



It's the Local Economy, Stupid!

**A ground up Community Wealth Building
approach to target poverty:**

**The Combined Power of the NI Independent Advice
Network as an Anchor Institution**

Foreword

I am delighted to provide the foreword for this very important report which sets out the findings of research commissioned by Advice NI and conducted by Mary McManus (former Chair of Advice NI).

'It's the Local Economy, Stupid!' sets out the contribution that the local network of independent advice centres brings to Community Wealth Building in Northern Ireland.

The report explores the role of the Independent Advice Network as an anchor institution within a CWB framework and sets out the valuable contribution which advice services make in generating local wealth including their role in securing and maximising income through benefit uptake and the economic impact this has on local communities and why investment in Advice Services represents Value for Money.

In the current economic climate we need to build local wealth and keep that wealth circulating in Northern Ireland; ensuring that our collective wealth stays here, to be used in our interests and the interests of our region. To that end and on a personal basis I have been honoured to take up the role of Chair of Northern Mutual Bank campaign. I believe a mutual bank for Northern Ireland is essential and complimentary to the CWB approach. It would as they say be the icing on the cake!

I want to thank Mary McManus, the Policy & Information team in Advice NI and all the independent advice centres who contributed to the research.

I hope that you find the report informative.



Bob Stronge
CEO

January 2022

Executive Summary

This research applied a Community Wealth Building lens to the NI Independent Advice Network to look at how it is functioning as an anchor institution and found that it not only provides poverty alleviating services, but it is also using its combined power to support the local economy, targeting poverty through its activities.

- The Independent Advice Network is a driver of local economic activity. It brings additional income in the form of social security into local economies which increases economic resilience as it is spent with local suppliers having a positive multiplier effect on local jobs, wellbeing and health.
- The Independent Advice Network uses its spending for public benefit by purchasing goods and services from local suppliers. This means that due to its activities there is further investment in the local economy.
- The Independent Advice Network has an anti-poverty impact by paying employees at least the real Living Wage.
- The Independent Advice Network provides progression routes for local people by offering accredited training opportunities at Levels 3 and 4 and work experience.
- The CVSE sector employs approximately 7% of the workforce in Northern Ireland and according to 2019-20 figures had a combined spend of £819million. Its combined activities have a significant local economic impact. A Local Multiplier 3 (LM3) analysis of spend within the sector would establish whether it is fully maximising its power and impact as an anchor institution that reduces poverty.

Summary of Findings

- In 2019-20, 30 Advice Centres assisted the community to access £79.791million in statutory entitlement to Social Security. Social Security has an economic multiplier of 1.7 giving a total impact on the local economy of £135.645 million. This figure represents the impact of just 45% of the network which means that even by a conservative estimation the overall amount for the network will be double this figure.
- They employ 241 people with 97% paying at least the Real Living Wage, as defined by the Living Wage Foundation, to all employees involved in the delivery of the advice service.
- 86% have a policy to support the local economy by purchasing goods and services from local businesses.
- 15 Advice Centres provide accredited training (NVQ Level 4) and work experience to on average 120 local people per year. Most advice centres are based in areas of high deprivation.
- 80% of the advice centres provide employment and in-work benefit advice.
- 63% have an Ethical and Environmental Policy.

Introduction

The Independent Advice Network is made up of a range of charitable organisations based in the heart of communities across Northern Ireland. Advice Centres offer free, independent, and confidential advice, and advocacy on a range of issues including social security, employment, and housing rights. Since the economic shock caused by the banking crisis in 2008 and the subsequent policies of austerity and welfare reform, advice centres have been on the frontline of dealing with worsening levels of poverty. Referrals for charitable help with food and fuel had become common place before the current pandemic. According to the report from the [expert advisory panel](#) for the NI Anti-Poverty Strategy, in 2018-19 one in five people, 370000 people were living below the poverty line here. Of those 370000, one in three is a child.

Poverty is a persistent problem in Northern Ireland with two thirds of children living in poverty having done so for three to four years. It is deeply evident that as well as treating the symptoms of poverty that we need to take a systemic approach to tackling the root causes of poverty.

Community Wealth Building (CWB) is an alternative common-sense approach to local economic development that is being used to achieve social, economic and environmental justice in cities and regions in Great Britain.

In 2020, Development Trusts NI (DTNI) and the Centre for Local Economic Strategies (CLES) launched the [report](#) From Coronavirus to Community Wealth Building, which outlines how building an inclusive economy can enable us to build back in a fairer way post pandemic. This research, A ground up Community Wealth Building approach to target poverty: The Combined Power of the NI Independent Advice Network as an Anchor Institution applies a Community Wealth building lens to the combined economic impact of the network to examine how it not only provides poverty alleviating services but is also a driver of local economic development. As such, it aims to contribute to the movement to advance Community Wealth Building in Northern Ireland and to demonstrate to the wider CVSE and large public sector organisations how they can use their activities to support the local economy and alleviate poverty.

Methodology

A Community Wealth Building approach was applied to the work of the Independent Advice Network to understand the role it plays in the local economy and how it targets poverty. Two online briefings and one written briefing outlining Community Wealth Building and the proposed research were provided to the independent advice centres that make up the membership of [Advice NI](#) over the summer of 2021. A short online survey was sent to all 67 members in September 2021 inviting them to take part in the research (Appendix 1). The survey was completed by 30 members, a return rate of 45%. The Independent Advice Network is made up of organisations offering both generalist and specialist advice services. Specialist advice centres tend to focus on one area of advice for example, housing.

Community Wealth Building

A 'common sense' approach to local economic development.

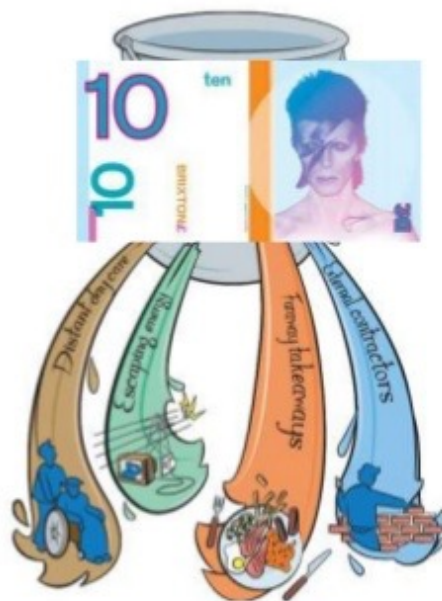
Community Wealth Building ensures that more equal distribution and ownership of the wealth already in a place is wired into the design of the local economy.

The Centre for Local Economic Strategies (CLES) [define](#) it, "as a new people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people." Another way to understand Community Wealth Building is to think about the economy as a '[leaky bucket](#)'. Money flows into the bucket through grants, business investment, social security, export revenue etc. and leaks are plugged to stop money leaving, ensuring it has a beneficial multiplier effect as it is spent and re-spent in an area. The most is made of every pound that enters a local economy.

Local Solution: Plugging the leaks



www.pluggingtheleaks.org



nef (the new economics foundation)

Anchor Institutions are central to Community Wealth Building

'[Anchor Institutions](#)' are large public sector or not for profit organisations that are rooted in place such as local Councils, Universities, Health Trusts and Housing Associations who employ significant numbers of people and have substantial purchasing power. The combined power of the CVSE can also be viewed as an anchor institution.

Community Wealth Building has [five principals](#)

1. Fair employment and just labour markets
2. Progressive procurement of goods and services
3. Plural ownership of the economy
4. Socially just use of land and property
5. Making financial power work for local places

Preston – Community Wealth Building in Action

Community Wealth Building is also known as the Preston Model due to how the approach has been pioneered there since 2012. In 2012, Preston City Council became an accredited Real Living Wage employer and in 2013 began to collaborate with other five other anchor organisations to ensure their procurement spend supported local businesses. By 2017, these measures had [achieved the following outcomes](#),

- 4000 new real living wage jobs created
- Reduction in unemployment from 6.5% in 2014 to 3.1% in 2017
- 10% rise in 16–24 year olds in Preston receiving an NVQ Level 3 qualification between 2013 and 2014.

Preston moved out of top 20% most deprived local authority areas in England. In 2018, out of 42 UK cities, Preston was named the most rapidly improving city in the [Good Growth for Cities](#) Index by Demos and PWC. In the [same index](#) in 2021, it was named the best city in which to live and work in the North West of England.

Community Wealth Building

An idea whose time has come

Community Wealth Building work across the 5 principals continues at pace in Preston. Their proof of concept has influenced [several](#) other cities and regions including, North Ayrshire, Wirral, Birmingham, Islington, and Newham to adopt the approach wholesale or in part. The Scottish Government has appointed a Minister for Public Finance, Planning and Community Wealth and intend to introduce a [Community Wealth Building Bill](#) this parliament. The Minister believes it needs to be adopted across government, providing a “whole system approach” to an inclusive economy.

Community Wealth Building activity in Northern Ireland

The Department for Communities’ 5-year departmental strategy, [Building Inclusive Communities](#), commits to “grow and scale Community Wealth Building to support economic recovery.” Minister Hargey recently stated that Community Wealth Building should be adopted by all councils here. To date, while a few councils are exploring Community Wealth Building, none of them have adopted it as their local economic development policy. DfC are currently supporting Trademark Belfast and Development Trusts NI to deliver a pilot project which is exploring the potential of the Community Wealth Building model in the region. There is however, much Community Wealth Building activity on the ground with local community

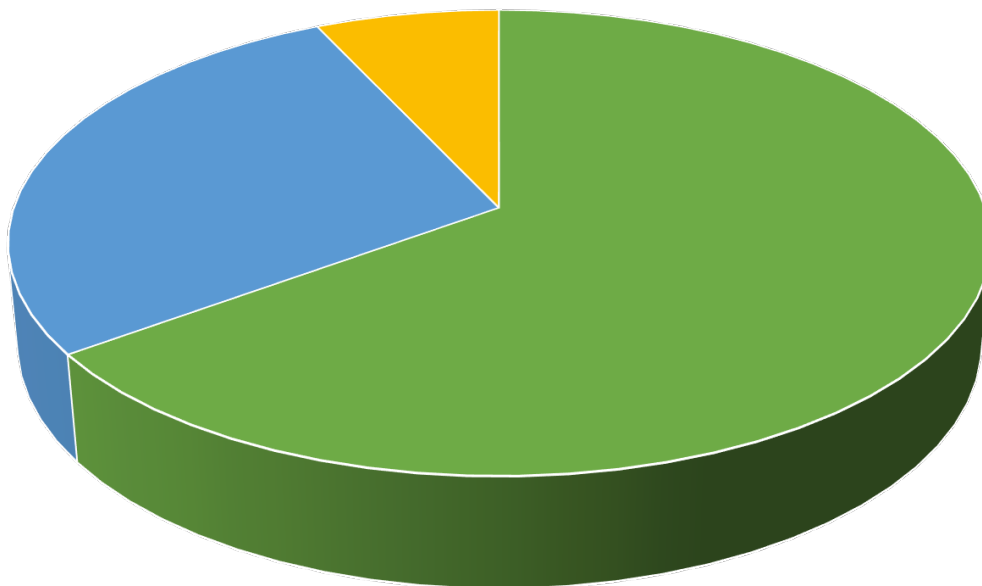
organisations and development trusts driving economic development through social enterprise and asset ownership. Cooperative Alternatives and Trademark Belfast support the development of cooperatives and the Northern Mutual is an active campaign for a mutual bank for the region.

Combined Power of the Independent Advice Network as an Anchor Institution

CVSE organisations are usually perceived as having useful social benefits but also as eternal recipients of funding and therefore a drain on public resources. But that narrative is misleading and is worth reframing, because, CVSE organisations also have a substantial economic impact on their local communities.

The most recent Northern Ireland Council for Voluntary Action (NICVA), State of the Sector data shows that in 2019-20 the VCSE had a combined spend/income of approximately [£819](#) million and in 2018 employed [53,620](#) people, 7% of the total workforce. The public sector employs [28%](#) of the total workforce. Discussions about the economy and economic recovery post-pandemic have tended to focus on the private sector only, while the significant contribution of the public sector and the CVSE sector is virtually ignored. This is a missed opportunity to maximise the economic impact of these sectors and make them really work for communities.

An approximation of the breakdown of the Northern Ireland Economy



- 65% Private Sector
- 28% Public Sector
- 7% CVSE Sector

Advice Centres are drivers of local economic activity

This research found that the 30 advice centres who responded to the survey helped people to access £79.791million in statutory entitlement to social security.

This is a conservative estimate as not all outcomes of applications for discretionary benefits such as PIP are reported back to advice centres.

Studies on benefit take-up campaigns have demonstrated that not only do they reduce poverty and improve living standards for individuals and families they also have an [impact](#) on the local economy. The New Economics Foundation (NEF) devised the [Local Multiplier3](#) (LM3) spend analysis tool which looks at how income flowing into a local economy circulates over three rounds of spending. In 2002, they applied this tool to the additional benefits achieved in two benefit take-up campaigns in Newham and Lancashire. They found that the additional benefit income had an economic multiplier of [1.77](#) as these campaigns targeted people on a low income who spent the money in local businesses. The businesses in turn used the money to purchase goods and services and employ people. The people they employed spent their wages on more goods and services which generated more spending and income for more people. This created a powerful multiplier effect in the local economy. They concluded that benefit take-up campaigns are not just about welfare they are also effective local economic development strategies. These findings were backed up by a similar study where the LM3 tool was applied to additional benefit income achieved for the community by [Brighton and Hove CAB](#). Like Newham and Lancashire, the economic multiplier effect on the local economy of 1.7.

If we apply an economic multiplier of 1.7 to the additional income achieved by the 30 advice centres involved in this report the total impact on the local economy is £135.645million.

By way of comparison, the policy aim of the NI Spend [Local](#) Voucher Scheme was, “to boost the Northern Ireland economic recovery by injecting a £140 million financial package to stimulate spend in the local businesses.”

In the report, [The continuing financial benefits of advice provision to the common good: the example of the Citizens Advice Service in Scotland](#), the Fraser of Allander Institute at the University of Strathclyde found that CAB interventions across 5 areas increased client incomes by £67.9 million in 2013/14. This additional spending created 1,343 jobs and £29.6 million worth of wage income in Scotland. In 2012, the American Association of Retired People (AARP) found that Social Security did not just provide income security for retired people, it had a critical role in the [overall economic health](#) of the country. Just like the UK studies, this research showed that people spent the money on goods and services which had a powerful multiplier effect on the economy. They found that spending by people in receipt of Social Security combined with added spending by businesses created approximately \$1.5trillion in economic output.

Advice Centres Support Fair Employment and Just Labour Markets

Anchor institutions have a [defining effect](#) on the prospects of local people. Recruitment from lower income areas, paying the Living Wage and building progression routes all improve local economies.

The 30 participating advice centres employ a total of 241 people with 29 of them paying all staff involved in the delivery of their advice service at least the real living wage.

The real living wage is higher than the minimum and national living wage. It is independently calculated for the Living Wage Foundation and is based on what people need to live on. According to the [latest](#) data from the Living Wage Foundation, Northern Ireland consistently has had the highest proportion of employee jobs paid below the real Living Wage in the UK. Currently, 21.3% of employers pay below the real living wage in Northern Ireland compared with 14.4% in Scotland. A recent report by the Wellbeing Economic Alliance entitled [Failure Demand: Paying to fix what we continue to break through economic choices](#), found that due to low pay in Scotland, the state provided over £774 million in 2018/19 in social security payments, free-school meals and work-related ill health. In the summer of 2021, the Department for Finance announced that from June 2022 any organisation tendering for contracts with them [must](#) pay the real living wage. In November 2021, the [NI Assembly](#) accredited with the Living Wage Foundation as a real living wage employer. Low pay is an obvious cause of poverty. As anti-poverty organisations, advice centres are practising what they preach by ensuring that all those involved in the delivery of advice are paid at least the real living wage.

Explaining UK Wage Rates

	THE MINIMUM WAGE <i>Government minimum for under 23s</i>	NATIONAL LIVING WAGE <i>Government minimum for over 23s</i>	REAL LIVING WAGE <i>The only wage rate based on what people need to live</i>
WHAT IS IT?	£8.36	£8.91	£9.90 across the UK £11.05 in London
IS IT THE LAW?	Statutory	Statutory	Voluntary
WHAT AGE GROUP IS COVERED?	21 and older	23 and older	18 and older
HOW IS IT SET?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, it aims to reach 66% of median earnings by 2024	Calculations made according to the cost of living, based on a basket of household goods and services
IS THERE A LONDON WEIGHTING?	No London Weighting	No London Weighting	Yes - Separate higher rate for London

<https://www.livingwage.org.uk/what-real-living-wage>

Accredited Training and Work Experience to local people

With demand for advice services far outstripping funded services, many advice centres depend on the input of volunteers to help them to deliver their services. People volunteer in advice centres for a variety of reasons. Some are retired or unable to work due to ill health or a disability but still want to contribute to their community, while others use volunteering to get back into employment after being made redundant or having had a period off work due to ill health or caring responsibilities. Others may wish to retrain or gain qualifications having left school without any.

This research found that half of the 30 participating advice centres enable on average 120 local people per year to gain Level 3 or 4 accredited training and work experience.

An independent [evaluation](#) of the advice volunteer programme at one centre, East Belfast Independent Advice Centre (EBIAC), found it addressed the three key barriers to accessing employment for those furthest from the labour market, work experience, skills and qualifications. It found that volunteering was open to people with disabilities, both physical and mental and represented an effective means of progressing their development and employability. Advice centres provide progression routes for local people.

Employment Advice

Over 80% of participating advice centres provide employment advice. The Fraser of Allander Institute report cited above found that employment advice reduces the amount of unemployment benefits claimed and reduces the cost of lost economic output.

Progressive Procurement

The [spending power](#) of anchor institutions can create dense local supply chains and ecosystems of businesses that are more likely to support local employment and have a greater tendency to recirculate wealth and surplus locally.

Not only do advice centres drive local economic activity through benefit uptake, 86% of the centres in this research have a policy to support the local economy by purchasing goods and services from local suppliers.

This means that due to their activities there is further investment in the local economy. Continuing with EBIAC as an example, they spend on average £60,000 on goods and services every year which is going back into the local economy.

Further research that applies the LM3 analysis to the spend of advice centres would establish the total amount and the economic multiplier. This would help to identify any leaks and help the centres to ensure that their spend has even more of an impact in supporting local businesses during the pandemic.

Ethical and environmental Impact

The research showed that 64% of the participating advice centres have an Ethical and Environmental Policy demonstrating that advice centres are thinking holistically about their impact as organisations.

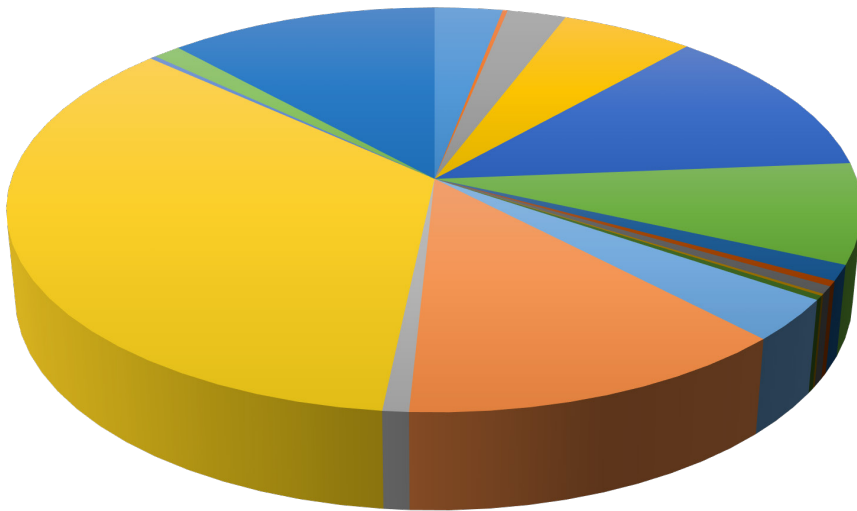
A note on Social Security

At some point in our lives most of us will depend on the support offered by social security, it should provide a social safety net and is the mark of a civilised society. The negative narratives generated about those in receipt of social security since 2010 hides the fact that over 35% of social security spending in Northern Ireland is on retirement pensions and many people are working and receiving benefits. Advice centres frequently deal with people who need advice due to a life event that has changed their circumstances such as, a job loss, relationship breakdown, a diagnosis of an illness, a birth, or a bereavement. Economic shocks such as that experienced after the banking crash of 2008 and now with COVID-19 see many people requiring advice for the first time. In-work poverty means that 28% of those in [receipt](#) of Universal Credit are in work. There are many myths about spending on social security, not least that the UK spends too much on it. According to Cambridge Economist, [Ha Choon Chang](#) welfare spending in the UK is much less than that of comparable rich countries such as France. He argues that spending on welfare should be viewed as an investment in future work productivity rather than being seen as a drain on resources that must be minimised. He gives the example of how spending on disability benefits provides carers with more time allowing them to be more productive workers.

The term, [“economically inactive”](#) is used to describe people of working age who are not in employment due to studying, ill health, caring responsibilities or unemployment. However, this term is misleading.

The evidence demonstrates that every time so called, ‘economically inactive’ people go out and spend they are being economically active by spending in local businesses which has an economic multiplier effect supporting local jobs.

DfC Benefit Expenditure 2020-21



- **2.97%** Attendance Allowance
- **0.22%** Bereavement Benefits
- **2.57%** Carer's Allowance
- **5.82%** Disability Living Allowance
- **12.23%** Employment Support Allowance
- **7.99%** Housing
- **1.25%** Income Support
- **0.42%** Industrial Injuries Benefits
- **0.60%** Jobseeker's Allowance
- **0.16%** Maternity Allowance
- **0.23%** Other
- **3.36%** Pension Credit
- **13%** Personal Independence Payment
- **0.86%** Social Fund
- **35.06%** State Pension
- **0.27%** Pension Provision
- **1.21%** Statutory Payments
- **11.78%** Universal Credit

Source: Department for Communities NI

Conclusions

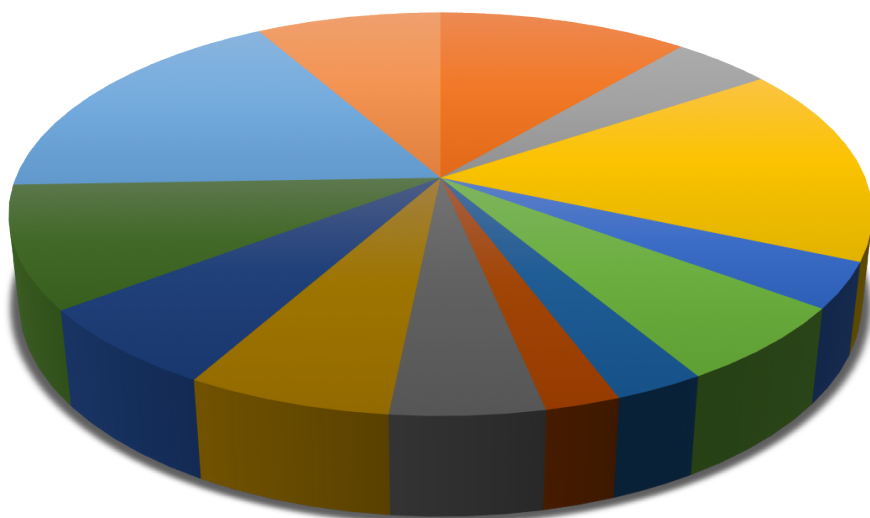
This research applied a Community Wealth Building framework to the combined activities of the Independent Advice Network to establish how it is functioning as an anchor institution. It found that as an anchor institution it is making a significant contribution to reducing poverty and driving local economic development in Northern Ireland. This contribution to local economic development should be recognised by the Independent Advice Network being sufficiently resourced to continue and build on its current activities. As fundamentally anti-poverty organisations, it is fitting that advice centres are showing leadership as organisations who target poverty not just through the services they provide, but also through paying the real living wage and purchasing goods and services from local businesses.

The independent advice network is joining the Department for Communities and Finance, other community organisations such as Development Trusts NI and their members, Trademark Belfast, Cooperative Alternatives, and the Northern Mutual Bank Campaign in the movement to advance Community Wealth Building in this region.

Recommendations

- Independent Advice should be an integral part of the NI Anti-poverty strategy as a mechanism that drives local economic development and job creation. It should be funded on 3-to-5-year cycles to give centres the stability to provide their services.
- Advice Centres should show leadership as anti-poverty organisations and accredit with the Living Wage Foundation as real living wage employers joining the movement to reduce low pay levels in NI. Currently, Advice NI and three independent advice centres EBIAC, Ballynafeigh Community Development Association and STEP are already accredited.
- Advice Centres should undertake an LM3 analysis of their spend to ensure that they are using all their spending power to support local businesses and have even more of an impact.
- Research should be undertaken as to how many jobs are created in the wider economy by the additional social security income achieved for people in Northern Ireland by the independent advice network.
- The wider CVSE should apply a Community Wealth Building lens to its activities and undertake research to establish how its combined impact functions as an anchor institution. This will help to ensure that it is using all its strength and power to maximise its impact on the local economy to target poverty.
- CVSE organisations should accredit with the Living Wage Foundation as living wage employers.
- Public sector organisations should accredit as living wage employers and embrace their role and use their spend for [public benefit](#). As an employer of 28% of the workforce and a combined spend in 2020 of [£23billion](#) this will have a transformative impact on local economic development and poverty reduction. The NI Assembly has shown leadership by introducing mandatory scoring of social value in contracts from 2022, accrediting as a real living wage employer and stipulating that any organisation tendering for contracts from 2022 must also pay it.
- There needs to be a wider conversation about what our economy is and who it is for. If life is not and has not been improving for people in persistent poverty in Northern Ireland, then it is time to try a more systemic approach such as Community Wealth Building to economic development.

Employment in the NI Economy by Sector 2021



- **11%** Manufacturing
- **4%** Manufacturing
- **16%** Wholesale & retail trade; repair of motor vehicles & motorcycles
- **4%** Transportation & storage
- **6%** Accommodation & food activities
- **3%** Information & communications
- **2%** Financial & insurance activities
- **5%** Professional, scientific & technical activities
- **7%** Administration & support services activities
- **7%** Public administration & defence; compulsory social security
- **10%** Education
- **17%** Human health & social work activities
- **8%** Other service activities

Source: Department for Economy NI

Report by Mary McManus. Mary spent 24 years working in a variety of roles in the independent advice sector. In 2020, she completed award-winning Masters' research at QUB into the anti-poverty potential of Community Wealth Building. Mary is currently an independent researcher and advocate for more systemic solutions to create a society that is fairer to both people and planet.

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