

The Preston Model ... and the Circular Economy?

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Where opportunity creates success

Background and reasons

Beginnings

Context since 2008...

- Vast amounts of public money pumped into bailing out the collapsing financial system
- Austerity measures and the continuing squeeze on many, especially the poorest
- Investment and productivity remain weak and bank lending to business is low
- Rising inequality and lowering of standard of living

The linear economy and economic growth

'... economic growth undermines the need for community interdependence... Prosperity itself can corrode community, by undermining our need for one another.'
(Schor 2011, *True Wealth...*)

'Altogether, Britons 'waste a staggering £80 billion a year' on goods that are never used or used rarely.' (Trebeck & Williams 2019, *Economics of Arrival*)

Example in Preston: The Tithebarne project

November 2011: £700m Tithebarn regeneration scheme for Preston abandoned...



Signs of systemic failure of traditional methods of urban regeneration – symbolised by the collapse of the Tithebarn project in Preston



And anyway... by the way...

**How much wealth generated by
inward investment is retained by
the local economy...?**



A reconsideration: Something new...

Mondragon, Cleveland, Cincinnatti...

Initial
support from
UCLan: More
than an
Anchor



Distinguished Visitor Programme



Mikel Lezamiz

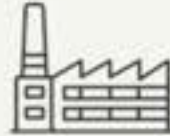
**Mondragon Co-operative
Corporation**

19 November 2013

UCLan



FINANCE



INDUSTRY



RETAIL



KNOWLEDGE



+
81,000
PEOPLE



SALES IN MORE THAN
150
COUNTRIES

Co-operative activity in Preston

The development of co-operatives as part of the Preston Model emerges from UCLan research funded by the Autonomous Government of the Basque Country and Preston City Council (x2)

Question:

What is the potential for developing a co-operative culture in Preston?



Co-operative Activity in Preston

Two related tracks

Co-operatives and anchor institutions

PCDN Preston Cooperative Development Network

Promoting and supporting the
development of local co-ops

Contributing to community
wealth building



Supported by



Preston Co-operative Development Network Limited is registered in England and Wales as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, Number 7616



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Meanwhile, Anchor
Institutions and local
procurement...

Why should we? Why
shouldn't we?

- Rooted in local area, local,
with an important interest
in their role in the
community, and not going
anywhere
- Big spend
- Big employers



Leading to...

Major changes in anchor institution **procurement habits**, attention to **social value**, and consequent increase in **generation/ retention of local wealth**

‘Between 2012/13 and 2016/17 Preston anchors localised an **additional £539m** – spent with local businesses’ (Source: Derek Whyte)

And

- High **economic activity** (75.7%), **employment** (76.8%) and low **unemployment** (1.6%) rates;
- **Business density** (56 per 1,000) higher than Lancashire (54) and NW (53) average; **business start-up** rates match national average; **business stock per 10,000 population** at 379.1 higher than cities such as Birmingham, Leeds, Newcastle, Hull, Sheffield & Peterborough
- **Employment growth** expected to outperform rest of county over next 10 years (5% growth forecast; nearly 10,800 **additional jobs**), exceeding the Lancashire rate and matching the national average

More than a coincidence?

Preston

[Good growth - Government & public sector - PwC UK](#)

January 19, **2021**...The highest performing city in the North West is **Preston**, which comes 16th in our index. The lowest performing city is Liverpool, ranking 25th out of 42 cities. As a whole, cities in the North West perform well on the following...

[North West cities amongst fastest improving cities for third year running - in PwC's Good Growth for Cities Index](#)

November 12, **2019**...● **Preston** highest performing North West city climbing one place to 12th ● A strong performance from Liverpool which has risen by 3 places, driven by new businesses and jobs ● Both Liverpool and Manchester maintain top ten...

[Skills and new businesses drive decade of recovery for UK cities - PwC's Good Growth for Cities index](#)

November 01, **2018**...Oxford and Reading top growth league for third year running, but **Preston** most improved. Cities in the Midlands & North of England amongst fastest improving for second year running Falling unemployment helped some cities...



NAYSAYERS! It can't be done...What about...?

- PROCUREMENT LAWS are based on values above £180k for goods and services and above £4 million for works.
- The 2012 Social Value Act, consistent with EU procurement rules, allows the application of a “weighting” system which scores a number of other criteria as well as price.

The anchors... what they say

- ‘...since an individual’s employment status, living conditions and income impact their health as much as accessibility and quality of healthcare do, the Preston Model, contextualising economic growth in a more holistic, quality of life way, is really important’ (Anchor 1).
- ‘...most people here are proud of the model and want to do a great job for Preston communities; they are not in this in order to drive shareholder value’ (Anchor 2).
- ‘...it’s fantastic sharing good practice for our community; to be part of this effort as someone born in Preston has been great’ (Anchor 3).

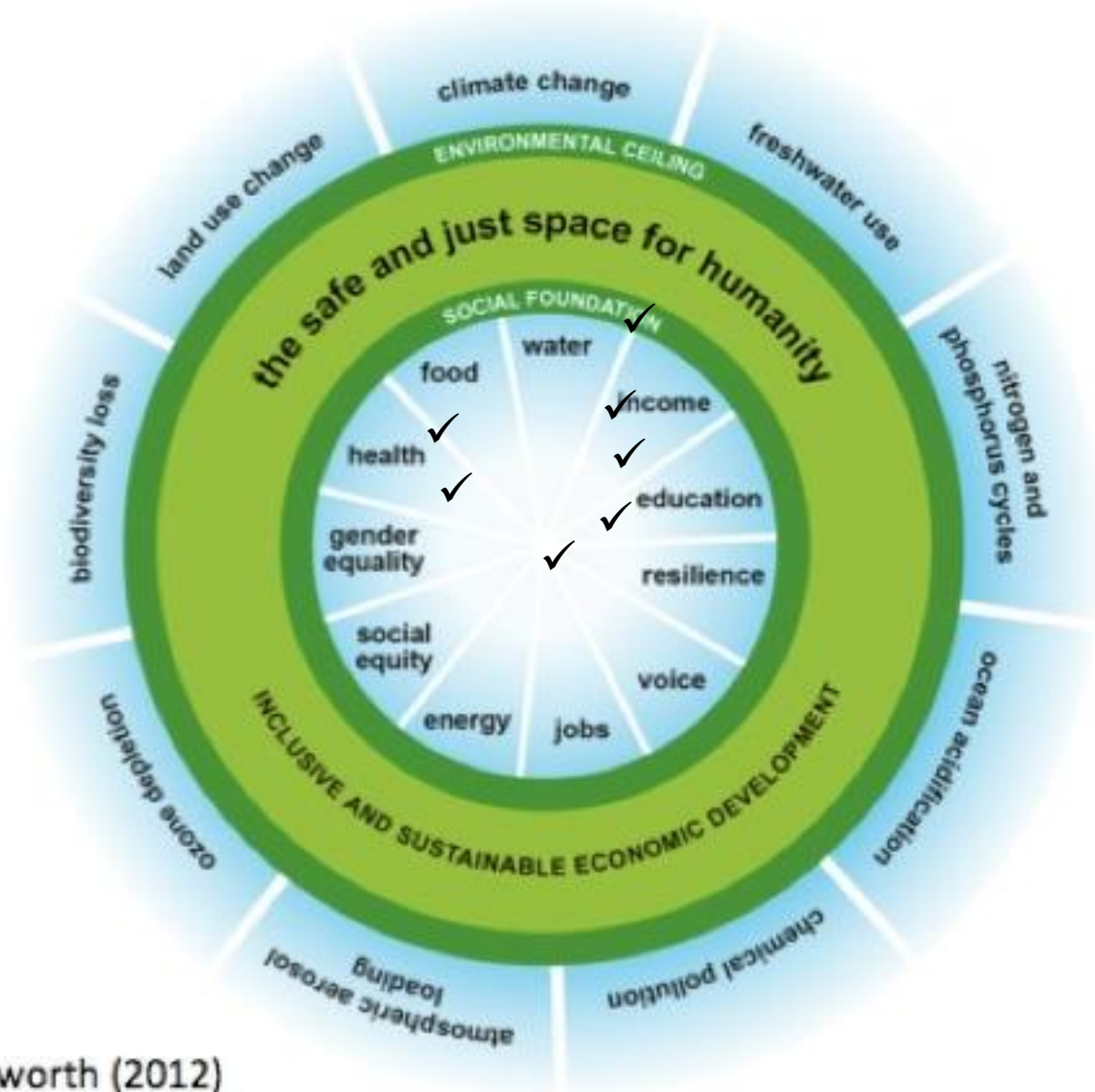
Towards a 'Model'

Developing a co-operative entrepreneurial eco-system for Preston

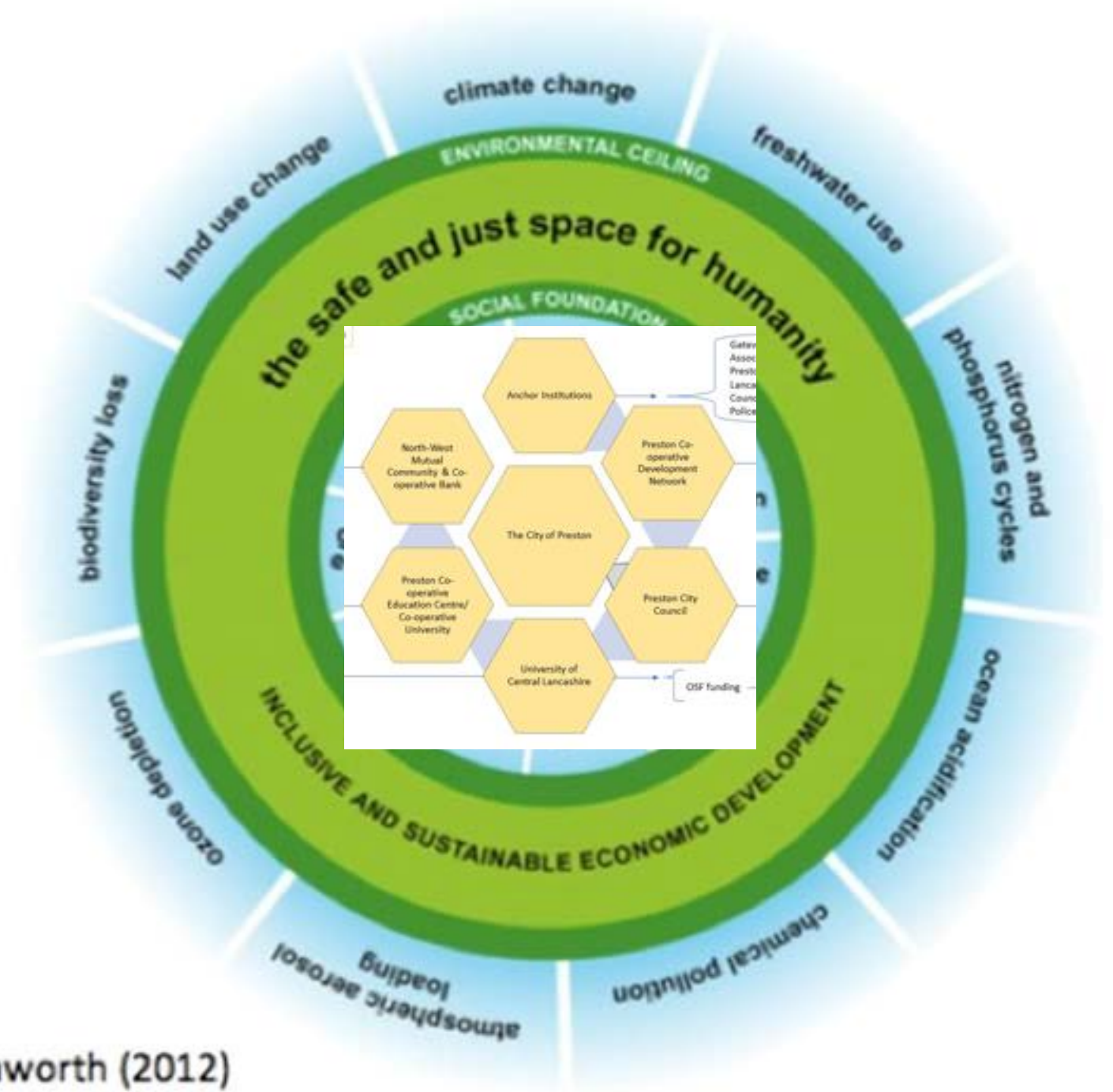
The Preston Model Ecosystem Design



The Post-Covid Green Economy

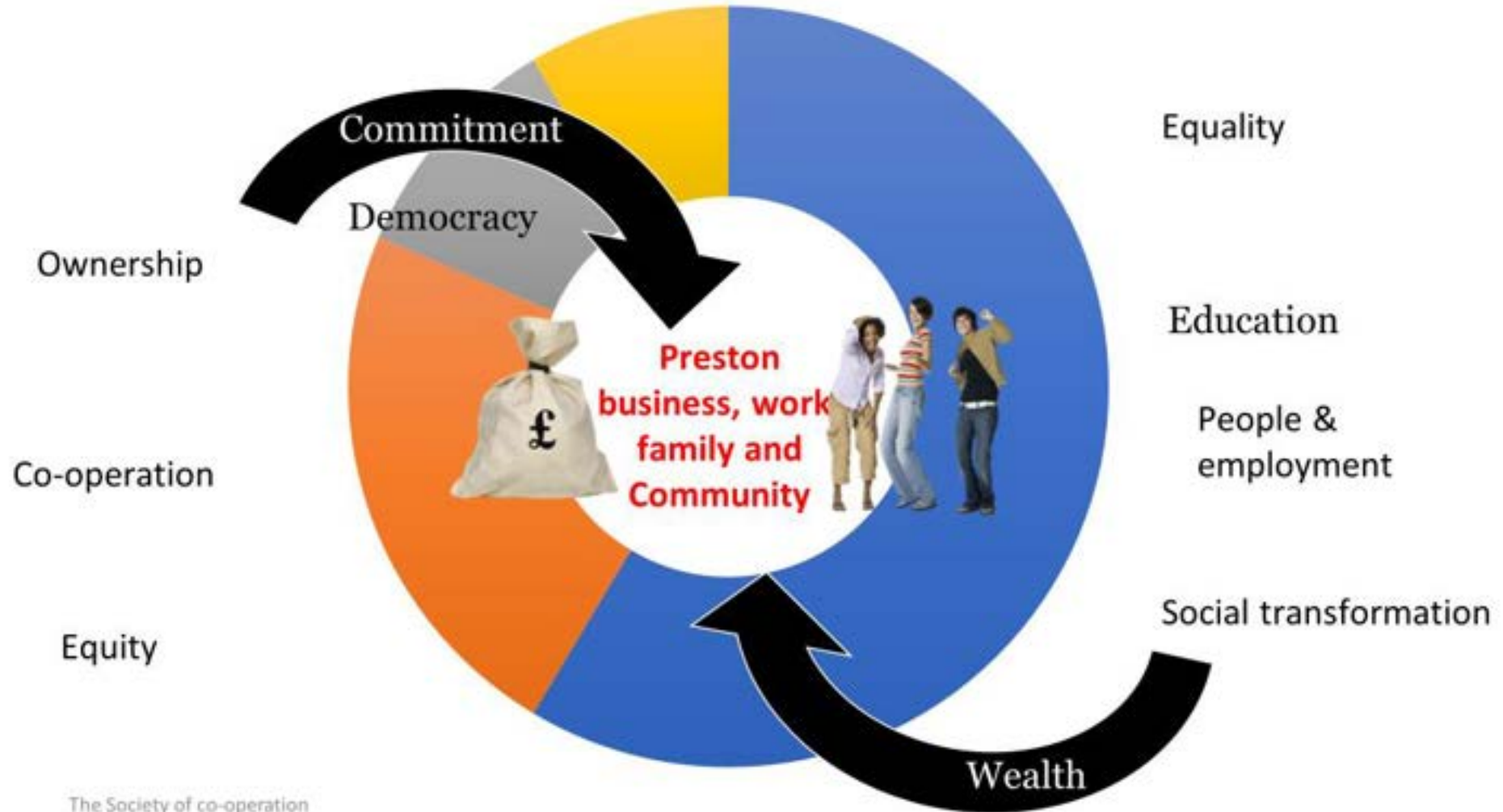


Raworth (2012)

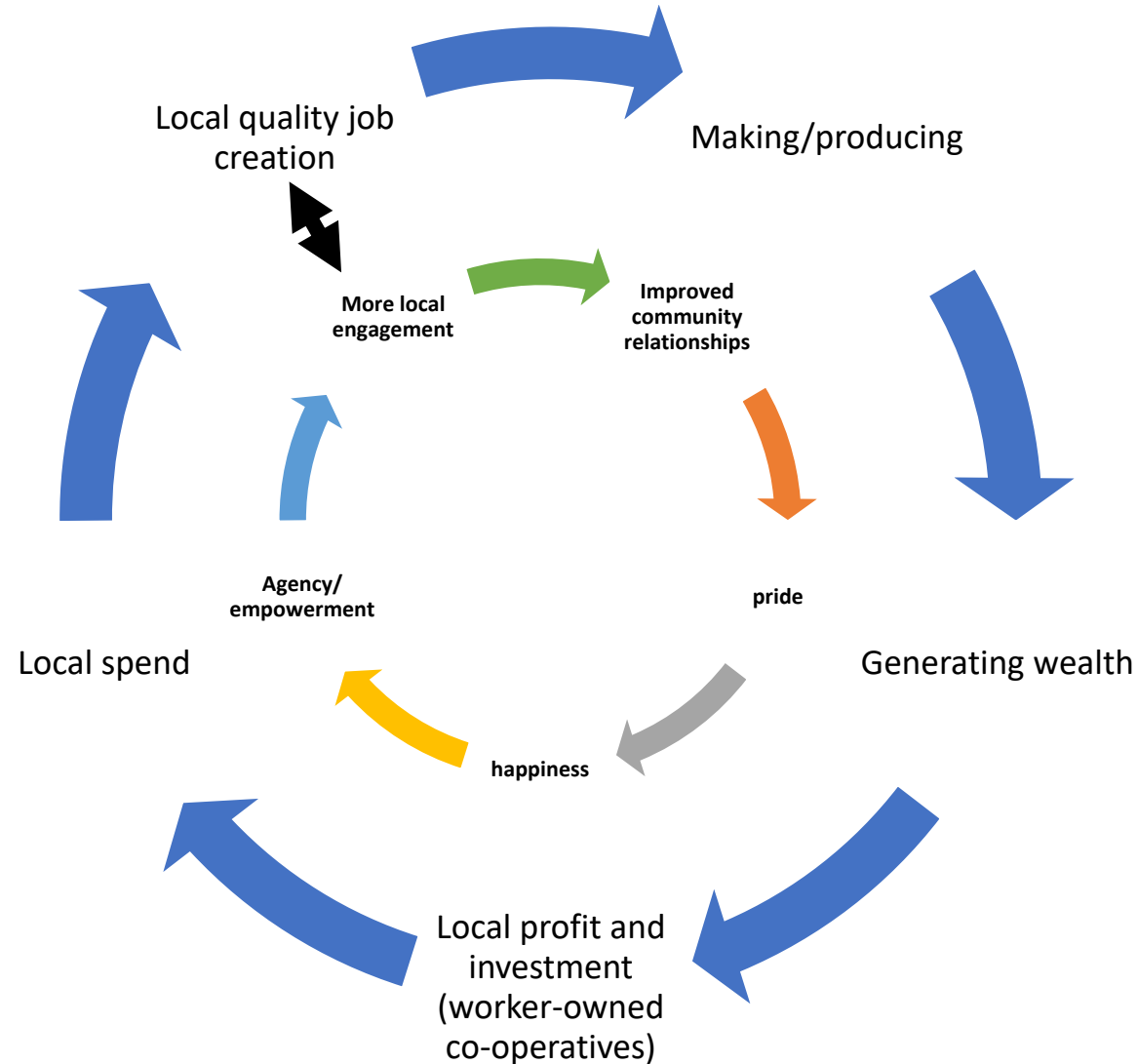


Raworth (2012)

Values, principles and cooperation



The social value basis of the circular financial economy?



Education and capital

Preston Co-operative Education Centre



North-West Mutual Community & Co-operative Bank

- serve the everyday financial needs of ordinary people, local community groups and small and medium sized companies
- help redress regional inequalities, make financial inclusion the norm, and build community wealth
- significantly increase the proportion of bank lending going to the real (non-financialised) economy and SMEs
- build regional economic resilience, and
- bring about a revitalisation of customer service, relationship banking and mutual trust.



“It has been said that cooperativism is an economic movement that uses educational action, while the definition could also be altered to affirm that it is an educational movement that uses economic action”

Social value, a banker's view on spending local

“It's fundamental. Each and everyone of us, we have to think about where we buy and what we buy. The ideal would be to buy something from Gipuzkoa or from somewhere close. Whatever we spend close by will rebound for the benefit of all. ... And this is not only true of the everyday consumer, but also to companies. They have to find providers close by. This is not just for the local butcher or fishmonger but also for banking, supermarkets ... It's for all. We have to value what we have, the local.”

OSCAR MUGUERZA, FINANCE DIRECTOR FOR BUSINESS DEVELOPMENT, LABORAL KUTXA



COMPROMETIDOS CON LOS GUIPUZCOANOS

ÓSCAR MUGUERZA, DIRECTOR DE DESARROLLO DE NEGOCIO DE EMPRESAS DE LABORAL KUTXA

“TENEMOS QUE AYUDAR, ES EL MOMENTO DE QUE LA BANCA DEMUESTRE”

Pocos como Óscar Muguerza conocen la realidad que han vivido las empresas guipuzcoanas durante la crisis y asegura que es la hora de financiar y de apoyar lo local para recuperarse del golpe



ÓSCAR MUGUERZA, DIRECTOR DE DESARROLLO DE NEGOCIO DE EMPRESAS DE LABORAL KUTXA

Pocos han percibido de forma más directa y tangible como Óscar Muguerza el impacto que ha supuesto para las empresas guipuzcoanas la crisis originada como consecuencia de la pandemia del Coronavirus. Es director de Desarrollo de Negocio de Empresas de Laboral Kutxa. Explica que las empresas son las que se han llevado el primer golpe de la crisis y cree que el sector bancario debe estar junto a ellas para animar al hombro a la hora de volver a la buena situación que vivía Gipuzkoa hace uno o cuatro meses.

¿Cómo están en Laboral Kutxa? ¿Se han acercado a la normalidad?
Teniendo en cuenta lo que nos ha venido encima, estamos bien. Durante este periodo hemos mantenido actividad en casi todos los canales. Lo hemos hecho con gente teletrabajando y con el servicio abierto en las oficinas, con mucha lista previa y mucho trabajo a distancia. Ha sido una especie de modelo en adaptación al teletrabajo, pero como estábamos bastante preparados a nivel de equipamientos por parte de redes en la nube y herramientas de comunicación, hemos estado mejor de lo esperado. En la parte de empresas hemos hecho otros canales de atención desde casa. Resulta interesante, pero es así.

“Hemos iniciado fases de desactivación de canales y acercamiento con los clientes de la sociedad. Los canales están así. Hay que estar atento y en el área de empresas ha sido como un bump, nos ha obligado a reformular nuestros procesos.”

¿Han perdido contacto con el cliente? ¿En qué influye a nivel de banca?

Se transforma todo en el contacto esencial. Contacto con clientes se producía más en las oficinas todos los días, pero ahora también a su gestor o a los servicios continuados de asistencia para lo esencial, como que no se funcionaba la tarjeta, poner un TPE... Se elimina una capa de cosas menos importantes, por decirlo de alguna manera, para dar a nosotros, que somos una entidad que trabajamos mucho la relación con el cliente, se han reforzado muchos cosas porque nos hemos dedicado a solucionar problemas: gente que quería banca online, empresas que necesitaban financiación y se la hemos dado. A nivel de fidelidad y calidad de los clientes creo que vamos a salir ganando.

“QUE POR DINERO Y FINANCIACIÓN PARA QUE SE SOSTENGAN LAS EMPRESAS NO SEA”

No han sido uno de los servicios más afectados...

En este primer golpe no. Nos ha afectado sobre todo en temas de movilidad de trabajo a distancia, de tablets, bases de datos y asegurar todo... El negocio bancario probablemente empezará a sufrir más a medio plazo porque está muy ligado a la economía y si la economía no va bien, se hay más desempleo, si las empresas cierran, si hay concursos de acreedores... Todo eso repercute en los créditos, ya que se eleva la morosidad, se los cobro en las cuentas corrientes, en el negocio de cobros y pagos. Si la economía va mal el negocio bancario va de la mano.

¿Al sector en general y a Laboral Kutxa en particular les ha llegado la crisis en una buena situación?

No creo que sí. El sector lo pasó mal en la anterior crisis y se ha reforzado mucho en estos años de recuperación. Por propia iniciativa y por el interés de los reguladores, Banco de España, BCO... El sector está bien. Desde el punto de vista de lo que está más bien, como es función y desde el punto de vista también de la capacidad de aguantar.

“Laboral Kutxa dice que estaba especialmente bien. Nos hemos preocupado de trabajar y cuidar los ratios clave y nos ha cogido la crisis en una de las mejores posiciones que nos podría llegar.”

En la crisis de 2008 hubo que ayudar a la banca. ¿Ahora le toca ser motor de la recuperación?

La banca tiene un papel importante y real como agente económico y creo que también tiene un papel moral por lo que sucedió entonces, aunque se cree que es ese espíritu de la anterior crisis estuvieron muy concentrados en determinadas entidades. Vista la situación de los negocios, de los comercios, de los autónomos, de gente que tiene el negocio cerrado durante meses y que está teniendo pérdidas... Las tenemos que ayudar y es momento de que la banca demuestre.

¿En qué momento le ha llegado a Gipuzkoa la crisis? ¿Hay un tejido empresarial lo suficientemente potente como para darle la vuelta a la situación antes que en otros lugares?

Dijo que Gipuzkoa, francamente,

Preston Co-operative Entrepreneurial Ecosystem Design

This is the page of the Project Committee for the design of the Preston Co-operative Entrepreneurial Ecosystem. The Project Committee works to redesign the socio-economic fabric of Preston, known as the Preston Model.

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[Learn more](#)



Mondragon in Preston



Designing a cooperative entrepreneurship initiative for Preston: Challenges and strategic action lines

A report presented to the University of Central Lancashire, Preston City Council and the Project Committee

31st of March 2020



Analysis of Basque entrepreneurial initiatives: BBF, Gaztenpresa, Saiolan and Elkar-Lan to inspire the development of a Preston Cooperative entrepreneurial ecosystem

Presented to the University of Central Lancashire in partnership with Preston City Council

Funded by the Open Society Foundations

20th of April 2021



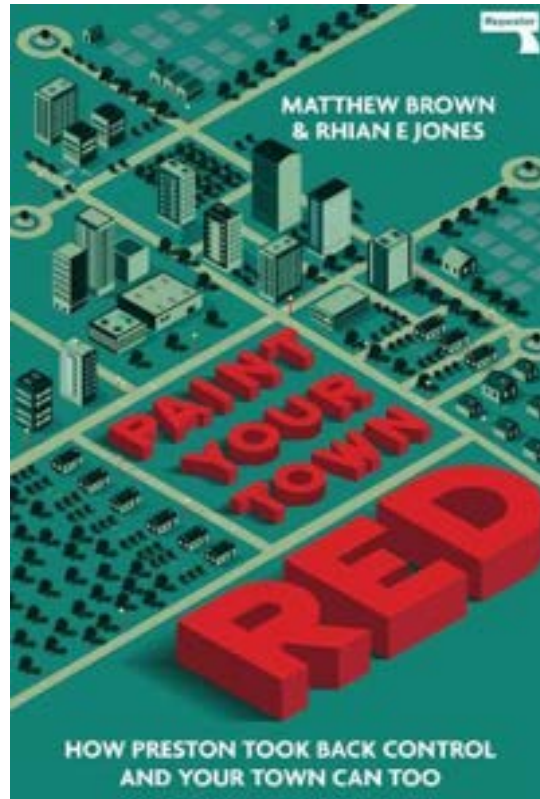
Learning outcomes

1. Need for specialist change-makers (eg university?)
 - Joining the dots and creating solutions
 - Evidence for change
 - Strategy and policy, combined with behavioural and cultural change
2. Political, strategic and community buy-in
3. More than economics: Procurement can drive social change
 - Cultures can change – even in most bureaucratic surroundings
4. Creation of networks
5. A vision based on co-operation and participatory democracy

Thoughts and feelings from Prestonians

- Enhanced positive identification
- Strong feelings of allegiance to the core values of the model
- Positive individual self-perception and support of the model's transformational aspirations
- Awareness of how the Preston Model could be positively viewed from outside Preston with Preston becoming increasingly recognised as a hub of social innovation.
- Profound feelings about the social and affective value of the Preston Model for the local community
- Senior executives of the anchors appreciate the more enhanced voice and participation of different local actors in the overall governance and socioeconomic development of the Preston area.

Many thanks for listening!



THE PRESTON MODEL AND COMMUNITY WEALTH BUILDING

CREATING A SOCIO-ECONOMIC DEMOCRACY FOR THE
FUTURE

Edited by
Julian Manley and Philip B. Whyman