appg Left Behind Neighbourhoods

Policy short: paper 2

Sharing Prosperity

Community renewal and the UK Shared Prosperity Fund

This report was funded and researched by Local Trust, Secretariat to the APPG for 'left behind' neighbourhoods.

Local Trust

January 2024

About this publication

This is the second in our publication series exploring key issues facing the 225 'left behind' neighbourhoods across England. Each policy short will provide an accessible overview of the evidence and key recommendations for generating long-term improvements for these areas and their residents.

This paper builds upon the APPG's extensive work to-date on the importance of long-term investment in social infrastructure for community renewal and neighbourhood regeneration. It advocates for a reinvented funding model for the UK Shared Prosperity Fund that targets investment hyper-locally at 'left behind' neighbourhoods, embedding capacity-building and more meaningful community involvement in local levelling up investment.

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Cover photo: Community artwork in Gateshead (Zute Lightfoot/Local Trust).

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About the APPG

The All-Party Parliamentary Group for 'left behind' neighbourhoods is a cross party group of MPs and Peers. It was formed to increase opportunities and improve the quality of life for people living in areas which face a mixture of economic deprivation and insufficient social infrastructure – the connections, organisations and spaces to meet that enable communities to make positive changes for themselves.
appg-leftbehindneighbourhoods.org.uk
@appgleftbehind

About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places in which they live. We believe there is a need to put more power, resources, and decision making into the hands of communities. We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding, and to draw on the learning from our work delivering the Big Local programme to promote a wider transformation in the way policy makers, funders and others engage with communities and place.
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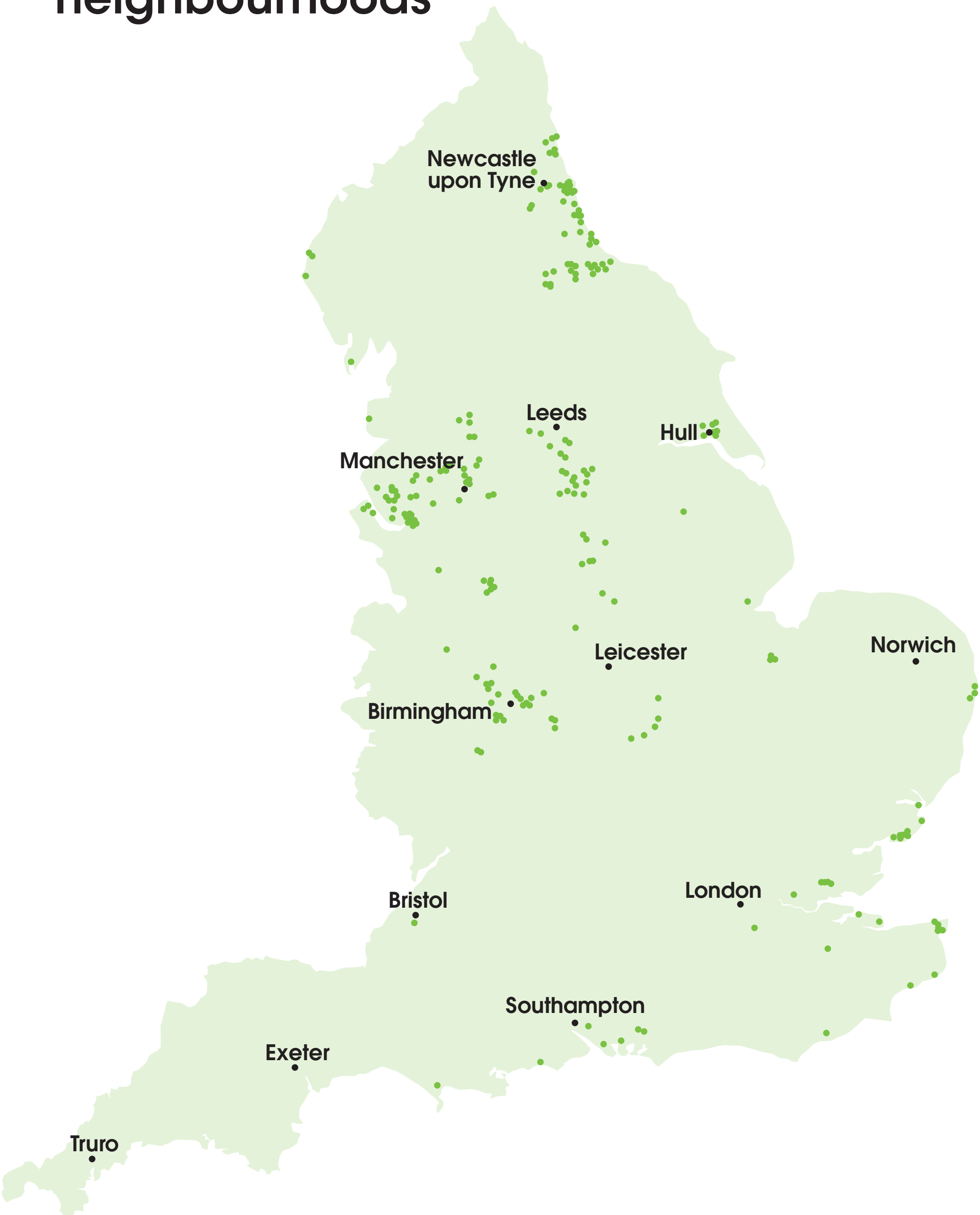
Map of 'left behind' neighbourhoods



60 second summary

In 2020, government announced that the European Union Structural Funds, which aimed to reduce economic inequalities between and within EU member states and regions, would be replaced in the UK with the UK Shared Prosperity Fund (UKSPF) in 2022.

Presented as a major opportunity to overcome the "deep-seated geographical inequalities" currently holding our economy and communities back, the UKSPF also represents a significant funding opportunity for investment in social infrastructure and levelling up people's pride in place (UKSPF prospectus, 2022).

It is therefore crucial that the UKSPF directs investment into the country's most deprived neighbourhoods; particularly those areas that have not historically received their fair share of government investment, and which experience the effects of local socio-economic decline and the erosion of the community spaces and places that underpin vibrant and connected civic life.

This paper examines whether UKSPF funds are reaching the 'left behind' neighbourhoods most in need, how funds are being spent on the first strand of the UKSPF – focusing on communities and places, as well as the extent to which communities themselves are being enabled to shape investment priorities at the local level and support initiatives that cultivate their own pride in place. It finds that while the UKSPF allocation formula accounts for deprivation, residents in many 'left behind' neighbourhoods in England are not seeing UKSPF funding reach their communities, nor are they being offered the chance to help steer investment in their local area.

This report calls for a reinvented funding model for the UKSPF, based on five recommendations:

1. **Target hyper-local investment at 'left behind' neighbourhoods**
2. **Confirm UKSPF funding over the long-term**
3. **Delegate UKSPF down to the community level**
4. **Build in a ring-fenced capacity-building budget to the communities and place strand**
5. **Make community involvement in 'local partnership groups' mandatory, in the absence of devolution.**

Embedding more meaningful community involvement in local levelling up investment over the long term will ensure that UKSPF funds are directed towards residents' priorities, to genuinely improve pride in place and life outcomes in the neighbourhoods that need it most.

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Co-chairs' foreword

Following the APPG for 'left behind' neighbourhoods' inquiry into levelling up, this policy short examines whether the UKSPF – as one of the major 'levelling up' funding pots – is reaching the neighbourhoods that have been identified as the most 'left behind' in the country (2023a). These are the communities that we advocate for as co-chairs of the APPG, neighbourhoods that experience both high levels of deprivation and low levels of the essential building blocks of social infrastructure that we know are critical to a healthy and vibrant local civic life.

As a fund designed to level up opportunity and prosperity, with one of its three strands targeting social infrastructure investment at the community level, we know that the UKSPF represents a major opportunity to improve outcomes in the neighbourhoods we represent.

Over the course of the APPG's inquiry into levelling up, we heard how residents in many of the most deprived and 'left behind' neighbourhoods feel disconnected or excluded from public sector decision-making over how investment is directed in their communities (2023a).

Our view is that funding pots designed to tackle geographic inequalities should be weighted towards the most deprived and 'left behind' neighbourhoods. The funding model should also be conducive to residents in these neighbourhoods taking the lead in developing the community spaces, facilities, projects and services that are needed to improve their life outcomes and the condition of their local areas.

This publication is the second in a series designed to advocate for policy solutions that meet the specific needs of residents in 'left behind' neighbourhoods. In the wake of government announcements to create new community-led levelling up funding pots – such as the Long Term Plan for Towns and Community Wealth Fund, the learnings from this report could not be more timely.

We make the case for a reinvented funding model targeted at 'left behind' communities, that values local decision-making and provides the long-term investment and capacity building necessary to bridge the disconnect between decision-makers and the neighbourhoods they serve. This will in turn help build pride in place and level up life outcomes in the neighbourhoods most in need of support and investment.

Paul Howell MP and **Rt Hon Dame Diana Johnson DBE MP**
Co-chairs of the APPG for 'left behind' neighbourhoods

About the UK Shared Prosperity Fund

Funding for the UKSPF totals £2.6bn between now and March 2025, with £0.4 billion released between 2022-2023[1], £0.7 billion in 2023-24 and £1.5 billion in 2024-25, though some of this is expected to be lost to inflation (IPPR, 2022). All areas of the UK have received an allocation via a funding formula.

The overarching aims of the UKSPF are linked to the missions set out in the Levelling Up White Paper:

- To boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- To spread opportunities and improve public services, especially in those places where they are weakest
- To restore a sense of community, local pride and belonging, especially in those places where they have been lost
- To empower local leaders and communities, especially in those places lacking local agency

The three investment priorities of UKSPF are:

1. Communities and place
2. Supporting local business
3. People and skills

The communities and place strand "will enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level" (s2.3). The objectives of this priority are:

1. Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and access to amenities, such as community infrastructure and local green space, and community-led projects.
2. Building resilient, healthy and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built and natural environment [and] innovative approaches to crime prevention.

Funding for the first two priorities commenced in 2022/23. The 'people and skills' strand will begin in 2024/25, though lead authorities can allocate resources to this latter priority sooner if community and voluntary sector organisations are at risk as European Social funding tails off by the end of 2023.

UKSPF is primarily delivered over the strategic geographies of the Mayoral Combined Authorities and Greater London Authority, and district councils and unitary councils elsewhere.

About the research

We have undertaken research mapping the 53 UKSPF allocations to lead authorities that include neighbourhoods identified as 'left behind'. These 53 areas include 27 lower tier authorities, 10 mayoral combined authorities and 16 unitary authorities that have been allocated approximately £775 million between now and March 2025.

To access their allocations, each place was asked to set out measurable outcomes reflecting local needs in an investment plan submitted for government approval by the 1st August 2022, covering each of the three strands. The government was due to approve these plans by the end of October, but this was delayed until December 2022. Through a combination of open access data and freedom of information requests, we analysed investment planning data for the lead authorities containing 'left behind' neighbourhoods to inform this report.

A note on methodology

Analysis of investment plans provides an insight into how UKSPF funds are being invested through the communities and place strand, alongside the extent of community consultation and involvement via 'local partnership groups'. However, this analysis represents a snapshot in time, and there is significant scope for the UKSPF delivery to evolve from this initial stage of investment planning between now and March 2025.

Based on these findings, we are concerned that UKSPF funds are unlikely to reach 'left behind' neighbourhoods on any scale despite the fact that these are the neighbourhoods that most need levelling up. These concerns are set out in the following sections.

(Andrew Aitchison/Local Trust).

1. The allocation formula: are funds reaching the most deprived and 'left behind' neighbourhoods?

UKSPF allocations were made to ensure a real-terms match of EU structural funds – with 70 per cent allocated on a per capita basis and 30 per cent allocated according to the needs-based index previously used for the distribution of the UK Community Renewal Fund, which took into account productivity, household income, skills and population density.

Though the UKSPF's departure from competitive bidding has been welcomed by local government, the focus on ensuring continuity with existing EU structural funds has limited the extent to which the UKSPF has directed funding to the places most in need. The funding formula does not account for all elements of deprivation, such as those dimensions included in the Index of Multiple Deprivation (IMD), meaning that allocations to lead authorities are not proportionate to the true levels of deprivation in their areas.

Further analysis suggests that the UKSPF formula also fails to account appropriately for the double deprivation faced by 'left behind' neighbourhoods: the communities most in need of government investment. Foundational research by Local Trust, in partnership with the Oxford Consultants for Social Inclusion (OCSI), identified 225 such 'left behind' areas in England, ranking in the top 10 per cent of the Index of Multiple Deprivation and in the top 10 per cent of areas lacking in social infrastructure, as measured by the Community Needs Index.

Research finds that this combination of deprivation has a significant effect on life chances – with residents facing on average 7.5 fewer years in good health, higher skills gaps, lower participation in higher education, lower economic productivity, higher rates of worklessness and lower performance on all key measures of participation and engagement in the Community Life Survey (APPG for 'left behind' neighbourhoods, 2023a). Not only do these areas perform worse than more prosperous areas and the national average, but also more poorly than other equally deprived areas that benefit from higher levels of social infrastructure.

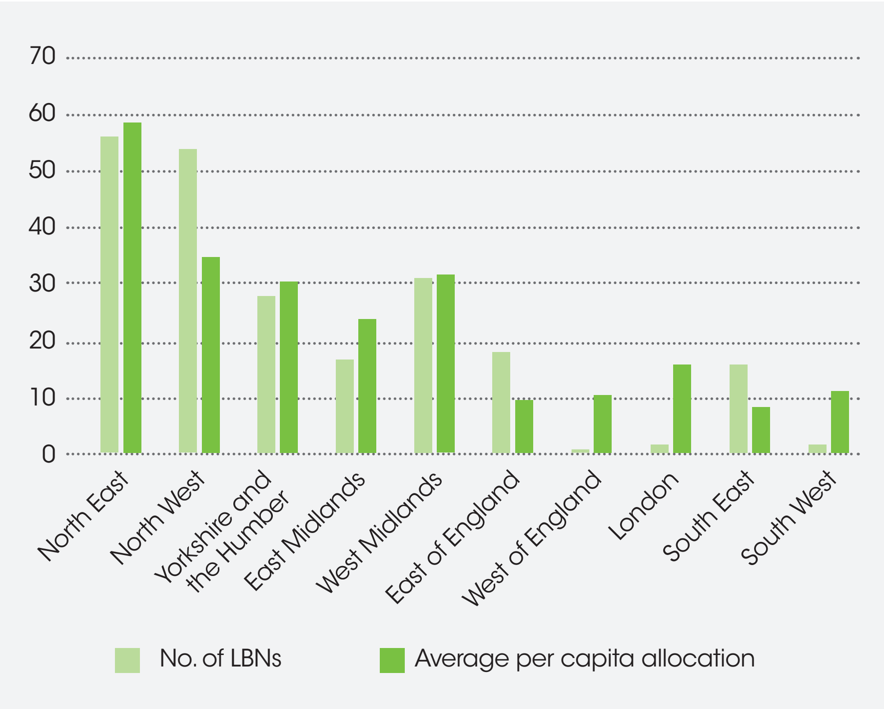
Research also shows that 'left behind' neighbourhoods typically receive lower levels of government investment, despite their higher levels of need; receiving on average £827 per head to spend on core Local Government services compared with £843 across England (Local Trust, 2020).

Research to inform this report analysed allocations made to the lead authorities that contain neighbourhoods identified as 'left behind', to assess the extent to which the UKSPF's funding formula is directing funding to the neighbourhoods most in need.

The average per capita allocation in lead authorities not containing 'left behind' neighbourhoods is approximately £18, whilst, encouragingly, the average allocation in lead authorities containing 'left behind' neighbourhoods is approximately £26.

In the North East areas with 'left behind' neighbourhoods received the highest amounts, with allocations in County Durham, North of Tyne, South Tyneside and Sunderland ranging between £54 and £60 per capita. Of the lead authorities containing 'left behind' neighbourhoods, Tees Valley received the highest per capita allocation – at just over £63.

Figure 1 Average per capita allocation by region
2021 census population data



But analysis reveals that the spread of national distributions does not appropriately account for levels of Community Need – or deprivation, across the board. Per capita allocations in the North West, for example, a region that contains a similar number of 'left behind' neighbourhoods to the North East, ranged between £29 and £40. And at the sub-regional level, some lead authorities containing areas with high levels of Community Need were almost entirely overlooked by the UKSPF funding formula. Tendring – an area containing 8 'left behind' neighbourhoods, was allocated approximately £1.2m, as was Thanet – containing 5 'left behind' neighbourhoods. For these areas, both of which rank in the top 15% most deprived local authorities, per capita allocations were as little as £8.

This breakdown suggests that the UKSPF formula is neither accounting appropriately for deprivation, nor the double deprivation faced by areas also experiencing a social infrastructure deficit and high levels of Community Need.

Figure 2 20 per cent of LBNs are in authorities with allocations below the average across those without LBNs

Lead authority containing LBNs	Region	Authority type	No. of LBNs	Per capita allocation
Southampton	South East	Unitary authority	1	£ 6.20
Maidstone	South East	Lower tier authority	1	£ 6.82
Basildon	East of England	Lower tier authority	4	£ 6.83
Portsmouth	South East	Unitary authority	1	£ 6.84
Swale	South East	Lower tier authority	2	£ 7.71
Tendring	East of England	Lower tier authority	8	£ 8.02
Havant	South East	Lower tier authority	2	£ 8.05
Thanet	South East	Lower tier authority	5	£ 8.20
Dover	South East	Lower tier authority	1	£ 8.59
Folkestone and Hythe	South East	Lower tier authority	1	£ 9.11

Lead authority containing LBNs	Region	Authority type	No. of LBNs	Per capita allocation
Bournemouth, Christchurch and Poole	South West	Unitary authority	1	£ 10.48
West of England	West of England	Mayoral Combined Authority	1	£ 10.65
Rother	South East	Lower tier authority	1	£ 10.74
Cambridgeshire and Peterborough	East of England	Mayoral Combined Authority	3	£ 11.04
Dorset	South West	Unitary authority	1	£ 11.69
Gosport	South East	Lower tier authority	1	£ 12.21
Great Yarmouth	East of England	Lower tier authority	3	£ 12.63
West Northamptonshire	East Midlands	Unitary authority	2	£ 12.75
North Northamptonshire	East Midlands	Unitary authority	3	£ 13.45
Greater London Authority	London	Mayoral Combined Authority	2	£ 16.42

2. Navigating tight turnarounds and short funding windows

The tight timeline and short window to submit investment plans – between the 22nd April 2022 platform launch and 1st August 2022 deadline – put pressure on lead authorities to prioritise speed in their development. Some lead authorities set out concerns in their investment plan over government demands to produce multiple, extensive and partially duplicative planning documents to access various levelling up funds in quick succession. Others raised the issue that funding is only guaranteed until March 2025. A significant proportion of the investment plans that were analysed for this report included 'open-calls' for 'oven-ready' projects with the potential for immediate delivery. This is to be expected given the tight turnaround and delays releasing funding, and can be an effective way of utilising existing networks, resources and assets in communities. But analysis revealed variation in the extent to which lead authorities had clarified their investment aims prior to commissioning and selecting projects from open calls.

During the inquiry into levelling up, the APPG heard anecdotes about lead authorities putting calls out for projects close to the submission deadline for investment plans asking established voluntary organisations and charities if they had any projects already in development that could be put forward for funding. One lead authority was reported to have launched an 'open call' with little clarity over decision criteria. Local community groups attempting to engage with the investment planning process felt that some project decisions had been pre-determined prior to the deadline.

Open calls are most effective when they are accompanied by a rigorous appraisal process based on an assessment of local needs, priorities and anticipated social value in the most deprived and 'left behind' areas and accompanied by published criteria. This is the case in Dover, where eligibility and scoring for access to a community funding pot will be designed to focus funding on areas of greatest need (2022, p.4), and South Yorkshire, whose plan included an intention to avoid "defaulting to simply funding existing projects, so we can use this opportunity to review how we deliver the highest social impact at the best value for money" (2023, p.5). There is also a need to ensure that publication and advertisement of open calls is extensive enough to provide opportunities for organisations to engage with lead authorities when there is no pre-existing relationship.

3. Are local authorities engaging in meaningful community consultation?

As part of the investment plan design process and in order to access their allocations, lead local authorities were tasked with setting up 'local partnership groups' to ensure access to local insight and expertise. The UKSPF prospectus (2022) recommends that these include prominent local community and faith organisations as well as representatives from voluntary, social enterprise and civil society organisations, employer bodies, business representative groups and other local and regional stakeholders. Analysis revealed that these local partnership groups tended to include the 'usual suspects' via high-level Voluntary, Community and Social Enterprise (VSCE) groups, with the process of engagement and opportunities for other community groups to feed into investment planning often limited and opaque.

Local Trust heard from people who are working in communities, delivering UKSPF funded programmes. They reported that there had been very limited consultation by lead authorities, including consultation only with those voluntary and community organisations they already had an established relationship with; other community organisations had made efforts to find out more, but were finding it difficult to get information or to receive a hearing.

The inclusion of community, faith and voluntary organisations is important, because we know that communities themselves are often best equipped with the knowledge and expertise to harness local opportunities and identify and tackle local issues. People are more likely to feel proud of their local area if they feel they have some control or input into local decision-making. And utilising such local expertise can encourage optimisation of existing networks and assets.

Our analysis showed that some lead authorities simply repurposed existing strategic advisory groups (such as Towns Deal Boards or the like) and for many the extent of community representation and involvement was only via VCSE groups. A degree of synergy is to be expected and encouraged, but tight turnarounds and short funding windows do little to encourage genuine community engagement and consultation. Nor do they encourage lead authorities to invest time and resources into building new networks with local organisations that might not otherwise have secured a seat at the table.

Nevertheless, analysis revealed examples of good practice – where lead authorities pro-actively forged new paths for community and local organisational involvement. Boston, for example, ran a public, online consultation that was advertised in the local press, as well as on social media and a dedicated website, with hard copies of the survey being displayed in public spaces like the library and additional outreach conducted at the local market (South and East Lincolnshire Councils Partnership, 2022). The survey generated 756 responses which were mapped into priority areas to inform the final selection of projects and interventions in the investment plan. North Northamptonshire ran a similar public consultation exercise (2022, p.5). In other areas, extensive advertisement of project open calls or open-invitation partnership meetings were enough to ensure that communities and local organisations had a channel through which to potentially access, and influence, UKSPF funding.

(Charlotte Sams/Local Trust).

4. A bias toward high streets and town centres at the expense of community-led services and facilities

The communities and place strand of the UKSPF represents an opportunity to invest in social infrastructure as a means of cultivating local pride – focusing on the places and institutions which foster communal relationships – like community centres, sports hubs, art centres, pubs and libraries, and the organisations and services that support and underpin civic life.

We know that such social infrastructure, defined by the Community Needs Index as civic assets, community engagement and connectivity, has been in decline across the country for a number of years. But the 225 'left behind' neighbourhoods have borne the brunt of this decline. As the APPG's inquiry report has documented, residents in these neighbourhoods experience lower skills levels, higher unemployment, much lower jobs density, longer public transport journey times, lower pay, poorer physical and mental health outcomes and higher crime, compared to the national average and other deprived areas (APPG for 'left behind' neighbourhoods, 2023a).

'Left behind' communities often describe having been 'asset stripped' of local services and facilities over a number of years because of reductions in public spending. The perception is that the investment available to local authorities inevitably gravitates towards and sticks to city and town centres.

Indeed, several authorities explicitly set out plans to direct a portion of their UKSPF funding to top up existing Levelling Up Fund or Towns Fund and in large part projects primarily aimed at town centres and high streets. Analysis indicates that the short window for lead authorities to submit their investment plans and fiscal pressures have increased incentives for the UKSPF to serve as a pot to top up local government shortfalls elsewhere. The fragmented funding landscape does little to facilitate the UKSPF serving as a genuinely "new approach to investment and the empowerment of local communities" – adding to the bureaucratic burden on lead authorities in applying and accessing the individual pots, when in practice the numerous separate, shallow funds bleed into the same projects (UKSPF prospectus, 2022).

Short funding timeframes and turnarounds have also reduced spending efficiencies across the UKSPF programme. New data found that 43% of UKSPF funding across the UK went unspent in 2022-23 – with no single lead authority in the north of England – where 'left behind' neighbourhoods are most concentrated – spending their full UKSPF allocation (Shaw, in Savage, 2023). The APPG has previously recommended that the multiple funding pots for tackling place-based inequality should be amalgamated into more flexible levelling up funds held and managed closer to where they will be spent, building on the government's current 'simplification pathfinder pilot' delivered across 10 local authorities (2023a).

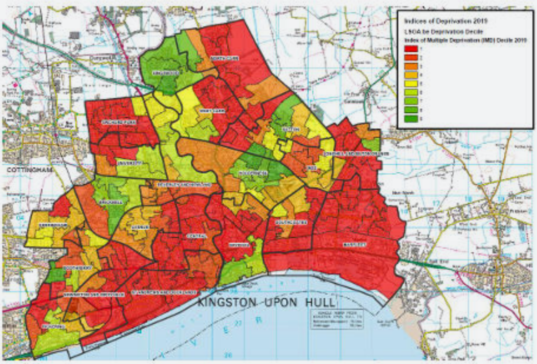
The regeneration of high streets and physical infrastructure is a vital part of levelling up people's pride in place. At least 60% of the lead authorities containing 'left behind' neighbourhoods selected: "Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs" as an investment priority. But to improve the life outcomes of residents in the places "most in need", in line with the UKSPF's aims, investment must be targeted to improve social infrastructure and social capital at the hyper-local, neighbourhood level.

Encouragingly, some lead authorities explicitly identify plans to strategically target UKSPF funding at the peripheries in need. For example, Kingston upon Hull – a local authority area which includes eight wards identified as 'left behind' acknowledged that because levelling up funding is predominantly benefiting the city centre, UKSPF is an opportunity to push funding to surrounding neighbourhoods (2022, p.5).

Moreover, at least six of the lead authority investment plans or executive reports that we analysed identify the unique and intersecting challenges specifically faced by residents of 'left behind' neighbourhoods (Basildon; County Durham; Kingston upon Hull; North Northamptonshire; Tees Valley; West Midlands). North Northamptonshire, for example, plan to specifically target some of their investment to developing green spaces in the three neighbourhoods identified as 'left behind' (2022, p.6) Such a hyper-local focus on addressing spatial inequalities ensures UKSPF funds have maximum impact where they are most needed.

2. Communities & Place

Hull's main challenges that it is looking at address through the Investment Plan are:



Deprivation: With Hull ranked as the 4th most deprived local authority out of 317 local authorities across England, and more than half of all Hull's LSOAs in the most deprived fifth (bottom 20%) nationally (Index of Multiple Deprivation, 2019), deprivation is a key challenge for Hull.

Research by the OCSI into 'left behind neighbourhoods' (LBNs) reinforces that there are pockets of deprivation within Hull. Hull is home to several left behind neighbourhoods, that is those suffering with highest levels of social, cultural and economic deprivation, identified by the OCSI through overlaying the Community Needs Index with the Index of Multiple Deprivation (Local Trust, 2019).

Excerpt from Kingston upon Hull's investment plan summary

Investment in community infrastructure

The value of directing UKSPF funds towards social infrastructure in 'left behind' neighbourhoods is clearly evidenced. Frontier Economics conducted an independent assessment of the economic basis for investing in social infrastructure (2021, p.5). Using conservative assumptions and robust evidence, their analysis estimated that for every £1 million investment in community-led social infrastructure in a 'left behind' neighbourhood, approximately £3.2 million in returns could be generated over a decade, in addition to benefits that are not or only partially captured in these monetised estimates, such as greater community cohesion, civic engagement, reductions in loneliness and environmental benefits.

The government set out a list of interventions that local authorities could select from when completing their investment plans. Fifteen interventions relate broadly to social infrastructure.

(Local Trust).

Figure 3

	Communities and place interventions
E1	Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs.
E2	Funding for new, or improvements to existing, community and neighbourhood infrastructure projects including those that increase communities' resilience to natural hazards, such as flooding. This could cover capital spend and running costs.
E3	Creation of and improvements to local green spaces, community gardens, watercourses and embankments, along with incorporating natural features into wider public spaces.
E4	Enhanced support for existing cultural, historic and heritage institutions that make up the local cultural heritage offer.
E5	Design and management of the built and landscaped environment to 'design out crime'.
E6	Support for local arts, cultural, heritage and creative activities.
E7	Support for active travel enhancements in the local area.
E8	Funding for the development and promotion of wider campaigns which encourage people to visit and explore the local area.
E9	Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.
E10	Funding for local sports facilities, tournaments, teams and leagues; to bring people together.
E11	Investment in capacity building and infrastructure support for local civil society and community groups.
E12	Investment in community engagement schemes to support community involvement in decision making in local regeneration.
E13	Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change.
E14	Funding to support relevant feasibility studies.
E15	Investment and support for digital infrastructure for local community facilities.

Despite the communities and place strand's emphasis on social infrastructure, analysis of investment plans revealed that the constrained fiscal climate in which lead authorities' are operating is undermining the ability of the UKSPF to genuinely transform community outcomes through investment in such infrastructure, because funds are being diverted towards crisis responses. We know that more than half of lead authorities containing 'left behind' neighbourhoods plan to direct some of their UKSPF funds toward E13: Community measures to reduce the cost of living (Figure 2).

One lead authority containing a 'left behind' neighbourhood that had received less than £10 per capita, detailed plans to direct some UKSPF funds into a scheme that would buy beds for residents who were without them, in order to continue a time and resource-limited Household Support Fund programme, alongside a project working in partnership with other organisations to boost the community food pantry provision available to local residents.

The point is not that lead authorities should be restricted from using their UKSPF funds to mitigate the effects of the cost-of-living crisis on vulnerable residents. Rather, that the current funding landscape will not be conducive to genuine community transformation in the areas that have been furthest 'left behind', whilst it remains necessary to divert some of our community-focused regeneration budgets to meeting the basic needs of the population.

In spite of these significant challenges to delivery, analysis revealed examples of best practice, where lead authorities are targeting UKSPF investment to strengthen social capital and fabric at the neighbourhood level. Transforming outcomes in 'left behind' neighbourhoods depends on a commitment to long-term investment in such infrastructure at the hyper-local level.

Case study: South Yorkshire – a hyper-local focus on social infrastructure investment in 'non high street areas'

South Yorkshire Mayoral Combined Authority covers Barnsley, Doncaster, Rotherham and Sheffield. The area contains 13 'left behind' neighbourhoods. Despite also being a large Local Enterprise Partnership area by economic output, South Yorkshire experiences high levels of deprivation. Nearly 1 in 4 of the adult population are not participating in the local economy, compared to 1 in 5 nationally, and all four areas of the region have lower economic activity rates than the national average (South Yorkshire's UKSPF investment plan, p.7). The main driver of this inactivity is poor health.

In their investment planning, South Yorkshire recognises that boosting social capital and infrastructure is a "foundation factor" for addressing levels of economic inactivity and building more prosperous, resilient neighbourhoods (2022, p.18). They plan to deploy the capital element of their UKSPF allocation on "often hyper-local projects that build pride of place and community capacity" (p.19) These plans include:

- A programme of appropriately scaled capital interventions targeted at non-high street areas (including residential areas, public realm, public open space and play areas).
- A programme of appropriately scaled capital interventions targeted at community and voluntary sector projects and organisations that enhance community facilities and/or deliver essential services in their communities.
- Projects to address community-based digital infrastructure.

Such an emphasis on hyper-local investment targeted at social infrastructure is consistent with the evidence on improving health outcomes and reducing public service demand. A study into social determinants of health outcomes in Finland concluded that: "people with higher levels of social capital – especially in terms of social participation and networks – engage in healthier behaviours and feel healthier both physically and psychologically (Nieminen, 2013).

5. Are communities being supported to cultivate their own pride in place?

The government press release announcing UKSPF allocations read: "Communities across UK handed control of £2.6 billion levelling up funding." And the UKSPF prospectus cited community-led projects as a key example of how funding can be used to strengthen our social fabric and foster pride in place in areas across the country (UKSPF prospectus, 2022, 2.3).

Benefiting from and facilitating community leadership and expertise through capacity-building and community engagement is key to strengthening the social fabric in the most disadvantaged neighbourhoods. Local government should support and enable communities to meet their own needs and aspirations, building on the resources and assets already available to them. But our analysis found that many of the lead authorities containing 'left behind' neighbourhoods made no provision for capacity building or community engagement in their investment plans. Even where provision was made, the short three-year funding window for this round of the UKSPF is too short term to genuinely transform community capacity and confidence.

(Andrew Aitchison/Local Trust).

We know that communities are more likely to feel proud of their places if they have input into local decision-making, and some control over the future of their areas. Collective action and control over local issues helps to strengthen the shared networks that underpin civic life and foster resilience. Survation (2020) polling, commissioned by Local Trust, found a real appetite for and belief in community action in 'left behind' neighbourhoods, with 63 per cent of respondents agreeing that residents had the capacity to really change the way their area is run. A clear majority (54 per cent) said that if a fund were set up to help their community, local people should lead decisions on how the money was spent.

The Big Local programme delivered by Local Trust has also shown that when communities are trusted to take the lead, innovations and efficiency generally follows. Big Local gave 150 communities across England – who had historically not received their fair share of funding – just over £1m each to be invested by partnerships of community members. The resulting Big Local partnerships have achieved phenomenal amounts with this relatively small seeding: from providing much needed services and responding to the cost-of-living crisis (running palliative care facilities; food banks; warm hubs), to forging sustainable futures through community-owned energy solutions (commissioning the largest onshore wind turbine in the UK) and cultivating local economies through business enterprise centres (one is helping at least ten new businesses establish premises in the community).

But any attempt to cultivate community leadership, particularly in the most deprived and 'left behind' neighbourhoods, must recognise that areas have very different starting points. Research shows that residents of 'left behind' neighbourhoods are more likely to be cash and time poor – and therefore less likely to have the capacity to contribute to community-led initiatives. This is in part a reflection of greater caring responsibilities and higher levels of ill-health (OCSI, 2020; OCSI 2020b). And financial pressures further restrict residents' capacity to engage in voluntary, unpaid work.

These constraints on the capacity of individuals are reflected at the community-level. Despite their comparative deprivation (ranking in the top ten percent of the IMD), 'left behind' neighbourhoods have lower numbers of registered charities than both the national average, and other equally deprived areas that benefit from higher levels of social infrastructure (CharityBase data in OCSI, 2021). And in spite of these areas' clear need, they received just £7.77 in charitable grant funding per head between 2004 and 2021, compared to £12.23 per head across England and £19.31 per head for other deprived areas (360 Giving Grant Nav data in OCSI, 2021; APPG for 'left behind' neighbourhoods, 2023a).

Cultivating pride in place in 'left behind' neighbourhoods depends on building community capacity and confidence. This was recognised by the government in their list of UKSPF interventions:

E11	Investment in capacity building and infrastructure support for local civil society and community groups.
E12	Investment in community engagement schemes to support community involvement in decision making in local regeneration.

The evolving nature of delivery plans and lack of published data (despite FOI requests) make it difficult to ascertain exactly how much money is being directed toward these community-centred interventions in 'left behind' neighbourhoods at a national level. We do know that more than half of the 53 authorities containing 'left behind' neighbourhoods made some provision for capacity building (E11) in their investment plans. Fewer lead authorities set out plans to facilitate community engagement in regeneration– with approximately a third of lead authorities containing 'left behind' neighbourhoods indicating some provision.

Where provision has been made for capacity building and/or community engagement schemes, the short timeframe for UKSPF funding (confirmed until March 2025) encourages a project-focused approach, as opposed to a genuine, longer-term commitment to investing in communities.

Evidence shows that capacity-building requires patient, long-term investment. Both evaluations of the Single Regeneration Budget and New Deals for Communities called for regeneration activity to follow a sustained period of capacity-building (CRESR, 2023). The New Deal for Communities evaluation suggested a 'Year Zero' – where communities are supported to spend the first year of investment on relationship-building, setting up systems and processes for community involvement. This is consistent with the learnings from the Big Local programme, which has shown that enabling transformational, community-led change requires patient investment in capacity-building over 10-15 years. The confirmed three-year UKSPF funding window fails to encourage the necessary long-termism when it comes to facilitating community-led regeneration and renewal.

Nonetheless, analysis revealed several examples of good practice, where lead authorities indicate a focus on capacity-building and community engagement to support community leadership in regeneration.

Case study: Chesterfield – building capacity to access and leverage funding

Chesterfield is a lower tier authority that is home to approximately 100,000 residents, and contains two 'left behind' neighbourhoods. The area experiences high levels of worklessness and deprivation, and the most deprived neighbourhoods tend to be located on the edge of Chesterfield Town or former mining and industrial communities in the east of the area. Chesterfield's UKSPF planning highlights the need to boost social infrastructure and access to opportunities in these neighbourhoods especially (2022, p.3).

Chesterfield's investment plan focuses on partnership working as a means to "address inequalities and invest in our social infrastructure to build more resilient local communities for the future" (p.3). This is important, because we know that a joined-up approach between the public, private and voluntary and community sectors is crucial to increase efficiencies and respond to demand for services – which has been exacerbated by the Covid-19 pandemic and cost-of-living crisis.

UKSPF monies will initially fund community development workers who will be tasked with "mak[ing] things happen on the ground". These workers will reach out into communities with traditionally lower levels of engagement, to build capacity, solicit new project ideas and help kick-start them. They will also support existing groups to make the most of grant funding opportunities, including a UKSPF small grants programme, and will work with local anchor institutions and businesses to build links for wider volunteering and employment and training opportunities.

Research shows that 'left behind' neighbourhoods typically have less resources to draw upon in order to leverage and access funding. The support of community development workers to build capacity and work with communities has the potential to transform engagement and participation and kickstart new community-led initiatives in the neighbourhoods where they are most needed.

Case study: West Lindsey – supporting residents to access neighbourhood planning tools

West Lindsey set out plans to provide "support for local place leaders to develop community capacity, to plan for the sustainable management of community spaces and deliver investment and improvements in community infrastructure", by maximising opportunities for local organisations to participate in neighbourhood planning and benefit from the Infrastructure Levy (2022, p.7). This scheme will support West Lindsey's 40+ neighbourhood plans that have been adopted or are in development, through grant funding to local organisations to cover project development costs, engagement, feasibility and consultancy.

This approach to facilitating community involvement in neighbourhood planning is important. Neighbourhood planning was first introduced in the Localism Act 2011 and provides an opportunity for communities to ensure that regeneration and development in their area meets their needs through plans that gain statutory weight. Parish or town councils lead neighbourhood planning where they exist, and where they do not, communities must set up neighbourhood forums.

Evidence shows that neighbourhood planning can be a powerful catalyst for community action. Over 60 per cent of participant communities have indicated that the process of community planning generated other projects and initiatives in their neighbourhood (Parker et al, 2020). But the process is complex and requires technical knowledge and understanding. Consequently, take up is higher in wealthier areas with more resources and time, and the most deprived and 'left behind' neighbourhoods are less likely to participate in such processes (NSCU, 2022, p.13).

A pro-active approach by the local authority – like the planned scheme in West Lindsey, providing grants to local organisations already doing good work in the area, is likely to increase incentives and build the necessary capacity for community involvement in local regeneration in the most 'left behind' neighbourhoods. In turn, wider participation in neighbourhood planning has the potential to be a springboard for other community action initiatives.

Case study: Thanet – facilitating community-led social action and regeneration

Thanet's investment plan noted local "examples of excellent community based activity – that with investment in their capacity and infrastructure to support them could do far more" (2022, p.5). The council plan to develop local capacity by using UKSPF funds to create:

- A new local network of community leaders and organisations who can support each other, and exchange information and best practice
- New sources of support for the Voluntary and Community Sector in Thanet to provide them with advice, guidance, and referral to help them access other sources of funding, develop their governance, ability to plan more strategically, and engage a wider audience in their activities.

The plan also places emphasis on providing funding to community-led social action projects such as Newington Local, as a priority mechanism for linking local people in deprived neighbourhoods with wider areas of opportunity. Newington Big Local is a resident-led partnership operating in a 'left behind' neighbourhood, supported by £1.15m in funding by the Big Local programme. With this initial seeding, the partnership has set up a local bank providing loans, accounts and financial education to residents; spearheaded the revitalisation of a 1.2 acre area of woodland; and lead a busy programme of community events.

Thanet District council's recognition of the vital work conducted by Newington Big Local, alongside other community-based organisations such as Broadstair's Shed – a volunteer-led initiative providing opportunities for over 50s to get together and complete meaningful projects, is an important endorsement that community-based organisations often possess the networks, expertise and knowledge to respond to local needs and "help support residents in the most deprived parts of Thanet to become more connected to other productive activities" (p.11).

Perhaps most significantly, Thanet also recognise the opportunity posed by UKSPF revenue funding in allowing for "different approaches to be taken to the regeneration of an area than traditional capital investment and infrastructure projects". They set out plans to support community engagement in local regeneration by "do[ing] something different"; investing UKSPF funds to create a 'Big Ideas scheme' to "solicit ideas from local communities themselves regarding the nature of projects and investments that would be most effective at delivering positive change" (p.12). The aim of this scheme is to ensure that people living in 'focus neighbourhoods' can help to steer community regeneration and renewal.

Recommendations

I. A reinvented funding model that targets hyper-local investment at 'left behind' neighbourhoods

The UKSPF represents an important step away from competitive funding streams towards systematic geographic targeting. But we must ensure that the most deprived and 'left behind' areas – those most in need of government funding – are benefiting proportionately.

Oxford Consultants for Social Inclusion developed the Community Needs Index (CNI) as an objective measure to identify neighbourhoods with low levels of social infrastructure and poor social capital. The Index combines more than 15 indicators at the hyper-local level across three domains: civic assets (community spaces and places), connectedness (digital, physical and social connectivity) and active and engaged community (participation in civic life).

The UKSPF funding formula should be adapted to include the CNI in combination with the Index of Multiple Deprivation, to identify the neighbourhoods experiencing both socio-economic deprivation and a lack of the social infrastructure that underpins civic life. This ensures that funding is reaching the areas where pride in place and life chances are most in need of levelling up, and would follow the example of other government funding pots such as the Know Your Neighbourhood Fund, which identified high-need areas using the CNI.

II. Confirm UKSPF funding over the long-term

At a minimum, the UKSPF should confirm funding for the same 7 year period as the EU structural funds it replaces, though we know that truly transformational community-led change requires 10-15 years of patient investment. This longer funding window would provide the stability and lead-time necessary to ensure UKSPF projects respond to communities' best interests, reducing the likelihood of funding gaps, facilitating meaningful community consultation and a long-term approach to building community capacity and confidence.

III. Delegate UKSPF down to the community level.

The communities and place strand of the UKSPF should be devolved down to communities themselves, with residents empowered to direct investment in line with their local knowledge and expertise. Local authorities should be equipped with the tools to form Community Covenants with independent community anchor organisations, alliances of community organisations, neighbourhood forums or parish and town councils, to forge alternative pathways for community-led regeneration (We're Right Here, 2023).

In order to form a Community Covenant, prospective partners would need to demonstrate their local accountability according to a set of established criteria. This process would be overseen by a newly established Community Power Commissioner. Upon the agreement of a Community Covenant, Covenant partners could draw down powers relating to neighbourhood planning, local economic planning, community assets, local service delivery, as well as powers to invest the communities and place strand of the UKSPF; supported by resources and capacity-building to ensure efficient delivery.

IV. Build in a ring-fenced capacity-building budget to the communities and place strand

The communities and place strand of the UKSPF should have a ringfenced capacity-building budget for each area as part of their revenue allocation. This budget would help to build the capacity of civic institutions to fulfill the 'community partner' role and would ensure that communities are equipped with the tools to lead local regeneration and renewal.

V. In the absence of devolution, make community involvement in 'local partnership groups' mandatory

In the absence of devolution to community partners, UKSPF guidance should mandate some community consultation and engagement, in the form of open invitation, advertised local partnership group meetings. The UKSPF guidance should also mandate the representation of community organisations on local partnership groups, to ensure community voices are central to the design and implementation of investment plans.

Conclusion

The UKSPF aspires to be "a new approach to investment and the empowerment of local communities", setting out a communities and place strand, and endorsing "community-led projects" as a means of delivering local priorities (UKSPF prospectus, Ministerial Foreword). But analysis of the UKSPF guidance and lead authority investment plans reveals that the extent to which there truly is a "community dimension" to the local delivery of the UKSPF is largely dependent on the discretion of each lead authority.

Some lead authorities have pro-actively carved out a role for communities, through inclusive local partnership groups, community outreach exercises or by investing in capacity-building and community-led projects. But the reality remains that the current fiscal operating climate, tight turnaround for investment planning and short, three year confirmed funding window means that the current design of the UKSPF is not conducive to genuine, community-led transformation in the most deprived and 'left behind' neighbourhoods. These are the areas that lack community confidence and capacity to engage in consultation processes and press for their needs to be met. This means that even though the funding is awarded to lead authorities as opposed to being non-competitive, because ultimately funding decisions are made by local authorities, communities in the most 'left behind' neighbourhoods are unlikely to benefit proportionately.

It takes time to develop community capacity and civic institutions in the neighbourhoods that most lack them. In March 2023, the government announced that community wealth funds would become a new beneficiary of the Dormant Assets Scheme, following a sustained campaign by the Community Wealth Fund Alliance supported by many members of the APPG. The final design and delivery of these funds is yet to be confirmed and subject to the completion of a technical consultation in October 2023 to which the co-chairs of the APPG made a submission (APPG, 2023b). We are calling for a Community Wealth Fund that will provide the long term investment needed in 'left behind' communities – over 10-15 years. It would also provide significant support to build capacity and catalyse civic action in these neighbourhoods – mentoring, technical assistance and peer networking. Without long term, patient, funding in capacity building, which as we understand is not the highest priority in UKSPF investment plans, these areas will continue to fall further behind.

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