

April 2022

Local Trust response – Levelling Up the United Kingdom

Introduction

The Levelling Up White Paper sets out an ambitious vision of concerted cross government action and investment and a committed long-term strategy to tackle geographic inequalities and spread opportunity. Crucially, from our perspective, it recognises that this is not simply about addressing inequalities between regions; it is also a government goal to reduce economic disparities within regions, including at the hyper local or neighbourhood level. It thus acknowledges that some of the most deprived and ‘left behind’ parts of the country are surrounded by areas of relative affluence. Critically, it identifies *social capital* as a key component in the creation of a functional local economy.

The White Paper identifies the Community Needs Index (CNI), developed by Oxford Consultants for Social Inclusion (OCSI), as providing an objective measure of social capital. OCSI research, using the CNI, maps the wards across the country that lack social infrastructure – defined as places and spaces to meet, an engaged community and connectivity, both the digital and physical aspects - that contributes towards building and sustaining social capital. It overlays the Index of Multiple Deprivation to identify 225 neighbourhoods across the country that are ‘left behind’ both economically and socially. The research shows that people who live in these ‘left behind’ neighbourhoods have markedly worse socio-economic outcomes across all key metrics (employment, health, educational attainment and participation in higher education) than people living in other places, including areas that are equally deprived. This points to the importance of neighbourhood level or community social infrastructure in improving the prospects of those who might be described as the most ‘left behind’ due to the compound disadvantage that they face (Local Trust, 2019).

The White Paper recognises the value of social infrastructure in levelling up, acknowledging that it is the primary means of rebuilding social capital. It says:

For levelling up to mean something to people in their daily lives, we need to reach into every community in the country, from city centres to rural areas, to start to rebuild social capital and self-reliance in our most

abandoned neighbourhoods.

Government, in the White Paper, commits to a Strategy on Community Spaces and Relationships to build social infrastructure and social capital in these neighbourhoods and to a bold new approach to community empowerment, which is not only about transferring power from central to local government but also about *power generated locally, by the voluntary collaboration of citizens and public servants taking responsibility for realising the changes they want to see.* It asserts that the closer decisions are made to the people receiving services and the more say residents have in decision making, the likelier services and facilities are to be effective.

The analysis in the White Paper rings true to our experience of working with 150 deprived neighbourhoods across the country, as their communities strive to improve their areas and their quality of life, with £1.2m in funding from the Big Local programme. It reflects our research and learning about what works in tackling deprivation at the neighbourhood level: community level social infrastructure and community leadership are two of the key ingredients.

In all, the White Paper is hugely impressive because of the quality of its analysis of the problem and, at a general level, of the solutions it proposes. However, it is not always sufficiently clear that the policy prescriptions it sets out, although we appreciate that they are yet only in skeletal form, will be adequate to the task at hand. In this short paper we explore some of the ways in which these proposals need to be developed and implemented to achieve the government's objectives.

Putting it into practice

Community social infrastructure as a necessary foundation

In many Big Local areas residents refer to having been asset stripped. They describe how in the past they lost all, or the majority of, their neighbourhood services and facilities including community and youth centres. In some areas the loss of industrial employment, which often supported and provided a focus for social activity and community institutions, has been a factor. Whilst more recently, public sector spending cuts have further depleted community provision (Local Trust, 2019). Often a key priority that communities have identified for their Big Local funds has been the replacement of community assets (Local Trust, 2020).

Communities in Big Local areas sometimes note that more affluent, adjoining, areas were able to advocate effectively to keep their community provision. It is small wonder then that they have little confidence in government national or local, and its appetite to address their issues or concerns. This makes it imperative that government commits to levelling up funds being allocated on the basis of need, with the neighbourhoods that are most 'left behind' - those that are not only severely deprived but lack neighbourhood level and community led social infrastructure - being shown to benefit.

Our research supports the anecdotal evidence from Big Locals. It demonstrates that the most 'left behind' neighbourhoods are not receiving their fair share of public sector or other funding (Local Trust, 2019). Typically, such areas have received some 65-70 per cent less charitable grant funding per capita than other equally deprived areas (OCSI, 2021). This is because they tend to lack individuals and organisations with the networks, knowledge, and experience to successfully organise or advocate on their community's behalf or raise funds from other sources. If the allocation of levelling up funds continues to be competitive, as seems likely, these neighbourhoods are at risk of falling further behind.

'Left behind' neighbourhoods need a tailored approach which prioritises building *social capital* because, as the White Paper suggests, this may be the only means of achieving significant and sustainable change in the *most abandoned neighbourhoods* and the only means of fostering greater resilience and *self-reliance*.

Investment in change needs to be long term. Just as 'left behind' areas have seen a gradual but sustained decline in both their economic prospects and social infrastructure over many years, rebuilding that capacity will require patient investment and support. The time it can take to develop local leadership and build sustainable community-led civic organisations and institutions is longer than government spending settlements or local or national electoral cycles (Cambridge University, 2019).

Local Trust is a founding member of, and provides the secretariat to, the Community Wealth Fund Alliance, which is advocating for long term, patient investment in community led social infrastructure in the most 'left behind' neighbourhoods. We are pleased that the government has included provision in the Dormant Assets Act for consultation on whether cash from the new expanded dormant assets scheme might be used to establish a Community Wealth Fund (CWF) and that the White Paper references it and argues in its favour:

Community-led regeneration cannot be achieved with a stop-start funding stream that first builds hope, then destroys it, leaving people less optimistic and trusting, and feeling more disempowered.

The ability to make long term commitments from dormant assets funding, of much longer duration than public spending or electoral cycles, make it particularly appropriate to addressing the challenge of regenerating the most 'left behind' neighbourhoods.

Recent reports reviewing past government programmes which sought to regenerate the most deprived neighbourhoods highlight the approaches that work best. The characteristics of programme design most likely to achieve a successful outcome are: community leadership with appropriate support and long term funding (at least 10-15 years) (Cambridge University, 2019). These are the core principles of the CWF.

Investment from the CWF in the most 'left behind' neighbourhoods would provide firm foundations for improving their economic prospects through mainstream levelling up funds.

A consensus has developed over recent years regarding the economic value of well-resourced social infrastructure, with benefits for high streets, employment and skills and training frequently cited in the literature (Bennett Institute, 2021). The Onward (2021) report on community regeneration found, based on assessing how New Deal for Communities areas have fared since the programme ended, that those with a basic level of social infrastructure improved more and the improvement was more sustained than neighbourhoods in which it was absent. Our experience of the Big Local programme supports this. When they received the first instalment from their £1.2m, many areas lacked the basic building blocks of places and spaces to meet and existing community or civic organisations. Community partnerships in such areas, which predominantly comprise resident volunteers, have since found it harder to make progress in improving their neighbourhoods. Whereas those that had these elements in place, or nascent, have made greater headway. These are the Big Local areas that have progressed to tackling some of the more difficult issues on their estates like drug related crime or domestic violence. They also tend to have the strongest and most fruitful relationships with public sector agencies.

Many of the Big Local areas which had an existing element of social infrastructure are doing impressive work to improve their local economy, for example, by providing micro-grants to social or commercial entrepreneurs, running innovation or business units, jobs brokerage schemes and job clubs, running apprenticeships programmes, and projects to improve educational attainment. In some instances it is clear that a series of small interventions of this sort can accumulatively tip the balance and positively change residents' perceptions of themselves and their area. It can change areas from low economic activity neighbourhoods to communities in which enterprise and aspiration are evident, supported and applauded (see the box below for an example).

The pandemic has also demonstrated the important role that social infrastructure can play in creating more resilient communities better able to withstand public health and other shocks and the contribution that it could potentially make to securing net zero (see the box below).

In summary a Community Wealth Fund is needed in order to:

- give communities in 'left behind' neighbourhoods the message that they are no longer forgotten and ignored,
- underline that government acknowledges what is important to the residents of these areas and their quality of life;
- emphasise that it trusts them to take control of a budget and to deliver change in their neighbourhood;
- lay the foundations for sustainable local economic development, stronger more resilient communities and the transition to net zero.

Our questions are:

- i. will the consultation paper on the use of dormant assets make clear that the government supports the CWF, and proposes it as an appropriate use of dormant assets because of the crucial contribution it would make to levelling up the most 'left behind' neighbourhoods?
- ii. does the government recognise the link between its proposals for community or neighbourhood governance and the need to provide CWF type funding and support for the most deprived or 'left behind' neighbourhoods, in order to enable residents in these areas to take advantage of them?

Ambition Lawrence Weston

Ambition Lawrence Weston is a post-war housing estate in north west Bristol with a population of roughly 7,000 people. Ambition Lawrence Weston (ALW) was set up to oversee and deliver local regeneration on behalf of a resident led partnership. It was supported by a £1.15 million grant under the Big Local programme, ALW has brought about significant positive change for the area helping residents to write a Neighbourhood Development Plan and improving access to affordable housing. It has also funded and delivered a shuttle bus service, providing access to employment opportunities and services; this established the business case for a public transport provider to run a local bus service.

ALW has also created an employment and enterprise hub to support residents to find work. The hub offers daily access to the internet, laptops and printers to support people in finding employment. It provides one-to-one support, in addition to self-employment advice, training courses and apprenticeships, confidence workshops and benefits advice.

The partnership attracted a low cost supermarket to the area. Using some of their Big Local funds they undertook market research to demonstrate viability and approached a number of different supermarket chains. The supermarket on the estate now provides residents with access to cheaper food than was previously available and has also brought jobs to the area.

In addition, after discovering that 70 per cent of residents were struggling with energy bills, and offering energy audits, ALW supported Bristol Energy Co-operative to build a solar farm. It generates enough electricity to power 1,000 homes a year, with profits reinvested back into community projects. In 2020, ALW secured planning permission and external funding to build a community-owned wind farm. The planned 4.2 megawatt turbine will power 3,500 homes and is expected to generate £150,000 a year for the community.

Social infrastructure: resilience and the transition to net zero

Research has demonstrated that areas with strong social infrastructure were better equipped to mobilise to support their communities in response to COVID-19 working in partnership with the public sector (APPG for 'left behind' neighbourhoods, 2020). We will doubtless face significant 'shocks' in the future in the form of other public health challenges or environmental catastrophes such as floods. Strong social infrastructure will ensure that communities are resilient and resourceful and so equipped to act quickly and effectively to meet need.

Local action, capacity and decision-making will also be critical in the transition to net zero: *more than half of the emission cuts needed rely on people and businesses taking up low-carbon solutions – decisions that are made at a local and individual level.* (The Climate Change Committee 2020). And, without the right networks and resources – the social infrastructure – in place, 'left behind' areas will face a disproportionate burden of the costs posed by this transition (APPG for 'left behind neighbourhoods, 2021).

Build community confidence and capacity to support local leadership and decision making

We know that people in 'left behind' neighbourhoods want more power and control over how money is spent in their neighbourhoods. But they face a unique challenge. They are held back not only by high levels of deprivation but also a significant deficit in social capital and social, or community, infrastructure.

This means local residents are less likely to have had the opportunity to develop the skills and confidence required to lead change, such as participating in decision making forums, mobilising volunteers or engaging in communal activity. And with less social or community infrastructure in the form of spaces and places to meet and strong civic organisations these communities find it much harder to organise.

There is a real risk that without additional support to build capacity in these communities, they will be unable to take full advantage of measures in the White Paper designed to improve their prospects; both measures to devolve more power to communities and strengthen neighbourhood governance, and to access new funding programmes to improve their areas.

The strong commitment expressed in the White Paper to measures testing 'double' devolution or devolution of decision making responsibility, and we assume, budgets from local government to residents is an enormous stride forward and to be welcomed.

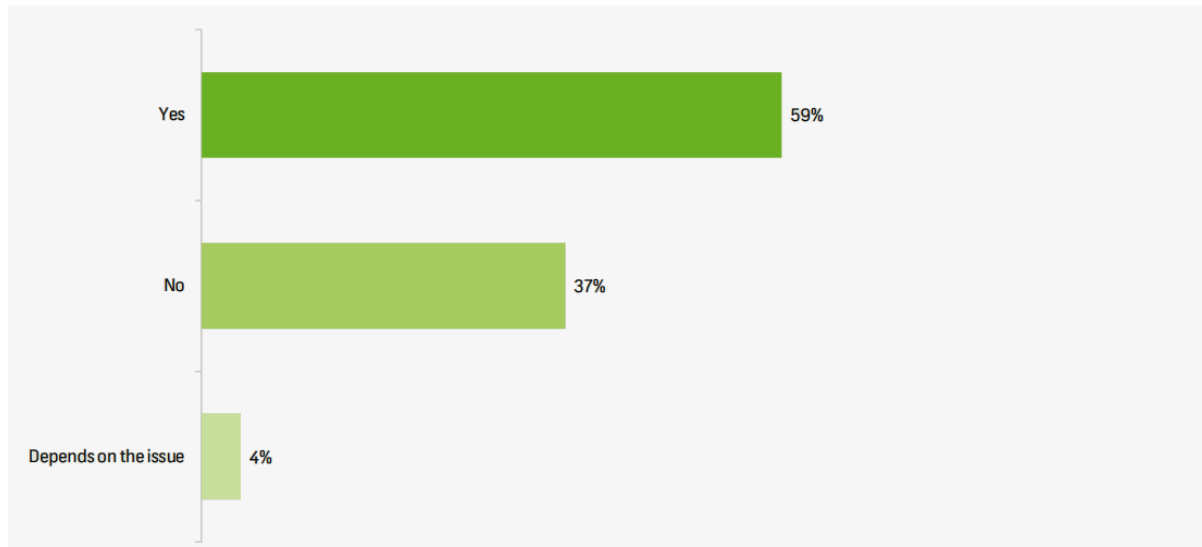
Big Local illustrates that giving a deprived community decision making responsibility and a budget to improve their neighbourhood can be transformational: providing a focus for the rebuilding of social capital, generating strong community spirit, civic pride, and positively changing perceptions of areas. The programme evaluation also indicates that as it enters its last stages, Big Local areas have turned towards developing and implementing plans to leave a lasting legacy in their neighbourhoods for example by setting up new organisations and securing premises and external funding – see the box below (Local Trust, 2020).

Numerous research studies demonstrate that community leadership achieves better socio-economic outcomes than approaches which leave local people without a say in how their area is improved (Cambridge University, 2019; Local Trust, 2021).

Research in 'left behind' neighbourhoods paints a striking picture. Only 25 per cent of those registered to vote in these areas did so in the last local election (compared with 33 per cent nationally), signalling apathy and

disillusionment with local democracy in its current form (Local Trust, 2019 and BBC, 2019). Yet, polling research in these areas by Survation (2021) demonstrates that residents want more of a role in local decision making processes - 59 per cent would like more of a say about how money is spent in their area and 41 per cent expressed a desire to get involved with how decisions are made. 41 per cent represents a considerable number of people with a willingness to engage and help find solutions to local issues.

Generally speaking, would you like to have more of a say over how money gets spent in your local area?



Source: Survation

The polling data reflects our experience of the Big Local programme; when given an opportunity the residents of deprived neighbourhoods engage with passion, energy, and commitment to improve their area. In total across Big Local areas there are up to 6,500 volunteers, involved in delivering a variety of activity from befriending and young peoples' groups, to sports clubs and employment and training projects. And, we know that 28 per cent had not engaged in any form of volunteering or community activity prior to their involvement with Big Local, indicating that it is a model that is attracting a new cohort of people to voluntary action.

We know that community members with the local knowledge, credibility, and commitment to take effective action in the most deprived or 'left behind' neighbourhoods require help building their confidence and capacity to participate. Evidence in support of this contention is provided by reference to previous government attempts to strengthen community or neighbourhood governance and their lack of traction in the most deprived areas, for example, neighbourhood planning, introduced under the Localism Act 2011. Research has shown that uptake has been uneven: 'a far greater proportion of the plans developed [are] in more affluent areas with a much lower concentration in areas with high deprivation' (IPPR 2021:35). Support to build confidence and capacity is needed to enable nascent community leaders to negotiate and thrive in processes and forums which might otherwise seem daunting and alien.

This support might take two forms:

Firstly, the long term funding provided through a Community Wealth Fund to seed community activity and civic participation and identify individuals willing to work with the public and private sector to influence local decisions.

Secondly, specific support and training for community activists and community partnerships. This might be delivered through a new Network for Community modelled on the New Schools Network which supports parents establishing free schools.

Local Trust will shortly be publishing a report drawing on the success of the New Schools Network to highlight how such a network might operate.

Our questions are:

- i. how will government ensure that community or neighbourhood governance can be a reality for the most deprived or 'left behind' neighbourhoods as opposed to only the affluent?
- ii. will measures to build community confidence and capacity like the proposed new Network for Communities be considered as part of the Strategy on Community Spaces and Relationships?
- iii. what is the timetable for the development of new measures on neighbourhood governance and how do these relate to previously published proposals on planning?
- iv. will government specifically consult the residents of deprived or 'left behind' neighbourhoods in developing its plans for community empowerment?

Local Trust will shortly publish a more detailed paper providing comment, based on input from Big Local areas, on the government's plans for community or neighbourhood governance.

Whitley Bay Big Local

Whitley Bay Big Local focuses its work on a pocket of deprivation within an otherwise relatively affluent area. The resident-led partnership has developed a masterplan for improving Whitley Bay. They work closely with North Tyneside Council to improve the town centre, and in partnership with local people and expert advisors to help establish and run community led projects.

They have secured a six figure grant from the Community Ownership Fund alongside grants from other trusts and foundations to enable them to leave a lasting legacy in their community by purchasing and refurbishing a former Job Centre building. They are using this funding to develop a 'Community Eco-Hub', providing spaces for local people to congregate, run activities and maintain community led infrastructure in Whitley Bay. This will enable Whitley Bay Big Local to expand and broaden the range of community activities offered well beyond the programme end date.

Community economic development to support local growth

The White Paper rightly identifies social capital and social infrastructure as a foundation for more successful local economies. A Community Wealth Fund twinned with investment in community or neighbourhood leadership would sow the seeds, and make the ground fertile, for specific investment to support local economic growth. However, for the most deprived or 'left behind' neighbourhoods to achieve their economic potential in employment, skills, educational aspiration and enterprise development, more significant investment will be required alongside funding to reweave the social fabric of their communities. But, it is not clear that the UKSPF or other levelling up funds are being designed or set up to reach these neighbourhoods.

An appropriate proportion of local economic development or levelling up funding should be committed to community-led economic development, building the capacity of communities at the neighbourhood level to broker access to jobs and build their own small businesses and other civic institutions. Such institution building will not only provide jobs and achieve local economic growth but also contribute to longer term sustainable improvements in social infrastructure and social capital thereby creating a virtuous cycle of improvements within local neighbourhoods.

Whilst on its own economic investment would be insufficient to turnaround the most deprived or 'left behind' neighbourhoods, and indeed may be dependent on wider rebuilding of community level social infrastructure for its success, it provides the best chance in the long term of ensuring that investment in local neighbourhoods creates sustainable change.

Many of the neighbourhoods that are most 'left behind' are social housing estates on the edges of towns or cities in post-industrial areas or coastal communities. We understand that these areas are missing out on the levelling up funds so far made available because not only are the funds competitive, and the people in these areas lack the confidence and know how to apply for them, but they appear to be designed primarily to benefit town and city centres, particularly their high streets and transport provision.

We believe it to be the government's intention that the most 'left behind' neighbourhoods should benefit from the levelling up funding still to be allocated but it is not clear from the White Paper that this will be achieved. It refers to a needs-based allocation formula for UKSPF and to decisions on streamlined funding (Levelling Up, Towns Fund, UKSPF etc) being made by local authorities at the highest tier available (county or combined). The pre-launch guidance on the next round of UKSPF funding published on the same day as the White Paper says that these authorities will be able to decide how they distribute the funds they receive through competitive bidding, procurement or in house provision. Such an approach offers us little hope that 'left behind' neighbourhoods will receive their fair share.

Two things are needed:

Firstly, the allocation formula for UKSPF and other levelling up funds should use OCSI's Community Needs Index to ensure that the compound disadvantage of severe deprivation plus a lack of social infrastructure is taken into account in determining which areas receive funding.

Secondly, government should consider how its proposals for community governance, the piloting of new approaches and plans to strengthen existing mechanisms for neighbourhood governance, might enable the devolution of levelling up funding to the most deprived or 'left behind' neighbourhoods.

Government's plans to devolve more power and funding to combined and other local authorities are very welcome. It is generally acknowledged that power is too centralised in Whitehall. However, a problem with the government's proposals is that decisions, particularly spending decisions, will continue to be made at a tier of government remote from the people they most affect: those living in the most deprived or 'left behind' neighbourhoods. For this reason the government's commitment to look again at neighbourhood governance, to pilot new models such as community covenants, and to strengthen existing mechanisms like parish councils is very welcome. But if the government genuinely wants to empower communities in the most deprived or 'left behind' areas, levelling up or local growth funding should be devolved to them. This could be done by devolving decision making power to resident-led partnerships thus harnessing the creativity, resourcefulness and skills of local people to improve their local economies.

Big Local illustrates that it is possible to devolve funding to communities in the most deprived areas and that over time, with patience and the right support, they can achieve transformational results, which more than repay the investment made (Frontier Economics, 2021). Having a budget helps to equalise the power dynamic between communities in deprived and 'left behind' neighbourhoods and public sector agencies. Residents are no longer supplicants but people who *at last* are able to negotiate and challenge and develop their own small-scale provision precisely targeted to local need. Enabling such a shift would indeed be *the genuinely bold approach to community empowerment* that the government aspires to achieve.

Our questions are:

- i. how will central government ensure that those neighbourhoods that most need the investment receive levelling up funds?

- ii. what will the allocation formula be – will it take into account the Community Needs Index as a robust and objective measure to identify those neighbourhoods most in need of funding and support?
- iii. will local and combined authorities be held accountable for the extent to which they level up at the hyper local level, specifically the most ‘left behind’ neighbourhoods?
- iv. will government audit its White Paper programme to assess the extent to which it will regenerate, socially and economically, the most ‘left behind’ neighbourhoods and implement any changes needed to ensure this is achieved (for example to the UKSPF and other levelling up funds).
- v. to what extent will this money support community led economic development as part of a balanced approach to rebuilding local economies?
- vi. would government work with Local Trust and other expert organisations, including the NSCU and Power to Change, to pilot community covenants?
- vii. might levelling up funds be devolved to the neighbourhood level through new and strengthened mechanisms for neighbourhood governance?

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About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to make this a reality. It is achieved by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place

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