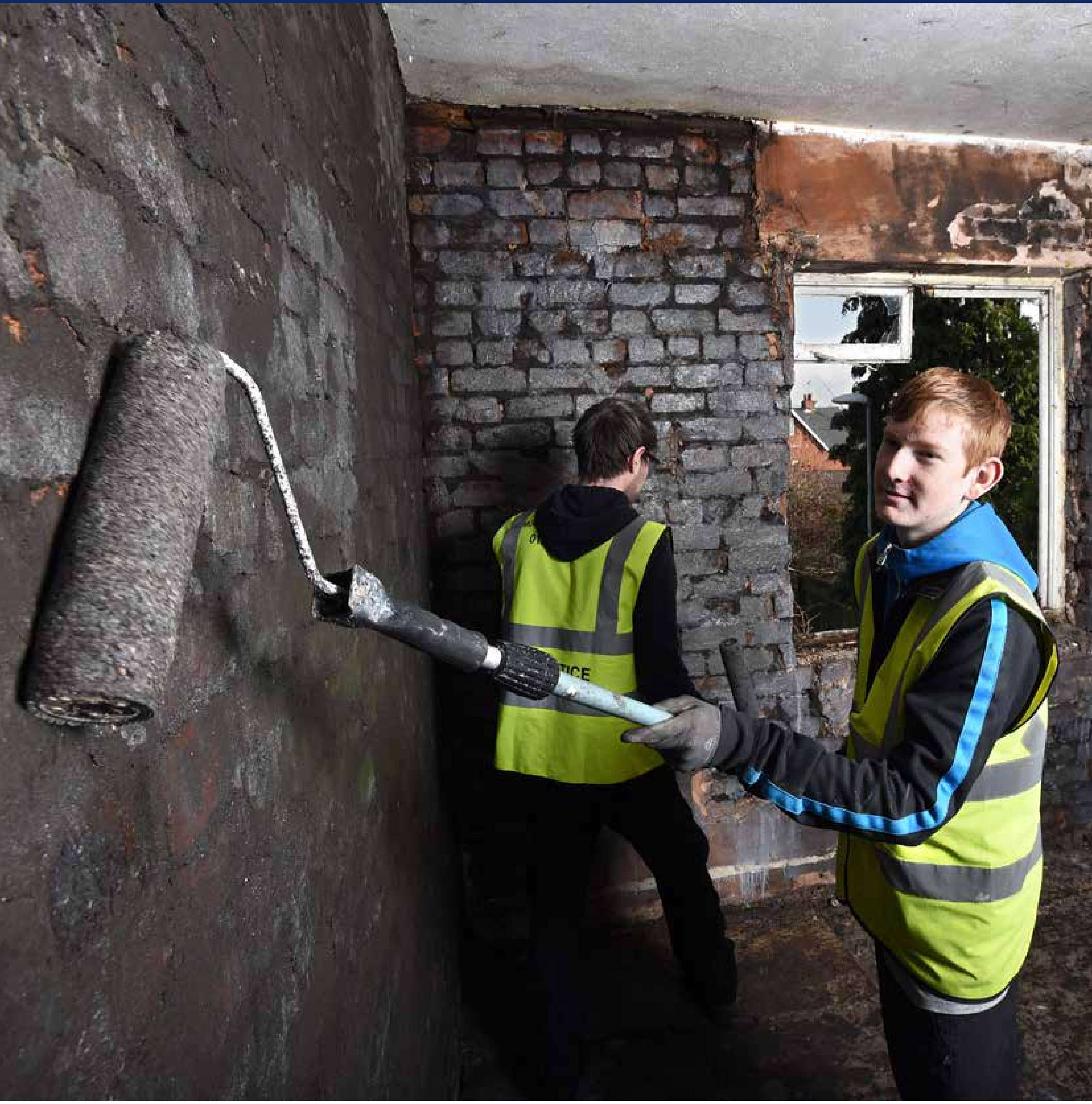
Sharing in prosperity

June 2019



Sharing in prosperity has been supported by the
Church Urban Fund, Barrow Cadbury Trust, Paul Hamlyn Foundation, Lloyds Bank Foundation for England and Wales, The City of London Corporation's charitable funder, City Bridge Trust, Local Trust and NCVO.

This paper was also developed in consultation with the following Community Wealth Fund Alliance members who had joined by the end of 2018:

Access – The Foundation for Social Investment
Association of Chief Executives of Voluntary Organisations
Calouste Gulbenkian Foundation
Charity Finance Group
Civil Society Futures
Co-operatives UK
Locality
London Funders
The London Communities Commission
National Association for Voluntary and Community Action
New Economics Foundation
Social Enterprise UK
Social Investment Business
Small Charities Coalition
UK Community Foundations
The Young Foundation

Thanks to all for thoughtful comments on a number of drafts and thanks also to Steven Toft and Dan Gregory, who researched and wrote this paper, for their great patience and skill.

A full list of current members of the Community Wealth Fund Alliance and further information about the proposal is available here:

www.bitly/CommunityWealthFund

Cover photo: Apprentices refurbish one of the properties in Goldthorpe, Barnsley, bought by local residents with Big Local funding
Photograph: Asadour Guzelian

Foreword

The Community Wealth Fund (CWF) Alliance was established last year by some of the UK's leading charities, foundations and not-for-profit membership organisations. It is making the case for the next wave of dormant assets (from stocks, shares, bonds insurance and pension policies) to be used to rebuild social and civic infrastructure in Britain's 'left behind' neighbourhoods. The proposal is to match cash from dormant assets with investment from the private sector to create a unique national endowment.

While 'left behind' is a contested and controversial term, it nonetheless reflects a growing consensus that the challenges being faced by some of our communities are not adequately described by terms such as 'deprived' or 'disadvantaged'. Typically, these communities are geographically peripheral - whether they are on the outskirts of urban or in rural or coastal areas - or otherwise cut off and have suffered both from economic decline and the disappearance of a wider range of social infrastructure – from shops and pubs to community centres and civic organisations. In many of these places there is a sense that the problems they face have been exacerbated by a long-term lack of funding from the public or independent sources.

The government has said that the UK Shared Prosperity Fund (the UK replacement for European Structural and Investment Funds – UKSPF) will "reduce inequalities between communities" and "help to deliver sustainable, inclusive growth based on our modern industrial strategy". These are ambitions that must be wholeheartedly endorsed.

However, to achieve this, as well as investing in structural economic issues at the regional, sub-regional or local authority level, we believevthe government must invest at a *neighbourhood* level in those communities that have missed out on the benefits of wider economic growth. And, government needs to recognise the value of community-level economic development as a critically important complement to strategic-level economic interventions.

Over recent years, a common effect of economic development models has been"agglomeration" - the concentration of enterprise and capital close together in city centres. The expectation of some has been that the benefits of this concentrated growth will be spread outward to suburbs, towns and rural areas. However, the evidence of the last four decades shows us that investment in economic development has failed to make a difference to many communities, a good proportion of which have been affected by de-industrialisation and the technological change.

Alongside investment at the regional, sub-regional and local authority level there is a need for smaller scale interventions, focused on building and rebuilding economies at the micro or community level. But, for this sort of investment to succeed, it needs to be rooted in the particularities of those communities and neighbourhoods. And, evaluations and reviews of past regeneration programmes suggests that it is most likely to be successful if investment is long–term and crucially if the community is genuinely leading the process.

This paper describes the challenge. The situation is particularly acute in those neighbourhoods where unemployment and low skills levels are concentrated and available jobs are generally low wage and insecure. Often, in these areas poor public transport, limited access to services and a high proportion of the population with caring responsibilities makes it difficult for people to benefit from job or training opportunities outside their area.

The paper concludes that: *if we are serious about spreading prosperity, we need to face up to this polarisation in our economy and its implications in our least well–off neighbourhoods*. It illustrates that problems are often not defined by regional or city-scale disparities in economic growth, but concentrated in neighbourhoods close to or surrounded by much more prosperous areas. It acknowledges that there are very prosperous neighbourhoods in local authorities, towns or cities which are generally deprived.

This report was researched, written and consulted on over the summer and autumn of last year by the CWF Alliance. Its recommendations are informed by and build on the work of a number of the organisations in membership of the Alliance including NCVO, Locality and Co-operatives UK. It demonstrates a strong and growing consensus about the action needed.

The intention was to publish this paper as a contribution to the government's consultation on the UKSPF, as a companion piece to the Alliance's policy proposals on a CWF. The government's consultation was due out before the end of 2018; it has not appeared because of continuing uncertainty about Brexit.

In the period between the completion of this paper and now, the government announced its £1.6bn Stronger Towns Fund. The guidance for this new fund makes it clear that some of the investment will be used to support "pockets of deprivation that have not fully benefited from the success of their wider regional economy". Indications are, that this new fund, set to come on stream a few years before the UKSPF, will inform how the latter is delivered. There are concerns about the design of the Stronger Towns Fund, in particular the extent to which a competitive element to the fund may exclude those communities most in need of support, who often lack the capacity and confidence to compete for funding. However, if government gets the design right, it presents an opportunity to develop and test approaches to tackling the challenge of 'left behind' areas, which could be mainstreamed over the longer term through UKSPF.

We are publishing this report as a contribution to continued development of thinking on both the UKSPF and the Stronger Towns Fund, in the hope that it supports government in ensuring that both funds contribute towards prosperity being properly shared across all our communities.

Matt Leach
Chief Executive
Local Trust
On behalf of the Community Wealth Fund Alliance

Summary

The idea of 'left behind' communities has been right at the forefront of political discourse since the EU referendum. Areas voting Leave were, in general, poorer than those that voted Remain. But this 'left behind' label, as powerful as it has become, masks a number of issues.

Disadvantage is not a new phenomenon, and inequalities go back decades. Deprivation is often local not regional – pockets of economic deprivation can exist even where neighbouring areas are relatively prosperous. Diverse factors lie behind the poor economic performance of different areas. If we want no area to be 'left behind' then we need to tackle longstanding and complex disadvantage at the local level.

The evidence tells us that:

- Economic growth has bypassed some areas completely. The benefits of agglomeration (where companies cluster together, often at the centres of large urban areas) are sometimes barely shared at all.
- While employment rates are high in historical terms, many people are witnessing falling real wages and the rise of 'precarious' work.
- Gaps have opened between high- and low -skill occupations, those with degrees and those with few qualifications. We have many people with low basic skills and a high number of overqualified graduates.
- Physical location and a lack of suitable transport disconnects many from economic opportunity. Many towns, coastal and rural areas and even the outskirts of some cities, feel cut off from the nearby city centres and is most sorely felt by people in deprived areas who rely on public transport.
- Productivity stagnation in the UK has been particularly marked since the recession, on top of a long-term productivity gap in relation to other comparable economies.

Many of these areas have also lost vital community facilities – or *social infrastructure* – where people get together; pubs, village halls and bingo halls, for instance, have closed. So in the summer of 2018, a group of voluntary sector organisations, funders and others came together in an Alliance for a Community Wealth Fund[1] to advocate for investment in our social infrastructure. The Alliance argued that investment might come primarily from the new wave of dormant assets (from insurance and pension funds, stocks, shares and bonds) matched with private sector funds. Such investment would enable communities to improve their own areas, develop assets and form a solid foundation for the future.

1 http://localtrust.org.uk/library/research-and-evaluation/community-wealth-fund

Through our collaborative work on the Community Wealth Fund, we have come to a shared understanding of the sort of investment communities need. This has led us to seek to influence plans for a new UK Shared Prosperity Fund. The fund will aim to reduce inequalities between communities across our four nations and help deliver sustainable, inclusive growth. So this paper seeks to inform its development, through reflecting on the strengths and weaknesses of previous neighbourhood level investment programmes. Our assessment is that investment has tended to be much more successful where it has harnessed local trust and knowledge, offered flexibility, and fostered social capital, ownership and responsibility at a community level. All programmes have struggled when they have had to swim against wider economic and social tides. However, we believe that in the future, emerging models of local economic development can complement larger scale strategic-level investment, built upon the following principles:

- Long-term investment
- Rooted in the particularities of place
- Investing in social capital and social infrastructure
- Encouraging partnership
- Supporting asset creation
- Targeting need
- Community control

These principles can ensure we harness the potential in every community, delivering the more inclusive growth so many of us want to see.

Introduction

The UK Government's 2017 manifesto committed to the establishment of a domestic successor to European Structural and Investment Funds (ESIF) to "reduce inequalities between communities across our four nations" and to "help deliver sustainable, inclusive growth based on our modern industrial strategy".[2] This will be called the UK Shared Prosperity Fund (UKSPF).

As yet, there has been little detail about how the new fund will work. The Conservatives' manifesto promised that the fund will "be cheap to administer, low in bureaucracy and targeted where it is needed most".[3]

Then in July 2018, the government announced that the objective of the UK Shared Prosperity Fund would be to tackle inequalities between communities by raising productivity, especially in places that are furthest behind.[4] In its recent Civil Society Strategy, the Government acknowledged that previous EU Structural and Investment Funds had been difficult to access, which is especially true at the very local level, and proposed working with places to develop local industrial strategies"[5] which will provide distinctive and long-term visions for how a place can maximise its contribution to UK productivity.

We understand that the new Shared Prosperity Fund may be composed of a number of different funds with distinct delivery mechanisms. We believe that – if it is to be successful – this new fund needs to address both structural economic issues within the UK economy and how individual neighbourhoods and communities have missed out on the benefits of economic growth. This will require a range of tools and approaches.

At one level, there is a need for the fund to invest in the development of local and sub-regional economic strategies. At the same time, we need to address localised economic failure and exclusion at the neighbourhood level. We agree that the Shared Prosperity Fund should provide funds for voluntary and community organisations, including small charities and others who can provide employment and training services for

2 Conservative Party Manifesto, 2017, p. 30.

3 ibid

4 https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-07-24/HCWS927/

5 Cabinet Office (2018). *Civil Society Strategy: building a future that works for everyone.* London: Cabinet Office.

those furthest from the labour market, mirroring current investment from the ESIF. But, our focus here is on how the Shared Prosperity Fund can support deprived neighbourhoods using models and approaches that support broader economic strategies.

The idea of inclusive growth has emerged with backing from the Prime Minister, local authorities, LEPs, mayors, Labour and Conservative politicians and beyond. Here then, is a window of opportunity for targeted investment to deliver long-term shared prosperity across every community in the UK.

Left behind, right at the forefront

The idea of 'left behind' communities has been right at the forefront of political discourse since the EU referendum. The term has become shorthand for some areas of the country which voted Leave, interpreted by some as a reaction against economic exclusion.

Areas voting Leave were, in general, poorer than those that voted Remain. But this 'left behind' label, as powerful as it has become, masks a number of issues.

First, it's remarkable that it took the EU referendum for many politicians, policymakers and media commentators to notice that the economic reality has been so different in some parts of the UK to others for so long. Disadvantage is not a new phenomenon, with some areas accelerating away from others over recent years. Inequalities do not date from the 2007 financial crisis, they go back much further. The Resolution Foundation have described how "it's the shape of our long-lasting and deeply entrenched national geographical inequality that drove differences in voting patterns."[6] Many parts of the country suffered from the de-industrialisation of the 1980s but experienced very little of the economic growth that came afterwards. Research by Localis, for instance, identified thirty "stuck" local areas; "penumbra economies that have not recovered from the 1980s".[7] Some areas have struggled since well before the UK even joined the European Community.

Second, we must recognise that deprivation is a local rather than a regional phenomenon. This is not about North vs. South or London vs. The Rest. Pockets of economic deprivation can exist even where neighbouring areas are relatively prosperous. The Bourne area of Poole is one such example. Most people would not immediately think of Dorset as an area of economic hardship yet it contains one of the most deprived neighbourhoods in the UK. The Joseph Rowntree Foundation (JRF) has explored how there is considerable variation within cities, where poverty can exist side by side with affluence.[8] While investment may have improved the centres of our large cities and created dynamic regional economies, in the surrounding areas often little has changed. The city centre might be an international showcase but a mile

6 https://www.resolutionfoundation.org/media/blog/the-referendum-living-standards-and-inequality/

7 http://www.localis.org.uk/news/the-stuck-and-the-stifled-the-places-the-industrial-strategy-can-help-the-most/

8 Rae, A., Hamilton, R., Crisp, R. & Powell, R. (2016). *Overcoming deprivation and disconnection in UK cities.* Joseph Rowntree Foundation.

away, houses and shops are boarded up. It's clear that, under models of economic development which rely heavily on *agglomeration*[8], spreading the benefits of growth from city centres out to more deprived suburbs, towns, and surrounding rural areas proves to be a challenge

Finally, while there are some common factors behind the poor economic performance of some areas, the detail is often very different. Challenges facing people in coastal areas may be different to those in rural districts. Those far from cities face different realities to those near cities and those in cities.

It is clear that we must better understand the UK's 'left behind' areas if we are to put in place policies which will truly get to grips with often longstanding, very local and sometimes complex disadvantage.

[9] Agglomeration economies are expected when firms and people locate near one another – or cluster together - in cities.

Behind 'left behind'

What does the evidence tell us about patterns of prosperity across the UK?

1. Polarisation – or 'hollowing out' – of the UK economy

The financial crash in 2007 and the subsequent recession marked the end of a long period of relatively high economic growth in the world's most advanced economies. Since then, we have yet to return to pre-recession growth rates. Economic forecasters do not expect this to change in the next few years. The Office for Budget Responsibility has forecast per capita GDP growth of less than 1 percent per year between now and 2022.[10]

Nonetheless some areas have been growing and others have not. Officially, the UK has been out of recession for eight years but it doesn't feel like that to many people. King's College London Professor Anand Menon tells how he was heckled at a debate in Newcastle when he mentioned GDP - "That's your GDP not ours!"[11]

Aggregate figures, even at local authority level, disguise significant local variations. Derby, for example, has some of the highest wages outside London yet some of the wards within the city are among the 10 percent of most income-deprived neighbourhoods in the country. Berkshire features on most economic maps as one of the areas of the UK with above average incomes and GVA yet parts of it, including the Whitley area of Reading, are in the highest decile of employment deprivation. A Smith Institute study found that working age poverty in London, the West Midlands and Greater Manchester has risen fastest in the outer suburbs.[12] The centres of the major cities in the Midlands and North are prosperous and vibrant yet, a few miles away in the isolated suburbs and satellite towns, there is often little evidence that the wealth has spread very far.

While agglomeration can bring economic benefits with cities as engines of growth, surrounding towns often lag behind metropolitan prosperity. We can no longer assume that economic growth in one area will stimulate employment in adjoining areas, if indeed we ever could. As the Institute for Public Policy Research (IPPR) has noted,[13] "Once upon a time, it might have been enough to focus simply on productivity in leading sectors, since this would translate into higher wages everywhere else. Leading firms would set wage levels in the local labour market and, in turn, higher-paid workers would boost consumption, recycling the productivity gains to the wider community. But today these transmission mechanisms no longer work. High pay

[10] Office for Budget Responsibility. (2018). *Economic and fiscal outlook* – March 2018.

[11] Menon, A. (2016). 2016: *A review.* The UK in a Changing Europe.

[12] Hunter, P. (2016). *Towards a suburban renaissance: an agenda for our city suburbs.* The Smith Institute.

[13] IPPR (2018). *Prosperity and Justice: A plan for the new economy.* Polity Press.

in banks in Canary Wharf does not pull up the wages of shop workers in Tower Hamlets: high-productivity firms require a different set of workers, with highly specialised skills."

The general ageing of the UK population is made that much more acute in economically weak areas because younger people tend to move to those areas which offer more opportunity.[14] Successive waves of economic growth seem to have bypassed some areas completely. Initiatives to improve employment often simply create jobs for people from wealthier areas. A third of our population has experienced poverty.[15]

2. Jobs – precarious and poorly paid

Since the 2007 recession, the UK economy has been characterised by record employment rates. But it has also experienced falling real wages and the rise of 'precarious' work, or what the OECD calls non-standard employment, in the form of zero hours contracts, self-employment, part-time and agency work.[16]

The British Social Attitudes Survey[17] shows rising levels of stress and insecurity at work. It seems that even full-time jobs don't give people the same sense of security they once did. Those in more routine occupations feel less secure and less in control of their work than those doing similar jobs ten years ago. The JRF describes the 'low-pay, no-pay' cycle, as people move between periods of low-paid work and unemployment.[18] The lower wage deciles have seen the largest fall in the number of hours worked and the greatest increase in part-time employment.[19]

Gaunless Gateway – the rise of 'precarious' work

The Gaunless Gateway is an area in south-west Bishop Auckland, comprising some of the most deprived wards in County Durham. The area has significant numbers of people working in factory jobs. Increasingly these jobs are on zero hours contracts, providing limited security rather than the stability that such work may have provided in the past, as well as lower levels of work-related benefits.

14 Swinney, P. & Williams, M. (2016). *The Great British Brain Drain: Where graduates move and why.* Centre for Cities.

15 Office for National Statistics. (2017). Persistent poverty in the UK and EU: 2015.

16 Bell, T. (2017). *Britain's labour market has passed peak insecurity.* Resolution Foundation.

17 NatCen Social Research. (2016). *British Social Attitudes 33.*

18 Thompson, S. (2015). *The low pay, no-pay cycle*. Joseph Rowntree Foundation.

19 Belfield, C., Blundell, R., Cribb, J., Hood, A. & Joyce, R. (2016). *Two decades of income inequality in Britain: the role of wages, household earnings and redistribution*. Institute for Fiscal Studies.

According to the UK Commission for Employment and Skills (UKCES), there are fewer men in full-time employed jobs, in absolute terms, than there were in 1981, despite there being 3 million more working-age men.[20]

At the same time, in-work poverty has risen up the agenda as wages have stagnated. According to the Resolution Foundation, real average weekly earnings are still, in today's money, £12 short of where they were before the crisis.[21] The Institute for Fiscal Studies and the Office for Budget Responsibility do not expect pay to return to its mid–2000s level until 2022. For some areas, the little economic growth they have experienced has come from the expansion of insecure and low-paying employment.[22]

3. Divided by skills and qualifications

While there are 'jobs on the doorstep' in many areas, a 'double disconnection' of lack of skills and poor transport mean that low rates of employment can persist for many people. Widening gulfs seem to be opening up between high- and low-skill occupations, those with degrees and those with few qualifications. The JRF reports that many areas have "a population that is older, in poorer health and has lower skill levels. Unsurprisingly, many of the areas of the UK at risk of being left behind are among the 20 local authorities with the largest concentration of people with low or no qualifications. This makes it harder for places to attract new investment. Together, these factors have locked some places into a slow growth path."[23]

Much of the employment growth since the recession has been in professional and technical roles and in the caring, leisure and hospitality occupations, continuing a trend that was underway before the crisis. The number of people in administrative roles and skilled trades has declined. This 'hollowing out' is a feature of labour markets in most developed economies but is particularly marked in the UK.[24]

Just as there is a growing gulf between occupations, we are also seeing a divide in terms of qualifications. Of all EU countries, the UK has the highest proportion of graduates in its workforce but also one of the highest percentages of people with low basic skills. A vastly higher proportion of young people attend university in the UK today compared to 30 years ago. Now the UK has a relatively high number of graduates overqualified for their jobs. In 2016 only around half of new graduates were in jobs requiring a degree. Graduates have colonised administrative jobs that previously may not have required a degree. Meanwhile,

[20] Wilson, R. et al. (2017). *Working Futures 2014 - 2024*. UK Commission for Employment and Skills.

[21] Resolution Foundation. (2018). Twitter: 12:28 PM - 11 Sep 2018.

[22] Airey, J. & Booth-Smith, L. (2017). T*he Making of an Industrial Strategy*. Localis.

[23] JRF, Designing the Shared Prosperity Fund

[24] OECD (2017). *OECD Economic Outlook, Volume 2017 Issue1*. OECD Publishing, Paris.

"non-graduates have also seen a major shift in the distribution of their employment from middling to bottom occupations."[25] So not only have the mid-level jobs been disappearing but those that are left are increasingly being done by graduates. These are the 'ladder jobs', those that traditionally enabled the less qualified to build their skills in the workplace. As the UKCES Growth Through People report noted, we now have "longer pathways for those at the 'bottom' and greater competition for those in low-skill roles. As gaps in the career ladder grow, it becomes more difficult for people to progress and improve their earnings potential."[26] The Financial Times points out that falling wages and a rising minimum wage has clustered a lot of jobs at the bottom of the pay scale, "The bulge of jobs at the bottom makes it harder for people to climb up".[27]

A gulf is opening up between high- and low-skilled occupations and between those with qualifications and those without.

4. 'Left behind' by transport

Many have reported the *physical* disconnections across our economy with disadvantages caused by location and a lack of suitable transport connections to centres of economic opportunity.[28] Some parts of the country have attracted a great deal of investment from central government and the European Union, yet the structural problems in their economies persist. Many of these areas are towns or coastal and rural areas cut off from the nearby cities.

Transport is one of the barriers to labour market participation, with the West Midlands and Greater Manchester suffering from a lack of integrated transport. People in deprived areas usually have a greater dependency on public transport, which can severely limit their ability to move further afield for work. Low-income neighbourhoods currently have a relatively low incidence of car ownership and, consequently, this leads to a reliance on public transport, usually buses. The geography of jobs is changing such that high-skilled jobs are increasingly concentrated in city centres while lower skilled work is dispersed outside city centres, in areas often poorly served by buses. The combined effect of this means that, for those in lower-paid work, commuting often involves a number of bus changes.

This can lead to a situation in which aggregate job growth in a city and its surrounding area can have very little impact on the most deprived areas.

---

[25] Salvatori, A. (2015). *The Anatomy of Job Polarisation in the UK.* Discussion Paper No. 9193 July 2015. IZA.

[26] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/410289/GTP_EA_final_v8.pdf

[27] O'Connor, S. (2017). *For clues to the productivity puzzle, go shopping* (Financial Times, 21 February 2017)

[28] JRF

Southampton and Bristol – peripheral estates and transport difficulties

Harefield, Midanbury and Townhill Park are estates in Southampton on the periphery of the city. Limited bus services mean that jobs in the city centre are more readily available to those commuting into Southampton by train from out of the area, than to those living on these 'cut off' estates.

Lawrence Weston is an estate on the periphery of Bristol. The local college closed a few years ago. Now, taking a bus to the nearest college to access further education and training takes two hours, with changes.

In July 2018, the Campaign for Better Transport warned that some areas are at risk of becoming 'transport deserts' as the provision of public transport declines.[29] BBC research published earlier this year indicates that bus service coverage in the UK has shrunk by 8 percent in the last decade.[30] While coverage has increased in the London area, networks are shrinking in much of the Midlands and North. A report by the JRF in August 2018 found that transport is a significant barrier to employment in many low-income areas.[31]

Various politicians have sometimes urged the jobless to 'get on the bus' to find work. The theory is that rational economic actors will move to where they can better share in prosperity but the real world is more complex. A JRF report on low-income neighbourhoods in 2011, pointed out how people's "sense of self was rooted in place, giving many of them a basis for some security in a context of growing economic uncertainty. Most respondents viewed their future as staying in their neighbourhood, even if they were dissatisfied with certain aspects of living there. Long-term deprivation did not necessarily prompt a desire to leave. For many participants, any benefits of moving for work would be outweighed by the costs: a severing of social networks; a lost sense of belonging; an undermining of feelings of safety and security derived from living in familiar places; and loss of informal assistance that allows people to cope and can actually serve to render work a viable proposition."[32]

Even advocates of agglomeration admit that we need different responses to support prosperity in areas which don't experience its benefits, beyond new rail links and a reversal of the decline of bus routes. Sadly, they don't tend to make many suggestions for what those responses might be.

29 Campaign for Better Transport. (2018). *Buses in Crisis.*

30 Wilde, C., Lynch, P. & Belcher, A. (2018). *Britain's bus coverage hits 28-year low.* BBC Shared Data Unit.

31 Crisp, R. et al. (2018). *Tackling transport-related barriers to employment in low-income neighbourhoods.* Joseph Rowntree Foundation.

32 https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/poverty-neighbourhood-resident-experience-full.pdf

5. Productivity and people

There has been much debate about the UK's so-called productivity puzzle. Productivity stagnation in the UK has been particularly marked since the recession, on top of a productivity performance that lagged behind that of similar countries for some years. Recent research by the Bank of England suggests that the recent slowdown is due to a lack of productivity growth among the UK's top performing firms while the longer-term trend lies in the poor performance of the laggards – or the 'long tail'[33] – of poorly performing businesses.

JRF have pointed out that the UK's low wage sectors have lower productivity than comparable sectors in other major economies.[34] Most of this difference is due not to capital intensity or labour quality but to the efficiency of processes within firms. The report concludes, "The UK's productivity gap with its competitors in low-wage sectors is not due to a lack of capital investment or workers' formal skills but how well we use workers in these sectors. This finding fits with previous work that found that the majority of low-wage retail workers feel overqualified for the work they do. There is significant potential to increase productivity if people are given the opportunity to perform at the level of responsibility that they feel capable of."[35]

Employer's investment in training has also declined. The proportion of workers undertaking training, the amount of time they spend on courses and the size of training budgets all show a marked decline from the middle of the last decade. According to the IPPR, the UK's training investment per employee is half the EU average.[36] This compounds the problem still further for those workers with fewer formal qualifications. Not only are the 'ladder jobs' and development opportunities disappearing, there is now less chance of structured career progression.

If productivity is to drive prosperity in every corner of the UK, we need to give people the opportunity to embrace greater responsibility at work, reasons to engage on a more personal level with their work and rebuild models for self-improvement and progression in the workplace.

---

33 Schneider, P. (2018). *The UK's productivity puzzle is in the top tail of the distribution*. Bank Underground.

34 Innes, D. (2018). *The links between low productivity, low pay and in-work poverty.* Joseph Rowntree Foundation.

35 JRF

36 https://www.ippr.org/news-and-media/press-releases/skills-gap-threat-to-post-brexit-economy-uk-employers-spend-6bn-less-on-skills-than-euro-average

Summary – the challenge for inclusive prosperity

The UK economy will face huge challenges over the next decade or so. An ageing population, relatively high public debt, uncertainty over our future trading arrangements with global partners and environmental pressures will not make the job easier. In this context, we are faced with particular challenges to shared prosperity:

- historically slow growth, bypassing some areas entirely
- wage stagnation, insecurity and precarious employment for many
- skills and qualifications failing to match up to the market
- geographical and transport barriers to employment and opportunity
- stubbornly low productivity and lack of development opportunities

The challenges are most acute in particularly deprived neighbourhoods, in which unemployment and low skills levels are often concentrated and in which the available jobs are generally low wage and insecure. Often poor public transport and caring responsibilities make it difficult for people to benefit from job or training opportunities outside their locality. If we are serious about spreading prosperity, we need to face up to this polarisation in our economy and its implications in our poorest neighbourhoods.

Over the last few years, a consensus has developed that we need to build a more inclusive economy across the UK. This is driven by a number of factors which, together, forge a compelling case for greater shared prosperity:

- moral – as extreme economic inequality undermines fairness
- economic – as inequality can hold back economic development
- social – ensuring trust and societal cohesion are maintained across the UK
- fiscal – as poorer communities put pressure on public budgets and undermine sustainable public finances

Truly shared prosperity will only happen if we can find the means to empower every corner of the country to seize the opportunities that are available to us.

Lessons of the past

Any new investment must learn the lessons of the past. From the 1980s onwards, governments have funded a succession of place-based programmes focused on reducing disadvantage and narrowing the prosperity gap. In England alone, these include Estate Action, Single Regeneration Budget (SRB), the Neighbourhood Renewal Programme, and the Local Enterprise Growth Initiative. Other programmes have been supported by various EU funding streams and in devolved administrations. Each programme sits somewhere between 'hardware' (capital spend, physical regeneration) and 'software' (community development, skills/training, system change).

Of course, all programmes experience particular successes and failures, some work very well in some places and not in others and no single programme signals all the hazards or provides all the answers. Also, any failures may be due to problems with implementation as opposed to design. But we are starting to better understand, through research, evidence and expertise, what appears to work and what doesn't work.

What doesn't work?

Whilst all of these programmes have achieved some significant positive outcomes, what is also undisputed is that, too often, they failed to shift the dial; they did not create sustainable economic inclusion in our most deprived areas. Why not?

The New Deal for Communities (NDC), part of the New Labour's Neighbourhood Renewal Programme, attempted to balance physical and people-focused change, investing £1.7bn over ten years in 39 of England's most deprived neighbourhoods. While the funding flowed, NDC areas saw improvements in outcomes across the board,[37] the strongest evidence being around employment.[38] The national evaluation indicated that the programme delivered good value for money using a shadow pricing methodology which examined data on individual quality of life including, for example, income and attitudes. Other analysis points to the fact that evaluation of New Labour's renewal efforts did not factor into the assessment outcomes related to "community capacity and influence and institutional change" and therefore their success was under-rated.[39]

While NDC might, on the basis of evaluation and analysis, be deemed a success over the short term, its national evaluation was pessimistic about the programme's long-term impact. Four

[37] Final report of the NDC national evaluation led by Sheffield Hallam University

[38] The What Works Centre for Economic Growth reviewed the evidence on NDCs in 2016

[39] Lupon R., Fenton A., Fitzgerald A., *Labour's Record on Neighbourhood Renewal in England: Policy, Spending and Outcomes 1997-2010,* Social Policy in a Cild Climate, Working Paper 6, July 2013. CASE at the LSE

reasons are often put forward to explain why NDC tended not to live up to expectations as regards its enduring legacy in communities:

- The promise of resident control was not delivered. NDC partnerships had community input but were not community led. Resident-chaired boards served as sounding boards for paid officer teams but were not in control.
- While the multi-year programme was long enough to design and deliver 'hardware' construction projects, it was too short to make progress on the 'software' needed to support sustainable change in local communities.
- Top-down bureaucracy and heavy-handed monitoring requirements stifled resident initiative and failed to build local civic capacity or organisations which were sustainable beyond the end of the programme.
- Attention was given to *legacy* too late in the day and monitoring and accountability processes tended to work against it being achieved (for example, plans to close down facilities were assessed as low risk, while those that sought to develop and leave an asset in the community were assessed as high risk).

One lesson for future regeneration policy was "A common template of interventions to be used in all areas is unlikely to be appropriate: the dynamics of localities matter".[40] An evaluation of NDC in 2015 by the National Institute for Health Research[41] found that "instrumental approaches, which try to engage residents in agendas that are not theirs, will have relatively little positive impact and that community cohesion and well being may be undermined." Top down decisions, whether from central or local government, tended to have similar effects: "When things are 'done to' communities this reinforces a paternalistic relationship between citizens and the state. When collective endeavours are scuppered because 'real power' resides elsewhere at another level of governance or within the private sector, this frustrates community energy and contributes to a sense of powerlessness."

Similar observations emerged from the evaluations of the Single Regeneration Budget (SRB). Birmingham City Council noted that most of the interventions were too large and too complex to make a real impact, having failed to recognise the deep-rooted reasons for unemployment and labour market failure in some areas,[42] observing that "the government should reduce the number of initiatives, provide

[40] https://extra.shu.ac.uk/ndc/downloads/general/Volume%20three%20-%20Making%20deprived%20areas%20better%20places%20to%20live.pdf

[41] Popay, J. et al. (2015). *The impact on health inequalities of approaches to community engagement in the New Deal for Communities regeneration initiative: a mixed-methods evaluation.* National Institute for Health Research.

[42] Birmingham City Council. (2003). *The Effectiveness of Birmingham SRB programmes in getting people into work.*

local areas and cities with adequate funds and trust them to get on with it. This would reduce the enormous costs of the bureaucracy and administration currently needed to underpin this raft of initiatives."

An evaluation of the Neighbourhood Management Pathfinder Programme in 2006 found that its results were most effective in communities with between 5,000 and 15,000 residents.[43] It concluded that, in neighbourhood areas with a population larger than 15,000, there is a risk that the 'targeted' approach to neighbourhood renewal will be diluted and that residents may no longer identify themselves with a neighbourhood community.

[43] SQW Consulting. (2008). *Neighbourhood Management Pathfinders*: Final Evaluation Report. Department for Communities and Local Government.

Social Capital – the not-so-secret ingredient

The Bank of England's Chief Economist Andy Haldane said in 2016[44] that "it is another form of capital that may matter every bit as much to wealth and wellbeing in society – social capital…. At least until recently many economists like me, when faced with this evidence, might have shrugged our shoulders… Recently, however, that orthodoxy has changed and the importance of trust has become clearer…. Evidence has emerged, both micro and macro, to suggest trust may play a crucial role in value creation. At the micro level, there is now ample evidence that the degree of trust or social capital within a company contributes positively to its value creation capacity. At the macro level, there is now a strong body of evidence, looking across a large range of countries and over long periods of time, that high levels of trust and co-operation are associated with higher economic growth."

The Office for National Statistics is now publishing statistics on social capital, human capital and national wellbeing. In its most recent report on social capital, the ONS remarked[45] how "the connections between increasing rates of social capital and positively functioning wellbeing, economic growth and sustainability are extensively noted. For example, social capital is recognised as a driver for economic growth and as a facilitator for a variety of improvements for individual and wider community wellbeing."

So the social foundations of economic performance have become widely accepted in recent years. There is evidence that improvements in trust and social infrastructure correlate with higher economic growth. Daron Acemoglu and James Robinson[46] set out how economic prosperity depends on the inclusiveness of economic and political institutions. HM Treasury's *Fixing the foundations* in 2015[47] acknowledged that "In today's economy, investment is about much more than machines, equipment and physical infrastructure. It also encompasses the development of human capital from education and training, and intellectual capital stemming from research, as well as the development of software and improved business processes. These are all interlinked and thrive in an economy that has well developed institutions and high levels of social capital."

A report by Power to Change in 2017[48] looked at the growth of community businesses and found that the start-up rates of such organisations was higher in areas with strong social capital, even if those areas had relatively low levels of income.

[44] Haldane, A. (2016). *The Great Divide.* Bank of England speech, 28 May, 2016.

[45] Office for National Statistics. (2017). Social capital in the UK: May 2017.

[46] Acemoglu, D. and Robinson, J. (2012). Why Nations Fail: The Origins of Power, Prosperity, and Poverty. New York: Crown Publishers

[47] Osborne, G. and Javid, S. (2015). Fixing the foundations. London: HM Treasury.

[48] https://www.powertochange.org.uk/research/the-community-business-market-in-2017/

What works?

The evidence above points to some of the likely success factors in neighbourhood-based regeneration initiatives. These include greater resident control, long-term investment, a flexible holistic approach which responds to local circumstances, the development of an asset base in the community, and attention to legacy.

The NDC evaluation concluded that "the greater the levels of control that residents have over decisions affecting their lives the more likely there are to be positive impacts".[49] The Government's most recent evaluation of the European Social Fund found that results improved where there were higher levels of trust and local knowledge:[50] "Well resourced and proactive participant engagement was found to raise awareness in the local area or target group. It also helped to start building trust between the participant and the programme, which assists with delivery and achieving results".

Building confidence and capacity is a key ingredient. An analysis by IpsosMORI of the Locality-run Community Organisers Programme for the Cabinet Office found that, while the results of the programme were variable, where it had built the skills and confidence of volunteers, it was able to start generating sustainable social and economic impact.[51]

The value of taking a flexible, holistic, approach was demonstrated in the evaluation of the Local Economic Growth Initiative.[52] This makes it clear that the programme delivered high levels of added value linked to its flexibility. "The lack of national targets has enabled a bottom up approach to be adopted", with all aspects of 'enterprise' supported and local sectoral needs addressed. Similarly, "the lack of a rigid performance targets framework has also enabled innovation and the testing of new approaches and, where successful, their incorporation into the mainstream." Another key success factor was the local partnerships forged which helped to ensure that the activities supported were 'additional' to existing delivery and reduced potential duplication."

49 https://extra.shu.ac.uk/ndc/downloads/general/Volume%20three%20-%20Making%20deprived%20areas%20better%20places%20to%20live.pdf

50 DWP. (2016). *England ESF Programme 2007–2013: Evidence synthesis.* London: Department for Work and Pensions.

51 Cameron, D., Rennick, K., Maguire, R. and Freeman, A. (2015). *Evaluation of the Community Organisers Programme.* IpsosMORI.

52 https://whatworksgrowth.org/resources/how-to-evaluate-area-based-initiatives-uk-local-enterprise-growth-initiativ/

Big Local – community control in action

The Big Local programme was founded on the premise that 'previous programmes have often failed because they have given residents insufficient control'. The programme has provided £1m over a 10 to 15 year period for residents in each of 150 disadvantaged areas around England. Resident-led partnerships have been formed, all comprising a majority of local residents. These partnerships develop and implement improvement plans for their areas, aiming to grow a sense of ownership over the process, solutions tailored to local circumstances and time to build on learning. Big Local encourages local people to take control of the use of their funding – it is up to them to specify, arrange and supervise delivery of their own plan for their area.

A Community Economic Development programme supported by the then DCLG, and delivered in partnership with Locality, the New Economics Foundation, CLES, Responsible Finance and Co-operatives UK supported 71 areas to develop community economic development plans. It found that the most successful initiatives took one of two approaches, or combined them:

- asset based regeneration, where the projects centred on communities owning and developing physical assets
- the connection of local plans to broader economic plans, often attempting to transform processes that had not been working for the community.[53]

There is a symbiotic relationship between the social and economic development of our communities. Locally-based and locally-managed initiatives have the advantage of working from local knowledge and therefore the ability to tailor their approach to what is needed in the local community. Not only that, they also develop the capacity and skills of the people involved which means that investment can flourish and employment opportunities don't simply disappear as soon as the investment dries up. In many of these programmes, long-term impact has been seen most often in those areas which invested in assets and aimed to create long-term sustainability; in those areas in which there was community capacity to build for the future.

These programmes work well when they enable local people to find ways to rebuild and develop their local economies. In doing so, they are creating long-term sustainability and building social capital

[53] Brennan, A., Rhodes, T., Tyler P. T*he Nature of Local Area Social Exclusion In England and the Role of the Labour Market.* Oxford Review of Economic Policy, VOL 16. NO 1.

at the same time as strengthening their local economies and developing skills and employability for themselves and others.

Perhaps most importantly, these initiatives can build a sense of ownership and responsibility for the outcomes, developing a feeling of belonging and of empowerment, allowing people to take back control. This is how to create the fertile ground upon which future investment can flourish.

Strong local economic models

There has been significant recent growth in the development of more resilient, local economic models, offering a model with potential to deliver real, sustainable growth across every community in the UK. These models embrace new forms of peer-to-peer trading and the sharing economy, trading charities, co-operatives, community businesses, social enterprises, employee-owned, fair trade businesses and CLTs. They can be more democratic – offering multi-stakeholder control. JRF's report on inclusive growth in 2017 stressed the importance of such networks in facilitating economic growth. It showed how they created jobs, strengthened skills and employability, built diverse local economies, and contributed to wider economic and institutional transformation.[54]

There is also potential here for new models of social investment to play a greater role. Too often, social investment has failed to reach those disconnected communities where it could make the most difference. Yet there is scope here for social investment to help grow local economies, unlocking opportunities for leveraging further capital and creating virtuous circles of growth.

[54] Vickers, I., Westall, A., Spear, R., Brennan, G. & Syrett, S. (2017). Cities, the social economy and inclusive growth: a practice review. Joseph Rowntree Foundation.

The future – sharing prosperity

The design of UK Shared Prosperity funds[55] must be based on an understanding of the economic reality across the country. It must also take into account lessons from the past. This means putting the following principles at the heart of the programme.

A. Long-term investment

The new funds must provide certainty by using multi-year funding cycles. Long-term funding should be committed over a multi-year planning period to provide stability and allow time for seeds to germinate and flourish. In their report *Future Places: How replacing EU funds can unlock the power of community,*[56] Locality set out a compelling case for long-term investment, matching ESIF's current seven-year time horizon, to enable a strategic approach. The Big Local programme runs over 15 years. For communities starting from a base of limited existing capacity or assets, this is perhaps the necessary timeframe for achieving change.

B. Rooted in the particularities of place

We can't assume that what works well in some areas will work in others. A number of factors, social, historical and geographic, can combine to put an area at an economic disadvantage relative to its near neighbours. So in some places the challenge may be to create more secure jobs. In others it may be about skills and training. In some areas building social capital may be the first step. Industrial strategy must be flexibly applied in different ways according to the needs of local areas – it must be place-led. Sometimes transport may be a critical part of the answer while elsewhere, it may not feature so highly. Devolved administrations and local places should have control over how resources are spent, responding to challenges identified by communities themselves.

The JRF describes how "the precise mix of policies to foster inclusive growth will vary between places, shaped by the economic opportunities and challenges faced, and proximity to other places that are growing. For example, a core city or freestanding town or city (one that is not near to a larger, more prosperous place) must rely on identifying and building on their own economic assets. By contrast, an 'overshadowed' town or city (one that is close to a larger city that is a centre of employment) might also use training and the creation of affordable and accessible transport to help their residents take advantage of employment opportunities nearby".[57]

[55] Devolution. In most discussions around the Shared Prosperity fund it has been generally assumed (a) that the fund will be a UK fund but it will be (b) divided between the nations with (c) the arrangements for how it is to be distributed in Scotland, Wales and NI to be determined by those respective Governments. This report is focused on England.

[56] https://locality.org.uk/blog/how-replacing-eu-funding-can-unlock-the-power-of-community/

[57] JRF

Whilst in some circumstances, this will mean strategic level investment at a local authority or sub-regional level, this sort of investment will need to be complemented by smaller scale place-based interventions that address the issues of hyper-local economic failure identified earlier in this paper.

C. Investing in social capital and social infrastructure

For too long, public investment in infrastructure has focused on physical assets such as roads and rail and has ignored the need to invest in social capital and social infrastructure. Yet it is now accepted that a wide range of investment is more likely to yield dividends in areas that have strong community bonds, high levels of trust and collaborative relationships between groups and individuals. These bonds and trust can be created where communities have spaces to meet, engage and mobilise the community. We must support the development of social infrastructure in our economically deprived neighbourhoods in order to not only, for example, build skills and employability but also increase the confidence and capability of communities and individuals, enabling them to take responsibility for their own economic success. Social capital underpins productivity. Increasing trust, social cohesion, feelings of well-being and collective confidence can deliver greater productivity, creating the conditions that will allow government economic development programmes to flourish. Social capital can have an economic payoff. Funding from the ESIF began to address the need to invest in social capital and infrastructure, and it's vital than successor funds build on this.

D. Encouraging partnership

The UKSPF will need to encourage and convene partnerships with small, local charities and voluntary organisations, development trusts, social enterprises and locally-rooted businesses committed to their community over the long term. Solutions are often created and delivered by local people in partnership with small charities, for instance, who can offer crucial specialist insight and experience.

The Shared Prosperity Fund must develop and encourage – and fund – constructive relationships between different levels and types of regional and local government and the private sector. The programme can connect people with opportunities, resources, skills and assets that may be lacking in their immediate locality but which are available in the wider geographical area. Harnessing appropriate local partnerships can bring significant benefits which can be missed when funds are *dropped* in from a national level.

They can also create links between very local, regional and national programmes and funding, and between community economic development and other programmes and strategies.

Yellow Submarine, Oxfordshire – the potential of small, niche charities

Yellow Submarine runs a variety of projects across Oxfordshire for young people with mild or moderate learning disabilities and autism, and provides workplace training in two cafés.

Fewer than one in five people with a learning disability work, while at least 65 per cent would like to. Oxfordshire Community Foundation provided Yellow Submarine with its first ever grant to run holiday activities, and has worked with the group since, including awarding £70,000 to help with the opening of their second café in Witney.

As well as removing the obstacles to work, Yellow Submarine has been able to significantly scale up its services. The café gives young adults with learning disabilities work experience, as well as selling sandwiches, cakes and coffee to local office workers and shoppers.

The café training programme has proven to be transformative for the trainees, who typically obtain an employability qualification, and often go on to gain full-time paid employment in other local catering and food businesses. The sales made in the cafés also enable the charity to be self-sustaining.

E. Supporting asset creation

To be most effective, the UKSPF must identify the factors which help investment to take root enabling economic development to become self-sustaining.

There is a growing consensus about the power of community ownership of assets to deliver a wide range of benefits[58]. When buildings and spaces – like swimming pools, community centres, and cafes – are owned by local people, they can create and retain wealth in deprived neighbourhoods, drive regeneration, spur social action and give people a real sense of local control. The creation of new pools of assets or the improvement of existing assets can be critical to long-term success.

The Millfields Trust business park, – Plymouth: creating local assets

The Millfields Community Economic Development Trust was set up to enable local people to manage the regeneration of the Stonehouse neighbourhood in Plymouth. The trust generates income through assets by developing sites for commercial premises. It has over 100 business premises, including a renovated Naval Hospital and a former clothing factory.

The Trust supports small- and medium-sized business tenants by offering high-quality affordable accommodation and flexible tenancy terms. In return, companies employ local people, purchase in the local community and provide goods and services. The Millfields Trust currently has 68 resident tenants, from high-tech design to small-scale manufacturing. In total, they employ in excess of 250 people, providing a home to approximately 14 per cent of the businesses in Stonehouse.

58 See for example: https://locality.org.uk/wp-content/uploads/2018/03/Locality-Places-and-spaces-report-final.pdf and link to http://localtrust.org.uk/library/research-and-evaluation/skittled-out

F. Targeting need

It is clear that to drive prosperity across the whole of the UK, the UKSPF should be targeted at the places that most need support, targeting area-based economic disadvantage and economic inequality. As Locality argue, the Government should widely engage to develop an allocation framework that ensures it supports economic development in the areas that need it most. However, the pattern of deprivation in the UK goes beyond regional and even local definitions. Areas with low skills, low incomes, few opportunities and poor transport links exist all over the UK. Prosperous areas contain poor neighbourhoods and poor areas contain prosperous neighbourhoods. It is therefore crucial that resources are targeted at those neighbourhoods which need it most, whilst also recognising population churn and the risk of leakage, where initiatives are not sufficiently targeted on the people and places most in need. Otherwise there is a danger that we boost already thriving areas, such as the centres of some of our northern cities, while not touching the isolated suburbs and small towns a few miles away.

G. Community control

Critically, investment on prosperity must be founded in a clear commitment to community control if it is to succeed. Community control drives the success of local, community economic development. As the Localism Commission concluded, we need to harness "the power that already exists within local communities. This means harnessing communities' collective ideas, innovation, creativity, local knowledge and fostering their sense of belonging, connectedness, and shared identity. People should be supported to find their own solutions to challenges in their communities, encouraging a sense of confidence and control."

Where local people find their own ways of building economic capacity in their neighbourhoods, initiatives are more likely to be sustainable. Programmes are much more likely to be seen as legitimate if they are managed by local people, rather than imposed from outside, and in developing their own solutions people build their skills and confidence. As Co-operatives UK put it, communities must be given the right to lead local economic development.[59]

[59] https://www.uk.coop/community-economic-development

Community Economic Development – a tried and tested approach across the world

Community Economic Development describes a process of economic development within a specific geographic area, through a process led by people living, working and running businesses in that area. As Carolyn Loftus, who is a member of her local community co-operative, EskEnergy, in Yorkshire says, "rather than complaining about things, we're getting on and doing something."

There is now a strong body of evidence around the world on the experience of community economic development.[60] Community economic development is based on local people coming together to improve their local economy, collaborating with civil society, local businesses and public institutions. One of the core principles of community economic development is that there is money around and assets already in communities – knowledge, skills, resources, land and buildings – that can be harnessed to support local economic development.

Community businesses, social enterprises, co-operatives and community shares often provide the vehicles for community economic development, playing a catalytic role in spreading prosperity to areas which have previously missed out.

Next steps

Targeted, flexible, long-term, community-led investment designed to build partnerships and assets and social capital can provide us with new models which are more likely to deliver the inclusive growth so many seek, building on the energy and enthusiasm in our communities. This is a glimpse into a future where investment in infrastructure, institutions, transport and local services can work better for everyone, harnessing the potential in every community. As John Harris puts it, "it is the 'left behind' who hold the key to the country's future."[61]

60 https://www.uk.coop/CED and https://mycommunity.org.uk/resources/introduction-to-community-economic-development/

61 https://www.theguardian.com/commentisfree/2018/sep/17/britains-insecure-towns-left-behind

Examples: **the potential in practice**

Ambition Lawrence Weston, Bristol

A community in control of its future

Lawrence Weston is a post-war housing estate, built in the late 1940s and early 1950s in north west Bristol with a population of around 7,000 people. The area is bounded in the east by the Blaise Castle estate and woods and is home to many families and young people.

The geography of Lawrence Weston and its limited transport links have left the community living on the estate often socially and economically excluded. Some 30% of children are living in poverty compared with 14% across the South West. Neglect of the housing stock coupled with disproportionately high unemployment has heightened this sense of exclusion. Now, however, the community has invested in a new housing development on a derelict area of their estate, a new supermarket has been attracted to the area and new local services developed. This is tackling the geographical isolation of the estate and at the same time providing local employment.

> **"Tackling geographical isolation and providing local employment"**

Ambition Lawrence Weston (ALW) is a community-led, third sector organisation set up to oversee and deliver the regeneration of the area through partnership working. ALW is the Locally Trusted Organisation which administers funding on behalf of a community partnership.

The partnership and ALW have funded a variety of significant projects too, some of which create sustainable sources of employment and income, including improvements to green spaces, the installation of new play areas, the development of an arts and crafts shop, a solar farm and (proposed) wind turbines on local brown field sites. The partnership and ALW have taken over a disused former youth centre and reinvented it as a community hub with employment and training services providing specialist support, information, career advice, assessments and a job club.

Work on the area's original Community Economic Development Plan was supported through a DCLG programme delivered in partnership with Locality, the New Economics Foundation, CLES and Responsible Finance. ALW have also developed a Neighbourhood Development Plan which was adopted by the local authority in 2017.

Goldthorpe, Barnsley

Successful revamp of properties and prospects

Goldthorpe and Bolton on Dearne are neighbouring villages in an area of east Barnsley known as the Dearne Valley. Goldthorpe is known for its mining heritage and has a population of around 6,000 people. Bolton on Dearne is slightly larger with a population of 7,000 people. The area has a relatively young population and both villages have a similar mix of terraced and social housing. An estimated 37% of people have no qualifications and 35% of children are living in poverty compared with 23% across Yorkshire and The Humber.

The Goldthorpe and Bolton on Dearne Big Local partnership is transforming its area through community-led affordable housing. The community's successful renovation of five local derelict properties is creating a ripple effect. Working with four different partners, the project is not only creating multiple employment opportunities and desperately needed affordable housing, it is also encouraging an aesthetic uplift to other properties in the area.

The project started with Goldthorpe buying four local properties, one of which had stood empty for over a decade, with the intention to let these out at affordable rents. The community needed people to get the renovation work done and the idea of a local apprenticeship scheme was born.

> **It's giving jobs to lads who'd otherwise have nothing and be on the streets."**

Dawn Foster describes the local economic benefits the apprenticeship scheme generates: "the skills the apprentices gain are key to reviving job hopes for young people, and working with a local construction company, Barnsley Community Build, means the investments stay in the community." Foster cites the operations manager at Barnsley Community Build, who describes the personal pride felt by the apprentices he employs: "Every day they (the apprentices) go home filthy, but they're made up. It's giving jobs to lads who'd otherwise have nothing and be on the streets."

To date, the project has enabled over 180 young people to gain qualifications in construction and has led to 43 apprentices entering full-time employment in the construction industry. The refurbishments have encouraged neighbours and other landlords to invest in their properties. Goldthorpe's local environment is tangibly transforming.

The partnership is currently considering a new build scheme consisting of ten properties for a mixture of affordable rent and sale. Their recent business plan aims to attract new funding and partners and will continue to focus on providing good quality affordable homes which provide training and employment opportunities for local people.

Goldthorpe's work has received national recognition. In 2017, the community won one of 50 New Radical Awards given by NESTA and the Observer for radical ideas changing the UK for the better. They received the Duke of York Community Initiative Award in 2018.

Byers Green, County Durham

Community-run businesses that meet local needs

Byers Green is a former mining village in County Durham. It has close links with two nearby smaller villages – Binchester and Newfield. The Byers Green colliery closed in 1931 but many continued working in neighbouring pits, and then increasingly transferred to factory work during the 70s and 80s. Unemployment is higher in the area than both the regional and national average. Around 34% of local residents have no formal qualifications with 15% educated to degree level. The local health score is below the North East average, which is itself below the national average.

It is a tightly-knit community but it is facing major challenges because of reduced public services. The village shop and post office closed a few years back. A few years ago a group of volunteers from the local co operative, Byers Green Club, decided to scale-up existing informal support networks. They focused on improvements to social care and transport opportunities for local people and providing more amenities such as a community shop.

> **There's a sense of greater efficacy… and sources of untapped potential have been identified"**

The Byers Green Club have established:

- A village based co-operative model of domiciliary care service which will contribute to the area's economic vibrancy. In addition, a number of residents are now employed to provide care for the elderly, working for providers located outside the village.
- A community shop which will act as a 'hub' for the village and include a community-owned post office.
- A local Food and Farmers Markets. There are several allotments in and around the village and surplus crops are used to develop a local food network selling or exchanging locally-grown produce.

There is a sense amongst participants of greater efficacy, demonstrated in ambitions to develop enterprises, meet more needs locally and develop the local economy. Sources of 'untapped potential' have been identified and new strategic relationships are being developed which promises well for the future.

The Byers Green Club were part of the Community Economic Development programme, a DCLG initiative led by Co-operatives UK delivered in partnership with Locality, the New Economics Foundation, Centre for Local Economic Strategies and Responsible Finance.

Morecambe, North Lancashire

A café and shop that became a hub of creativity

Morecambe is a seaside resort in Lancashire in North West England. Over the last few decades Morecambe's fortunes have dwindled because of the rise in foreign holidays. More recently, tourism has been hit by the loss of two piers and the closure of tourist attractions.

Yet members of the community are working to find a new identity for the West End are of Morecambe using their skills and talents. The Exchange is a shop and community venue. The profits made from selling locally-made arts and crafts in the shop have been used to widen and develop opportunities for people in the West End, one of Morecambe's most challenging neighbourhoods. For example, 33% of children are living in poverty. But over time the founders of the initiative have become more ambitious.

They have partnered with the Writing Room, a workshop for writers, to acquire some small commercial units and create a cafe and shop. They now incubate new creative businesses, charging them low rents. They effectively now operate as a community hub. As Jo Bamborough, one of the Exchange founders says: "I've never once seen someone come into this venue and not get the help they need, whether it's a lift, or someone to speak to about their benefits."

The Exchange has outgrown their premises and so the founders are proposing to take over an empty department store, a couple of streets away, with the intention of creating a community-owned arts and enterprise hub. Jo and Beki Melrose took part in UnLtd's Star People programme and were supported by them to develop their plans. They are now working with Locality, pursuing plans to create a community land trust, to take buildings into collective ownership and use them for the benefit of the community.

> **"They are now pursuing plans to take buildings into collective ownership for the benefit of the community."**

Dover, Kent

A massive boost for town and tourism

Dover Town sits within a valley, with the A20 between much of the town and the seafront. As a coastal town, Dover has traditionally had a transient population but increasingly people are settling. Dover is a major port and has a proud and rich history, but the area has suffered a lack of investment for many years. In line withother coastal towns Dover has high unemployment, empty boarded up shops and issues with anti-social behaviour. Some 33% of children are living in poverty and 30% of people have no qualifications.

Through the Dover Big Local partnership, a group of community members have given their town and its tourism industry a massive boost by bringing together partners including English Heritage, Dover District Council and Dover Town Council to work on a major new co-ordinated tourism project, Destination Dover. The community and Dover District Council are also working with Co-Innovation, to revitalise their high street by supporting budding local entrepreneurs to either start or build their existing businesses.

When the group consulted local people, tourism was seen as a major part of the town's economy and something residents wanted to see developed as a key priority. So, funding was used to commission Tourism Works, a Kent-based firm, to understand the current tourism offer, how it is promoted and what the future opportunities might be. Through interviews, workshops and reviewing past reports and data, Tourism Works found that while the town has fantastic heritage sites including Dover Castle, an iconic landscape of white cliffs and a thriving port, the promotion of the area is very disjointed and many of the 13 million passengers coming through the port every year don't see Dover as a place to stop and explore.

> **Local people believe that they have a real chance to put Dover back on the map."**

The research was used to develop an effective partnership proposition for improving the tourism offer in Dover. There has been overwhelming enthusiasm and support for the project and local people believe that they have a real chance to put Dover back on the map.

The community and their partners has also received valuable contributions and involvement from others including the National Trust, P&O ferries, and Port of Dover.

Another way the partnership is contributing to the regeneration of their area is through the provision of workspace and a package of support for local, small businesses. The partnership has invested in incubator spaces, known as the innovation warehouse, which can be rented to local businesses for up to 12 months. Alongside the workspace, the businesses are provided with expert support, mentoring and training intended to help them develop and grow. Ross Miller, chair of the community partnership explains how the support and facilities they provide "are aimed at helping people into paid work, whether that is employment, self-employment or through setting up their own business. There is strong evidence that businesses that start in incubator spaces have a significantly greater chance of long-term success. We are particularly looking to promote social entrepreneurship to make a long-lasting positive change for the community and address many of the issues we are facing today and will in the future."

Council leader, Councillor Keith Morris describes the potential the innovation warehouse has to "enable small businesses to try out their ideas and gives them a transition point from being a home-based operation to having a full presence on our high street. This represents a vital step forward in our ongoing investment to rejuvenate the centre of Dover."

Barking and Dagenham, London

Vibrant and enterprising borough invests in local talent

Barking and Dagenham is a very working-class borough in East London with a rich history of industry and manufacturing. With a current population of approximately 208,000 the borough has experienced rapid social and economic change over the past 20 years. On one hand, local employment was badly hit by the withdrawal of the Ford car plant in 2002; on the other, the borough is planning to build 50,000 homes in the coming decade as part of some of the largest regeneration projects in Europe.

Local residents are highly creative and resourceful, with rates of business start-ups amongst the highest in London. To ensure that regeneration benefits existing residents in the borough rather than exclusively newcomers, the council has embarked on a series of ambitious initiatives creating opportunities for local residents to participate.

> **“Over 50 residents are accessing these spaces daily where they share their ideas for neighbourhood projects.”**

Every One Every Day is a unique partnership between the Council, Participatory City Foundation, and a consortium of funders including the Big Lottery Fund, Esmée Fairbairn Foundation, City Bridge Trust and The Greater London Authority. This 5 year project is based on strong evidence that peer-to-peer, resident-led and ‘invitational’ projects in neighbourhoods are often more successful in creating the communities people want than other, more traditional, models. The partnership is enabling residents to co-produce the outcomes they identify as opposed to consuming a service or product designed by others, or having to engage with complex and sometimes remote decision-making processes in order to seek to influence provision.

However, there are a host of systemic barriers which make it difficult for people to get their ideas for such projects off the ground. These range from access to spaces, materials and resources, to individual confidence and skills. Every One Every Day works to remove these barriers through a network of open access community spaces (neighbourhood shops) and staff trained in participatory co-design methodologies.

On average over 50 residents are accessing these spaces daily where they share their ideas for neighbourhood projects, find out about participation opportunities in their local community and meet other residents. Practical and logistical barriers, for example in closing roads for play events or accessing green spaces for growing, are overcome by Every One Every Day staff working in partnership with the Council and a supportive network of local organisations.

In the project's first 18 months, three neighbourhood shops have been opened across the borough as well as a temporary warehouse facility enabling 50 residents with food and homeware product ideas to design, make and test-trade these in a collaborative environment. Every One Every Day has worked with well over 3000 local residents, who have collectively spent upwards of 12,000 hours together on over 90 neighbourhood collaborations and projects. Residents sold their products under two collaborative trading brands, Pantry and Rock Paper Scissors, in market stalls and a pop-up retail space in the run up to Christmas 2018.

For regular participant Carrie the project has been transformational: "I didn't have a purpose to be here (in Dagenham) anymore. I would have moved out but participating in Every One Every Day has led me the other way. Now I feel the borough has something for me. It has changed my perception of the place… and has changed my life!"

Three Parishes, North Shropshire

Smart community loan revives rural railway station

Situated close to the border with Wales in north Shropshire, the Three Parishes partnership is made up of the three villages of Weston Rhyn, Gobowen and St Martins and the rural area that lies between them. With a combined population of about 8,000 the three villages are linked by scenic countryside and smaller, rural settlements.

In May 2015, through the Chester-Shrewsbury Rail Partnership, organisations including Three Parishes and Oswestry Station Buildings Trust (OBST), came together to form the Gobowen Area Improvement Project (GAIP). All, in one form or another, had been trying to make small improvements to the station and the area in general but by combining their resources and working together they knew they could achieve more.

Three Parishes Big Local are working in partnership with the GAIP. OSBT bid for the Gobowen Station buildings during the Community Right to Bid process administered by Shropshire Council and received a loan from Big Local to help buy Gobowen Station. The loan funds are paid out of the unallocated part of Three Parishes Big Local's £1million and do not affect the spending allocated in their current community plan. As the loan is repaid, the funds are re-allocated to the area's £1million on a quarterly basis.

> **“By combining their resources they knew they could achieve more.”**

OSBT was formed in 2006 to support the Grade II Oswestry Station Building. It worked alongside Cambrian Heritage Railways, another registered charity, to enable the reopening of the former railway linking Oswestry with Gobowen. OSBT manages, protects and promotes Oswestry Station and develops educational experiences. The Gobowen Station Buildings project falls within the charities objectives to promote and support the sustainability of the rich railway heritage of the former Borough of Oswestry for community use.

How can a new UK Shared Prosperity Fund best serve the neighbourhoods and communities most in need of support?

With the UK's imminent loss of access to EU funding, the government has promised to replace these funding streams at the national level. In Sharing in Prosperity, the Community Wealth Fund Alliance adds its voice to the discussion on how the new funds should look.

The paper draws together insights from an emerging evidence base about what works – and what doesn't – in creating meaningful and long-lasting economic development at the local level, and offers a set of principles that we hope will inform how UKSPF funding is best structured, focussed and controlled.

The insights in the report compliment the work of the Alliance in advocating for a Community Wealth Fund – where the next tranche of dormant assets would be used to invest in the social infrastructure that is so important to the economic wellbeing of communities – especially those labelled as 'left behind' by our economic system.