, job category and firm requirements, and match this to the existing local supply base. Identifying gaps will allow skills, employment and business support to be tailored so that the Wolverhampton Pound that will be spent on decarbonisation stays in Wolverhampton, levelling up communities and addressing disadvantage.

# Resourcing Plan

Table 1 Wolverhampton Pound Resourcing Plan

	Estimated annual costs	2-year project	Per anchor share
Phase 1			
CWB in Residence	£49,000	£98,000 <sup>9</sup>	£19,600
School of CWB	£3,600	£7,200 <sup>10</sup>	£1,440
Phase 2			
CWB Hub			
Procurement Hub Manager	Explore market options for delivery		
Employment Hub Manager	Wolves @ Work		
Asset Decarbonisation	Asset Decarbonisation Team		
<b>Total</b>	<b>£52,600</b>	<b>£105,200</b>	<b>£21,040</b>

<sup>9</sup> £25,000 is being sought from the Health Foundation to offset this cost, which would reduce the per anchor costing to £12,200

<sup>10</sup> Funding is being sought to support this work, potentially reducing per anchor costings

# Appendix 1: Action Plans

---

## Procurement working group action plan

- Get Ready to Bid seminar series
  - Working with Wolverhampton Federation of Small Businesses, develop and deliver a series of Get Ready to Bid seminars
  - Targeted at business sectors with high levels of leakage where there is a significant local firm base.
  - All anchors have been tasked with collating pipeline (defined as next 12-18 months) contract opportunities from areas of high leakage (Construction, Health and Social Care, Administrative and Support Services, Manufacturing).
- Interrogating spend framework
  - All anchors have been asked to reflect and feedback on how an interrogating spend framework may support an increase in local sourcing.
  - All anchors have been asked to feedback what a local 'Procurement Hub' for the anchor network should look like and how it could support them.
  - A Procurement Hub would provide a shared resource for Anchor Network members to localise their spending
- Low Carbon Procurement - Roadmap to 2028
  - All anchors have been tasked to share current and emerging approaches for reducing carbon in the supply chain, with a particular focus on waste, food supply chains, cleaning materials, construction standards and IT equipment, with a view to adopting a shared Roadmap to 2028.
- Social Value Framework
  - All anchors have been presented with a proposal for an Anchor Network Social Value Framework, tasked to digest and feedback on the proposed social value approach with a menu of indicators to draw from.
- Refresh of the Wolverhampton Business Charter
  - All anchors have been tasked with reviewing the proposed refresh of the Wolverhampton Business Charter, identifying if their own institutions would be able to sign it and support it.
  - Proposal that this is launched as an Anchor Network/Wolverhampton Pound initiative.

## Employment working group action plan

- Workforce accreditations
  - Selected anchor institutions have been tasked to explore internally their organisation's position on workforce accreditations:
    - Living Wage Employer (Trust),
    - Care Leavers Covenant (Trust, Wolverhampton Homes),
    - Armed Forces Covenant (Wolverhampton Homes),
    - Stonewall Diversity Champion (College, Trust)
- Shared apprenticeship/work experience
  - Each Anchor Institution has been asked to formally express their support for the Council registering as an 'agency', also outlining how they could support the Shared Apprenticeship programme.
  - Shared work experience programme has been discussed extensively but has no lead.
- Roadmap to 2028
  - Council to share employee climate toolkit with wider Anchor Network (in October?), with the idea of ensuring the next iteration can be relevant for other anchors. Council to explore how mandatory climate training programme could be made available to other members of the network and an indication of how they might feed into the development of this.
- Targeted outreach
  - Council to share Insights work re targeted data approach (i.e. data on schools, youth employment, deprivation, Wolves £) – to direct a shared outreach approach around apprenticeships, but also a possible work experience programme.
  - Engage with VCSE in targeted communities to explore pre employment support already on offer, how to connect with existing resources and where additional resource may be required.
- Let's Talk Jobs
  - Council to share details of previous "Lets talk jobs" events
  - Each Anchor Institution has been asked to commit to work together to deliver these events in targeted neighbourhoods (as above) for specific sectors (e.g. Health & Social Care / Construction)
- Moving towards collective workforce planning
  - All anchors to enquire internally with staff members who may have knowledge/understanding of the ability to share your existing job postings to an web aggregator
  - All anchors to share insight on recruitment challenges and skills shortages to assist direction of collective workforce planning
  - Engage with VCSE in targeted communities to explore pre employment support already on offer, how to connect with existing resources and where additional resource may be required.



## Land & property working group action plan

- SCATTER tool
  - Council have offered support to all Anchor Institutions to get started with the SCATTER tool.
  - SCATTER is a local authority focussed emissions tool, built to help create low-carbon local authorities. SCATTER provides local authorities and city regions with the opportunity to standardise their greenhouse gas reporting and align to international frameworks, including the setting of targets in line with the Paris Climate Agreement. Its use is free of charge to all local authorities in the UK.
  
- Anchor Network “Asset decarbonisation team”
  - Explore internally and feedback on the feasibility of supporting a shared Anchor Network asset decarbonisation team, please initiate these conversations internally.
    - Asset Decarbonisation Officer(s)
    - Strategic Energy Manager(s) for the city – identifying and developing strategic energy projects across the city for decarbonisation of anchor assets
    - Low carbon bid writer(s) – joint bids to the Public Sector Decarbonisation Team could attract greater investment
    - Carbon monitoring Officer(s) – Collective monitoring of real time emissions data will be much more effective than present as data is 3 years in arrears.
  - The share of the collective asset register would be used as a way to apportion costs
  
- Anchor Network Roadmap to 2028
  - Develop a shared, anchor network wide approach to:
  - Carrying out energy review of all buildings to devise heating system replacement programme to convert council hot water and space heating to low carbon or renewable sources
  - Undertake full energy surveys across council estate to inform the Asset Strategy and the energy efficiency retrofit programmes.
  - In conjunction with the energy surveys, carry out renewable energy feasibility to identify the potential on-site renewable energy generation across council assets (Inc. wind, solar PV, Solar Thermal)
  
- Decarbonisation skills plan
  - Develop a shared, anchor network understanding of the skills requirements for the required work to decarbonise anchor network assets. Working collectively to ensure skills pathways will develop the required energy efficiency retrofit co-ordinators, installers, fuel switching heat pump installers and solar photovoltaic installers.
  - Work with the local construction industry to understand barriers to scaling up to deliver local retrofit and also in meeting “Zero Carbon Homes Charter” setting out how all new homes built in the region from 2025 onwards can be “zero carbon ready.





**Centre for Local Economic Strategies**

CLES, 52 Oak Street, Swan Square  
Manchester, United Kingdom, M4 5JA  
info@cles.org.uk | www.cles.org.uk  
@CLEStinkdo | #clestinkdo