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THE IMPACTS OF SCALING SOCIAL INFRASTRUCTURE INVESTMENT

An update to Frontier's 2021 Impact of Social Infrastructure report

11 MAY 2025

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Executive Summary

In 2021, Frontier Economics published a foundational report exploring the impacts of social infrastructure in disadvantaged neighbourhoods. That work demonstrated how strengthening community assets, organisations and social connections could drive a range of positive social, economic and fiscal outcomes, and argued that such investments play a critical role in tackling deprivation and fostering long-term regeneration.

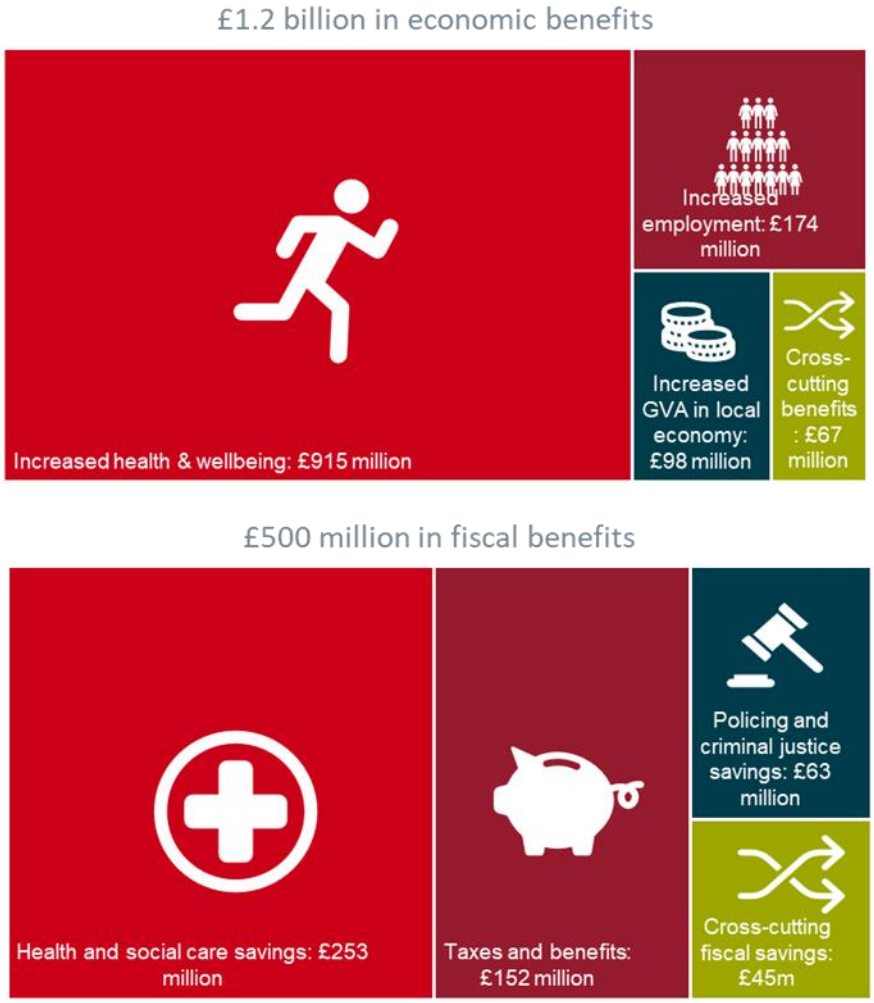
Building on these foundations, this note focuses on quantifying the potential return on investment (RoI) from a new targeted programme designed to support Stage 2 of a three-stage neighbourhood renewal process set out in Frontier's report for the Independent Commission on Neighbourhoods (ICON). Stage 2 focuses on neighbourhoods that already have some social infrastructure in place – following initial capacity-building and "seed" investments – and are now ready to scale up and deepen their social infrastructure to unlock further benefits.

Drawing on the analytical framework and evidence base developed in the 2021 work, and augmented with more recent research, this note estimates the scale and profile of benefits that such an investment could unlock. The analysis suggests that scaling social infrastructure at this pivotal stage could yield very high value for money, with conservative estimates indicating a return on investment (RoI) of £3.50 for every £1 spent (i.e. a benefit-cost ratio of 3.5). BCRs greater than 2 are generally considered high value for money, with those in excess of 4 very high value for money. By this measure, this type of investment would represent high to very high value for money.

The estimated RoI derived through the bottom-up modelling approach employed here is conservative with particular care taken in assumptions regarding employment effects and fiscal benefits[1]. There are non-monetised benefits that further enhance the case for investment. Important benefits that are not or only partially included in the monetised estimates due to limitations in the quantitative evidence include improved social cohesion, quality of place, civic engagement and environmental benefits. This analysis should therefore be seen in the context of the wider qualitative evidence on the full breadth of outcomes from community-led social infrastructure investment. The RoI would be higher if these aspects were included.

[1] The approach takes a conservative approach to valuing benefits, particularly fiscal ones. It also only includes first order employment effects and assumes that employment effects are limited in duration until stage 3 of the three-stage regeneration cycle. It does not capture the benefits that investments made under stage 3 will be more effective because of this stage. Health and wellbeing effects are assumed to not translate into fiscal benefits, as rigorous evidence is still relatively limited in this space.

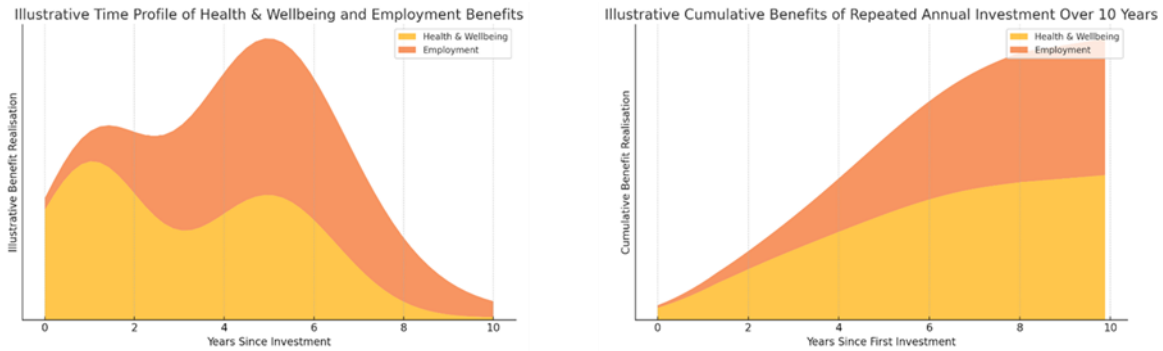
Figure 1 Breakdown of economic and fiscal benefits of the Stage 2 Fund



Source: Frontier Economics

It has not been possible to estimate a precise time profile for benefits given the available evidence and timeframe for this analysis. However, we have developed an illustrative profile for the first 10 years of the investment (see Figure 2Figure 1). The left-hand chart shows the return to £1 invested today whereas the right-hand chart shows the returns if one were to keep investing a £1 each year for 10 years. This shows that health and wellbeing benefits are expected to materialise more immediately with employment benefits forming a greater proportion of overall benefits later in the funding period.

Figure 2 Illustrative time profile of benefits



Source: Frontier Economics

Methodology and key assumptions

Frontier's 2021 study

This update draws heavily on analysis undertaken by Frontier Economics in 2021[2] which estimated the benefits associated with a £1m investment in a basket of social infrastructure investments. The report included estimates of:

- **Economic benefits**: these included increased economic activity, increased health and wellbeing, reduced crime and increased GVA.
- **Fiscal benefits**: these included the system savings enabled by different interventions across healthcare, criminal justice and tax/out-of-work benefits.

Each of the benefits arose from investment in activities and programmes targeted at specific groups and outcomes. These included capital investments in community assets as well as spending to support volunteering, youth services, sports groups, families, cultural activities and employment and skills. For each type of investment, we collected relevant evidence that could be used to model the likely costs and benefits. These costs and benefits were then aggregated in an overarching model and estimated over a 10-year time window. We took a systematic approach to the evidence including a review of over 100 research papers. Key principles guiding the research and the inclusion of evidence in our modelling were:

- **Robust evidence base** – The analysis drew only on papers that passed certain criteria with regards to robustness. For our quantitative analysis, wherever possible we selected evidence that was consistent with a level three or above on the Maryland Scientific Methods Scale, consistent with the What Works Centre for Growth.[3] However, we also judged meta-analyses to be sufficiently robust for inclusion.
- **Conservative assumptions** – Only benefits with a clear causal link to social infrastructure investment were included, and quantitative evidence drawn from meta-analyses was deemed to be either consistent with our conservative assumptions or we applied additional conservative assumptions when using it in our calculations.
- **Alignment with HM Treasury guidelines** – Discount rates, time horizons, and additionality factors were consistent with government best practice. Note we have used a discount rate of 3.5% throughout including for non-financial benefits.

Our approach for the 2021 work was tested throughout with an Advisory Group of leading sector experts.

2 https://localtrust.org.uk/wp-content/uploads/2021/07/Frontier-Economics_the-impacts-of-social-infrastructure-investment.pdf

3 https://whatworksgrowth.org/resource-library/guide-to-scoring-the-evidence/

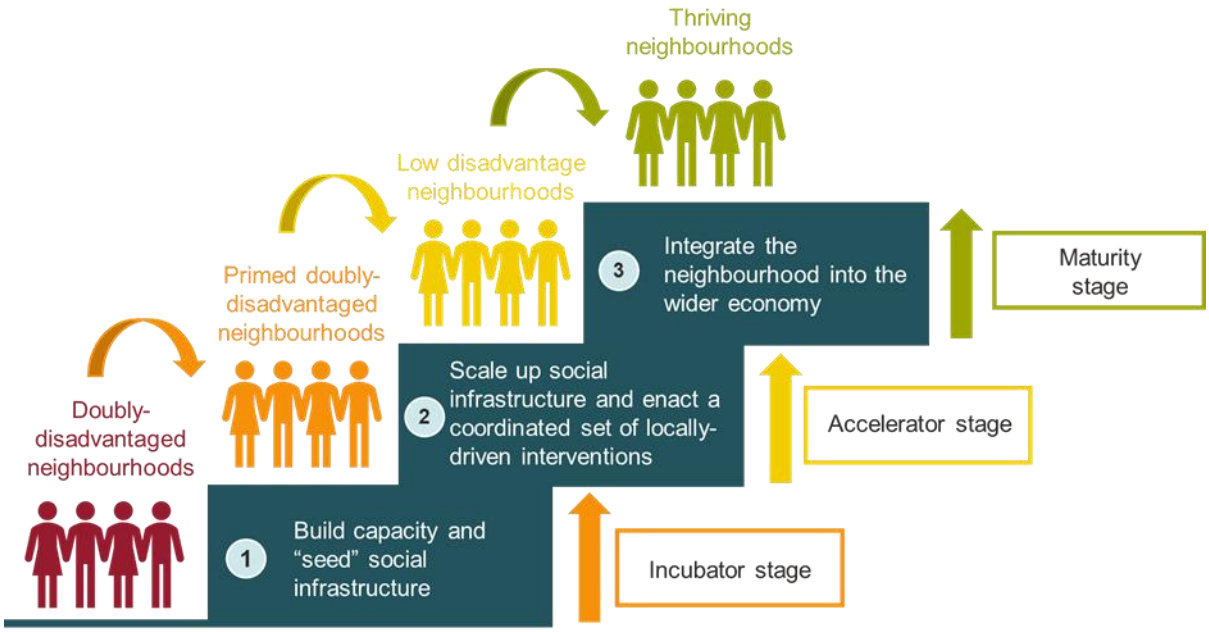
Focus of update on Stage 2 funding

As an update to the 2021 study, this note provides illustrative estimates of the quantified benefits that could be associated with a £500m fund focused on stage 2 of the 3 stage regeneration cycle set out in Frontier's report for the Independent Commission on Neighbourhoods (ICON).

Stage 2 builds on Stage 1 by providing "primed" neighbourhoods with greater amounts of long-term, stable funding to expand and extend their social infrastructure investments. With this funding, anchor institutions can then invest in a coordinated, multi-pronged set of social infrastructure interventions tackling each aspect of deprivation in their neighbourhood. Anchor institutions also play a convening role, bringing together, integrating and assisting local statutory services (such as the police, job centres, schools and GP surgeries).

Stage 2 is critical. It lays the groundwork for Stage 3 success by creating safer, healthier, and more cohesive neighbourhoods—essential preconditions for private investment, job creation, and economic growth. Skipping Stage 2 is a false economy—without it, Stage 1 investments risk remaining underutilised, and Stage 3 investments will fail to take root, leading to repeated cycles of public spending with minimal lasting returns.

Figure 3 Stages of neighbourhood renewal



Source: Adapted from Frontier Economics report for ICON

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Methodology for adapting 2021 research to Stage 2 funding

In the limited timescale for this research, we have remained consistent with the overall approach and key principles of the 2021 work, updating the model in two main ways.

Updating the basket – The basket of investments used in the previous research reflected a plausible bundle of investments for Stage 1 (Community Wealth Fund) regeneration. The illustrative basket used for this analysis is updated to reflect what might be a reasonable spending profile for "primed DDN areas" receiving Stage 2 funding. It also places a greater emphasis on interventions focused on the social determinants of health when compared to the previous work. To ensure a rigorous approach to estimation we also updated the theory of change used to identify mechanisms for impact.

Inclusion of newer evidence – In some areas the evidence base has developed since 2021 and so we have included newer evidence wherever possible. This particularly applies to evidence related to sports and recreational activities, youth services and culture. Again, the equivalent high bar for evidence inclusion was retained.

Basket of investments

The 2021 report was based on an illustrative basket of investments, shown in **Error! Reference source not found.** designed to reflect the likely emphasis of a Community Wealth Fund. It was based on actual spending undertaken across Big Local[4] areas and was designed to be targeted at 225 left-behind areas defined as having a deficit of social infrastructure and high levels of deprivation.

Table 1 Social infrastructure assumed spending bundle – 2021 Report

Activity/investment type	% of funding
Community Assets	40%
Youth services	20%
Sports and recreation	15%
Skills training and employability	15%
Family support	5%
Culture	5%

Source: Frontier Economics 2021

[4] A social infrastructure programme funded by the National Lottery and administered by Local Trust and consistent with Stage 1 of the 3 Stage Neighbourhood Regeneration approach.

The Stage 2 funding modelled here is intended to target 100 "primed" doubly-disadvantaged (DDNs) areas. These areas are both economically deprived and lacking in social infrastructure, but well-targeted Stage 1 funding (such as the Community Wealth Fund or similar) has helped establish "seed" social infrastructure that the Stage 2 fund can now build upon.

As these "primed" DDN areas have already built seed social infrastructure, we have assumed that anchor institutions decide to spend a lower proportion of this funding on the construction, purchase or maintenance of community assets[5]. This in turn means that a higher proportion of the funding is focused on activities that expand the use of those assets, as shown in **Error! Reference source not found.**. In light of better evidence compared to 2021 on the benefits of social prescribing activities and loneliness support we have been able to explicitly include a portion of funding dedicated to this purpose in the updated illustrative bundle. The bundle below therefore reflects not only the kind of spend associated with social infrastructure as demonstrated from the Big Local Programme but is also consistent with how similar international neighbourhood interventions have spent their funding.

Table 2 Assumed spending bundle for Stage 2 funding

Activity/investment type	% of funding
Community assets	20%
Social prescribing and loneliness support	20%
Youth services	20%
Sports and recreation	15%
Skills training and employability	15%
Family support	5%
Culture	5%

Whilst it is difficult to estimate precisely how many areas would be immediately ready to receive Stage 2 funding, analysis by OCSI[6] suggests that out of 1,300 DDNs, there are 67 that score outside the bottom 20% of all DDNs in terms of both the presence of civil assets and the existence of an active and engaged community. We have taken this as a proxy for the

5 We are not dictating what Stage 2 Funds can be spent on, as that is up to the anchor institutions in each area, but this is an illustrative average mix across the 100 supported areas over 10 years, given the parameters of the Fund.

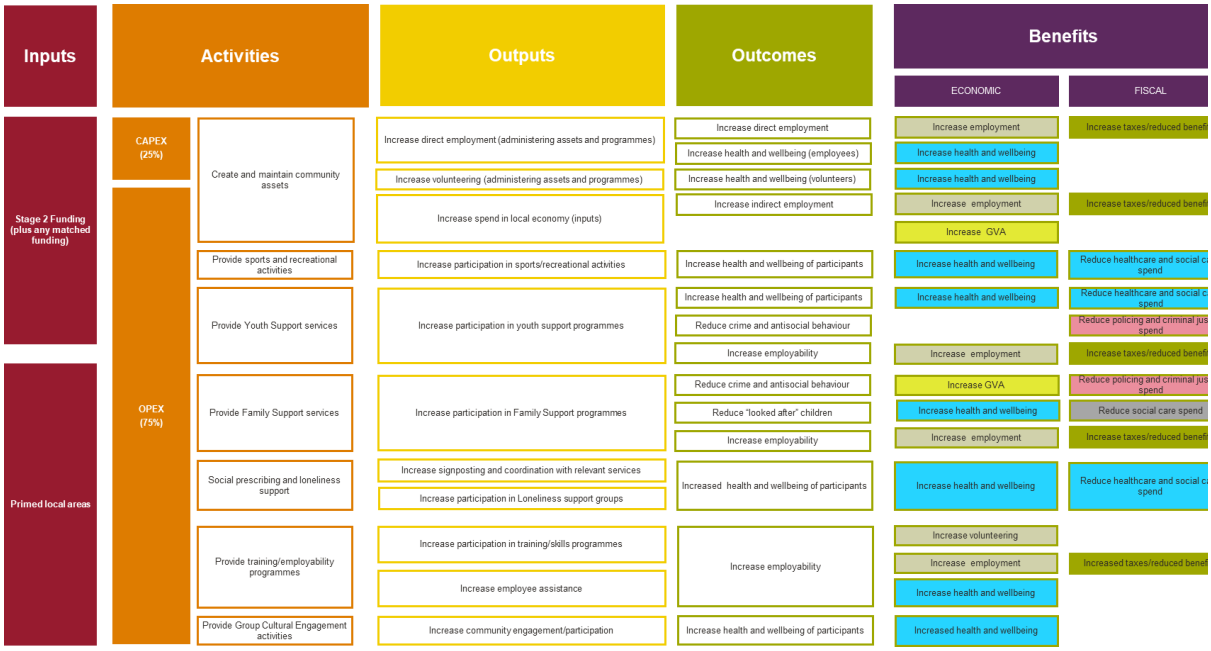
6 https://ocsi.uk/left-behind-neighbourhoods/

number of areas that may be considered to have seed social infrastructure. The true number will likely vary.

For the purposes of the modelling, we therefore assume that 67 areas could be ready to receive funding in the first year of the Stage 2 fund with further areas being added to the list over the course of the ten years. Our calculations also assume that once an area begins to receive funding it will continue to receive that funding over the course of the following 10 years. Funding is expected to equate to £5 million per area.

The benefits this report sets out to quantify are shown in Figure 4.

Figure 4 Quantified benefits



Source: Frontier Economics

It should be noted that we have taken a conservative approach to estimating employment benefits, only accounting for first order effects. We have also excluded the fiscal benefits that might result from health and wellbeing effects of taking up employment as evidence is still relatively limited in this space.

Inclusion of newer evidence

This work incorporates more recent robust evidence than was available for the 2021 report to support our estimates of the impact and benefits associated with Sports and Recreation, Youth services and Culture. In some cases, this improves on previous meta-analysis which was not as high on the Maryland Scale but was applied using conservative assumptions in the 2021 report. Good quality newer evidence was also available to support our estimates for Social Prescribing and Loneliness support.

More detail on the evidence used to model costs and benefits

Community assets

Our estimate of the benefits of community assets draws on a report commissioned by Power to Change and the Ministry of Housing, Communities and Local Government (MHCLG). The work was carried out by a team from the Centre for Regional Economic and Social Research (CRESR), at Sheffield Hallam University, and the Institute for Voluntary Action Research (IVAR).[7] The report quantifies the number of assets in community ownership in England as of July 2019, the costs required to acquire and maintain these assets, and the benefits they provided in terms of:

- Gross Value Added (GVA) generated;
- Local expenditure;
- Jobs; and
- Wellbeing associated with additional volunteer hours.

To quantify these benefits, the report relied on information from a survey of 365 organisations that own community assets and on case studies with 27 assets in community ownership, including analysis of the financial accounts of the organisations owning those assets. Outputs and outcomes quantified through this approach were scaled down by the authors by applying a 51% additionality rate (in line with research on the assessment of additionality from the Department of Business, Innovation and Skills).

Based on the results from the study, we obtain a BCR which is then multiplied by the anticipated investment in community assets through the Stage 2 Fund, to obtain the expected return on this investment. This return does not include the benefits that community assets bring in terms of enabling the provision of broader services, such as loneliness support, youth services, employability services, and other activities described below to avoid double counting as these are expected to be covered in the other parts of the model.

Social prescribing and loneliness support

Social prescribing is an approach that connects people to activities, groups and services in their community to meet their practical, social and emotional needs that affect their health and wellbeing. Social prescribing is generally targeted towards people who are lonely or isolated, have long term conditions or have complex social needs.[8]

7 Assets-Report-DIGITAL-1.pdf

8 https://www.england.nhs.uk/personalisedcare/social-prescribing/

Loneliness is considered a global public health issue because of its impact on physical and mental health.[9] Our analysis draws on robust evidence that social prescribing can reduce loneliness. Foster et al. (2020) is an evaluation of the Red Cross national social prescribing service in the UK, which was intended to support people who were experiencing, or at risk of, loneliness.[10] This programme involved the use of local paid "link workers", alongside volunteers, who supported service-users for up to 12 weeks. This study found that the service had a significant impact on loneliness and wellbeing and estimated a social return on investment of £3.40 per £1.

In addition, there is evidence that social prescribing can reduce health service costs, and therefore provide fiscal savings. For example, an evaluation of a social prescribing service in Calderdale found that it was associated with an average reduction of four GP contacts per patient per year, as well as lower hospital costs.[11] Combining this data with the Foster et al. analysis, and applying conservative assumptions, we estimate an overall BCR of 3.7. Of this figure, 3.4 is economic value via improved loneliness/wellbeing, and 0.3 is fiscal savings via reduced use of health care services.

We multiply the BCR (3.7) by the anticipated investment in community coordination/loneliness support services associated with the Stage 2 Fund to obtain the expected return.

Youth services

The National Youth Work Curriculum defines youth work as a "distinct education process adapted across a variety of settings to support a young person's personal, social and educational development".[12] Youth work can involve a wide range of activities, including open access youth clubs, outdoor learning and creative activities.

Our estimate for the benefits of youth services draws on work by Frontier Economics to estimate the economic value of youth work in England.[13] This study considers both the "direct" economic value of youth work (GVA, predominantly employment) and the "indirect" economic value (the wider societal benefits).

For the purpose of the Stage 2 Fund modelling, we focus only on indirect economic value. This is a conservative assumption made to reflect the fact that jobs created by investing in youth services (direct value) would not necessarily be filled by people from the local area. The indirect benefits included in the Frontier youth work study (and in the Stage 2 Fund modelling) are those for which the most complete data and evidence is available: crime, health and employment/education. Within these, the authors also prioritised the "sub-areas" with the most

9 https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(23)01411-3/fulltext

10 https://onlinelibrary.wiley.com/doi/10.1111/hsc.13200

11 https://socialprescribingacademy.org.uk/media/t13fg02l/the-impact-of-social-prescribing-on-health-service-use-and-costs.pdf

12 https://nya.org.uk/national-youth-work-curriculum/

13 https://www.ukyouth.org/wp-content/uploads/2022/11/Economic-Value-of-Youth-Work-Full-Report.pdf

complete evidence bases and made conservative assumptions in the modelling. For these reasons, the estimates of the indirect value of youth work can be considered lower bounds of the "true" value.

Using a conservative value for annual government investment in the youth sector, this study estimates that for every £1 invested, there is £3.20 produced (where £2.40 is fiscal savings and £0.70 is economic value). The £3.20 can also be broken down as follows:

- £0.55 from decreased crime (includes the effects of reduced knife crime, antisocial behaviour, as well as reduced criminal justice costs)
- £1.85 from improved health (includes the effects of improved mental health, reduced substance abuse, reduced teenage pregnancy and reduced obesity)
- £0.80 from increased employment and education.

We multiply the BCR (3.2) by the anticipated investment in youth services associated with the Stage 2 Fund to obtain an expected return from this type of investment.

Sports and recreation

The benefits of participating in sports activities are well researched and documented. State of Life (2024)[14] estimated the social value of sport and physical activity in England building on previous work by Sheffield Hallam University. This study focuses on the impact of participation and volunteering on wellbeing, covering adults and young people.

A further study carried out by Sheffield Hallam University and Manchester Metropolitan University (2024)[15] examined the health and social care system savings associated with improved health following participation in sport.

Finally, a Sheffield Hallam University and Manchester Metropolitan University (2025)[16] study combined the findings from the earlier two studies to estimate a return on investment of investment in sport.

We use the findings from all three studies directly to model the likely impact of Stage 2 investment in initiatives supporting participation and volunteering in sport. In particular, the studies estimate a total social value of £113bn against a cost of £35bn, indicating a BCR of

14 https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2024-10/Social%20Value%20of%20Sport%20-%20Primary%20Value%20V3..pdf?VersionId=asjmLhOPIwgzcJuGzAgvoX.Hdz5u_yFE

15 https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2024-10/Social%20Value%20of%20Sport%20-%20Secondary%20Value%20V5.pdf?VersionId=1MxEGNWWc6919aLeSv1OPpGiJ4fI5rIA

16 https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2025-02/Return%20on%20Investment%20of%20sport%20and%20physical%20activity%20in%20England%202022-23_0.pdf?VersionId=XO04GlVgEw1MjrECeUfSYovKpQrlwO19

3.21 (of which 0.46 is fiscal and 2.75 is public). We multiply this BCR by the anticipated investment in sport participation activities associated with the Stage 2 Fund to obtain their expected return.

Skills, training and employability

To quantify the potential impact of skills, training and employability activities associated with the Stage 2 Fund, we rely primarily on an evaluation of the South Yorkshire Social Infrastructure Programme (SYSIP).[17] The SYSIP and its evaluation are highly relevant for our modelling, as the programme aimed to improve the capacity and viability of the local voluntary and community sector. Our modelling draws on the estimated costs of the programme and the estimated impact of: i) activities to assist beneficiaries in their job search ("employment assistance") and ii) providing training and skills development ("skills development"). The evaluation estimates the number of people who entered employment (including self-employment) as a result of these activities.

The SYSIP evaluation does not employ experimental or quasi-experimental approaches to evaluate the impact of the programme. However, it does account for potential deadweight by attributing to the programme only a small proportion of the employment outcomes observed among programme beneficiaries. It does this using available guidance at the time (e.g. research on the assessment of additionality from the Department of Business, Innovation and Skills) and conservative assumptions (such that, for example, out of 4,596 individuals supported with employment assistance, the evaluation attributes to SYSIP improved employment outcomes for only 352 people, 7.6% of the total number supported). Through this approach, the evaluation estimates the benefit of the programme in terms of the additional earnings of supported individuals.

We augment the estimated benefits of the activities by calculating:

- The likely impact of improved employment outcomes on beneficiaries' wellbeing; and
- The likely fiscal value of improved employment outcomes, resulting from reduced benefits payments and/or increased tax receipts.
- Neither of the two effects were included in SYSIP evaluation.

To quantify the wellbeing impact, we multiply the number of additional jobs attributable to the programme by an annual wellbeing benefit per job of £10,700, based on the values provided in Fujiwara (2013).[18]

To quantify the fiscal impact, we multiply the number of additional jobs attributable to the programme by an annual fiscal benefit of £14,038 per year, based on unit costs reported in

[17] https://shura.shu.ac.uk/27093/1/SYSIP-C-programme-wide-assessment.pdf

[18] Fujiwara, D. (2013). A General Method for Valuing Non-market Goods Using Wellbeing Data: Three-Stage Wellbeing Valuation. CEP Discussion Paper No. 1233.

the Greater Manchester Combined Authority's Unit Cost Database, which in turn uses values from DWP modelling.[19] This figure assumes that, in the absence of the intervention, 50% of the beneficiaries would have been in receipt of the Jobseeker's Allowance or equivalent payments; and that the remaining 50% would have been in receipt of the Employment Support Allowance.

Through the steps outlined above, we obtain an overall BCR for the programme. We multiply the BCR by the (assumed) size of the Stage 2 Fund flowing to employability, skills and training programmes to estimate their potential benefits.

Family support

Interventions around Supporting Families have been the subject of multiple previous studies. Notably, the MHCLG "National Evaluation of the Troubled Families Programme 2015 – 2020"[20] provides robust evidence on the economic impacts of interventions supporting families, drawing on quasi-experimental methods and a range of administrative data sources. The study finds positive and statistically significant impacts on juvenile and adult offending, demand for children's social care and out-of-work benefits. These give rise to Benefit-Cost Ratios of £2.28 (for economic benefits) and £1.51 (for fiscal benefits) for every £1 spent, over a five year window. Other outcomes are not valued due to data limitations.

We draw on the evidence produced by MHCLG to value the economic impacts for which robust statistical evidence exists, namely:

- reductions in criminal behaviour (i.e. offending for both adults and juveniles);
- reductions in benefit claims (i.e. job seekers allowance);
- reductions in children social care demand (i.e. smaller numbers of 'looked after' children).

We apply the BCRs from the MHCLG evaluation directly in our study[21] as follows. First, we allocate a proportion of the Stage 2 Fund to interventions for supporting families. Second, we multiply the (assumed) size of the Stage 2 Fund investment by the BCRs (economic and fiscal) from the MHCLG evaluation study. This gives us the estimated stream of benefits associated with the investment in services supporting families.

19 https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis

20 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786891/National_evaluation_of_the_Troubled_Families_Programme_2015_to_2020_family_outcomes___national_and_local_datasets_part_4.pdf

21 No inflation adjustments are made as we assume both costs and benefits have increased by the same factor.

Culture

Interventions encouraging participation and interaction with arts, culture and heritage can be very varied in nature and lead to a range of health and wellbeing and productivity benefits for different demographic groups. A landmark study by Frontier Economics and University College London (2024)[22] for DCMS produced detailed modelling and monetisation of these benefits. This study drew on seminal work by UCL looking at the impact of arts and cultural engagement on population health[23] as well as a systematic literature review covering more than 3,500 articles and selecting only the most robust papers for the modelling.

We use the most relevant work from this previous study to support our modelling of the potential impact of cultural interventions under the Stage 2 Fund. Specifically, we model the health and wellbeing impact of participation in community singing initiatives for older adults (aged 65 and over). Coulton S et al. (2018)[24] use a Randomised Controlled Trial[25] methodology to estimate changes in the health of participants following the trial. From this, we can derive the change in Quality-Adjusted Life Years (QALYs) associated with this type of intervention and apply established QALY values from HM Treasury's Green Book and the National Institute for Health and Care Excellence (NICE) to estimate economic benefits. We conservatively estimate (based on the lower QALY value of £20k) a per-person economic benefit of £50 against a cost of £19, indicating a BCR of 2.65.

Improvements in quality of life would also be expected to lead to productivity improvements in both formal and informal work. Formal work refers to the more than 10% of adults aged over 65 who are still in work.[26] Informal work refers primarily to the provision of unpaid care – older age groups provide the highest hours of unpaid care per week.[27] Due to the lack of authoritative evidence on the quantum of this productivity impact, however, we have not included it in the quantitative model.

22 https://assets.publishing.service.gov.uk/media/678e2ecf432c55fe2988f615/rpt_-_Frontier_Health_and_Wellbeing_Final_Report_09_12_24_accessible_final.pdf

23 https://sbbresearch.org/wp-content/uploads/2023/03/Arts-and-population-health-FINAL-March-2023.pdf

24 Coulton S, Clift S, Skingley A, Rodriguez J. Effectiveness and cost-effectiveness of community singing on mental health-related quality of life of older people: Randomised controlled trial. *British Journal of Psychiatry*. 2015;207(3):250-255. doi:10.1192/bjp.bp.113.129908

25 This method is considered the gold standard for methodological rigour and quality.

26 https://ageing-better.org.uk/news/almost-one-million-more-workers-aged-65-and-above-millennium-new-analysis-reveals

27 https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/socialcare/articles/unpaidcarebyagesexanddeprivationenglandandwales/census2021#:~:text=Males%20in%20the%20age%20groups,more%20hours%20of%20unpaid%20care).