

RSA Inclusive Growth Commission: Response to call for evidence

About us

Local Trust supports residents to make their communities and areas even better places to live. Our vision is of a future where each community we work with is resilient and confident. We take a community development approach to resident and community led regeneration of local areas, driven by the belief that those who make up the community know best what's needed. We support them to come up with and roll out the solutions that will make a lasting positive difference to the places where they live, work and socialise. This includes encouraging collaboration with statutory agencies and institutions whereby more confident communities are better able to engage with traditional institutions and influence decision-making

Our flagship programme Big Local is funded by the Big Lottery Fund with an investment of over £200 million. Big Local began in 2011 following the selection of 150 communities across England, each receiving support over 15 years from Local Trust. We provide residents in each community with at least £1 million, and a range of other support. You can find out more about Local Trust and the Big Local programme at www.localtrust.org.uk.

General comments

While inclusive growth is not explicitly the goal for Big Local, for us it is an essential ingredient in – and a consequence of – creating confident, resilient and dynamic communities. Big Local provides an inspiring example for fostering inclusive growth in areas where economic and social capital appears fragile and unequal.

Our experience is that:

- Blending economic and social capital are core to creating lasting economic engagement through community-led initiatives, especially within places that have not felt the benefits of economic growth.
- Support is needed for both people *and* places, bearing out the Commission's interim finding about inflexible regeneration programmes that concentrate 'too heavily on bricks-and-mortar fabric – rather than devoting resources to human regeneration'¹.

¹ Emerging Findings, RSA Inclusive Growth Commission, 2016

- The Commission is correct to say policy and funding support must be in place to foster inclusive place and people-based growth at local levels². Big Local demonstrates how a relatively small amount of funding (£1 million over 15 years), combined with external support and a participative approach, can help a community transform itself.
- By strengthening community cohesion and control, community-led initiatives have the potential to improve health outcomes and create a greater sense of place.

We urge the Commission to make use of the following initiatives to build connected, productive, growth-oriented communities:

- Community investment:** As local authorities move towards retaining 100% of business rates, levy a precept of 0.05% to provide ring-fenced investment to engage communities in local economic development plans. This should build on the principles of Community Economic Development, as developed through DCLG's pioneering CED programme³.
- Productivity:** Use the recently announced £23 billion National Productivity Investment Fund to build the economic competence, resilience, skills and capability of local communities, as a driver of economic growth.
- Planning:** Amend Section 106 of the Town and Country Planning Act 1990, to require new housing developments to take account of the impact of a development on the economic wellbeing of the community.
- Community-led change:** Foster neighbourhood-level social and economic initiatives that are resident-led, either by strengthening existing groups, or establishing new programmes like Big Local.
- Measurement:** Review current GVA methodology, to consider how as a measure it can better reflect local community benefit, and the perceived cost savings achieved as a result of improved social capital, connections and community wellbeing.

Responding to the Commission's research themes and questions

1. Economy – more inclusive, productive labour markets

How can we enable as many people as possible to contribute to, and benefit from, local economic success?

National and local state institutions are under increasing pressure because of increasing demand and cuts to funding to provide all they have in the past. **Communities increasingly need to develop skills, confidence and capacity** to identify and deliver solutions to the challenges they face, including through working with the relevant stakeholders. This is particularly important in areas facing long-term challenges around deprivation, fragile local economies and low levels of historic investment.

Big Local is a **resident-led programme that differs from traditional economic development, due to its dual focus on people and place**. Our survey of residents involved in Big Local found

² Ibid.

³ <http://mycommunity.org.uk/take-action/community-economic-development/>

that 17% had not been involved with their community before Big Local⁴ – demonstrating that a participatory approach at sub-local authority level can motivate people who would not usually volunteer.

Participating in Big Local means working collaboratively to make decisions and broker relationships with other residents and local organisations. Many residents develop new skills over the course of their involvement with Big Local, and these are the same **personal, social and communications skills** that also support them to participate in the economy⁵.

Residents identify issues they want to address through Big Local. Inequalities and gaps in local skills and employment are often their priority. There are many examples of Big Local tackling these issues through **community-led economic development initiatives**, particularly related to the lower and middle ends of the skills and employment spectrum.

Goldthorpe and Bolton-on-Dearne Big Local near **Barnsley** has attracted national attention for transforming neglected local properties into rent-ready homes owned by the community, combined with a new building apprenticeship scheme delivering training and job opportunities. In an area where jobs and quality housing are both in short supply, the partnership saw an opportunity to bring multiple community benefits. As well as turning (to date) four neglected houses into attractive new homes, the scheme has delivered:

- 14 people into full-time employment
- 70 on-site NVQ assessments completed
- 348 on-site apprenticeship training and skills development days
- 2 full-time construction supervisor jobs to support the project⁶.

Other Big Local initiatives **tackle less direct obstacles to economic growth**, for example, community transport schemes so people can travel to work; financial literacy courses so people can manage their money better; and support to help people become ‘job-ready’ and more likely to achieve success via mainstream into-work initiatives.

These schemes work because **they are resident-led and underpinned by a participatory approach** that empowers people to see themselves as stakeholders. Democratic structures are essential, but opportunities to participate at a neighbourhood level get different people involved and create solutions suited to that locality. In some areas these participative bodies already exist but need strengthening through funding or support. In others it requires a new community-led approach, like Big Local, to foster engagement.

How can we shape cities and neighbourhoods to encourage a more entrepreneurial culture?

Entrepreneurialism and enterprise exist within every community. We support areas in identify and build on their existing assets, **tapping into talent and ambition**. Through Big Local, we offer direct incentives for entrepreneurs and support for social investment.

Our Star People programme, run with our partner UnLtd, has funded over 500 **individual entrepreneurs** in Big Local areas. We target people with a business at start-up stage, or ready to grow to scale, with offers from £500 to £15,000. We provide practical support, and connect

⁴ Building Social Capital: Summary of learning from Big Local, Local Trust, 2015

⁵ Big Local Early Years Evaluation, National Council for Voluntary Organisations, 2015

⁶ <http://localtrust.org.uk/news/blogs/community-led-housing-scheme-opens-doors>

people to local organisations that help the business take off. Our initial three-year programme awarded more than £1.8 million to 532 individuals, and we have now evolved our approach to focus on 'intensive areas' where economic infrastructure is weakest. As well as creating thriving local businesses that bolster local employment, individual entrepreneurs are important role models for their communities.

Rachella Sinclair from the Noel Park Big Local area in **London** felt her community deserved better than the value shops on the local high road: there should be a local economy run by and for local people. She started Noel Park Market in 2012, offering a quality and local shopping experience. Many of those involved in holding stalls or volunteering at the market have gone on to create their own social ventures. Rachella said: "One of the farmers from the collective has since gone on to get Star People funding to transform a local park with an intergenerational gardening club. He then recruited a local mum, and she has just started a social enterprise running youth football in the park. Then she recruited another. The park used to be seen as a no-go zone and now it's full of activity. It shows the transformative effect that backing a couple of people can have on an area."⁷

Embedding a culture of entrepreneurialism in communities requires a bespoke approach; learning from Big Local areas shows a 'one size fits all' approach will never effectively meet the diverse needs of each community. Our approach is a **blended social and economic approach**, covering all stages from basic economic literacy - including understanding of primary business and public sector relationships - through to more sophisticated economic modelling and enterprise development. With a minimum 3:1 return on investment ratio⁸, the micro and small business sector enabled by Local Trust's support offer is central to early stage growth of local economies across all Big Local areas. It should be a priority in any national attempt to stimulate entrepreneurialism.

Highly-targeted funding and guidance, tailored to individual needs and embedded in community-led initiatives, can unlock entrepreneurialism and enterprise in communities of every size. Those who succeed then inspire others – either to start their own activity, or simply to see the social and economic possibilities for themselves and their community in a more positive light.

2. Place – dynamic, resilient places

What additional powers and flexibilities might be needed to give places the ability to respond more effectively to the complexities of their economic geography?

We endorse your interim finding that localities should be major beneficiaries of any reorientation of public spending, not least in response to the perceived exclusion from wealth creation expressed through the Brexit vote⁹. The Commission could propose specific measures to secure **funding and increased public policy prominence** through:

- a) **Community investment:** As local authorities move towards retaining 100% of business rates, levy a precept of 0.05% to provide ring-fenced investment to engage the community in local economic development plans. This should build on the principles of Community

⁷ <http://localtrust.org.uk/news/blogs/noel-park-market-puts-community-into-shopping>

⁸ <https://www.gov.uk/government/news/250-million-milestone-for-start-up-loans>

⁹ Emerging Findings, RSA Inclusive Growth Commission, 2016

Economic Development, as developed through DCLG's pioneering CED programme¹⁰.

- b) **Productivity:** use the recently announced £23 billion National Productivity Investment Fund to build the economic competence, resilience, skills and capability of local communities, as a driver of economic growth.

We would also like **developers to acknowledge and respond to the impact of new housing developments** on the local economy, by having their obligations strengthened under Section 106 of the Town and Country Planning Act 1990.

Whatever the source of funding for inclusive local growth, residents must have a say in how it should be used, through participative structures that facilitate **community-led economic and social development**. This means finding or creating neighbourhood-level structures and groups who can lead this, separate from and complementary to local authorities. This would allow flexibility in responding to the diverse and complex needs of local economies.

Local authorities and city/regional-level infrastructure bodies are essential to effective community-based economic development. However, current economic policy, and indeed the Commission's emerging findings, under-play the importance of '**community anchors**'¹¹ – known and trusted local institutions such as voluntary, community and faith organisations, social enterprises and housing associations. These are often already stitched into communities, helping build the connections and networks fundamental to the more formalised, transactional relationships that underpin inclusive growth. But rather than being strengthened, these organisations are most vulnerable to current public funding cuts, with many threatened with closure or disappearing entirely.

Every Big Local area has a '**locally-trusted organisation**' (LTO) – an organisation chosen by the Big Local partnership to administer and account for their funding. LTOs include housing associations, parish councils, local businesses, charities, voluntary groups, community voluntary services, community foundations, trusts and other funders, schools, credit unions, churches and even a GP surgery. A strong and empowering mutual relationship between us as the funder, the community and their LTO, based on shared values, is key to Big Local success.

We also urge the Commission to acknowledge the **unique role residents themselves can play in bringing together the organisations** that must co-operate to ensure inclusive growth. Residents are the stakeholder group held in common between public, private and voluntary organisations with a local presence, and can act as an 'honest broker', providing they have equal status. Many Big Local partnerships are involved in brokering relationships between a range of players within a community, where the resulting activity helps tackle issues identified by residents themselves.

Dover Big Local in Kent are supporting their town's economy by bringing together partners, including English Heritage, Dover District Council and Dover Town Council, to support and co-fund a major new tourism project, *Destination Dover*. Dover Big Local are committing £125,000 over five years, with funding also pledged by the other main partners. Further in-kind contributions have been secured from the National Trust, P&O Ferries and Port of Dover. Dover Big Local commissioned research to understand the

¹⁰ <http://mycommunity.org.uk/take-action/community-economic-development/>

¹¹ [https://www.kcsc.org.uk/sites/kcsc.org.uk/files/documents/vofs/ec/Community_Anchors_pres\(1\).pdf](https://www.kcsc.org.uk/sites/kcsc.org.uk/files/documents/vofs/ec/Community_Anchors_pres(1).pdf)

current tourism offer and future opportunities, and the partners have used this to develop and launch an effective proposition for improving the tourism offer. Ross Miller, chair of Dover Big Local partnership, said: “The project has achieved something no other organisation has managed in convincing all the key players not only to work together on promoting Dover, but more importantly to pledge support to make it happen.”¹²

Responding to complex economic geographies relies on being able to work at small-scale – within individual neighbourhoods – in ways that complement the work of organisations covering larger areas. Resident-led programmes do best when they take account of local context, able to consider how their place is affected by the broader region within which they exist, including labour and housing markets. **Neighbourhood, local, and regional initiatives can co-operate effectively.** But for this to happen, it must be enshrined in policy.

3. Governance – creating system change

What type of metrics for inclusive growth can be developed to support this [re-structure of central and local public financing and related systems]?

Traditional measures of economic prosperity often provide an incomplete picture of what’s happening in any particular location¹³. Meanwhile, new models of public financing and development that focus on community-led approaches will present new challenges when it comes to evaluating impact. Our own research¹⁴ shows a struggle to apply metrics to community-led economic regeneration, particularly when activity is focused at individual neighbourhood level. We have invested in a research programme to understand what Big Local can achieve, including its impact on local economies. We would welcome the opportunity to work with the Commission, or any successor group, to **develop metrics appropriate for measuring long-term inclusive growth at community level.**

We also recommend a **review of GVA methodology**, to consider how it can better reflect local community benefit and the perceived cost savings achieved as a result of improved social capital, connections and community wellbeing. The social value framework developed by Dr Nick Henry at Coventry University¹⁵ is a useful starting point.

What are the barriers to achieving system and culture change?

Place-based economic and social development programmes are often **short-term**, with funding and support available over three to five years. Because systemic and cultural change does not happen quickly, the metrics attached to these kinds of programmes end up relating to superficial outputs rather than long-term outcomes. Once funding and support dry up, changes are not easily sustained, and old patterns reassert themselves. Big Local shows lasting change is possible, when there is a long-term approach.

Regeneration programmes also tend to **focus on physical rather than social infrastructure**. Ensuring genuinely inclusive growth depends on connecting a wide group of people much more

¹² <http://localtrust.org.uk/news/blogs/destination-dover>

¹³ Prospectus of inquiry, RSA Inclusive Growth Commission, 2016

¹⁴ State of the Sector, Britain Thinks/Local Trust, 2016

¹⁵ <http://www.european-microfinance.org/docs/news/CDFA-social-value-report-final.pdf>

closely with the economic activity around them. Big Local shows that blending economic and social capital is core to creating lasting economic engagement, especially within places that are economically disadvantaged, have experienced low levels of investment in the past and have weak infrastructure. There are effective and proven methods of encouraging people's input on economic choices and policies, including community shares, crowdfunding campaigns, participatory budgeting and neighbourhood planning.

Despite the need to join up services within neighbourhoods, there is sometimes a reluctance or lack of skills in agencies to **collaborate with or empower resident-led groups**. Where there is joint working, this is under threat from austerity measures, as agencies revert to delivering the minimum. We believe the drive for collaboration is more important than ever.

With new devolution agreements settling more powers on to local authorities, these authorities in turn need to **devolve more of their responsibilities** – and control of resources – to local people. This would offer much greater value, impact and sustainability than either traditional trickle-down approaches to economic development, or the centrally-driven models of project and service delivery that currently dominate public policy.

Woodlands Big Local in **Doncaster** run their local library. As well as all the usual lending and reference services, they also offer careers and employment support. The Big Local partnership became a constituted group and leased the building on good terms from the local authority. The Council supported the partnership to recruit and train volunteers, supplied them with a librarian to help with stock, and agreed to take responsibility for external and major repairs as well as the running costs of the building¹⁶.

Creating effective partnerships between resident-led groups and local authorities is far from easy. Some Big Local areas continue reporting 'sceptical' or mistrusting relationships. However, many now report good or excellent relationships, while others say these are improving as barriers come down¹⁷. This reinforces the importance of participative approaches that engage residents outside of traditional democratic structures.

Further information

We invite inquiry members to visit a Big Local area and see for yourselves how communities are tackling economic development, and would be happy to facilitate this. We also suggest using Big Local to test the Commission's draft findings and recommendations, in partnership with a select group of Big Local areas actively engaged in economic development.

For more information on anything in our submission, please contact Rachel Rowney, head of programme delivery, at rachel.rowney@localtrust.org.uk.

¹⁶ http://localtrust.org.uk/assets/images/uploads/Community_library.pdf

¹⁷ Influences on Big Local, Community Development Foundation, 2015