

The economic impact of social infrastructure investment - expressions of interest

December 2020

Project overview

Local Trust submitted a detailed paper setting out the policy case for the creation of a new independent endowment – the “Community Wealth Fund” (CWF) – to enable long term investment in rebuilding the social infrastructure of “left behind areas” as part of this year’s mini-spending review (see annex 1). We now want to strengthen the economic arguments and evidence that underpin this proposal. We are therefore looking to commission an experienced and reputable economics agency (think tank, consultancy, or research outfit) to deliver a project that analyses and quantifies the economic and fiscal impacts of investment in social infrastructure in communities.

About Local Trust

Local Trust is leading a radical nationwide experiment called Big Local – a place-based community led approach to economic and social renewal, which has given 150 neighbourhoods across England £1.15m each to improve their localities. Much of the focus of this initiative has been on rebuilding the social infrastructure of those communities. As part of its mission, Local Trust seeks to share learning from its work to influence policy makers, other funders and those working at a community level.

What do we mean by social infrastructure?

Social infrastructure is a term that has become more familiar over the last 3-4 years. One conception of it, is that it refers to the structures and processes that contribute to social identity, inclusion and cohesion in a community or neighbourhood.

Local Trust views social infrastructure as falling into three main categories:

- 1) The physical spaces and places for people to meet within an area.
- 2) The community organisations that are based within each neighbourhood, providing services and bringing groups together for specific purposes.
- 3) Connectivity via the internet and local transport provision.

These broadly map onto the two types of “social capital” popularised by Robert Putnam, with 1) and 2) contributing to “bonding capital” – the forces that bring communities together; and 3) contributing to “bridging capital” – the ability of a community to access resources and expertise from networks stretching beyond their local area.

However, there could be other and wider definitions of social infrastructure, which might include local public services like schools, early years’ services for children, support for parents, mental health services etc.

Local Trust’s experience of delivering change at a neighbourhood level has been that where communities’ starting point is one of low levels of social infrastructure, achieving change of any sort is significantly more expensive in terms of time and resource than in other places or communities. Where social infrastructure is largely absent, investment and support for up to a decade may be needed to rebuild community trust, capacity and capability sufficient to sustain social infrastructure in the long term.

Left behind areas

in 2019, Local Trust commissioned research from [OCSI](#) to map how the three elements it considered important to social infrastructure were distributed across the country. The “Community Needs Index” (CNI) they prepared showed that levels of social infrastructure were unevenly distributed across the country and between LSOAs within local authority areas. There was only limited correlation between a localities position on the CNI and their ranking on the Index of Multiple Deprivation.

Local Trust then commissioned OCSI to prepare an analysis which sought to explore the particular characteristics of areas which sat within both the worst 10% of areas in the CNI and the 10% most deprived areas within the IMD. This identified 225 ‘left behind’ wards across England which – when compared to other places that were similarly ranked on the IMD appeared to share some particular and distinct characteristics in terms of demographics and a range of social and economic disadvantage. It was suggested that these places might be considered as “left behind areas” in need of particular support.

During the COVID crisis, it was notable that areas identified as [‘left behind’](#) ‘had significantly lower levels of mutual aid activity and received significantly less external funding to address community needs than other similarly deprived areas elsewhere in the country.

Many of these areas are housing estates located on the periphery of former industrial areas in the North of England, with some considerable overlap with areas that voted disproportionately for Brexit in the referendum and, subsequently, formed part of the “Red Wall” in the 2019 election. This work has been received with interest by government and other policy makers as a way of engaging with the challenge of ‘left behind’ places.

More recently, as interest has grown in the ‘levelling up’ agenda, there has been a focus on the need to ‘level up’ neighbourhoods as well as local authorities or regions. In summer 2020, an All-Party Group on ‘left behind’ neighbourhoods was established to explore policy solutions to address the specific needs of the 225 ‘left behind’ wards (see annex 2 for the recently published APPG report on social infrastructure).

Community Wealth Fund (CWF)

The Community Wealth Fund Alliance, a group of over 340 civil society, public and private sector organisations, is campaigning for the establishment of an independent fund – the Community Wealth Fund – to provide long term investment in rebuilding the social infrastructure of ‘left behind’ communities. It is promoting the idea that some or all of the next wave of dormant assets – which might amount to several billion pounds – should be used to fund the creation of the fund, which would be a permanent endowment capable of providing the long term funding necessary.

Project opportunity – Understanding the economic impact of social infrastructure investment in ‘left behind’ areas

The Community Wealth Fund campaign has generated significant visibility and impact, with a rapidly growing membership, most recently amongst local authorities, and then the inclusion of a very similar proposal in Danny Kruger’s recent report to the Prime Minister on improving the state of civil society in England.

Despite these positive developments, the economic case for this proposal could be strengthened. Therefore, we are looking to commission a specialist economics agency to undertake and produce analysis that quantifies the economic and fiscal benefits of social infrastructure investment, in particular in places that fall into the category of ‘left behind’ areas.

We want to be able to show the government the extent to which investing in social infrastructure in the ways proposed by the Community Wealth Fund can lead to fiscal savings for the exchequer and produce savings/benefits for the economy and society.

The commissioned partner must be able to demonstrate a robust methodological process in undertaking this research. We have set out a definition of what social infrastructure is and would like to see this used in any analysis. Though, we would also welcome the commissioned partner exploring other or wider definitions in their analysis.

We expect any analysis to be in line with the stipulated guidance and requirements set out in the Treasury's updated Green Book. We want to see from bidders how they would go about fulfilling the remit, such as their approach to demonstrating the economic and fiscal benefits of investment in social infrastructure and what method(s) they would use?

The commissioned agency should also conduct and produce a supporting literature review/synthesis of existing evidence.

In his first major speech earlier this year, Steve Barclay, Chief Secretary to the Treasury, said "spending decisions cannot be based solely on cost-benefit ratios assessed in silos" and that "there must be room for more balanced judgements which take account of the transformative potential of investment to reduce inequality and drive localised growth".

This was reaffirmed in the spending review which says "appraisals must give a comprehensive picture of cost and benefits, including impacts that are difficult to monetise. In particular, options will be assessed first and foremost based on whether they deliver relevant policy objectives." Furthermore, the government notes, they are "changing the guidance so it will no longer be acceptable for proposals to be 'place blind'."

Beyond this, we are not wedded to a specific approach for this project, and warmly welcome interested partner organisations explaining how they would deliver this research to meet the brief.

Commissioning process

The EOI process allows us to explore a range of potential contractors, the consortia partners they may bring with them, and the approaches they might take to delivering the work.

We are therefore inviting potential contractors to submit EOIs.

If you would like to submit partnership bids please name one organisation as the lead partner; the other organisation(s) being the sub-contractor(s) to the lead organisation.

Following this process, we intend to shortlist two potential contractors who will be invited to interview. We want to confirm the contractor(s) by end of January 2021.

The contract will be awarded based on the most responsive service provider whose offer is the most advantageous in terms of cost, methodology and approach to achieving our stated goals.

The assessment criteria we use are related to our ethos and approach, the extent to which the proposal:

- chimes with our needs (as articulated in this document)
- delivers value for money
- demonstrates a track record of successful delivery of similar projects.

Budget

A total budget of £100k has been allocated for this project which is to conclude by end of March 2021 at the latest. These amounts include VAT and all delivery costs.

Submission of EOIs

Organisations interested in winning this contract should submit a tender, including the following:

- Your understanding of what is required, a broad description of your intended approach and an outline budget
- Your previous experience of undertaking and delivering economic analysis on public policy and/or for policy proposals to government
- An overview of your organisation (including your and any other organisation if submitting as a partnership)
- The contact details, including email address, of the person leading the application process from your organisation or partnership
- EOIs should be no longer than four sides of A4.

Timeline

Responses to the tender should be clearly marked 'Local Trust Social Infrastructure Economic Analysis' and be submitted by email **on or before 5pm (UK time) on 8 January 2021** to rayhan.haque@localtrust.org.uk

Following the EOI process we will invite our two preferred providers to interview, with a view to contracting the successful partner by late January 2021.

If you have queries about our requirements or the process please contact rayhan.haque@localtrust.org.uk