Healthy places

Building inclusive local economies through integrated care systems

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the national organisation for local economies

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About this paper

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Foreword

As well as ensuring that we have the right services in our local communities, the partners in new integrated care systems (ICSs) in England need to work together to influence the wider factors which affect health and wellbeing.

Like other ICSs across England, in Bedfordshire, Luton and Milton Keynes we now have an opportunity to address the way in which the health outcomes we deliver relate to social, economic and environmental conditions.

In addressing these determinants of health, our new integrated care board has a pivotal role to play in its ability to combine its resources to deliver proactive and preventive services which are shaped by the health and care needs of our local population and have a focus on addressing inequalities.

We know that the way in which we procure and commission our goods and services, how we deploy our workforce and employment capacity and how we make wider use of our facilities and land, can be used for positive local impact. We have been working with CLES over the last year to develop an action plan to help guide us in our thinking and practice in this area. We are pleased to see some of the insights we have gained through that process reflected in this paper.

Supporting broader social and economic development is new territory for many integrated care systems, and this paper should provide vital food for thought as to how this objective can be addressed. The paper is a valuable resource for all UK healthcare professionals and for policymakers who are interested in how the NHS can fulfil its responsibilities as an anchor institution. We hope that it will stimulate further discussions and research on how to effectively implement the key interventions that are recommended here.

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Executive summary

With the introduction of integrated care systems (ICSs) in England, and the ambition for these new health systems to contribute to social and economic development, the role of the NHS as a series of key anchor institutions has never been more important.

As this paper explains, good anchor institution practice is not only a strategy for keeping people well and managing demand for NHS services, it also addresses some of the wider challenges that the NHS is facing – such as recruitment and retention of employees, managing its supply chain post-Brexit and addressing its commitment to net zero.

ICSs bring together health and care services across an entire region, to promote collaboration, integration and joint working across the health and care system, with the goal of delivering better outcomes for patients and communities. ICSs have created integrated care partnerships (ICPs) between local authorities and the NHS which include new NHS integrated care boards (ICBs). In addition to allocating NHS budgets and commissioning services, ICBs provide a vital forum to drive improvements in population health and tackle health inequalities and to identify, address and improve the relationship between social and economic conditions and a variety of adverse health outcomes.[1] However, contributing to social and economic development is unfamiliar territory for many ICS leaders, with recent research suggesting that support is needed to help them fulfil this objective.[2]

About this paper

This paper serves as a blueprint for ICSs who wish to work with their partners to build a more inclusive economy – an economy where the activity is environmentally sustainable, which supports good jobs and wages and actively removes barriers to participation. With a particular focus on large provider trusts and local authority partners, it details the way in which ICSs should cultivate their place-based assets to harness their power as a series of anchor institutions, thereby developing their local economies from within.

The paper is informed by discussion groups and semi-structured interviews with 34 different practitioners from across the NHS and local government – including NHS trusts, health boards, local councils, the Birmingham Anchor Network, ICSs and representatives from NHS England. It also draws together insights from CLES's wider portfolio of work and a recent action plan produced by CLES for the Bedfordshire, Luton and Milton Keynes ICS.

[1] M Wood (2022). Unlocking the NHS's social and economic potential. NHS Confederation. Read.
[2] NHS Confederation (2022). The state of integrated care systems 2021/22. Link.

Section one sets out a narrative and ambition for the role that ICSs could play in local economies, with examples of current practice.

Section two provides recommendations for ICSs to capitalise on their place-based assets for maximum social, economic and environmental benefit. While most of these recommendations are directed at practice within the new ICS structures, some are also targeted towards UK Government.

Recommendations

1. Be purposeful about social and economic development

With their emphasis on place, there is a real opportunity within ICSs to pioneer progressive approaches to social and economic development. ICSs should pledge to use good anchor practice as the key mechanism to build an inclusive economy and promote better population health. They should be explicit about their commitment to using the combined power of their place-based assets and this should be the central narrative which underlies their commitment to social and economic development.

2. Enable local enterprise to play a greater role

ICSs should look to develop a commitment across their partners to use spending as a mechanism to grow and develop the grass roots economy. This would involve collaboration between the NHS and local government.

3. Use NHS procurement to drive local industrial strategy

NHS and local authority partners could look to explore the feasibility of an alternative local manufacturing offer for certain consumable items, which are currently manufactured and shipped from overseas. The Department of Health and NHS England should consider how NHS Supply Chain could accommodate more local flexibility to enable this approach.

4. Unify approaches to securing social value

Social value weighting during tendering has been enthusiastically taken up by many local authorities. The emergence of ICSs is an opportunity to review the local application of social value and make improvements to processes for everyone.

5. Explore supply chain social licensing

The Department of Health and NHS England should consider a form of social licensing which would ensure that suppliers who access NHS Supply Chain guarantee certain social, economic and environmental returns.

6. Target skills and opportunities to those who need them most

To help alleviate poverty, deprivation and inequalities, ICSs should consider how their employment and skills development opportunities could be targeted towards those who are most in need.

7. Give the local NHS greater control of land

All ICB partners should consider whether surplus land and property could be used as a development site for affordable housing, to support local businesses or be transferred into community ownership or management. To enable this, the Department of Health and NHS England should grant greater local flexibility over the disposal of surplus NHS land.

8. Collaborate to advance good anchor practice

Communities of practice and intermediaries on the ground are an evidence-based way of mobilising knowledge and best practice. ICS leaders may want to consider using these tools as a means of sharing learning, addressing challenges and working together to advance good anchor practice.

9. Develop an earn-back mechanism to incentivise innovation

The Department of Health and NHS England should work to agree a set of appropriate metrics for ICS-led social and economic development and develop mechanisms for *quid pro quo* incentives to "pass back" a proportion of any savings being created for national budgets (for example through a reduction in Universal Credit claims) by this activity.

1. What role could ICSs play in local economies?

The NHS is not just a service that provides healthcare free at the point of need. It is a social contract with the people of the United Kingdom to deliver well-being. Across its wide range of services, the NHS's mission extends beyond making us better when we are ill, it is also about making sure we do not fall ill in the first place: playing a key part in addressing the wider determinants of health.[3]

The power of anchor institutions

Anchor institutions are organisations with a sizeable presence and heft within their local economy, generating positive impacts for people and place. Anchors can exert influence by using their spending power, employment capacity and their real assets such as facilities and land, to affect the economic, social and environmental well-being of the localities they operate within. Used in the right way, these place-based assets are essential components of a community wealth building approach (see Figure 1) which continues to advance across the UK.[4]

Through the adoption of community wealth building practice, anchor institutions have found that they are important levers for local economies, stimulating sustainable economic development and driving improvements in population health.

[3] The Health Foundation (2018). What makes us healthy? An Introduction to the social determinants of health. Link.
[4] H Power and TL Goodwin (2021). Community Wealth Building: a history. Link.

Figure 1: What is community wealth building?

Source: adapted from Community wealth building 2023, CLES [5]

In Preston in Lancashire, for example, a group of the city's anchor institutions have adopted a suite of community wealth building initiatives which has increased local economic expenditure, raised average wages and, crucially, has correlated with improvements in socioeconomic deprivation since the programme started.[6] CLES is also part of a National Institute for Health and Care Research project which has identified that, during the period since these interventions have been introduced, there have been fewer mental health problems in Preston than would have been expected compared to other similar areas.[7]

Inspired by this approach, many places across the UK have now followed suit and CLES is now working with dozens of local and regional authorities, anchor institutions and the UK devolved nations to tailor anchor-based interventions to the needs of their places.[8]

Growth of what, growth for whom?

Nevertheless, those places that are taking a community wealth building approach are still the exception rather than the norm. While we are starting to see a shift towards more inclusive practice, economic development has for many years been overly fixated on a

[5] CLES (2023). Community wealth building 2023. Link.
[6] CLES and Preston City Council (2019). How we built community wealth in Preston: achievements and lessons. Link.
[7] T Rose et al (2023). The mental health and wellbeing impact of a Community Wealth Building programme – a difference-in-differences study. Link.
[8] H Power and TL Goodwin (2021). Community Wealth Building: a history. Link.

growth-at-all-costs strategy which has failed to give adequate consideration to the question of who is benefitting from this growth.[9]

For example, while the UK has seen strong GDP growth figures in recent decades and a small group of people have seen significant benefits from this, the proceeds of growth have not been felt by most.[10] At the latest count, the wealthiest 10% of households hold 43% of all the wealth in the UK, compared to the bottom 50%, who hold only 9%. Meanwhile, the richest five households in the UK own more wealth than 13.2 million people.[11]

Work is also becoming less effective at warding off poverty. Over the past 15 years, all areas and nations of the UK have seen increases in in-work poverty,[12] while life expectancy has recently stalled for the first time in a century.[13]

But as the evidence from Preston suggests, it is possible to grow and develop the economy in a way which produces benefits that improve the social determinants of health.

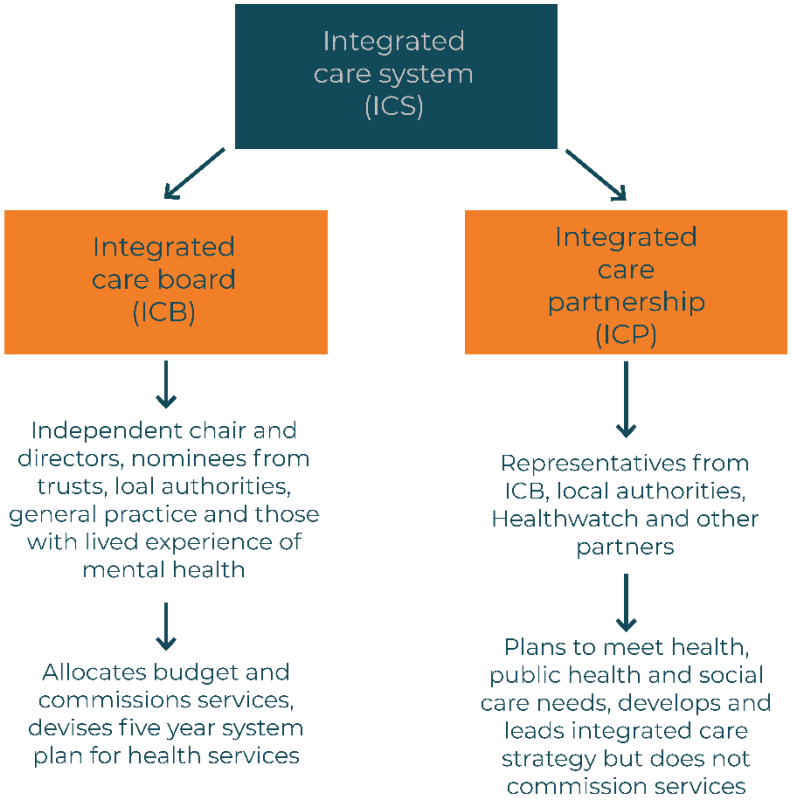
The NHS as an anchor institution

The role of the NHS as an anchor institution, with an interest in developing healthier local economies, has come under increasing scrutiny in recent years. Research published in 2019 by CLES, in conjunction with The Democracy Collaborative and the Health Foundation, examined the concept of the NHS as a series of anchor institutions and the role that their spending, employment and estates can play in addressing the wider determinants of health.[14] This work has since been reflected in the NHS Long Term Plan with a commitment to accelerate good anchor practice across the English NHS.[15] Since then, the notion of health institutions as anchors has continued to develop, with new and innovative practice starting to emerge.

ICSs now provide a new mechanism to encourage the adoption of anchor activity within the NHS. With their focus on collaboration and place, ICBs created by ICSs have the potential to drive improvements in population health and tackle health inequalities by reaching beyond the NHS to work alongside local authorities and other partners (see Figure 2).

[9] TL Goodwin et al (2022). A light in the dark: progressive frontiers in local economies. CLES. Link.
[10] The Equality Trust (2019). Billionaire Britain. Link.
[11] Ibid.
[12] Joseph Rowntree Foundation (2022). UK Poverty 2022: The essential guide to understanding poverty in the UK. Link.
[13] M Marmot (2020). Health Equity in England: The Marmot Review 10 Years On. Link.
[14] CLES and TDC (2019). Health institutions as anchors: establishing proof of concept in the NHS. Link.
[15] NHS (2019). NHS Long Term Plan. Link.

Figure 2: ICSs, ICPs and ICBs – structure, roles and responsibilities



Source: adapted from Integrated care systems (ICSs): key planning and partnership bodies from July 2022, The Kings Fund

As networks of significant anchor institutions, ICBs have a number of place-based assets at their disposal that can be used to affect the economic, social and environmental destiny of their area. Acute trusts and local authority partners, in particular, are substantial drivers of local economic activity. Collectively, they spend 100s of £m each year, employ thousands of people and hold significant land, property and other assets.

This has not gone unnoticed by many of the health institutions battling the impacts of poverty on the ground, with some adopting local anchor charters and frameworks and a new wave of progressive practice starting to emerge.

Emerging practice

Support for local enterprise

The institutions of the NHS are, in effect, mandated to purchase their consumables through NHS Supply Chain, which favours large national or multinational companies and often involves shipping products in from overseas. This detracts from the ability of NHS institutions to use their procurement activity to support their local economy. Nevertheless, some provider trusts and health boards are using other aspects of their procurement activity to encourage more local and socially productive forms of business to flourish.

The Northern Care Alliance NHS Foundation Trust have analysed their spending data, subtracting anything that the Trust is expected to purchase through NHS Supply Chain, and have committed to shifting 10% of what remains into the local economy. The Trust have also shared the data with their local authority partners, so that local economic development teams can use this source of economic demand to help develop local businesses and employers.

In the aftermath of the Covid-19 grant funding process (whereby money was administered to SMEs by councils), many local authorities have increased intelligence about locally-owned businesses and their capacity to diversify their activities.[16] Councils such as Fife, Luton and Carmarthenshire, for example, are using this intelligence to target their procurement expenditure towards growing their local SME base, encouraging the adoption of the Living Wage, supporting retrofit and access to climate grants, as well as initiating discussions around the potential to transition businesses to worker ownership.

Hywel Dda University Health Board in Wales have been exploring a similar approach with Carmarthenshire County Council and have also been using their research and development capabilities to help stimulate local enterprise and employment opportunities. To this end they have established the Tritech Institute, which provides collaborative research, real world evaluations for innovative medical technologies, as well as consultancy services which provide regulatory advice and route to market planning. In line with the Health Board's wider aspirations as an anchor institution, they have a strategic focus on supporting the growth and development of local companies who are looking to bring new medical technologies to the market.

Employment and skills

In a number of locations, NHS trusts and health boards are using employment interventions which bring opportunities to those who are furthest from the jobs market. Some are bypassing the advert and interview process for entry level positions and reserving positions for the recipients of targeted pre-employment training programmes.

In the West Midlands, for example, the Birmingham & Solihull ICS, in partnership with the Birmingham Anchor Institution Network, is leading a programme known as I Can across all of its employing providers. The three-year programme will deliver job opportunities for unemployed and young people, targeting economically disadvantaged areas across Birmingham and Solihull. It includes the provision of tailor made "get into work" development and support programmes, with careers, interview, application support and a programme of post-employment mentorship. The programme launched in November 2021 and has to date delivered 239 job outcomes with a further 322 applicants either currently in, or awaiting, training.

[16] Local Government Association (2021). Supporting councils with business engagement. Link.

Affordable housing

Sandwell and West Birmingham Hospitals NHS Foundation Trust have secured a grant to convert one of their empty buildings into accommodation for homeless people aged 16-24. They have also partnered with the charity St Basils to provide new, affordable rented apartments for young people. The scheme involves a capital contribution from Sandwell Council to fund the refurbishment of three blocks that are owned by the NHS Trust. The refurbishment will provide 54 self-contained one-bedroom affordable rented apartments. This ground-breaking scheme will enable young people who would otherwise be at risk of homelessness to have truly affordable accommodation, enabling them to enter secure and sustainable employment.

2. Making it happen

By following the thought and practice outlined above, ICSs should be able to refine their strategic priorities to support social and economic development and to influence the direction of local partners – collectively moulding an economy and place that supports health in everything it does.[17]

These recommendations address how ICSs can, through the formation of ICBs, develop their potential as networks of anchor institutions.

1. Be purposeful about social and economic development

With their emphasis on place, there is a real opportunity within ICPs and ICBs to pioneer progressive approaches to social and economic development. ICSs should pledge to use good anchor practice to build an inclusive economy which supports good jobs and wages within environmentally sustainable limits, actively removes barriers to participation and promotes better population health. The priorities here should be on using their assets to support local enterprise and on promoting employment and skills opportunities across their localities, particularly in areas of deprivation. This should be the central narrative which underlies the commitment to social and economic development going forward.

Capturing impact is also important and there is an opportunity for ICSs to look beyond traditional economic measures (such as GVA) to include a broader set of metrics.

2. Enable local enterprise to play a greater role

ICBs should work with their partners to develop a commitment to use procurement as a mechanism to grow and develop the grassroots economy. Key to this commitment will be integrating procurement data into economic development practice as demonstrated by councils like Fife, Luton and Carmarthenshire.

This would involve several steps:

i. Analyse procurement data and identify influenceable spend

Influenceable spend is money that is currently being spent on goods and services that could in theory be spent with alternative local and more socially productive suppliers. For the NHS this would exclude anything that is currently being purchased from NHS Supply Chain.

[17] M Wood (2022). Unlocking the NHS's social and economic potential: creating a productive system. NHS Confederation. Read.

ii. Work with local authority partners to identify potential alternative suppliers

This would require local economic development officers to engage with local SMEs and/or social enterprises to make them aware of the potential goods and services pipeline. This engagement could also provide an opportunity to address issues relating to the environmental crisis – supporting local businesses with retrofit and access to environmental grants – and to encourage the adoption of the Living Wage.

iii. Explore how this approach could be supported through commissioning

Some ICBs are starting to consider how they could commission community development workers to support more inclusive economic development. As one stakeholder explained, this could involve a practitioner "working within a neighbourhood to identify what the needs of the neighbourhood are… Thinking in a more holistic way so not just thinking about their health needs or their social care needs but also thinking about their local employment."

3. Use NHS procurement to drive local industrial strategy

The NHS in England spends around £6bn on consumables annually, including items like PPE and single use medical instruments. Typically, these items are purchased from NHS Supply Chain, many of which are manufactured and shipped from overseas. During the pandemic, however, many supply chains were disrupted and the NHS was forced to turn to local SMEs who were able to quickly adapt their operations to start providing the NHS with the necessary consumables. Post-pandemic, supply chain issues persist. NHS and local authority partners could therefore build on the approach outlined above to explore the feasibility for a local manufacturing offer for consumable items, which could ultimately be incorporated into their supply chains. Furthermore, as at Hywel Dda University Health Board (see above), ICBs could explore how their research and development capabilities could be used to support this activity. The Department of Health and NHS England should consider how NHS Supply Chain could accommodate more local flexibility to enable this approach.

4. Unify approaches to securing social value

Many local authorities use social value weighting during tendering to leverage social, economic and environmental benefit for local people.[18] The emergence of ICBs is an opportunity for all partners to work collectively and review the local application of social value, particularly in relation to the processes for securing additional social value during tendering exercises and the social value outcomes that different partners are looking to secure. In the main, social value outcomes should be tailored towards payment of the Living Wage and providing employment opportunities for people in areas of deprivation.

[18] CLES (2017). The Power of Procurement II. Link.

However, it is important that the ambition to secure social value during tenders does not become the panacea for anchor activity within ICBs. Many suppliers have learned how to "play the game" presenting a good impression but ultimately manipulating the system.[19] In some cases, this has resulted in larger providers deploying dedicated bid-writing staff to deliberately over-promise the amount of social value they will deliver, in order to gain an advantage in the tendering process.[20] As such, the real size of the prize here for progressive spending should be the activities described in recommendations two and three (above). Furthermore, rather than retendering certain services, when contracts come up for renewal, ICBs should also consider the merits of insourcing and whether this would be a feasible option.

5. Explore supply chain social licensing

Historically, NHS Supply Chain has provided the price and reliability that the NHS needs to deliver many consumables. But these are no longer the only concerns of procurement in the NHS. To meet its net zero ambitions, the NHS needs its suppliers to do the same by 2045. What is more, to enable it to reach its potential as a series of anchor institutions, the NHS's suppliers should offer guaranteed social returns, such as Living Wage employment.

To achieve these ambitions, the Department of Health and NHS England should consider a form of social licensing for NHS Supply Chain. Social licensing only allows suppliers to enter markets if they can guarantee in advance the provision of social benefits to communities and stakeholders, meaning that the right to trade in public sector markets would place them under obligation to deliver social returns.[21]

6. Target skills and opportunities to those who need them most

It is within the gift of all anchor institutions to consider how their employment and skills development opportunities support could be targeted towards those who are most in need. Following the I Can example described above, ICBs could look to develop similar programmes and also consider how these programmes could be extended beyond NHS partners. This work would involve the following steps.

i. Map the employment profile of provider trusts

Use this exercise to identify any deprived postcodes where trusts are employing relatively few people.

[19] R Butterfield et al (2005). The new public management and managerial roles: The case of the police sergeant. British Journal of Management, 16 (4). Link.
[20] D Harrison and P Edwards (2018). Making Procurement Work for All: Procurement practices as a route to fulfilling work in North East England. Carnegie Trust. Link.
[21] TL Goodwin et al (2020). Restoring public values: the role of public procurement. CLES. Link.

ii. Map employment support interventions across the geographical footprint

ICBs should work with their partners to audit the nature of employment support on offer within their locality and again identify any significant gaps.

iii. Design an overarching skills and employment programme

This programme should be designed to support routes to employment for those furthest from the labour market. The mapping exercises outlined above should provide the necessary intelligence and, depending on what is unearthed by this process, ICBs may need to work with their other partners to develop additional employment support or to commission new support. ICBs could also explore the scope of resources such as the Shared Prosperity Fund. In Scotland, for example, Fife Council are using this resource to supplement their employability programme, targeting those who have significant barriers to employment, with a view to establishing a programme similar to I Can (see above).

7. Give the local NHS greater control of land

How land and property assets are owned and managed are key features of any local economy. While traditional economic development and planning approaches might only measure the value of these assets in economic terms, developing an inclusive economy should see these assets harnessed to serve wider goals.

In particular, and in terms of land and property disposal, this is about viewing these assets as more than just a commodity. Despite the pressure to sell-off surplus assets to maximise financial return, ICB partners should consider whether any surplus land and property could in the first instance be used as a development site for affordable housing. Moreover, surplus land and property could also potentially be used to support more SMEs and other forms of progressive local enterprise to play a greater role in the local economy. Opportunities for local businesses to supply local anchors with more of their goods and services may require these businesses to grow and diversify which, in turn, may generate the need to find new business premises. As such, where feasible, surplus land and property could also be developed to support this end. In addition, it may be the case that surplus land and property could be transferred into community ownership or management. Close working with the VCSE sector to understand demand for this activity should also be explored.

However, as with expenditure, land usage and disposal in an NHS context is heavily centralised and is in effect governed by NHS Property Services. The Department of Health and NHS England should therefore grant greater local flexibility over the disposal of surplus land.

8. Collaborate to advance good anchor practice

While this paper provides something of a blueprint, the implicit rules, cultures and realities that dominate the day to day lives of people working in particular organisations often make it challenging to implement new ways of doing things. This is why CLES uses tools such as communities of practice, as well as intermediaries such as "community wealth builders in residence", to help mobilise knowledge and practice on the ground.[22] ICS leaders may want to consider using these tools as a means of sharing learning and addressing challenges in concert.

9. Develop an earn-back mechanism to incentivise innovation

Good anchor practice not only helps to improve health and well-being, but also produces a saving to the public purse. For example, where work in Preston has correlated to a reduction in anti-depressant prescribing[23] which has resulted in a direct saving to the local NHS it may also have created other savings at the national level (for example, a reduction in Universal Credit claims). The Department of Health and NHS England should therefore consider a mechanism for *quid pro quo* incentives whereby they "pass back" a proportion of savings that are not reflected locally.

[22] TL Goodwin, P Brocklehurst and L Williams (2018). The knowledge mobilisation challenge: does producing evidence lead to its adoption within dentistry? Link.
[23] T Rose et al (2023). The mental health and wellbeing impact of a Community Wealth Building programme – a difference-in-differences study. Link.

Conclusions and next steps

The NHS's role as a series of different anchor institutions has never been more important. As local economies attempt to navigate the multiple crises that are being faced by people and communities across the country, ICSs could play a pivotal role in the pursuit of more inclusive local economies.

As this paper highlights, the evidence suggests that anchor-based approaches can provide an effective model for economic development that leads to substantial health benefits.[24] What is more, the NHS and its partners have a number of key assets at their disposal that can be intentionally deployed to support this economic activity.

We strongly recommend that, through the new ICB structures, teams work to co-ordinate activity with their partners to operationalise these recommendations as soon as possible. There is not necessarily a complete logical order as to how this should be approached and sequencing will need to be adjusted according to context. There may also be quick wins and low hanging fruit that could be immediately addressed in some areas.

Nevertheless, committing to the strategic vision we outline here should be addressed and agreed as a matter of priority. ICSs should be purposeful about the kind of social and development activity they support going forward and this should entail an explicit commitment to their potential as a group of significant anchor institutions.

The areas under discussion in this paper are a key focus for CLES's work to build local economies which work for everyone. This is a moment of great opportunity for the institutions of the NHS and we expect the debate to evolve over the coming years. If you would like to join the conversation then please visit our website or contact tomlloydgoodwin@cles.org.uk.

[24] Ibid.

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