

# A Scoping and Feasibility Study for a New Foundational Economy Academy in Wales



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# 1. Executive Summary

This report conducted a 'Scoping and Feasibility Study for a new Foundational Economy Academy' in Wales, during the first quarter of 2022. We explored how to effectively enhance the Foundational Economy (FE) capability of public service practitioners and learn lessons from the celebrated Preston Model. The report conducted primary research and reviewed academic and practitioner literature.

All sectors of the economy operate in a Volatile, Uncertain, Complex, Ambiguous (VUCA) world and exogenous shocks are likely to become more frequent. Public service organisations (PSOs) in Wales have had to deal with multiple challenges including COVID-19, Wellbeing of Future Generations Act obligations, 2030 Net Zero targets, social welfare reforms and Brexit repercussions. These challenges are more acute due to increased financial pressures which manifests into 'having to do more with less'. Key foundational sectors remain resilient during times of crisis, and the foundational economy offers regional economic stability.

The Foundational Economy in Wales is growing and is of vital importance to regional development. FE implementation capability is heterogeneous, and the principles of FE not fully understood. This report outlines the nascent literature and details 'what works' in terms of developing FE capability, in Wales. We propose a FE Capability Development framework. We also outline the lessons from the celebrated Preston model. Its success came from engaging multiple stakeholders to coproduce an ecosystem of local government, development agencies, cooperatives and trade unions to implement community wealth building principles with the University of Central Lancashire providing academic insights and facilitation.

The report recommends establishing a Foundational Economy Academy in Wales to support PSOs to develop FE capability. The FE Academy could develop a repository of content and interventions and act as a quality assurance function. The FE Academy could also contribute to the development of a regional ecosystem that supports public and private sectors to collaborate with policymakers to generate and retain wealth in Wales.

In terms of next steps, we suggest a study that systematically maps and reviews available FE learning content and interventions to develop a robust FE knowledge repository would be valuable. The study could also identify gaps in capability across PSOs to develop interventions, in collaboration with PSOs. A pilot FE programme community of practice would be timely to augment FE activity.

## 2. Introduction

### 2.1 Study Aims and Scope

This report summarises research undertaken by Cardiff Metropolitan University, University of Central Lancashire and Swansea University over a twelve-week period in the first quarter of 2022. Each university has a considerable track record of designing, developing and delivering impactful interventions for public and private sector practitioners. The report evidences the extensive knowledge and expertise of the development of Community Wealth Building mechanisms and their application within the highly celebrated 'Preston model'.

The study sought to establish a framework (model) that outlines the interventions appropriate for enhancing the FE capabilities (knowledge and skills) of practitioners in Wales, that would inform the feasibility of a Foundational Economy Academy in Wales. The study conducted research to determine the most appropriate challenge led public sector programme pedagogy, based on reviews of existing FE interventions in Wales and across the UK. The Circular Economy Innovation Communities (CEIC) programme and Infuse programmes have been given particular attention.

The research for this report commenced in January 2022, conducting the below simultaneous activities in order complete the report by early April 2022:

- **Activity 1:** A short literature review to compile a body of work that enables Public Service Organisations to understand 'what works' in terms of the implementation of Foundational Economy and Community Wealth Building principles. The review also looked at the efficacy of interventions designed to support practitioners to implement FE, CWB and similar new concepts. The report looked at academic and grey literature, detailed in section 3 of this report.
- **Activity 2:** Primary research in the form of a questionnaire sent to PSOs across Wales and a series of 29 semi-structured interviews of implementers of FE, stakeholders and academics. The findings are detailed in section 5.
- **Activity 3:** An analysis of the implementation of Community Wealth Building (CWB) principles within the celebrated Preston model.

The activity was undertaken to answer two research questions, agreed with the report funder:

- 1) What interventions and formal programmes are appropriate for enhancing the capabilities (knowledge and skills) of practitioners at different levels and roles within public service organisations in Wales?
- 2) What interventions have enabled public service practitioners in Lancashire to implement 'Community Wealth Building' principles in Preston?

To answer the first question, the report analysed interventions (programmes, courses and initiatives) that had developed Foundational Economy (FE) capability of practitioners in Wales, through a brief analysis of the existing academic and grey literature (Welsh Government, Local Authorities, Think Tanks, Consultants and organisations that have implemented FE). The report outlines the interventions that have enhanced the FE capabilities (knowledge and skills) of practitioners in Wales and suggests how the concept of FE can be developed, implemented and rolled out.

The development and implementation of FE principles in Wales will require the enhancement of practitioners' innovation or change management capabilities, therefore public service organisations (PSOs) are likely to have to emphasise the importance of innovation at all levels to ensure FE new service solutions are developed, prototyped and implemented. The report, therefore, comments on what existing successful interventions have done to develop practitioners problem-solving capabilities and how they have encouraged the adoption of continuous improvement tools and techniques to support the development of a more innovative culture that facilitates the development of new FE service solutions.

To answer the second question, the report offers understanding and detail as to what public service practitioners in Lancashire have done to implement 'Community Wealth Building' principles in Preston, a similar concept to FE. The report briefly outlines the mechanisms and processes adopted within the Preston model, over the last decade, in order to implement the principles of Community Wealth Building (CWB) and how the local authority worked with anchor institutions during the implementation process. The report also outlines the challenges encountered through the implementation of CWB within the region, for policymakers and practitioners in Wales to understand 'what works' in real terms.

## **2.2 Public Service Organisations operating context**

The 21<sup>st</sup> century has experienced multiple economic, environmental, and social crises, evidencing the contention that organisations operate in a Volatile, Uncertain, Complex, Ambiguous (VUCA) world (Persis et al. 2021; Khan and Millner, 2020). The IPCC (UN) Climate Change Report (2021) evidences the certainty of future exogenous crises if both the public



and private sector actors do not make responsive and sometimes radical operational and strategic changes. Furthermore, public service organisations (PSOs) have recently experienced a 'perfect storm', dealing with challenges that include the task demands of COVID-19, increased financial pressures derived from the pandemic and its impact on future revenue flows, obligations to meet Wellbeing of Future Generations (Wales) Act (2015), 2030 Net Zero targets and Brexit repercussions.

The challenge facing UK PSOs is stark: *"Public sector net borrowing was £62.1 billion last month, the highest level ever recorded and nearly three times higher than the last record of £22 billion in April 2012. Fiscal pressures came from both sides of the government ledger with receipts down 24 per cent and expenditure up 57 per cent on last April"* (The Resolution Foundation, 2020 p6). These challenges have highlighted the requirement for PSOs to enhance their innovation capabilities (Arundel et al. 2019), which appears essential if they are to 'do more with less' and contribute to regional development.

### 3. Study Methodology

The study used a mixed method approach, comprising semi-structured interviews, a short, focussed survey and a literature review. The study engaged with specific users and stakeholders (listed below) to ensure that the proposed FE Academy framework and recommended interventions met the needs of public service practitioners in Wales.

- Welsh Government FE team
- Welsh Government senior policy officers
- Scottish Government senior policy officers
- Senior managers in Local Authorities
- Senior managers in NHS
- Procurement managers in Local Authorities in Wales
- Social Care commissioners
- Housing Association managers
- Economic Regeneration officers
- Independent Think Tanks and Academics

The interview participants were drawn from individuals and organisations recommended by Welsh Government as having knowledge of Foundational Economy or Community Wealth Building, supplemented by study team contacts. This was cascaded outwards to include individuals recommended by interviewees. A list of interviewees is included in Appendix 2. Additionally, Appendix 3 contains the interview schedule and Appendix 4 the survey questionnaire.

The online survey used a similar cascade method of distribution. An invitation to participate in the survey was circulated by Welsh Government and the study team. It was sent to individuals in relevant public service organisations via established networks, with a request that the survey be further distributed to any contacts with an interest or involvement in the topic. The survey resulted in fifty substantive responses, with sixty-one respondents but only fifty complete surveys. The survey opened on 15 February 2022 and closed on 9 March 2022. Analysis of the survey and semi-structured interviews is presented in Section 5, Findings.

# 4. Literature Review

## 4.1 Introduction and search methodology

The literature review for this report was conducted in January 2022, with the following aims:

- Explore how to enhance the capability (knowledge and skills) of public service practitioners to develop processes and practices that apply the principles of Foundational Economy (FE) / Community Wealth Building (CWB), within Public Service Organisations (PSOs) in Wales, focusing on progressive procurement and process innovation.
- To examine the efficacy of challenge led public sector programmes in Wales linked with academia such as the Circular Economy Innovation Communities programme, the Innovative Future Services (Infuse) and similar programmes.
- To examine efficacy of challenge led public sector models/programmes in the UK for enhancing FE & CWB capabilities.
- Explore the experience of Lancashire and the Preston Model in its implementation of CWB.
- To examine existing interventions that have implemented FE and CWB in PSOs in Wales.

The literature reviewed was gathered through searches of ProQuest Business Collection, Business Source Complete, Google Scholar and Google. Additionally, we drew on the knowledge of the academics and stakeholders directly involved in the study. Due to the scope and limited timeline the report searched only for publications with the term “foundational economy”, “community wealth building” and “social value”. The search methodology to obtain academic and practitioner articles and reports is detailed in Appendix 5.

## 4.2 Defining the Foundational Economy

Welsh Government defines the Foundational Economy as:

*“The services and products within the foundational economy provide those basic goods and services on which every citizen relies and which keep us safe, sound and civilized. Care and health services, food, housing, energy, construction, tourism and retailers on the high street are all examples of the foundational economy.*

*The industries and firms that are there because people are there. The food we eat, the homes we live in, the energy we use and the care we receive.*

*This is not a small part of the Welsh economy, with estimates suggesting it is four in ten jobs and £1 in every three that we spend. In some parts of Wales this basic ‘foundational economy’ is the economy.”*

Much of the UK economy consists of everyday services aimed at addressing household and small business needs (Berry, Bailey & Jones, 2020). These services are deemed foundational, not only in terms of employment, but because they support the general material infrastructure and providential services that are key to daily life, enabling households and organisations to function (Morgan, 2020). The foundational economy relies upon the consumption of key goods and services, whilst employment in the foundational economy accounts for 30-40% of total employment (Foundational Economy Collective, 2018). The key tenets of the foundational economy drive a shift in economic policy and thinking, as the current approach to economic development fails to deliver in both economic and well-being measures (Nygaard & Hansen, 2021).

The foundational economy is inextricably linked with well-being, where goods and services are critical for many consumers (Calafati et al., 2019). Hence, when these foundational industries are faced with potential disruption, the ramifications for wider society are significant (Berry, Bailey & Jones, 2020). However, Miller (2017) argues that some foundational sectors are more protected than others (infrastructure, utilities, health, education) due to their inherent locality. They are not subject to international competition and demand for essential services does not change significantly when prices or consumer incomes change, leading to greater resilience to external economic shocks in comparison to other sectors.

The delivery of foundational goods and services is achieved by individuals deemed ‘key workers’ throughout the Covid-19 pandemic, and the consequences of disrupting delivery of such services has indeed been evidenced during this time. The UK economy, and the public sector, would arguably have been better prepared for the challenge of the pandemic had it not been for austerity pursuits and neo-liberal versions of localism experienced pre-pandemic (Froud, Johal & Williams, 2020b). A broader understanding of the foundational economy is

essential when considering a more inclusive recovery from the pandemic. The time for the foundational economy to move into more mainstream Welsh Government policy and practice is now, especially given the real need to address the societal disconnect evidenced by the paradox of low status (key) workers being pivotal in ensuring the safety of society (Morgan, 2021).

To develop the foundational economy, researchers have argued that a radical reframing of the economy is required, not least to better account for the provisioning of goods and services (Miller, 2017). To achieve this in Wales, there is a need to remove the focus from a 'key sectors' approach to a more holistic approach which seeks to better understand the dynamics within and across sectors, including the behaviour of specific 'anchor organisations' or 'rooted firms' within them (Miller, 2017).

### **4.3 Community Wealth Building**

The Foundational Economy has many parallels with the 'Community Wealth Building' concept. This local wealth retention model began focused on anchor institutions. An 'anchor institution' is defined as a major local institution that is 'anchored' in place, within a region (i.e. hospitals, local authorities, FEIs and HEIs, schools, transport and utilities). Anchor institutions are large regional employers, purchasers of goods and services, and owners of property and assets. Therefore, similar to the 'anchor organisations' or 'rooted firms' described in the foundational economy concept, identifying and analysing the value of those anchor institutions that deliver foundational goods and services, connect with local residents, invest in the knowledge and skills of local people and give a real sense and distinction to 'place' is of central importance (Brett, 2020).

Some key tenets of community wealth building include:

- in-sourcing public goods and services.
- developing cooperatives and locally owned or socially focused enterprises in the public and private economy;
- directing the funds from local authority pensions away from global markets and towards local schemes and community-owned banks and credit unions.
- working within large anchor institutions and their human resource departments to pay the living wage and drive workforce recruitment from lower income areas, building secure progression routes for workers and ensuring union recognition.

- developing local supply chains.
- ensuring that assets held by anchor organisations are owned, managed and developed with local public value in mind.

(Heslop et al., 2019)

The Preston model is an exemplar of CWB implementation, described in detail below. Social licensing can also be deemed a similar initiative, where explicit community obligations are imposed upon public and private sector organisations (Leaver & Williams, 2014). Community wealth building has become part of the Welsh foundational economy strategy, where it is slowly being embedded across all local authorities in Wales (Eder, 2021). The foundational economy approach has been described as a progressive model of social innovation, offering important implications for a place-based approach to innovation (Coenen & Morgan, 2021). McInroy (2018) argues the procurement of goods and services should be more localised in the public sector. Social innovation is grounded upon building a better economy and investing in local communities - as observed in community wealth building - which can ultimately be achieved through prioritising foundational goods and services. Coenen and Morgan (2021) suggested this can only be implemented in practice if appropriate knowledge and skills are developed, through specific, supportive interventions and developmental programmes.

## **4.4 The importance of innovation**

Despite distinctions between public and private sector practice, public sector innovation is still viewed through private sector frameworks (Bugge and Bloch, 2016). Although there are bureaucratic similarities between the public and private sector, the absence of competition and profit motives in the public sector results in different innovation motivations (Demircioglu & Audrestch, 2017). Innovation in the public sector often occurs on an 'ad-hoc' basis, such as in response to regulatory change, declining budgets, or due to demand for new services (Arundel, Bloch & Ferguson 2019).

However, innovation should be underpinned by an ongoing strategy that increases organisational capabilities to, in turn, increase innovative outputs (Arundel, Bloch & Ferguson, 2019). Collaborative innovation offers an alternative approach to innovation that is particularly applicable to the public sector (Torfing, 2018). Collaborative strategies enable knowledge transfer between relevant actors, encouraging mutual learning to improve understanding of challenges and potential solutions (Torfing, 2018), with collaboration involving the



management of differences to discover joint solutions to common problems (Gray, 1989). Liu et al (2022) concluded that inter-organisational communities of practice enhance both organisation and regional innovation capabilities in PSOs. Nevertheless, as Torfing (2018) asserts, collaborative innovation is underpinned by an inherent tension between collaboration and innovation. Whilst collaboration requires a degree of similarity between actors, innovation flourishes in the presence of diversity and disruptive thinking and action, stimulating knowledge exchange and creative problem solving (Syed, 2019). Collaborative innovation is hence grounded upon - *'the willingness and capacity of a diverse group of actors to engage in a trust-based dialogue through which they can construct a common ground for exploiting their differences in order to produce innovative solutions'* (Torfing, 2018, p.5).

Economic development is promoted through entrepreneurship, innovation and investment in new goods and services (Birch et al., 2010; Coenen et al., 2015). FE sectors are often advanced users of technology, creating a dynamic interdependence between technology-generating sectors that are conventionally associated with innovation, and the technology-using sectors of the foundational economy, which rely far more on social innovation (Morgan, 2021). Morgan (2021) suggests promoting the foundational economy requires societal innovation requiring with two prerequisites, firstly, that citizens and consumers continue to view and value activity that has social value and, secondly, that national and supra-national authorities work in concert with cities and regions in a spirit of co-production rather than top-down leadership approaches.

The public sector, being responsible for the delivery of many services which generate social and economic value, plays a crucial role in addressing major societal challenges (Foray et al., 2012). With public money at stake, failure is difficult to accommodate (Coenen, 2018). Studies have argued that a higher tolerance of failure is required because successful innovation is iterative in nature, so the aim should be to reduce the cost of mistakes through learning from them and 'failing faster' (Rodrik, 2004). The public sector should dedicate resources to learning about what works where and why, Coenen & Morgan (2021) suggested:

*'Experimentation allows for a more direct engagement with the challenge-driven ambitions targeting wicked problems as laid out in contemporary innovation policy thinking... it suggests that prioritization for development and innovation is based on principles of empowered deliberative democracy. This means focusing on specific, tangible local problems highlighted by the foundational economy, such as drought, ageing societies or economic hardship due to the disappearance of local industries and involvement of 'ordinary people' affected by these problems as well as problem-solvers, and an emphasis on deliberative development of solutions to these problems.'*

This form of social innovation is also important for regional development, as it creates new business opportunities, provides new perspectives to citizens, and helps to modernise the public sector (Foray et al. 2012, p.112). In relation to this place-based approach, foundational initiatives are grounded upon the immediate needs of society, which demand innovative, problem-solving capabilities (Coenen and Morgan, 2021). This approach has proven successful when adopted by Welsh organisations implementing foundational economy initiatives, such as Coastal Housing, deemed an anchor institution as being well-positioned to support the foundational economy. Coastal apply whole-system thinking in looking beyond organisational boundaries to solve 'wicked problems', such as by using asset-based community development to respond to challenges whilst generating social improvement and economic development (Green, 2019).

Keith Grint (2005) introduced the term 'wicked problems' to describe problems faced by public services, like *'how we 'fix' the NHS and care services'* arguing that there is no single solution (best practice) to wicked problems and suggesting an experimental and pragmatic approach (test and learn) where failure is viewed as an opportunity to learn is required to develop multiple, iterative solutions to wicked problems (Grint, 2022). Grint (2005) argued there are four main barriers to the successful introduction of organisational innovation. Firstly, unless all workers 'buy-in' to these programmes they are likely to fail as their commitment is required to implement and embed the changes. Secondly, Heisenberg's uncertainty principle suggests pairs of properties cannot be measured accurately simultaneously, which suggests organisations can develop competing interventions and processes that confuse practitioners. The third reason for innovation failure is illustrated by Sartre's pyramid investment metaphor, which suggests workers can believe that only some people can benefit from organisational innovation. Thus, workers can suspect that change programmes are aimed at reducing headcount and therefore a degree of resistance is likely. The fourth challenge of change programmes is their adherence to measurement systems and the bureaucracy these can create. In this scenario organisations develop efficient ways of measuring output of a service and lose sight of what customers want or the problem the innovation aimed to address.

The contemporary literature on organizational innovation argues that developing public sector innovation capability and capacity is a real challenge as the knowledge transfer process is problematic and acknowledged by policy makers (ESRC, 2017). The knowledge transfer challenge, highlighted by the ESRC (2017) report, was articulated by Pfeffer & Sutton (1999) in their seminal article as the *'Knowing Doing Gap'*. Pfeffer & Sutton (1999) suggested that organisational managers and leaders can often understand new theories and concepts and

yet practitioners find the 'gap' between knowledge and the transfer of knowledge into new processes and practices difficult to bridge.

## **4.5 The Wellbeing of Future Generations Act**

The Well-being of Future Generations Act offers a form of societal innovation that places statutory duty on public sector organisations to promote sustainable development (Morgan, 2019). The supply of foundational economy services is critical for enhancing wellbeing, through increasing living standards and addressing social inequalities (Heslop et al., 2019). Creating a more foundational economy can also lead to climate change mitigation and enhancing the wellbeing of future generations (Calafati et al., 2019). Wales has enacted the Wellbeing and Future Generations Act which places statutory obligation on public sector organisations to improve the social, economic, environmental and cultural wellbeing of Wales through placing sustainable development at the heart of decision making (Green, 2019) whilst addressing regional inequalities, providing appropriate infrastructure, and promoting fair employment (Reynolds, Henderson, Xu, & Norris, 2021).

The foundational economy emphasises the importance of the wellbeing of future generations so that foundational systems can be revised based on an array of new experiments and innovations (Calafati et al., 2021). The sustainable development goals have been criticised for targeting material resources, omitting social measures of well-being (Bärnthaler, Novy, & Plank, 2021). Additionally, The Well-being of Future Generations Act also calls into question the extent to which Welsh economic development is aligned with the well-being goals (Bärnthaler, Novy, & Plank, 2021). Building a foundational economy hence offers an opportunity to marry well-being and climate change, in opening a transition pathway to changing the culture of consumption (Calafati et al, 2019). The foundational economy presents an opportunity for economic regeneration by aligning societal priorities and universal needs and, recognising diversity and unevenness in well-being (Bärnthaler, Novy, & Plank, 2021).

## **4.6 Adoption of Innovation tools and techniques**

In terms of identifying a framework for future interventions to develop the foundational economy in Wales, the CLES report (2019) recommendations offer a springboard for evaluation, as do some of the Wales Foundational Economy Fund pilot projects 'narratives.' A focused mix of potential intervention factors are offered for consideration.

These intervention factors are premised upon a leadership and change approach that is embedded in systems thinking and follows key principles of complexity theory (Cameron and Green, 2020). This approach recognises that organisations do not function like machines. Rather, they consistently reproduce themselves through relational working, constant internal and external dialogue, dynamic leadership and followership, effective communications, storytelling and story-selling. Essentially, this builds self-organisation, encourages disruptive innovation (Syed, 2019), organisational emergence and growth. It feeds off the positive power relationships and feedback mechanisms inside the organisation, and, paradoxically, allows leaders to build strategic flexibility at the same time as 'letting go' of leadership to key senior and middle leaders who are closest to key organisational processes and potential innovation (McMillan, 2008). These brief insights into complexity management science challenge organisational leaders in the foundational economy of Wales to embrace contemporary challenges and uncertainty in order to become more effective, democratic and sustainable.

Intervention leadership and change implementation is vital for all foundational economy stakeholders (Institute of Welsh Affairs, 2022). It should start by building a strong values-based organisation which exhibits a passion for its work as this drives connectivity, focusing and amplifying important strategic imperatives within key organisation processes. Additionally, FE organisational leaders should encourage the creation of self-organising teams/units that drive innovation and build a depth of leadership that is reflexive and facilitates 'letting go' and empowering managers (Flinn, 2018). Linked to this, maximising 'open space' and digital technologies enables powerful networking and stimulates Communities of Practice (CoP's) inside and outside the FE organisations (Cameron & Green, 2020). Existing literature evidences the value of supporting open innovation in the public sector (Mergel & DeSouza, 2013), the value of Communities of Practice (CoPs) within formal development programmes (Smith et al. 2018); Walpole et al, 2022) and the efficacy of design thinking in developing new service solutions in collaboration with users (Harhoff & Lakhani, 2016). Liu et al (2022) argued programme communities of practice enhanced organisational and regional dynamic capabilities. Finally, leadership that is futuristic will offer real sensing, presencing and actualising of organisational growth opportunities, an emergent characteristic that encourages a 'letting come' management approach (Scharmer, 2007).

In terms of new FE organisational development, 'inception' (new business start-ups) intervention needs to focus on several key factors. Economic statistical analysis, open interviewing and surveys of 'local place-based businesses' are seen as an essential 'heads up' research intervention techniques that help model intervention and offer easy transferability to any rural Welsh town or community focused FE project (Severn Wye, 2021). For Community

anchor leaders and local business partnerships, building visibility and accessibility of new FE community businesses into local and regional anchor institutions should be a priority intervention strategy (Institute of Welsh Affairs, 2022). Increasing collaboration, partnership and consortia building between new community businesses will provide an attractive scale of operation. Building community asset transfer to anchor and community business consortia in order to ameliorate problems of local public amenities and creating a 'stewardship of place' and democratised solutions is another essential 'inception' intervention (Colegau Cymru/Colleges Wales, 2020). Additionally, harnessing local spend and adopting a local wealth building approach by anchor institutions in order to embed social value is seen as an important planning into practice intervention (Institute of Welsh Affairs, 2022; Colegau Cymru/Colleges Wales, 2020).

Once a new FE organisation has achieved successful project 'start-up,' improving impact measures which help 'sell' community business and providing business support are vital roles which key anchors like local FE Colleges and regional vocational universities can play (Colegau Cymru/Colleges Wales, 2020.). Also, all interested FE stakeholders need to utilise their 'community voice' in local, regional and national economic and knowledge development strategic policy into practice making. The Amey consulting (2021) white paper on *Creating Cohesive Communities* called for more hybrid working and greater access to co-working space in local business hubs. These would become vital community spaces where business support, mentoring and training could be accessed and help promote the benefits of 'localism.' Hearing this strong FE regional and local narrative in both policy and practice aspects is crucial and creating a community of best practice around community business and the foundational economy in Wales seems a natural 'next step' intervention.

The ONS (2021) report on *Understanding Towns* calls for a new, 'networked community' for a contemporary foundational economy, offering high-value, high trade activities like advanced manufacturing, digital technology, knowledge-intensive market services and other knowledge-intensive services.). Lang (2019) also emphasises a need for insightful research of 'deep place' and in the context of an innovative 'essential services' sector. Linked to this theme, Froud et al. (2020) question whether 'productivity' really matters in the Wales foundational economy policy debate, arguing for more imaginative thinking and practical interventions as to what constitutes social value in local essential services development. Watkins (Institute of Welsh Affairs, 2022) sees the potential of local FE Colleges and vocational HEIs in Wales being viewed as 21<sup>st</sup> century 'generative anchor institutions' for the foundational economy, especially with respect to the development of micro-essentials (World Economic Forum/Boston Consulting Group, 2015.). Micro essentials are contemporary capabilities of

problem-solving, creativity, innovation and collaboration and ought to be the priority work of a group of Welsh/UK practitioners, academics and strategic human resource experts.

This type of intervention would build a menu of 'just in time' work-based learning and training (Colegau Cymru/Colleges Wales, 2020). It could also help establish 'bottom up' community action and encourage self-sustaining businesses, constructing a localised knowledge economy unique selling point (USP) and acting as a platform for change that result in local population direct benefits. This emphasises locality engagement and drives the 'local ownership' factor (Bevan Foundation, 2020). Other intervention themes for established and new FE organisations include the development of routine stakeholder sessions and open 'roundtable' sessions which share and build up 'best practice' delivery understanding and identify common recruitment and retention issues (Amey consulting, 2021.). Similarly, holding regular reflective conversations with SME providers and capturing the 'narratives' via case study on-line videos all build powerful formative learning interventions (Centre for Local economic Strategies, 2019).

Several Welsh FE Challenge projects took the opportunity to partner with local FE and HE partners to create unique face to face and on-line education programmes to teach their communities and end-users new knowledge and skills linked to products they were selling and new routes to business growth (Mon Shellfish FE Challenge project, 2020; Ruthin Market Hall FE Challenge project, 2020). Establishing early feedback sessions with supply chain organisations and sharing findings on key business implementation was regarded as a productive intervention in that it shaped organisational thinking and informed development of 'early-stage tools' and 'guides' to support progressive key work processes like procurement and supply chain management (Wales Co-operative Centre, 2020).

Finally, several common intervention themes for all key stakeholders were identified. An important policy into practice intervention ought to be the establishment of 'real terms' that provide definitional clarity for the foundational economy in Wales – one which saw the foundational economy as a range of 'essential services' that are non-negotiable and rooted in our localities (Colegau Cymru/Colleges Wales November 2020). Linked to this, developmental policy action needs to occur which sees Welsh Government policy moving away from seeing the FE sector as economic development and treating it as an innovative essential services sector (Colegau Cymru/Colleges Wales November 2020.).

Improving collaboration and co-production across the foundational economy sector through focused business education and training support (especially via 'learning at work' opportunities for people in their immediate localities) for knowledge 'enabling capacity' and



capability was seen as an immediate intervention initiative (Wales Co-operative Centre, 2020). This would help capture lessons both positive and negative on organisational culture and capacity building and share learning rapidly and widely. Refreshing existing tools and resources known to the foundational economy sector and making them freely available, especially the design and delivery of FE 'tool-kits' to share learning, encourage greater collaboration and build digital engagement and drive up relational 'connectivity' between clients, contractors and communities (the '3C's) was another priority intervention (Wales Co-operative Centre, 2020.). Additionally, spotting 'quick win' opportunities for local residents, like building job opportunities and adopting a flexible approach to targeted recruitment and training (TRT) would be an intervention that allowed for long-term growth of the local 'resource envelope' (Wales Co-operative Centre, 2020.).

These intervention possibilities call for a sustainable business innovation and knowledge economy where 'policy into practice' approaches should predominate. For example, creating foundational economy, organisational and job opportunities could be facilitated by utilising the knowledge often 'locked in' Welsh FE Colleges and vocational HE institutions (Institute for Welsh Affairs, 2022.). Plugging the 'implementation gap/knowing-doing gap' by urgently working in the space between high level strategy and programme delivery and offering collaborative learning opportunities which develop, and share 'next generation' foundational economy knowledge, skills, specific tools and overall understanding has to be a primary Welsh Government intervention (Wales Co-operative Centre, 2020.).

## **4.7 Stakeholder engagement, Action Learning and Design Thinking**

The foundational economy requires policy solutions to be locally articulated and developed (Coenen & Morgan, 2021), suggesting that broad policy solutions are unlikely to address the place-based sensitivity associated with the foundational approach. In order to achieve this, Reynolds et al. (2021) suggest that experimental learning amongst stakeholders is the best approach to co-create foundational solutions that are grounded within sectoral idiosyncrasies.

In specific relation to the role of innovation in the foundational economy, Stilegoe et al. (2013) argue that in order to innovate responsibly, stakeholder and public value needs to be accounted for. In moving away from a 'one size fits all' approach, Dobbins and Plows (2017) call for pluralist experimentation in the foundational economy at regional, sector and local levels. Through the application of models such as 'Design thinking', public sector organisations could be offered a supportive framework within which to shape their foundational

perspectives, as observed on existing public sector programmes such as CEIC (Walpole et al. 2022). Design thinking is a proven approach in effectively supporting public sector organisations to develop new service solutions in collaboration with users (Harhoff & Lakhani, 2016).

## **4.8 Knowledge sharing through inter-organisational Communities of Practice**

Through adopting a place-based approach, local knowledge can be used to design and deliver public services and regional development strategies; such foundational services need to be nurtured in order to ensure post-pandemic recovery (Morgan, 2021). Targeting government resources and training towards those foundational organisations would support the transition to a foundational economy, yet this change needs to be gradual and supportive of foundational activities (Hansen, 2021). Arguably, the foundational economy depends on societal innovation and smart experimentalism in the public sector (Morgan, 2021). Dobbins and Plows (2017) propose pluralist experimentation in the foundational economy at regional, sector and local levels. This could be facilitated through collaborative 'partnerships' between the state, leading employers, trade unions, and other foundational economy stakeholders.

Knowledge sharing is a crucial element in the development of Communities of Practice (CoPs). Taking a social constructionist view of knowledge requires that organisations -notably driven by the key leaders within them - engage with the ideas that come from across their structure, both via formal and informal dialogue. Knowledge exchange and learning then becomes fundamentally social and participatory. Communities of Practice enable members of that community (the Community of Practice) to develop skills and capabilities relevant to their own situations back in their organisations. This enables them to address problems and share knowledge (Wenger, 2007). The circulation of knowledge within inter organisational Communities of Practice can greatly impact on the place in which the Community of Practice has a shared challenge.

## **4.9 Contemporary practitioner development programmes and interventions**

This report focuses on interventions designed to develop practitioner capabilities. Existing literature evidences the value of supporting open innovation in the public sector (Mergel & DeSouza, 2013), the value of Communities of Practice (CoPs) within formal development programmes (Smith et al. 2018) and the efficacy of design thinking in developing new service solutions in collaboration with users (Harhoff & Lakhani, 2016). However, a very small number of formal programmes are available to public sector organisations that enhance the capabilities required to develop and co-create solutions to their challenges.

Contemporary learning interventions with participative pedagogies aim to support participative approaches to learning as proposed by Hodgson and Reynolds (2005) whereby the learner co-constructs the 'curriculum' / learning to enable a greater impact on what they are seeking to achieve in terms of applying the learning. Such a collaborative and participative approach to learning relies on the dialogical creation of meaning and construction of knowledge (Hodgson and Watland, 2004). Transformative learning seeks to stimulate a learner's questioning of underlying assumptions and to restructure the way the learner sees the world and acts within it (Laros, 2017).

Education in general is dominated by an approach to learning which sees knowledge as something to be acquired. Freire (1970) refers to this as the banking concept of education whereby education is an act of depositing, in which the students are the depositories, and the teacher is the depositor. It is important to highlight this as the dominant view because contemporary pedagogies resist the didactic approach we are used to in the classroom, i.e., the teacher or expert imparting knowledge to a less knowledgeable source (the student). They rely less on the tutor(s) as the "sage on the stage" but as the "guide on the side" (Jones and Steeples, 2002). Such approaches reduce learning to a form of transfer and tends to miss the socio-cultural environment the learner is in, whether that be at school or in the workplace. This view of learning sees knowledge as socially constructed.

Social interaction is seen to play a crucial role in the development of cognition where language plays a fundamental part. Typically, a cognitivist approach views the learner as being able to consume abstract knowledge which is 'out there'. Vygotsky's (1978) theories focus on cognitive learning through social development that takes place in cultural contexts and is mediated by language. Within socio-cultural theory a consistent view is that learning takes place with engagement in everyday activities such as practice in the workplace. Rogoff and Lave (1984) propose that 'activity' structures cognition (i.e., thinking is structured by activities that one engages in) and that this is a fundamental aspect of how organisations 'learn their way forward.'

Social learning theories, therefore, see learning as 'situated' or embedded within activity. Learning arises from participation in a community and gaining recognised membership within that community (Lave and Wenger, 1991). The activity for such learning in work-based programmes is typically the learner's own work practices, for example as a manager or a leader. Therefore, the learning experience as a result of such programmes is situated back into their own contexts. Hodgson (2009, p.131) makes the link between social learning and management education arguing that becoming a member of a community can be interpreted as:

*"...learning through participation in the pedagogy and curriculum of a given educational programme. Through this participation 'students' learn how to be a participant or member of a given knowledge community and acquire the language and an identity that is recognised by that community"*

These approaches are evidenced to have a real impact, as opposed to theoretical, i.e. the focus is on applied learning through the development of workplace solutions (Lockett and Kerr, 2006). Practitioner focused learning interventions underpinned with social learning theories and contemporary pedagogies (Walpole et al, 2022) have shown to have impact on the practice in which the learner is based, i.e in the business, in society, in the place the learner is seeking to make a difference to (Howorth et al. 2010). Social learning theories proposed by Lave and Wenger (1991) and Wenger (1998) view learning as situated or embedded within activity. Learning arises from participation in and gaining recognised membership within a community. *"Learning, in short, takes place among and through other people."* (Gherardi et al., 1998).

Identity is a major part of learning. The strong link between the identity of the learner as a *learner* is linked to the process of legitimate peripheral participation whereby the learner gains fuller membership as a learner of the programme / learning intervention in which the learner is situated. This identity is socially constructed through the construction and circulation of knowledge through relational dialogue. Learning how to be a learner is as important as learning to be a leader / manager, which is crucial for driving the application of foundational economies. The empirical contemporary research on intervention design suggests more interactive, immersive, and relational pedagogy is appropriate for practitioners to develop innovation and foundational economy capabilities. Recent research also suggest that inter-organisational challenge led programmes that incorporate form communities of practice enhance regional dynamic capabilities (Liu et al, 2022). The This report will now review practitioner reports that describe the implementation of foundational economy and community wealth building principles in Wales.

## 4.10 Practitioner Reports and Literature

In Wales, both practitioner and advisory organisations, notably the Institute of Welsh Affairs (IWA,), innovative delivery organisations like Coastal Housing Group (CHG) and academic think-tanks like the Foundational Economy Collective based at Manchester university have explored the foundational economy through both policy and delivery-based review projects. Their main aim has been to develop clarity of thinking and action for policy makers and implementers in Wales. The bulk of these reports have centred on business support, regulation and decarbonisation, and vitally on the various existing powers available to Welsh Government and Welsh local authorities to sustain and grow the Foundational Economy (FE.).

However, little detailed research exists on how to strategically plan and execute new projects that will create exciting new opportunities for Welsh businesses linked to the FE, especially micro businesses in Welsh cities, small towns and local urban or rural community groups. Recent FE research on the Welsh economy suggests that Wales is increasingly 'peripheral' to the main global economic markets and high value business activities concentrated in regional knowledge clusters (e.g., Silicon Valley, North Carolina) financial hubs (e.g. London, Singapore) and manufacturing nations (e.g. China, United States and Japan.). Watkins (2022) suggests this weakens the resilience of many of our most essential services, such as social care, by embedding short-termism and financialisation and fuels the Welsh political right's new-found concerns for community, cohesion and local pride (Institute for Welsh Affairs, 2022.). As a result, there is an increasing general openness and political transparency to challenge the orthodox approach by the Welsh Government as to how FE businesses could operate and grow and how learning interventions should be scoped to deliver such growth (Colegau Cymru/Colleges Wales, 2020.).

The foundational economy of Wales essential services of energy, housing and care are non-negotiable and rooted in our localities. They are increasingly being viewed by critical thinkers and innovative policymakers as the potential bedrock of new 'networked communities' (Colegau Cymru/Colleges Wales, 2020) for a contemporary economy that would offer growth for the sector and stimulate high-value, tradable activities like advanced manufacturing, digital technology, knowledge-intensive market services and other knowledge-intensive services (Office for National Statistics, 2021.).

There is a changing technological landscape in most developed European economies. The Institute for Public Policy Research (IPPR, Scotland report, 2019) notes that whether described as the 'fourth industrial revolution', automation or technological change as linked to new digital technologies such as artificial intelligence (AI), the 'internet of things' (IoT), blockchain, data analytics and new smart technologies are all bringing technology into roles, skill levels and parts of Wales' economy not touched by previous waves of technological change.

For the foundational economy to flourish in Wales it needs innovative generative thinking, action and sustainable support from its Further and Higher Education sectors. Such collaboration and co-production could see the growth of innovative new FE businesses and business education and training support that strengthens Wales 'knowledge enabling capacity and capability' (Colegau Cymru/Colleges Wales, 2020.). This regional and localised knowledge, skills and understanding should be enabled and 'let fly' by agencies like the Development Bank of Wales and vitally, these new organisations would become increasingly important as Wales transitions towards a net zero economy (Institute for Welsh Affairs, 2022.).

Essentially, the UK's celebrated 'Preston Model' and the USA's 'Cleveland Model', both derivatives or versions of the well-established Mondragon experience in the Basque Country, are exemplars of 'capturing more local value' and utilising local tacit knowledge of business growth opportunities, especially when enabled and co-created by capacity and capabilities of local government and local/regional educational institutions. Welsh local authorities already provide extensive networking opportunities via existing business relationships in their communities, invariably driven by public procurement activity (Institute for Welsh Affairs, 2022; Centre for Local Economic Strategies, 2019.). Similarly, innovative collaborative approaches by regional anchor institutions to support shared community wealth building and improving collective wellbeing will create strong, resilient and inclusive local and regional economies (Ayrshire Anchor Institutions Charter initiative, 2022). Educational institutions like local FE colleges and regional vocational universities could 'triangulate' this capacity and capability building via knowledge development and investment into high value local and regional firms (Colegau Cymru/Colleges Wales, 2020.). Maximising the benefits of localism and localised practitioner focused learning ought to be a first vital step in meeting the ongoing calls for increased adaptability and responsiveness in the workforce in Wales (Amey consulting, 2021; Centre for Local Economic Strategies, 2019; Colegau Cymru/Colleges Wales, 2020.).

Clearly, much of the foundational economy is inextricably bound up with a low wage economy. However, Froud et al., (2019) stress it should not be even linked to efficiency and productivity 'factors', it should be aligned with the holistic concept of 'liveability' and on the collective provision of essential services and 'social and intellectual infrastructure building' and the



locking in of social and intellectual value to local 'community' to enhance a true sense of place (Froud et al., 2020; Calafati et al., 2019.).

## **4.11 The Preston Model A Community Wealth Building exemplar**

### **4.11.1 Introduction**

A leading UK example of Community Wealth Building (CWB) is the 'Preston Model', where Preston City Council has been successfully building community wealth since 2012. Arguably, the Preston perspective on CWB has been one of the most talked about designs in social and economic re-imaginings since its inception. This has culminated in the first academic publication '*The Preston Model and Community Wealth Building*' (Manley and Whyman (Eds) 2021) and the first popular publication '*Paint Your Town Red*' (Brown and Jones 2021).

The initiative is now entering a second phase of development (Preston City Council, 2022). This fact should act as an important pointer to foundational economy stakeholders in Wales, especially policy makers and politicians. The reality is that the actual process of sustainable CWB is invariably slower than the creative ideas and aspirations of leading CWB change agents. The social and economic changes that materialise from CWB take time. Patience, persuasion and the nurturing of such creative ideas are of the essence. Sustainable CWB is not open to 'quick fixes' although sharing the experience of previous projects can help to speed up the learning and development process in new project initiation and early start-up.

### **4.11.2 Background to the Preston Model**

The PM did not begin with a pre-conceived design or template. As is well known, many towns and cities in the north of England have struggled for decades to revive past industrial strengths. This came to a head following the financial crash of 2008 and subsequent austerity policies from central government. The financial system was heavily subsidised to prevent it from collapsing, however, household economies were stretched, investment and productivity was weak, and living standards fell. Increasing inequality in economic terms between the North and South of England is well documented but macro-economic approaches have not remedied the situation – as witnessed in the abandonment of the Preston Tithebarn Regeneration project in 2011, following years of planning and £700m of inward investment.

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Preston City Council followed traditional economic development approaches and attempted to attract inward investment from large employers and developers, hoping that any benefits

inward investment would 'trickle down' to support local companies. Anchor institutions in Preston, as in many UK towns and cities, based their procurement behaviour on cost, efficiency and risk avoidance. No consideration was made for geographical spend and the encouragement of local/regional supply chain development, neither was there any concept or policy of using procurement as a means of addressing wider social and/or environmental challenges.

Effectively, the collapse of the Tithebarn inward investment project left Preston City Council with very few development options. It did, however, spark local stakeholders, led by Preston City Council into action. Supported by partnerships with the Centre for Local Economic Strategies (CLES) and the University of Central Lancashire (UCLan), the City Council began to think 'outside the box'. Emerging from the failure of 'traditional' investment initiatives, the creative idea was to consider the wealth that was already generated within the city and to retain that wealth within the region. Effectively, this policy innovation has democratised the local economy of Preston and is now building a resilient and inclusive recovery across the city (Preston City Council, 2022). This approach has had a deep transformative impact that encourages a reconsideration of the meaning of local wealth. In the context of CWB, 'wealth' refers to both financial and social capital and the success of the Preston Model is dependent on a full understanding and practice of this definition of 'wealth.'

This creative idea for the Preston Model was backed up by two external examples, that of the work in [Cleveland](#), Ohio, linked to the development of the evergreen co-operative initiative and the development of the concept of 'anchor institutions' and the long-established co-operative eco-system of [Mondragon](#) in the Basque region, Spain. Representatives from Cleveland and Mondragon visited Preston and shared ideas with public, academics and politicians in the Town Hall and at the University of Central Lancashire (UCLan) in 2012 and 2013. The Mondragon model formed the basis for the eco-system design adopted in Preston that includes education and finance as necessary elements to accompany a developing co-operative ecosystem. Relationships with Mondragon continue linked to the development of training, consultancy and presentations at UCLan and with local stakeholders and political actors in the Preston area.

Although the PM has often been associated with the politics of a left-leaning Labour Council, the core principles and values of the PM, especially those that emphasise the co-operative and community aspects of the Model, are not necessarily directly identifiable with any particular ideology, but are close to concepts of 'the commons', and are often referred to as

'common sense'. There is evidence to suggest that the success of the PM partly depends on its appeal to a broad range of opinion, not any particular ideology (Prinos 2021, pp. 39-40).

A vital and interesting aspect of the PM, when considering this 'common sense' approach is the role of the local university - UCLan. The university, as a local anchor institution, has a major role to play in terms of local procurement, but unlike other anchors, the university is also able to offer a site for reflection and creativity. UCLan has been the focal point for a range of seminars, symposiums and public talks by prominent politicians and national media, as well as a funded research partner in various strands of the PM (Morgan 2018; 2019). Furthermore, some university academics have been directly involved in the setting up of some of the co-operative development as part of the PM, such as the [Preston Co-operative Development Network](#) and the [Preston Co-operative Education Centre](#). This support has helped to create a vision and forum for ideas to support the action 'on the ground' for CWB stakeholders.

### **4.11.3 Early interventions that ensured success**

Before the PM began the actual development of its ecosystem design, which can be dated to the beginning of work with anchor institutions, the local Council developed policies that would be supportive of the change. They became the first local authority in the North of England to become a Living Wage Foundation accredited employer in 2011. This exemplifies the role and the limitations of direct action from a local authority. It soon became clear that local Councils in England had very little control in terms of direct economic development, and with huge cuts to Local Authority budgets over the last 10 years, this economic power has been further significantly reduced. Instead, the Council realised that it had the means to represent ideas and persuade citizens and organisations to rethink their own roles and abilities to change. The Council was able to act as bridge, facilitator and mediator for change.

The idea of an 'anchor institution' in the context of CWB is that of a major local institution in an area that is 'anchored' in place. That is to say that it is hoped that such an institution will always remain in the locality, in almost any economic circumstances. Clearly, this is a quality that was immediately appealing to Preston following the sudden withdrawal of John Lewis from the Tithebarn project and the subsequent demise of that whole regeneration scheme. Furthermore, not only is such an institution 'anchored' in place, it procures substantial goods and services and employs a large number of people. It may also have cultural or emotional significance of attachment for local people. Such institutions could include, for example, hospitals, local authorities, universities and further education colleges.

This simple but significant idea of harnessing the potential wealth of anchor institutions for the benefit of the local economy was the first major development of the PM. In Preston, the process of encouraging anchor institutions to change their procurement habits so that more wealth could be spent and retained in the local area began within the framework of the European Union URBACT project (<https://urbact.eu/>). The project was used to bring finance officers from the different anchor institutions together to collectively seek ways to reconsider procurement in the context of CWB. A toolkit describing some of this good practice can be found in the '[Making Spend Matter](#)'. The project identified three areas of good practice: a spend analysis to evidence the needs, resources and options for procurement; a co-operative way of relating and networking among anchor institutions; a way of progressing procurement processes and practices.

At the end of 2013, Preston City Council commissioned the think-tank, CLES to undertake a 'Spend Analysis' for Preston institutions. This procurement spend analysis for a defined financial year provided an evidence base of existing wealth. The basic analysis steps were:

- to secure the support of the institution and the person responsible for the procurement data.
- to identify the extent of the geographical area to be analysed.
- to collect a list of the suppliers to the institution for the period in question.
- to undertake a spend analysis of where money was spent in geographical terms, how much was spent with local suppliers, how much leaked outside the region, what suppliers were located locally and elsewhere.

CLES analysed the procurement spend with the top 300 suppliers by value of each of the anchor institutions in financial year 2012/13. The analysis demonstrated that only 5% of the collective spend of the anchor institutions was with suppliers based in the Preston area, and 39% in the wider Lancashire region. This meant that 61% of spend went outside the local region. This evidence made it clear that if something could be done to repatriate spend locally this would automatically benefit the local area. The central question was 'how'? In an inspired move, supported by the URBACT project, the Council, with the support of CLES, embarked upon a strategy of encouraging anchor institutions to work collaboratively in a co-operative, as opposed to competitive fashion in order to stimulate organisational behaviour change in procurement.

Some of the 'collaborative working' activities between anchor institutions included:

1. Establishing a common anchor institution vision: 'a long-term collaborative commitment to community wealth building in Lancashire for influenceable spend'.
2. Creating a procurement officers' group, with quarterly meetings to share learning of procurement methodologies. Change was engendered through emphasising the possibility of applying greater social value criteria to procurement practices, to the benefit of local suppliers.
3. Identifying gaps in the local economy. CLES supported an analysis of where the gaps might be in the local economy. In other words, with a view to future development, work was done to identify where procurement officers could no longer spend more money in the region due to a lack of suppliers. If this gap could be 'plugged', then there would be even more benefit to the local economy.
4. Creating a database of suppliers, so that when procurement officers were looking to attract bids through procurement for goods and services, suppliers would be made aware of those opportunities.
5. Thinking about the wider impact measurement, asking questions such as 'how many quality jobs were being created?' 'Were anchor institutions measuring their carbon emissions?'

In 2017, in a parallel process to the initial spend analysis, each anchor institution shared its procurement spend with CLES. It was found that the proportion of spend across the six anchor institutions with Preston-based suppliers had increased from 5% to 18%, representing about £74million more local spend. In addition, spend with the wider Lancashire-based suppliers had increased from 39% to 79%, representing £200million more being spent in the Lancashire region.

Preston City Council achieved the below through the initial interventions:

- increased procurement spends in the local economy and encouraged other local public sector partners – seen as 'anchor institutions' - to do the same;
- encouraged suppliers to add to the 'social value' of their contracts by providing training and employment opportunities.
- became the first local authority in the north of England to be accredited by the Real Living Wage Foundation and has encouraged many other employers in the city to do the same.

- ensured that extending local employment, apprenticeship and training opportunities is central to the City Deal and integrated within its own planning process.
- supported greater diversity of ownership in the local economy by: investing directly in key assets in the centre of the city;
- bringing some services back 'in-house' to the Council and promoting worker co-operatives and community businesses.
- encouraged more financial wealth to be retained locally by contributing to the establishment of a regional development bank and encouraging the Lancashire County Pension Fund to invest in the city.

#### 4.11.4 The Current Preston Model

A recurrent ambition of the Preston Model is to create sustainable worker-owned co-operatives. Following initial contacts with the co-operative movement in Mondragon, UCLan researchers were funded by Preston City Council to provide a scoping report to evaluate the potential for co-operative development in Preston (Manley and Froggett 2016). This report offered a series of recommendations that were accepted, particularly the creation of a networking body to support the development and linkage of worker-owned co-operatives, loosely based on the Mondragon experience. This body became a Community Benefit Society and it continues to provide support and networking options for new co-operatives in Preston (<https://prestoncoopdevelopment.org/>).

These worker-owned co-ops provide democratic governance, agency and quality employment for local businesses and the wider community. Following the Mondragon model, prioritising worker-owned co-operatives over other forms of co-operative (although these are not excluded) is to ensure that social and financial wealth is created and retained locally and that participation in democracy is encouraged by the governance practices of co-operation. The Mondragon example demonstrates that worker-owned co-operatives can be huge money-making ventures and that there is no reason to sacrifice money-making enterprise for social value. In fact, the more money generated, the more likely it is that local communities will prosper. For these reasons, the co-operative principles and values as followed by the Mondragon co-operatives ([a version of the seven international co-operative principles](#)), are principles not only for the new co-operatives in Preston, but for the Preston Model as a whole.



These seven core co-operative principles embrace: open and voluntary participation; democratic organisation (a one person, one vote system); sovereignty of labour; instrumental and subordinated nature of capital; participation in management; wage solidarity; inter-cooperation; social transformation; universality and education.

These developing co-operatives in Preston have the potential to provide quality local jobs that also generate and retain local economic wealth and encourage the embodiment of the principles listed above and bring such principles, which can be interpreted as going beyond simple business management principles, back into local communities. This provides a framework for local democratic participation out from the workplace and into community.

Although development of new co-operatives has been slow and the pandemic has not helped, the project has stimulated enough interest to bring in funding awarded to UCLan partly for the creation of new co-op businesses by the Open Society Foundations. The underpinning concept behind the strategy enjoys widespread support among stakeholders in Preston and will materialise in a strong networked group of local worker-owned co-operatives in the future. These developments are keenly monitored by partners in Mondragon.

With respect to the Trade Unions and the development of Union-cooperatives in Preston, recent history has seen economic and labour market uncertainties coincide with decline in trade unions' legitimacy and strength - making the case for innovation in the labour movement even more vital. Arguably, union revitalisation can find a welcome ally in places committed to new approaches to economic justice such as the foundational economy and community wealth building. Unions can, in turn, play a necessary supportive role. An important touchpoint in Preston has been the local policy objective of encouraging cooperative development, specifically via worker cooperatives to address gaps in anchor organisations' procurement strategies where local firms are not immediately present to respond to tendering opportunities and, more generally, to deepen democratic engagement of citizens in line with the broader social justice mission. Such place-based developments and other 'new municipalisms' arguably offer unique spaces for the creation of novel new organisational forms and practices (McInroy & Calafati 2017).

Despite a lengthy heritage of affinities and conjoint organising between cooperative and trade union wings of the labour movement, there have also been tensions and rifts leaving some legacies of mistrust needing to be overcome to fully realise the potential of growth in the cooperative sector. Trade unions have appeared ambivalent to pursuing workers' control via cooperative forms (Laliberté 2013) and suspicions of trade unions on the part of co-operatives' must also be acknowledged (Monaco & Pastorelli 2013). At a time when unions the world over

are attempting to renew their organising capabilities, a recognition that workplace democracy is at least an implicit goal for this mission renders antipathies towards cooperative organisational forms, and their explicit means for worker control seem perplexingly illogical. Clearly, there is work to be done if these tensions are to be resolved and certain developments in Preston exemplify how this can be achieved and can be replicated.

Ideally, sympathetic government operating in favourable economic circumstances could rely upon an energised labour movement to identify, innovate and implement ideas for effective and sustainable regeneration. Despite most economic and political indicators being seemingly less than propitious, revisiting workers' democracy framed by co-operative workplaces may indeed be suited to these present, uncertain times. The economic and social shocks we are living through, including the COVID-19 crisis, Brexit, geo-political conflict and their likely enduring after-effects, could offer opportunities for fair renewal of economies and trade unions alike (Bird et al 2020a).

Trade unions exist to establish a legitimate means for supporting workers' voices and material demands within workplaces and, in the long run, for workers to gain control of how their work is organised. Unions' capacity to deliver on such goals are undermined by a prevailing and progressive weakness associated with a perhaps deeper crisis of legitimacy, with unions having over the years concentrated resources on membership servicing rather than organising (Holgate, 2021; Hyman, 2007; Jarley, 2010). Any rightful demand to increase workplace democracy must be predicated upon a revitalised internal democracy within unions themselves (Gumbrell-McCormick & Hyman 2019). Alongside these trends in diminishing union power, despite evidence of its inequities and unsustainability, neo-liberalism survives to extend projects of privatisation, deregulation, and concentration of wealth and power, further weakening union legitimacy in a perfect storm of anti-union laws and the unions' own inertia in taking on the challenges of organising in a context of globalisation, precarious work and limited recognition (Anderson et al., 2010). In this type of climate even non-unionised means for supporting worker voice has been denuded and unions appear in retreat from their foundational demands for industrial democracy.

All of this has seriously undermined trade unions' collective bargaining and workplace influence. Formerly strong worker identities have been diminished amidst sectoral shifts in the tectonics of economies away from traditional industries towards a more service-based economy (Holgate, 2013; Wills & Simms, 2004). Now more than 75% of UK workers are employed in the service sector. This shift raises additional complications for union organising as it is typically accompanied by more fragmented and dispersed spatial configurations of

workplaces and domestic life than those pertaining to traditional forms of manufacturing and industrial.

With respect to the trade unions and the cooperative development in Preston, the unions' response to perceived organising and legitimacy deficits is arguably offered interesting spaces for innovation by new municipal economic approaches such as the Preston Model and the Foundational Economy. That said, union engagement in such initiatives cannot simply be taken for granted and, particularly in relation to support for cooperative development, the engagement of trade union support requires an understanding of some historical tensions and antipathies between cooperative and union movements.

Cooperative enterprises have always been a part of the overall Preston approach to community wealth building (Manley, 2018; Manley & Froggett, 2016). The creation of new worker cooperatives is intended to complement progressive procurement strategies, ideally being able to respond to gaps in procurement programmes where no local firm stands in the way of outside firms or conglomerates winning tenders (Jackson & McInroy, 2015). In this regard, key leaders within Preston anchors were inspired by international exchanges with colleagues steeped in cooperative ecosystem thinking, such as from Mondragón and US places also informed by alliances with Mondragón, such as in Cleveland, Cincinnati, and New York.

Also inspired by Mondragon successes, but alert to certain gaps, the newly formed Union Co-ops UK has been established to promote a specific, fully unionised form of worker ownership. Not surprisingly because of the opportunities presented by Preston's community wealth building approach and the explicit commitment to worker cooperatives particularly, where there is substantial cross-over in membership and growing alliances between Union Co-ops UK and individuals/groups active within the Preston Model. The first act of Union Co-ops UK was to produce a manifesto for union coops, launched in July 2020 (Bird et al. 2020b). The manifesto describes a cooperative governance structure with a defined place for articulating trade union representation of worker interests which sits in democratic juxtaposition to the place where worker members (owners) manage their business. The proposed Union Cooperative model is one of various ways in which unions may ally themselves to cooperatives. The manifesto describes a number of international case studies of worker cooperatives, highlighting key lessons for making the most of collaborations between trade unions and the cooperative movement. Hence, the union cooperative approach is advocated for as one means of organising workplace democracy and worker control. Recognition of its value does not necessarily exclude interest in other worker cooperative approaches.

Within this special form of a worker cooperative, the trade union operates to represent worker interests and as a check and balance against worker/member decisions contrary to union principles. The Union Co-ops UK puts an emphasis on International Labour Organisation Recommendation 193, urging collaboration between trade unions and cooperatives towards the ultimate goal of decent work for all. In a Union Cooperative, the location of trade union influence mirrors the Social Council aspect of Mondragón cooperatives, with a union committee substituting for a Social Council within the governance framework. Additionally, the manifesto offers the union cooperative model as a potential means to advance more transformative social change as well as being a credible democratic organisational form. Moreover, in line with key principles of CWB and the FE, union cooperatives can be a vehicle for guaranteeing job security, improving employment terms and conditions, and positively contributing to the local economy. The union cooperative model is underpinned by ten key international cooperative principles (see Appendix 7).

Union cooperatives can be potentially beneficial for trade unions in several ways. A union co-op does not obviate the need for workers to be in a union, instead it locates unions in central position within the governance of the cooperative. There is also the welcome prospect of a 100% unionised workforce: a closed-shop by consensus. Worker cooperatives are arguably advantageous even if they do not fully bring to fruition a union cooperative. For example, worker co-operatives have successfully been established in sectors characterised by precarious work and low union density. In these and other contexts, worker cooperatives have delivered wage uplifts and improved other terms and conditions. Within a worker or union cooperative, management becomes a worker function not a position of status or privilege. Many worker co-operatives also create openings for unions and form alliances with the union movement. Ultimately, this democratising, implicit to worker cooperatives, can substantially contribute to union revitalisation and, within this, community relationships.

The reality of the Preston approach to community wealth building has placed an emphasis on development of worker cooperatives as generally defined. Early emerging businesses include a digital cooperative and a black cabs taxi cooperative. There are also plans for a construction sector cooperative, supported by relevant trade unions, capitalising upon substantial investment allocated to building a new civic cinema.

#### **4.11.5 Preston Model developments**

The Preston Cooperative Education Centre (PCEC), a union cooperative, has been constituted as the first union cooperative in the country. It exists to provide cooperative and trade union education. PCEC was set up with support from several trade unions and the local

Trades Council. Open Society Foundations funding allocated to Preston supported the development of 10 new worker cooperatives and one of these was mandated to be a cooperative education centre. Corollary work funded by this grant engaged a range of stakeholders to consider the creation of a cooperative entrepreneurial ecosystem, faithful to the Mondragon template and informed by direct consultancy from Mondragon and one Worker one Vote activists and leaders.

The PCEC aims to have a pivotal role within this ecosystem and be a catalyst for promoting the union cooperative model amongst other cooperative forms and to play a role in bolstering alliances between unions, co-operators and the community, principally through knowledge exchange. The PCEC is also committed to progressive, social pedagogical approaches so that cooperative, democratic and relational values are embedded in the teaching and learning model. On-going efforts, supported by the Cooperative College and UCLan, have focused on aspirations to operate a franchise of a new federated Cooperative University. This would offer degree level study related to cooperatives.

Early work just underway involves two projects relying on seedcorn funding from PCC to develop a union pipeline towards cooperative development. The first is a collaboration with UNITE the union, focused on employment capacity and capabilities for marginal workers, excluded groups and workers at risk of redundancy. In this context, UNITE already have a programme of support and education which can lead to participants forming their own business or becoming self-employed. PCEC will contribute learning about worker cooperatives so that this becomes an option for these workers. The second is a partnership with the Bakers Food and Allied Workers Union (BFAWU). This will engage union officers and leaders and rank and file members in Preston in learning about the potential for workers cooperatives. An aspiration is that BFAWU members may become empowered to consider worker takeovers of local businesses, such as public houses and restaurants that have got into economic trouble post-pandemic but nevertheless could be viable businesses. A notable feature of the BFAWU collaboration is the close involvement of both the union general secretary and union president who have shown a welcome interest in worker and union cooperatives, partly inspired by the marked success of the SUMA worker cooperative in the region.

Local specialist commissioners in the Preston region, concerned with the intersection of health and criminal justice have invested relatively substantial funding to develop ideas for creating cooperatives to provide employment opportunities for prisoners and ex-prisoners. Some of this enthusiasm is predicated on the potential for earned income and the democratic nature of the cooperative labour process to connect with the criminal justice system aims of promoting

desistance from offending and wider pro-social behaviour (Weaver & Nicholson, 2012; Weaver, 2016). This initiative is both allied to the Preston Model and has been encouraged by awareness of trailblazing social cooperatives established in the Emilia Romagna region of Italy (Thomas, 2004). Potential cooperatives are being explored related to selling craft-work, horticulture/food distribution, and construction/housing refurbishment.

Aligned with interest in the foundational economy and procurement for social value, the care sector is likely to represent a highly interesting context for innovation and cooperative development. Because of the prevailing in-sourcing/anti-privatisation policies of the large public sector unions, there are some areas of tension in establishing union-cooperative alliances in this sector. However, trade unions have ample interest in improving both the quality and affordability of care, the terms and conditions of the care workforce, and worker voice in the industry. Moreover, the care economy represents huge potential for more humane, sustainable alternatives to the current private enterprise model. A more relational ethic exemplified in a cooperative model, suited to care work particularly could be offered that would underpin the concept of a transforming wider society and promote the adoption of an organising principle of care (Howard, 2020). Widespread precarious work in the sector has induced some trade union engagement with the potential of cooperative solutions which hold the promise of decent work (Conaty et al., 2018).

There should be room for progressive thinking about how best to organise work alongside interests in workplace democracy as a fundamental goal of union organising. From this perspective, acknowledging that the state has often been captured by neo-liberalism, simplistic opposition cooperatives is a missed opportunity. There is also a failure to connect with a rich labour movement social heritage (Burgmann, 2005; Taylor, 2014, 2017). In relatively recent times, trade unions have actually been actively involved in relevant policy making regarding cooperatives. For example, unions engaged constructively in the Blair government's millennium Co-operative Commission. In the context of UK devolved government, various constructive union-cooperative alliances have been established in Wales. As far back as 1982, the Welsh TUC formed the Wales Co-operative Centre (WCC) maintaining a strong relationship across intervening decades, with a strong commitment to social and sustainable objectives and on-going mutual benefits realised for all parties. The Social Cooperation Forum is a growing membership network focused upon cooperative developments in the care sector.

Efforts to develop a cooperative in the care sector in Preston are at an early stage. Acknowledging that unions must play an engaged role focused early energies on a dialogue with union members, activists and officers in the Northwest Regional office of Unison and local

branches. Persuading trade unionists of the value of a cooperative approach has had a mixed reception. Knowledgeable and informed support sits alongside certain inertia, counterarguments and resistances. As in any large bureaucratic organisation, viewpoints are heterogenous and unevenly spread at different levels within the union. The political context in which early dialogue occurred was helpful, with plenty of affinity for the Preston Model

Trade union anxieties regarding cooperative solutions in the care sector are not only concerned with public ownership objectives. A more nuanced perspective recognises that care businesses are already, and often always have been, in the private sector, or that just stating an insourcing goal does not immediately create the conditions for enabling this. Unions arguably need sophisticated sets of responses and can see that the currently configured care sector, though often neglected, must be an important site of union campaigning and potential recruitment growth. Even with a commitment to cooperative formation, market structure and funding shortfalls expressed in commissioning levels are also serious hurdles to be overcome. Hence, the trade union dialogue in Preston has shifted away from simplistic adherence to insourcing objectives to raising important issues of how to provide for such matters as workers' pensions at scale if the initial cooperative activities might involve piecemeal development of small-scale cooperative businesses. Union activists are also quite reasonably wary of placing precarious and vulnerable members of the care workforce in the front-line of organising in an environment replete with oppressive employment practices including victimisation of activists and workers seeking representation.

A constructive, solution focused dialogue regarding the value of cooperatives and worker cooperatives is a priority way forward in Preston and beyond. Lessons from history are there to be learnt from and hopefully previous missteps are not repeated. Union organisers are well used to dealing with challenges operating in the private and voluntary social economy, including dealing with aggressive employers with scant regard for workers' rights, poor employment relations and lack of recognition. Union organising is complex and challenging in such circumstances and organisers are faced with tough strategic decisions in balancing the organising imperative of promoting voice and autonomy within settings where workers are fearful and vulnerable and might desire more of a servicing offer.

Organising within a framework of appeals for cooperative alternatives offers a means for working beyond conventional trade union thinking towards innovative solutions to these dilemmas. Matthew Brown, the Preston City Council (PCC) leader believes if unions fail to consider cooperative alternatives, they simultaneously fail to challenge the status quo. Thus, despite a rhetoric of insourcing that may be difficult or impossible to achieve in some places,

they risk surrendering the initiative on matters of ownership, pay and precarity, leaving in place the extractive private businesses which are at the root of the problem.

Northwest regional Unison officers and activists have already engaged with local critical debates focused on establishing a care cooperative in Preston. The union's position is to consider alternative organisational forms whilst maintaining an overarching policy commitment to insourcing; the immediate interest is in seeing if a local concrete example of a care cooperative can be established and prove workable. On a broader canvass, this advancement of core ideas is compatible with concerted organising efforts in the sector, built around the union's real living wage demands within a Care Workers for Change campaign and enactment of an Ethical Care Charter. The Northwest region leads the union with respect to organising and recruitment targets, experiencing net membership growth in the years prior to the pandemic.

#### **4.11.6 What can Wales learn from the Preston Model**

Wales has a similar industrial legacy to Preston. The Preston approach to community wealth building, and other novel approaches for creating fairer economies, can lay the foundations for broader social change. Expansion of workplace democracy via cooperative formation can be the basis for progressive community involvement and deepen the participatory engagement of all citizens within local democracy. Worker co-operatives can be a key part of specific economic regeneration initiatives towards sustainable growth that traps wealth creation in the local economy, and this can also contribute to wider objectives of dismantling inequalities and protecting the environment. The establishment of new worker cooperatives in Preston may be an early stage, but the foundations have been laid, and other municipalities such as Islington are also investing in cooperative development as part of their community wealth building strategies.

The work of UCLan academics to contribute to the Preston Model by bringing in and promoting the Mondragon experience has become one of the central pillars of the Preston Model. According to Mikel Lezamiz, who visited the university and Preston in 2013, the Mondragon 'experience', meaning the network of co-operatives that work in mutual support as the 'Mondragon Corporation', is supported by four pillars:

1. Education
2. Finance
3. Research, Development and Innovation
4. Health



Of these four pillars, the Preston Model has specifically taken on board Education and Finance, with Research, Development and Innovation being implicitly held by the University of Central Lancashire. A lesser need for a Health project existed with the current availability of NHS services to all in Preston. With respect to the Finance pillar, the Preston Model aims to become a sustainable social and economic alternative to traditional business. As such, the ambition is to go beyond a reliance on very small businesses or not for profit organisations that might be very dependent on grant capture, and to develop an ecosystem that can generate and sustaining a growing economy. It is for this reason that the development of a bank that fits with the ambitions and aims of the PM is a necessary part of the strategy.

The lessons from Mondragon are historical, present and futuristic. It was 13 years after the development of the technical college in Mondragon that the first co-operative was formed. Today, Mondragon has one of the few co-operative universities in the world and a co-operative and management education centre (Otalora), with an emphasis on education around co-operative values and principles ('culture').

The importance of an educational programme resides in the innovation and transformation that comes with CWB programmes as envisaged by the Preston Model. One of the issues preventing a more rapid advance in the creation of co-operative businesses in Preston has been a widespread ignorance of what a co-operative business entails and a misunderstanding of how co-operatives might provide a valuable model for wealth creation. Even more difficult to grasp is the idea that co-operative businesses can work together in mutual support - as it is expected by the creation of the Preston Co-operative Development Network - and that social values can be a central focus of the business alongside the generation of economic wealth for co-operative workers. If this was true in Mondragon in its beginnings, it is also true in Preston and other places that aspire to CWB.

[The Preston Cooperative Education Centre](#) was established in 2021 as a Union-coop, the first of its kind in the UK. The stated objectives of the PCEC are:

- To provide online and face to face education for future co-operative entrepreneurs;
- To work with partner organisations in education and training as part of a network of co-operative/ co-operative minded organisations and institutions.

The PCEC intends to provide the educational support needed to sustain and maintain the Preston Model. The intention is to provide a range of education that meets the various needs of people who might one day start up co-operative businesses or who are already working in co-operatives but want to enhance their skills and knowledge, or who are citizens generally

interested in co-operatives, co-operation and transferable skills. Education is intended to be a two-way, interactive process which takes some of its learning from social pedagogy. In other words, delivery of programmes and courses will cater for different learning styles and preferences.

The PCEC also takes on board the value and need for the involvement of Trade Unions, especially in the area of Trade Union education, with a mission to continue to develop working democratic relationships with the Trade Union movement. It is intended that learning about co-operative governance should be experienced through the 'doing' of working at the PCEC: The Centre will be governed democratically by its members, who include the students.

It is envisaged that in the future, the PCEC will become a branch of a federated 'Co-operative University', which has been in development for several years with sponsorship from the Co-operative College in Manchester. The PCEC is in negotiation with the Co-operative College to undertake versions of courses already being delivered by the College, who have a Memorandum of Understanding with Mondragon University. In these ways, the PCEC aims to work within the framework of the Preston Model but branching out and networking with other educational establishments internationally that share similar principles and values.

Essentially, the PCEC will provide the education and learning necessary for the establishment of new co-operative businesses, who will pass on to become members of the PCDN and eligible for financial support from the co-operative bank in development. Furthermore, it is imagined that at some stage soon new co-operative businesses will be able to fill the economic gaps identified in the on-going spend analysis or new business opportunities could arise directly from the PM.

Preston is not short of Further Education, Higher Education and vocational educational establishments. Within the context of the PM, it is important to highlight that in many ways, UCLan has been an 'ideas' partner, as much as an anchor institution for procurement purposes. UCLan academics are directly involved in the major initiatives 'on the ground', as well as in a variety of research and evaluation projects associated to the Preston Model. UCLan has provided venues for important dissemination events related to the PM, such as visits by national politicians, national media and public events in partnership with Preston City Council such involving visitors from Mondragon and elsewhere.

The role of the university in the research and 'ideation' for the Preston Model is now being discussed widely (Morgan, 2017, 2018). More locally, the PCEC is establishing connections with Preston's FE College and the Preston Vocational Centre (skills for young people beyond

schooling). The philosophy for this partnership building is an on-going effort to 'join the dots' and to provide opportunities for co-operation among different educational establishments for the common good (Wright & Manley, 2021).

With respect to the Finance pillar, in 2020, the Financial Conduct Authority approved the registration of North West Mutual Ltd, which is the foundation for the co-operative and community bank designed as part of the jigsaw that forms the Preston Model. The bank is currently supported by Councils in Preston, Wirral and Liverpool. Inspired in part by the example of the Mondragon bank - *Laboral Kutxa* - the origins of North West Mutual are similar to those of the bank in Mondragon in terms of purpose: to support the alternative social and economic design emerging from the PM. A principal concern in the continuing development of the PM has been how to maintain and sustain a new social and economic model based on co-operative principles and values if the regular High Street banks are unwilling to do this. In addition to addressing this concern, the new bank will fulfil the ethical and democratic principles of the rest of the PM by being a bank owned by its users – fundamentally a co-operative and community bank. It is anticipated that the first branch of the new bank will open its doors in Preston in approximately September 2023.

The NW Mutual bank will be the first co-operative bank in the UK. Like the Education Centre, the bank will provide a background for the workings of the PM and for future scaling up. The bank will offer people an opportunity to generate and enjoy the financial security to back up the wealth that they worked so hard to build. In doing so, the bank will have a mission to become a useful, trusting and trusted bank that is embedded in, respected by and dedicated to those communities. Being a co-operative bank means that the bank will have to engage with potential local and regional members and customers. In this way, it will remain relevant and vital to the communities it serves.

The bank will provide all the services expected of a bank but with an ethical approach to finances, which will include co-operative principles and a friendly face to small businesses and others, such as the disabled and elderly who might need someone to speak to and who find it difficult to work online. As part of this ethical commitment, therefore, the NW bank will be visible in place, with a significant presence in the high street and not necessarily resort to greater and greater attention to digital banking.

In Wales, Banc Cambria already exists and will launch at about the same time as the NW Mutual Bank. Until the actual launch of these individual ventures it is difficult to know exactly how each entity will position itself. A difference between these banks is the way the NW Mutual project will be intimately inter-twined with the PM. In terms of financial capital, it should be

clear that there are billions of pounds in current accounts, especially in small businesses. A local bank can make sure that all the money invested in them through accounts can be used for the benefit of the local area, and with a co-operative and community bank there will be an input from the members of the bank as to how and where that money should be invested. In terms of the PM, this supports the same agenda as the other strands in the Model - generating and retaining local wealth.

Finally, there must be a large dose of pragmatism in the setting up of a major venture such as a Mutual bank. The priority is to create a bank that works financially and one that builds up a wide and stable membership/current account holding. However, consolidation demands such a bank become even more involved and integrated into the fabric of the PM. The Mondragon bank - *Laboral Kutxa* - have a Foundation ('Gaztenpresa') that supports business startups. Essentially, the Gaztenpresa Foundation is a private, non-profit entity that belongs to the Laboral Kutxa social project with a sole purpose to promote the creation of new companies. This generation of employment and its maintenance, through programmes and services that add value to the business and professional development of its users, and also to its allies and in general to all the society is central. It is an initiative that began in 1994 and which, over the years, has become a leader in the Basque Country and Navarra in supporting self-employed and small businesses start-ups.

#### **4.11.7 Key elements of the Preston Model for consideration**

It is expedient to consider who the stakeholders are in any community wealth building (CWB) project. The Preston Model tends towards considering 'community' as place-based, a concept that has long been questioned by academic research (Bradshaw, 2008). There is a tension created by the desire and ambition of local authorities to present themselves as leaders of CWB, and therefore, since their votes depend on the boundaries of place, this further stresses the perceived value and importance of locality. The 'Preston' Model is a case in point. 'Community' may, these days, be perfectly understood as 'post-place' communities (Bradshaw, 2008). Fundamentally, communities can form by a bond or solidarity that may not be fully anchored to place. The term 'anchor institution' tends to favour a place-based version of community. However, it could be argued in the case of the PM that although the anchor institutions are based in Preston, the 'community' bonding that held them together in successive meetings was at least partly reliant on a sense of community of 'practice' (i.e. - a community of finance and procurement officers).

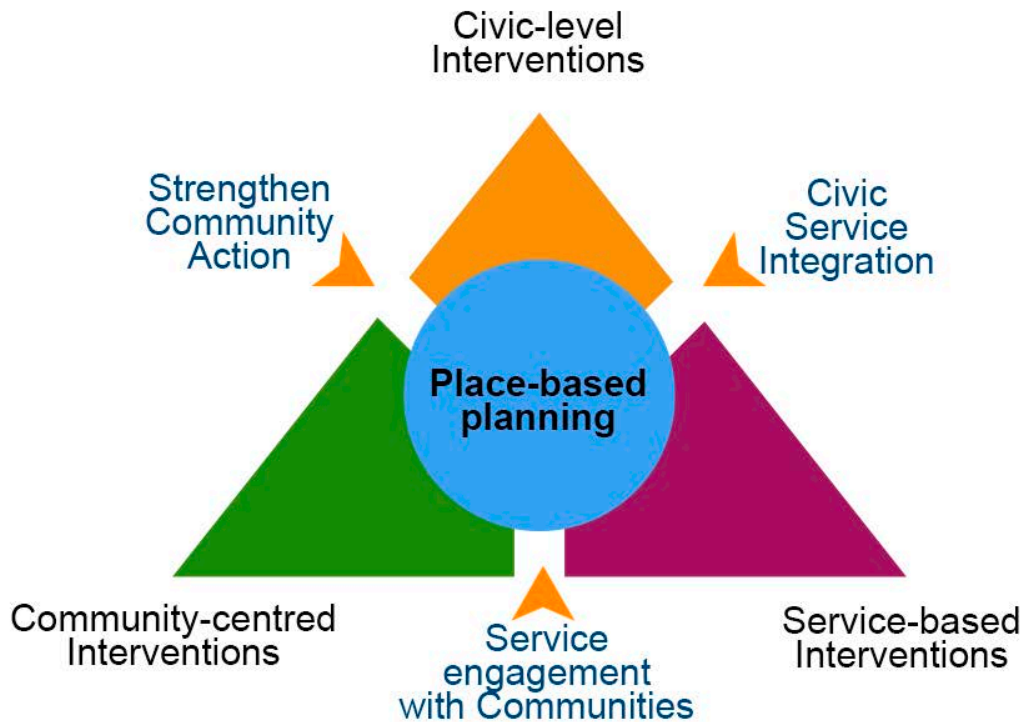
One of the strengths of the PM has been an attempt to weave communities of practice with communities of place. The relationship building and frequent interchanges between the

practice co-operative community in Preston and that of the Mondragon co-operatives was, for example, of paramount importance. Additionally, it has sometimes proved difficult for the local authority to disengage itself from both place and politics, with the left-leaning Labour Council in Preston identifying Preston with Labour politics - not always welcomed by people in Preston who do not identify with that ideology. The work of the Preston Model Project Committee - a non-aligned group of stakeholders - through a combination of stakeholders from both communities of place and practice has progressed successfully. In the case of the Project Committee, there is currently a plan for the development of a digital platform for democratic debate and decision-making which precisely enables the combination of place and practice. Any future CWB project needs to take this building block of 'community' and create a broad coalition of actors that bring strength through diversity and inclusion.

In 2013, social value became a legally applicable concept that was enacted through the UK government legislation for the Public Services (Social Value) Act 2012. This piece of legislation was focused upon the process of procurement and required public authorities to consider in their procurement decisions how the good or service will contribute to addressing wider social and environmental challenges. The legislation required public sector institutions to think differently about service contracts. Instead of just focusing upon compliance, cost and quality, public bodies were required to think across service design and tendering as to how suppliers could deliver wider social value. To be successful, any foundational economy project needs to have the meaning and reality of social value embedded in their practice, as well satisfying legislation requirements. In the Preston Model, social value is becoming as much an attitude towards social justice and equity as a legislative demand and acts as an inherent part of the project. An exemplar in Preston is the NHS-led initiative to create a Central Lancashire Social Value Framework (<https://www.healthierlsc.co.uk/central-lancs>), bringing together a range of diverse actors in the community to work towards the common purpose of enhancing social value. The vision of social value has several strands, demonstrated in Figure 4.1 below.

**Figure 4.1: Components of the Population Intervention Triangle (Source, Sarah James, Central Lancashire Partnership Director)**

## Components of the Population Intervention Triangle



In this vision, social value is an overall lever for community justice. All the components identified need attention even though a public authority or anchor institution might concentrate on a specific area like 'civic level interventions.' Indeed, the application of social value in a co-operative and Welsh context is provided in the [Social Values Forums Toolkit](#) produced by the [National Social Value Taskforce](#), based on the original work of [The Social Value Portal](#). This connection between co-operative values and social value is emphasised in the Preston Model and reaches out to all elements of practice. Indeed, one of the four strategies for future planning in the Preston Model is social value in business. It is clear how these values fit neatly into the overall vision for CWB and recent work at UCLan has begun by connecting CWB with Raworth's 'doughnut model' that brings in environmental concerns as an inextricable part of CWB, see Raworth (2017).

The importance of social value in the context of CWB and foundational economy project start-ups is in the re-balancing of financial profit as the key component of urban regeneration projects and the promotion of social value balancing co-operative values with financial imperatives. This drives a clear understanding of democracy as participation in community.

Considering the relative novelty of the application of social value to procurement and to social and economic strategies, it is unclear to what extent place-based organisations should draw up a common criterion for social value. To do so would have the advantage of fairly measuring social value in procurement across the board but may nevertheless suffer the disadvantage of not respecting the diversity of organisations and institutions and the difficulty of being objective in agreeing what constitutes social value or 'good' social value. In this respect, a challenge with evaluating tenders around social value is that this evaluation can be very subjective. Some form of measurement, both qualitative and quantitative, would seem to be appropriate to evaluate the responses of suppliers around those outcomes, but this appears to be work in progress in many CWB projects.

It is important to understand that the PM did not begin as a system, the [Preston Model Entrepreneurial 'eco-system'](#) progressed over time and different elements have been added and or augmented the pattern and jigsaw of strands of work. This organic and 'inter-connected' sense of the 'Model' for CWB existed in Preston. Now, there is a move towards greater conscious planning of the PM as a 'system' as opposed to the positive but organic growth of the PM since 2013. The system is summarised in Figure 4.2.

Figure 4.2: Preston Model Ecosystem design (From Manley & Whyman 2021)

## Preston Model Ecosystem design (From Manley & Whyman 2021)



In this Figure, the city of Preston occupies the middle terrain (the 'community') and is served inter-connectedly by the anchor institutions. Via enhanced social value procurement strategies, these anchor institutions spend more of their wealth in Preston and improve the social, environmental and economic environment of the locality. The Preston Co-operative Development Network creates and supports the development of co-operatives, especially worker-owned co-operatives, viewing them as vital examples of democracy and wealth relocation of wealth in the local area. Preston City Council provides leadership through knowledge and networking, whilst the University of Central Lancashire, with a dual role, firstly as an anchor institution and procurement engine, and secondly as a generator of creative and innovative ideas and concepts to accompany the work 'on the ground.' The recently established Preston Co-operative Education Centre serves to support the cultural changes that need supporting for the PM to succeed in the long term and finally, the NW Mutual bank will serve to financially support the CWB system in Preston and the North West region as a whole.



This conscious systemic strategy can be identified publicly as the local council's current '*Community Wealth Building project, 2.0*' and the stakeholder Project Committee group consults with LKS Mondragon to work towards the development of the Model and its main challenges. Namely, inter-cooperation and partnership, working between different stakeholders, to establish common goals where all members obtain value is a central thrust. A shared leadership approach to create an ecosystem where the different 'Prestonian stakeholders' can develop some complementary leadership beyond the City Council itself. This drives a clear social value business concept that fosters the creation of competitive companies supported by a robust business model. At the same time these new organisations comply with cooperative principles and values and will have a positive impact on employment, the improvement of living standards in minorities or communities and the application of more democratic models of shared ownership.

# 5. Primary Data Findings

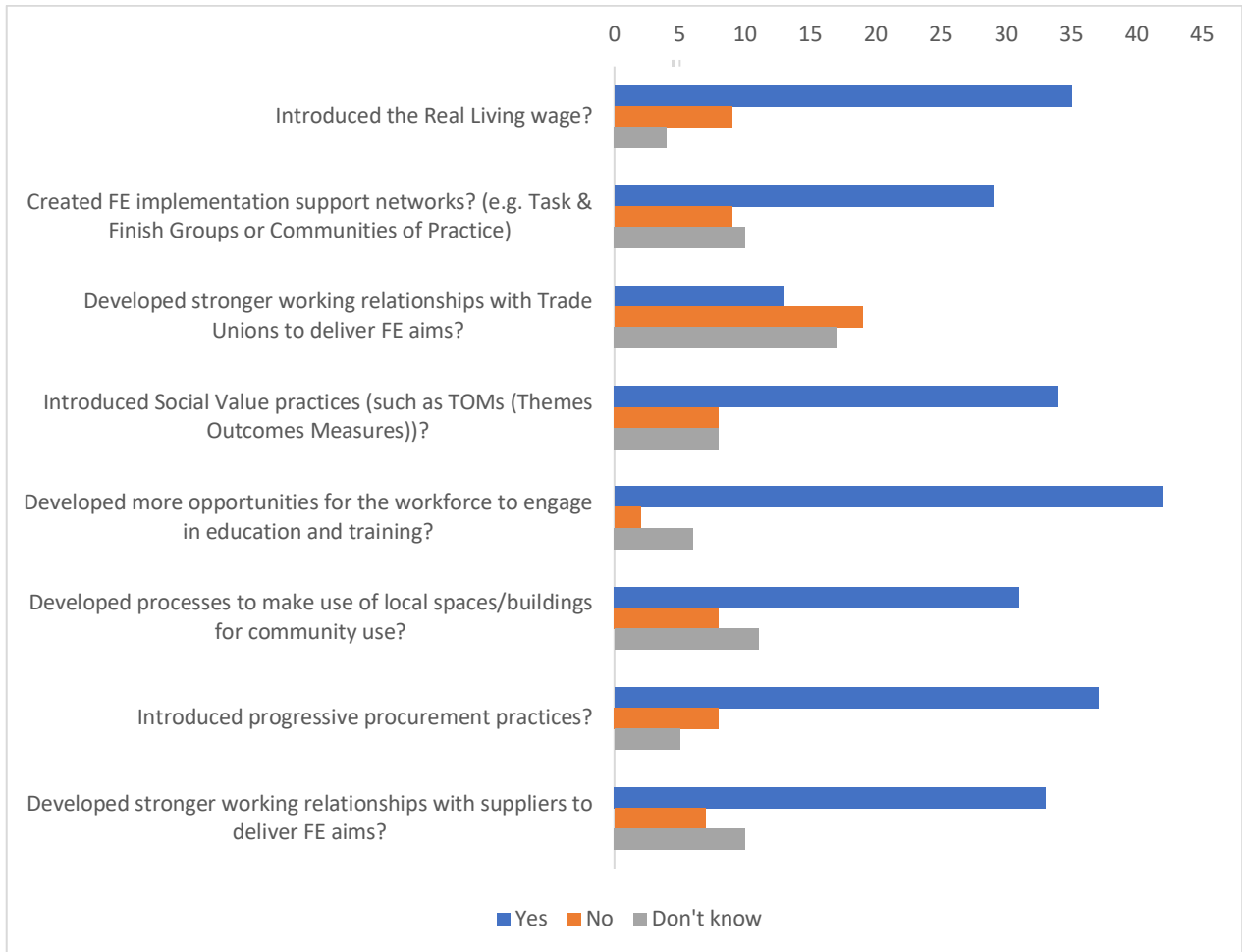
## 5.1 Introduction

This section reports on the primary data collected, via a survey questionnaire and semi-structured interviews with practitioners (users), stakeholders and academics on existing FE/CWB implementation and the innovation capability within PSOs in Wales. The primary data collected examined the efficacy of challenge led public sector interventions in Wales with links to academia such as the Circular Economy Innovation Communities (CEIC) programme and Innovative Future Services (Infuse). The findings from the data collected also provide an insight into the understanding of FE in PSOs and the mechanisms for further implementation of the concept.

## 5.2 Survey findings

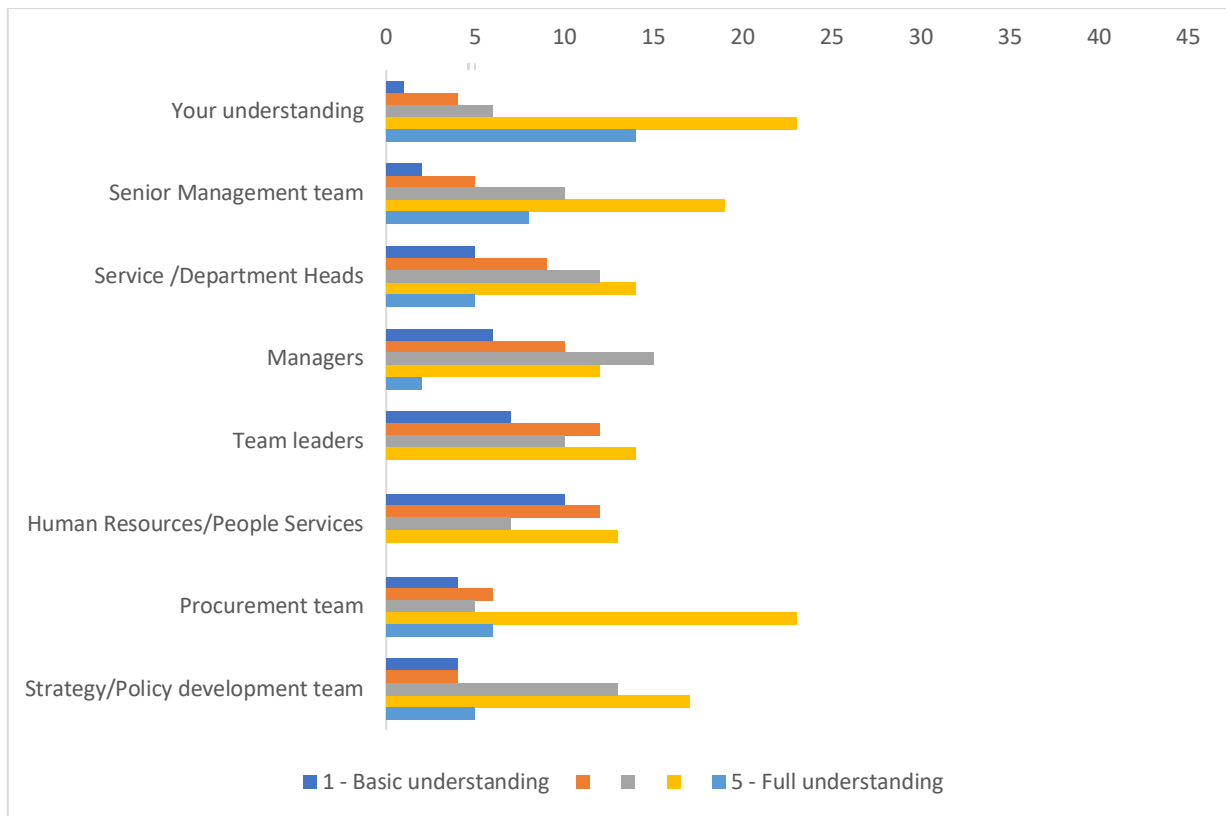
The Figures 5.1 to 5.14 presented below summarise the results from the Foundational Economy (FE) survey questionnaire that sought individual knowledge on each respondent's organisation. The results displayed in Figure 5.1 suggest that while majority of the respondents appear to be generally aware of relevant FE activities in their organisations, 74% of the respondents (36 out of 49) indicate that either their organisations have not developed stronger relationships with Trade Unions to deliver FE aims, or they do not know whether their organisations have developed such relationships.

**Figure 5.1: Individual knowledge on own organisation's Foundational Economy (FE) related activities**



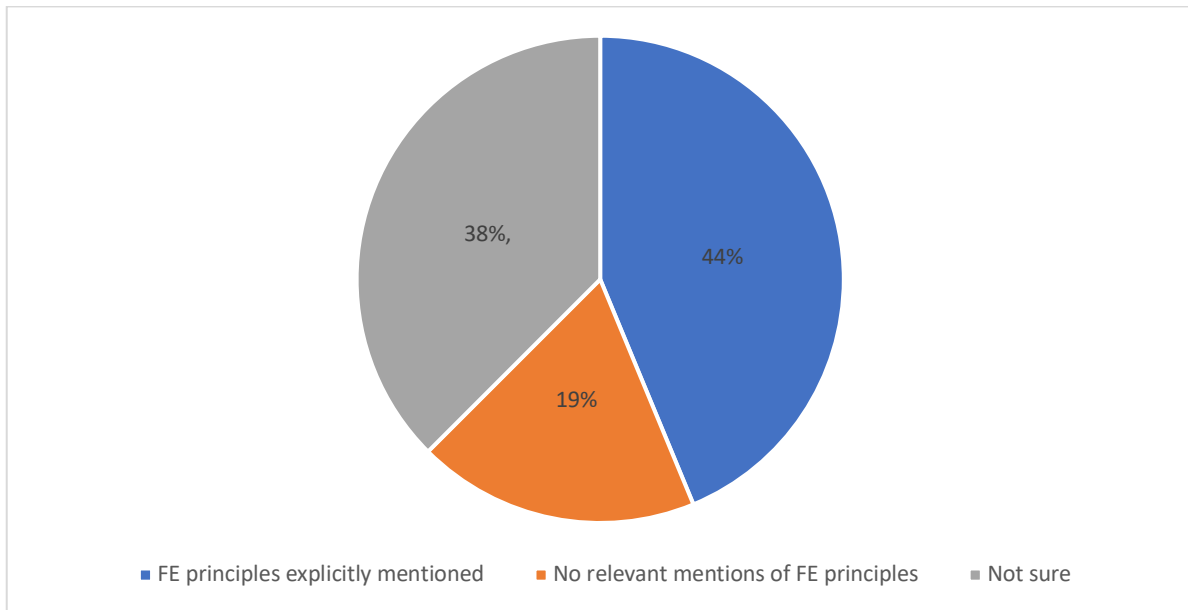
In Figure 5.2, the results from the respondents on the extent to which they and their colleagues understand the term or concept of FE show that managers, team leaders and human resources/people services appear to have relatively lower level of understanding whereas the respondents, senior management team, service/department heads, procurement team and strategy/policy development team have relatively fuller understanding.

**Figure 5.2: Understanding of the term Foundational Economy**



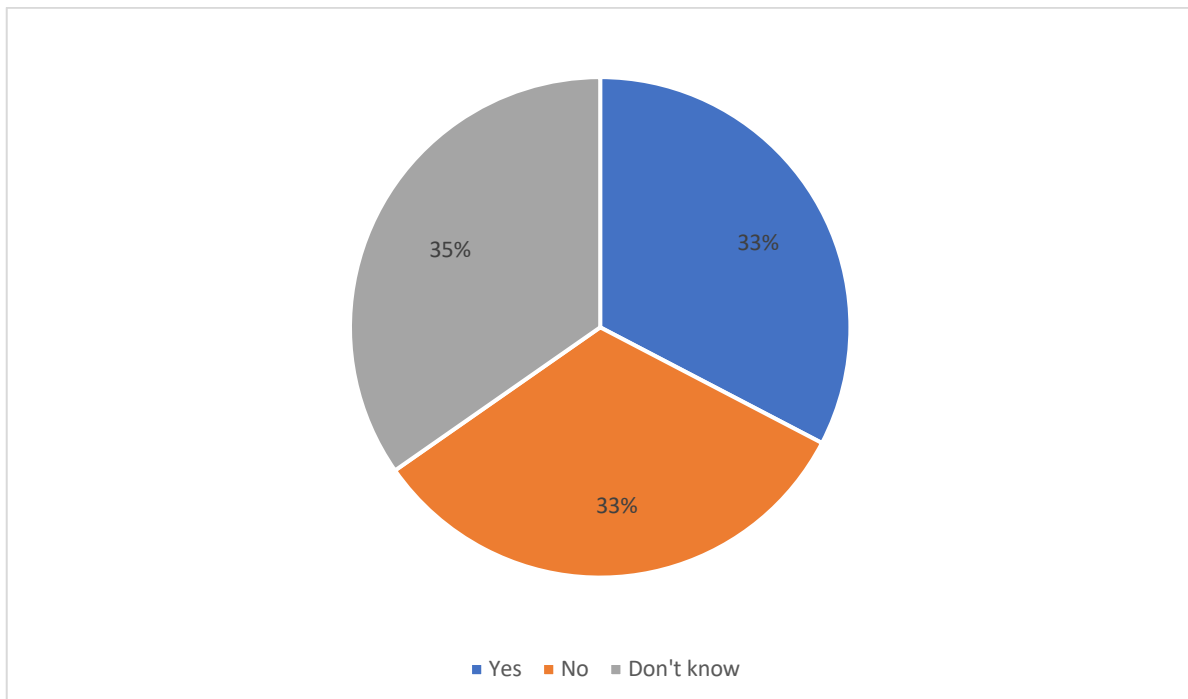
When the respondents were asked if their organisational strategies aligned with FE principles, 44% confirmed explicitly stated FE principles as part of strategic priorities, 19% indicated no mention of FE principles in their organisational strategy, and the rest (38%) stated they were unsure (see Figure 5.3).

**Figure 5.3: Is your organisational strategy aligned with FE principles?**



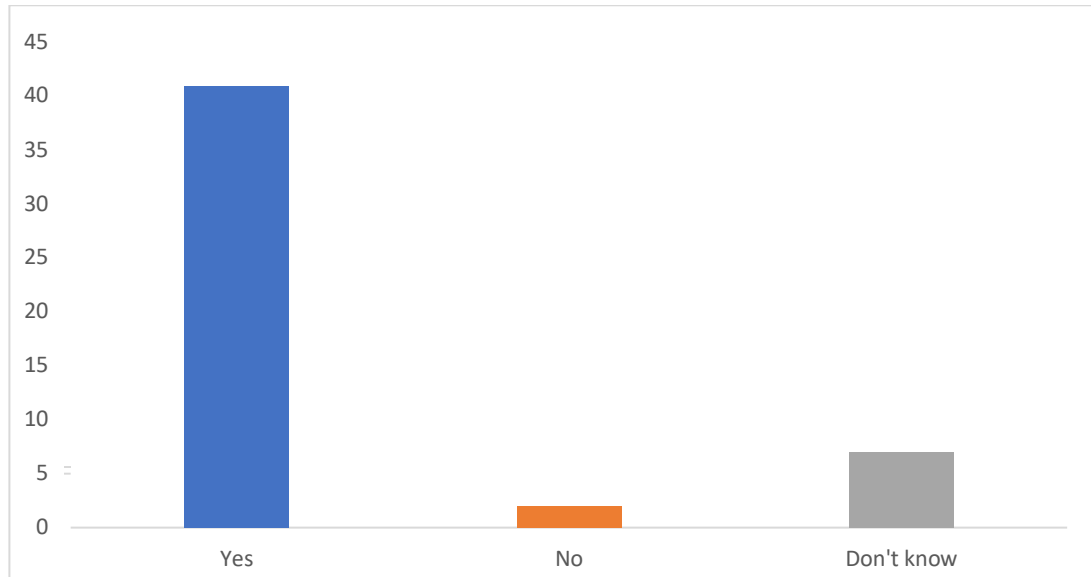
In response to another related question on whether there were any other documents that outline how FE principles should be implemented in the respondents' organisations, the responses are more evenly spread out with approximately one-third answering a "yes" (33%), "no" (33%) or "don't know" (35%) as shown in Figure 5.4.

**Figure 5.4: Are there any other documents that outline how FE principles shall be implemented in your organisation?**



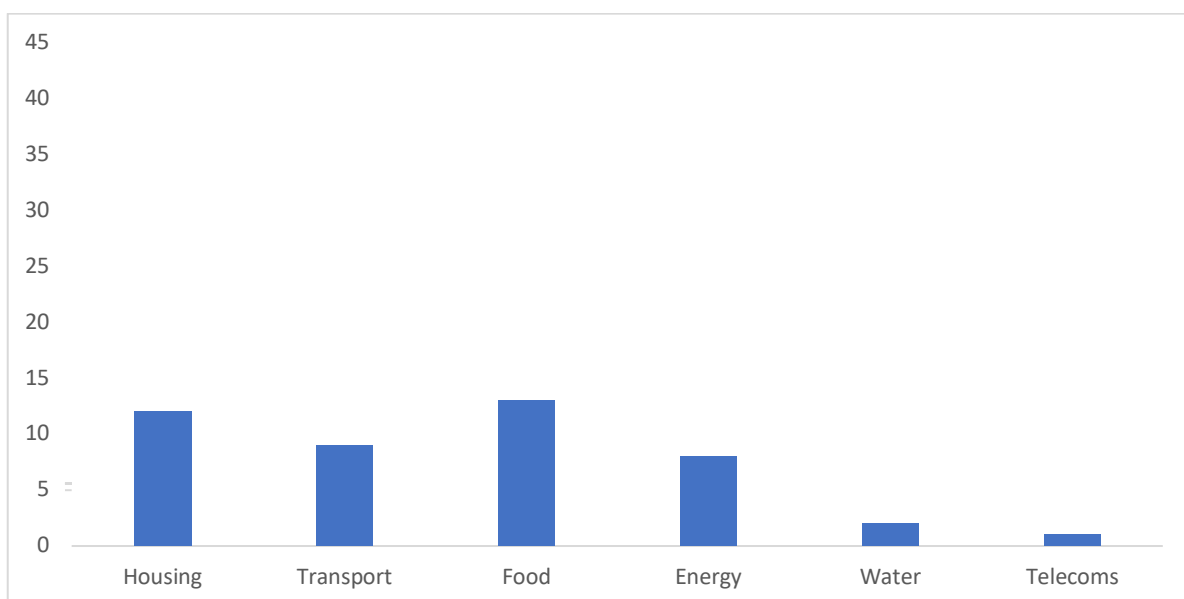
However, it is interesting to note that 82% of the respondents (41 out of 50) mentioned that their organisations have begun implementing FE principles (with just 4% stated “no” and 14% expressed they do not know) as illustrated in Figure 5.5.

**Figure 5.5: Has your organisation started implementing FE principles?**



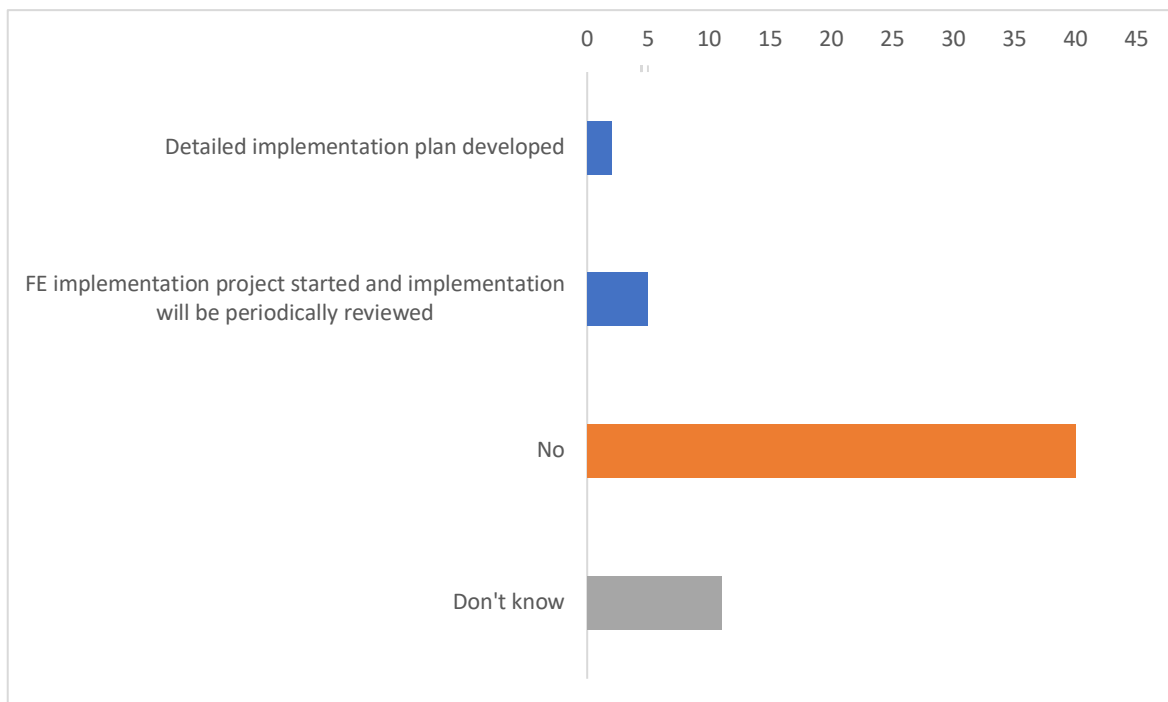
Based on the results from respondents who mentioned their organisations have started implementing FE principles, it was found that the implementation has taken place primarily in food, housing, transport and energy types of material service or providential services (with only 3 out of 45 implementations commenced in water and telecoms services) as displayed in Figure 5.6.

**Figure 5.6: Has your organisation implemented FE principles in any of the following types of material services or providential services?**



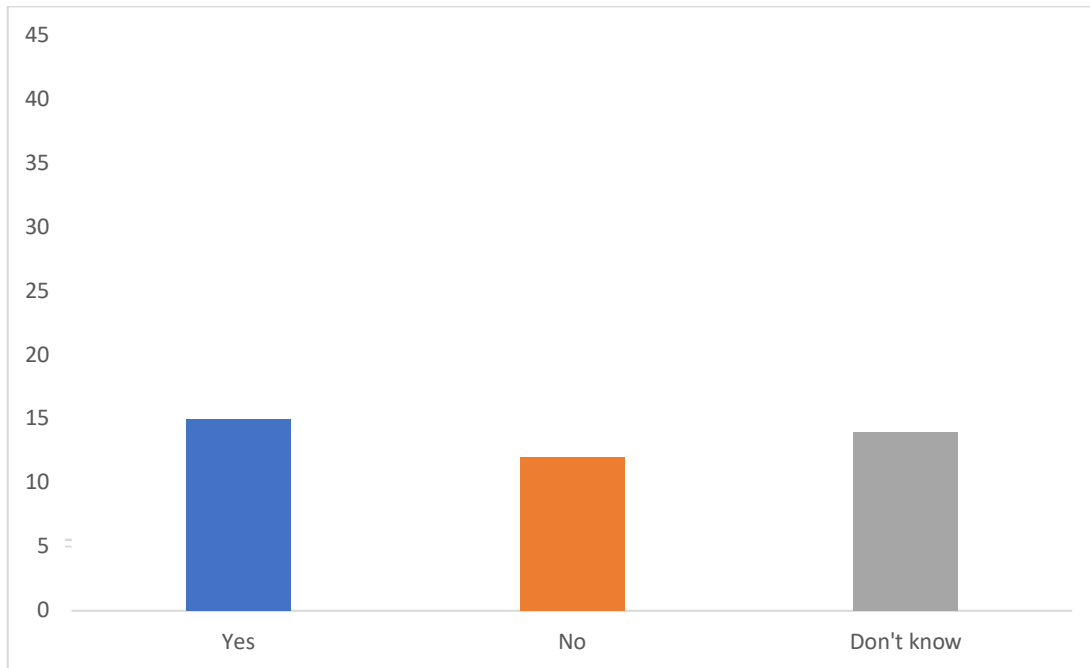
Although it is encouraging to see the bulk of the responses pointing to various organisations beginning to implement FE principles (as seen in Figure 5.5), more than half (approximately 56%, i.e. 40 out of 72 cases) of the organisations apparently do not have a FE implementation plan as indicated in Figure 5.7. This therefore highlights an area where interventions or formal programmes could benefit relevant practitioners in public service organisations.

**Figure 5.7: Does your organisation have an FE implementation plan?**



Similarly, Figure 5.8 shows that 63% (26 out of 41) of the respondents mentioned either their organisations have not developed FE measures or targets, or they do not know if their organisations have developed them, whilst the remainder (15 out of 41, i.e. 37%) stated theirs have developed such measures. This also suggests a potential area for training or intervention that could benefit relevant practitioners/organisations.

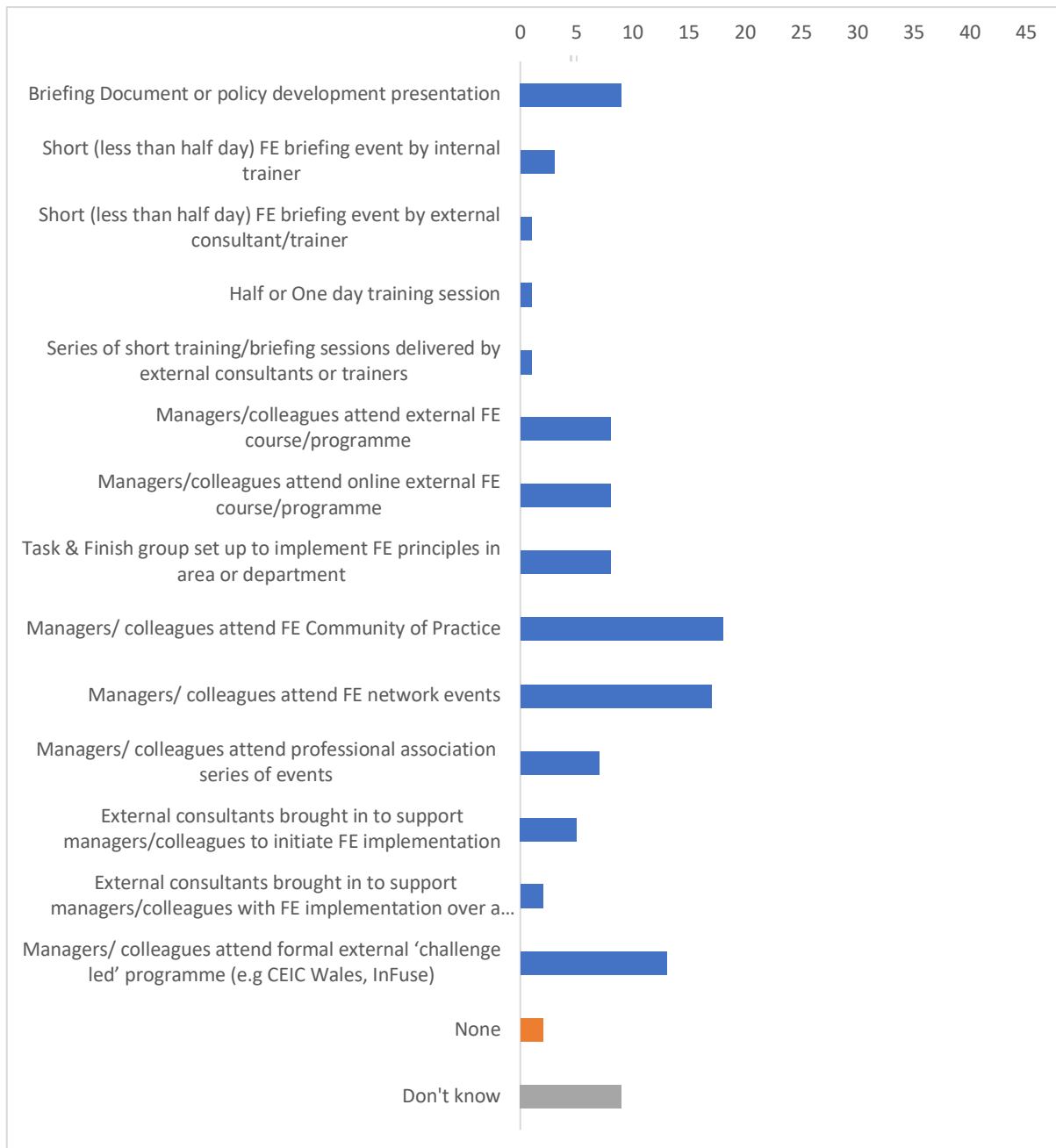
**Figure 5.8: Has your organisation developed FE measures or targets?**



As regards the methods or techniques to develop FE capability in organisations, Figure 5.9 shows there is a wide range of approaches, and the most popular ones include managers/colleagues attending FE Community of Practice, FE network events, or formal external challenge led programme.



**Figure 5.9: Methods or techniques used to develop FE understanding and capability in respondent's organisation**



The results illustrated in Figure 5.10 on the effectiveness of the techniques used to develop FE capability are rather mixed but the respondents stating they do not know the rating of effectiveness of the methods used form strikingly significant proportion for every method asked. This finding therefore helps uncover a further avenue to enhance capabilities via knowledge and skills on assessment/evaluation of effectiveness of the methods used.

**Figure 5.10: Ratings of effectiveness of the methods or techniques used to develop FE capability in respondent's organisation**

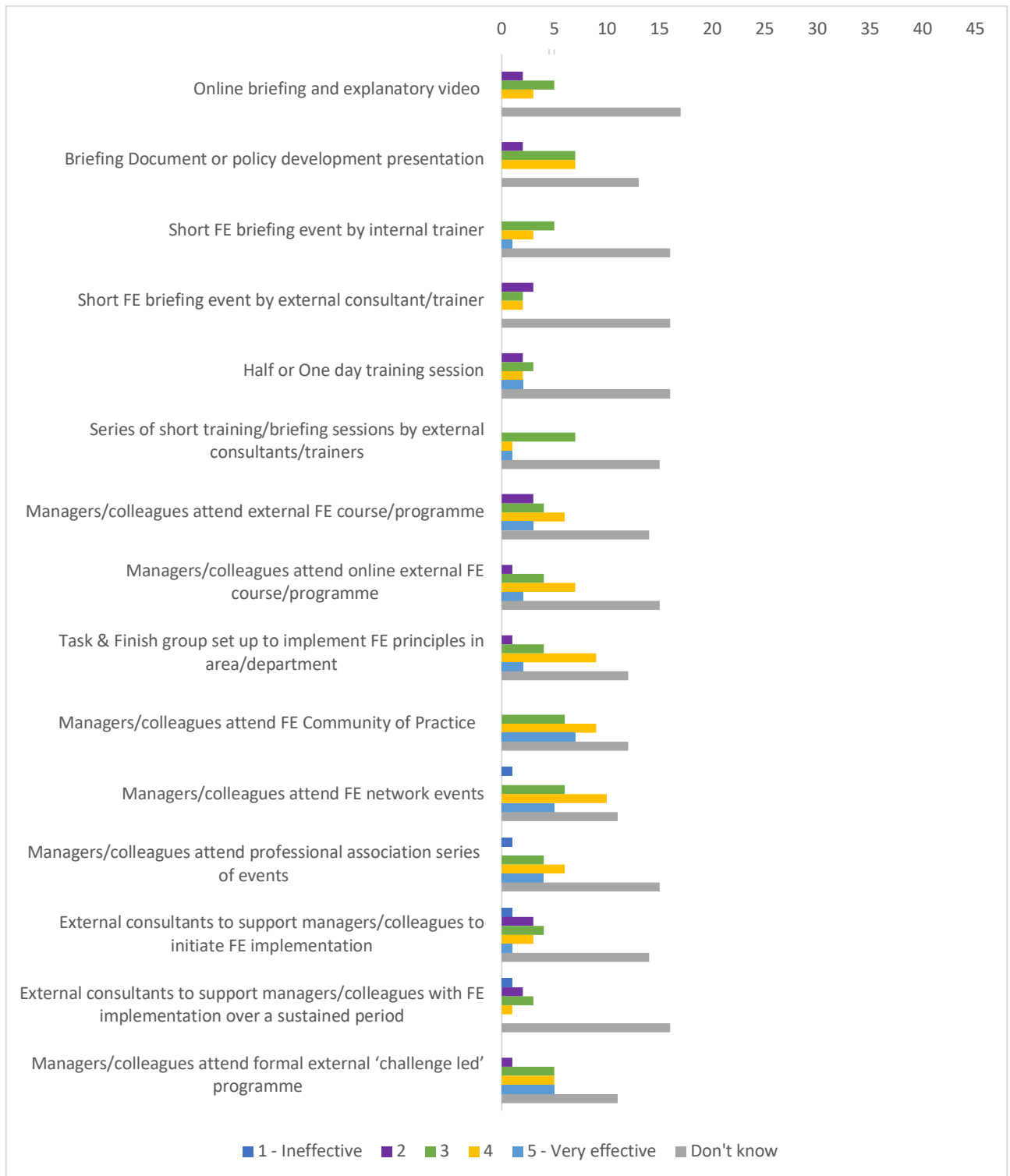
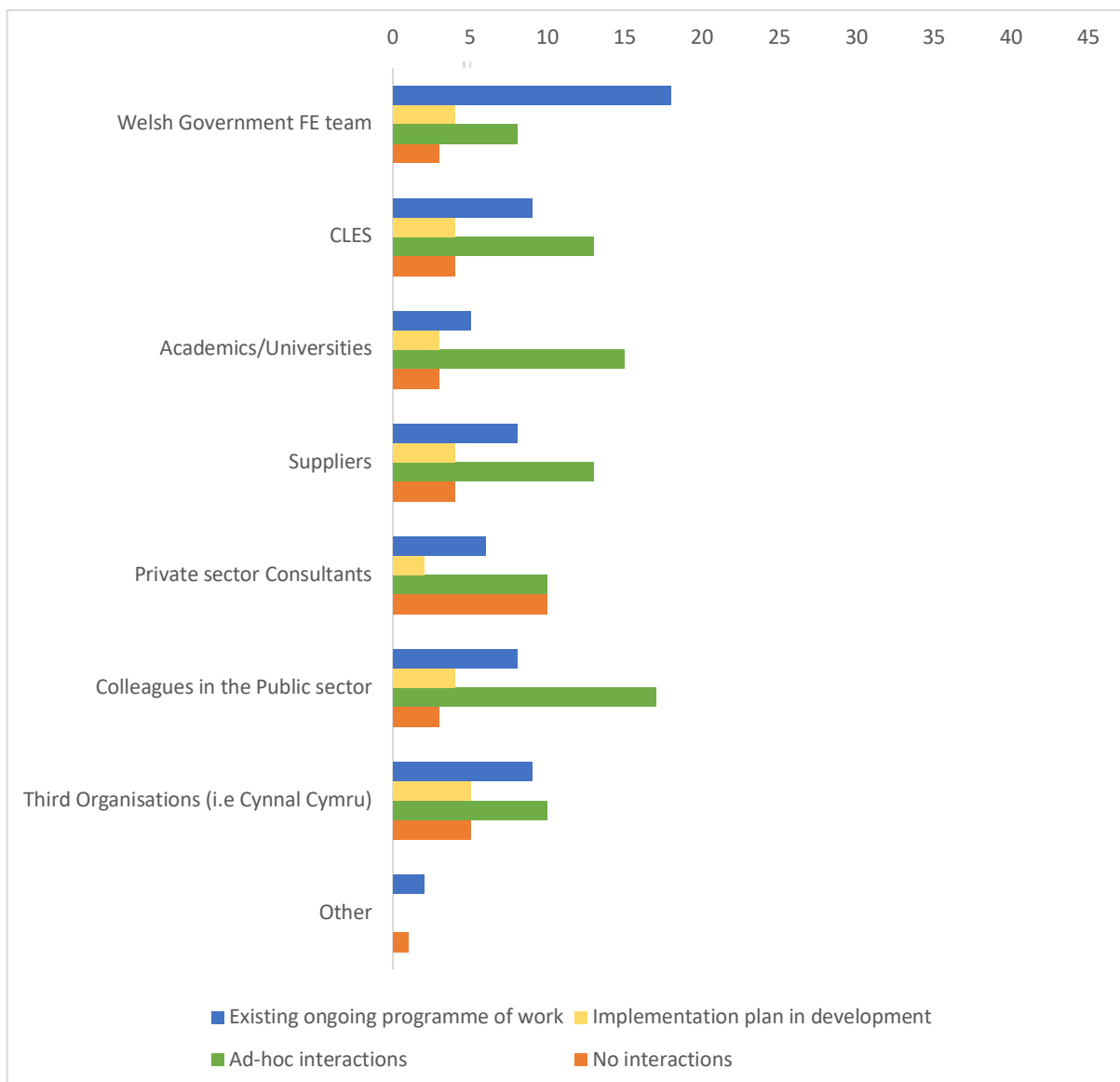
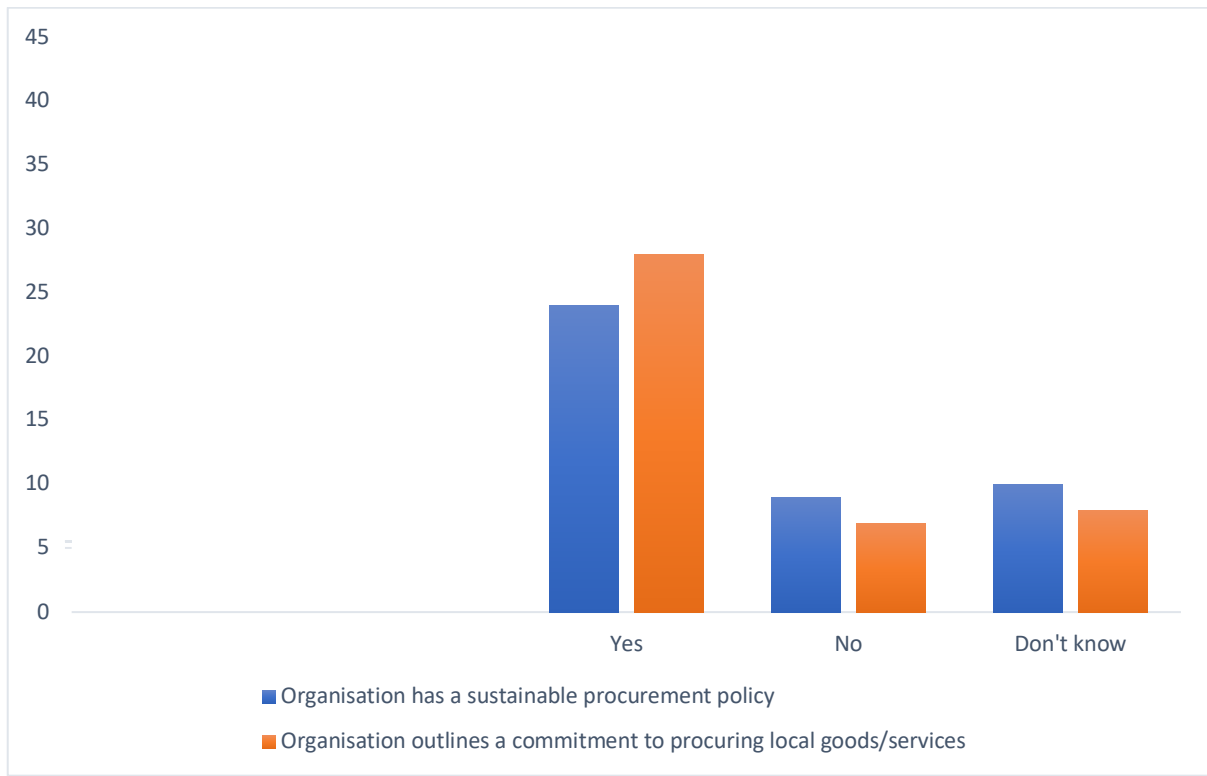


Figure 5.11 shows that there are noticeable variations in the degree of interactions with another organisation to implement FE principles – evidently a larger proportion of existing ongoing programme of work with Welsh government FE team, whilst relatively more reliance on other engagement methods such as ad-hoc interactions is observed in CLEC, academics/universities and suppliers, private sector consultants, colleagues in the public sector and third organisations. No interaction results have also been obtained for each organisation category. These results therefore point to further opportunities to incorporate interventions or formal programmes to help practitioners and organisations gain more knowledge exchange and learning opportunities via enhanced interactions with various other organisations.

**Figure 5.11: Has your organisation engaged with any of the below organisations to implement FE principles?**



**Figure 5.12: Organisation's procurement policy**



We received a more positive result (see Figure 5.13) for a related question on whether the respondents' organisations have processes in place to comply with the overarching sustainable development goals, as approximately two-thirds (67%) of the respondents provided evidence of alignment with sustainable development goals whereas 7% of the respondents suggested otherwise.

**Figure 5.13: Does your organisation have processes in place to comply with the Sustainable Development Goals?**

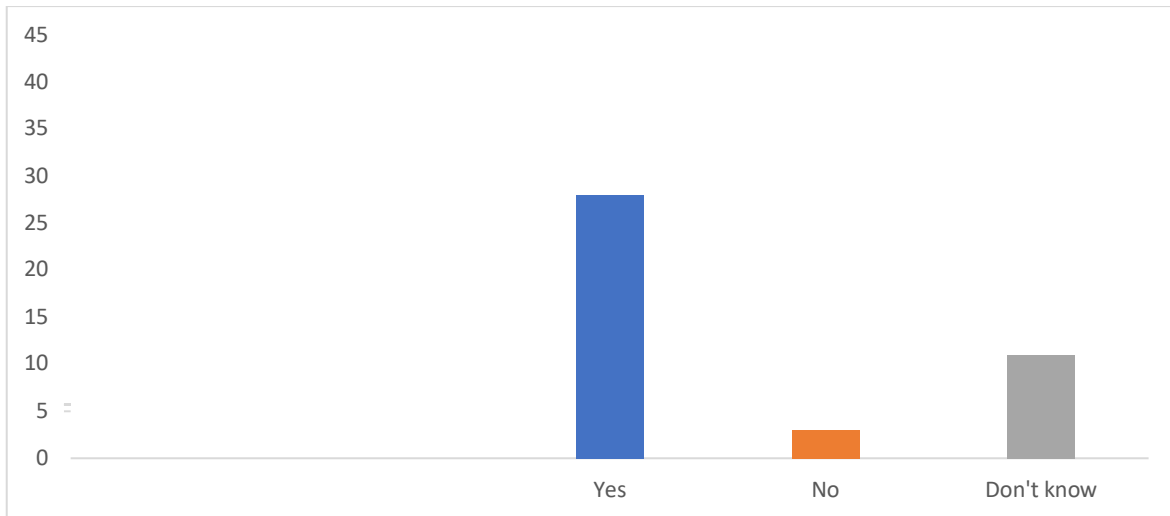
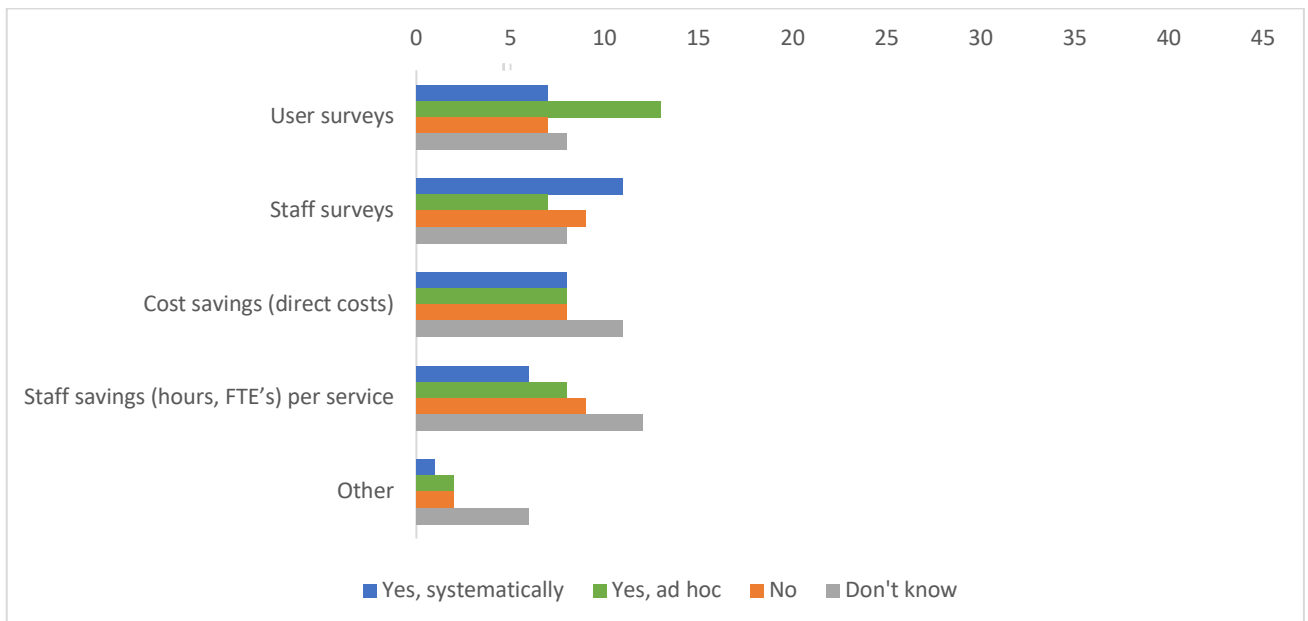


Figure 5.14 below summarises the results on whether respondents' organisations gauge the impact of its programmes or innovation projects and we find that systematic approach is primarily used only in Staff surveys; ad-hoc approach is the principal method used in User surveys; and significant percentage of the respondents indicated that they do not know if their organisations measure the impact of its programmes or innovation projects in Cost savings, Staff savings and other areas.

**Figure 5.14: Does your organisation measure the impact of its programmes or innovation projects?**



## **5.2.1 Summary of Survey findings**

In terms of individual knowledge, the survey highlights that the broad aims of the foundation economy in Wales are yet to be fully understood and embedded in the minds and actions of organisations and leaders. Real practical knowledge and engagement does exist at senior management team, service/department heads, procurement team and strategy/policy development team levels. This manifests itself in clear social value practices, specific workforce training opportunities, use of key community 'localities' and, especially, with respect to collaborative procurement practices and approaches to sustainable development. Foundational economy implementation in Wales has taken place primarily in food, housing, transport and energy types of service.

However, whilst the principles and practices of a foundational economy in Wales appear to be developing well, much of this activity is yet to be enshrined in clear strategic organisational documentation or guiding policy. Few organisations have constructed dedicated implementation plans for their foundational economy activity, and clearly, this remains a developmental opportunity for relevant practitioners in public, private and third sector service organisations. Similarly, specific measures or target for the foundational economy are scant and vary greatly, often focusing on engagement activities like attendance at FE Community of Practice or networking and formal external challenge led programme events. Ideally, these activities would be measured robustly for their effectiveness in enhancing FE practitioner capability and implementation capacity building. This offers another clear developmental opportunity for specific FE corporate and individual knowledge and skills growth.

Extending learning opportunities between emergent FE organisations and established local and regional colleges/universities, public and private sector agencies with known FE practitioner/experts is a clear and vital 'next step.' Linked to this increased knowledge exchange is a need for more tangible impact measures, both qualitative and quantitative, of any FE innovation activity, so that it might be analysed and shared - acting as a catalyst for FE principles, policy and practice improvement.

## **5.3 Interview Findings**

### **5.3.1 Introduction**

This section will introduce and outline the findings from the data collected through semi structured interviews. The report carried out 29 semi structured interviews with stakeholders

(Welsh Government officers, Local Authority managers, Welsh Health Board managers and organisations that deliver services to Welsh Government) implementers of Foundational Economy principles (Local Authorities, Housing Associations and Health Boards) as well as academics with a deep understanding policy and the operational context of Public Service Organisations in Wales. The interviews were conducted by members of the research team (contained in Appendix 1) and the semi structured interview questionnaire is contained in appendix 3. The research team took notes from the interviews and audio recorded, where permitted. The significant amount of data collected was coded and themes developed from each of the responses from the interview questions. The data collected is presented in summary data tables, below. The themes were generated from responses to the questions and summarised in the three tables below (Table 5.1, 5.2 and 5.3). The report will outline the findings from the stakeholders, implementers and academics separately below.

### **5.3.2 FE Capability Development Framework**

The interviewees were shown the development framework (see Table 5.1) developed by this report and advised that the framework serves to make explicit the different types of interventions (programmes, courses, communications) that might be appropriate to develop the capabilities (knowledge and skills or competencies) of different audiences or groups, within Public Service Organisations (PSOs) in Wales. The framework, developed by the report, suggests that practitioners require different types and levels of interventions, depending on the different level of capability required. Interviewees were advised that the capability level (Left-hand side of the framework, highlighted green) suggests that a 1 to 10 Scale is appropriate for understanding the intensity, time and interactivity of interventions and their appropriateness for different groups of practitioners. The levels suggest that general communications can be used to develop groups' basic understanding of a concept or theory. It also suggests that in order to fully develop capability (knowledge and skills of practitioners or competencies) higher-level interventions (more intense, interactive and in-depth) are more appropriate. The framework also suggests that the different interventions within each level should be used cumulatively to build up practitioners' knowledge and skills of a new concept. The framework was produced to map the types, intensity, length and subsequent cost of interventions appropriate for developing practitioners' understanding of a concept. The framework is presented as an indicative approach to developing practitioner capabilities, not intending to be prescriptive or exhaustive.

The right-hand side of the framework (shaded blue) suggests that organisations could use the framework to consider the groups of practitioners within their organisations and reflect on the level of capability appropriate for the specific group. The framework presents a traditional

organisational delineation for illustrative purposes, an organisation can be separated into groups that are likely to require different levels of understanding and capability. It is the responsibility of an organisation to decide on the groups that might need development and when might be appropriate. The framework enables organisations to consider which groups or individuals require a basic level of understanding through to those groups that require higher levels of knowledge and skills, of the concept/theory to be implemented within existing working processes and practices. The framework is presented in order to enable organisations to determine the timelines and appropriate resources that could be allocated to the development of organisational capability, in terms of new concepts/theories, through the development of individuals and groups. The framework is suggestive rather than definitive. The report suggests this framework would be useful to inform the appropriate content, materials and resources required for the development of a Foundational Economy Academy.



**Table 5.1: New Concept/Theory Capability Development Framework**

			Audience/ Group to develop									
Capability Level Required	Appropriate interventions for each level (indicative)	All Organisation community	Shopfloor/frontline staff	Officers	Team Leaders	Managers	Unit or Service Managers	Heads of Service	Senior Management Team	Procurement managers	important to discern by groups and their relative learning needs	
Level of engagement of learners increases by level	1	poster campaign, newsletter article, awareness raising comms	x	x	x	x	x	x				
Learning intensity increases by level	2	4 or 5 min video, updated quarterly, awareness raising comms	x	x	x	x	x	x	x	x		
Learner time commitment increases by level	3	small number of 5-10 min video + assessment, website with workplace examples			x	x	x	x	x	x		
Learner interaction with peers and tutors increases by level	4	20 to 60 min interactive course, set of videos, Learn & Share webinars, web content				x	x	x	x	x		
Learner interventions cumulative (levels combined for higher capability)	5	60 to 120min interactive course, workplace Case Studies, web content, webinars					x	x	x	x		
Broad engagement reduces as learning intensity increases	6	120 min interactive course + assessment, case studies (adapt & adopt), half and 1 day training events						x	x	x		
	7	Module of MPA/MBA, ILM/CMI Courses (3-5 days)						x				
	8	2 to 5 Day interactive programmes, Task & Finish Group, workplace outputs, challenge led								x	x	
	9	5 day or more (1 week) interactive programme, Informal CoP, challenge led								x	x	
	10	Lengthy (months) formal programme (or similar), Programme CoPs, peer based interactive learning							x		x	

The interviewees advised that the framework was useful for a number of reasons. Firstly, the type of intervention described, on the capability axis, was useful to delineate the appropriate development interventions for different groups depending on the level of capability required for each group. Secondly, the framework was deemed as useful in articulating the implied cost and time required to develop higher levels of capabilities of practitioners when introducing new models or concepts. Thirdly, interviewees endorsed the suggestion that more interactive and more intensive interventions are required for practitioners that need to understand, be able to explain to colleagues and implement the principles of a model. Some interviewees commented on the types of intervention and their respective efficacy, for example one of the interviewees advised that short video clips and web-based content, that can be accessed when convenient for users, is more effective than in person short briefing events. Another interviewee advised that interactive web based 'training courses' like those PSOs use for enhancing practitioners GDPR capabilities are effective in helping practitioners obtain a required level of capability. Approximately two thirds of all interviewees advised that highly interactive, immersive interventions are appropriate for developing practitioners capability to implement the principles of a new concept. Approximately four-fifths advised that interventions that enable practitioners to discuss concepts and develop understanding collaboratively with peers were more effective than traditional didactic interventions. Furthermore, two-thirds advised that complex concepts, like Foundational Economy, require contextualisation or 'unpacking' by different groups of practitioners as their application in different contexts, for example in finance and operational functions, can vary.

### **5.3.3 Stakeholder interview data**

The summary table below (Table 5.2) outlines the themes discerned from the data collected from the semi-structured interviews with stakeholders. This report will provide detail of the themes discerned from the data, in turn below. The first theme listed in the table notes that the stakeholders interviewed agreed that the framework developed to outline appropriate interventions for the development of practitioner FE capabilities. The framework and the comments of stakeholders is detailed above, Section 5.3.2.

Approximately half of all the interviewees advised that bite-size learning is more appropriate for practitioners. The interviewees' advised practitioners are seldom able to devote long periods to develop their capabilities. They also commented that new concepts or models are more easily understood by practitioners if they can access small amounts of content/theory and then have time to process the content introduced in the context of their workplace context

and existing practices. Participants further confirmed that the same intervention wouldn't be suitable for all, with longer, more intensive programs perhaps being more suitable for those with the capacity to engage with that content. Shorter bite-sized chunks of learning were deemed to be more accessible, particularly for achieving wider engagement across an organisation.

The stakeholders interviewed also advised that engaging video and website content can be effective in engaging practitioners and enhancing their knowledge, approximately two-thirds suggested this. The type of content referred to included short video clips, online lectures, video animations and narrated PowerPoint. Interviewees mentioned practitioner platforms, for example TED, RSA and NESTA as well as education providers in Academy Wales, ILM, CMI etc. Approximately half mentioned the value of YouTube and Vimeo in sourcing short clips for 'quick lessons'. There was broad agreement that contemporary AV platforms can provide excellent content that enables practitioners to access knowledge at a time and place convenient for them and more programmes and interventions should make use of the available content. The stakeholders did point out that finding and selecting the most appropriate content from reliable (peer reviewed) sources was not straightforward and that trusted education and development providers were required to filter and assemble appropriate material and content. There was also agreement that 'web-based content' was useful for raising awareness of practitioners, not fully effective for enhancing skills. Interviewees suggested practitioners often required interaction with peers and experts to develop knowledge into practice, particularly with complex concepts like FE.

Approximately 60% of stakeholders advised that interactive and immersive programmes that facilitate peer reflection and discussion of concepts/models are more effective for developing practitioners' capabilities. Most referred to 'communities of practice' as useful interventions that enabled practitioners to share knowledge, for example recent 'Cynnal Cymru' programmes and commented on the value of knowledge sharing amongst practitioners in terms of implementing concepts like foundational economy and community wealth building.

**Table 5.2: Data Summary table of stakeholder interview themes:**

	<b>Interview themes</b>
1	Framework useful in mapping interventions/programmes appropriate for different groups and appropriate content
2	bite sized learning important for practitioners
3	Engaging video and interactive web-based content effective
4	CoPs and interactive type programmes better for developing practitioners understanding
5	FE term not widely understood
6	Terminology important, explain in plain English and in practitioner language
7	Use existing concepts to explain FE (CWB, Social Value) make relevant for the group and communicate aims of FE
8	Practitioners need to understand how FE relates to other concepts and where it overlaps (CWB, SV, WFGA etc)
9	Does the term FE need to be understood by all PSO practitioners?
10	Proliferation of similar terms a challenge for PSOs
11	'Initiative fatigue' an issue, FE could be seen as another similar initiative
12	Bottom up and top-down buy-in needed/importance of strategic and operational level understanding

The interviewees advised that practitioners were able to learn from their respective success and failures when introducing new concepts, particularly when applying concepts to existing organisational processes. The stakeholders suggested interventions that facilitate peer reflection and peer support enable practitioners to contextualise concepts more readily, which in turn provides confidence when implementing concepts within the workplace. The interviewees suggested interactive interventions, that stretch over a period of months, where

practitioners develop peer support and trust are more likely to enable practitioners to implement new practices with greater confidence.

Approximately 80% of the stakeholders interviewed advised that the term Foundational Economy is not widely understood within Public Service Organisations in Wales. They pointed to the fact it is a relatively new concept and suggested there is ambiguity around the theory, particularly in terms of practitioners understanding all the elements of the theory. Half of the stakeholders interviewed suggested they were not entirely clear of the definition of FE. The majority that expressed ambiguity of FE advised that similar concepts of Community Wealth Building and Social Value, that were in existence prior to FE within public sector narratives, have probably clouded practitioner understanding of FE.

Approximately 75% of stakeholders advised that Foundational Economy should be communicated to practitioners in plain English and in terms practitioners understand. They suggested that the existing language was somewhat academic and failed to differentiate from existing theories. The interviewees suggested that for FE to be understood by practitioners existing terminology, within the public sector, should be incorporated into the FE explanatory narrative. Furthermore, the interviewees suggested that practitioners are aware of other contemporary similar concepts/theories in Community Wealth Building (CWB), Social Value and more recently the Future Generations Act (Wales), to varying degrees. Therefore, FE is often seen as an addendum to several existing contemporary concepts and competing for the attention of busy practitioners. Interviewees suggested that practitioners have not always been able to keep abreast of these contemporary terms particularly when other new terms like Circular Economy and the Well-being economy are also being introduced to public service organisations, through both the net zero targets and the Future Generations Act.

One practitioner commented that he felt sometimes like he '*was drowning in acronym soup*'. This 'proliferation of terms' sentiment was echoed by more than half of the practitioners of the stakeholders interviewed and the conceptual bombardment lead the interviewees (more than 60%) to suggest that for practitioners to understand and be able to implement FE an explanatory accessible document was required that explained explains how FE, CWB and social value integrate and overlap. The stakeholders suggested the introduction of new concepts and theories was not new, yet the last five or so years had seen an acceleration of the number of new terms being introduced during a time when PSUs have seen a reduction of their resources and subsequently capacity to absorb.

Approximately 35% of the stakeholders interviewed suggested it might be more effective to drop the term FE and focus on specific elements of FE that policymakers would like to see

implemented. The specific aims could then be communicated to practitioners without using the term FE. They suggested the existing implementation of Social Value and CWB was heterogeneous, therefore a more nuanced and targeted set of interventions to support practitioners to implement FE was likely to be more successful, than a general programme of interventions to support the wholesale implementation of FE principles.

A consistent theme throughout the interview data is the suggestion of initiative fatigue within the public sector (70% of stakeholders interviewed). Stakeholders suggested public sector practitioners, particularly local authorities, have been asked to implement several new statutory obligations (Net Zero, WFGA, Brexit) and policy maker initiatives. Furthermore, most public sector organisations have experienced budget cuts over the last decade, which has impacted their capacity to deliver existing services and so the demands of implementing new theories and new statutory obligations have led to 'initiative fatigue'. The interviewees suggested that many public service organisations are suffering 'initiative fatigue' at a time when they are being asked to 'do more with less'. This phenomenon, interviewees suggest, has hampered the public sector capacity to implement FE. Approximately one third suggested PSOs felt that FE offers an initiative similar to recent others; some participants did state that the foundational economy aligns with many other agendas, overlapping with other initiatives such as the circular economy. This alignment does indicate that the initiative fatigue could be addressed through creating a unifying framework that identifies the synergies between these initiatives.

A small number of participants described practical barriers in measuring social value through the existing TOMS framework (see Appendix 6). Whilst one participant referred to the TOMS framework as the 'gold standard', the practicalities of implementing the framework were deemed challenging. In terms of measuring social value, participants expressed a need for more accessible frameworks to be created, that include measures that can be viably implemented and achieved.

Most interviewees (85%) advised that both strategic and operational support for the principles of FE is required to see its successful implementation. This need for 'both top down and bottom up' (strategic and operational support) for the concept is required for it to be successfully implemented. It was suggested that groups of practitioners that design and deliver services would require support to understand, work through and co-produce new processes that incorporate FE principles. At the strategic level FE would need to be incorporated into strategic plans and organisational strategy.

### 5.3.4 Implementers (users) interview data

The report interviewed eight individuals from organisations that have implemented or began to implement Foundational Economy principles, within their organisations, described as 'implementers' by this report. The implementers were asked slightly different questions to the stakeholders (see Appendix 3). The interviews were recorded and transcribed with the data summarised into the themes outlined in the table below (Table 5.3). The interviewees are employed at Health Boards, Local Authorities, Welsh Government Departments and Housing Associations. This report will provide detail of the themes discerned from the data, in turn, below.

Interviewees were shown the 'Capability Development Framework' (see Table 5.1) and asked for their views. The implementers (88%) advised the framework was useful in making explicit the thought processes required when considering organisational development interventions and programmes. They advised the framework was also useful in making explicit the different types of interventions to consider and the groups or departments within the organisation that can be developed. One practitioner advised the framework was useful to consider the '*who, what and when*' decisions required when developing practitioner capabilities.

The presentation of the 'capability development framework' to the implementers led to a discussion about different capability development methods and content. Sixty three percent of the implementers advised that bite-size learning is useful for practitioner learners as lengthy periods out of the organisation are a challenge. They suggested that practitioners find it easier to implement models or processes iteratively, which makes bite-size learning more useful. Half of all the implementers interviewed advised that engaging video and animated content is useful for practitioners to learn as they can access a time convenient for them, they also advised that interactive web-based content (training programmes) are effective for developing practitioner knowledge and an understanding of concepts. However, the implementers web-based development was difficult to make time for and often generic.

The vast majority (88%) of implementers interviewed described the value of interactive programmes, such as communities of practice, action learning sets and interactive in-person training/development programmes. These participants stated that such interventions are effective for developing practitioner learning as they enable practitioners to engage in discussions with peers and collectively contextualise models and frameworks into their specific workplaces. The majority (75%) of the implementers advised that task and finish groups or working groups were common to operationalise or implement concepts like Foundational Economy. The practitioners described how task and finish groups or 'strategy

deployment' groups were used to implement FE after an initial FE training programme was used as an introduction to FE. The task and finish groups then discussed and developed plans to implement FE within their operational area. The implementers pointed out that the relative confidence of practitioners mitigates their ability to implement ideas and concepts, suggesting confidence varies by individual. The implementers also commented on the importance of placing an emphasis on outputs and outcomes of development interventions, suggesting traditional courses that deliver qualifications do not always result in successful development of new processes. Therefore, practitioner interventions should incorporate explicit organisational outputs and outcomes which should form part of the evaluation of the interventions.

The practitioners interviewed advised that foundational economy principles had not been widely implemented across their organisation. The majority (63%) advised that FE had been implemented (partially) within purchasing, organisational skills development and supplier engagement (linked to purchasing activity) and economic development functions. Eighty eight percent of those interviewed advised FE was not widely understood across their organisation. However, they commented that FE is a recent concept and their organisation had not attempted to raise awareness of FE across the entire organisation whilst advising the Foundational Economy principles very important in terms of ensuring local and regional prosperity. The majority of implementers (63%) advised that the term FE and its principles should be communicated in plain English and in language or terminology that exists within the organisation. The implementers also advised that the elements or principles of FE should be aligned with existing organisational strategy to ensure successful implementation as most organisations develop three or five-year strategies. Furthermore, 63% of those interviewed contend it might not be necessary to encourage all employees of an organisation to understand the term FE. The interviewees' suggested FE was more relevant to some departments or functional areas than others and therefore some would benefit from understanding the concept in full and others might not need a full understanding of FE to appreciate its principal elements.

Half of the implementers advised that several new concepts and models have been introduced to public service organisations in recent years, including social value, community wealth building, foundational economy, circular economy and well-being economy as well as the FGA. It was suggested that the plethora of new concepts had led to 'initiative fatigue' within some areas of public service organisations particularly departments that have had to implement many of the principles of the new concepts, for example purchasing.



**Table 5.3: Data Summary table of implementer interview themes**

	<b>Interview themes</b>
1	Framework useful in mapping interventions/programmes appropriate for different groups and appropriate content
2	Bite sized learning important for practitioners
3	Engaging video and interactive web-based content (existing) is effective to develop understanding (knowledge)
4	Interactive programmes (CoPs, ALSs, discussion groups) better for developing practitioners understanding
5	T&FGs, working groups and strategy deployment more common
6	FE applied within purchasing, skills development and supplier engagement
7	FE term not widely understood
8	Terminology important, explain in plain English, in practitioner language and align with existing strategy
9	Does the term FE need to be understood by all within the organisation?
10	Proliferation of similar terms a challenge for PSOs, if not translated by organisational strategy
11	'Initiative fatigue' an issue, FE could be seen as an additional challenge
12	Bottom up and top-down buy-in needed/importance of strategic and operational level understanding

Most implementers (75%) advised it was important for both strategy and operational levels of the organisation to be committed, when asked about the challenge of implementing new concepts/models. Examples were provided where strategic requests for implementation of new models had failed because insufficient time and resources had been devoted to engaging staff and implementation. Interviewees also mentioned that operational staff should understand the value and relevance of a new concept or model for them to commit to

implementation. Within this theme interviewees advised that power dynamics within organisations can hamper and discourage the efforts of junior individuals and less powerful groups to implement new concepts and models. The interviewees advised that a culture that encourages 'trial and error' or a 'safe fail environment' is important for initiatives and interventions to successfully develop new processes and practices. In terms of this latter theme the interviewees advised senior management support is required to develop and support this 'safe-fail culture'.

The implementers were asked '*What tools/methods/processes would encourage or enable your organisation to engage with the foundational economy?*'. The majority of the responses are captured within the themes detailed above; shared comments that did not form general themes are detailed here. Half of the eight interviewed had experience of the CLES programme and their views were mixed. It was deemed of limited value as it developed practitioners' knowledge of CWB principles and yet failed to devote sufficient time for practitioners to discuss and 'sensemake' in order to implement the learning from the programme. Three interviewees had experience of the FE Challenge Fund programme and commented on its value as a 'test and learn' mechanism, particularly when aligned with a community of practice that enabled the practitioners implementing FE principles to share learning.

In summary, the implementers interviewed thought that the principles of FE and Community Wealth Building (and Social Value) are important concepts and of value to their organisations. However, the challenges of implementation can be summarised as threefold. Firstly, setting aside the time required to understand, collectively 'sensemake' and then implement is a challenge. Secondly, the financial resources are difficult to find through existing operational budgets. Thirdly, an organisation requires a culture that is comfortable with a test and learn (learn from failure) approach to implementing new concepts.

### **5.3.5 Academics interview data**

The report interviewed seven academics from six different institutions (predominantly in Wales), including the main proponent of Foundational Economy and the National Centre for Local Economies (CLES). The academics were asked the same question as stakeholders (see Appendix 3). The interview data has been summarised into the themes outlined in the table below (Table 5.4). This section of the report will provide detail of the themes discerned from the data.

Interviewees were shown the ‘Capability Development Framework’ (see Table 5.1) and asked for their views. All the academics advised the framework was useful in making explicit the different approaches required to develop capabilities of practitioners and the value of different interventions in terms of the level of capability development required. The academics suggested the delineation of different groups, within an organisation, is useful for organisations to develop an approach to capability development when considering new concepts/models. Three of the academics suggested the framework had similarities with organisational development frameworks and more recent competency frameworks. The academics agreed that the length, intensity and interactivity of interventions should ordinarily increase as the level of capability required increases. They also suggested that the transfer of theory (knowledge exchange) was not straightforward and recent nascent research suggests traditional information providing interventions are likely to be less successful than more challenge led, interactive interventions that enabled practitioners to discuss and contextualise concepts.

**Table 5.4: Data Summary of Academic interview Themes**

	<b>Interview Themes</b>
1	Framework useful in mapping interventions/programmes appropriate for different groups and appropriate content
2	Interactive, collaborative and challenge led programmes more effective for implementing concepts/models
3	Understanding pedagogy important when designing interventions for practitioners
4	Public Services not homogenous
5	Practitioners don’t necessarily need to understand all aspects of a theory/model
6	The challenge of implementing concepts/theories not fully appreciated by Policy makers
7	FE term not widely understood
8	Practitioners should be supported to collaboratively ‘sensemake’
9	Strategic and operational commitment to implementation important

The presentation of the ‘capability development framework’ to the academics led to a discussion about different capability development methods and content. Seventy one percent of the academics advised that an understanding of pedagogy is important when designing interventions for practitioners. The academics advised that practitioner knowledge can be

developed through traditional information sharing (didactic) pedagogical methods. However, to develop practitioner knowledge and skills different pedagogical methods should be used that enable practitioners to engage with peers and intervention providers to develop their contextual understanding and knowledge. It was also suggested that practitioners require time and support to apply learning in practice and to develop their skills of applying theory to practise. The academics advised that contemporary pedagogic methods like Action Learning Sets, peer coaching (pairs and threes), peer to peer discussion sessions and challenge led groups within interventions are useful for practitioners to contextualise and plan how concepts or theories can be applied to their practice. The academics suggested that practitioners are more likely to be able to implement concepts or theories when interventions are designed to enable new processes to be developed iteratively. Therefore, challenge led programmes that employ contemporary pedagogies within challenge led programmes enable practitioners to contextualise concepts and iteratively apply to 'workplace challenges' that develop practitioner new process development skills.

Most academics (71%) advised that public service organisations within Wales are not homogenous, advising that the structure of the Health Boards are very different from Local Authorities which are quite different from the blue light services. The plethora of smaller organisations, including quangos, make it very difficult to suggest it is straightforward to design a single set of interventions to develop the Foundational Economy (FE) capability within public services in Wales. Therefore, an approach that considers the differences that exist is important and it should be accepted that the development of FE capability would take time and will and considerable effort.

The above theme was linked to 57% of the academics suggesting it wasn't necessary to develop the capability of all public service practitioners in order to implement the principles of FE within PSOs as not all practitioner groups need to understand all aspects of a theory /model. They advised that specific groups (e.g., purchasing, estates and contract management) should be supported to understand FE principles first. It was also suggested that managers and leaders within organisations could be supported to understand FE principles in order to contextualise and implement within their respective areas. However, it was also pointed out that in order to implement change (new processes and practices) an understanding of the underpinning principles of the change should be understood by all practitioners for change to be successfully implemented. In summary, academics suggested that it can be more resource effective (time and money) to make strategic decisions about the practitioner groups that might more quickly understand FE and be able to implement. The

academics advised that general 'awareness raising' campaigns across organisations take time and money.

The majority of academics (57%) advised that policymakers do not always fully appreciate the challenge that PSOs face in implementing new concepts/theories. The academics suggested the challenges are threefold. Firstly, PSOs have existing statutory obligations that evolve through updates and amendments to areas such as, environmental standards, professional association standards, planning etc. Secondly, PSOs have received substantially less funding over the last decade. Thirdly, several new statutory obligations in the form of the Future Generations Act, Net Zero obligations, Working tax credit/benefits implications and Brexit challenges in the last decade. Therefore, their capacity to implement new additional concepts/theories is limited.

Many academics (71%) advised that the term Foundational Economy was not widely understood within public services in Wales. They advised some departments/functions (e.g. purchasing) engaged with the Community Wealth Building program and had in-depth knowledge of similar principles to FE. It was suggested that some local authorities had engaged with the concept and earlier versions (social value, community wealth building) more than others particularly with purchasing locally initiatives and SME supplier development engagement projects. The academic's suggested it might be useful for the Welsh Government to describe the similarities and differences between the three relatively close concepts for public service organisations to be able to 'map and gap' against their existing processes and practices. It was also suggested that case studies that articulate the success stories of initiatives like the 'Foundational Economy Challenge fund' would be useful to explain the value of FE and to provide ideas to PSOs on how and where FE can be implemented.

Four of the seven academics suggested initiatives and interventions that supported public service practitioners to collaboratively discuss, contextualise, understand and develop FE implementation plans would be of value. The challenge of having 'to do more with less' that public services face means that a collaborative approach makes better use of finite public service resources. Secondly, complex concepts like FE require contextualisation by practitioners before they can be implemented successfully. Thirdly, the academics advised that implementation of the FE principles are more likely to be successful if done on a regional or national level. Therefore, interventions that bring practitioners together to leverage economies of scale, collectively 'sensemake' and map existing processes and practices are more likely to be successful.

Eighty six percent of academics advised that both strategic and operational understanding and commitment was important if FE is to be implemented successfully. They advised that FE principles should be incorporated within organisational strategy for appropriate resources to be committed to implementation. They also advised that there was a requirement for practitioners at the operational level to understand the principles of FE and understand the value it could deliver to communities in Wales for them to expend energy on its implementation. They suggested initiatives concepts/theories are far more likely to be successfully implemented if there is buy-in to the concept at every level.

### **5.3.6 Summary of interview data**

The interview data indicates that the FE capability development framework appears useful for informing the appropriate content, materials and resources required for the development of a Foundational Economy Academy. The framework outlines several appropriate development interventions for different groups dependent on the level of capability required. The framework was deemed useful in demonstrating how much cost and time was required for developing further capabilities, with interviewees suggesting that more intensive interventions are required for practitioners who need to understand, disseminate, and implement the principles of a foundational economy. The interview findings further suggested that initiatives are far more likely to be successfully implemented if there is buy-in to the concept at every level, confirming the viability of the proposed framework in increasing organisational understanding at different levels.

Both implementers and practitioners confirmed that bite size learning offers a more appropriate means of outlining the principles of a foundational economy, with engaging video and website content proposed as an effective way of engaging practitioners. The interviews further revealed that the term foundational economy is widely misunderstood within Welsh PSOs, with both implementers and practitioners confirming that definitions of a foundational economy should be communicated in plain English using accessible terminology. Both implementers and practitioners confirmed that interactive and immersive programmes that facilitate peer reflection and discussion of concepts/models are more effective for developing practitioners' capabilities. Furthermore, a consistent theme throughout the interview data was the suggestion of initiative fatigue within the public sector: to address this, a more nuanced and targeted set of interventions to support practitioners to implement FE was suggested.

The academics advised that practitioner knowledge can be developed through traditional information sharing (didactic) pedagogical methods. However, to develop practitioner knowledge and skills different pedagogical methods should be used that enable practitioners

to engage with peers and intervention providers to develop their contextual understanding and knowledge. The academics advised that contemporary pedagogic methods like Action Learning Sets, peer coaching (pairs and threes), peer to peer discussion sessions and challenge led groups within interventions are useful for practitioners to contextualise and plan how concepts or theories can be applied to their practice. An approach that considers the differences that exist between different organisation types was also emphasised as important, as well as accepting that the development of FE capability would take time and considerable effort. The academics advised that specific groups (e.g., purchasing, estates and contract management) should be supported to understand FE principles first. It was also suggested that managers and leaders within organisations could be supported to understand FE principles in order to contextualise and implement within their respective areas.

In agreement with the practitioners and implementers, many academics advised that the term Foundational Economy was not widely understood within public services in Wales. To address this, many academics suggested that initiatives and interventions that supported public service practitioners to collaboratively discuss, contextualise, understand, and develop FE implementation plans would be of value. Furthermore, results from interviews with implementers, practitioners and academics suggested that both strategic and operational understanding and commitment was important if FE is to be implemented successfully.

## **5.4 Challenge Led Programmes**

### **5.4.1 Introduction**

The report analysed contemporary challenge led programs that that were designed to develop practitioner capability to apply contemporary theory or concepts to their workplaces. The report looked at the CLES Community Wealth Building programme (delivered to members of Public Service Boards in Wales), the Circular Economy Innovation Communities (CEIC) programme (delivered to public service organisations in the Cardiff Capital and Swansea Bay regions), the Infuse program (delivered to public service organisations in the Cardiff capital region) and the LEAD Wales programme (largest SME development programme in Wales) as a private sector comparator. The report looked at these formal programmes as they were designed specifically to support practitioners to implement Foundational Economy or Circular Economy principles within their organisations. The LEAD Wales programme successfully supported SME managers and leaders of SMEs to implement new processes and practices in order to develop their organisation. The LEAD Wales programme developed 906

practitioners from 702 businesses that increased their turnover by an average of 26% and created 2540 jobs, between 2010-2015.

#### **5.4.2 Programme Comparison**

The CLES program was delivered to organisational members of PSBs in Wales between 2020 and 2021, hampered by the pandemic. The eight-month programme supported practitioners through a six-phase development journey that developed their understanding of CWB and supported implementation projects. The programme supported practitioners to develop an inclusive regional economy that increases the flow of wealth back into local economies through a people-based approach. The impact the of the programme is highlighted through case studies on the [CLES](#) website and specific Wales based examples are detailed in Retrofit and local food development case studies, amongst others. The CEIC programme is a formal 10-month practitioner development programme that creates regional collaborative innovation networks (communities of practice) across public service organisations. It supports practitioners to co-design solutions to workplace challenges they have in terms of implementing Circular Economy (CE) principles. Participants enhance their innovation knowledge and skills by applying new tools and techniques to enable their organisation to reduce carbon footprint, reduce costs and enhance service levels. The Infuse programme is available to public services across the [Cardiff Capital Region](#) and will support practitioners to work on real-life challenges, within two thematic areas of Accelerating Decarbonisation and Supportive Communities. The programme is delivered through three 'Labs' that have specific workstreams: The Adaption Lab, the Data Lab and the Procurement Lab over an eighteen-week period. The LEAD Wales programme developed managers of SMEs leadership skills through a formal 10-month development programme, it was superseded by ION Leadership.



**Table 5.5: Summary of comparison of Challenge led programmes**

Challenge Led programmes				
Pedagogy	CLES	Infuse	CEIC	LEAD Wales
Lecture/information delivery	x	x	x	x
Case Study analysis	x	x	x	
Action Learning Sets	x	x	x	x
Expert speaker (practitioners & academic guest speakers)	x	x	x	x
Team/group assignments	x	x	x	
peer coaching (pairs or threes)	x	x	x	x
Workplace problem analysis	x	x	x	x
Reflect & Learn exercises	x	x	x	x
Role playing/simulation	x	x	x	
Site Visits (workplace challenge visit)	x	x	x	
Collaborative Experimentation (Prototyping)		x	x	
Reverse mentoring with CEO's		x		

The report interviewed representatives of the four ‘challenge led’ programmes to develop an understanding of the underpinning principles and their approach to developing practitioners’ capabilities (pedagogy). The programmes were chosen for review as they have successfully engaged with practitioners in Wales to develop their understanding of theories and concepts to be implemented in the workplace. The practitioners are developed to implement new processes and practices within their organisations, with the support of peers and programme facilitators, that incorporate the principles of the theory introduced. The timeline and scope of the project did not allow an in-depth review of each of the programmes and their impact. Details of their respective impacts are contained within their websites, links above. However, this report has outlined the above challenge led programs as examples of programmes that set out to introduce contemporary theories and support practitioners to implement. These programmes are dissimilar to traditional educational programmes that predominantly aim to develop the knowledge of students and practitioners. The challenge led programmes, outlined

here, explicitly aim to develop practitioners' knowledge and skills to develop and introduce new service solutions that achieve the aims of new theories or concepts.

Table 5.5 compares the pedagogical methods used by the four programmes reviewed. The table highlights the use of numerous contemporary pedagogical methods designed to support practitioners to understand, discuss, contextualise and be able to apply concepts. The programmes do not incorporate formal assessment methods, unlike traditional courses, as they focus on practitioners applying the concepts to their workplaces through the development of new processes or practices. The learning from the programmes is measured in terms of outputs (new service solutions) that apply theory into practice. Each of the programmes deliver workshops or sessions that contain the some of the pedagogical methods listed in the table to ensure practitioners understand and contextualise the content introduced. The programmes favour in-person workshops, where possible, to facilitate interaction with tutors and peers. They deliver the workshops in half day or full day sessions and allow gaps of at least a week and up to a month between sessions to give practitioners time and opportunity to reflect and apply learning from each workshop. The programmes organise practitioners into groups, to work on specific workplace challenges, to develop solutions to the challenges for implementation within the workplace. Therefore, the challenge lead programmes featured, introduce practitioners to theory/concepts and apply contemporary pedagogical methods to support practitioners to implement within the workplace.

#### **5.4.3 Foundational Economy interventions and initiatives**

Table 5.6 outlines existing examples of interventions and initiatives with foundational economy content, referred to during the interviews and literature review. The table provides links to the interventions, for reference purposes. A table with website links to exemplar interventions that develop knowledge and skills of similar concepts (not directly FE) is contained in Appendix 8.

#### **5.4.4 Challenge Led Programme Summary**

This section provided a brief review of challenge led programs designed to develop practitioners' capability to implement new concepts or theories within their workplace. The report found that contemporary challenge led programmes make use of contemporary pedagogical mechanisms like action learning, group challenge tasks, peer-based peer coaching and mentoring and reflective journals. The interactive content is often delivered through case study and practitioner focused literature. The challenge lead programs are designed for practitioners to develop new solutions or processes for implementation within their organisation to ensure tangible outputs. They are often non-assessed or have small, assessed elements in comparison with traditional programs. The challenge lead programme

workshops are spaced out across days or weeks to enable practitioners to implement the models of framework introduced in their workplace in between workshops, enabling practitioners to obtain feedback from peers and reflect on the content delivered. A recent empirical study by Liu et al (2022) concluded that the CEIC programme enhanced both organisational and regional innovation capability. In essence contemporary challenge lead programs are interactive by design, support practitioners to contextualise theory and provide reflective space for implementation.

**Table 5.6: FE Interventions and Initiatives**

NW Wales Social Care Challenge project: Looked at challenges of recruitment, retention and training of North Wales' social care and health workers. ( <a href="https://www.northwalescollaborative.wales/foundational-economy-challenge-fund-project/">https://www.northwalescollaborative.wales/foundational-economy-challenge-fund-project/</a> )
Môn Shellfish Challenge project: use of social media and web-based learning to 'reconnect' people to good food choices and increased local markets for shellfish.
Carmarthenshire Council FE Challenge project: 'early-stage tools' and guides to support implementation of progressive procurement
Wales Cooperative Centre – FE Can Do toolkits ( <a href="https://www.candotoolkits.com/resources">https://www.candotoolkits.com/resources</a> ) and Can Do Approach (2020) ( <a href="https://www.candotoolkits.com/can-do-declaration">https://www.candotoolkits.com/can-do-declaration</a> )
Serious about Green: Report by Woodknowledge Wales analysing 'how to build a Welsh wood economy'. ( <a href="https://woodknowledge.wales/uncategorized/serious-about-green">https://woodknowledge.wales/uncategorized/serious-about-green</a> )
Ruthin Town FE Challenge project: utilisation of Ruthin Town Hall as a community and business hub
National Social Value Task Force Wales - National TOMs Wales framework ( <a href="https://www.nationalsocialvaluetaskforce.org/national-toms-wales">https://www.nationalsocialvaluetaskforce.org/national-toms-wales</a> )
Llandovery FE Challenge project - project research at inception - economic statistical analysis/interviewing/surveys/creation of a CoP (set up by Cynnal Cymru)
Vale of Glamorgan Procurement Challenge project : Discussions with SME providers and case study videos of 'best practice procurement' ( <a href="https://www.valeofglamorgan.gov.uk/en/working/Business-Support/Foundational-Economy.aspx">https://www.valeofglamorgan.gov.uk/en/working/Business-Support/Foundational-Economy.aspx</a> )
Cynnal Cymru Community of Practice: Facilitated CoPs exploring how to grow and support the foundational economy. Areas of focus - Housing, Social Care, Food and Future Skills with members from public bodies, housing associations, industry representatives, voluntary and private sector organisations. ( <a href="https://cynnalcymru.com/foundational-economy-community-of-practice/">https://cynnalcymru.com/foundational-economy-community-of-practice/</a> )
Cwm Bro Ffestiniog project: Support of community businesses to work with three social enterprises to develop plans in community tourism, renewable energy and digital media content. ( <a href="http://www.cwmnibro.cymru/#en">http://www.cwmnibro.cymru/#en</a> )
CLES FE programme: supporting anchor organisations in five clusters of PSBs across Wales to develop progressive procurement approaches ( <a href="https://cles.org.uk/community-wealth-building-in-practice/community-wealth-building-places/welsh-government/">https://cles.org.uk/community-wealth-building-in-practice/community-wealth-building-places/welsh-government/</a> )

## 6. Conclusions

Public service organisations in Wales operate in a VUCA world and are obligated to do more with less. Enhancing their innovation capabilities will help them more successfully navigate their increased obligations and contribute to regional development. Moreover, implementing foundational economy and community wealth building principles will enable PSOs to support regional and national (Wales) development. A Foundational Economy Academy in Wales would allow PSOs to access appropriate supportive content and interventions that could develop their knowledge and skills. Accessing contemporary FE interventions, underpinned by social learning theory and open innovation principles, is likely to facilitate knowledge and skills development in order for PSOs to manage change and implement new concepts more effectively.

The Foundational Economy in Wales is growing and is of vital importance to regional development, employment, and employability. The FE helps stimulate and sustain general material infrastructure and providential services that are key to daily life and locality, and enables households, organisations, and communities to function more effectively as social and psychological entities (Morgan, 2020). The FE should not be seen not solely in economic development and productivity terms but in wellbeing, community wealth generation and social identity terms (Heslop et al. 2019; Morgan, 2021; Nygaard & Hansen, 2021; Manley & Whyman, 2021).

The literature review found that the Foundational Economy practitioner focused learning interventions have a positive impact on the practice in which the learner is based, their organisation and in their locality (Howorth et al. 2010). This suggests a strong underpinning from social learning theory and echoes contemporary pedagogies which view learning as 'situated' and embedded in 'community', where learning manifests among and through other practitioners (Gherardi et al., 1998; Lave & Wenger, 1991; Wenger, 1998). Essentially, future FE learning initiatives need to recognise that a practitioner's knowledge, skills and understanding is as tacit and informal as it is academic and formal. This needs to be clearly reflected in bite sized, work-based action learning opportunities that engage and challenge practitioner sense-making. Offering a powerful mix of face-to-face, digital and interactive web-based learning opportunities is vital, as is the opportunity to regularly question and challenge this new knowledge in practitioner CoP's that offer 'self-paced' development and collaborative situated learning.

The primary data collected suggests the term foundational economy is not well understood within public service organisations in Wales. Few organisations have dedicated FE

implementation plans, which remains a developmental opportunity for relevant practitioners in public, private and third sector service organisations. Therefore, a Foundational Economy Academy could serve to pull together information and resources in one place to enable practitioners to develop knowledge of the principles and practices of FE. There are existing platforms and organisations that provide learning content and information to PSOs, like Academi Wales. It would be expedient for an FE Academy to work with Academi Wales and other providers (HEIs, Cynnal Cymru, Wales Cooperative etc) to ensure the FE Academy does not duplicate effort or develop competing brands.

Furthermore, this report has revealed that specific measures or KPIs for FE implementation are rare and vary greatly, often focusing on engagement activities like attendance at FE CoPs or networking events and formal external challenge led programmes. Unfortunately, these activities are not always measured robustly for their efficacy in enhancing FE practitioner capability and organisational impact. This offers another role for a FE Academy to develop measures of capability and frameworks for organisations to demonstrate the impact or outcomes of their FE processes.

The primary research further indicated that the development of practitioners' skills, to implement FE principles, will be more effective if interventions are underpinned by social learning theory (interactive, immersive, and contextualised). These interventions could be promoted, and robustly quality assured by an FE Academy in Wales with outputs captured as case studies for dissemination.

The indicative FE Capability Development Framework presented in this report (Table 5.1) was endorsed by the implementers, stakeholders and academics interviewed. A FE Academy could use the framework to map and develop appropriate content and interventions, for different groups and audiences that might need FE knowledge and skills development. The interview data revealed that both strategic and operational understanding and commitment was important if FE is to be implemented successfully. Therefore, as the framework suggests, informative content and interventions designed to engage these different groups is important. The research discovered a small amount of informative existing content (reports and programmes) and excellent examples of FE implementation in Wales (case studies), which could be collated and signposted by the FE Academy.

The primary data indicates that innovation capability within PSOs is heterogenous. For PSOs to effectively implement principles from a concept, like FE, a level innovation capability is required. Therefore, where appropriate, FE development interventions should be designed to

enhance the innovation capability requirements of practitioners. The data also suggested that a full understanding of foundational economy requires a change in thinking, from traditional neoclassical economic thinking to a regenerative economic paradigm that incorporates [well-being economy](#) and [circular economy](#) principles.

The decade of learning from the Preston Model (PM) suggests the implementation and development of CWB principles within a foundational economy will be successful more quickly if an ecosystem is developed that engages and leverages the capacity and capability of regional actors and agencies. The ecosystem requires a collaborative and pluralistic approach that engages anchor institutions, PSOs, HEIs and FEIs, cooperative development organisations and regional governance institutions.

Broader community wealth building initiatives, in Preston and elsewhere, demonstrate how CWB goals can be achieved cognisant of place and offer rich learning opportunities. Informed by economic ecosystem ideas, education providers are pivotal to change making and sustaining a culture that supports FE development and sustainability. The PM ecosystem, that employed four challenges, makes a strong case for engaging as wide as possible with regional actors and stakeholder organisations with a commitment to the FE and CWB principles. Maximising stakeholder involvement supports democratic civic engagement, conscious of and allied to the aims of the FE. The Preston Model experience also suggests that the quality of stakeholder involvement is crucial, with 'buy in' intrinsically related to affective and emotional commitment to community and a sense of pride of place, so that democratic participation becomes an attractive motivator and driver for change (Manley & Aiken, 2020; Prinos & Manley, 2022). It could be argued that a sense of pride of place and community, if relevant in a city like Preston, might well be relevant to the regional and national pride in Wales.

Linked to this need for a more holistic understanding of the potential of the foundational economy, to people and place in Wales, it is clear there are real opportunities linked to the growth of social and entrepreneurial innovation. This offers implications for a high-level knowledge exchange for the development of a place-based approach to innovation (Coenen & Morgan, 2021) where identified regional hubs, in conjunction with Welsh Government can prioritise the building of a better economy by investing in local talent and community 'agency' as observed in community wealth generation projects already successful in Wales. Specific organisational development interventions combined with supportive foundational economy academy development will help prioritise foundational goods and services through increased knowledge and skills development (Coenen & Morgan, 2021). The lever for such change and sustainable development is already enshrined in the Wellbeing and Future Generations Act (Green, 2019). Additionally, it is worth highlighting that FE successes to date are invariably

bound up in a place-based logic, responsive to the potential of new products and services that respond to the needs of local and occasionally regional needs. They offer innovative problem-solving and real capability and capacity building potential (Coenen and Morgan, 2021). In Wales, this approach has proven successful and hub agencies like Coastal Housing, Trivallis and Severn Wye have acted as 'anchors' with their values based whole-system thinking approach to building asset-based community development initiatives, which have delivered tangible social improvement and sustainable economic regional development (Colegau Cymru/Colleges Wales, 2020).

Leading innovation and change management capability is vital for all foundational economy stakeholders in Wales (Institute of Welsh Affairs, 2022). This should be coupled with careful project initiation and investigative research techniques that can help model FE development projects and offer transferability to other Welsh towns and community focused FE initiatives (Severn Wye, 2021). In an uncertain economic environment, this flexible strategic leadership and systems-based approach increases the likelihood for project success. It is evident that communities of practice (CoP's) have become important learning and implementation mechanisms that leverage distributed leadership (leaderful) networks. The successful CoPs have been 'challenge focused' and futuristic in their agendas and conversations, offering real sensing and actualising of project growth opportunities, demonstrating a real emergent characteristic that is typical of innovation and problem-solving in contemporary organisations (Flinn, 2018; Scharmer, 2007; Wenger, 2007). FE project CoP's could facilitate learning, meaning and identity via their agenda setting and reflective conversations, which builds a vital 'community voice' inside the project. Additionally, the post-pandemic economy perpetuates an increased demand for hybrid working and greater access to co-working space in local business and community hubs (Amey consulting, 2021) to support knowledge and skills 'localism.' Responding to this strong FE regional and local narrative in both policy and practice aspects is a crucial 'next step' intervention.

The above conclusions are drawn from primary data and a review of the academic and practitioner literature on FE development and application. The report concludes that a Foundational Economy Academy, providing the services outlined above, would be of value in developing the capability and capacity of PSOs to implement FE principles. However, it should be noted this study was conducted over a short period of time (12 weeks) and so the conclusions drawn should be considered indicative rather than definitive.

# 7. Recommendations

The report offers several recommendations (R) for consideration.

**R1** The establishment of a Foundational Economy Academy that supports Public Service Organisations (PSOs) to develop FE capability (competencies). To support PSOs the FE Academy should develop or commission:

1. A systematic mapping and review of available FE learning content (courses, web content, case studies etc) to develop a robust knowledge repository (database), using the FE Capability Development framework to structure content.
2. A pilot challenge led FE Programme Community of Practice (PCoP) for PSOs in Wales. This PCoP should be inter-organisational to support the nascent 'FE ecosystem' within a region.
3. Support existing impactful FE knowledge sharing Communities of Practice, where appropriate, and disseminate their impact.
4. A consultative interactive programme of work (events, focus groups, interviews) that engages stakeholders, policy makers, agencies, and anchor institutions to determine the elements available and those required (map & gap) to develop a 'FE eco-system'.
5. A robust study that identifies gaps in capability (competencies) across PSOs to develop interventions, in collaboration with PSOs, to meet the identified gaps. The study should review the efficacy of existing FE/CWB interventions, drawing on practitioner perspectives.
6. Inaugural event(s) with PSOs and stakeholders to discuss the concept and role of a FE Academy in Wales to co-produce approaches to implementing FE principles.

**R2** Welsh Government to encourage all PSOs and anchor institutions to engage with a FE/CWB audit that includes a procurement 'Spend Analysis' to provide an evidence base of the existing financial wealth retained within regions. (*programme underway and so could be expanded with limited funds*)

**R3** Convene a programme that supports PSOs to develop an understanding and shared narrative of how existing statutory frameworks and concepts like WFGA, FE/CWB, CE, Social Value and Wellbeing Economics can be incorporated within their policies, processes and practices.

**R4** Ensure HEIs with successful vocational and executive education provision are integral to the development of the FE Academy, to design and develop robust interventions, provide a



QA function (evaluate existing and new FE interventions) and offer physical and virtual space to convene FE development discussions and inform the development of an FE eco-system(s).

**R5** Continue to promote cooperative development, both as legal entities and as mechanisms for creating social value in line with cooperative principles and values. The cooperative principles should promote participatory democracy and autonomous systems of governance, conferring agency and empowerment to local actors, stakeholders, and communities.

**R6** Recognise that trade unions are important stakeholders in the FE landscape in Wales and can contribute to the critical, pluralistic dialogue that is required to arrive at consensual solutions to develop an FE eco-system. This engagement could be facilitated by the Foundational Economy Academy.

## 8. References

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# 9. Appendices

## Appendix 1: Project Team

The project was led by Dr Gary Walpole (Cardiff Metropolitan University) in collaboration with colleagues at Cardiff Metropolitan, Swansea University and University of Central Lancashire.

The project team is outlined below:

Individual	Institution	Expertise
<a href="#">Dr Gary Walpole</a>	Cardiff Metropolitan & Swansea University	Innovation, Executive Education, Leadership Development, Communities of Practice.
<a href="#">Prof. Nick Clifton</a>	Cardiff Metropolitan University	Welsh Economy, Innovation, Executive Education
<a href="#">Prof. Nick Rich</a>	Swansea University	Innovation, Social Technical Systems, Healthcare innovation
<a href="#">Dr Emily Bacon</a>	Swansea University	Innovation Networks, Innovation Ecosystems, Innovation in Wales
<a href="#">Prof. Sue Smith</a>	University of Central Lancashire	SME Leadership, SME Innovation, Executive Education, Social Learning
<a href="#">Prof. Mick McKeown</a>	University of Central Lancashire	Health & Social Care, Community Wealth Building, Social Value, Employee Engagement
<a href="#">Dr Julian Manley</a>	University of Central Lancashire	The Preston Model, Co-operative systems, Community Wealth Building, Social Value.
<a href="#">Kay Renfrew</a>	Independent researcher	Survey design, literature searches, report writing
<a href="#">Dr. Liu Zheng</a>	Cardiff Metropolitan University	Open Innovation, Business Ecosystem, Sustainability-oriented innovation
<a href="#">Dr Peter Treadwell</a>	Independent Consultant	Executive Education and Pedagogy
<a href="#">Dr. Sandy Kyaw</a>	Cardiff Metropolitan University	Capacity Building, Human Capital, Sustainable Economic Model

## Appendix 2: Interviewees

Interviewee	Organisation
Professor Nick Clifton	Cardiff Metropolitan University
Prof Rick Delbridge	Cardiff University
Dr Jane Lynch	Cardiff University
Professor Julian Manley	UCLAN (University of Central Lancashire)
Professor Nick Rich	Swansea University
Professor Karel Williams	FERL (Foundational Economy Research Ltd)

## Stakeholders and Implementer (user) Organisations

Interviewee	Organisation
Tracey Cooke	Trivallis Housing Association
Karen Coombes	WG Foundational Economy team
Donna Coyle	Wales Co-op Centre
Malcolm Davies	WG ORP (Optimised Retrofit Programme)
Richard Dooner	WGLA (Welsh Local Government Association)
Keith Edwards	Independent consultant, Housing
Ifan Glyn	Federation of Master Builders
Mark Grant	Food consultant working with us & Food Division
Paul Griffiths	NPS (National Procurement Service)

<b>Interviewee</b>	<b>Organisation</b>
John Heneghan	CLES (Centre for Local Economic Strategies)
Sarah Hopkins	Cynnal Cymru
Dr David Lloyd Thomas	WG Food Policy and Strategy Unit
Des Mansfield	Monmouthshire Council Resilient Food Programme
Tim Mann	WG ORP (Optimised Retrofit Programme)
Neil McInroy	Scottish Government
Craig Mitchel	WLGA (Welsh Local Government Association)
Tony Mizen	Academi Wales
Chris Moreton	Cwm Taff Collaborative contracting Unit
Rob Newman	NPS (National Procurement Service)
Eurgain Powell	WFG (Wellbeing of Future Generations) Commissioner's Office
Diana Reynolds	WG Policy Development
Rebecca Richards	NHS Wales Finance Academy
Geoff Robinson	WG Naturewise
Rebecca Sayce	WG Food Strategy
Claire Sayn-ley-Berry	Cynnal Cymru
Huw Thomas	Hywell Dda University Health Board
David Warren	WG Waste Strategy

<b>Interviewee</b>	<b>Organisation</b>
Jack Watkins	IWA (Institute of Welsh Affairs)
Claire Webber	WG Food Strategy
Stephen White	Scottish Government
Daniel Gregory	NHS Wales Shared Services Partnership

## Appendix 3: Semi-structured interview questions

This interview is being conducted as part of a research project investigating public service organisations' awareness of the foundational economy. During this interview, we will request your perceptions of foundational economy knowledge and skills. Your participation in this interview is entirely voluntary. No personal data will be collected or stored, and any information that is personal will be anonymised. A code will be assigned to your interview instead of your name and this will be kept securely by the researchers. You have the right to withdraw from the interview at any point.

Ethical reference - 2021DE0016

Please tick here if the interviewee consents to participate.

Organisational engagement

1. What elements of the foundational economy have you implemented/began to implement? (*implementer*)

OR

Are you aware of any elements of the foundational economy that have been implemented? (*stakeholder*)

2. What has been done in your organisation in terms of developing FE knowledge and skills?

OR What has been done in the organisations that have successfully developed FE knowledge and skills? (*stakeholder*)

3. Are you aware of any interventions or programmes that have effectively developed FE knowledge and skills?
- 3a. Can you describe them?
4. What do you think works in terms of developing FE knowledge and skills in the workplace?
5. Alternatively, what works less well in terms of developing FE knowledge and skills in the workplace?

6. *(If not already mentioned)* What tools/methods/processes would encourage/enable your organisation to engage with the foundational economy? - Comments on model validation



## Appendix 4: Survey Questionnaire

### Introduction

The purpose of this survey is to conduct a baseline assessment of you and your organisation's understanding of the Foundational Economy (FE) or Community Wealth Building (CWB) and what interventions or programmes might best develop FE/CWB capability in Wales. This will help the Welsh Government better understand the extent of Foundational Economy (FE) implementation in public service organisations (PSOs) and third sector organisations in Wales. This survey will also help the Welsh Government better understand the interventions and programmes (courses, activities etc) that it can offer in Wales to support PSOs and third sector organisations implement FE principles.

The foundational economy can be defined as 'the zone that produces the daily essential services that are the infrastructure of civilised life... these include both material services that provide housing, transport, food, energy, water and telecoms; and providential services providing health, care and education'(1). The term 'everyday economy' has also been used.

The Community Wealth Building (CWB) concept is similar and can be defined as 'a local economic development strategy focused on building collaborative, inclusive, sustainable and democratically controlled local economies' (2). Whilst we appreciate that the terms are not entirely interchangeable, this study shall adopt the term Foundational Economy as it is more prevalent in Wales, in place of Community Wealth Building.

Your participation in this questionnaire is entirely voluntary, it will assist Welsh Government and our study objectives. All personal data will be anonymised, held securely with access limited to the research team. It will not be used for any purposes other than the analysis of this survey. You have the right to withdraw at any point.

If you have any questions, contact [e.c.bacon@swansea.ac.uk](mailto:e.c.bacon@swansea.ac.uk)

(1) Froud, J., Haslam, C., Johal, S., & Williams, K. (2020). (How) does productivity matter in the foundational economy?. *Local Economy*, 35(4), 316-336

(2) Guinan, J., & O'Neill, M. (2019). From community wealth-building to system change. *IPPR Progressive Review*, 25(4), 382-392

### Section 1: Personal Information

Q1: Name:

Q2: Job title (optional):

Q3: Organisation:

Q4: Email (optional):

Please note that this questionnaire is asking for your individual knowledge about the organisation you work for. If there are any questions you do not know the answer to, the final survey question allows you to provide the details of someone who may know the answer.

## Section 2: Foundational Economy

Q5: Has your organisation:

	Yes	No	Don't know
Introduced the Real Living wage?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Created FE implementation support networks? (e.g. Task & Finish Groups or Communities of Practice)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developed stronger working relationships with Trade Unions to deliver FE aims?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introduced Social Value practices (such as TOMs (Themes Outcomes Measures))?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developed more opportunities for the workforce to engage in education and training?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developed processes to make use of local spaces/buildings for community use?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introduced progressive procurement practices?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Yes	No	Don't know
Developed stronger working relationships with suppliers to deliver FE aims?	o	o	o

Q6: What does the Foundational Economy mean to you?

Q7: What does the Foundational Economy mean to your organisation?

Q8: To what extent do you and your colleagues understand the term / concept of 'Foundational Economy' (where **1 is a basic understanding** and **5 is a full understanding**).

	1 - basic understanding	2	3	4	5 - full understanding
Your understanding	o	o	o	o	o
Senior Management team	o	o	o	o	o
Service /Department Heads	o	o	o	o	o
Managers	o	o	o	o	o
Team leaders	o	o	o	o	o
Human Resources/People Services	o	o	o	o	o
Procurement team	o	o	o	o	o
Strategy/Policy development team	o	o	o	o	o

Q9: Is your organisational strategy aligned with Foundational Economy (FE) principles?

- No relevant mentions of the principles of the foundational economy
- Foundational economy/principles explicitly mentioned as part of strategic priorities
- Not sure

Q10: Are there any other documents that outline how FE principles shall be implemented in your organisation?

- Yes (please outline)
- No
- Don't know

Q11: Has your organisation begun implementing FE principles? (e.g. procurement processes, supplier engagement, real living wage, Organisational Development plans)

- Yes
- No
- Don't know

Skip To: Q15 If Q11 = No

Skip To: Q15 If Q11 = Don't know

Q12: Has your organisation implemented FE principles in any of the following types of material services or providential services? (Please select all that apply)

- Housing
- Transport
- Food
- Energy
- Water
- Telecoms

- Health
- Don't know

Q13: Does your organisation have a FE implementation plan? (Please select all that apply)

- No
- Don't know
- An implementation plan is being developed for FE or a similar concept (e.g. Community Wealth Building, Well-being Economy)
- An implementation plan, which does not go to an actionable level of detail (i.e. does not describe owner, timeline, resource requirements, prerequisites), has been developed
- A detailed implementation plan has been developed for each relevant function/business unit/region with owner, timeline, resource requirements, prerequisites
- A foundational economy implementation project has started and implementation will be periodically reviewed

Q14: Has your organisation developed FE measures or targets?

- Yes
- No
- Don't know

Q15: Which of the following methods or techniques are used to develop FE understanding and capability in your organisation?

- Online briefing and explanatory video
- Briefing Document or policy development presentation
- Short (less than half day) FE briefing event by internal trainer
- Short (less than half day) FE briefing event by external consultant/trainer

- Half or One day training session
- Series of short training/briefing sessions delivered by external consultants or trainers
- Managers/colleagues attend external FE course/programme
- Managers/colleagues attend online external FE course/programme
- Task & Finish group set up to implement FE principles in area or department
- Managers/ colleagues attend FE Community of Practice
- Managers/ colleagues attend FE network events
- Managers/ colleagues attend professional association series of events
- External consultants brought in to support managers/colleagues to initiate FE implementation
- External consultants brought in to support managers/colleagues with FE implementation over a sustained period
- Managers/ colleagues attend formal external 'challenge led' programme (e.g CEIC Wales, InFuse)
- None
- Don't know

Q16: Please rate the effectiveness of the methods or techniques used to develop FE capability in your organisation

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Very effective</b>	<b>Don't know</b>
Online briefing and explanatory video	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Briefing Document or policy development presentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1	2	3	4	5	Very effective	Don't know
Short (less than half day) FE briefing event by internal trainer	0	0	0	0	0	0	0
Short (less than half day) FE briefing event by external consultant/trainer	0	0	0	0	0	0	0
Half or One day training session	0	0	0	0	0	0	0
Series of short training/briefing sessions delivered by external consultants or trainers	0	0	0	0	0	0	0
Managers/colleagues attend external FE course/programme	0	0	0	0	0	0	0
Managers/colleagues attend online external FE course/programme	0	0	0	0	0	0	0
Task & Finish group set up to implement FE principles in area or department	0	0	0	0	0	0	0
Managers/ colleagues attend FE Community of Practice	0	0	0	0	0	0	0
Managers/ colleagues attend FE network events	0	0	0	0	0	0	0
Managers/ colleagues attend professional association series of events	0	0	0	0	0	0	0
External consultants brought in to support managers/colleagues to initiate FE implementation	0	0	0	0	0	0	0

	1 Ineffective	2	3	4	5 Very effective	Don't know
External consultants brought in to support managers/colleagues with FE implementation over a sustained period	0	0	0	0	0	0
Managers/ colleagues attend formal external 'challenge led' programme (e.g CEIC Wales, InFuse)	0	0	0	0	0	0

Q17: Has your organisation engaged with any of the below organisations to implement FE principles?

	No interactions to implement FE	Ad-hoc interactions	Implementation plan development for activities to implement principles	Existing ongoing programme of work
Welsh Government FE team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CLES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Academics/Universities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private sector Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



	No interactions to implement FE	Ad-hoc interactions	Implementation plan development activities implement principles	in for to FE	Existing ongoing programme of work
Colleagues in the Public sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Third Organisations (i.e Cynnal Cymru)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

Q18: Does your organisation have a Sustainable Procurement Policy? (The HMRC defines Sustainable Procurement as 'a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment').

- Yes
- No
- Don't know

Q19: Does your organisation outline a commitment to procuring local goods or services within its procurement policy?

- Yes
- No
- Don't know

Q20: Does your organisation have processes in place to comply with the Sustainable Development Goals?

- Yes
- No
- Don't know

Q21: Does your organisation measure the impact of its programmes or innovation projects (similar to implementing Foundational Economy)?

	<b>Yes, systematically</b>	<b>Yes, hoc</b>	<b>ad</b>	<b>No</b>	<b>Don't know</b>
User surveys	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Staff surveys	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost savings (direct costs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Staff savings (hours, FTE's) per service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Section 3: Other contacts and follow-up interview

Q22: If you don't know the answer to any of these questions, please provide the name and email address of someone in your organisation who you believe would know the answer.

Q23: Do you consent to be contacted to take part in a follow-up interview?

- Yes
- No

## **Appendix 5: Literature Review Search methodology**

The literature searches comprised:

Publications with the term “foundational economy” in either the title or abstract; and were available in the English language. News articles and book reviews were not included in the results. No date restrictions were imposed. There were 34 results in total dating from 2014 to 2022.

Publications with the term “community wealth building” in either the title or abstract; and were available in the English language. News articles and book reviews were not included in the results. No date restrictions were imposed. This search yielded 12 results in total with one publication dating from 2007, and the remainder from 2016 to 2021.

Publications with the term “social value” AND “programme OR intervention OR course OR training” limited to the title or abstract and were available in the English language. News articles and book reviews were not included in the results. This search was date restricted from 2012 to the present date. This search yielded 30 results.

Further searches using the same criteria were carried on Google Scholar. This yielded 37 results for “foundational economy”; 22 results “for community wealth building”; and 30 results for “social value”.

Aggregated results with duplicates removed provided a total of 134 publications.

The databases used were:

The ProQuest Business Collection provides access to six key business databases: ABI Inform Complete, Accounting and Tax, Banking Information Source, International Bibliography of the Social Sciences (IBSS), ProQuest Asian Business and Reference, and ProQuest Entrepreneurship.

Business Source Complete is the world's definitive scholarly business database, providing the leading collection of bibliographic and full text content. As part of the comprehensive coverage offered by this database, indexing and abstracts for the most important scholarly business journals back as far as 1886 are included. In addition, searchable cited references are provided for more than 1,300 journals.

Google Scholar, Google

## Appendix 6: TOMS Framework & Social Value content

The TOMS, which are the result of a study to support public organisations, satisfies the requirements of the Social Value Act and consists of five principal areas, as follows: 1) Jobs: Promoting Local Skills and Employment; 2) Growth: Supporting Growth of Responsible Regional Business; 3) Social: Healthier, Safer and more Resilient Communities; 4) Environment: Decarbonising and Safeguarding our World; 5) Innovation: Promoting Social Innovation.

The Social Value Portal (<https://socialvalueportal.com/solutions/national-toms/>) provides a basis for many organisations to follow good practice in social value. The Wales version at <https://www.nationalsocialvaluetaskforce.org/national-toms-wales>.

Creating Social Value – module (Sustainable Development Unit) [Home - SDU Health And Medical Medico-Legal Report Guide](#)

Social Values Forums Toolkit (Wales Co-operative Centre) [Social Value Forums toolkit | Wales Co-operative Centre](#)

The Social Value Guide. Implementing the Social Services (Public Value) Act (Social Enterprise UK) [The Social Value Guide » Social Enterprise UK](#)

<https://www.mondragon-corporation.com/en/about-us/>

<https://www.preston.gov.uk/article/1339/What-is-Preston-Model>

<https://www.uclan.ac.uk/articles/research/preston-model-community-wealth-building>

## **Appendix 7: The Union Cooperative Model**

The union cooperative model is underpinned by ten key international cooperative principles. The seven principles provided by the International Co-operative Alliance (2018) are bolstered with three new principles focusing on fair remuneration, workers' rights and decent work (Bird 2015) – notably - Open and voluntary membership; Democratic member control; Member economic participation; Autonomy and independence; Education, training and information; Cooperation amongst cooperatives; Concern for community; Subsidiarity of capital to labour; Solidarity and fairness in wages; Commitment to union coop development.

The first four principles ensure the cooperative is committed to ideals of democracy, fairness, equality and autonomy. With power equally allotted amongst worker members and capital collectively owned, operational and strategic decisions are made democratically. Crucially, in a worker cooperative members decide what to do with any surplus, to invest in growing the business, return it to the members, set some aside in reserve, or allocate to broader community activities. Principles five-seven imply obligations to develop reciprocal relationships with other co-operatives and the community. In this context, there is a pivotal interest in education about aspects of the cooperation endeavour for a range of stakeholders. Similarly, the notion of inter-cooperation indicates the desirability of forging a mutually supportive eco-system of co-operatives, anchors and other social actors. With a Union Cooperative as a basis for organising, trade unions can enhance their public image and extend their appeal to prospective members by contributing to just settlements inside and outside the workplace.

Principles eight-ten, specifically inspired by the Mondragon worker cooperatives, explicitly address workers' rights and fair remuneration within a cooperative governance structure. The subordination of capital to labour asserts workers' control over the interests of external investors, with organisational decisions taken at the lowest practical level. Furthermore, capital is understood to serve workers' interests by enabling development of the cooperative, rather than controlling workers, as is typically the case in mainstream businesses. There is a commitment to decent pay for decent work and crucial attention to fair pay differentials. Whilst complete pay parity is possible in a worker cooperative, more typically there specific ratios between highest and lower earners are adhered to, with 12:1 being the absolute limit. Principle 10, supports the development of other union cooperatives, can be ensured by the application of a minimum 10% levy on pre-tax profits, in cash or kind. Such commitments provide foundations for eventual creation of a supportive eco-system of cooperatives.

## Appendix 8: Impactful non-FE programmes

Bite-size online GDPR courses, with assessment and certification. <a href="#">GDPR Essentials</a>
Centrica, <a href="#">Energy for tomorrow</a> (energy audit) champions innovation, provides funding and support to communities and social entrepreneurs with initiatives that can deliver affordable, accessible and sustainable energy solutions.
<a href="#">Academi Wales website content</a>
<a href="#">Carbon Literacy Programme</a> (Cynnal Cymru) empowering individuals, communities and organisations to take action to reduce emissions of carbon dioxide and other greenhouse gases.
<a href="#">CEIC Wales programme</a> a fully funded 10-month programme supporting public and third sector organisations in the Cardiff Capital and Swansea Bay Regions to deliver Circular Economy solutions
<a href="#">Infuse programme</a> to support local authorities in the Cardiff Capital Region to access new skills, methods and tools that improve their capacity and capability to innovate.
<a href="#">LEAD Wales</a> designed to develop and enhance the leadership skills of SME leaders located across the convergence region of West Wales and the Valleys. Superseded by <a href="#">ION Leadership</a>