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# Backing our Neighbourhoods:

## making levelling up work by putting communities in the lead



Nick Plumb, Ailbhe McNabola and Vidhya Alakeson



August 2021

# About this paper

Power to Change supports community businesses in England both through specific programmes and by using our evidence and expertise to shape government thinking. This paper examines the role that community organisations can play in the government's levelling up agenda. It argues that we need to develop a more coherent strategy for developing social infrastructure at the neighbourhood level. For this to happen, the mechanisms by which levelling up is delivered need to have communities at their heart.

## Acknowledgements

We are indebted to the community businesses that have inspired and feature in this work and grateful to Stephen Aldridge, Will Brett, Paul Gutherson and Will Tanner for challenging and insightful feedback on earlier drafts of this paper.

Cover photo courtesy Lizzie Coombes Bramley Baths

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# Executive summary

Many well-regarded economic and social commentators have agreed that the government is unlikely to realise its levelling up ambitions without addressing the need to invest in social infrastructure – the physical spaces and community facilities which bring people together to build meaningful relationships. Evidence shows that social infrastructure creates *economic* value by reinvigorating high streets and boosting skills and employment; *social* value by supporting community resilience and public health, and by bridging divides; and *civic* value through shaping identity and encouraging participation (Kelsey and Kenny, 2021).

Recent analysis suggests that only 13 per cent of the current major funding streams is likely to be spent on social infrastructure (Davis and Collinge, 2021). The quantum of investment is clearly an issue. But failure to invest significantly in social infrastructure is not the only challenge in the government's current approach. We see another risk to this important agenda in the way in which levelling up policies are being conceived and implemented. What continues to be missing from the funds and policies that are being put in place to drive levelling up forward is a focus, not just on what is done, but on how it is done – the means by which we try to strengthen and grow social infrastructure in our communities, and who is in the lead.

This paper argues that to realise the potential of social infrastructure to contribute to levelling up, we need to focus at the neighbourhood level. We must use the local skills and knowledge of community-based organisations as the starting point for building this critical infrastructure. Failure to do this risks reinforcing inequalities.

### There is strong evidence that community-led solutions to levelling up work

Using the government's Levelling Up Framework, this paper looks at the evidence base for community-led solutions delivering against a number of the key outcomes. It highlights case studies of community organisations tackling multiple and interconnected challenges at a neighbourhood level. We identify the following four dimensions of the Levelling Up Framework where evidence indicates community organisations can make a significant contribution:

**Restoring pride in place by improving the physical fabric of places, particularly where investment is weak**: Community organisations' deep local understanding and connection, access to alternative capital and phased approach to development enables them to progressively improve the physical fabric of neighbourhoods that have been blighted by vacancies and dereliction. This will be central to people's perceptions of whether levelling up is successful.

**Strengthening community and local leadership**: Community organisations have a strong connection to local people. They are trusted and can reach into communities that the statutory sector struggles to engage. They are vital cogs in their local ecosystem, often acting as key trusted intermediaries between residents and the statutory sector. Community empowerment is central to their approach, and investment in this element of our social infrastructure is critical to our longer-term resilience.

**Increasing and spreading opportunity by providing jobs and working with people furthest from the labour market**: By being locally rooted and trusted, community organisations create the routes that can connect those who are unlikely to be reached by traditional employment support programmes to new opportunities. Their success should not be measured by the absolute number of jobs they create but by who they are able to connect into the labour market.

**Improving quality of life by providing spaces where people can meet, mix and form connections**: In a growing number of communities, the need for spaces and places to meet and form connections is being met by community organisations, stepping in where local authorities and the private sector have withdrawn. In these spaces, community businesses facilitate social connection, which in turn can reduce social isolation and tackle the social determinants of poor health.

Furthermore, analysis has shown that successful approaches to regeneration tackle multiple aspects of an area at the same time – the economic base, people and physical surroundings (Tyler, 2019). A focus on buildings and spaces without an accompanying focus on growing the potential of local people is unlikely to succeed. Places may be regenerated, but too often the people are left behind. Indeed, human capital is needed to generate and maintain the good jobs and private investment that sustain a place over time, and social capital is critical for sustaining the trust and relationships which underpin economic activity. Our review of the evidence demonstrates that locally rooted community organisations and community businesses tackle multiple dimensions of place at once. And often, in 'left-behind' places, they are the key player in a neighbourhood's economy.

## Current policy approaches risk creating and reinforcing inequalities

Current support for levelling up – notably the Levelling Up Fund, the Community Renewal Fund and the Community Ownership Fund – is poorly targeted to enable community organisations to deliver on their potential. Putting aside questions about how much money is spent on supporting social infrastructure, the key point is that providing more funding for social infrastructure without making changes to how it is deployed is unlikely to be effective.

There are three issues with the current approach:

– Funds are too distant from local places to be able to target the real needs of particular communities and neighbourhoods. Decision-making is concentrated in Whitehall, too remote from the places that need support and cannot adequately harness the intensely local knowledge of community organisations or the enabling role of local authorities. This overly centralised approach is not just wrong, it is itself a cause of the spatial inequalities it is trying to remedy.

– Community organisations have struggled to access the Levelling Up and Community Renewal Funds which account for a significant share of the funding currently available for social infrastructure. This is for a variety of reasons. Most obvious is the need for community organisations to advocate to their local or combined authority, or member of parliament, to be included in bids – creating barriers, particularly for those communities that are most in need of support, and forcing groups to compete with each other unnecessarily. But the scale of the funds on offer, and the risks attendant on investing scarce funds into competitive bidding processes, also preclude community organisations.

– There is an inadequate focus in existing funds on investment to build the capacity of communities to contribute to levelling up. The current centralised, competitive approach favours those who already have the skills and capacity to respond and prioritises ‘oven-ready’ projects over those that will take time to develop. This is particularly problematic because it affects those communities that need support most acutely.

There is a vicious cycle here – those communities that have less social infrastructure inevitably have less capacity to organise, which limits the networks and skills that they can tap into which in turn reduces the funding and resources they are able to draw into their community. This means that they have fewer opportunities to build social infrastructure through community ownership or community business, and the cycle continues. These problems are exacerbated by the short time frames available for bids to be assembled and funding typically goes elsewhere where there is relatively greater capacity. Levelling up depends on breaking this vicious cycle.

**Breaking the vicious cycle: A neighbourhoods strategy for levelling up**

A more coherent strategy for developing social infrastructure at the neighbourhood level, as part of the government's wider ambitions for levelling up, has to put communities at its heart.

1. Money must be directly controlled at the community level rather than by Whitehall, bringing resources closer to those who really understand what needs to happen to create change locally. We recommend that **25 per cent of the future UK Shared Prosperity Fund is passed directly to community-led partnerships to support the development of social infrastructure at neighbourhood level**.

2. Community asset ownership is a key means of endowing communities with buildings and land from which they can generate income, build connection and drive impact over the long term. Less prosperous communities are less likely to own assets, thus missing out on the well-evidenced economic, social and civic impacts of community ownership. **The government should have an ambition to accelerate community ownership in parts of the country where it is currently weaker, flexing its Community Ownership Fund to increase access for projects from more disadvantaged communities**.

3. There is a need to invest in building the skills and capacity of those communities who are currently least able to take a lead in their own regeneration. This is a long-term project that cannot be achieved with the existing funds alone whose scope is too narrow and timescales too short. **The government should look to the next tranche of the Dormant Assets Scheme to create a Community Wealth Fund**. This Fund would be a decade-long investment in building the capacity of communities using the network of community foundations to bring resources close to communities.

4. Where central government retains control over funding for levelling up, there needs to be a shift – in line with HM Treasury's recent response to the Green Book Review – away from assessing the value of investment in community-led neighbourhood social infrastructure on the basis of narrow, largely economic cost–benefit ratios. Instead, **assessments should take into account all the relevant costs and benefits to society and the strategic relevance of community-led approaches to the government's levelling up priorities**. We need a balanced scorecard approach to judging whether these investments deliver, and an investment in building the data sets to enable this more rounded approach.

5. There must be a complementary focus on local authorities. At their best they can be powerful enablers of community action, holding many of the keys to the successful development of neighbourhood-based social infrastructure – from community asset transfer and planning to social value procurement. The current, centralised approach to levelling up gives too little power and discretion to local authorities, failing to recognise their critical role as curators and stewards of place. **The pandemic highlighted the power of communities and local government working in partnership in an agile way. Levelling up will depend on relinquishing a level of centralised control to unlock the power of that partnership**.

# 1. Introduction

The current government has established levelling up as its domestic policy priority, and with good reason. The UK has higher levels of regional inequality than any other European country and is almost as unequal today as East and West Germany at the fall of the Berlin Wall (Tanner et al., 2020). Many have set out why government is unlikely to realise its levelling up ambitions without addressing the need to invest in social infrastructure – the physical spaces and community facilities which provide important local services, bring people together to build meaningful relationships and invest in the skills and opportunities of local people.[1]

However, this is not the only challenge in the government's current approach. What continues to be missing from the funds and policies that are being put in place to drive levelling up forward is a focus not just on *what* is done but *how* it is done – the means by which we try to strengthen and grow social infrastructure in our communities – and who is in the lead.

Much of the early focus of levelling up has been on improving physical infrastructure in towns in the Midlands and North of England. More recently, however, reports have highlighted the important role of social factors in shaping place-based opportunities and underpinning current inequalities.

Leading centre-right think tank Onward's Social Fabric Commission has demonstrated that places are disadvantaged by weaknesses in social factors such as local relationships, the presence of civic institutions and behavioural and social norms as much as by limited economic potential as defined by their physical infrastructure, employment and income. Weaknesses across these two sets of factors result in a fraying social fabric in communities in many parts of the country. Therefore, any programme of improvement has to pay attention to both sets. Onward's *State of Our Social Fabri*c report concludes:

> Taken together, these findings suggest that the ways policymakers and politicians have tended to think about community need to change. Economic policies alone – from new infrastructure to inward foreign and direct investment – are always welcome but not always sufficient to fix social problems; nor will community revival offset more precarious housing tenure or declines in job security. It is the interplay between economic and social factors that drives the improvement, or deterioration, of the social fabric of a place. This means that 'levelling up' must be a social as well as economic endeavour (Tanner et al., 2020).

In May 2021, the Legatum Institute published its UK Prosperity Index which provides detailed data on institutional, economic and social wellbeing across the 379 local authority areas in the UK. It reaches a similar conclusion that levelling up is at risk of being overly focused on economic factors to the exclusion of critically important social ones.

1 Adapted from Kelsey and Kenny's (2021) definition of social infrastructure.

> Overall prosperity is currently being undermined by a deterioration in things that lie outside of the traditional focus on GDP, infrastructure, and transport, including: the safety and security of communities; people's physical and mental health; conditions for local enterprise such as labour market flexibility; key aspects of social capital; and, to a lesser extent, the effectiveness of local governance. Much of this is missed in a levelling-up debate that focuses narrowly on 'bridges and trains'.
>
> *Goodwin, 2021*

Building on these growing calls for the importance of social infrastructure to be fully recognised as part of the government's levelling up agenda, Professor Michael Kenny and Tom Kelsey at the Bennett Institute for Public Policy at Cambridge University published a comprehensive literature review of social infrastructure, described as 'the physical spaces and community facilities which bring people together to build meaningful relationships'.[2] They find that social infrastructure creates economic value by reinvigorating high streets and boosting skills and employment; social value by supporting community resilience and public health, and by bridging divides; and civic value through shaping identity and encouraging participation (Kelsey and Kenny, 2021).

Professor Diane Coyle, also at the Bennett Institute, highlights the importance of achieving a balance across six 'capitals' – physical, knowledge, human, institutional, social and natural (Agarwala et al., 2020). In particular, social capital (trust, social norms and community cohesiveness) and human capital (the health and skills of the population) are necessary complements to investments in physical infrastructure. Social infrastructure has an obvious role in building social capital, a recognised piece of the economic prosperity and wellbeing jigsaw, but it also supports the building of the other capitals.

New analysis by Frontier Economics has tried to quantify the types of benefit identified in the Bennett Institute review of evidence, with a focus on the 225 areas identified as 'left behind'. Using only robust evidence and with conservative assumptions, Frontier Economics estimates that a £1 million investment in community-led social infrastructure in a left-behind area could generate approximately £1.2 million of fiscal benefits and £2 million of social and economic benefits over a ten-year period, as well as other non-monetised benefits (Frontier Economics, 2021).

2 This is one of many definitions of social infrastructure. Current debates centre on a widening of the definition beyond physical spaces, to include services such as public services.

Alongside this evidence of the contribution that social infrastructure makes to the successful development of places, surveys have shown that places to meet and community facilities including pubs, cafés and community centres are highly valued by local people and that their loss is keenly felt. A 2020 survey with a representative sample of people in 225 left-behind areas, commissioned by Local Trust from Survation, found that four in ten people felt that they were not getting their fair share of resources compared with other nearby communities. Of those saying they got less, over half cited places to meet as the biggest area where left-behind communities were not getting their fair share (57%), closely followed (at 55%) by community facilities such as leisure and sports facilities (Local Trust, 2020).

Given that social infrastructure is valued by local people, it is perhaps not surprising that analysis by Pro Bono Economics for the Law Family Commission on Civil Society has identified a correlation between local authorities which rank highly in terms of social relationships and those in which residents report high levels of life satisfaction. This suggests that if we want people to feel a sense of progress in their local town or neighbourhood and consequently in their own personal wellbeing, not just to shift the economic statistics, then we will need to pay real attention to how to build and strengthen social infrastructure (Law Family Commission on Civil Society, 2020).

The importance of social infrastructure is being recognised to some degree in the funds government has launched to support its levelling up ambitions. Investment in communities and place is one of the investment priorities for the Community Renewal Fund, the £220 million precursor to the UK Shared Prosperity Fund. This includes improving green space, preserving important local assets and culture-led regeneration and community development which encompasses museums, galleries, visitor attractions, pier restoration and heritage assets. The first round of the £4.8 billion Levelling Up Fund equally prioritises regeneration, town centre investment and cultural investment, with a specific mention of community infrastructure, as well as safe community spaces and community-owned spaces.

In addition to these two large funds, there is the £150 million Community Ownership Fund, launched in July 2021. This will support communities to take on local buildings and spaces that are at risk of being lost due to closure or dilapidation.

From this evidence, there does currently appear to be some appreciation within government of the value of social infrastructure to levelling up. However, it remains underinvested and overly focused on capital investment. Analysis by New Philanthropy Capital suggests that only 13 per cent of the Community Renewal, Levelling Up and Community Ownership Funds combined is likely to be spent on social infrastructure overall (Davis and Collinge, 2021). Given the strength of the evidence relating to social infrastructure, this is inadequate. And even where funds are targeting community infrastructure, views are shaped by economic criteria – the Levelling Up Fund methodology, for example, uses productivity, building vacancy rates and transport links to identify priority areas for investment.

The case for greater investment in social infrastructure is strong and the government is unlikely to realise its levelling up ambitions without addressing it. However, this is not the only challenge in the government's current approach. What continues to be missing from funds and policies aimed at levelling up is a focus on how it is done, rather than just what is done. The way we try to strengthen and grow social infrastructure in our communities makes a difference to the outcomes that can be achieved.

Social infrastructure is inherently local – pubs, community centres, parks and heritage buildings. It is very different from physical infrastructure like roads and railways that by their very nature have to be planned strategically at regional level. Social infrastructure is a neighbourhood-based resource. We saw the best of this in action during the height of the pandemic as community organisations mobilised to ensure that the basic needs of local people were met, while national responses were slower and often less well targeted at local needs. For example, Toynbee Hall in Tower Hamlets was able to provide the local Bengali population with food that appropriately met their cultural requirements, while the NHS shielding programme could only provide a standard offer to everyone.

In its comprehensive report about mitigating the potential long-term societal impacts of Covid-19 (British Academy 2021), the British Academy highlights the value of community-led social infrastructure to future societal resilience.

> Community-led social infrastructure has been an essential but precarious lifeline in the crisis, and its importance will only grow as we look to respond to and mitigate the long-term societal effects. These infrastructures must be further supported and enhanced if we are to rely on them in the future.

Despite this, the current approach to developing social infrastructure remains highly centralised, with funds run by Whitehall based on criteria decided by Whitehall. For both the Community Renewal Fund and the Levelling Up Fund, there is no direct access to funding for community organisations that operate at the local level. All funding is mediated by local and combined authorities. It is our view that, when combined with short bidding timescales and technical requirements such as economic assessments, this precludes most community organisations from influencing and accessing the funding.

Research by Professor Philip McCann at the University of Sheffield demonstrates that our extreme levels of government centralisation compared with other developed countries are part of the reason for our stark spatial inequalities. Most power is held too remotely from our cities, towns and neighbourhoods for effective decision-making about what is needed in one place compared with another (McCann, 2016). This finding is echoed by Andy Haldane, outgoing chief economist at the Bank of England and incoming chief executive at the RSA in his Community Power Lecture for Local Trust:

> The UK is one of the most centralised states in the Western World, with fewest powers decentralised to regions and communities. It is no coincidence, then, that the UK is also one of the most spatially unequal economies in the Western World, regionally and sub-regionally. Through the metro mayors, some greater degree of regional autonomy is gradually being distributed. But we are still miles away from the levels of devolution present in other, less spatially unequal, countries.
>
> *Haldane, 2021*

It should come as no surprise that, in thinking about how to improve social fabric, Onward's *State of our Social Fabric* concludes not only that economic and social factors need to be considered in levelling up, but also the level at which action is taken: 'It also requires that the scale at which interventions take place may need to be at a local, community level, rather through regional or national action' (Tanner et al., 2020).

This paper argues that to realise the potential of social infrastructure to contribute to levelling up, we need to focus at the neighbourhood level and use the local skills and knowledge of community-based organisations as the starting point for building this critical infrastructure. In the next section, we examine the evidence to support a community-led approach in light of the government's levelling up agenda as defined in the 2021 Queen's Speech. Case studies from the work that Power to Change has supported will demonstrate the variety of contributions that community businesses can make to the levelling up agenda.

# 2. The role community organisations can play in levelling up

Through the 2021 Queen's Speech, the government laid out what it expects its levelling up agenda to achieve (Prime Minister's Office, 2021):

> [Levelling up] is about improving living standards and growing the private sector, particularly where it is weak. It is about increasing and spreading opportunity, because while talent is evenly distributed, opportunity is not. It is about improving health, education and policing, particularly where they are not good enough. It is also about strengthening community and local leadership, restoring pride in place, and improving quality of life in ways that are not just about the economy.

The task government set itself in the background note to the Queen's Speech is a challenging one. Indeed, if levelling up succeeds, it will have a life-changing impact on people and communities across the country.

We have argued that levelling up depends on building and strengthening social infrastructure and that, critically, much of that needs to happen at the neighbourhood level, driven by community-led organisations. This section uses the government's levelling up framework (Figure 1) to look at the different dimensions where community-led approaches can add most value. These are highlighted in green.

**Figure 1: Levelling up framework**

Clearly, community-led approaches such as community business do not provide all the answers. It is a complex agenda which will require extensive national and regional coordination. This larger-scale activity to address certain aspects, such as improving living standards, will likely involve tax, welfare and regulation change. Delivering much of the basic premise of levelling up – to tackle place-based inequality – will necessarily require a level of centralised decision-making.

However, the evidence here shows that community organisations can play a crucial role in a number of the levelling up outcomes government wants to see and are already doing so in many places. They are particularly well-suited to strengthening community and local leadership – it is in their DNA. Their work is vital to restoring pride in place and, in many cases, they have been the catalyst for regeneration in previously left-behind places. The private sector has followed where they have led. Indeed, their work on improving quality of life is about much more than the economy.

In the rest of this section, you'll find evidence of community-led contributions to levelling up, with real stories of how community organisations have been tackling a range of multiple and interconnected challenges at a neighbourhood level.

## Restoring pride in place by improving the physical fabric of places, particularly where investment is weak

We know that many communities feel frustrated by empty buildings blighting their neighbourhoods and that, in more disadvantaged communities, absent landlords drive down the quality of residential property. Together, these two factors can create a downward spiral of crime, anti-social behaviour, declining property values and a loss of pride in place. YouGov polling for Power to Change found that 69 per cent of people worry about the decline of their high street and the impact this will have on local civic pride.[3] With deep structural changes to the nature of retail continuing apace, the challenge of empty properties on our high streets looks set to worsen.

Community organisations have a strong track record of improving the physical fabric of places in terms of both residential and commercial property. For example, Meltham Carlile CIC in Meltham outside Huddersfield has transformed an empty Victorian building on the high street into a thriving community hub, including workspace, community facilities, the post office, library and town council offices. A grand but empty building on the high street has been restored to its original splendour and its uses updated to meet the current needs of local people. Similar stories can be told about Stretford Public Hall in Trafford, Rock House in Hastings and Radcliffe Market Hall near Bury, with Back on the Map in Sunderland, Granby Four Streets in Liverpool and Giroscope in Hull driving significant improvements in the quality and affordability of local residential property. These are all examples where community organisations have stepped in in the absence of action by local authorities and at times speculative and ultimately damaging action by the private sector.

In improving the physical fabric of places that struggle to attract investment from elsewhere, such community businesses start to create new economic drivers of place. A 2020 study for Power to Change by LSE Consulting shows how community-owned properties on the high street serve as 'destination spaces' – increasing footfall which in turn boosts spending in other high street businesses. It also found that these businesses increase the diversity of high street users, bringing in groups who would not otherwise have felt comfortable or attracted to the high street. And, rather than compete with more traditional high street businesses, they build links with other local companies – such as through voucher programmes or by providing incubator space from which other local businesses can trade (Lee and Swann, 2020).

3 Unpublished YouGov polling for Power to Change carried out in June 2021.

These improvements in both the physical fabric of high streets and in bringing back economic life play an important role in restoring pride in place. As Rachel Wolf, founder of the research firm Public First, argued in her piece on levelling up for *Conservative Home* (Wolf, 2021), our high streets matter:

> People care deeply about where they live. They 'measure' decline by their town or city centre. Here's what you hear time and time again: shops boarded up; graffiti on the cenotaph; drug addicts; no monthly market; no decent playground.

Wolf goes on to make the case that core public services in town centres, civic enterprises and 'soft infrastructure' all have a role to play in tackling this decline. Indeed, she argues that these measures shouldn't be trumped by 'economic interventions'.

> Diverse town centres providing civic functions – such as education, health and professional services, a public space to gather and an inclusive evening economy were a feature of our places in the past, but not for half a century. Changes to high streets and town centres which can restore pride in place, and build civic high streets fit for the twenty first century, will be vital to the levelling up agenda'.

**Nudge Community Builders**

A community-led transformation is apparent on Union Street in Plymouth. Back in the 70s, the street was a busy bustling destination for a night out, since when it has seen decline and rising property vacancy. But from 2017, Nudge Community Builders – a newly-established community business – has, bit by bit, been transforming this local high street.

Co-founders Hannah Sloggett and Wendy Hart have been working with residents to bring buildings back into use that were not initially able to attract market interest. They have navigated an opaque and fragmented ownership picture and worked to purchase and regenerate empty premises. Today, the challenge has flipped. Owing in part to their initial work to regenerate the area, there is now fierce competition for properties on the street. This is emblematic of the catalytic role community businesses can play – their presence has helped to recapture some of the spirit of Union Street in the 70s and, in turn, restored people's pride in their place. All of this acts as a catalyst for further investment.

Today, Nudge is responsible for a community-owned market, a café and the Plot – an alternative shopping arcade in which local entrepreneurs can rent small spaces to develop their business ideas. This now hosts nearly twenty small businesses, which all contribute economically to the wider locality. Nudge now has its sights set on re-imagining the Millennium Building which has over the years existed as a dance hall, roller disco and much-loved nightclub.

Two of Nudge's buildings were taken on during the pandemic, which hasn't deterred them in their ambition to transform the street. Nudge's activity across Union Street provides an important focal point which drives up footfall and spending at other local businesses.

It is no surprise that over two-thirds of community businesses like Nudge Community Builders cite delivering greater community empowerment and pride as one of their core objectives (Higton et al., 2021, p. 13). Their deep local understanding and connection, access to alternative capital and a phased approach to development enables them to progressively improve the physical fabric of neighbourhoods that have been blighted by vacancies and dereliction.

## Strengthening community and local leadership

One of the most enduring stories of the early stages of the Covid-19 pandemic is the way in which community spirit kicked in, driving action to provide for local people and protect the most vulnerable. While headlines focused on the explosion of mutual aid, much of the local response was coordinated by existing community organisations. Locality, a leading sector body, identified the critical coordinating role played by community organisations in its research on the Covid response (Locality, 2020):

> A key finding from our research has been the role that community organisations have taken as intermediaries, connecting local support and services into a holistic offer for individuals. They have brokered connections between different 'layers of local', from the street level response of mutual aid groups to city or county wide networks and provision.

In many cases community responses got up and running more quickly and nimbly than the statutory sector – from health to local government and beyond – and national charitable efforts too, like the NHS Volunteer Responder scheme (Locality, 2020). Analysis by New Local finds that the public service organisations responding most effectively to the first lockdown were those that followed the lead of their local communities and enabled them to take action (Kaye and Morgan, 2021).

Community organisations adapted their systems and services at pace. Nine in 10 community businesses surveyed for Power to Change adjusted their services, with nearly half (46%) providing services remotely (Higton et al., 2021). Vital mental health support programmes were moved online or operated via telephone. New food distribution programmes were built in days. A shared sense of collective purpose streamlined processes and removed barriers that had previously impeded partnership working. Briefly, this provided a snapshot of how community power could work when properly unlocked. This is the community-led infrastructure that came in for praise in the British Academy's seminal Covid study, but which the same study observed must be made more resilient if it is to meet future challenges, including recovery from Covid and climate change shocks.

If levelling up is to address not just the physical fabric of places but also the lives of those who live there, then tapping into the web of local networks and relationships through community organisations will be essential. These are organisations that have a strong connection to local people, that can reach into the communities that the statutory sector struggles to engage. They are vital cogs in their local ecosystem, often acting as key trusted intermediaries between residents and the statutory sector. Importantly, they are largely run by and with local people. The average community business has more than 200 members, who get a say in how it is run and help facilitate its social impact (Harries and Miller, 2021).

We need to enable community organisations to continue to play the crucial role that we experienced during the pandemic – this element of social infrastructure is critical to our longer-term resilience.

### The Hastings Commons[4]

Local leadership and collaboration are clearly on show in the White Rock area of Hastings. White Rock Neighbourhood Ventures (WRNV) is a Hastings-based social enterprise developer who transforms derelict buildings into capped-rent homes and workspaces for
the community.

The aim is to create affordable spaces for living, working and community activity. “Our capped rents are really important to us”, says James Leathers of the Heart of Hastings Community Land Trust. “They will mean that a broad diversity of people will still be able to live and work in the centre of Hastings as the area starts to gentrify.”

WRNV is a partnership between Jericho Road Solutions, Meanwhile Space and the Heart of Hastings Community Land Trust. Over the past five years, Power to Change has supported several projects led by the partnership and invested more than £500,000 in the area. Their work is centred on two large buildings: Rock House – a nine-floor mixed-use community hub that is already thriving – and the Observer Building, which is a work in progress. Both buildings had stood empty for years before WRNV purchased them. Both fall under a wider project known as the Hastings Commons.

“Hastings Commons is an ecosystem of connected organisations that approach local regeneration differently”, says Caoimhe O’Gorman, the engagement manager for Heart of Hastings. “Our mission is to bring property into long-term community ownership with affordable rents in the control of residents.”

The impact of the Hastings Commons is hugely significant for the local community, not only in terms of culture and affordable and sustainable housing, but also for the economy. Community ownership of buildings in the area will result in 400 jobs and 30 affordable homes, along with unique opportunities for retail and cultural activity there and in the surrounding area.

“The Hastings Commons isn’t just about the buildings,” says O’Gorman, “it’s about creating positive ways for people to live and work that enable them to thrive. We design and develop our indoor and outdoor spaces to work hard for the people using them and to achieve the highest possible social impact.”

Leathers echoes this, suggesting the buildings’ foundations are as much a philosophy as a tangible structure. “Our values go beyond capped rents … the Hastings Commons is about shared values. Sharing culture and organic development of a broad ecosystem of residential, commercial and public amenities through community ownership – all in an environment previously suffering dereliction and abandonment.”

Ultimately, WRNV is an organisation aimed at not only providing for the short-term and immediate needs of the community, but working to cement solid futures for years to come. “Our vision is long-term community ownership,” says O’Gorman, “We want to protect affordability and diversity forever”.

## Increasing and spreading opportunity by providing jobs and working with people furthest from the labour market

In their important report on social infrastructure, Professor Michael Kenny and Tom Kelsey of Cambridge University's Bennett Institute for Public Policy highlighted the role of social infrastructure as a major employer: 'almost 2.3 million people are employed in social infrastructure-related industries in Great Britain. These industries provide almost half of all jobs in some towns' (Kelsey and Kenny 2021, p. 5).

This is particularly the case in left-behind places. For example, analysis of ONS data conducted by the Bennett Institute team showed that social infrastructure jobs account for 40–46 per cent of all employment in three towns (Skegness, Newquay and Llandudno).

As well as being major employers, community organisations are also significant as a critical part of social infrastructure in terms of who they employ. Rooted in their communities, they help people move from long-term unemployment into work and are a vital source of employment for those most disadvantaged by the labour market. Community businesses, for example, provide stable employment for 37,800 people in the most deprived areas of England and most jobs go to local people. Many community businesses support the real Living Wage and provide good working conditions (Harries and Miller, 2021). They also create routes into employment through providing volunteering – 125,000 people annually volunteer through community businesses – and are more likely to invest time and money in formal and informal skills development and training opportunities compared with national benchmarks (Barret et al., 2020, p. 7).

Community organisations are concentrated in exactly the places where they will be most needed as the jobs crisis resulting from Covid intensifies. Analysis conducted by Locality in 2020 found that neighbourhoods with existing employment problems are more than twice as likely as the average to be at high risk of Covid-related job losses. These are the local places facing 'double distress' on unemployment, where the jobs crisis is likely to be most intense (Locality, 2020a).

Reassuringly, however, the same analysis finds that neighbourhoods facing this ‘double distress’ are twice as likely to play host to a community organisation than the average neighbourhood (Locality, 2020a). A similar finding emerges from a study of the community business sector in the Liverpool City Region conducted by the Heseltine Institute at Liverpool University. This found that community businesses were more concentrated in areas of disadvantage across the city region than other types of social sector organisation, with almost two-thirds being in the 10 per cent most disadvantaged neighbourhoods (Heap et al., 2019).

If levelling up is to change people’s quality of life as well as improving the physical fabric of their neighbourhoods, getting more people into employment will be critical. Community organisations have a key role in ensuring that those who are most likely to be left behind because they face additional barriers to employment can, in fact, benefit from local investment. By being locally rooted and trusted organisations, community organisations create the routes that can connect those who are unlikely to be reached by traditional employment support programmes to new opportunities. Their success should not be measured by the absolute number of jobs they create but by who they are able to connect with the labour market.

**Ethical Recruitment Agency, Grimsby** (McNabola and Gutherson, 2021)

Nunsthorpe is an estate in Grimsby with roughly 2,500 households, but no secondary school and just a few shops. It's in the top 3 per cent for multiple deprivation and just 49 per cent of its 16–74 year olds are employed.

Centre4 is a community hub that has been at the heart of this estate for 26 years. It is committed to the social and economic regeneration of the area – a place that has seen centrally-developed neighbourhood regeneration schemes come and go. These have helped the area to varying degrees but have never fully addressed the causes of inequality. The inequalities that have been emphasised by Covid-19 existed before 2020, and are deep rooted in many places.

As Covid hit, a response to the need for local people to get into good jobs was already underway at Centre4 – the establishment of an ethical recruitment agency, ERA employment (ERA). ERA is a socially responsible employment agency for North East Lincolnshire. It is community-led and provides a personalised service to help people into work, with all surpluses used to support community projects and the ERA's 'members' – the people who are looking for jobs, who standard agencies might call candidates or jobseekers. ERA's approach starts from the needs of the person looking for work, rather than those of the business offering a job. So, if work isn't immediately available, ERA supports its members to develop the right skills for local job opportunities through training, and to gain valuable experience and build confidence through 'social action' jobs at local community projects.

During the Covid pandemic, many members of ERA, including people who had been made redundant or were furloughed, got involved in these social action jobs: activities like shopping, digital buddying, gardening and collecting prescriptions for neighbours – all the while developing their own skills and confidence, building connections in the community, and collecting 'points'. The experience makes a useful addition to a jobseeker's CV, and the points collected can be spent with local businesses or on further training.

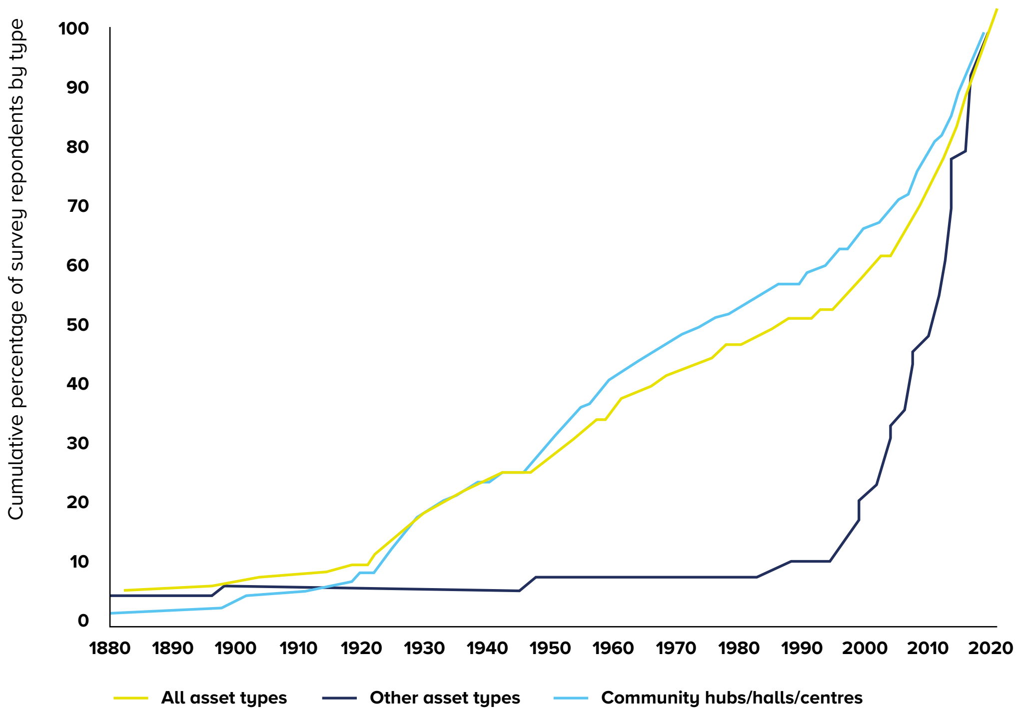
As a result, 60 people were in temporary jobs in early 2021, 12 of whom have been offered permanent employment. Another 18 are already in permanent roles. Some of these are people who had previously been rejected when they had applied to their current employer, or were previously in retail and hospitality roles – sectors badly hit by the pandemic. ERA has helped those people see the strengths that they have, providing hope and opportunity, and can do so because those running ERA can respond to local need within the local employment landscape, rather than a set of centrally dictated themes or outcomes.

## Providing spaces where people can meet, mix and form connections

There is significant public recognition of the importance of spaces and places to meet. As the Survation polling (Local Trust, 2020) referred to in Section 1 shows, places to meet are a central concern for people living in left-behind neighbourhoods. This is reinforced by polling for New Philanthropy Capital (Davis and Collinge, 2021) in which people identified 'improved high streets with more shops and social opportunities' as the most important success measure for levelling up. Indeed, improved community spaces, youth clubs, and parks and public spaces also feature prominently in people's views of success.

In a growing number of communities, the need for spaces and places to meet and form connections is being met by community organisations, stepping in where local authorities and the private sector have withdrawn. The community ownership sector in England is conservatively estimated at more than 6,300 individual assets, and is growing fast (Archer et al., 2019). While many community-owned assets date back to the nineteenth century, there has been a sharp increase in their prevalence since the early 2000s, as Figure 2 (Archer et al., 2019) illustrates.

**Figure 2: The history of community ownership**




Source: Survey of assets in community ownership (n=340)

These assets contribute £220 million to UK GVA, with 56p of every £1 they spend staying in their local economy (Archer et al., 2019). Their sustainability is secured through resilient community businesses that own and manage the assets, employing local people, improving the physical fabric of local areas and offering a mix of services and amenities to improve the quality of life locally.

We live in an age of loneliness and polarisation. These spaces are a key tool in the fight against social isolation, and a means to build community cohesion. In fact, of all the self-reported social impacts community businesses record, reducing social isolation (85%) and increasing community cohesion (82%) are the two most commonly reported (Harries and Miller, 2021, p. 64). This is perhaps not surprising given that community businesses are often founded by residents who come together over a shared cause or challenge.

Community-owned spaces are central to building the connected communities which improve our quality of life in often unquantifiable ways. Harvard political scientist Robert Putnam has argued that creating and maintaining connections and trust between people has been shown to be a key factor in improving places (Putnam, 2000). Community businesses are well placed to improve areas by supporting the development of this social capital – the networks of relationships between individuals, built on mutual trust, understanding and reciprocity.

Early evidence based on analysing hyper-local boosters of the government's Community Life Survey, conducted in areas where there is a well-established community business, demonstrates positive impacts on issues relating to social capital and social connection, such as civic participation and social trust. For example, Bramley Baths in Leeds is a community-owned and run leisure centre. Of the 38 Community Life Survey outcome measures used to measure the impact of community businesses, seven show statistically significant improvements in Bramley and none show any detriment compared with a matched control group. We see other similarly positive impacts for other community businesses, although not all (Crawshaw et al., 2020).

Furthermore, there is extensive evidence that connected and empowered communities promote good health in part through addressing social isolation and loneliness, while more active community involvement can lead to increased life satisfaction and wellbeing (McClean et al., 2019). Nearly a third (31%) of community businesses report that their primary impact for their local communities is improving people's health and wellbeing (Higton et al., 2021, p. 3). This self-reported finding has been validated through a systematic review which concluded that community businesses do have a positive impact on the health and wellbeing of their users, and that overall the presence of community businesses can impact positively on local residents' satisfaction with their local area (McClean et al., 2019).

**Bromley by Bow Centre**

The Bromley by Bow Centre is a vibrant community organisation in the heart of East London. The Centre was founded over 35 years ago and evolved from its previous use primarily as a church. Since then, it has built a national and international reputation for its innovative approach which inspires and empowers local people to transform their lives. The organisation delivers a broad range of activities based on its understanding of the local community and delivered through a unique model that combines social entrepreneurship, the arts, learning, social support, horticulture and holistic and integrated health programmes.

Together these services and opportunities make up an integrated health model delivered in partnership with local GPs in the Bromley by Bow Health Partnership. Community activities and statutory health services are combined to tackle the high levels of poverty and health inequalities in the community.

The Bromley by Bow model has led to many national innovations and breakthrough interventions such as Healthy Living Centres, Social Prescribing, DIY Health and Public Health England's flagship embedded community research project, Unleashing Healthy Communities.

Importantly, their approach is rooted in the belief that social connection is central to meeting the needs of community members. Their theory of change states that building connection then leads to 'stability of a relationship over time, a "family" network and diversity of connections that help a person grow' (Stocks-Rankin et al., 2018). Users of their building have commented on its role "bringing community together", as a safe, impartial space, "where people can go, meet, share" (Stocks-Rankin et al., 2018).

## What this all means for levelling up

In their review of previous regeneration programmes, Tyler et al. (2019) conclude that success was linked to taking an approach that tackled multiple aspects of the local area at the same time, for example the economic base (production/supply chains), people (unemployed and socially disadvantaged) and physical surroundings (infrastructure, housing and environment). A focus on buildings and spaces without an accompanying focus on growing the potential of local people is unlikely to succeed.

The evidence shows that locally rooted community organisations and community businesses take this exact approach, tackling multiple dimensions of place at once. They improve the physical place, they develop the skills of local people and create new opportunities (80 per cent of staff are local, and they hire proportionately more of those who are disadvantaged in the labour market) and they contribute to the economic base too, incubating small businesses and bringing economic activity back into places from which it has been missing.

These organisations that operate at neighbourhood level are already delivering outcomes that government wants to achieve through its levelling up agenda. In many cases, they are the key player in their neighbourhood. But in too many cases, they are swimming against the tide.

The next section looks at the policy change needed to move the work of these organisations to the forefront of our national approach to levelling up. The change we need to see to unlock the power of neighbourhood-based social infrastructure.

# 3. Analysis: the policy change needed to harness the power of community-led social infrastructure for levelling up

The previous section demonstrated the important contribution that community businesses and other community organisations focused at the local and neighbourhood level can make to aspects of the government's levelling up agenda: from improving the physical fabric of neighbourhoods to providing the spaces where communities can come together, reducing loneliness and isolation and building longer-term resilience. It also highlighted how, by operating at the local neighbourhood level with deep local knowledge and strong community connection, these community organisations can achieve several objectives at once, while Whitehall often struggles to operate across its many silos.

However, the current support for levelling up – notably the Levelling Up Fund, the Community Renewal Fund and the Community Ownership Fund – is poorly targeted to support community organisations to deliver on their potential. There are three issues with the current approach, in addition to the lack of adequate funding for social infrastructure already discussed in Section 1. Our argument here, however, is less about how much money is spent than about the way in which money is spent. Providing more funding for social infrastructure without making changes to how it is deployed is unlikely to be effective.

First, funds are too distant from local places to be able to really target the needs of particular communities and neighbourhoods. While this may not have been the intention, we believe it is a result of how the funds have been rolled out to date. While the UK is one of the most regionally unequal countries in Europe, we also know that inequalities within regions and cities dwarf those between regions. This suggests that to be successful, the government's levelling up strategy must marry a regional focus for the purposes of improving large-scale physical infrastructure with the ability to respond to the specific needs of individual places. However, the current approach neglects this second dimension: funds are distributed on the basis of competitive processes devised and decided upon in Whitehall. Decision-making is remote from the places that need support and cannot adequately harness the intensely local knowledge of community organisations or the enabling role of local authorities. This approach sits in stark contrast to a recent intervention across the Atlantic.

### The US Community Revitalization Fund

> President Biden's Community Revitalization Fund, a $10 billion investment in civic infrastructure projects, puts government funding directly in the hands of communities. The Fund is targeted – at 'economically underdeveloped and underserved communities'. Importantly, funds will be provided to 'community-based organizations, non-profits, community development corporations (CDCs) and their partners, centering the community as direct beneficiaries and drivers of project outcomes'. Of the $10 billion fund, $500 million is set aside for planning and capacity-building to prepare groups to take on more substantial funds in future. The approach puts communities in the lead, while encouraging partnership with local government, philanthropy and community development financial institutions (White House, 2021).

Second, the ways in which the Levelling Up and Community Renewal Funds are administered create real barriers for community organisations. They have to advocate to their local or combined authority to be included in a larger bid and, in the case of the Levelling Up Fund, also secure the support of their MP. In addition, the scale of the funds on offer can be beyond the capacity of community organisations, and the direct or opportunity costs of competitive bidding processes can be too high for these organisations to carry. These aspects of delivery create significant barriers for community organisations to access funding, rather than unleashing the potential of communities to contribute to levelling up locally. Groups are forced to compete with each other when far more could be achieved by enabling ecosystems of community organisations to work together to support regeneration, as is happening in the White Rock area of Hastings described in Section 2.

The Community Ownership Fund is simpler, with community organisations being able to bid directly for funding. However, there is also a clear challenge with this approach too, with civil servants in Whitehall deciding between projects with hyper-local nuances. In addition, the requirement that communities have to find 50 per cent match funding will act as a significant barrier to many being able to raise the funds to take on an asset, especially in those communities that are most in need of this kind of social infrastructure. Given the competitive nature of the fund, with demand likely to be in excess of the £150 million available, this could see support going to more affluent communities better able to raise the required match funding. For example, we know from Power to Change's support for community pubs that rural communities have been successful in raising millions in community shares to support the purchase of their local pubs, reducing their need for external grant and loan funding. The same model has struggled in more deprived urban areas in part because fundraising directly from the community cannot generate the same level of investment (Thornton et al., 2019).

The third challenge is that there is an inadequate focus in existing funds on investment to build the capacity of communities to contribute to levelling up. In fact, the centralised, competitive approach currently in place favours those who already have the skills and capacity to respond and prioritises ‘oven-ready’ projects over those that will take time to develop. This is particularly problematic because it affects those communities that need support most acutely. Research conducted by OCSI for the All Parliamentary Party Group on Left Behind Neighbourhoods highlights that ‘left-behind’ neighbourhoods fall significantly behind in terms of social infrastructure, even compared with other disadvantaged communities (OCSI, 2021). An audit of public and community assets in the 10 per cent worst-off council wards found they had disproportionately fewer public spaces and buildings, and were less than half as likely to have charities and community groups in their local area (OCSI, 2021).

There is a vicious cycle at play here. Those communities that have less social infrastructure inevitably have less capacity to organise, which limits the networks and skills that they can tap into which in turn reduces the funding and resources they are able to draw into their community. The upshot of this is that they have fewer opportunities to build social infrastructure through community ownership or community business and so the cycle continues. These problems are exacerbated by the short time frames available for bidding, and funding typically goes elsewhere, where there is relatively greater capacity. As Andy Haldane (2021) has commented:

> Competitively-bid central pots of finite, short-termish money tend to lock-in the advantages of those who already have resources. In other words, competitive bidding can increase the magnetic attraction of the ‘have’ over the ‘have-not’ places, the opposite of levelling-up.

Levelling up depends on breaking this vicious cycle. To do so, government must not only rebalance funding in favour of social infrastructure but also recognise that building and sustaining it necessitates a break with the current centralised approach and a focus on unleashing the potential of community businesses and other community organisations. The government needs a strategy for the development of neighbourhood-based social infrastructure.

**How social infrastructure is built really matters – learning from Power to Change's grant making and investment experience**

Power to Change's unique experience, as a funder and partner of community businesses, has taught us that the way in which we build social infrastructure really matters. The nature of investment has an impact on sustainability.

1. **We target deprivation**. Across five and a half years (from January 2015 to August 2020), most of our grantees have been based within the most deprived communities, with 67 per cent of funds going to the 30 per cent most deprived areas (Harries and Miller, 2021).

2. **We work in a patient way with local catalyst organisations**. Our Empowering Places programme has supported six community anchor organisations (in places which are all within the 10 per cent most deprived areas in England) with £1 million each over five years, to use their assets to grow new community businesses and build more resilient communities.

3. **We fund revenue and capital costs in communities across the country**. We've invested in early-stage capacity building support, such as through our Bright Ideas programme, and we've provided capital funding to community businesses to buy or renovate buildings and green spaces, through our Community Business Fund. Many groups have taken advantage of both the revenue and capital funding we've provided, at different stages in their development.

4. **We identify and help fill skills gaps**. Through our evidence and evaluation work, we have sought to identify areas where community businesses need capacity-building support. During its first five and a half years, Power to Change and its delivery partners provided 2,217 days of capacity-building support to community businesses (Harries and Miller 2021, p. 32).

5. **We work in partnership with local stakeholders**. We've developed place-based approaches to funding. Neighbourhood-based organisations have been in the lead on the Empowering Places programme, and we've worked in partnership with local and combined authorities, such as Bristol City Council and in the Liverpool City Region.

These principles have guided the way we work and the support we have given to community businesses in our first five and a half years of operation, including those whose stories are featured in this paper. Our experience can provide useful lessons to government as it further develops its approach to levelling up.

# 4. Recommendations: A neighbourhood strategy for levelling up

A more coherent strategy for developing social infrastructure at the neighbourhood level, as part of the government's wider ambitions for levelling up, has to put communities at its heart. Two contemporary reviews of past regeneration efforts point to the lack of lasting impact without significant community engagement and participation in regeneration efforts (Tyler, 2019, and Yang et al., 2021). A new strategy must encompass the following five changes.

First, there needs to be scope within existing funding for money to be directly controlled at the community level rather than by Whitehall, bringing resources closer to those who really understand what needs to happen to create change locally. We recommend that **25 per cent of the future UK Shared Prosperity Fund is passed directly to community-led partnerships (CLPs) to support the development of social infrastructure at neighbourhood level**.

As the Communities in Charge campaign has suggested, these partnerships would be made up of community organisations, local businesses, residents and local authorities. They would cover areas with a population of between 10,000 and 50,000 people. The funding should be targeted at the most disadvantaged neighbourhoods, where trusting relationships and bespoke understanding of local context are required to build and sustain long-term prosperity (Locality, 2020a). Different communities have different structures in place and, therefore, the approach should be flexible enough to work with what is in place rather than forcing all communities down exactly the same path, while expecting the same robustness in the management of public money and the governance and leadership of CLPs regardless of local model.

While community-led partnerships such as these are now unusual in public regeneration funding, they are not without precedent. In the 1990s, community-based anchor organisations led partnerships under the Single Regeneration Budget to transform their neighbourhoods. Some, such as Royds Community Association in Bradford and Manor and Castle Development Trust in Sheffield, used that initial investment to create long-lasting improvement in their neighbourhoods, using asset ownership as a catalyst for local enterprise development and service provision for local people. Both Royds Community Association and Manor and Castle Development Trust continue to work to improve their neighbourhoods now, over 30 years on.

Importantly, these new CLPs could form the basis of a new relationship between central government and the hyper-local level. Existing partnerships could be formalised by establishing themselves as CLPs, while this structure would encourage the formation of new partnerships at this level. In turn, they could act as a trusted partner for other levelling up funds in future.

Second, any strategy at the neighbourhood level needs to have **a strong focus on community asset ownership, as part of endowing communities with buildings and land from which they can generate income, build connection and drive impact over the long term**. As discussed in Section 2, there is a growing body of literature which demonstrates the economic, social and civic impacts of community ownership, but less prosperous communities are less likely to own assets, compounding their position. The government should have an ambition to accelerate community ownership in parts of the country where it is currently weaker. As a first step, it should consider flexing the requirements of the Community Ownership Fund to increase access for projects from more disadvantaged communities. In these places, this would mean significantly reducing or dropping match funding requirements altogether. It should also focus on ensuring adequate support for the development of new projects, including working more proactively with local authorities to encourage asset transfer. This would ensure that the fund is not entirely eaten up by those communities with the resources to have a strong pipeline of oven-ready projects.

Third, the government's strategy needs to recognise the need to **invest in building the skills and capacities of those communities who are currently least able to take a lead in their own regeneration**. This is a long-term project and cannot be achieved with the existing funds alone – their scope is too narrow and timescales too short. The government should look to the next tranche of assets in the Dormant Assets Scheme to create a Community Wealth Fund as proposed by the Community Wealth Alliance – a decade-long investment in building the capacity of communities using the network of community foundations to bring resources close to communities.

Fourth, there needs to be a shift in government in line with HM Treasury's recent response to the Green Book Review away from assessing the value for money of neighbourhood social infrastructure on the basis of narrow, largely economic cost–benefit ratios, to **take into account all the relevant costs and benefits to society and the strategic relevance of community-led approaches to the government's levelling up priorities**. As HM Treasury (2020) concludes:

> The assessment of value for money is broader than the BCR [Benefit to Cost Ratio] alone. It should assess all the relevant costs and benefits to society, not just narrowly economic ones. Salient points from all other dimensions of the business case should be incorporated, in particular, how well the option delivers the intended objectives of the intervention, as well as accounting for delivery risks.

If we are guided by economic metrics alone, such as uplift in land value or job creation, the case for investment will always remain weak. But this is to judge investment in social infrastructure by the wrong metrics. An issue here may be the lack of evidence on the significance of some of the social or non-monetised benefits, without which Green Book appraisals cannot produce a balanced view.

As the work of Frontier Economics for Local Trust that we referenced in Section 1 demonstrates, there are a range of economic and social benefits that derive from community-led social infrastructure, including important non-monetised benefits that together create a strong case for investment. These include:

- direct contribution to the local economy through GVA and expenditure on local goods and services
- increased employment and employment and skills training
- health and wellbeing benefits as a result of volunteering and participation in sports and physical activities
- reductions in adult and youth offending
- civic engagement and reduced loneliness
- environmental benefits
- improvements to the quality of place.

We need a balanced scorecard approach to judging whether these investments deliver, not a narrow economic lens. And we need much more robust evaluation of what works in promoting social infrastructure and the building of social capital. We need to develop our understanding of which types of social infrastructure and social capital offer the best returns, and how those returns compare with other interventions.

Finally, no successful neighbourhood-based strategy for levelling up can succeed without a complementary focus on local authorities. At their best, they can be powerful enablers of community action, holding many of the keys to the successful development of neighbourhood-based social infrastructure, from community asset transfer and planning to social value procurement. The current, centralised approach to levelling up gives too little power and discretion to local authorities, failing to recognise their critical role as curators and stewards of place. **The pandemic highlighted the power of communities and local government working together in partnership in an agile way. Levelling up will depend on relinquishing a level of centralised control to unlock the power of that partnership**. In practice, the community-led partnership approach to the UK Shared Prosperity Fund we have laid out would go some way to achieving this. But to truly unlock the power of this partnership, these principles must also be applied to other levelling up funds and future funding in this arena.

The pandemic has reinforced the urgency of levelling up, revealing deep inequalities of place across the country. It has also revealed the strength, entrepreneurialism and positive impact of our communities as a foundation for both a vibrant economy and a strong society. Without a pivot, away from the current overly centralised approach, to push power and resources down to communities as engines for the growth of neighbourhood-level social infrastructure, it is hard to see how levelling up will not suffer from the same verdict as previous regeneration efforts – billions spent with little to show for it. We must do something different if we want a different outcome from what we have seen over the past 40 years.

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**Power to Change**
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

@peoplesbiz

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