

Creative Industries Policy & Evidence Centre

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Insights for policymakers

Stimulating local growth through procurement: lessons from the Preston Model

This insight briefing precedes publication of a paper commissioned by the PEC from the University of Central Lancashire (UCLAN). The full paper will be made available later in the year.

What is the Preston Model?

The '[Preston Model](#)' of Community Wealth Building (CWB) is an innovative policy intervention that ensures that local growth benefits local communities.

The Preston Model was created in response to local economic stagnation; failed economic development plans based on inward investment; the concentration of funding towards the south; and as an alternative to trickle-down economics. Building on CWB interventions in [Cleveland](#) in the US and [Mondragon](#) in the Basque Country, the Preston Model drives economic development by reorganising local economies to ensure wealth stays with the locality. The Preston Model aims to mobilise under-utilised local assets and capacity, in the form of human, social, environmental, institutional and physical capital to 'level up' the region and enhance prosperity. A key component of the Preston Model, and the focus of this insight briefing, is how **procurement from anchor institutions can reduce leakages from the local economy and raise levels of economic activity in the area, whilst facilitating the creation of local supply chains**. The Preston Model aims to create more demand in the local economy by better utilising the resources, talents and innovation already existing within the population, resulting in enhanced economic activity and additional employment opportunities. The Preston Model's other key components include the facilitation of worker-owned business, the development of local credit unions and banks to



provide access to finance in deprived areas and steer investment towards local projects.

While the visibility of the 'Preston Model' has resulted in several criticisms, including claims of local protectionism and reduced competition, the initial evidence regarding its potential to 'level up' the region is promising. Within the first four years of its operation, [local procurement spend increased from 5% to 18.2% within Preston and 39% to 79.2% in Lancashire](#) resulting in strengthened local supply chains. [Growth per head and labour productivity \(GVA per hour worked\) all grew faster than the UK average](#) and [unemployment shifted from above to below the UK average](#). [Preston's ranking](#) in the Index of Multiple Deprivation improved significantly. Furthermore, Preston has been named one of the most attractive places to live in the UK and one of the most improved urban areas. This evidence, although not yet definitive, is suggestive that the approach can support and magnify policy intervention aimed at enhancing the economics of place.

How effective has it been for the Creative Industries?

The focus of the forthcoming research from UCLAN, commissioned by the PEC, is to provide robust evidence regarding the 'Preston Model' approach to procurement and its application to the creative industries in Lancashire. It examines how anchor institutions can provide economic support to their local economies, through a combination of direct procurement expenditure, building supply chains (with this impact being magnified via indirect and induced multiplier effects), and/or indirectly through knowledge, skills and innovation spillover effects.

Provisional data suggests that, if in line with the rest of the economy, [the level of procurement in the creative sector may have doubled in the period 2012-2014](#) (CLES, 2019). And the research has found that an 'augmented' set of anchor institutions underpinned 9% of creative business turnover during 2019/20 (a period including the beginning of the Covid-19 pandemic), amongst the sample of creative industries taking part in the research. Moreover, the multiplier effect arising from the actions of creative firms themselves was estimated to be 1.47. This implies that a combination of the initial (direct) procurement expenditure, the resulting spending by supply chains businesses (indirect) and increased consumption spending by their employees and their families (induced), boosts the local economy by approximately 47% over and above the initial injection into the local creative sector from anchor institutions. In this way, an initial increase in demand of £1 million for the Lancashire creative sector is likely to produce an overall boost to the local economy of around £1.47 million. The Preston Model approach is about more than procurement. It has also led to spillover effects as creative firms have enjoyed enhanced access to skills, training and innovation through their relationship with local anchor institutions.

The significance of these current impacts is that they have been achieved in the absence of a detailed focus upon the requirements of the creative industries. The Preston Model, as currently established, provides more generic support for the local economy, without any of the anchor institutions targeting specific industries or sectors. Moreover, the observed economic support to the creative sector occurred without the *active* participation of all anchor institutions in Lancashire. Similarly, many creative firms did not fully embrace the opportunities provided via the Preston Model due to a lack of knowledge or understanding of the approach, or barriers for micro firms and SMEs in the tendering process. Rectifying these deficiencies would increase the effectiveness of the approach considerably.

What lessons can be learnt?

The evidence presented in this report demonstrates the potential for a CWB approach to provide economic (procurement demand) support for the creative industries within a given region; driving skills improvements, innovation activity and knowledge spillovers. It additionally facilitated resilience within parts of the creative sector during the COVID-19 pandemic. The approach can be used to complement existing programmes of sectoral support, or provide a viable alternative. Coordination within a CWB type ecosystem encourages active participation from stakeholders (anchor institutions and creatives), thereby generating greater economic impact than a collection of isolated initiatives.

Impact could be further enhanced through greater tailoring to the specific requirements of individual sectors, hence a slightly repurposed 'Lancashire Model' could deliver more targeted and effective support to creative industries. Procurement processes could be reviewed, potentially including input from creative firms forming part of the target supply chain, to ensure they are more accessible and easily navigated by SMEs and micro firms. Similarly, since the future growth potential of the creative sector depends upon the accessibility of external finance, policymakers should consider either establishing local funding streams or incorporating local input into national funding stream decisions. The CWB approach could additionally be utilised to encourage greater synergies between different parts of the creative sector (e.g. creative-digital interface, or delivering on the wellbeing agenda).

If delivered correctly, co-design of this type would further facilitate active participation, enhance competition and the diversity of both products and services, and create a greater economic impact across the creative industries within that locality.

Can it be replicated elsewhere?

Our research findings reinforce the argument that support for the creative sector should be developed to meet the specific requirements necessitated by the characteristics of individual locations (or place). Creative businesses identified local authorities and universities as appropriate agents of change, and consequently, any national strategy would be advised to work with these local actors, to co-create support networks appropriate to the specificities of place. The 'Preston Model' approach builds upon this insight. It additionally provides a particular example of how the creative industries can be supported in those areas of the UK which cannot rely upon trickle-down agglomeration economies generated by some larger cities.

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