Community wealth building in an age of just transitions: exploring civil society approaches to net zero and future research synergies

Article  (Published Version)


This version is available from Sussex Research Online: http://sro.sussex.ac.uk/id/eprint/108841/

This document is made available in accordance with publisher policies and may differ from the published version or from the version of record. If you wish to cite this item you are advised to consult the publisher’s version. Please see the URL above for details on accessing the published version.

Copyright and reuse:
Sussex Research Online is a digital repository of the research output of the University.

Copyright and all moral rights to the version of the paper presented here belong to the individual author(s) and/or other copyright owners. To the extent reasonable and practicable, the material made available in SRO has been checked for eligibility before being made available.

Copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.
Community wealth building in an age of just transitions: Exploring civil society approaches to net zero and future research synergies

M. Lacey-Barnacle *, A. Smith, T.J. Foxon

Science Policy Research Unit, University of Sussex, UK

A R T I C L E   I N F O

Keywords:
Community wealth building
Grassroots innovations
Transition pathways
Community energy
Just transitions
Economic democracy

A B S T R A C T

Community Wealth Building (CWB) is a burgeoning international policy agenda for local economic development that seeks to enhance democratic ownership, retain the benefits of local economic activity and empower place-based economies and workers. Parallel to this, in the context of net zero transitions, there has been increasing interest in approaches to enhancing civil society and community ownership over local energy provision. However, in academic and practitioner debates, there has been very little interaction between these two strands of thinking and action on the need for radical change in current energy provision, particularly as part of a wider transformative change away from dominant neoliberal economic thinking, policies and structures.

In this Perspective, we explore the various ways in which synergies exist between CWB and energy transitions by considering two civil society approaches to transitions; namely, the Thousand Flowers transition pathway and research in Grassroots Innovations. We examine how community energy could be strengthened through CWB, by showing how the ideas within these two approaches respond to the five core principles of CWB. Promising future directions for research and practice are identified, including linking up CWB and just transitions strategies, a renewed focus on local financial innovation and the growing role of anchor institutions in supporting net zero transitions, particularly where CWB supports economic democracy transformations in new net zero economies.

1. Introduction

Community Wealth Building (CWB) is a burgeoning international policy agenda for local economic development. CWB seeks to transform local-scale economies by repurposing and redirecting the procurement power of ‘anchor institutions’ towards local businesses and supply chains. Five principles for economic democratisation guide these developments, diversifying ownership forms, retaining capital within localities and strengthening worker involvement, security and rights. CWB arose as a counter to the dominance of neoliberal economic approaches that prioritise the privatisation, mobility and extraction of local wealth producing activities. Given growing interests in ‘just transitions’, we propose that CWB might offer practical ideas for decarbonising energy systems in which local economic empowerment, the democratisation of ownership and long-term social sustainability become more central. This is particularly important in a post-crisis ‘green recovery’.

The current administrations in both the US and the UK are committed to ‘Build Back Better’, using responses to the global economic downturn caused by the Coronavirus pandemic to address long-standing (and worsened) social and economic challenges. This includes commitments to addressing regional economic inequalities (e.g. by ‘levelling up’ in the UK), as well as action to address climate change and promote a net zero transition. However, many scholars, practitioners and researchers are sceptical of mainstream approaches to addressing these challenges (e.g. Alperovitz and Dubb, 2014; Kelly and Howard, 2019; Guinan & O’Neill, 2020; Paul and Cumbers, 2021). There is criticism towards the track record of mainstream approaches and scepticism towards their future potential, which typically rely on measures to promote inward investment to economically deprived areas and regions, alongside a focus on large-scale technology deployment and international competitiveness, often dominated by large multinational interests.

As a result, communities across the US, Canada, Australia, the UK and Europe have been undertaking action to develop more bottom-up alternatives for both local economic development and civic and community energy innovation. Burgeoning networks of policy, practice and research have grown in these two areas, though they have largely developed independently and therefore potential synergies may be
Being missed. In this Perspective piece, we examine links and synergies between (1) Community Wealth Building as a new international movement for local economic development, and (2) civic/community energy and grassroots innovation approaches to energy decarbonisation. Through bringing these two fields together for the first time, we also aim to encourage others to advance research at this interface.

1.1. The rise of community wealth building

CWB is a progressive policy, action and research movement that has grown in prominence and stature over the past decade. Having first emerged from the US before spreading to the UK (Hanna and Kelly, 2021; Guinan and O’Neill, 2020; Guinan and O’Neill, 2019), its transatlantic origins are now beginning to be transcended as projects circulate across the globe, in locations as far flung as Australia (Fensham, 2020), Italy (Kohn, 2020), Tanzania (Collord, 2019) and closer to the US in Canada (Hanna, 2019).

In both the UK and US, the locations for experimenting with CWB are numerous; with both Cleveland (US) and Preston (UK) being celebrated pioneers, whilst Oakland, Burlington, New York, Denver, Chicago and Detroit are just some of the US cities adopting a CWB approach, and local and regional governments in North Ayrshire, Newham, Islington, Sunderland, Stevenage, Oldham, Wigan, the North of Tyne, Sandwell, the Liverpool City Region, Lewes and Brighton & Hove are all adopting CWB in the UK. This is occurring alongside new commitments from the devolved governments of Wales and Scotland, with the Welsh government reforming national procurement policies and strategies and the Scottish government appointing a minister for community wealth and introducing a Community Wealth Building bill into the Scottish Parliament (CLES, 2021). Given this substantial growth, we expect many more cities, regions and nations to emerge as key CWB actors internationally.

CWB has to be understood through its origins as a direct response to the dominance of a global neoliberal political economy over the past four decades, which (under the guise of competition for inward investment by capital) has seen privatisation, deregulation and liberalisation policies dominate the economic and political order of advanced liberal democracies, particularly the US and UK (Harvey, 2007). However, neoliberal approaches have largely failed to bring renewed prosperity to deindustrialised cities and regions in the US and the UK. It is therefore unsurprising that prominent CWB examples are emerging from these two countries, in numerous place-based economies. In resisting the neoliberal order, CWB proponents advocate five core principles in their innovative approach to local economic development: [1] Plural ownership of the economy [2] Making financial power work for local places [3] Fair employment and just labour markets [4] Progressive procurement of goods and services and [5] Socially productive use of land and property (Manley and Whymn, 2021). In addition, CWB has been defined as:

‘A local economic development strategy focused on building collaborative, inclusive, sustainable, and democratically controlled local economies. […] these include worker cooperatives, community land trusts, community development financial institutions, so-called ‘anchor institution’ procurement strategies, municipal and local public enterprises, and public and community banking’ (Guinan & O’Neill, 2020 p13-14).

CWB principles should be understood as resisting a globalised neoliberal economic system that has increasingly contracted out public services to (multinational) private companies, thereby reducing diversity and ownership over local economic activity and empowering private financial and commercial institutions to own, manage and govern key public goods (Peters, 2012; Williams et al., 2014). This includes energy and transport - key sectors for net zero transitions - that have also been privatised and liberalised in this way (Bayliss et al., 2021). Further, CWB principles can be connected to research advancing new conceptualisations of more progressive local economies, such as work on the ‘Foundation Economy’ (Heslop et al., 2019; Hansen, 2021), ‘New Municipalism’ (Thompson, 2021) ‘Re-municipalisation’ (Cumbers, 2016; Paul and Cumbers, 2021), local policy responses to globalisation (Imbroscio et al., 2003) and critical work on the regressive impact of neoliberalism on localism (Catney et al., 2014; Davoudi and Madani, 2015).

Finally, the intellectual influence of key US scholars is important here, particularly the influence of scholars such as Gar Alperovitz and Marjorie Kelly, who are both core members of the ‘Democracy Collaborative’ think tank in the United States – a key advocate for CWB and a core actor at the heart of the successful ‘Cleveland model’ in the US (Lenihan, 2014). Going back half a century, Alperovitz (1972) coined the concept of a ‘pluralist commonwealth’ and continues to publish on the relevance of this concept for progressive economic reform today (Alperovitz and Dubb, 2014; Alperovitz, 2020). Seen as a precursor to CWB, the pluralist commonwealth is defined by four principles; the ‘democratisation of wealth’, ‘community as a guiding theme’, ‘decentralization’ and ‘democratic planning’ (Alperovitz, 2020). These principles demonstrate strong overlaps with Alperovitz and Dubb (2017), who drew upon these when mobilising for revitalising and regenerating Detroit, moving from theory to practice – a key hallmark of the CWB policy community.

With reference to democratising ownership and the first principle of CWB, Kelly (2012), in ‘Owning our Future’, distinguishes between ‘extractive’ and ‘generative’ ownership forms. Extractive forms of ownership cater to an international shareholder class or ‘absentee membership’, where organisations - embedded in global capital markets and financialised networks - seek to move between a series of profit maximising opportunities in the short-term, above all other interests. The business generated by these investments are assumed to trickle-down to local actors. Generative ownership, in contrast, sees ‘rooted membership’ in local, public and civil society forms of organisation. Governance is controlled by those dedicated to a ‘social mission’ and organisations are constructed around both long-term and sustainability-oriented goals (Kelly, 2012). This generative/extractive distinction has influenced work on democratic economies (Kelly and Howard, 2019; Hanna and Kelly, 2021), whilst calls for more ‘generative’ economies now appear amongst UK advocates for CWB (McInroy, 2020). Additionally, this distinction is also vital for civil society approaches to net zero transitions and civic and community energy structures of organisation.

Whilst clearly principled, at its core CWB is nevertheless deliberately pragmatic. Anchor institutions, such as universities, hospitals, schools, prisons, local government, housing associations, trade unions or large local companies/social enterprises, are all fixed in place and rooted to a locality or region by virtue of their organisational design, ‘anchoring’ them to their local economies. Through pursuing a CWB approach, these anchor institutions seek to work in partnership with CWB organisations to switch their service contracts from multinational to local supply chains. Simultaneously, capacity is built up in local supply cooperatives and partnerships through coordinated facilitation and anchor networks. In Preston (UK), the promotion of a CWB approach by the local council has led to the percentage of total procurement spending in the city going up from 5% in 2013 to 18% in 2017, and from 39% in 2013 to 79% in 2017 across the Lancashire region (Jackson and McInroy, 2017). Unemployment has fallen from 6.5% in 2014 to 3.1% (O’Neill and Guinan, 2020). Preston has been named the most improved city in the UK ‘Good Growth for Cities 2018’ index and has moved from 143rd to 130th in the Social Mobility Commission Index. A further 4000 employees – including all council workers – now receive the Living Wage (Hadfield, 2019). In addition to this, a complex network of mutually supportive co-operatives and social enterprises has developed in Preston, underpinned by the establishment of the Preston Cooperative Development Network, with the support of anchor institutions in the form of the local university and the local city council (Manley and Whymn, 2021).

CWB thus positions itself as a pragmatically progressive form of bottom-up, locally-led social and economic development. And yet, there
has seldom been investigations into how such achievements might connect to, complement or support the challenge confronting all localities – net zero transitions. We therefore ask the following two questions in this Perspective piece:

1. What synergies are there between CWB and civil society approaches to local net zero & sustainability transitions?
2. How can future research and policy support these synergies in practice?

These questions are intended to open up lines of inquiry (and activity) into how CWB can engage in net zero transitions. In the next section, we argue that many of the CWB principles align well with emerging calls for just transitions in energy systems.

1.2. New frontiers: community wealth building and the green economy

Whilst recent academic research into CWB analyses its potential in local economic development (Barnes et al., 2020; Manley and Whyman, 2021; Eder, 2021; Webster et al., 2021; Dubb, 2016), few of these studies explicitly address how CWB can engage with the green economy. Succinct reviews of CWB for a general audience (O’Neill and Guinan, 2020), detailed essays on the history and future of CWB (Hanna and Kelly, 2021) and books devoted to engaging a wider audience in the history of the Preston Model (Brown and Jones, 2021) and deepening our academic understanding of both the Preston Model and CWB (Manley and Whyman, 2021), all contain very little acknowledgement of its potential relevance to local net zero transitions. Furthermore, a practical 51-page toolkit designed to assist local councilors in implementing CWB contains only one mention of ‘net zero’ (Democracy Collaborative and Momentum, 2022). This is surprising, given that CWB is a transformational economic project and net zero transitions imply significant economic reorientations. Moreover, calls for just transitions to a net zero economy open an opportunity for CWB to enter into this terrain (Wang and Lo, 2021), alongside challenges to established notions of what constitutes a just transition, moving beyond a core focus on providing ‘green jobs’ in the face of a retracting fossil fuel industry (McCaulay and Heffron, 2018), to understanding how justice, equity and inequality are constituted in new net zero economies (Morena et al., 2020) and how civil society and grassroots mobilisations for a just transition can be supported by the state (Routledge et al., 2018), specifically at the local level.

There are signs that this disconnect between CWB and net zero transitions is beginning to be bridged, particularly in policy research. The think tank CommonWealth’s work on ‘Community Wealth Building for Economic and Environmental Justice’ (Brown et al., 2019) shows early signs of bringing together the two disconnected fields, arguing for anchor institutions to play pivotal roles in supporting local Green New Deals, green jobs and ‘green procurement policies’, whilst the Centre for Local Economic Strategies (CLES) report & toolkit on a ‘just energy transition through community wealth building’ (Radcliffe and Williams, 2021), alongside the Democracy Collaborative’s report on ‘Publicly owned and cooperative electric utilities as anchors for community wealth building and a just energy transition’ (Hanna et al., 2022) demonstrate the emergence of a new policy-research field.

Turning briefly to these last two outputs, Radcliffe and Williams (2021) note a vital role for local authorities to intervene in energy transitions to advance CWB, where they play key roles in; (1) Acting as convener (2) Creating demand (3) Direct delivery of transition projects (4) Encouraging the early adoption of zero carbon technology and (5) Funding the energy transition. The authors connect these roles to the five principles of CWB throughout the report, whilst also noting that anchor institutions have ‘a critical role in enabling cross-sector approaches to energy transition which build community wealth’ (Radcliffe and Williams, 2021 p.14). This connects well to Hanna et al. (2022), who see ‘community utilities’ that are co-operatively and publicly owned as fundamental additions to the plethora of possible anchor institutions. The authors advance nine key policy recommendations for building community wealth in energy markets and transitions; (1) Block Privatisation (2) Deeper Democratic Governance (3) Renewable Energy Mandates (4) Renewable Energy Financial Incentives (5) Public Distributed Renewable Energy & Electrification (6) Procurement Programs (7) Public Banking & Finance (8) Supporting Local Innovation and (9) Public finance for shifting ‘Investor Owned Utilities’ into Public and Co-operative Ownership. Both reports demonstrate renewed attention being paid to critical connections between CWB and civil society-led energy transitions.

Interestingly, older outputs from the Democracy Collaborative, such as Warren’s (2010) report entitled ‘Growing a Green Economy for All: from Green Jobs to Green Ownership’, pay attention to this juncture between CWB and green economy transitions, whilst the Cleveland model’s network of different organisations known as the ‘Evergreen Cooperatives’ supported local food growing, sustainable laundry and local solar PV deployment (Lenihan, 2014). As Sheffield (2017) reports, many of the Evergreen Cooperatives are now profitable, employing over 150 people locally, with plans to increase this number to 1000. In the case of the Evergreen Cooperative Laundry, for example:

‘After a six-month initial “probationary” period, employees begin to buy into the company through payroll deductions of 50 cents an hour over three years (for a total of $3,000). Employee-owners are likely to build up a $65,000 equity stake in the business over eight to nine years, a substantial amount of money in one of the hardest-hit urban neighbourhoods in the nation’ (Alperovitz et al., 2010 p.1).

Indeed, this novel form of democratic ownership and governance – facilitated through laundry service contracts with anchor institutions (local hospitals and universities) - led Lenihan (2014) to describe the Cleveland model as;

‘The most robust ongoing American effort to enjoin the economic power of anchor institutions (and their growing ecological sensitivity) with the development goal of creating widely shared and more democratic asset and capital building in low-income neighborhoods’ (Lenihan, 2014 p.18 p.18)

Despite this promising connection with sustainable transitions - both past and present - academic research seems to be severely lagging behind. We argue that the introduction of CWB research into the energy transitions terrain presents scope for facilitative links with established civil society approaches and theories in bottom-up and local energy transitions, such as civic energy sector transition pathways (Foxon, 2013) and grassroots innovations that seek to directly tackle the challenges of sustainability transitions from the bottom-up (Smith and Seyfang, 2013; Smith et al., 2016). In the following section, we analyse more closely the links between CWB and these relevant approaches to civil society-led energy transitions.

2. Community wealth building and energy transitions: theoretical links

In this section, we first explore the ways in which synergies already exist between CWB and two widely cited civil society approaches for local sustainability transitions: The Thousand Flowers transition pathway and its associated concept of a ‘Civic Energy Sector’ and the theory of Grassroots Innovations. A variety of related research fields could additionally be explored, such as research on decentralised ownership and control over energy systems (Brisbois, 2019), polycentric governance (Bauwens, 2017), local community power (Kaye, 2020) and a rich history of community energy research (Lacey-Barnacle, 2020; Creamer, 2018; Smith et al., 2016; Seyfang et al., 2013; Walker et al., 2007). All of these fields connect to both the Thousand Flowers and Grassroots Innovations literature; however, a review of more comprehensive links to CWB is beyond the scope of our paper. Our examination here, of the
different ways in which two illustrative approaches in community-based energy developments and CWB share similar goals, values and approaches, can inform future bridge-building research endeavours.

2.1. Transition pathways and the civic energy sector

Influenced by work on socio-technical transitions and the multi-level perspective on systems transformations (Verbong & Loorbach 2012; Geels 2002), the ‘Realising Transition Pathways’ research consortium, an 8-year multi-institution project spanning 2008–2016, produced considerable material and research outputs to assist UK government policymakers and academic research communities in grappling with the complexities of transitioning to a low-carbon energy system by 2050. The Pathways project developed detailed potential paths that would achieve this momentous transition. Associated outputs analysed how to ‘bring social structures and agency, including institutions and politics, into scenario [...] studies of sustainable energy futures’ (Foxon, 2013 p.12). These scenarios enhanced understanding of the political and economic challenges and opportunities in UK low-carbon futures (compared to the technology-dominant scenarios in many energy scenarios and pathways studies). Different institutional and socio-technical configurations were explored for meeting the UK’s legally binding commitment (in the Climate Change Act 2008) to reduce GHG emissions by 80% by 2050 against a 1990 baseline. Three different transition pathways were contrasted; Market Rules, Central Co-ordination and Thousand Flowers. Each pathway adheres to different governance logics in which power relations between market, state and civil society actors are varied (Foxon et al., 2010; Foxon, 2013; Barnacle et al., 2013; Chilver et al., 2017).

The Thousand Flowers pathway provides one of the few detailed explorations of the greater role that civic society can play within future UK energy transitions. The pathway sees a ‘growing dominance of civil society in the governance of UK energy systems, which leads to an increase in diversity of local bottom-up solutions for providing decentralised generation and energy conservation options’ (Barnacle et al., 2013 p.60). One outcome of this growing role for civil society in municipal and community governance of energy, is the development of a ‘civic energy sector’, a scenario which delivers 50% of final electricity demand by 2050 (Hall et al., 2016).

Central to this vision is a vibrant community energy sector, where community organisations take a leading role in purchasing, managing and governing local energy projects and infrastructures. A heavily researched field of both policy and practice, community energy has very often been seen by many researchers as particularly competent in meeting varying social, environmental and economic objectives at the local level (Zoellner et al., 2008; Warren, 2010; Musall & Kuik 2011; Seyfang et al., 2013). For example, community energy projects have encouraged and enabled the active participation of members of the local community in energy transition processes, while introducing behaviour change schemes and energy demand reduction into local communities. Secondly, many schemes have drawn upon local investment and tapped into local expertise and enthusiasm for renewable energy installations, raising the necessary capital and increasing local acceptance through direct community ownership. The wealth generated by newly-valuable renewable resources thereby circulates and multiplies more locally. Civic initiatives cultivate multi-actor partnerships working across multiple scales to engage in and support transitions, and, using this multi-sectoral collaboration, have been able to appropriately tailor local renewable energy deployment to the technological, political and economic specificities of a locality (Walker et al., 2007; Walker et al., 2007; Seyfang et al., 2013; Hargreaves et al., 2013; Baughen et al., 2016).

Importantly, the emergence of community and civic energy schemes is now influencing policy. For example, as part of the EU’s Clean Energy Package, ‘Energy Communities’ are now formally recognised as essential civil society entities which will aid the EU’s broader decarbonisation plans. Recent research also points towards their potential to contribute to a more just and democratic transition, particularly through novel ownership forms that advance direct community control, alongside providing inclusive energy tariff offers and energy efficiency services to vulnerable groups (Hoicka et al., 2021; Hanke et al., 2021).

Many of the above elements of local and community energy effectively align with CWB approaches, whilst also encouraging the broader empowerment of civil society actors. In a review of community energy projects in Europe, Hewitt et al. (2019) note that four aspects of community energy projects underpin their potential for contributing towards social innovation; (1) Crises and opportunities; (2) the agency of civil society; (3) reconfiguration of social practices, institutions and networks; (4) new ways of working. All four of these aspects of community energy schemes connect closely to CWB. The trigger for CWB in Preston, for example, was the collapse of a £700m inward-investment regeneration project in the wake of the global financial crisis, and therefore, the search for locally-resilient opportunities to develop the local economy resulted in a CWB approach (and inspired by the US Cleveland model) (Manley and Whyman, 2021). CWB typically seeks to enhance and empower the agency of civil society within multi-sector partnerships and to reconfigure institutions and networks, whilst the five principles of CWB foster new ways of forging those relations at the local scale. Importantly, community energy connects with CWB by seeking to localise and retain wealth and surplus revenue creation (Lacey-Barnacle, 2019; Stewart, 2021), democratise governance and engagement in local economies (Van Veenen, 2018) and experiment with novel social enterprise models and organisational structures (Becker et al., 2017). Forming a core part of the civic energy sector as outlined in the Thousand Flowers pathway, community energy schemes can be considered a vital part of local strategies to build ‘community wealth’. However, as we explore in subsection 2.2, this wealth is not always equitably shared and CWB may offer a point of strategic intervention to address more equitably some historic shortcomings in civic energy approaches.

Whilst civil society is crucial, this does not negate roles for the state or market. Barton et al. (2015) note, through the prism of back-casting, that the Thousand Flowers pathway shifts the role of local government, as:

‘Local energy ownership became a focus of local government economic development [...] as the scale of the opportunity became clear in terms of local value capture, net employment creation, and energy security’ (Barton et al., 2015 p.5).

This ‘local value capture’ connects well to the redirection of procurement processes in CWB advocacy; whilst the focus on local energy ownership also demonstrates synergies with the ‘plural ownership of the economy’ principle. Indeed, the authors note that the ‘expansion of this sector would capture much of the value from energy production and consumption that currently leaks out of the local economy’ (Barton et al., 2015 p.27), demonstrating strong support for wealth retention within local economies. Furthermore, when anticipating how the Thousand Flowers pathway is achieved, the authors note that ‘local energy schemes developed stable and familiar financial relationships with the local banking sector, which viewed civic power generation as a safe asset’ (Barton et al., 2015 p.5), connecting strongly to the CWB principle centred on making financial power work for local places.

Drawing on the example of Germany as a ‘co-ordinated market economy’ (Hall and Soskice, 2001), Hall et al. (2016) show the importance of the German local banking sector in facilitating civic ownership structures. This is in contrast to the UK neo-liberal economic model, in which financial institutions have a national and international focus and arguably are more motivated by short-term shareholder returns than long-term stable investment relationships with local partners. Interestingly, new bottom-up financial innovations, in the form of local municipal energy bonds, are now being developed in the UK (Davis, 2021; Green Finance Institute, 2021). These provide a simple, low-risk way to enable members of local communities to invest in local renewable energy developments, by making use of the financial security of
local municipal authorities. This approach could thus contribute to the second principle of CWB, whilst also allowing local financial innovation to be governed and managed by public institutions. Indeed, many of these crossovers between CWB and the Thousand Flowers pathway show that new local energy supply models have the potential to incorporate more complex value propositions, including economic, social and environmental values (Hall and Roelich, 2016).

Intriguingly, the role of anchor institutions in leveraging procurement spending in support of local net zero innovation, projects and goals, has been understudied in civic energy research (Uyarra et al., 2016). The Thousand Flowers pathway does not conceive of anchor institutions in its detailed scenarios. In identifying key anchor institutions, such as local hospitals, universities and local government, CWB brings another mechanism to civic and community energy that can facilitate novel contractual arrangements to support the growth of local net zero energy projects and supply chains: contracting energy co-operatives to provide energy consulting services, supplies of clean electricity, efficiency measures, and supporting community flexibility arrangements in smart local energy systems. Energy transitions could also form a more explicit part of what CWB scholars call the ‘anchor mission’ (Kelly et al., 2016), where their local economic power is used to strengthen local enterprise, with a focus on socially inclusive organisations. Here, through aligning anchor missions with net zero transitions, anchor institutions can be used to offer preferential treatment to organisations that simultaneously pursue inclusive decarbonisation.

2.2. Grassroots innovations, local sustainability transitions and CWB

In contrast to future scenario conditions under which empowered civic energy generation might become more widespread, research into grassroots innovation was borne of historical and contemporary analysis into innovative local sustainability initiatives. These often develop despite existing realities being conducive to such initiatives (Seyfang and Smith, 2007; Fressoli et al., 2014). Local environmental initiative was reframed as grassroots innovation, in which networks of neighbours, activists, social entrepreneurs, community organisations, co-operatives, and others worked creatively and innovatively in generating and circulating bottom-up solutions for sustainability appropriate to the needs, aspirations and situations of those involved.

In conceiving local environmental activity as innovative and generative of wider change, so studies were able to adapt analytical resources in innovation studies and sustainability transitions. This enabled better understanding of how grassroots movements produce knowledge, reframe problems, form networks and attract resources, govern themselves and challenge institutions, and thereby develop and diffuse approaches and solutions for sustainability across localities in ways quite different to conventional market- and state-based institutions for innovation (Hess, 2007; Jamison, 2001; Smith and Stirling, 2018). Early research (in the 2010s) included studies of community energy, analysis of grassroots innovation in food, housing, manufacturing, mobility; as well as historical research into earlier movements for alternative technology, socially useful production; and initiatives in the global South as well as global North (Smith et al., 2017; Pansera and Owen, 2017; Gupta, 2016). Theories about the development of ‘niche spaces’ for alternative innovation within the context of unfavourable incumbent energy regimes were used to explain the achievements and challenges confronting grassroots action (Smith, 2007).

Grassroots Innovations can seek to change markets and prevailing market systems, despite sometimes being framed as an alternative to the market or as a more radical response to the failure of dominant and mainstream institutions on environmental issues (Feola and Nunes, 2014; Seyfang and Smith, 2007). They do this through the utilisation of a set of unique characteristics that set them apart from market and technology-oriented niche innovations (Fressoli et al., 2014). In the context of community energy, Hargreaves et al. (2013) identify these unique characteristics as: ‘Distinct organisational forms’; ‘Different resource bases’; ‘Divergent contextual situations’; ‘Alternative driving motivations’; and ‘the pursuit of qualitatively different kinds of sustainable development’ (Hargreaves et al., 2013). Indeed, prominent theorists of Grassroots Innovations suggest that, whilst it is particularly hard to correlate similarities across cases of local innovation that are by definition tailored to the specificities of a locality, many grassroots innovations will draw upon social enterprise models or function more broadly within the social economy (Seyfang and Smith, 2007; Hargreaves et al., 2013; Smith, 2014). Thus, it is important to note that:

‘Grassroots innovation processes share a broadly similar vision and shared set of principles, regarding local inclusion and control in processes of technology development and innovative social organisation […] grassroots innovation movements confront similar fundamental challenges, even though manifesting in particular ways in contrasting settings’ (Smith, 2014 p.115)

Here, we can already see some strong connections to the five principles of CWB. Firstly, the use of ‘distinct organisational forms’ to support grassroots innovations opens bridges to the demand for more ‘plural ownership of the economy’ by CWB advocates. Arguably, grassroots innovation has tended to gloss over questions of ownership and attended more to participation, so more explicit engagement with diversifying ownership, in line with CWB, can provide more depth here. Secondly, the reliance of CWB approaches on anchor institutions and the redirection of procurement processes to support local economies connects well to the reliance of grassroots innovations on ‘different resource bases’, which is supported further by the local financial innovation sought by CWB actors. Lastly, the desire that CWB advocates have for new models of local economic development that cater to the needs of different localities are reflective of the ‘alternative driving motivations’ and ‘divergent contextual situations’ that underpin grassroots innovations.

While these multiple connections are important, there is one inconsistency. Differences between CWB and grassroots innovations are found in the limited engagement of CWB literature in sustainability transitions and the importance of path-breaking innovations for future net zero economies, whilst grassroots innovations are often explicitly framed around contributing towards ‘different kinds of sustainable development’. Innovation and transformation as a goal and topic is not so prominent in CWB practice, where activity rests in carving out opportunities within the given local economy. And yet, the five principles imply considerable organisational, business, process and product innovation, and even some changes to the contexts and purposes for technological change which is the conventional focus of innovation. If CWB succeeds in bringing in a diversity of actors into local economic development (e.g. via anchor networks), the insights from grassroots innovation concerning how these alternative constellations can better approach innovation and transition could prove helpful.

For example, a dilemma typical for many grassroots innovation movements seeking to scale-up, circulate more widely, and generally expand their niche innovations, is whether to align more closely with the logics of incumbent institutions for innovation (such as through commodification, intellectual property, and standardisation, thereby blunting their transformational potential) or to remain radical and continue pressing for radical reforms to powerful institutions. Such radical reforms ensure that innovation is conceived and supported using the participatory democratic norms and commons-based ownership models favoured by grassroots innovations.

Dynamic tensions exist between ‘fit-and-conform’ versus ‘stretch-and-transform’ strategies for developing niche spaces: making them more palatable to prevailing institutions, or building power to transform those institutions (Smith and Raven, 2012). Analogous dilemmas might
be evident in relations between local economic enterprises and anchor institutions who, no matter how sympathetic to worker control, say, or cooperative ownership, might be structurally constrained as to how far they can depart from norms of supply-chain and service-provision under capitalism as currently instituted (Smith, 2014). Without a better appreciation of the complexities of transformative innovation, there is a risk that CWB measures will tend towards safe, conservative economic activities or privilege the experimental designs of organisations with the resources to instigate them. That said, an enduring challenge is moving beyond creative prototypes and start-up organisational forms, to build enduring structures and institutions capable of enabling these novelties to succeed over the long-term (as seen with civic energy generation in the Thousand Flowers pathway). It might be that moving from innovation to diffusion, in ways that remain transformational and resist falling into conformity, is a challenge where insights from CWB can be helpful. CWB can help cultivate the capabilities, investment and work to develop innovation more consistently with motivating ideals: so, for example, community energy schemes remain locally democratic and accountable, rather than becoming increasingly utility-like. This is a goal that Hanna et al. (2022) say is fundamental to a CWB approach to energy transitions.

However, accountability is not the only issue facing community energy schemes. Community energy risks replicating issues around social inclusion. For example, researchers such as Catney et al. (2014) and Seyfang et al. (2013), when offering critical perspectives on community energy projects, note that much of the literature surrounding community energy focuses explicitly on the success stories of the sector, with little attention given to understanding which communities are unable to engage in these initiatives and why, leaving out considerations of how to bring about a more socially ‘just’ transition. Furthermore, Johnson et al. (2014) find that a decentralised energy system could risk reproducing, or even worsening, existing socio-economic inequalities within society. It is important to ask, therefore, whether CWB may encounter similar risks. Given the primacy of the local state and the need for representational political leadership to support CWB, we feel a CWB approach could avoid the pitfalls of a socially exclusive local economic development approach. Social justice and inclusion considerations are of vital importance to emerging CWB policy programmes and approaches, which we feel could be used to address and rectify some of the existing inequalities in access to community energy schemes and to advance a more inclusive just transition.

### 2.3. Comparing CWB, grassroots innovation and thousand flowers pathway approaches

The above discussions suggest that CWB may be able to offer a normative direction to the kinds of transformation that many have argued are necessary for net zero transitions (e.g. more democratic, just, community-based, socially inclusive etc), addressing areas where sociotechnical energy transitions research has been agnostic and lacking. CWB, aided by its five principles, also has the potential to inject local, municipal and community energy with stronger elements of democratic directionality, underpinned by a strong social justice ethos (Kelly et al., 2016). CWB might thus be a counter to the financialisation and extraction of local energy initiatives that comes with private institutional investment and corporate control, whilst – with the support of anchor institutions – offering stability and finance to develop more democratic and plural economic organisations. Linking back to our discussion of the Thousand Flowers pathway, there is clearly a key role for anchor institutions to play in a future where CWB becomes more closely aligned with the transition to a net zero economy. Drawing on our analysis above, we further summarise the critical overlaps and synergies between CWB and grassroots innovations and Thousand Flowers transition pathway in our table below (Table 1):

### 3. Conclusion – The future of community wealth building and civil society-led just transitions

CWB is emerging at a timely and critical juncture; given its recent expansion over the past decade, it is already demonstrating more democratic forms of local economic development, with potential for making more just a rapidly expanding net zero economy. This opens up new pathways and future scenarios for radical, diverse and pragmatic applications of CWB to net zero economies. Our Perspective piece has outlined the need for CWB to see the transition to a green economy as a novel opportunity to expand its activities and scope, particularly as global trends towards decentralised net zero transitions and devolved governance continues apace (Rodríguez-Pose and Gill, 2003; Burger et al., 2020). This is particularly true for local and decentralised energy markets, where new innovations, technologies and organisations are hastening the shift from centralised to decentralised energy systems. Smart local energy systems, locational pricing, bespoke tariffs, peer-to-peer trading of local surplus electricity, flexibility markets and community opportunities for energy storage, alongside engagement in vehicle-to-grid markets, are just some of the net zero innovations that can be integrated into CWB strategies for engagement in energy markets. In this space, public and community ownership of novel technologies and platforms will be key to contributing to CWB synergies with net zero. Research on the financial benefits of community ownership shows that community-owned wind farms pay their communities 34 times more than their commercial (private) counterparts (Aquategra, 2021), whilst co-operative and community energy schemes are more effective in connecting the benefits of low-carbon technologies to deprived communities than individual, household models of deployment (Stewart, 2021).

Our Perspective thus has strong normative underpinnings; we see the presence of more plural, democratic, public and civil society forms of ownership and governance in net zero economies as constituting more ‘just’ forms of organisation, particularly when citizens and workers at the heart of local communities and economies are given greater autonomy and agency in the face of historic corporate and state control over the expansion of the green economy. Understandings of a ‘just transition’ cannot, therefore, be divorced from broader questions of ownership and governance in our economy and further explorations of civil society-led pathways to a just transition are vital. As we have highlighted, anchor institutions and emerging anchor networks, supported by the local state, will be key in designing justice interventions and advancing social justice aims, where marginalised and deprived communities are placed at the forefront of local green recovery and regeneration strategies. This is a vital area of future research for both the CWB and just transitions research communities.

Moreover, CWB opens up wider discussions on the role of local

### Table 1

<table>
<thead>
<tr>
<th>CWB Principles</th>
<th>Grassroots innovations</th>
<th>Thousand Flowers pathway</th>
</tr>
</thead>
<tbody>
<tr>
<td>[1] Plural ownership of the economy</td>
<td>Distinct organisational forms</td>
<td>Dominance of civil society in the governance of UK energy systems</td>
</tr>
<tr>
<td>[2] Making financial power work for local places</td>
<td>Divergent contextual situations/Different resource bases</td>
<td>Key financial relationships between the local banking sector &amp; civic energy sector</td>
</tr>
<tr>
<td>[3] Fair employment and just labour markets</td>
<td>Alternative driving motivations</td>
<td>Net employment creation</td>
</tr>
<tr>
<td>[4] Progressive procurement of goods and services</td>
<td>Different resource bases</td>
<td>Local value capture/capture local value of energy production and consumption</td>
</tr>
<tr>
<td>[5] Socially productive use of land and property</td>
<td>Different kinds of sustainable development</td>
<td>Local energy ownership a focus of local government economic development</td>
</tr>
</tbody>
</table>

### Table 1 Optimises CWB principles and civil society approaches to transitions.
economic democracy, its potential, its limits, and how it may effectively engage with net zero transitions and reshape our conception of a just transition. While both grassroots innovations and transition pathway literatures have acknowledged democratic ownership forms in sustainability transitions, often through the guise of a civic energy sector and community energy schemes, CWB has the potential to highlight how a local-state-backed form of economic democratisation can strengthen these endeavours, by drawing on successful examples and empirical analysis emerging across the world. However, cautioned by analysis of grassroots innovation alluded to above, CWB may, without due attention, succumb to a ‘fit and conform’ strategy, where CWB is ultimately used to reinforce existing market-oriented power structures through using procurement to support local businesses and supply chains, which do not attend to decarbonisation and sustainability goals. In contrast, if CWB pursues a ‘stretch and transform’ approach, it can be used to move economic democratisation towards the heart of sustainable energy transitions, incorporating stronger social justice goals as outlined above.

Despite this positive outlook, we do, however, exercise caution here; it is vital to not advocate for CWB uncritically. As Manley and Whyman (2021) point out, CWB has top-down tendencies whenever its goals and visions are set by local political leaders, rather than through local citizens and civil society deliberation. Ensuring economic democratisation in CWB is supported by appropriate development networks and educational schemes has the potential to counter any technocratic tendency. This is vitally important, as research points towards a key role for economic democracy in enhancing both equality and sustainability in society (Power et al., 2016).

Thus, whilst our paper has championed the possibilities of bridging with just sustainability transitions, we conclude by acknowledging three key challenges for CWB and just transitions that future action-research must address to assess its feasibility and potential to promote transformative change:

1. **Linking up CWB and just transitions policies and strategies** - Although CWB is receiving local and regional policy support across the globe, support for just transitions appears at multiple levels of governance globally and plays host to political support and buy-in at a broader scale than CWB. With broader top-down policy support and financing, CWB could arguably be more transformative and impactful. There is significant space in both research and policy to explore linkages, alignments and complementarities between CWB and just transitions to a net zero economy, particularly in ‘left behind’ areas, regions and communities that are seeking bold regeneration strategies after decades of deindustrialisation.

2. **Local financial innovation** - The role of finance is critical in decarbonising the economy and many of the financial mechanisms and innovations required for current net zero targets are beyond the reach of CWB, particularly in highly centralised financial systems. However, through the redirection of procurement practices that CWB advocates for, there is potential to redirect local spending towards climate goals and experiment with local financial innovation, such as Community Municipal Bonds (Davis, 2021), to support local decarbonisation and local wealth retention in net zero transitions. Research into how to unlock and access finance locally to support CWB approaches to new net zero economies will be vital in coming years, alongside exploring further how local financial innovations can support and link up to broader just transition concerns.

3. **Anchor institutions supporting just net zero transitions** – it is clear that anchor institutions, with their associated procurement power and natural embeddedness within place-based economies, will have a vital role to play in ensuring they use their local economic power to support grassroots innovations and civic energy projects. The expansion of an ‘anchor mission’ – to include inclusive and sustainable local enterprise – will be fundamental to this challenge. Anchor institutions should ideally give preferential treatment to democratic organisational structures in their economic developments. This would contribute towards the transformational potential that CWB promises to local economies across the world.

These three challenges overlap. Local just transitions strategies, emboldened by CWB agendas, will need to ensure that key anchor institutions support local financial innovation and leverage procurement spending to advance CWB approaches to net zero economies, whilst also supporting economic democratisation as part of reconceptualised just transitions. The novel insights offered in this Perspective suggest such an endeavour is worth embarking upon, in research, policy and practice.

**CRediT authorship contribution statement**

**M. Lacey-Barnacle:** Conceptualization, Supervision, Project administration, Writing – original draft, Writing – review & editing, Funding acquisition. **A. Smith:** Conceptualization, Writing – original draft, Writing – review & editing. **T.J. Foxon:** Conceptualization, Writing – original draft, Writing – review & editing.

**Declaration of competing interest**

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

**Data availability**

No data was used for the research described in the article.

**Acknowledgements**

The authors wish to thank the reviewers for their time and their insightful comments which helped improve the paper. This research was supported by a Leverhulme Trust Early Career Research Fellowship ECF-2021-191, of which the lead author is a recipient.

**References**


March.


