The double dividend:
The social and economic benefits of community infrastructure and its potential to level up 'left behind' neighbourhoods

A report to inform the Levelling Up White Paper

July 2021
About Local Trust
Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live.

About Big Local
The Big Local programme has invested £1.15m in funding from the National Lottery Community Fund into 150 neighbourhoods across the country. This funding has been placed directly in the hands of local residents, giving them the ability to make decisions about how to improve their areas and the quality of life of local people.

About this report
This report is designed to inform the government’s Levelling Up White Paper. It draws on evidence from the Big Local programme, as well as new research, to make the case for investment in community led social infrastructure and to highlight its potential to achieve economic as well as social change and therefore to level up the most deprived or ‘left behind’ neighbourhoods.

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Cover photo: Members of Selby Big Local stand outside their community-owned building in Selby, North Yorkshire
Photo credit: Jonathan Pow
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>The case for social infrastructure</td>
<td>9</td>
</tr>
<tr>
<td>Community leadership is key to success</td>
<td>13</td>
</tr>
<tr>
<td>Target investment: right place and scale</td>
<td>18</td>
</tr>
<tr>
<td>Conclusions</td>
<td>23</td>
</tr>
<tr>
<td>Recommendations</td>
<td>25</td>
</tr>
<tr>
<td>Bibliography</td>
<td>34</td>
</tr>
</tbody>
</table>
When launching the legislative programme for this Parliament, the Prime Minister again declared his commitment to “unite and level up” the country – and announced plans to publish a Levelling Up White Paper later this year, setting out “bold new interventions to improve livelihoods and opportunities throughout the UK”.

But if levelling up is the only game in town, what exactly is it? And more importantly, what might it mean to residents of the most ‘left behind’ communities who should benefit from it the most?

To date, it has been interpreted as primarily about tackling regional economic divides, with initiatives such as the Levelling up Fund, the Towns Fund, the Future High Streets Fund and significant investment in national infrastructure projects dominating headlines.

However, recent government announcements have suggested a broader policy ambition aimed at “improving everyday life for communities… and ensuring everyone can succeed regardless of where they live”; enabling “people…[to be] proud of their local community.

These objectives tap into something very important in the mood of the country right now. Even before COVID, there was an anxiety that the fabric of our shared social and civic life had been torn – with the loss in many places of local pubs, bingo halls, community centres and neighbourhood shops: the places where we connect, make friends, build relationships, and cultivate a sense of neighbourliness. This phenomenon isn’t limited to our poorest neighbourhoods, but the impact is often most obvious in communities that have also suffered economic decline.

As human beings, we have a basic need for connection and a sense of belonging, and we gain this in large measure through institutions that reflect our collective local identities.

Indeed, it is now largely uncontested that high levels of trust and reciprocity between residents within a place, and the bonding and bridging social capital they create, underpin the success of any economy – whether national or local. Local social and civic institutions are the fundamental engines of social capital. Both the civic facilities and the organisations that operate within them are key to ensuring communities are happy, healthy and resilient.

We know that individuals living in communities with higher levels of social capital have, on average, better outcomes across a range of indicators including employment and health and wellbeing.

On the other hand, research by OCSI for Local Trust suggests that a lack of places and spaces to meet in a neighbourhood, low levels of community activity and poor digital and transport connectivity contribute to worse socio-economic outcomes in the most deprived areas. People living in areas that are highly economically deprived and lack social infrastructure have fewer employment opportunities, with lower household income and markedly worse health outcomes, while educational attainment is significantly lower across every age group.
If levelling up is to be a success, it must focus on these communities. But what can be done? How can we, as a nation, reweave the social fabric of the communities that have been most ‘left behind’?

This submission uses evidence from over a decade of running the Big Local programme – the largest ever national experiment in neighbourhood level devolution and community regeneration – as well as research undertaken by the APPG for ‘left behind’ neighbourhoods, Frontier Economics and a host of think tanks, charities and research institutes to make the case for trusting local people to deliver the change they want to see in their own communities.

It makes the case for the value of locally rooted social infrastructure, highlighting how that can strengthen other policy interventions taken at a regional or national level, and charts a new course that will level up ‘left behind’ communities over the next decade.

We need a radical rethink to neighbourhood-level regeneration, placing community leadership and hyper-local interventions at the heart of our plans to deliver greater prosperity, starting with those who have the least.

As we emerge from a pandemic which has demonstrated the good-will and resilience of our local communities, it is evident that this is an agenda whose time has come. All it needs is for the government to grasp it.

Matt Leach
Chief Executive
Local Trust
Summary

The government is committed to levelling up the country. To date, policy initiatives have primarily addressed regional economic imbalances. But levelling up, according to government statements, also embraces a broader and more ambitious social agenda – enabling people to be proud of their local area, strengthening community and improving quality of life.

This taps into something very important about the mood of the country and the need to mend the tears in our social fabric, build shared identity, overcome divides and provide solutions for communities that have too often felt ignored and neglected by both the national and local state.

Yet the shared places and institutions which foster communal relationships, such as community centres, local sports and arts centres, libraries and pubs, have been in decline over several decades. Often this erosion of social infrastructure has been most felt in communities that have also suffered from the decline and withdrawal of traditional industries and which have therefore had high levels of unemployment.

The evidence tells us how important social infrastructure is in the most ‘left behind’ areas. It creates a sense of belonging and identity, generates civic pride and improves the quality of a place and residents’ satisfaction with the neighbourhoods in which they live.

However, social infrastructure generates economic as well as social value. Improving social infrastructure is a foundational investment, which can reap significant economic as well as social and civic returns. The link between the social fabric and social and economic success is clear. A wide range of research shows that individuals and communities with high levels of social capital have better outcomes across a range of indicators including employment, health and wellbeing.

Yet, this investment must be done in the right way. Local residents must take the lead. Investment must be empowering and enabling, done by communities, not to them. The evidence shows that place-based funding programmes need to harness community leadership in order to deliver sustainable change. People want the opportunity to build a better future for themselves, their families and their communities. Investing in the confidence, skills and capacity of local people provides longer term dividends, benefiting neighbourhoods into the future.

Investment must also be targeted at the right places, at the right scale. Not one-size-fits all but a place-sensitive approach that reaches the hyperlocal or neighbourhood level, targeting those specific areas which have been ‘left behind’. A consensus is developing around these ideas. The government needs to move beyond a focus on the physical, economic infrastructure of cities and regions to also support neighbourhood-level change in ‘left behind’ areas, helping rebuild their social infrastructure and invest in and empower the people who live there.
Finally, investment in change needs to be long term. Just as many ‘left behind’ areas have seen a gradual but sustained decline in both their economic prospects and social infrastructure over many years, rebuilding that capacity will require long-term investment. Evidence from other neighbourhood investment programmes highlights the time it can take to develop local leadership and build sustainable community-led civic organisations and institutions. Typically, this requires both certainty of funding and support over periods significantly beyond government spending settlements or local or national electoral cycles.

Long-term, hyperlocal or neighbourhood level investment, targeted at the places with the greatest need and led by communities themselves are the ingredients for success. To enable this, the government should:

- direct dormant assets to a new Community Wealth Fund to provide long-term support to the residents of ‘left behind’ neighbourhoods to rebuild their social infrastructure
- ensure that at least 20 per cent of the UK Shared Prosperity Fund (UKSPF) is directed to support community economic development in ‘left behind’ neighbourhoods
- support the establishment of a What Works Centre for Community & Neighbourhood Improvement
- support a development programme for community leaders who can drive forward the vision of levelling up this country.
Introduction

Boris Johnson, in his first speech as Prime Minister made a commitment to ‘level up’ – “answering at last the plea of the forgotten people and the left behind towns” (Boris Johnson, 2019a). As we emerge from the worst of the pandemic, and with the establishment of a new unit in the Cabinet Office to drive forward progress, it is clear that levelling up – above all else – is the core policy goal for this government.

Levelling up has been interpreted as primarily about addressing regional economic imbalances between North and South. As well as “supporting individuals across the country to reach their potential” (HM Treasury, 2021) through investing in the human capital of every area and region, “creating new jobs, boosting training and growing productivity in places that have seen economic decline and the loss of industry” (Prime Minister’s Office, 2021). The Plan for Growth released by the government and the Queen’s speech briefing indicate that it is a policy aimed at “improving everyday life for communities… and ensuring everyone can succeed regardless of where they live”. It is about enabling “people….[to be] proud of their local community, rather than feeling as though they need to leave it in order to reach their potential” (HM Treasury, 2021) and “strengthening community and local leadership, restoring pride in place, and improving quality of life in ways that are not just about the economy” (Prime Minister’s Office, 2021).

Crucially, Boris Johnson has described the plan not only to level up in economic terms but also to unite this country “by physically and literally renewing the ties that bind us together” – the more social or community dimension (Boris Johnson, 2019a). The mission is not just to address “endemic health problems, generational unemployment, down-at-heel high streets” – the economic conditions – but also to “help places everywhere to strengthen their cultural and creative infrastructure, the gathering places that give a community its life” – the social conditions (Boris Johnson, 2019b).

Our social fabric needs repair

The ambition to strengthen social conditions reflects something key about the mood of the country. Even before COVID, there was an anxiety that in many places the fabric of our shared social and civic life had been torn. As far back as 2007 there was talk of ‘Broken Britain’, but in recent years we have seen it in the fall-out from the divisive EU referendum, the idea of a London or Westminster ‘bubble’ out of touch with the rest of the country, and characterisations of UK citizens as divided into ‘somewheres’ and ‘anywheres’ (Goodhart, 2017).

55 per cent of people believe the UK is divided (Dixon, 2021). 61 per cent say we are divided on the key issues facing the UK today (Edelman, 2021). The 2020 Trust Barometer reveals that 3 in 5 Britons say they are losing faith in democracy as an effective form of government, and over half believe that capitalism does more harm than good (ibid). Institutions are seen by Brits as less competent and more unethical compared to the global average (ibid). In communities across the UK, positive engagement with our neighbours, such as exchanging favours
or stopping to talk fell after 2012, and our sense of belonging to our neighbourhoods across the UK declined after 2015 (Office for National Statistics, 2020).

This isn’t a phenomenon limited to our poorest places, but the impact is often most obvious in communities that have also suffered economic decline – with the loss of shared workplaces, local trade union activity and other institutions that define local identity. Whilst the welfare system can provide a safety net for those most affected by changes in the economy, successive governments have failed to acknowledge and address the need to help communities sustain the social fabric of the areas in which they live. Without change on this front, people are unlikely to have a tangible sense of their circumstances improving.

A wide range of research shows that individuals and communities with a healthy bank balance of social capital have better outcomes across a range of indicators including employment, health and wellbeing. Indeed, it is now largely uncontested that high levels of both human and social capital underpin the success of any economy – whether national or local (Bennett Institute, 2021). This is a virtuous, mutually reinforcing circle. High levels of trust and reciprocity and the bonding and bridging social capital they create can positively influence human capital accumulation – and vice versa (ibid).

A need for investment in community life

To argue that levelling up should be about investing in the social and community dimension as well as economic life is not controversial. The notion has been backed by the Centre for Progressive Policy, the COVID Recovery Commission, Onward and the Bennett Institute in a number of recent reports. Notably, in The State of our Social Fabric (2020), Onward argues that levelling up should mean not just providing security in an individual’s personal life i.e. secure jobs and housing, but in community life as well – civic institutions, positive social norms and social relationships. Furthermore, Onward says that these are things that the 2019 election result showed people in ‘left behind’ areas, particularly in the former ‘red wall’, were looking to politicians to revive (ibid: 38-41). The report concludes that, to be successful, levelling up will need to “start building local institutions, seeding local networks, empowering local leaders and devolving power to places to take back control of their own place” (ibid: 96).

The levelling up strategy that we need to repair our frayed social fabric and give deprived communities a sense of belonging, hope and opportunity flows naturally from this analysis. The case we set out in this report is that investment in social infrastructure is a key foundation stone but it needs to be made in the right way – the focus needs to be at the neighbourhood level, and it needs to be led by the local community, if the government’s levelling up ambitions are to be achieved.
The case for social infrastructure

What is social infrastructure, why the growing interest and, more importantly, why should supporting social or community infrastructure be a key strand of government’s levelling up agenda?

Social infrastructure defined

Social infrastructure is at the heart of creating stronger, more vibrant communities and a more cohesive society. In May 2021, the Bennett Institute in Cambridge produced an influential report on the value of social infrastructure. This is the latest in a number of reports published over the last two or three years making the case for investment in social infrastructure. The Bennett Institute (2021) defines social infrastructure as community places and spaces whose principle function is to foster ‘inter and intra-communal relationships’. By this, they mean community centres, local sports and arts centres, libraries and pubs – spaces that provide people with somewhere to meet, build trust and connection, and give an area interest, life and soul.

Community buildings provide a means for people to come together and build connections, but there are other aspects to social infrastructure, defined as the structures and processes that enable the development of social and economic capital in communities, including neighbourhood community and voluntary associations and connectivity – both physical and digital – which is vital to connect people to social and economic opportunities in their wider geographical area (APPG for ‘left behind’ neighbourhoods, 2020a).

Social infrastructure in sharp decline, impacting poorest areas most

Across the country, social infrastructure has been in decline. A recent study by Locality (2018) makes for bleak reading: it finds that over 4,000 public buildings and spaces are sold every year. A high proportion never re-open; organisations are closed and services boarded up. The number of pubs and libraries has been in sharp decline. Over 25 per cent of pubs have closed their doors since 2001 and the number of libraries dropped by nearly 30 per cent, from 2001 to 2018 (Office for National Statistics, 2018), whilst 70 per cent of youth services closed between 2010 and 2016 (YMCA, 2020).

An important fact here is that the erosion of social infrastructure has been uneven, exacerbating existing inequalities between better-off neighbourhoods and those that have historically lacked funding and resources. Locality (2018: 5) found that “the poorest places are often most reliant on public buildings and spaces”, therefore their closure has a “devastating impact” on communities which were already facing poorer outcomes. The most deprived communities often shoulder the brunt of declining services, facilities and community buildings. The Joseph Rowntree Foundation (2015) found that the contraction of local government budgets over the past ten years has resulted in the closure of many community...
places and spaces which had previously been key to the social infrastructure of deprived neighbourhoods. In addition, efforts by local government to maintain provision despite budget reductions have led to policies which centralised services in town centres. Overall, the result has been a situation where facilities are now often absent from the neighbourhoods that need them the most (ibid: 117).

The closure of community places and spaces has been compounded by the COVID-19 pandemic. Research from UK Active (2020) has shown that more than half of public leisure facilities in England are at risk of closure, in addition to the 400 gyms, pools and community centres that have already shut since the pandemic began. A separate Local Government Association (2020) survey also reports that one third of councils are planning to close one or more facilities due to financial pressures as a result of the pandemic.

The situation is similar for community centres and hubs. A report by Community Matters (2021: 18, 28) highlighted that continued financial insecurity is resulting in many community buildings “closing their doors for good”, whilst others are “reaching the end of their financial reserves”. It concludes that the pandemic has resulted in a “potential crisis” for community buildings and facilities across the country.

Civic engagement and voluntary association have also declined. In 2017, just under half of people were members of a group of some kind, a decline of around 10 percentage points since 1991 (Onward, 2020: 55). The decline in membership has particularly hit local groups. For example, the number of people who are a member of a working men’s or social club has fallen by around a quarter to one in ten people, whilst the number who are members of a tenants’ or residents’ association has fallen by 38 per cent to 6 per cent of the population (ibid: 55). This has knock-on effects, reducing the strength of trust, reciprocity and neighbourliness, key norms which allow community action to thrive. Again, the data is even more striking for ‘left behind’ areas. Such neighbourhoods are less than half as likely to have a charity in their area, 98 per cent have lower rates of volunteering and they perform less well than the England average on measures of social connectedness, such as whether people feel they belong to their neighbourhood and that they can borrow things or exchange favours with neighbours (OCSI, 2021b). More information on ‘left behind’ neighbourhoods in box 1 below.

Many communities have also become less connected to opportunities both economic and recreational because of a lack of digital connectivity and affordable public transport. Research by Campaign for Better Transport and OCSI points to some of the poorest levels of connectivity in the country in ‘left behind’ neighbourhoods. Low levels of car ownership and limited rail services mean that people are more reliant on buses than other areas, whilst local authorities with ‘left behind’ wards have seen bus use decline faster than other areas. The total length of supported local bus routes provided in local authorities with ‘left behind’ wards declined by 35 per cent over the last six years, while commercial services declined by 11 per cent (APPG for ‘left behind’ neighbourhoods, 2021). Residents also have poorer internet access, with a much higher proportion (almost 80 per cent) not using the internet as part of their everyday lives (ibid).
Investment in social infrastructure rebuilds community and prosperity

People have a basic need for connection and a sense of belonging; they gain this in large measure through institutions that reflect collective local identities whether that be community centres, rugby clubs or pubs. Local social and civic institutions are the engines of social capital, providing spaces for people to meet and activities that bring them together enabling them to address local issues (APPG for ‘left behind’ neighbourhoods, 2020a).

While this is something we all know instinctively, there is also research to back it up. Analysis by Pro Bono Economics suggests that the presence of community assets may be a better predictor of life satisfaction in an area than its GDP or household income. Polling by Survation (2020) indicates that people feel the biggest funding deficit in their area has been investment in community provision. Work on the foundational economy confirms the contribution local social and civic assets make to people’s sense of wellbeing and quality of life (Foundational Economy Collective, 2019).

Box 1: What do we mean by ‘left behind’ neighbourhoods?

Although controversial, the term ‘left behind’ became commonplace in political debate in the run up to the 2019 election. Both main parties were seeking to highlight the challenges of places that had suffered not just from poor economic performance, but also wider neglect in terms of public investment and opportunities for the people who lived in them. Whilst no formal definition was adopted, often the term was applied by Conservative politicians to former industrial towns and cities and some coastal communities.

In 2019, Local Trust commissioned research from Oxford Consultants for Social Inclusion (OCSI) to explore how data might help identify and understand the challenges of such areas and support the development of policy responses. This work mapped three different area characteristics: civic assets – spaces and places for communities to meet, green space and recreational opportunities; civic participation and community engagement – number of registered charities, voter turn-out, levels of volunteering; and physical and digital connectivity – travel times to key services, car ownership, broadband speeds, one person households. OCSI used these characteristics to create a new Community Needs Index (CNI).

Overlaying the most deprived 10 per cent of areas from the CNI on top of the most deprived 10 per cent of areas as denoted by the Index of Multiple Deprivation (IMD) highlighted 225 wards which were notable for being both highly deprived and lacking in the social infrastructure to support local people to address those challenges (Local Trust, 2019: 14). These wards have worse socio-economic outcomes across all metrics than other similarly deprived areas (that is, others also in the top 10 per cent most deprived on the IMD): worse educational attainment; lower participation in higher education; fewer job opportunities, with those that were available often being in low-paid employment; and significantly worse health outcomes, with lung cancer prevalence over double the national average (Local Trust, 2020).
It seems obvious that a lack of social or community infrastructure in an area erodes the quality of people’s day-to-day lives. However, how it reduces life chances, particularly for those living in the most deprived or ‘left behind’ areas, and how it impacts on local prosperity are less appreciated. And it is this that makes it a key issue for government’s levelling up agenda.

Research Local Trust commissioned from OCSI (2019a) mapped the English wards with the highest levels of socio-economic disadvantage alongside a lack of social infrastructure – these areas lack places and spaces to meet, an engaged community and physical and digital connectivity, meaning they are cut off from recreational and economic opportunities outside their immediate geography. It found that these 225 wards have markedly worse unemployment and health outcomes and lower educational attainment than other equally deprived areas which have such community assets. This suggests how important social infrastructure is in the most ‘left behind’ areas and how its provision should be a key element in the government’s approach to levelling up.

As the Bennett Institute (2021) indicates, social infrastructure generates economic as well as social value. This is the good news at the heart of the levelling up agenda – by investing in social infrastructure we can rebuild community and also rebuild economic prosperity. Social infrastructure creates jobs: it is estimated that almost 2.3 million people are employed in social infrastructure or related industries (Bennett Institute, 2021). There is also evidence that social infrastructure helps to address disparities in human capital (ibid). Many of the community organisations that foster and sustain local identity and belonging also have education, skills and health improvement functions that are often overlooked. The Bennett Institute (2021) highlights that community institutions can collectively provide a framework for life-long learning and skills development that is crucial if we are to level up. Their contributions include the learning resources and skills workshops hosted by libraries, apprenticeship and volunteer schemes. Community organisations also support people into work by running job clubs and employment brokerage services or providing childcare, community transport or other services and support that makes employment possible.

Research by Frontier Economics (2021) confirms that investment in the social infrastructure of the most ‘left behind’ neighbourhoods can generate significant economic payback to the Treasury (HMT). It reveals that for every £1m invested, there are fiscal returns of £1.2m (at least 50 per cent of which are likely to be cashable) and there are wider economic returns worth a further £2m, including a £0.7m boost in employment, training and skills opportunities for local residents (for more about this research see next section). Social infrastructure provides the foundations for spreading opportunity, improving livelihoods, raising living standards, and fostering enterprise that can deliver levelling up.

Social infrastructure vital for levelling up the most ‘left behind’ places

Danny Kruger (2020) argues that we need a new economics of place. Amongst other things, he suggests that places need strong identities and social infrastructure. Economic success means liveable places and “the heritage, environment and culture of a place matter as much as its transport links and business facilities. A place needs a sense of itself to hold its bright young people, and to attract others to settle there” (Kruger, 2021a). And he argues places need infrastructure
and this includes the “social infrastructure that makes a community” (Kruger, 2021a). The Bennett Institute (2021) assessment of the civic value of social infrastructure echoes Kruger’s analysis. It argues that when community spaces and facilities are well-maintained and accessible, they play a large role in shaping residents’ sense of identity and belonging (ibid). They create value by fostering civic pride and building the social capital and community bonds that encourage peoples’ participation in their community. This enables local people to bridge divides, increasing levels of trust and cohesion between different sections of the community.

The opportunity now is for government to acknowledge fully the value of social infrastructure in its levelling up policy. Some small steps have been taken: for example, the Government has announced a £150m Community Ownership Fund to help communities across the country take over assets that might otherwise be lost. However, this is a universal fund rather than one that prioritises places where local social infrastructure has suffered its biggest decline and on any measure small scale compared to the nearly £9bn allocated to levelling up initiatives so far, predominantly for physical infrastructure projects (Bennett Institute, 2021).

Government should commit to investing in social infrastructure in the most ‘left behind’ areas as part of its levelling up agenda because it is a foundational investment. It would make the ground fertile for targeted investment programmes. For example, those aimed at regenerating deprived areas, by building the confidence and capacity of communities to apply for them, when they would otherwise continue to miss out. It is analogous to investment in physical infrastructure, in creating the conditions for future economic success, and as the Centre for Progressive Policy (2020) has argued, likely to generate a comparable level of return on investment. So, the question is, how should government invest?
Community leadership is key to success

Investment in social infrastructure will only deliver if it is done in the right way. The first key design principle is that communities must take the lead. Investment must be empowering and enabling, providing agency and opportunity. It must be done by communities, not to them. It must give people the freedom to build back better from the ground up, not chain them to a centralised model of welfare from the top down.

This means a focus on social infrastructure developed and led by communities. It means securing policies which support and encourage residents in the most deprived or ‘left behind’ neighbourhoods to participate in civic life, and by doing so building their confidence and capacity to improve their own and their communities’ prospects.

The last Conservative Party Manifesto (2019: 2) made the commitment that the government would "listen to the people who have felt left behind" and give those communities "more control of their future." It said, "we believe you can and must trust people and communities to make the decisions that are right for them" (ibid: 26). Danny Kruger MP (2020) argues that we need to develop a new social covenant and he sets out twelve principles which would underpin it. The last but not least of these is community power. He defines community power as "the role of local people, acting together spontaneously or through enduring institutions, to design and deliver the kind of neighbourhood they want to be part of" (Danny Kruger, 2020: 13). He argues that the "real change we need is for communities themselves – not councils – to take back control" (Danny Kruger, 2021b).

The academic case for community leadership

In recent years, leading academics, economists and political theorists have set out a robust case for how community power creates a strong and prosperous society.

Perhaps most famously, in her Nobel-prize winning work on community governance, Elinor Ostrom (1990, 1993) argues that empowered communities with the resources and freedom to make decisions will do so in a sustainable and efficient way. Local leadership often allows communities to work "more effectively because they are not reduced to recipients of commands from above" (Ostrom, 1993: 231).

Recent work by Raghuram Rajan (2019) builds on this, arguing that a prosperous society is reliant upon an equal balance between three main pillars – the state, the market and the community. He notes that strong, independent communities play a vital role in balancing the forces of the state and the market, improving economic growth and strengthening our resilience. In a recent lecture, Andy Haldane called for "community capitalism" – a new governance model that would see a reinvigorated civil society
with the autonomy to lead change and rebalance the powers of the market and state to tackle spatial inequality across the country (Haldane, 2021).

We know from our experience administering the Big Local programme (see box 3), that civic engagement generates local pride and a stronger community. It makes the area a safer and more pleasant place to live. People are more likely to know each other and engage in small, informal acts of neighbourliness.

**Sustainable change requires community leadership**

The argument for community leadership is pretty simple. If local people are encouraged and supported to take on the task of improving their local area, there are clear and tangible benefits. Civic engagement generates local pride and a stronger community. It makes the area a safer and more pleasant place to live. People are more likely to know each other and engage in small, informal acts of neighbourliness. The activities and services the community designs and delivers are tailored to local needs and aspirations which means residents are more likely to use them, so they achieve greater traction and better outcomes. They tend to be low-cost because rooted in local resourcefulness and entrepreneurialism; often preventative as opposed to remedial, they can evidence significant savings to the public purse over time.

Numerous research studies and evaluations indicate that community leadership can help to solve complex structural problems and lead to better outcomes across a variety of domains including health and wellbeing, local economic development, improving the prospects of young people and community resilience. The evidence is particularly well developed and striking for health and wellbeing (see the box 2).

And if the specific objective is to level up the most ‘left behind’ areas, there is evidence that community leadership is a key success factor. An in-depth analysis of all major local area initiatives undertaken over the last forty years found that previous funding programmes had failed to leave a lasting legacy in neighbourhoods because of a lack of genuine community engagement and control over decisions (Cambridge University, 2019). The report notes that the community “has to feel they have real influence and real power, otherwise they won’t engage” (ibid: 8). Undertaking qualitative research amongst experts in community regeneration, Cambridge University found “a broad consensus that building community capacity was important for creating a lasting legacy” (ibid: 8-10). One of the most important lessons to learn from previous funding schemes is that funding must “harness the knowledge and energy of local people or empower them to develop their own solutions in order for change to be sustainable” (Social Exclusion Unit, Cabinet Office, 2001: 7).
An economic payback

Frontier Economics (2021) has brought together the existing evidence to provide an independent assessment of the economic basis for investment in community-led social infrastructure and to quantify the potential scale of economic, social and fiscal returns from these investments. Their overall conclusion is that targeted investment in community-led social infrastructure would provide a significant scale of opportunity to improve outcomes in ‘left behind’ areas with knock on benefits for the Exchequer.

Box 2: Community power: the evidence for improved health and wellbeing

There is a wealth of evidence regarding the positive role communities play in improving health and wellbeing. The Marmot Review: Ten Years On (Institute of Health Equity, 2020: 98) highlights a clear association between community leadership and improved health outcomes. Higher levels of community leadership have been found to lower levels of stress and anxiety and result in higher engagement with health-promoting behaviours.

Findings from research examining resident-controlled housing associations also demonstrate that community leadership and control “effectively enhances community engagement, activates citizenship and significantly improves both individual and collective well-being” (Rosenberg, 2012: 1462).

There is also significant research demonstrating that community participation in decision making improves mental health and wellbeing; participation “free[s] people from loneliness and isolation, enhancing their wellbeing and improving their mental health” (Britton, 2020). Separate studies into the effects of meaningful participation in public life on residents’ health and wellbeing found that feelings of control over issues that affect them act as a ‘stress buffer’, improving mental health and reducing stress (People’s Health Trust, 2018: 3). Similarly, the What Works Centre for Wellbeing (2018: 3) has highlighted that meaningful engagement is “closely related to the likelihood of experiencing positive outcomes from engagement in projects”.

Since 2011, Wigan Council has been developing a ‘citizen-led’ and ‘asset-based’ approach to public health, where public services seek to build on the strengths and assets of individuals and communities to improve outcomes (The King’s Fund, 2019). As a result, healthy life expectancy has increased significantly, bucking the trend of stagnation England-wide.

Pointing specifically to employment and skills data, they say:

Compared to the national average, left behind areas have over 13 per cent more working age people without qualifications and 15 per cent fewer with NVQ4 equivalent qualifications or above. They also have a higher proportion of the economically inactive population who want a job, and this is highest in the most left behind areas.”
Based on data from the Big Local programme (see box 3), Frontier Economics assessed the likely economic pay back from a typical basket of community investments in a neighbourhood. Using a very conservative approach to developing its estimates consistent with economic appraisal processes used by HMT, the report concludes that £1m in investment would be likely to generate £3.2m in social and economic benefits over a 10-year period. This includes £2m in increased employment, health and wellbeing, GVA in the local economy, and reduced crime and £1.2m in fiscal benefits through employment, tax and benefit savings, and the reduced costs of crime, healthcare and employment services. The return in employment taxes and benefits estimated at £0.7m as a result of supporting unemployed people into work are ‘cashable’ as they provide a direct saving to the Exchequer.

The Frontier Economics estimates are likely to be significantly lower than the benefits that might be achieved for two reasons. Firstly, the research focused only on those outcomes for which robust quantitative data, indicating a plausible causal link, was available and such data was relatively scarce. Secondly, the report concludes that there is strong qualitative data for a range of outcomes which could not be quantified and therefore monetised. These outcomes include improved social cohesion, civic engagement, reduced loneliness and environmental benefits.

Box 3: The Big Local programme

The Big Local programme has invested £1.15m in funding from the National Lottery Community Fund into each of 150 neighbourhoods across the country. This funding has been placed directly in the hands of local residents, giving them the ability to make decisions about how to improve their areas and the quality of life of local people. Areas were selected on the basis that they suffered from higher than average levels of deprivation and had previously missed out on their fair share of lottery or other public funding.

The Big Local programme began in 2012 and will run until 2026. It is administered nationally by Local Trust, who also engage in research and policy work guided by learning and insights from the programme.

Outcomes from the programme so far evidence benefits for individuals – including reduced social isolation, increased confidence and aspiration, and greater access to employment opportunities – and broader community change. Resident-led investment has resulted in the creation and growth of local community and voluntary organisations; physical and environmental improvements; new community hubs and services addressing local needs; new confidence in engaging with local political and consultative forums; and improved community cohesion (Third Sector Research Centre, 2020).
‘Left behind’ areas want to lead change

Some may argue that it is unrealistic to expect communities, particularly those living in the most deprived or ‘left behind’ areas, to mobilise to improve their neighbourhoods. However, polling data indicates that there is an appetite amongst people in ‘left behind’ areas to ‘take back control’ and a conviction that doing so is likely to shift the dial. Survation (2020) polling, commissioned by Local Trust, found that the residents of ‘left behind’ neighbourhoods had a strong belief in the power of community action, with 63 per cent agreeing that residents have the capacity to really change the way their area is run. When asked if a fund were set up to help their community, who should lead decisions about how the money was spent, a clear majority (54 per cent) said local people, with a further 17 per cent saying it should be local charities and community organisations (see figure ) (ibid). This desire for greater community leadership supports Local Trust’s experience of administering the Big Local programme; given the right support people in deprived areas work with enthusiasm and energy to improve their neighbourhoods.

Some suggest that supporting and promoting community leadership would undermine formal democratic structures. Of course, local democratic structures are an important part of our national settlement and require proper resourcing in order to play their vital role. Our proposal is for relatively small-scale complementary investment in building the capacity of communities to participate in civic life, securing much stronger hyperlocal community engagement and accountability by giving communities power over some local decisions and a budget to implement them.

Vesting decision making power in communities in the way envisaged, particularly for those that feel most ‘left behind’, who often feel disenfranchised and ignored, would also be a concrete way of demonstrating that they are not forgotten. It would reinforce the notion that they are not simply regarded as a problem, but instead are recognised as having creativity, resourcefulness and skills to contribute. All they need is to be given an opportunity to show, with the right support to start them off, what they might achieve to build a better future for themselves, their families and their communities.

Figure: If a fund was set up to help provide more support to your community, who should lead decisions about how the money is spent?

<table>
<thead>
<tr>
<th>Who should lead decisions</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local people</td>
<td>54%</td>
</tr>
<tr>
<td>Local government</td>
<td>21%</td>
</tr>
<tr>
<td>Local charities and community organisations</td>
<td>17%</td>
</tr>
<tr>
<td>National government</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: Survation/Local Trust polling, 2020.
Note: All respondents unweighted total: 1003
Target investment: right place and scale

The second key design principle for success is that investment must be targeted in the right places, at the right scale.

The 2019 Conservative Manifesto said:

“Talent and genius are uniformly distributed throughout the country. Opportunity is not. Now is the time to close that gap – not just because it makes such obvious economic sense, but for the sake of simple social justice.”

*Build Back Better: the government’s plan for growth* says that “the most important pillar in our approach to levelling up is supporting individuals to reach their potential in every place and region” (HM Treasury, 2021). It suggests that this will be achieved by addressing differences in levels of “human capital” between places and tackling “geographic disparities in key services and outcomes, like health, education, jobs” (ibid). The Queen’s Speech similarly described levelling up as being about “creating new jobs, boosting training and growing productivity in places that have seen economic decline and the loss of industry – not through a one-size-fits all approach, but nurturing different types of economic growth and building on the different strengths that different places have” (Prime Minister’s Office, 2021).

The emphasis on people and the particularities of the place in which they live and seek work is a welcome shift. The previous approach was ‘one-size-fits-all’ – investment in cities and ‘functional’ economic areas. Interventions were not designed to reduce differences in the economic fortunes of different places because this was regarded as inefficient. The new approach is more sophisticated and more in line with the evidence of what works, but is it local and ‘place sensitive’ enough and is it targeted on the neighbourhoods that need it most?

Focus investment at neighbourhood level in ‘left behind’ areas

Much discussion of levelling up refers to regional imbalances and the gap in the fortunes of the north and the south of the country. But this ignores an important fact, imbalances within regions are often as great if not greater than differences between them; both the north and the south have pockets of extreme deprivation and community need. This government has placed a significant emphasis on investment in towns but the scale of towns or even boroughs often masks the varied nature of inequality at a neighbourhood level.

The OCSI and Local Trust (2019a) research mapping ‘left behind’ wards found they were concentrated in post-industrial areas in northern England and the Midlands, and in coastal areas in southern England. A high proportion are post war housing estates on the edges of towns and cities. These are some of the places that have suffered economic blight over decades because of the closure or failure of previously buoyant
traditional industries including mining and tourism. Many have been in economic decline for decades. These places suffer worse socio-economic outcomes than all other areas and are often found next to areas of relative affluence. These places are missed by analysis of whole towns, cities or functional economic areas.

Polling reveals that four in ten residents of 'left behind' neighbourhoods feel that they have less access to resources compared to nearby communities (Survation, 2020). Over half of these referred to a lack of economic opportunities as one key area where they were not getting their fair share (ibid).

This sense that people have of missing out is confirmed by hard data. A deep dive into the education, employment and skills data for 'left behind' wards, commissioned from OCSI (2020), emphasises the real challenges of levelling up these neighbourhoods. Compared to other equally deprived areas, these wards are characterised by unemployment – there are lower numbers of locally based jobs and a striking lack of self-employment; a greater likelihood of residents being excluded from the labour market due to poor health or disability; lower educational attainment from primary school to post-16 and a higher proportion of adults with no or low qualifications who lack basic skills (see box 4 for further detail) (ibid).

**Box 4: Education, employment and skills in 'left behind' neighbourhoods**

The people living in 'left behind' areas have notably fewer employment opportunities, there are just over 50 jobs per 100 residents in 'left behind' neighbourhoods, compared to over 70 across England and over 80 in those areas that are similarly deprived but benefit from a foundation of social infrastructure. There are far fewer high value and high growth employment opportunities, meaning that people with jobs are more likely to be in low-skilled, part-time positions within low-value and contracting sectors such as manufacturing, retail and transport and storage. People in these neighbourhoods are also half as likely to be self-employed or running a small business than the England average.

For the past decade, 'left behind' neighbourhoods have suffered from increasing levels of unemployment. Whilst current overall unemployment rates are comparable with other equally deprived areas, people living in 'left behind' neighbourhoods are more likely to be excluded from the labour market due to a wide range of factors, most notably poor health and disability.

'Left behind' neighbourhoods also rank below the average on educational attainment compared to other equally deprived areas and England as a whole. This means that pupils in these areas have lower basic literacy and numeracy skills at Key Stage 2, attain lower grades at GCSE and face some of the lowest levels of participation in post-16 education. Disadvantage extends into young adulthood, with just one in four young adults from 'left behind' neighbourhoods progressing to university.

The research also reveals that more than half of all adults in 'left behind' neighbourhoods possess no or low qualifications. People in these neighbourhoods are also more likely to lack basic literacy, numeracy and IT skills than those in other equally deprived neighbourhoods and across England (OCSI, 2020).
These findings chime with other research which shows that, over the last decade or so, jobs growth in high value sectors, and higher value jobs, has been concentrated in city centres and major urban clusters. This has led to the creation of ‘productivity coldspots’, identified as those ‘left behind suburban-rural communities’ who have experienced a decline in high quality, locally based employment opportunities (Centre for Social Justice 2018: 6). Therefore, further interventions looking to boost productivity in towns and cities are unlikely to improve employment prospects in the most ‘left behind’ neighbourhoods.

Other research by the Social Mobility Commission (2020) reveals a link between place-based deprivation and lower educational attainment. We know that low educational attainment continues into adulthood, resulting in additional barriers to employment, given a skills system that lacks funding, flexibility and take-up (Department for Education, 2019). The Augar review of post-18 education found that weaknesses in the skills system cause ‘young people to opt for full-time degrees (Level 6) […] to the near-exclusion of other options’ (ibid: 37). This lack of high-quality options for skills development disproportionately affects residents of deprived areas, who are less likely to enter higher education and who face greater barriers to full time training (ibid: 38). Furthermore, those who do enter full-time higher education often have a ‘brain drain’ effect on local communities, whereby they are attracted to highly paid jobs in cities, hollowing out those neighbourhoods on the periphery.

National or even regional attempts to boost skills will fail to take account of these nuances in skills development and the impact on ‘left behind’ neighbourhoods, thereby failing to properly support the levelling up of the most deprived neighbourhoods.

Prosperity comes from patient investment in local economies

When given a budget to improve their area and the freedom to determine their own priorities, communities tend to engage in various forms of local economic development. Activities include running apprenticeship schemes, training to help people access employment, operating bus services or community transport schemes to connect areas to employment hubs, encouraging employers to locate to the area, and micro grants and other support for sustainable enterprises (Centre for Local Economic Strategies, 2020). Communities have also acquired assets such as community centres, pubs, boating lakes or solar farms. Such projects are enabling the development of a broad range of assets and skills that serve as a vital foundation for building generative and sustainable wealth in deprived areas (Friends Provident Foundation, 2019: 18-20). Box 5 below provides some specific examples.

The current resurgence of interest in these very local economic models is rooted in evidence that community economies deliver better on job creation than more centralised approaches, particularly in peripheral and disadvantaged areas. Localise West Midlands (2013) have conducted in-depth research into the role of community economic development in delivering long-term, sustainable growth in their region. This included an extensive review of existing literature on community economic development, in addition to fifteen case studies from two sectors relevant to the urban West Midlands (five from the relatively mature food economy and seven from the new and emerging energy retrofit sector) (ibid: 16-19). There was strong evidence that local economies with higher levels of small and medium enterprises (SMEs)
and local ownership perform better in terms of employment growth (especially in disadvantaged and peripheral areas), the ‘local multiplier’ effect, social and economic inclusion, household income, civic engagement and wellbeing (ibid: 72).

For levelling up to be successful, hyperlocal activity needs to be prioritised, incentivised, and ultimately connected to larger-scale regional activity. Otherwise, residents in ‘left behind’ neighbourhoods will miss out on future opportunities to upskill and gain better employment.

Recent reports by Localis (2021) and New Local (2021) advocate for an approach which would achieve this through local and community mobilisation. Localis (2021) suggest that measures are needed to give communities the ability to deliver on their own priorities in order to increase local prosperity. They recommend “creating pathways for community autonomy as a vehicle for hyperlocal, small-scale and patient financing of regeneration” (Localis, 2021: 21). New Local (2021) similarly argues that community leadership would deliver much more effective employment support for people facing complex disadvantage because it would overcome difficulties with current provision: lack of capacity and resource for local innovation; under-resourced local services and ecosystems of support and a system which de-incentivises effective partnership working.

Box 5: Examples
The Big Local programme

Lawrence Weston Big Local

A post-war housing estate on the outskirts of Bristol, Lawrence Weston is a community of some 7,000 people, with 30 per cent of children living in poverty and unemployment significantly higher than the national average. Its geography and transport links meant residents were socially and economically excluded.

With Big Local money and support, the estate is now being transformed. The community has invested in a new housing development on a derelict part of the estate, a new supermarket has been attracted to the area and numerous local services developed. The focus has been on social and economic improvements, creating wealth and keeping it local. The partnership has built its own solar farm, the benefits and revenue from which are controlled by the community. It has taken over a disused former youth centre and reinvented it as a community hub providing specialist support, career advice and a job club – tackling isolation and providing local employment. A £1.8 million health and community centre is planned for 2022 and planning permission secured for building a community-owned wind turbine, set to be the largest in England.
Collyhurst Big Local

An inner-city area with a population of 3,000, once the centre of Manchester’s industrial heartland, Collyhurst has suffered decades of decline and profound multiple deprivation. Today there are few local shops, facilities or community assets, with unemployment rates high, poor health and education outcomes, and higher rates of child poverty and crime. Over time, the Big Local partnership is changing this, in collaboration with local businesses, schools and other agencies. A business incubation space now provides units and support for enterprise with a community benefit remit. An organic food growing business is helping to address local food poverty and healthy eating issues; an upcycling business provides affordable furniture and up-skills people through courses and workshops. A construction academy provides training and support, enabling local people to access employment in Manchester’s booming construction sector. A community café is planned. Longer term, the ambition is to set up a local Community Land Trust (CLT) run by local residents to develop and manage homes as well as other assets important to the community and fund community initiatives through rent generation.

Dover Big Local

Though it hosts a major port, Dover town has suffered from a lack of investment for many years. Boarded up shop windows litter the town centre and a proliferation of fast-food outlets, betting shops and pawnbrokers dominate the landscape. It has high unemployment and increasing issues with anti-social behaviour. 33 per cent of children are living in poverty and 30 per cent of people have no qualifications. The Dover Big Local Partnership’s plan to improve the area is twofold: for the town to become a hub for tourists; and to provide targeted support for local businesses. After consultation with residents, it has brought together key local stakeholders including P&O, English Heritage and Dover Council to work on a major new co-ordinated tourism project, ‘Destination Dover’, which is already increasing visitor numbers. An innovation warehouse and co-innovation space for local start-ups incubate businesses and provide mentoring and training support to help them grow, supporting local people into paid work. In the space of three months, 23 businesses signed up. A week-long ‘Pop Up Business School’ programme regularly attracts 40-50 people.
A consensus is developing on how we ‘level up’ our country so that the prospects of ‘left behind’ people and places are improved for the long term.

The COVID Recovery Commission (2020) argues that government should develop metrics that are as local as possible to measure success i.e. evaluation of impact and progress should be at neighbourhood level and consider not only economic fortunes, mental and physical health but also family and community resilience.

They suggest that the levelling up agenda should be based on the principle of ‘least first’ or targeting investment where it is most needed, supporting “those individuals, families and communities that are being left behind” (ibid). Similarly, the British Academy (2021) says in their report The COVID Decade that the pandemic has shown that “national capacity to respond to changing circumstances and challenges requires effort to sustain a strong web of communities and community engagement at local levels”. It argues that “community-led networks are vital for combatting inequalities over the long-term and must be at the centre of plans to build back better” (ibid).

A position paper for the Prime Minister from the Lords Public Services Committee’s (2021) inquiry into levelling up calls for the upcoming white paper to be used as an opportunity to refocus government strategy. It says that government should invest in social infrastructure to unlock the potential of communities as well as early intervention to increase school readiness, preventative measures to improve health and higher education institutions to boost skills. It also argues that if levelling up is to succeed, it needs to be much more ambitious: investment alone will not reduce inequalities, power must also be redistributed. It calls for the Levelling Up White Paper to set out how autonomy and resources will be meaningfully devolved to civil society as well as local government and local public services and says: The Government needs to move beyond a focus on physical infrastructure in so-called ‘left behind’ areas and invest in and empower the people who live there."

There is significant agreement on the key ingredients that will make the government’s levelling up agenda a success:

1. **Investment must happen at the hyperlocal or neighbourhood level.** Focusing solely on towns and high streets will not be sufficient. Such investment tends to ‘stick’ to the town or city centre and fails to benefit the people living on peripheral estates or those living in severely deprived city suburbs and coastal areas which also lack social and civic amenities, who often feel most ‘left behind’.

2. **Resources should be targeted at the places and individuals who need them most.** Programmes need to recognise that a job created for someone who has been long-term unemployed in an area of persistent high unemployment is more valuable than one for a person who has always been fully employed in an area of consistently high economic growth.
3. **Funding should be long-term (over 10 – 15 years) in order to build community confidence and capacity.** Relatively small-scale investment is needed to start to make the change in these areas, but it needs to be patient, ‘untied’ and provided alongside appropriate support to ensure it is well spent.

4. **Community leadership is key.** Past evaluations of local area initiatives indicate that community involvement and control is a key success factor (Cambridge University, 2019). Regeneration initiatives that parachute in consultants and organisations from outside the area do not build community confidence or capacity or create change that is sustainable. By contrast, projects designed and delivered by the local community achieve much greater traction because they are tailored to their needs and aspirations. Local community involvement in delivery tends also to mean they are more sustainable.

Our direct experience of working to support communities during the pandemic reinforces the importance of these principles and that future policy should build from them. The COVID-19 response illustrates the value of neighbourhood or hyperlocal action, with many communities taking the initiative themselves, often before the public sector had mobilised, to ensure that neighbours’ urgent needs were met. The pandemic shone a spotlight on the issues that ‘left behind’ neighbourhoods face, generating concern that the high unemployment and educational disadvantage they suffer will be exacerbated by the crisis (APPG for ‘left behind’ neighbourhoods, 2020b). It illustrated that poorer communities that had received investment over time to build their confidence and capacity were more resilient and better equipped to respond than others (ibid, 2020b). And crucially, that vast numbers of people have a passion and commitment to volunteer to help their community; this is something that the government should nurture, supporting communities to make their neighbourhoods better places to live and improving their prospects.
Recommendations

Based on the analysis in this paper we call on the government, as part of its levelling up strategy, to:

• **Dedicate dormant assets to a new Community Wealth Fund to support the residents of ‘left behind’ neighbourhoods to rebuild their social infrastructure.**

  As this paper has argued, investment in social infrastructure at the community level is a foundation for creating stronger, more resilient and prosperous communities in which opportunity is accessible to all. We have sound evidence for the potential impact of such a Fund, and the proposal has wide support. The Community Wealth Fund Alliance, a group of over 420 organisations from civil society and the public and private sectors, endorses the proposal. This group includes over thirty local authorities. The Fund should be set up as an independent endowment with distribution of funds guided by the four principles set out above. We hope that the £500m held in the National Debt Fund might be used to establish the Community Wealth Fund which would be supported by funding from the dormant assets scheme, initially estimated at valuing £880m, once it comes on stream.

• **Ensure that at least 20 per cent of the UK Shared Prosperity Fund (UKSPF) is directed to support community economic development activity in ‘left behind’ neighbourhoods.**

  Either through a top-slice or through the design and directions of the UKSPF. Levelling up will not happen unless resources reach those that are furthest behind.

• **Support the development of a What Works Centre for Community and Neighbourhood Improvement.**

  Across the country, a lot of good work is being done to strengthen and support deprived communities to build their confidence and capacity to improve their neighbourhoods – but there is often little in the way of formal evaluations, evidence of impact, or sharing of learning to inform policy and practice. We are therefore proposing the establishment of a What Works Centre to plug this evidence gap. It would act as an independent evidence hub and inquiry and innovation centre facilitating improved local outcomes by identifying and communicating what works, and supporting stronger partnership working in policy, research, practice, programmes and projects across sectors and organisations.

• **Support the development of community leaders.**

  There is little development or support for individuals who are involved in community groups seeking to achieve strategic and lasting change in their neighbourhoods. Community workers and volunteers, particularly those working in deprived communities can feel isolated and experience ‘burn out’. The Community Leadership Academy (CLA) is a response. Created by Local Trust in partnership with Koreo, the Young Foundation and Northern Soul, it enables local community leaders to develop and share skills and knowledge. Funding is only secured until the end of 2022 but there is appetite to build on its successes, establishing it as an independent programme.
Dedicate dormant assets to a new Community Wealth Fund to support the residents of ‘left behind’ neighbourhoods to rebuild their social infrastructure

As this paper has argued, investment in social infrastructure at the community level is a foundation for creating stronger, more resilient and prosperous communities in which opportunity is accessible to all. If levelling up is to be a success in the most ‘left behind’ neighbourhoods, it needs to bolster their social infrastructure alongside interventions targeted at improving specific metrics such as employment, training or education. Both evidence and experience indicate that strong social foundations will help to secure the success of these other interventions in such areas; without it, they are likely to fail.

The proposal for a Community Wealth Fund, which is supported by over 420 public, private and voluntary sector organisations as well as members of the APPG for ‘left behind’ neighbourhoods, would achieve this.

The Community Wealth Fund

The Community Wealth Fund would be an independent endowment, designed and distributed to provide support and funding to reinvigorate social infrastructure in ‘left behind’ neighbourhoods. The funding would be governed by the following principles:

• long-term, patient funding (10-15 years)
• investment directly into ‘left behind’ neighbourhoods
• community-led decision making
• appropriate support provided to build community confidence and capacity.

These principles are based on the learning from previous government and charitable funding initiatives. Research from the University of Cambridge (2019) analysed the effects of government funding schemes over the past forty years. It found that the key ingredients to success included long-term funding of at least 10 years, community involvement embedded at every stage of design and delivery, and support and guidance throughout to ensure the best outcomes for residents. Similarly, the Big Local programme, designed along these principles, provides convincing evidence of their importance in securing good outcomes. Operating in 150 neighbourhoods across England, it shows that, with appropriate support, residents themselves can develop and deliver the activities, services and facilities needed to improve their areas.

Why is the Fund needed?

‘Left behind’ neighbourhoods have markedly worse socio-economic outcomes than other equally deprived areas. This suggests how important a strong foundation of social infrastructure is to improving outcomes.

We know that ‘left behind’ areas miss out on the support and buffer that a strong civil society brings, and on their fair share of funding. Research for the APPG for ‘left behind’ neighbourhoods has found that there are almost three times fewer
registered charities per 100,000 population in ‘left behind’ neighbourhoods than across England as a whole, and just over half that of equally deprived neighbourhoods. Also, and doubtless partly as a result, because ‘left behind’ neighbourhoods lack individuals and organisations with the knowledge and skills to apply for funding, they are receiving less than half the amount of grant funding received in other equally deprived areas (OCSI, 2021b).

Where they exist, civil society organisations have been working tirelessly to support residents in ‘left behind’ neighbourhoods, particularly during the pandemic. However, civil society has been fraying in these places which lack civic capacity more generally.

The Community Wealth Fund would provide funding direct to ‘left behind’ neighbourhoods, so overcoming the problems surrounding capacity to bid for grants. It would embed resident-led decision-making, helping to build resident capacity and, over time, rebuild some of the local civic institutions that these areas lack. And the support and guidance offered alongside the funding will ensure that endeavours are successful and have the longevity to deliver a legacy within each community.

**Funding**

We are asking the government to commit funding from the Dormant Assets Scheme to create the Community Wealth Fund. We are also seeking to match this funding through corporate support, private philanthropy and the National Debt Fund. This is a proposal, therefore, that would significantly boost the government’s levelling up agenda without placing pressure on public finances.

In January 2021 the government estimated that at least £880m could be released from dormant bonds, stocks, securities, shares, insurance and pension funds. Currently, this funding is earmarked for spending on “social and environmental purposes”. We believe that this funding should be used to create the Community Wealth Fund in order to have a transformational impact on levelling up the country. In addition, there is £500m due to be released from the National Debt Fund. This could provide the seed capital to get the Community Wealth Fund up and running, whilst helping to create a larger pot overall that would form a permanent endowment.

As this funding would be foundational, bolstering social infrastructure and rejuvenating civil society in ‘left behind’ neighbourhoods, we believe that it would supplement other government funding schemes, creating a multiplier effect within these communities and helping them to level up faster. Similarly, it would support the other proposals set out in this plan, giving ‘left behind’ neighbourhoods the best chance of success.

**Impact**

After fifteen years of investment in ‘left behind’ neighbourhoods, we would expect to see: population level health improvements; improvements in educational attainment; and increased participation in higher education. We would also expect perceptions of neighbourhoods to have improved significantly and to see a marked increase in the number of places for people to meet, community engagement and economic activity.
Ensure that at least 20 per cent of the UK Shared Prosperity Fund (UKSPF) is directed to support community economic development in ‘left behind’ neighbourhoods

To have the greatest effect on those places that are furthest behind, we are calling on the government to commit at least 20 per cent of the UKSPF to support community economic development activity in ‘left behind’ neighbourhoods. This could be worth up to £300m per year for these areas. Investment at this level is essential to address the challenge that local economies in ‘left behind’ neighbourhoods face.

The economic landscape of ‘left behind’ neighbourhoods

‘Left behind’ neighbourhoods have missed out on the benefits of growth for decades. Areas in and around large towns and cities have benefited from direct investment into ‘functional economic zones’; they have seen new employment opportunities with residents benefitting from better paid, permanent jobs. In comparison, ‘left behind’ neighbourhoods have seen the decline of traditional industries and the loss of secure employment. These have often been replaced by insecure, low-paid and short-term work. As a result, many of the highly skilled workers have left these areas.

There are, on average, just over 50 jobs per 100 residents in ‘left behind’ neighbourhoods, compared to over 70 across England and over 80 in those areas that are similarly deprived but benefit from a foundation of social infrastructure. As many ‘left behind’ neighbourhoods are isolated or peripheral, travelling long-distances for work is often expensive and challenging because of inadequate public transport. In addition, there is a higher proportion of adults with no or low qualifications who lack basic skills. 52.1 per cent of all adults (aged 16+) in ‘left behind’ neighbourhoods have no or low (level 1 or below) qualifications, above the average across other deprived areas (47.7 per cent) and England as a whole (35.7 per cent). Only 24 per cent of residents hold a level 3 qualification or above – a third lower than the English average.

Residents in ‘left behind’ neighbourhoods are less likely to benefit from government programmes or have the civil society initiatives that can improve outcomes locally. The evidence shows that often they lack the technical capacity and bureaucratic knowledge to submit successful funding applications through a formal bidding process. This makes it harder for them to change things without direct support.

If those communities that are furthest behind are going to benefit from levelling up, then some funding needs to be earmarked specifically for them invested in a way that drives economic growth from the ground up.
The value of community economic development

Frontier Economics (2021) argue that there is a significant opportunity to improve outcomes in ‘left behind’ neighbourhoods through investment at the community level, specifically in relation to employment and skills, since these areas have a higher proportion of the economically inactive population who are keen to work, they say they want a job, than other areas.

Our aim should be to tip the balance in ‘left behind’ neighbourhoods from low employment and enterprise, ensuring they are areas in which people are in work and there is a culture of enterprise and aspiration. This will require long-term interventions to achieve culture change. It will mean supporting both access to better paid jobs for residents, in addition to new programmes to equip them with the skills to get into work and set up new businesses.

Local initiatives should be designed and developed by the community working in partnership with employers and training providers. This is likely to be a key element of their success ensuring they are tailored to local needs and provide brokerage to economic opportunities outside their immediate area by overcoming barriers such as transport provision and digital connectivity.

There is evidence which shows that community economic development can support the regeneration of local economies. This includes strong evidence from a study in the West Midlands that community economic development is an approach that works well in disadvantaged and peripheral areas (Localise West Midlands, 2013).

If the UKSPF is going to support those who are the furthest behind, earmarking 20 per cent of the expenditure to support ‘left behind’ neighbourhoods will ensure that they receive their fair share and benefit from revitalised local economies in the future. Otherwise, the most ‘left behind’ places are likely to miss out to their more affluent neighbours and risk falling even further behind.
Support the development of a What Works Centre for Community and Neighbourhood Improvement to develop a strong evidence base

Securing maximum value from investment at the neighbourhood level

If best value is to be secured from investment in social and community infrastructure – both the proposals for new investment outlined in this submission, and the efforts of a wide range of community organisations and other institutions – it is essential that this is supported by strong evidence. Community and government leaders, decision-makers and practitioners need:

• good data and data architecture to support their understanding of problems and solutions;

• robust insight into which interventions and activities are effective and cost-effective in supporting neighbourhood-level change - and also into the contextual factors that help explain what works for whom, how, when, where and why; and

• the capacity to act on robust insight – the capability and commitment to use data, evidence and learning in support of local action to improve communities and neighbourhoods, and to reinforce and strengthen these capabilities through the development of networks of evidence-minded community leaders across the UK.

A gap that needs filling

These foundations are not yet in place. Work on the levelling up agenda is hampered by a fragmented evidence base and the lack of mechanisms for evidence sharing and development – characterised by:

• a lack of widely accepted impact measures that allow the robust assessment of progress in community and neighbourhood improvement;

• an under-developed evidence base about different approaches or types of activity that are effective and cost-effective in connecting and rebuilding communities and bringing about a transformation in neighbourhoods;

• significant gaps in evidence about effectiveness and cost-effectiveness, where fresh evaluation – and, potentially, new interventions – might be needed;

• insufficient curation and sharing of what is known about effective and cost-effective practice - which contributes to the limited replication and spreading of such practice across the sector;

• the existence of nascent movements and networks of people and organisations, which are passionate about community and neighbourhood improvement and committed to decision making (theirs, and those of others in the system) based on the best available evidence, and which are hungry for knowledge and learning - but which need further development and strengthening if they are to realise their full potential as powerful forces to help make evidence-led change happen.
As a consequence, there is a failure to extract the full value from the good work being done across the sector. Exciting, innovative projects are insufficiently supported by rigorous evaluation that demonstrates impact and shows how those results are being achieved. The body of good evaluation within the sector – for example, from the Big Local programme and the work of Power to Change – has not been shared in ways that support its wider uptake across public, private and voluntary and community sector stakeholders – and in empowered neighbourhoods and communities. And evidence, insight and learning do not yet fuel a broader process of change across the sector: change that would result from a movement of people and organisations advocating for decision making and practice in and around neighbourhoods and communities to be rooted in the best available evidence, and change that would result from a fundamental shift in the level of resourcing for evidence-led community and neighbourhood improvement – as well as from the empowerment of neighbourhoods and communities to deploy these resources in support of locally led change.

**A What Works Centre**

There is a need for an evidence-intermediary organisation that can address this deficit: a What Works Centre (WWC) for Community and Neighbourhood Improvement. The WWC would construct and curate a comprehensive evidence base of what works, identify gaps in that evidence base and commission high-quality research and evaluation to fill those gaps, work with partners to drive up the quality and consistency of new programme evaluations, share the evolving body of good evidence, and support its adoption by decision-makers and practitioners. As well as focusing on current and previous practice, the WWC should be forward-looking: it should work alongside Government and local decision-makers to help with the evaluation of new projects and programmes funded by the Community Wealth Fund and community focused elements of the UK Shared Prosperity Fund, generating rapid insight into what works within these new programmes and supporting the widespread adoption of effective and cost-effective practice across the communities and neighbourhoods enjoying access to these funds.

Such a Centre – focused on the hyper-local, spanning the full breadth of issues (across the domains of people, place and power) that impact on communities and neighbourhoods, supporting community-led change, and seeking to bring about a reduction in the gaps between ‘left-behind’ neighbourhoods and the rest of the country as well as to provide the tools for community and neighbourhood improvement across all parts of the UK – could be a powerful complement to the other proposals in this submission and also a powerful force for change in its own right, helping stakeholders come together to bring about a nation characterised by flourishing places.
Support the development of community leaders by funding a Community Leadership Academy

A Community Leadership Academy is currently working with over 120 residents from deprived communities across the country to support them in their role as leaders within their own communities. Interim findings indicate that it could radically change how we think about community leadership and how we deliver change in deprived places. The Community Leadership Academy should be continued and developed beyond the current programme and cohort to ensure the most ‘left behind’ neighbourhoods are equipped to improve their own prospects and enjoy greater prosperity over the long term.

The case for community leadership

Community leadership can be defined as “local residents stepping forward to solve community-level problems or promote action that advances the community’s wellbeing” (Easterling, 2012: 51).

The case for investing in social infrastructure at the heart of levelling up comes from clear evidence that we need locally rooted solutions, designed and delivered by local people, in order for them to be sustainable over the long term. This cannot happen without strong community leadership within each locality.

To date, the ability for residents to take control of decisions in their areas has been contingent on a few people being willing to take responsibility locally for bringing others together to plan and organise activities. Although the full effect of strong community leaders has yet to be quantified, interim analysis from the Young Foundation (2021) on the Community Leadership Academy has found that, where community leaders are most impactful, they are able to:

• Mobilise the community, bringing people from different backgrounds together to make decisions and overcome a problem.

• Build trusted relationships between various groups within the community, as well as building vital relationships with local institutions, such as local authorities, or other charitable organisations nearby. They are therefore essential for increasing bridging social capital - connections between the community and those outside it.

• Take ownership and responsibility for both decisions and projects. This has been most evident with the rise of community asset ownership, whereby community leaders have taken over and managed assets on behalf of their local community. Community asset ownership contributes: £217m worth of net additional Gross Value Added to the economy; £148 million per annum additional expenditure into local communities; 7,000 net additional full-time equivalent jobs, providing £16 million in fiscal benefit savings per annum; and 151,000 net additional volunteer hours per week.
And yet, just as opportunity is spread unevenly across the country, so is local capacity and community leadership. It cannot be assumed or taken for granted that all communities have equal ability to come together and make decisions. Or even that every community will have people willing and able to take the lead and drive change voluntarily. In fact, we know from our research analysing ‘left behind’ neighbourhoods that because these areas lack social infrastructure they also lack the capacity to come together to make collective decisions: they lack confident community leaders.

A lack of support for community leadership

The Big Local programme has demonstrated we need to provide support to the people who take on leadership roles in their communities. Research on the programme has shown us that whilst people find involvement rewarding and inspiring; they have also found it challenging, frustrating and stressful. Taking on a role which is accountable to the community can create pressure and stress and leave people feeling burnt out or shunned because of conflict over decisions. Community leaders can often feel isolated, thrust into a position of responsibility and left to sink or swim without guidance or support. In fact, despite leadership training being a £258 billion global industry, there is currently very little serious and far-reaching support for community leaders. Similarly, most funding schemes tend to be designed for projects rather than people, with little or no thought given to the skills required of the people delivering the projects locally.

We need direct support both to develop prospective community leaders and help those who are already trying to deliver change locally. This support must run alongside other programmes designed to level up the most ‘left behind’ neighbourhoods, if they are to secure lasting improvements in communities.

The Community Leadership Academy

The Community Leadership Academy (CLA) is Local Trust’s answer – a programme which directly responds to the lack of available support for local people making change happen. Created in partnership with Koreo, the Young Foundation and Northern Soul, so far the CLA has provided structured support across an 18-month programme which includes both individual coaching and group sessions.

The programme is currently working with 120 community leaders from across the country. Interim findings from the CLA’s evaluation show that it is already having a clear impact. Participants have grown in confidence and feel more empowered to take on greater responsibility locally. It is also showing that taking part in the programme changes the way Big Local partnerships operate, moving towards more shared decision making, rather than simply relying on one person to lead.

With government support, coupled with the possibility of new private sector partnerships, we could ensure the CLA remains accessible to those who would most benefit. It would cost £2.6m to take 500 community leaders through an 18-month training programme, delivering unprecedented change to residents in the most ‘left behind’ neighbourhoods.
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About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live.

We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place.

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