Institute for Community Studies

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"Why don't they ask us?"

The role of communities in levelling up

ICS Working Paper 2 - Fixing Local Economies, July 2021

Authors: Caroline Yang, Caroline Stevens, William Dunn, Emily Morrison and Richard Harries

with contributions from Victoria Boelman, Kerry McCarthy, Liam Harney and Alice Bell

"Why don't they ask us what will work rather than telling us what we need?"

(Female, 51, North West)

Will public funds be invested where people living here think it best?

(Female, 44, South West)

How can we have more say about spending decisions?

(Female, 72, North East)

How do we create a more equal society? So many very wealthy households, but also a lot living in deprivation.

(Male, 27, West Midlands)

Is there a plan in place for the areas less developed in South Yorkshire? If not, why not? Why is there a huge lack of funding for small businesses? The effect of this is that employment opportunity for young people in my area is scarce.

(Male, 24, ICS Agenda, 2020)"

To secure a future more commerce needs to be introduced and the coastal surroundings maximised to encourage tourism.

(Female, 71, North East)

There needs to be an input of light industry to create jobs for local people.

(Male 62, Wales)

I want to know if there will be investment in culture which could improve job opportunities for myself and others as well as boosting the area's economy and make it a more vibrant place to live in.

(Female, 34, Northern Ireland)

What is the projected economic growth for the city? Will further development plans attract businesses? Local as well as national.

(Male, 29, West Midlands)

We need a transfer of assets to the Town council, and more County investment in community assets.

(Male, 71, Wales)

Executive Summary

This report has three aims:

1. To provide an overview of regional development in England from the turn of the century to the present.
2. To highlight trends of inconsistency and inequality, both between areas and within areas of England, across four epochs.
3. To propose new approaches that prioritise the self-determined needs of communities and engage them more deeply in the development process – giving them a greater stake in the success of their communities.

Its key findings are that:

- Interventions have consistently failed to address the most deprived communities, contributing to a 0% average change in the relative spatial deprivation of the most deprived local authorities areas;
- The majority of 'macro funds' and economic interventions over the last two decades have not involved communities in a meaningful nor sustainable way;
- The focus of interventions to build local economic resilience typically concentrate on a relatively small number of approaches, which risks missing crucial dimensions of local need, opportunity and agency, and reinforcing gaps between the national and the hyper-local;
- Interventions have tended to concentrate on 'between-place' spatial disparities in economic growth at the expense of 'within-place' inequalities that exist inside local authority boundaries, which is where the economic strength or weakness of a place is most keenly felt by communities.
- Where funds and interventions have had higher levels of community involvement, these have typically been disconnected from the structures where decisions are taken, undermining their aim of building community power into local economic solutions.

The report poses four essential questions for policy makers:

1. Through what lens and at what spatial level should levelling up interventions be targeted to have the most impact on and resonance with communities?
2. How can the gap be closed between local community priorities and those of regional and national funds and interventions?
3. What alternative mechanisms and new approaches are needed if levelling up is to target the most deprived communities?
4. What are the enabling strategies that tackle chronic problems such as post-industrial economic decline, which need to cut across spatial & governance boundaries?

The funding allocated to level up is not sufficient to counteract the decade long impact of public sector cuts which have reduced the capacity of many places to capitalise on economic intervention; nor is it enough to counteract the financial impact of Covid-19 and Brexit for the most deprived places.

A list of recommendations based on the findings of this report is provided in the conclusion.

Introduction

"Will we be listened to? The housing and business being built on the floodplain (which actually flooded again in the last month) was petitioned. Local council turned down the application yet government overruled. The system is ridiculous in a town like this. Designed by idiots in London, that know nothing of the town. This was all petitioned and protested. We were ignored."
(Female, 34, North West)

In this report, we aim to provide a critical view of the evidence about how policies and interventions for local economic development have affected communities in England, in order to support a true realisation of the Chancellor's commitment to 'ensure no region is left behind' (HMG, March 2021). Our focus on understanding what works for communities and furthermore – what doesn't – emerged from the results of the national agenda for communities *Safety in numbers?* (ICS, 2020) which found fixing local economies to be one of the top priorities for communities in the UK.

Our commitment to a better approach to local economic development also stems from our commitment to listening to *what matters* through the direct involvement of communities in research and evidence. The development of local economies is an area of government policy where, unlike health, the involvement of communities has been largely overlooked and the voice of communities frequently not considered nor even invited to the table. This is despite communities being astute to the priorities for economic intervention in their local area and having significant insights and place memory about where interventions have – and have not – resulted in positive outcomes for the local area.

The process of levelling up therefore has a civic as well as an economic responsibility, as the consistent experience of being unheard, and furthermore of seeing the local impact of failed or even detrimental, often national-led, interventions, will further marginalise and disenfranchise communities from the promises of those in power. In this way, levelling up is more than an election promise and an urgent and important policy commitment – it is also an opportunity to build much needed trust and civic strength between people and government.

Over the last two decades, interventions for economic improvement have not benefited communities in England as well as they could. This is evident in the statistics which reveal the profound economic inequality that persists across the country, and the lack of resilience local economies have shown in the face of the Covid-19 pandemic (Centre for Cities, 2021a). It is equally evident in the testimony of communities themselves: our nationally representative study of community priorities across the UK found concerns about the fragility and future of local economies to be a top priority in every devolved nation (ICS, 2020). In addition, a 2021 study by the Institute for Fiscal Studies (IFS) found that economic inequality between areas is now seen by the British public as the most serious form of inequality within the UK (IFS, 2021).

Given this context, it is apparent that now is a crucial time to rethink how economic interventions can better deliver for communities. Brexit is set to pose serious challenges to the future of economic development in the UK as key funding streams such as the European Structural and Investment Funds (ESIF) are withdrawn, leaving behind a substantial gap in the regional funding landscape (McCann, 2016). On top of this, the pandemic is estimated to make the government's ambition to 'level up' the economic performance of UK cities and towns four times harder, particularly for places in the North and Midlands (Centre for Cities, 2021b). And not only that, but areas with strong economic performance prior to the pandemic, like London and the surrounding areas in the South East, may risk levelling down (Ibid).

This report sets out to examine the landscape of intervention focused on supporting local economic development over the last two decades. It considers the types of intervention delivered against the issues communities see as important, and presents an analysis of trends in the performance of local economies in England since 2000.

Communities are key stakeholders within local economies, on the sharp end of when they grow, decline and fail. Discussions with communities across England for our agenda-setting research (ICS, 2020) revealed a nuanced picture of the way people have experienced shifts and changes in their local economies over the last two decades. These communities speak to the experience of unequal investment and support for local economic growth *within* local authority areas as well as *between* them; of leaders' failure to anticipate, mitigate and manage transition for communities when once-thriving economies become 'laggards' or fail; of a perceived inability to participate in, feel 'ownership over' or 'belonging to' the changed economy. Our sister report, *Discomfort, Dissatisfaction and Disconnect* (ICS, 2021) reveals communities concerned with the experience of economic hardship in their local areas and left to wonder why visible and vital aspects of their local economies have been allowed to stagnate. We are thus confronted with an uncertain and unequal local economic landscape.

When we examine the major economic interventions implemented since the turn of the century, we see a mismatch of priorities between those pulling the levers of economic power, and communities that maintain their own views on the support their local economies need in order to thrive. There is also a general recognition that the manner in which economic strength is currently measured may not adequately consider indicators of economic well-being that communities see as important (IFS, 2020: 5). Economic output and productivity are useful statistics, but these measures do not necessarily capture the nuanced ways in which local people experience cycles of economic change in their everyday lives. These communities are now asking why more effective models of intervention, that result in economic outcomes that resonate with them, have been so elusive (ICS, 2020).

As such, part of this report will also examine the extent to which community involvement has been a part of local economic intervention over the past two decades. We analyse the degree to which communities have (or, more often, have not) been involved in shaping and delivering key interventions and major development funding since 2000. The report reflects on the question of whether greater involvement in these interventions could have helped deliver stronger outcomes for communities. We conclude that community involvement has been seriously undervalued as an approach to closing the gap in the relevance and effectiveness of local economic intervention. Ultimately, this report advocates for the value of community-engaged approaches to economic development and the importance of incorporating such approaches into current and future interventions.

Our findings regarding the inadequacy of current approaches to economic intervention are corroborated by studies evidencing the negligible impact of such schemes and investment over the past twenty years and beyond (McCann, 2019). The 'net effect' of economic interventions such as city grants, local strategic partnerships, growth initiatives, regeneration schemes and regional growth funds is reported as 'not much' (The Economist, 2020, discussing McCann, 2019). Increasingly, we know *what has not worked* to improve local economies. The question is: how might we do things differently to ensure social and economic outcomes that communities can feel?

"Can we trust the local government to protect our community now? And can we trust the national government to properly fund our local services?" (Female, 53, South East)

This working paper is the second in a series considering how local economies can deliver better outcomes for communities, and it is by no means the final word. The Institute for Community Studies (ICS) continues to map the flow of investments into local authority areas and their impact, and we welcome engagement and support in this endeavour. Having identified what does not work to build inclusive growth to community benefit, our next steps are to identify cases of stand out interventions that have turned economies around to the inclusive and sustained benefit of the community. It is what works in progress.

Chapter 1: Part 1

The landscape of local economic development and the role of communities, 2000-2020

In this chapter, we begin by discussing the landscape of local and regional economic development since 2000, highlighting the major schemes, funds and interventions that have aimed to stimulate growth and boost economic resilience at the local level.

We then move on to discuss communities' view of the key priorities for action regarding their local economies. Identifying community priorities helps us understand how to capitalise on the opportunities of people, place and potential to drive faster, durable and more inclusive growth (Haldane, 2014). When we speak to communities about what matters in a local economy we find that they can ably identify where intervention is needed, where it has previously failed and where opportunity can yet be created.

Finally, we consider in depth the level of community involvement present in the macro schemes outlined in the first part of the chapter. This section is divided up by political administration as we assess the level of community involvement present under various governments, highlighting gaps and shortcomings in the delivery of macro-level funds and schemes in each era.

The trend at the heart of our analysis is a 0% average change in the relative economic deprivation of the most deprived local authority areas between 2004 - 2019. This means that local areas that started the era as the most deprived places in England are still in the bottom-ranking group today–and experiencing the greatest relative economic scarcity and stagnation fifteen years later.

This finding, considered against the backdrop of two decades of policy intervention and billions in funding aimed at developing local economies, prompts the question of why this intervention has proved so ineffective in shifting the relative spatial inequality of England's local economies. This sharp statistic of '0%' change in which areas are most deprived, is built upon in the findings from our nationally representative exercise in understanding communities' priorities for the future of local economic development, where the experience of consistent 'failed' investment approaches, and the 'lack of' appropriate economic development schemes, was front and centre.

Against the backdrop of analysis of billions of pounds of funding into local economic development in the last two decades, this report thus asks what has been happening to result in the trends we see across local economies today; and *why* there has been so little change particularly for the poorest communities.

Macro-economic development schemes into local economies since 2000

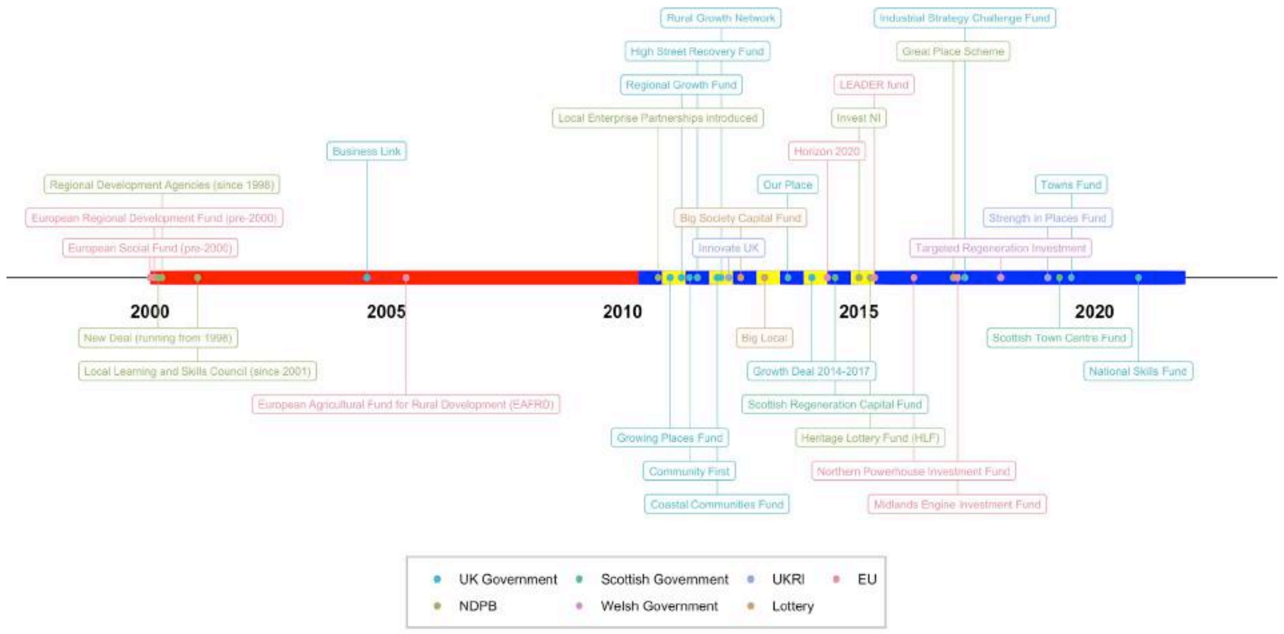


Figure 1: Timeline of sample of major economic development funds, agencies and interventions active between 2000 - 2020, analysed for levels of community engagement. Source: Institute for Community Studies, 2021.

We turn now to a discussion of the economic development landscape since 2000 as a way to contextualise our discussion of community priorities and the role of communities in the delivery of economic interventions.

The timeline above illustrates a sampling of the major funds, agencies and interventions active within the past 20 years aimed at strengthening the economy of local places - with investment totalling over £20 billion. This section discusses the expressed aims and priorities of these major funding schemes. A table containing a compilation of important funding resources since 2000 can be found in Appendix 3.

Over the past two decades, the European Union has played a critical role in the UK funding arena, contributing an average of £4.1 billion per year just between 2014 and 2020 for regional development, agriculture support, research and innovation, and other areas of need (House of Commons, 2020: p.11-15). Within the group of EU funds known as the European Structural and Investment Funds (ESIF) are two key sub-funds: the European Regional Development Fund (ERDF), aiming to "promote economic and social cohesion within the EU through the reduction of imbalances between regions or social groups," and the European Social Fund (ESF), aiming to "provide financial assistance for vocational training, retraining, and job creation schemes" (Ibid: 12).

Since the turn of the century, there have also been a consistent procession of schemes focused on local economic development with varying degrees of reach, scope and priorities, funded and led by the UK government. With a particular focus on England, some of the most ambitious funds have included the £9.1 billion Growth Deals and the £2.6 billion Regional Growth Fund, which broadly aim to stimulate economic growth and employment in local areas. Other major funding streams include the £730 million Growing Places Fund, targeting key infrastructure projects, the £186 million Strength in Places Fund, supporting place-based research and innovation, and the £182 million English share of the Coastal Communities Fund, aiming to develop coastal economies in particular. Another major player in the regional development space separate from Government is the National Lottery Community Fund, which has distributed £10 billion to communities across the UK since 2004 (awarding £433.4 million just to England in 2019/2020) (National Lottery Community Fund, 2020) and non-departmental public bodies such as the Arts Council of England and Sport England.

Figure 2: What matters to a local economy in a community? Priorities for action on different themes in local economies. (Sample n= 426 of a 2293 UK-wide sample collected in 2020; 25% of 2293 people cited local economies as their top priority within communities. Source: ICS, 2021)

Community priorities for local economic intervention

Figure 2 shows a breakdown of issues that communities have identified as priorities for action in their local economies, with the data emerging from a nationally representative study by the ICS (2020) which utilised a priority-setting in partnership approach centring community voice, within wider evidence about the strengths and vulnerabilities of local places.

Alongside well known themes of declining high streets, the loss of social and economic life in town centres and the importance of finding solutions for infrastructure (primarily public transport), and the need for local employment; the change in ease of access to local amenities due to the reduction in appropriate basic - and a diversity of - shops and services for many suburban, rural communities and market towns was striking. All responses in this category cited accessibility (defined as proximity and availability) of amenities as the key issue, identifying this had changed considerably within the last ten years and was negatively affecting communities' quality of life and the security of amenities to older, poorer, and less mobile populations in particular.

Our UK-wide analysis of community priorities also revealed that communities' focus for economic development and for how to address inequalities in economic growth, development of sectors and industry, labour markets, and skill and enterprise opportunities, is more localised than originally thought.

Two clear categories emerged in the discussion of economic inequality:

- inequalities 'within-place,' i.e. within the boundaries of a local authority, city-region or geographic region; from neighbourhood to neighbourhood, between boroughs and districts of a city; or indeed between an urban area and its surrounding suburban or rural counterparts;
- inequalities 'between-place' i.e. between different regional areas across England, Scotland, Wales and Northern Ireland individually; or between the economic strength of devolved nations themselves.

Our analysis revealed communities caring far more about addressing inequalities *within place*, and prioritising how economic development could rectify the inequalities between local towns in a region, or between poorer and more affluent boroughs in a city. 79% of responses focused on the condition of the economy *within* local authority, city-region or neighbourhood boundaries and just 21% focused on the state of local economic development *between places*--between regions at the devolved nation or at the UK-wide scale. In the *within-place* category issues of unemployment were an exceptionally high priority (91%) with clear need to build stronger and balanced labour markets within local authority areas and regions and not concentrate labour markets solely within major urban or 'opportunity' towns.

This spatial distinction is critical to understanding how the majority of communities judge the success of their economy or the equality of their own opportunities within it. It points to where communities want to see development and growth; and at what level of perceived vision of society, sometimes called the 'imaginary' (Anderson, 1989) – they envision how the economy could look or operate differently to better serve their needs. This is a significant insight into the spatial level at which communities are looking to see and have access to change (jobs, infrastructure and amenities, resources, living standards and prosperity) in their economic interactions with place.

It is striking that the theme of being 'left behind' features so strongly at the within-place level, with the need for investment schemes and models that tackle *within-region* or *within-local authority* poverty, opportunity and inequality as the highest priority issue (45%). This speaks to communities' experience of uneven development and economic inequality between close neighbours living in proximity within the same boroughs and neighbourhoods, and how this affects their sense of economic fairness, which we discussed in greater depth in Working Paper 1 of this series, *Disaffection, Dissatisfaction and Disconnect* (May 2021).

These findings raise questions of *on what level* economic interventions need to be framed and designed; what *localised measures* and *outcomes* would look like that reflect in the hyperlocal (neighbourhood) and local (within-place) needs and opportunities of the economy – and what distributed level of local evidence, insight and governance is needed to deliver such schemes and achieve these outcomes effectively. Chapter 4 discusses the implications of this for developing a better approach to local economic development for communities.

Alena - stock.adobe.com

Intervention on whose terms?

Communities' priorities not only revealed disaffection about the declining or precarious state of many aspects of local economies, but also concern about the approach to, or in some cases the total lack of - intervention that would address decline and stagnation.

Over a quarter of responses (27%) question if local economic interventions worked and suggested that what has been done in many communities *hasn't worked*. Within this data segment we heard frustrations about the failure of past economic interventions and commentary on where communities believe intervention is needed. Central points within discussion of failed intervention were unfinished or abandoned projects of infrastructure or sector development, with economic intervention had had limited impact (31%); where a higher proportion criticising that the intervention had been a poor fit for the community (65%). Within discussion of where a *lack of* intervention was experienced, communities cited the lack of a clear strategy (57%) as the primary issue and an all too slow pace of change as the other major concern.

Overall, 41% of responses criticised *how* economic development was happening in their local areas. Very striking is the high priority given by communities how the *governance* of local economic development is organised and whether it is effective. Communities questioned why they were not more involved in planning or delivering the interventions implemented in their area. The primary concern was about decision-making (47%), followed by transparency and an expressed concern about the lack of action on the part of those in power locally, and nationally.

The proportion of concerns about governance is even higher when we consider that it was one of the top issues raised within discussions about the *failure* and *lack of* interventions more specifically, which have their own categories. This was not concentrated in any particular part of the country but reflected in responses from every UK region. This demonstrates communities caring about the reality of the *process* and *impact* of governance of economic intervention, and raises questions about whether policy should place a renewed emphasis on the horizontal and vertical structures and mechanisms that bring the organisation of economic intervention closer to community level.

At the same time, this work identified a significant opportunity for future strategies that could affect these concerns. The data affirmed communities' desire to participate in economic solutions, to be involved as decision-makers and to take an active role in addressing the priorities that matter to them. Up to now, community involvement has largely been a missing element in many of the major schemes targeting deprivation and economic development, and we see this as a significant shortcoming but also as an opportunity to improve.

Central to our analysis of the timeline of schemes for local economic development over the last two decades was an assessment of the level of community involvement within how these schemes' were designed; how decisions were made over the priorities they target in the local economy; and how they were delivered. This assessment is on the basis of the hypothesis that stronger involvement of communities in local economic development would lead to better outcomes for communities in their local economy. The next section discusses the findings of how far community involvement has been part of the trajectory of local economic intervention from 2000 to present.

We advocate for an approach to economic development that foregrounds meaningful community involvement, in which community members participate as equal stakeholders in the design and delivery of economic interventions that address community priorities and outcomes. We also acknowledge that this involvement has to cross-cut spatial and governance boundaries and to have enabling conditions, in order for this to work outside of a vacuum. Chapter 4 proposes the beginning of how there can be a joined up solution. There are also a range of methods for involving communities in this kind of work, and the ICS's full typology of approaches can be found in Appendix 2.

Community involvement in macro schemes for local economic development

Despite the encouraging amount of funding that has been dedicated to strengthening local economies over the past 20 years, our analysis has revealed a disappointing lack of meaningful community involvement in many of these major development schemes. Below we outline our assessment of the level of community engagement in the design, award and delivery approach - within the macro schemes focused on local economic development from 2000 to present (see Appendix 3).

Across the 34 intervention schemes we have identified, just five are assessed as having High or Very High levels of community involvement. The majority--just over half--are assessed as having Low levels of community engagement, which in the majority of cases means that community-engaged elements are non-existent. Within these schemes, community voice, local priorities and more meaningful involvement are absent from the design, award criteria and delivery mechanisms.

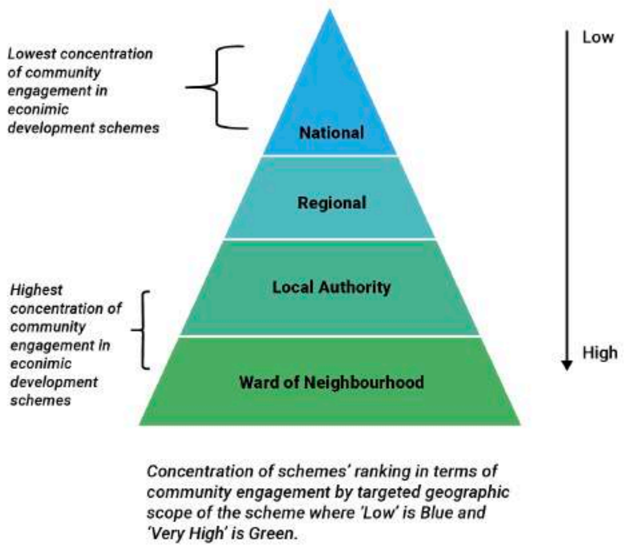


Figure 3: Concentration of schemes for local economic development over the last 20 years ranked 'Low' to 'High' in terms of efficacy of community involvement.

Intervention schemes with the lowest levels of community involvement are majority UK government led or EU funded schemes. The balance of funds with Low and Medium levels of community engagement cross-cut both time and political administrations, and includes five funds administered under the current Conservative government. The proportion of funds with different levels of engagement is demonstrated in the diagram below.

Figure 3 illustrates the findings of the level of local and community involvement across the different spatial dimensions of where schemes are distributed. The scale of intervention and the spatial level at which intervention is targeted is also a critical consideration in local economic development (Smith, 2000, p.724). There is an increasing need to understand how local communities and their residents are impacted socially and economically across different geographical scales--from the neighbourhood-level to the national--in ways that are inclusive of distinctive local experiences (Wise, 2017).

If we consider the distribution of schemes with Low, Medium and High community involvement according to their geographic scale of operation, we find that community involvement is most prevalent within schemes and programmes working at neighbourhood and local authority level. The strength of community involvement decreases as we move through the levels of governance, with economic development schemes operating at regional and national levels typically demonstrating low to minimal levels of community engagement. This effectively siloes community involvement into the levels of governance which have a comparatively limited impact on driving system-level growth and economic change.

Community involvement is not integrated to a meaningful extent into schemes and structures at the levels of governance above the hyperlocal, meaning that communities also have little to no input into the role their town or borough plays within a broader local authority area (Pike et al, 2020; Pike, Marlow et al, 2015; Shutt, 2020). This prevents communities from influencing higher-level economic policy and from participating in decisions that will shape the form and function of the economy at the region- and city-level and other multi-scaler levels of governance above the hyperlocal.

There is considerable political and administrative reticence when it comes to involving communities in economic intervention at a higher level. Some have argued that the responsibility for driving economic improvement should not lie with communities, for whom the governance of such interventions might be an excessive burden or detached from the 'real-world' of policy making in terms of time frames or cul-de-sacs of deliberative activity without consensus (Making, 2020). Literature across the last decade has discussed the risk that the "new localist discourse" of government policy language may be "providing a thin veil for public sector cuts" (What Works Scotland, 2017) and that devolved responsibility for driving economic development should fall to communities that lack the capacity and resources of central government. In other words, the fear is that if we confuse 'involvement' in local economic development (i.e. sharing responsibility with communities over decisions about what should happen) with 'power' (i.e. the capacity to make it happen) that we are setting up communities to fail in the face of macro-level and long-entrenched barriers to change.

A second argument revolves around the sense that communities cannot effectively articulate their needs and priorities nor identify and action solutions beyond the hyperlocal or neighbourhood level. Our 2020 report considering the challenges of community engagement methods such as co-production and participatory research has raised issues of cost, credibility and lack of best practice models (Yang & Dibb, 2020). On top of this, community engagement approaches must face off against the perception that communities lack 'expertise' on the top of 'how things work' and 'what needs to change' (Ibid). One study considering local economic development proposed in terms of limitations: "It is naive to assume (on some topics) that small, local groups can either articulate or garner the resources to meet their requirements" (What Works Scotland, 2017). In contrast, this report and its companion, *Discomfort, Dissatisfaction and Disconnect* (ICS, 2021) suggest this is not the case, and that communities do possess the expertise needed to participate in the identification of problems, the setting of priorities and the delivery of solutions regarding the wellbeing of their local economies.

This is not to propose that the purpose and role of community involvement in economic development should be the same at each level of governance or geographic scale. Community involvement can and should play different roles at the hyperlocal versus the regional level. But this does not detract from the concern that community priorities, voice and participation are mostly absent from the macro-level of economic intervention.

The issue is especially pressing given the recent launch of various new funds for levelling up, particularly the Community Renewal Fund and the Shared Prosperity Fund, to be designed and administered at the national level. The approach to levelling up will likely vary from place to place, targeting different issues in local areas struggling with distinct social and economic problems (IFS, 2020; Hope not Hate, 2020; 360 Giving Local Trust, 2020). As such, it is important that these schemes, administered at the national level, connect deeply with communities through deliberative approaches in which community priorities and the context of place are prime considerations in the design and delivery of these levelling up interventions.

The following sections explore differences and distinctive approaches to community involvement in the macro schemes we have identified since 2000. We analyse in greater depth where community engagement was included or not, to what end and, where possible, the extent of its effectiveness across different types of intervention.

Chapter 1: Part 2

Community involvement in local economic development

Community involvement under New Labour: If white elephants could talk (and act)

Our analysis considers a number of schemes launched in 1998 under the New Labour government. The coming to office of the Labour government under Tony Blair was marked by its explicit commitment to reducing spatial and economic disparities between parts of the country; to a more devolved region-led approach to economic intervention, and to exploiting 'indigenous' strengths (in economic sectors, industries, geographies) of each region and city (Darling, 1997; Balls, 2000; Blair, 2001).

A substantial coordinating structure connecting national policies and their respective funding streams to mechanisms of regional and local decision making and delivery was developed; thus the following section discusses it at some length.

"My vision is of a nation where no one is seriously disadvantaged by where they live". (Blair, 2001)

The case for this was longstanding but also prescient: the focus of the sub-national layer of governance defined by *'the regions'* as a relatively new territorial unit (Mired, 2011) was to seek to reduce acute economic inequalities following the transition of structural industrial change, which had affected all regions outside of London and the South East, particularly the North East, Welsh Valleys and Central Scotland regions. When New Labour came to power, the per capita GVA in the North East was 40% lower than in London (Dalingwater, 2011, p.3).

Central to achieving this vision were commitments to not only greater devolution of funding but an emphasis on *local and regional priorities* for what this funding was spent on and how economic strategies were to be organised (Balls, 2000).

Our analysis considered four funds central to this mission under New Labour for their level of local and community involvement. Three out of the four funds analysed were assessed as having Medium levels of community engagement whilst one was assessed as Low. The other major funds in this period--primarily EU structural and investment funds--were all administered with Low levels of community engagement, the result both of EU design and the UK government approach in delivery.

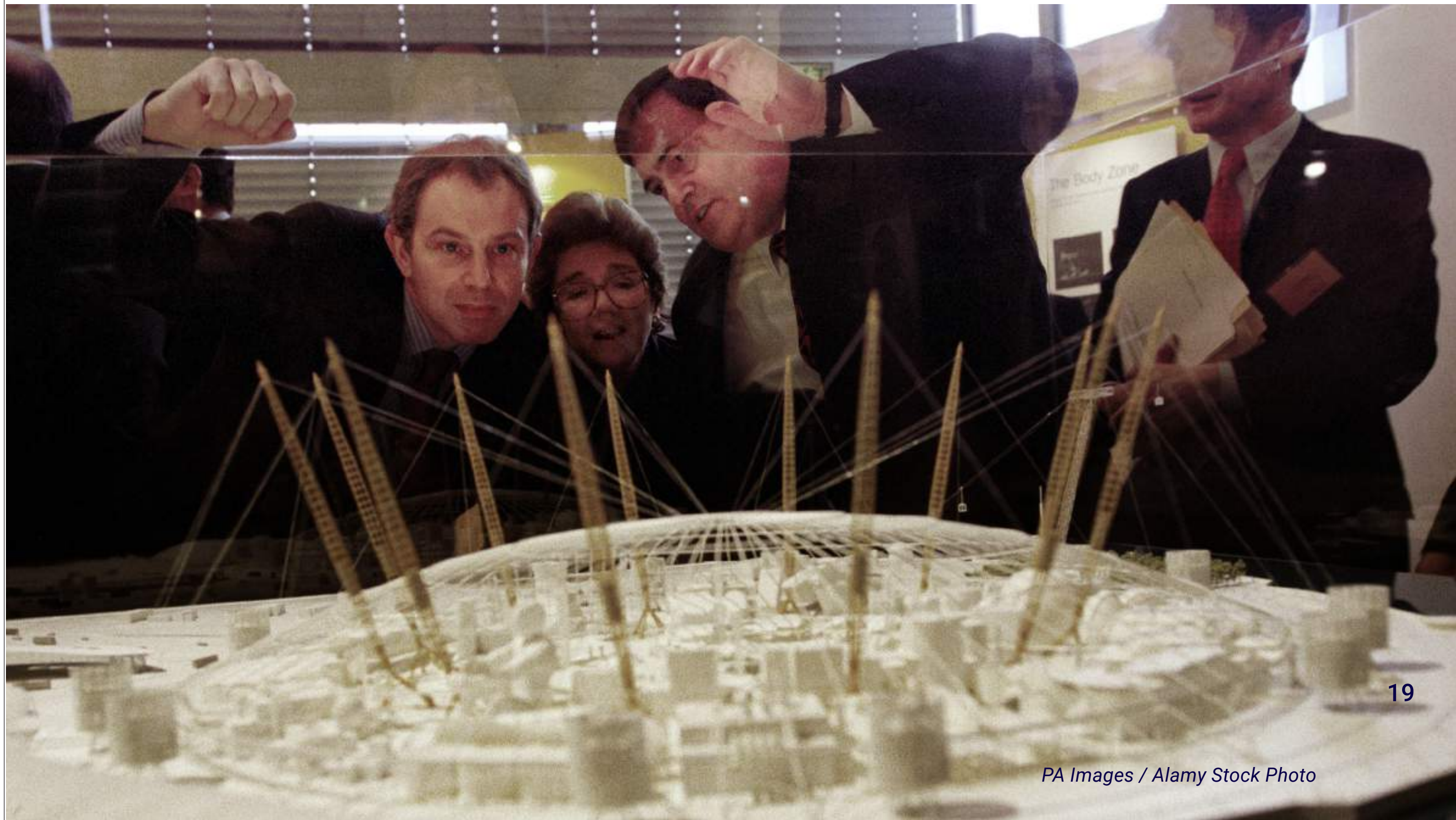
Assessments of the success of Labour's policies – both in achieving and sustaining economic growth, and in establishing and consolidating local-led strategies for how to do this that resonated with local stakeholders – have found success to be limited. Despite some successes on individual economic indicators, during three terms in office they failed to reduce the inequality gap between the northern and southern regions nor between regional and sub-regional disparities. It is however suggested that structures such as the Local Strategic Partnerships (LSPs) had a positive impact in shared action on social and wellbeing outcomes at local and hyperlocal level, as well as on people-focused economic outcomes of jobs and pathways into work, though they did not shift the macro picture of spatial inequalities.

In contrast to the failure against the macro outcomes - the system of sub-national coordinated governance – of a more 'devolved and flexible approach' to local economic policy, has been commended by critics and this is supported by evidence (Shutt & Liddle, 2020; Dalingwater, 2011; PWC, 2009). Regional Development Agencies (RDAs), the major mechanism for the governance of local economic funding and strategies, were found to be 'really effective' by the official evaluation in 2009 (PWC, 2009) and to be 'performing well' in generating growth (NAO, 2009).

This section examines the evidence from official evaluations, published and peer reviewed evidence and the analysis of how the policies worked on paper and in practice, to consider why this disparity existed - between a system that was seen to be working, but which failed to reduce regional economic inequality. In this we consider what can be learned and what role local priorities and community involvement played in the strengths and weaknesses of New Labour's approach.

Major funding schemes under this period can be categorised under a shift to a 'regional governance model' where a sub-national layer of governance was envisaged to enable a 'bottom up' delivery of regional economic policy (Balls, 2000) with key schemes including the Enterprise Areas; Action Zones; the Neighbourhood Renewal Fund; Community Empowerment Fund, and Community Chest - all established following the findings of the Social Exclusion Unit (SEU).

Central to Labour's policy were the nine RDAs and the creation of local authority-led LSPs. LSPs were envisaged to draw together and furthermore coordinate public, private, business, voluntary and community sector organisations and were central to the administration of the principal funds under the New Deal for Communities: the Neighbourhood Renewal Fund and the Community Empowerment Fund. The focus was principally on supporting the 88 most deprived neighbourhoods, in working collaboratively to improve the social, economic and wellbeing outcomes of a place. Labour's approach has been credited in facilitating a 'closer linkage' of economic and social agendas (Bennet, Fuller & Ramsden, 2004) recognising the dependencies of outcomes in the most deprived and economically disadvantaged parts of the UK in particular.



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Our analysis assessed LSPs as having a Medium level of community involvement. As the principal mechanism for how Labour's vision of local economic development inclusive of local priorities and shaped by an agreed local vision and local social outcomes, this assessed indicates that the LSPs fell short of achieving their role.

LSP aims, as they relate most closely to community or local involvement were:

- To allow local authorities to commit themselves to delivering key national and local priorities in return for agreed flexibilities, pump-priming funding, and financial rewards if they meet their targets.

- To narrow the gap between the most deprived neighbourhoods and the rest of the country, with common goals of lower unemployment and crime, and better health, education, housing and physical environment.

The official evaluation of the LSP model explains the Theory of Change behind the LSPs for how these aims were to be achieved as:

'A framework of strategic partnership at local level that will create more inclusive and pluralist governance…bringing together key organisations and actors from the three spheres of state, market and civil society, to identify communities' top priorities and needs and work with local people to provide them' (University of Warwick, 2004, p.5)

Consideration of the Theory of Change by the official evaluation recognised that the effectiveness of achieving it relies on networked governance – where the 'loose and fluid' framework meant that how each LSP would organise involvement of local stakeholders and communities would a) differ and fluctuate and consequently b) mediate the extent to which the LSP could deliver on local strategic priorities (2004, p.7).

In assessing the LSPs as achieving a Medium level of community and local involvement, this considers both the criteria and design by which the they were set up and also what is known about the outcomes this resulted in in practice.

The design principles under which LSPs were established was the principal reason for their falling short of achieving a higher level of local relevance and community involvement and thus not meeting the opportunity they presented as a 'new decision making arena' (DETR, 2000; University of Warwick, 2004).

The guidance for *how* to build a governance structure and local membership of the LSP that represented *all* communities and stakeholders of the local economy was limited, hence the coherence, inclusiveness and strength of LSP's membership in drawing together different stakeholders for the local economy was largely determined by historic relationships. Thus *efficacy relied largely on the maturity of partnership* between different sectors and entities within an LSP (University of Warwick, 2004, p.13-14) and not on inclusive representation by design.

There were no continual indicators established to monitor the level of local stakeholder and community involvement either in the regular decision-making of the LSP nor in the development of the community strategies, hence determining how effective the LSPs had been in facilitating or strengthening this was difficult to assess. In models for strong community and local involvement, the importance of a baseline study and key indicators that drive accountability and measure progress are key (Chanan, 2003; ICS, 2021). Equally building capacity nor remuneration was not considered to support community representatives involvement in what became quite bureaucratic structures (Bailey, 2003; 2005). This is despite the official evaluation concluding that when LSPs worked best, they were when there was shared local leadership and when the voluntary and community sector felt valued (University of Warwick, 2004, p.20).

Finally, in assessing where the 'control' of the LSP model sits according to the ICS typology, funding was limited to resource the LSPs as a coordination mechanism and furthermore there existed a 'paradox' in the central government led governance of resource and its defining of the rules or 'terms' for engagement (Bailey, 2005). This included a commitment to flexibility which enabled areas of poor and limited local involvement to occur and furthermore models of involvement in some LSPs which actively disenfranchised local partners, including business and the community and voluntary sector, as our synthesis of case studies and meta-analysis shows.

In how they worked in practice, the mandate of LSPs for cross-local collaboration and community involvement did create the conditions for a Medium level of community involvement: it put representatives from community and voluntary organisations, as well as local businesses and public services, within a relationship and shared directive for local regeneration via the forming of Community Strategies. The evaluation found the way LSPs were *permitted to operate*, as opposed to how they were initially set up as spaces of coordination, risked 'marginalising public view' (University of Warwick, 2004, p.19), rather than centring the importance of local voice and priorities.

Certain LSPs underwent extensive consultation exercises to form the Community Strategies (Bailey, 2003; Bailey, 2005; Fuller, 2006), whilst assessment of other case studies including qualitative research with community representatives which had been part of these processes, found that for the majority, the involvement of community networks was often too late once plans were considerably developed; was superficial or light touch; or even positioned the community and voluntary sector as the dissenting or outside voices to a dominant group of partners (see Bailey, 2005; Fuller & Geddes, 2006). In lacking models to debate and resolve tensions in place and economic agendas at local level, our review shows LSPs tended towards 'superficial consensus' in their strategies rather than a strategy with shared ownership and moreover – clear actions that local stakeholders and communities can participate in delivering (University of Warwick, 2004, p.12-13).

The official evaluation and subsequent evidence synthesising case studies of different LSPs (University of Warwick, 2005; Bailey, 2003; 2005) found that meeting the goals of local collaboration and including local priorities was 'patchy' across all the LSPs, and that for some LSPs, 'fundamental processes of engagement remain 'on the to do list' (2004, p.11) – four years after the establishment of the LSPs in 2000. Assessed against the ICS's typology, this reduces the value and efficacy of community involvement significantly within the LSP structure, meaning despite LSPs driving activity across a number of notable areas, determining what these priorities are for activity and strategy with local stakeholders has not been a consistent part of their work.

The evaluation of the progress of the LSPs against twenty principal goals, found that less than 10% of LSPs felt they had made 'major progress' on the goals of having 'greater legitimacy in the eyes of communities' and in local stakeholders and strategies 'having an effective influence on regional and national issues' (University of Warwick, 2004, p.16-19).

In fact 45% of LSPs said that they had either made 'no progress' against the goal of 'local strategies achieving greater legitimacy in the eyes of the community' or that it was simply 'not a priority' (2004, p.17). Across all the goals they reported against, the two goals of 'meeting the needs or priorities of local neighbourhoods' and 'achieving greater legitimacy in the eyes of the community' were the ones most frequently said 'not to be a priority' by LSPs. Finally less than 10% had made progress against the goal of including marginalised groups in decision making (University of Warwick, 2004, p.16-19).

The goals that were prioritised and which the majority of LSPs had shown 'major' or 'some' progress against– aside from developing a collaborative strategy which was in practice, often not truly debated, agreed nor owned (see discussion above) – were those focused on sharing data and evidence; embedding priorities *within* partners strategies; and working to understand the priorities of larger partners (mainly public services, businesses or the largest voluntary organisations) (2004, p.18). Hence it could be argued that the majority of LSPs were content with and only managed involvement 'by proxy' (with a few dominant partners rather than broader collaboration, representation and community legitimacy) or focused on 'quick win' relationships, rather than a more inclusive local membership and accountability. The majority of case studies analysed bear this out, with the exceptions to this being the fewer part.

These results demonstrate the challenges of providing a framework and establishing an agency for coordinating local involvement (the LSPs) without providing measurable, locally endorsed criteria, specifying the structures for involvement, or resourcing the role of local and community involvement sufficiently. As well as the LSPs and the funds they administered lacking formal drivers and incentives for assuring community involvement, the lack of progress against the goals above is perhaps unsurprising when the process and paper that established LSPs lacked meaningful structures, models and capacity building for cross-community involvement to be realised. The official evaluation found '*engagement structures did not exist… nor (do LSPs) have robust structures for resolving tensions or taking hard decisions*' and that there were also capacity issues within the staffing and resource for LSPs (2004, p.12-13). This occasionally led to Community Strategies or engagement models such as committees being led by local government or other actors – thus disempowering the voice of communities within the LSP and its activity, and reducing the linkage and transmission of local priorities to regional and national level regeneration agendas (see Fuller & Geddes, 2006).

Local involvement in the Regional Development Agencies (RDAs)

Given the segmentation between funding schemes for *locally prioritised* or *community led* approaches for addressing deprived areas and neighbourhoods via the LSPs on the one hand, and the channelling of greater investment, levers and influence to maximise economic growth and develop local strategies through the RDAs on the other, this next section assesses how far local and community involvement was achieved within the work of the Regional Development Agencies.

Central to this is understanding two criteria in the White Paper which created the RDAs. These criteria collectively were regarded as the 'strategic added value' the RDA model was to facilitate to enable this region-led approach to economic development:

- by exhibiting leadership so that national, regional and local institutions could be harnessed to exploit the indigenous strengths and tackle the particular weaknesses of each area; and
- by providing the environment for businesses and communities to maximise their potential through reforms that strengthen the key drivers of productivity and growth at the most appropriate spatial level.

In practice, the aims and approach of the RDAs are assessed as Medium in achieving greater local and community involvement in economic development. The reasons for this assessment, which again falls short of the ambition of New Labour, are as follows.

The principal limiter to the efficacy of the RDAs as a coordinating sub-national system of economic governance and to its strategic value goals in particular was the remit of programmes and policies that the RDAs were commissioned to deliver. It has been assessed that whilst the coordinating structure was in fact 'really effective' at providing more 'devolved' leadership and flexible regional partnership approaches (PWC, 2009) – the policies and specific interventions which were being channelled through and promoted via the RDAs represented a mismatch of economic opportunities and drivers with certain regions' strengths; and indeed a failure to recognise their vulnerabilities. It is evident from the policy drivers and the case studies of what RDAs focused on in practice, that the drivers of economic growth that were being primed through the RDA structures were not *locally specific* enough and in some cases constitute a mismatch between the region's strengths and readiness and the model of economic potential.

The indigenous strengths (Balls, 2000) of these regions and the adaptive capacity of some of the sectors in their industrial past - which had been dominated principally by heavy industry and manufacturing - seem to have been overlooked by the emphasis on five 'national' drivers which could not be applied easily at the regional level, outside of London and the South East (Toumaney, 2002; Dalingwater, 2011). It has been found that too much emphasis was placed on driving and incentivising high technology industries and the knowledge-economy (Driver, 1999; Wood, 2009), as two examples. These were sectors and economic levers which regions that had been locked in to institutional and industrial models that were substantially different, and a legacy from their industrial past, were unprepared and unable to make a sudden and transformative shift to. Moreover, the recognition of the scale and support needed for shifting to adapt to these new sectors and industries was lacking (Martin, 2001; Dalingwater, 2011); there was no specific programme or enabling model to coordinate and resource 'filling the gap' of transforming institutional, people and capacity infrastructure, which was needed to embed these markedly different sectors within post-industrial regions.

Furthermore, those focused on the gap between Labour's successes in building the 'supply side' of employability and their limitations in not enabling a sustainable 'demand side' in local economies, have argued that the lack of local ownership of sectors and industries driven by the RDAs (responding to government priorities) contributed to why employers did not stay for the longer term in many deprived areas (Dalingwater, 2011). These factors have contributed to criticism that the RDAs were in fact 'regional arms of central government' – rather than fully embodying local and regional expectations and priorities (Toumanay, 2002).

Despite consistent language of people-led regeneration or community and neighbourhood renewal within Labour's third way manifesto (Giddens, 1998) a spatial mismatch where the drivers of economic policy for the regions were described as 'mistaken application of a national innovation policy on the urban (sub-national) scale' (Wood, 2009) is evident.

Our assessment of the level of community involvement in the operations of the significant agencies, most principally the RDAs during this period, reveals a 'one-way' street of local involvement to be another challenge to building partnerships that could maximise the potential of true local power in economic development. The lack of consistent and constructive structures for strategic priority-setting with local stakeholders and local communities within the RDA strategies, which made 'community' an 'efficient tool for the local organisation of government initiatives' (Fremeaux, 2005, p.271) but not equal partners in local economic design, delivery nor outcomes.

A further intervention aimed at embedding local priorities within the RDAs strategies for regional economic development was the Regional Assembly model, created out of the 'Your Region, Your Choice' White Paper. However this model again only achieved Medium levels of enabling community involvement. The Regional Assemblies were created to follow, not inform nor reorientate, the direction and work of the Regional Development Agencies. Furthermore, the relationship between the regional assemblies and the RDAs has been regarded as 'passive' and 'difficult to influence' (Mawson & Jeffry, 2002; Pearce & Ayres, 2007).

Analysis of the positioning of the substantial funds to enable the values of community-led regeneration and neighbourhood renewal to become a reality, also provides insight as to why the gap may have widened rather than narrowed between the most affluent and poorest regions – and communities – during the Labour period. The organisation of policies placed those to tackle the most deprived areas and communities (via the SEU) at a distance from those focused on driving economic renewal, employment, local economies and productivity (via RDAs). Community and local involvement, far from being centred by the regional coordination structure, was in fact concentrated in schemes and funds designed to work at the hyperlocal level; whilst local involvement was not empowered on a consistent and inclusive scale within the RDA and regional structures where power over the design and operation of local economies and influence over the distribution of investment, was arguably concentrated.

It has been assessed that growth and success under Labour was 'more evident in areas with access to well-funded urban regeneration programmes' (Bennett, Fuller & Ramsden, 2004) which could capitalise on the drivers for technology, knowledge, entrepreneurship and innovation sectors, which did not include the persistently deprived areas of the country. The creation of the SEU and the multiple schemes underneath this with their higher proportion of community involvement but substantially less power and influence, thus arguably separated out, rather than facilitated greater inclusion of, deprived places within the way regional economic development was orchestrated. This has been criticised as having the consequence that 'one set of policies was developed for the urban middle classes, one for the urban poor, and another for the reform of the political establishment governing both (Amin et al, 2000, p.viii), which in practice created a greater divide between the beneficiaries of the urban renaissance and the experience of deprivation for other(s) (communities)' (Hoskins & Tallon 2004; Atkinson, 2005; Amin, 2000). The lack of change shown by the statistics, neither in narrowing the spatial inequality gap nor in relative deprivation for the most deprived places in England (as discussed in Chapter 3), corroborates this.

Neither a coherent model nor a set of measurable outcomes existed to drive a) greater understanding of the durable issues of local capability, transition requirements and priorities in the RDAs development of regional economies and their sub-region counterparts. There was also no established and consistent structure or model; nor set of measurements, for ensuring the involvement of local business and community priorities consistently in strategies to 'balance' national and local opportunities and barriers to 'bottom up' growth. This is despite a few notable strong examples of two-way involvement from specific RDAs including EMDA's *Avenue* programme (part of the National Coalfields Programme), marked out by strengths of early involvement; participation of community groups alongside business partners and an 'extensive system' of stakeholder engagement (2009, p.56).

Significantly, performance of the RDAs and LSPs against their strategic coordinating roles and the criteria within each has been assessed separately to their economic performance and appears to have been regarded as a secondary outcome rather than as an integral component to making local economic development work. Evaluations of the RDAs by the National Audit Office and the official evaluators have found the RDAs to have 'strong' performance in creating their strategic added value (SAV) (PWC, 2009, p.9). However the evaluation measures for their SAV for stakeholders at all level and in terms of achieving local and community outcomes are vague and case study, not metric, led.

A review of the available published case studies typically focus on how RDAs have influenced and leveraged high powered local industry and business partnerships, and involved institutional stakeholders such as higher education in their regional and local interaction, representation and programmes - but without many examples of empowering a broader inclusion of local economic priorities which includes residents, smaller scale businesses and community and voluntary actors. Nor was there a set of established measures and outcomes for assessing if the 'indigenous strengths' of a region's economy were being agreed; resourced and supported for inclusion and potential in the regional economic growth strategies – the 'Strategic Added Value' (PWC, 2009). Strategic Added Value was instead largely assessed through case study approaches, with an absence of feedback or specific metrics of community outcomes within the official evaluation. This makes it hard to do a comparative view, but it is evident from the (albeit more limited) evidence that RDAs lacked in performance against their strategic role in comparison to their economic and social objectives (Toumanay, 2000).

A final point to raise is that official evaluations and critical reviews of the RDAs' actual remit and power have admitted the 'real' change that could be achieved in jobs, productivity and income was limited by being comparatively small resources flowing through the RDAs as a structure, compared to the size of the regional economies themselves and to other mechanisms for public resources distribution (PWC, 2009; Toumanay, 2000).

The performance of the RDAs in driving regional growth (estimated in GVA); increasing business productivity; providing support into work and safeguarding and creating employment was found to be strong and a return on investment in all regions (PWC, 2009). The additionality estimated by the work of the RDAs to the economic goals designed from the programme ranged between 40 - 71% - a significant contribution (2009, p.iv). But the reality of *what proportion* of economic intervention and investment was being channelled through the RDAs as the principle coordinating structure was limited to a minor part of the national investment 'whole'. Arguably, even if RDAs were shown to be effective – achieving significant change to entrenched spatial inequalities was going to be impossible based on relatively micro amount of the national budget that was being delivered through them and the relative disempowerment of RDAs as a result.

Summary:

The experience of driving local growth under the Labour government can be seen as creating a 'white elephant' of national and local connectivity and involvement – which was neither utilised nor arguably resourced well enough to fulfil its potential in driving greater economy inclusivity and empowering the left-behind regions. The absence of tight and locally agreed criteria to incentivise and drive the identifying and maximising of areas of local strength in both economic models and governance capacity – and the way that incentives, structures and models were absence or poorly enforced – was a central part of their limitations.

The main mechanisms for inclusion of community and local (non-business) stakeholder voice being the Local Strategic Partnerships and the Regional Assemblies, the schemes and their coordinating body under new Labour can only be described as having a 'Medium' level of community involvement and impact and can be seen as creating infrastructure for, but falling short in practice to, maximise the levers of local economic power and thus also falling short of delivering on the vision that local people should have a stake in deciding what economy their town or city transitioned to (Urban White Paper, DETR, 2000).

New Labour's vision for economic development founded on capitalising on local strengths and local stakeholders' capacity, responding to local priorities, and empowering collaborative local partnerships, is widely criticized in peer and non-peer reviewed evidence that the delivery of these schemes failed to live up to its promises that local communities should have more power in neighbourhood renewal, which were explicitly set out when they came into office (see Fuller and Geddes 2008; Imrie and Raco 2003; Lupton, 2015).

Our analysis of community involvement in design and in practice within the funds and policies provides insights as to why they fell short. The structures, capacity for partnership and community working within RDAs and LSPs alongside the approaches to engagement and system of measurement and accountability, were not strongly mandated; robustly established with sensitivity to the local context, partners and population; nor resourced, endorsed or enforced to ensure that these goals were met and that community strategies were collectively legitimised and actionable, rather than being 'rhetoric alone'.

The next section analyses the inclusion of local and community involvement in economic development schemes led under the Coalition government.

Community involvement under the Coalition: Localism confined

The advent of the Coalition government in 2010 resulted in a new ideology and new suite of policies. This resulted in the discontinuation of existing regeneration and renewal schemes and their agencies and mechanisms that provided what can be seen as a connecting infrastructure between neighbourhoods and local areas to wider economic development policies. The first point to make when considering the impact of this is that it has an impact on the capacity of interventions to be effective, and on the resilience and capacity of local economies and communities. What Haldane describes as the 'continual chop and change' of policies by successive administrations with the resulting scrapping of coordination mechanisms, impacts how far local interventions can have an impact on longstanding structural challenges; and creates lost local collateral, in terms of the loss of networks, skilled capacity for partnership working, institutional and place-based memory; and knowledge transfer and learning about what works and what hasn't.

The transition between governments occasioned the loss of the institutional legacy of thirteen years of previous economic development policies (Shutt et al, 2012). The existing local infrastructure for community involvement inherited from the decade 2000-2010--in terms of people, networks, capacity and existing collaboration--was absent in mention in the new policies enacted by the Coalition government (Lupton, 2015).

The Coalition government marked what appeared as a seismic shift in the ideology of how local economic development was to be achieved in the UK, from the 'regional' to the 'local' as a site of action – and this included substantial proposed implications for the role of communities within this. Furthermore, it constituted a change in the role – or conceptualisation of *responsibility* placed on local communities – to drive transformation in local economies.

Mechanisms to make communities responsible for driving local regeneration were passed under the Localism Act 2011, and came into effect in 2012 with the following directive:

"The Government believes it is for local partners – local councils, communities, civil society organisations and the private sector – to work together to develop local solutions to local challenges. If local regeneration, development and growth are deemed local priorities, then it is for local partners to determine the appropriate plans and strategies to deliver this". (HMG White Paper, 2010, p1)

There are two important reflections to make on the feasibility of this new 'locally driven' approach. Firstly, the overall budget had been cut in real terms to the local development schemes which would enable the delivery of this goal (Lupton, 2015). This paper does not discuss the considerable impact of the austerity regime in mitigating the opportunities for people, place-based and economic growth in already deprived places, as this is the sole subject of many statistical and detailed research examinations at the national and local level. But the cuts of up to 40% of public services and local authority budgets during the Coalition regime, is a considerable influencing factor that overshadows the discussion of – and mitigated the inclusion of – the most deprived parts of the country in economic development and in recovery from the recession of 2009.

Secondly, the mechanisms of community involvement were siloed within schemes concentrated at the hyperlocal level, making it difficult to effectuate systems-level change. Under the Coalition government, the schemes that sought to devolve governance to communities were actively disconnected from the levers of macro-level change. The Government's expressed aims behind the funding programmes and mechanisms of the Local Enterprise Partnerships, which replaced the RDAs, New Deal for Communities and structures such as Business Link, was as follows:

"It is for local people, not central Government, to identify which areas need regeneration, define what it should look like, and what measures should be used to drive it. Central Government's role is strategic and supportive." (HMG White Paper, 2010)

The major structural mechanism for achieving economic growth under the Coalition government was the Local Enterprise Partnership (LEP), a mechanism which has been repeatedly criticised as maintaining a low if not non-existent level of transparency with and accountability to local communities. It has been argued that LEPs were, by design, established without the scope or structure to achieve their objectives, and were never given the tools or incentives they needed to administer effective economic intervention (Lupton, 2015). This has particularly affected the extent to which schemes designed and administered with LEPs have involvement communities *or* reflected community priorities at the *within-place* level, as is discussed in greater detail in *Chapter 2, Trend 3*.

Limitations also exist in models that *have* engaged communities but are not fully inclusive. An assessment found that the *Our Place!* regeneration scheme tended to involve typically privileged communities who had established models of organizing power and community capital already in place (Lupton, 2015). The programme typically did not serve deprived communities that may not have had the capacity to readily engage. It should be noted that inclusivity, beyond white, middle class voices and those with the social capital to engage, remains a challenge that needs to be addressed as we work toward greater community involvement in tackling economic inequality.

It is valuable when comparing the models of community involvement led by successive central governments, to consider how they have been designed and delivered by other agencies. Schemes delivered by Non-Departmental Public Bodies (NDPBs) under the Coalition government have a slightly better record of engaging communities (see Appendix 1). Community involvement has been built into large scale funding schemes in a number of different engagement models with recognition that there is a scale of involvement in terms of the communities' input, capacity and role in economic development.

The model in Figure 4 below, which is part of the Great Place Scheme administered by an NDPB, is in some ways overly simplistic, but makes important distinctions between different strengths of involvement and how they can be used at different parts of the design, award and delivery process of a scheme. Other case studies are discussed later in Chapter 4 of this report.

The Coalition government's approach illustrates a disconnect between schemes that promote local, community-led regeneration at the micro-level, and the lack of meaningful community involvement in the structural mid- and macro-level schemes for local economic development. This means that community involvement in decision making over the overarching strategy of local economic development was minimal or absent during the period of 2010-2015. The approach to economic intervention under the Coalition government thus set localism to fail and restricted community power to within a narrow set of interventions with limited actual and sustainable power.

Figure 4: Great Place Community Engagement Model, Source: BOP Consulting, 2018, p.17

Community involvement under the Conservatives: Blurred vision

Under the Conservative government, four of the five funds we examined that have been launched since 2015 have had Low levels of community engagement. The inclusion of an plan for local industrial strategies under a national level Industrial Strategy (as part of BEIS) can be seen as a 'stepping up' of economic intervention in the UK by the Conservative government (IPPR 2016), but as time has moved on, policy and schemes have been criticised repeatedly as being both 'muddled' and 'empty' (Bailey et al, 2019; Shutt & Liddle, 2020).

The major mechanism alongside the ongoing presence of LEPs has been the drive to develop Local Industrial Strategies (LIS). The National Industrial Strategy White Paper which drove the creation of LISs alongside the National Industrial Strategy Council (NISC) steward 142 policies that align to economic levers and grand domestic challenges. Core to the policies under this government for driving economic growth are investment in Research & Development (R&D); innovation; development of technology, and building connective infrastructure.

As discussed later in this report, the mismatch between the sectors proposed to drive economic development and the conditions for growth in the most deprived regions (and indeed many non-urban regions) emerges as a key trend in why spatial inequality has not improved to date. Given the conditions for economic development in many of the poorest parts of the country do not have high readiness for models driven by R&D and innovation sectors nor is infrastructural investment typically concentrated at the right scale or in the right place (see *Discomfort, Dissatisfaction and Disconnect*), economic policies and investment concentrated on a narrow range of high powered sectors do not look set to break to trend of which local economies capitalise, and which loose. Building policies with a greater diversity of economic levers and drivers, including those which recognise and scale local industries, build community assets and are lead from local vision for growth and transformation not solely centralised government priorities, is crucial to break the cycle of which regions thrive, and which are left behind.

There are however distinctive limitations to the system of Local Industrial Strategies under the Conservatives. The independent annual report of the Council which reviewed the efficacy of the model found that 'most of 142 policies had little or no funding behind them so cannot operate at the necessary scale' to effect change (Haldane, 2019, NISC annual report). The findings of the 2070 Commission make clear the implications of this; that unless policies and the drivers of change are resourced to work at scale, it will be impossible to combat multi-generational challenges and create a much-needed industrial shift to a future economic model that is now further complicated by pandemic (Kerslake 2020, 2070 Commission).

The design of the process by which Local Industrial Strategies were to be developed, and how they have worked in practice, shows a lack of consistent and meaningful community involvement mechanisms in LIS development, with the ideology of a more 'fluid' and 'flexible' coordination model leading to a lower incentive in practice to engage broad representation across the community. The strength of community involvement within the development of Local Industrial Strategies has varied considerably on a case to case basis for those which have already begun the process. However there are some commendable models which have arisen through locally-led design and commitment to a share economic agenda, such as the case of the development of the West Yorkshire Local Industrial Strategy (LIS), which ran an intensive consultation process with broad community involvement just prior to the pandemic (Shutt & Liddle, 2020, p.309.).

However early evidence shows this has not been the norm, and that the process for development of the Local Industrial Strategies and the role of LEPs within this has created a more 'contested space' at the regional and combined authority level (Shutt & Liddle, 2020, p.309), where the

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contending of different layers of power between Mayoral, Local and Combined Authorities, LEPs and central government, as well as dominant employers and market actors, risks drowning out or marginalising local priorities or the opportunity for strategies to have authenticity, ownership and indeed present opportunities for local people. It has been discussed that a 'fragmented and blurred' (2020, p.310) system of boundaries in who governs what element(s) of local economic development is mitigating the involvement of a wider range of actors in setting priorities; and equally, stemming or stalling the scope for coherent local action.

The implications of the pandemic pose a challenge for how the Local Industrial Strategies and the priorities which have been developed need to be re-evaluated in light of what Covid-19 has told us about the resilience, or fragility, of different local economies in England - including those which looked to have strong prospects for growth (IFS, 2020). This can however been seen as an opportunity to re-visit strategies using approaches that draw on the experience, insight and capabilities of local people, assets and economic actors to reshape and redefine what recovery – and a more equal and level playing field for economic development, looks like.

It is sobering that the strongest models for community involvement in local economic development exist outside of central government-led interventions. In recent years, many models have demonstrated and shared learning from the value of community engagement and community power in local economic development, as exemplified in the National Lottery Community Fund through programmes such as Big Local. The scope of this study does not allow for sufficient discussion of all these models nor of the insight and innovation emerging from the Friends Provident or Plunkett Foundations, but the commitment of funds like these to identifying and resourcing local partnership and community-led models for economic change and development is notable and has demonstrated the success these intervention models can have, particularly at the within-place (neighbourhood, or within local authority) level.

It has been frequently questioned whether a democratised system of governance, particularly in relation to economic growth, is realistic and achievable (Cooke & Kothan, 2001; Jones, 2003; Bailey, 2005). In light of this, it is interesting to note that all of the macro schemes administered by the Scottish Government across the timeline were assessed as having 'Medium' to 'High' levels of community involvement, in to the English picture of government-led intervention. However, it is significant that the strongest models of community involvement have not been central government led or designed, and a gap still exists in achieving meaningful or indeed *any* substantive mechanisms of local priority setting and unlocking of local power in central government led funding programmes, which are after all those which operate with the scale and structures to shift the balance of local and regional economic inequality.

Summary

While macro level EU and UK funding streams have made significant and beneficial contributions to certain sectors and industries (see Table 2), our analysis highlights that they have too often been restrictive in their focus and have not recognised communities' priorities for their local areas. Given their considerable role in addressing economic inequality, in order to create inclusive and resilient economies across the whole of the UK, these large and financially consequential development funds need to be more transparent and build more meaningful community engagement into the decision-making process.

With the drive for more devolved powers to city-region level institutions, especially Local Enterprise Partnerships in the English context, developing and sharing best practices for deeper community engagement will be critical to their ability to succeed in delivering economic development that is relevant and inclusive for local communities. This demonstrates the importance of community engagement as a way to establish coherent, relevant and inclusive economic development at the local and regional scale. It is equally important to ensure that the way in which economic interventions operate at the regional scale does not offset or disadvantage opportunities for sub-local and neighbourhood economic development, which can only be effective through multi-layered engagement with communities and methods that draw on community capabilities and potential.

The consistent loss of local collateral, networks, knowledge and local actors to support growth due to consistent 'chop and change' or turnover of schemes, agencies and funding mechanisms across administrations, is a point worth noting in how the political has mediated the opportunity to create the scale of the shift needed to combat the social and economic disaprities of post-industrial decline. As Haldane found, *'To be successful, regional policies need to be consistent over time, operated at scale and appropriately financed'* (Haldane, NISC Annual Report, 2019). None of these conditions have been allowed or enabled to be the case, particularly for the most deprived parts of the country.

If localism is characterised as bringing development closer to local communities (CLES, 2018), then the localism agenda for economic development as reflected in schemes for distributing and embedding public funds can be found to be lacking meaningful mechanisms and effective practice to achieve this at the critical levels of governance above local authority level. Assessments of current development structures point to the importance of going beyond the regional to national in ensuring both inclusive growth and effective models that address local economic challenges. This is particularly important as the government agenda for levelling up transfers from discourse into action.

Over the past twenty years, billions of pounds have been poured into local economic development and regeneration. In the next section of this report, we consider the scale of this investment against key economic trends at national, regional and local level across the same period and ask: Could there be a different approach?

Chapter 2:

Trends within areas of England

In this section we discuss trends in the growth, decline and development of local economies across England over the last two decades. Note that while the focus throughout this paper is on England, much of the available data is UK-wide. We see this as an opportunity to highlight the broader UK context of local economic development in this chapter in order to inform the discussion of the situation in England in particular in subsequent chapters.

As previously discussed, the trend at the heart of our analysis is a 0% average change in the relative economic deprivation of the most deprived local authority areas between 2004 - 2019. This means that local areas that started the era as the most deprived places in England are still in the bottom-ranking group today--and experiencing the greatest relative economic scarcity and stagnation fifteen years later. This finding, considered against the backdrop of two decades of policy intervention and billions in funding aimed at developing local economies, prompts the question of why this intervention has proved so ineffective in shifting the relative spatial inequality of England's local economies.

Given issues of economic development 'within-place,' i.e. within the boundaries of a local authority or within a region were regarded as a higher priority for communities than those that occur at the 'between-place' level, i.e. between regions, this section discusses the trends, conditions and outcomes for communities from how schemes have sought to engineer local economic development at the 'within-place' level. This is an under-recognised area of attention within the levelling up agenda but it is where local economic development and attempts to engineer greater spatial equality will be most visible to communities, most accessible, and most keenly felt.

Community priorities for economic development: Within place

In engaging with communities across England we found that people continually expressed that their primary focus was on economic development and combating economic inequality *within-place*, that is, within the boundaries of their own local authority, city or region. The *need for interventions* specifically designed to mitigate economic and spatial inequality between parts of a region to mitigate inequality at the sub-regional level, was the highest priority for communities. This was connected to the other most prominent theme of 'left behind' raised prominently by communities in *all* regions across the UK.

This corroborates that far from economic inequality being principally an issue of relative growth, investment and prosperity *between regions*, communities are acutely aware and concerned with the inequalities *within towns, neighbourhoods and between local places within a region.* Communities identified that attention and funding has been concentrated on addressing *between region* inequalities in the last twenty years and particularly reflected in the policies of the last three years led by national government.

What matters within place

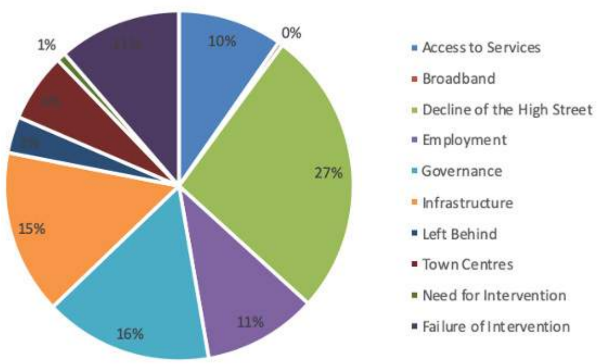

Figure 5: Analysis of themes for what matters for local economic development at the 'within-place' (local authority or below) level (n = 426 of 2293. 25% of respondents prioritised the local economy as their top issue, this chart shows the segmentation of themes within this.

Yet this is not where inequalities are most immediately and persistently experienced by communities in terms of access to employment, amenities, a better quality of life and prosperity; nor is the between-region level where most communities find inequalities of the health or decline of their high streets and industries; access to transport, industry and infrastructure. As the first working paper *Discomfort, Dissatisfaction and Disconnect* and furthermore, the data in this report, identifies – communities experience economic inequality when their town is a poorer or declining economy to a neighbouring prosperous town; when footfall and employment is concentrated in larger cities in a region to the disadvantage of suburban or rural communities (or even smaller cities and towns); and when poor connectivity then makes overcoming these gaps in prosperity between parts of a region – to access employment, shops or enterprise - an expensive, challenging and indeed unwanted task.

The following sections discuss the trends in economic intervention and spatial economic outcomes within regions across England, suggesting where current mechanisms are not working well for all communities and identifying where there could be avenues for change.

Trend 1: What level of localism? Unequal governance and funding

A more 'localised economy', described as one in which more members of the community have a stake, boosts economic resilience and can reduce disconnection, inequality and social exclusion (Leach, 2013, Steiner & Atterton, 2014; Wise 2017). The concept of localised economies has too often been confused with preconceptions that it involves small and parochial economic activity or limited innovation and enterprise. Our priority-setting with communities and the case studies discussed below show this is not necessarily the case. The priorities raised by communities demonstrate informed criticisms from lived experience of failed interventions in the past and demonstrate the need for better schemes in the future. They point to a range of issues that need action where there is uneven economic development within local authorities or uneven distribution of development between parts of a region. These issues encompass physical economic infrastructure to broadband; to support for local business and concerns over the future of employment.

Our analysis of the last ten years of economic development schemes and the role of community involvement within this, suggests a particular, urban-centric conceptualisation of *localism* has dominated. Post-2010, the localism agenda has led smaller-scale city regions, conceptualised as "the functional economy of a place - the area in which people commute to, shop and move house, and where businesses connect with each other" (Larkin 2010, p. 3 in Shaw and Tewdwr-Jones, 2017, p. 214) to become the dominant level of sub-national governance for English economic development. This ran counter to the more regional approach to governance that had prevailed throughout the noughties, which had been criticised for covering too many different economies to be effective (Shaw and Tewdwr-Jones, 2017, p. 214). This shift resulted in the abolishment of RDAs, which had been responsible for fostering economic growth in their areas, and the implementation of City Deals, Devolution Deals, Combined Authorities, and LEPs - all structures designed to shift developmental responsibility away from the Central Government and towards city-regions as a way of saving money and increasing the utility of funding by passing along decision making to the places where it was actually due to be spent.

In recent years, research has promoted the idea that the city-region is the ideal level for policy interventions to have an impact on local areas because it allows for agglomeration - where clusters of local economies manage to attract inbound investment through what has been called a 'localisation economy' (Marshall, 1920; Rosenthal & Strange, 2004; Shaw and Tewdwr-Jones, 2017 Zymek & Jones, 2020). This has the potential to generate prosperity for the local areas involved - if governing bodies (i.e. Combined Authorities and LEPs) are careful not to overlook between-place inequality at the local authority level and in-place inequality at the micro-level, which is where economic inequality is currently most acute and deeply felt by communities.

The concentration of funding towards the development of the Northern Powerhouse in counterbalance to the high economic output and prosperity of London and the South East is the leading example of *between region* intervention aimed at addressing the imbalance of productivity and prosperity between the North and South of England. Whilst undoubtedly North and South inequalities are a critical issue for government policy, the Northern Powerhouse agenda has not been as effective in improving the economic conditions inclusively for all parts of the Northern regions. Whereas it is clear the Northern Powerhouse agenda has substantially increased the GVA and economic output of major cities such as Newcastle, it has resulted in greater spatial inequality between the major urban areas on the one hand, and the post-industrial and rural areas on the other, of the North East, and indeed has resulted in greater economic inequality between Lower Layer Super Output Areas (LSOAs) *within* Newcastle itself (see ICS analysis; IFS 2020, Etherington, 2020). This is discussed in detail in Trend 2 of this section, below.

The reality is that these inequalities often persist and that, "city-deals are not concerned with delivering a *spatially even* form of growth. They are looking to increase agglomerative growth in urban centres." (Beel, Jones, and Rees Jones, 2018, p.319). The current state of devolved power in city-regions too often prioritises innovation in the urban centres of local areas that are already home to high powered institutions like universities and global businesses while not fully taking into account the needs of and social contexts of all the communities within an area that they are meant to represent.

Focusing investment and development policy on urban centres in the hopes that growth will trickle down to benefit more deprived peripheral areas in the same region actually threatens to increase within-place spatial inequalities. This approach to development does not consider the possibility of smaller local economies as employment markets and centres of industry or productivity, nor the problems associated with the displacement or loss of historic and current communities within the locality. As wealthier urban centres develop, surrounding areas often become residential hubs for those working in the city centre, but are not recognised as having economic potential in and of themselves. This often leads to a loss of services from smaller, non-urban areas, a poverty of aspiration due to awareness of social inequalities between the urban and peri- or non-urban areas and, in some cases, gentrification instead of inclusive opportunities for the existing community of people who live there. London is a prime example of this set of issues.

Equally, our analysis found the level of community involvement in schemes and mechanisms designed to affect *within-place* economic development was often not meaningful and ranks at 'low' in the majority of cases we assessed. This can and must be seen as a missed opportunity. An example is Sheffield City Region's approach to approving their devolution deal in 2015/2016, which is indicative of governance missing the mark on community engagement. The initial consultation for this deal occurred with the LEP and business leaders, after which an attempt was made to allow communities to 'have their say' via a self-selective online survey (Prosser, B. et. al., 2017: 7). This survey, yielding just 245 responses and lacking representation of key population groups, was regarded as "the main, large-scale form of consultation on the proposed Devolution Agreement" (SCC 2016, 14 in Ibid). Subsequent engagement events following the approval of the deal were also under-representative of the population, and "no attempt was made to build consensual views" (Prosser, B. et. al., 2017, p. 7). In short, Sheffield favoured swift, cost-effective, unrepresentative, and ultimately biased community consultation, prioritising private businesses and the political motivation to get a deal done. Suggesting this type of surface-level consultation can stand in for true community engagement will continue to ensure that community voices are drowned out by business or sector priorities which will perpetuate the disconnect, described in Chapter 1, between the type of intervention and the 'best fit' for the community.

The focus of communities on *within-place* and the holistic range of priorities they identify, suggests an approach is needed where the focus of a *localism agenda* for economic development is redefined to focus on balanced development *within* regions (which may encompass large urban but also market town and other types of economic settlement) and additionally, be flexible and applicable to non-urban centred regions and to local authorities dominated by market towns, coastal and rural communities (such as many parts of the South West of England and East Anglia).

Trend 2: Opportunities over needs

The focus of many of the major funds we have assessed has been to target local areas where there is already significant opportunity for economic growth. This can be seen as an *opportunity-based rather than a need-based* approach (Lupton, 2015, p.12) where economic development schemes and strategies target investment and intervention on the basis of a region or local economy's existent 'primed' infrastructure and capacity to support national or centrally-led economic plans and objectives - rather than a development strategy focused on targeting place-based economic vulnerabilities in order to 'narrow the gap' between deprived and affluent, or economically lagging and economic growth, areas.

In the landscape of recovery from Covid-19, the importance of strategies which tackle *vulnerabilities*, alongside identifying and catalysing where there are strong local drivers for growth, has been emphasised by multiple business and economic firms and community-focused organisations, as well as by those focused on supporting and strengthening the overall financial security and resilience of local places to withstand future shocks or instability (Grant Thornton, 2020; OECD, 2020; PWC, 2020).

Research has found that economies characterised as having higher levels of small businesses and local ownership, perform better across a range of economic and other domains (especially in disadvantaged and peripheral areas) than economies more dependent on centralised economic actors (Leach, 2013; Wise, 2017). In order to mitigate the trend towards improving places that already have the capacity to innovate, governing bodies could consider better distributing support, innovation capital and resources across sectors, businesses and models with the potential for *smaller scale innovation or economic change* but which still play a strong role in the overall productivity and indeed, employment and prosperity, of a place. While city regions may benefit from and be able to attract funding aimed at expanding digital enterprise, research and innovation; post-industrial and rural areas present completely different needs, priorities and opportunities. In areas where enterprise is nearly non-existent or dominated by one industry, the priority from communities is rarely innovation, but more basic economic growth and diversification to build resilience.

In their 2018 report, Locality identifies seven elements of a resilient local economy including the presence of a "network of diverse, responsible businesses and enterprises, committed to place, growing the local economy and providing good quality employment opportunities" (Locality, 2018: 4). In practice, this would look like a diverse local business offer which serves and employs local residents, generating prosperity from within and ensuring that it gets reinvested in the community rather than spent outside the local area. In reality, such a diversified, resilient local economy is rare, particularly in areas where one or a limited number of industries have historically dominated.

A clear example is the case of former mining towns where, with the withdrawal of the mining industry, whole swaths of the population dependent on the mines for work were left without employment or alternative local prospects (BBC, 2019). Across the UK's coalfield communities, nearly half a million adults are out of work and there exist only 50 jobs for every 100 adults (Coalfields Regeneration Trust, 2019: 4). Funds such as the Coalfields Regeneration Trust aim to rebuild decimated local economies by investing in new businesses where growth and substantial opportunities for local employment are desperately needed (Coalfields Regeneration Trust, 2019: 7). This effort includes such initiatives as the Coalfields Regeneration Trust Property Investments Ltd. This arm of the Trust, recognizingthe lack of available commercial property in coalfield communities, invests in and develops commercial spaces as a way to attract new businesses and create more opportunities for employment in that way (Coalfields Regeneration Trust, 2020).

The Trust recognizes that the kind of business investment needed in its catchment areas has more to do with the scarcity of physical, commercial space than anything else. The priorities identified by other large funding bodies that focus more on economic development in city regions, such as research and development into the digital economy, do not necessarily apply in these former industrial towns. This raises the important point that effective investment into economic development needs to pay attention to the history and context of place.


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Take Sheffield as another example. As its high-quality jobs in steel manufacturing and engineering disappeared during the decades of de-industrialization at the end of the twentieth century, the unemployment rate shot up and the jobs that were available tended to be in low-paid service work (Etherington & Jones, 2016). The government is now trying to address the unemployment, spatial inequality and a significant skills gap that exist in Sheffield through a complex web of programmes and policies at the city-region level (Etherington & Jones, 2016). However, these policies have not done much to change the persistence of low-paid work and in-work poverty and the fact that there are too few jobs available to begin with (the region would need 70,000 additional jobs to narrow the employment gap) (Etherington & Jones, 2016). Upskilling for innovation (or as the approach has been called, 'Slagheap to innovation') in reality does little to address generations of labour market decimation and the knock-on effects occasioned by the retreat of industry from the area.

The focus on innovation sectors and growing the knowledge economy will not necessarily be the solution to these persistent, historical problems in the labour market. Peripheral and rural areas still need to be considered for significant, place-targeted investment, even if they do not have the same capacities for innovation as city centres - but with attention paid to what the people in these communities see as priorities. The competitive approach to attracting investment in Sheffield and other Northern Powerhouse cities means that city centres--where universities and other knowledge- and innovation-focused enterprises reside--are better at attracting funding than deprived, peripheral areas, a state of affairs which perpetuates skills and economic inequality within the city-region spatial level.

Trend 3: Over-reliance on limited or mono-dimensions of economic development

Our research with communities in both reports one and two of this working paper series details the sharp, human end of the risks of over-reliance on one industry or fragile economic intervention in building sustained and locally accessible job opportunities. The mismatch between the type and manner of investment into local areas and what residents identify they need is common, and this mismatch tends to perpetuate existing spatial inequalities.

Much has been written about the rising productivity gap created in part due to certain industries lagging behind and others growing quickly and, equally, due to the reliance on one industry or one mono-employer in communities that are not major cities. Where interventions themselves disproportionately focus on stimulating growth in just one industry they may do so at the expense of helping local people build a diverse portfolio of skills to support employment opportunities beyond a narrow - and possibly non-resilient - employment market. What our sister report (*Discomfort, Dissatisfaction and Disconnect*) indicates is that far from simply identifying a set of priorities to guide local economic development, there is a need for discussion about the *balance* of needs, opportunities, risks and interventions within a local economy. This brings us to the role of community-led approaches in making *balanced* and holistic local and regional development strategies possible and this section presents analysis of one approach.

An example of a fund that has sought to embed targeted investment within a non-urban dimension of place is the Coastal Communities Fund (CCF). Coastal areas have fallen significantly behind other parts of the UK in the last decade (Zymek & Jones, 2020), representing a 'rise and fall' story of improvement and then decline across the two decades under consideration (2004-2019). Coastal communities have received significant attention in the last two decades, but macro schemes designed to stimulate economic growth in these areas have not worked in ways that have resonated with Coastal areas.

"Many seaside towns feel left behind by national strategies aimed at increasing economic growth and productivity. Local Industrial Strategies present a key opportunity for renewed focus on addressing the skills gaps, low-wage economies and aspiration challenges faced by many coastal communities." (Committee on the Future of Seaside Towns, 2020).

The feeling of being 'left behind' is a well-documented problem which has been on the receivership of notable funds, including the £116 million CCF, which ran from 2012 to 2017, and the Sea Change funding project, which awarded £45 million from 2008-2010. Between 2008 - 2012, employment rose cautiously by 2.4% (Beatty et al, 2014) and coastal towns were described as experiencing 'better fortunes' (Chapman, 2015). Yet by 2018, 71% of coastal towns had both slower population and employment growth than the England and Wales average over the 2009 to 2018 period. This compares with 47% of non-coastal towns and in 2017, 5 of the 10 local authorities with the highest unemployment rates were coastal (Joyce & Xu, 2019: 13).

The CCF presents an interesting model because of its emphasis on collaborative working with local communities. Whilst community involvement is not an expressed criteria of project award, a significant number of projects were delivered by local communities, with the main supported applicants being local authorities (which accounted for 36% of awards by value in 2014) and community and voluntary sector organisations (which account for 47% of awards by value in 2014).

Chapman (2010) identifies the following success conditions of coastal regeneration projects: clear ownership of assets, partnership and cooperativeness between all stakeholders, state incentives, connectivity and participation and consultation of local communities (see Table 1). Crucial to note is that both the inputs and outputs are diverse and emphasize balance in the design of regeneration and economic development.

Inputs	Outputs
Clear ownership of assets	Creation of quarters or clusters
Legislation and public administration	Extending the season/reducing seasonality
State incentives	Improving destination infrastructure
Transport links/accessibility	Enhancing public space
Place marketing/branding/rebranding	Civic and Community pride
Planning regulations	Entrepreneurship
Partnership and cooperativeness between all stakeholders	Social cohesion
Balance between public/private interests	Increased visitor numbers/spend/extended stays
Participation and consultation of local communities	Market diversification
Product development	Job creation
Overarching strategic vision or goal specific to locality	Stimulation of new economic activity

Table 1: Mature regeneration critical success factors for coastal communities.
Source: Chapman, 2010

They entail a balance of '*private/public interests*'; regeneration made up by elements of planning, rebranding, *and* changing asset ownership, developing *infrastructure* including public transport, *and* distinctive *product development* in terms of inputs. Equally, it requires balanced economic (job creation, economic stimulation and diversification, entrepreneurship), social (civic spaces, public space) and spatial (clusters of sectors and destinations within overarching planning considerations and vision) outcomes to be successful.

The CCF with its emphasis on a devolved structure of collaboration projects within a central, multi-stakeholder governed award to a coastal area - includes provision for most, if not all of these factors. The emphasis on civic pride, job creation and on participation of communities also speaks to the particular dynamics of developing what are, on the whole, tourism-led economies, which may include reasonably quick transition from minimal *tourism to much higher yields when regeneration or attractions are put into a place. As such it is important to assess how local residents perceive future change and their potential involvement... the challenge to build a community-based tourism agenda is ensuring community members are (or become) active* (Wise, Mulec & Armenski, 2017).

Though it is very early to discern impact from development that can take years to have effect, it is interesting that we can draw cautious links between the distribution of awards of the CCF and patterns of deprivation in the UK's coastal communities. The majority of awards across the years of the fund - including substantial awards in 2013 - were in the South East and South West of England, amounting to 49% of the total funding awards, whilst the East Midlands, Yorkshire and the Humber and the North East received the lowest distribution of funding (MHCLG, Annual Report, 2016, p.9). As of 2020, the share of coastal towns in the higher income deprivation categories encompassed the regions of East of England, East Midlands, Yorkshire and The Humber and North East (ONS, 2020), which incidentally included three out of the five coastal local authorities with the highest unemployment in the country (Joyce & Xu, 2019: 13).

Many other social and population factors impact on why coastal communities experience particular challenges, and it is perhaps not useful to compare the widening gap in economic output between coastal communities and non-coastal (Corfe, 2017) given their typical relative size of economy. Profound challenges still exist in terms of digital connectivity and poor broadband, inadequate transport connectivity, poor access to education for

residents and poor quality housing (see *The future of seaside towns* (HL Paper 320)). But focusing on the metric of employment - which matters strongly to communities and is foremost in the expressed aims of the CCF - suggests the Fund has made a contribution difference to job density in the places in which it has been awarded. Five towns in the south of England (Bournemouth, East Cowes, Falmouth, Hayle and Portishead) and two in Wales (Llandudno Junction and Penarth) had above average growth in employment over the 2009-2018 period - all of which were in early receivership of awards from the CCF (ICS, 2021). The growth in employment is equally born out in the Annual reports as a dominant success factor (CC Annual Report, 2016). This may in part be due to whether these local economies started from a greater 'opportunity base' than others; but the creation of not just employment but employment accessible to local people deserves further examination.

Equally, having the capacity to successfully apply and gain funding from the programme has also been a factor in determining which coastal communities benefit and which cannot. The ability to submit a successful application has a direct correlation with community capacity and involvement. It is encouraging that since 2015, the government has provided £1.46 million to help establish 146 Coastal Community Teams around the English coastline, the express focus of these teams being to *ensure the local community works together with the local authority, businesses, and local stakeholders* (MHCLG, 2019, p.5). Coastal Community Teams became eligible to bid for and deliver funding from the CCF in England only in the 2016 round of funding (Annual Report, 2016). The introduction of the coastal communities' teams is shown to be transformative in *the success of areas* applying for funding. In 2016 Dorset's Coastal Community Team (DCCT), a partnership of local authorities, landowners, charities and business representatives, submitted the first ever partnership portfolio bid to the CCF, which was successfully granted £5.6 million for a partnership of 14 organisations to deliver 18 projects across the Dorset Coast, involving local communities throughout (DCHYS, 2017). The majority of teams are however in South East and South West so not placed in the areas of highest coastal deprivation which have received the lowest funding to date from the funding scheme, a factor which could perpetuate further imbalance in which coastal towns are successful in gaining funding and which are not.

Trend 4: Mind the governance gap

Despite the strengths of the CCF model, the issue remains of how to tangibly close the gap between the regional (between-place) to the local and hyperlocal (within-place) – and most pressingly between a highly centralised government model and any level of sub-distribution of power, in economic development policy.

Recent discussions of the future of the Local Enterprise Partnerships have highlighted the successes of the CCF and recommended stronger connecting tissue and alignment between regional structures, most saliently LEPs, and this within-place focused programme. Committees have highlighted the opportunity as such: "*If Local Enterprise Partnerships play an active role in coastal regeneration through delivering funding programmes and setting plans for regeneration, this includes supporting coastal areas through Local Growth Fund and engaging with Coastal Community Teams and coastal local authorities in the design of local strategies" (Committee on Future of Seaside Towns, 2020, p.6)*.

However, the analysis of this report would suggest a different approach would be more effective given LEPs track record in poor capacity for local engagement strategies but considerable power in connecting business and local government partnerships and the CCF's strengths in local priority-setting, community involvement and engineering local ownership. A more effective and pioneering model would put the local before the regional in terms of decision-making with the CCF working to set the design of local strategies and then communicating priorities and locally identified opportunities for diversification, investment and brokerage to LEPs. LEPs could then put their considerable networks, expertise and influence at the service of the community to draw in regional partnerships and funding.

Alternatively, supplementing the Fund's award scope and funding powers with additional resources for connectivity and between-place infrastructure would be of benefit, though would require diverting resources from elsewhere. In either case, the success of mobilising local people has meant that sustaining the model of the CCF in successive administrations will preserve valuable community capital and partnership, networking and collaborative infrastructure that now exists and is growing in the awarded seaside communities. It would also be valuable to rebalance the issues grants are made upon to place a greater emphasis on developing connectivity in governance and in infrastructure between layers of localism. To date, the CCF has made grants and reported inroads into place-making, job creation, preservation of heritage and development of local assets (CCF Annual Report 2014, 2015, 2016), but not emphasised nor delivered much funding into infrastructure such as public transport nor broadband, and not into joined up or above area collective decision making or knowledge transfer and learning - all critical factors that could support coastal communities to attract sectors and industries and make a virtue of their relative strengths to each other - to diversify and thus shore up the resilience of what are predominantly tourism and experience-led economies. The experience of the pandemic demonstrates the risk of mono-economic reliance on experience, hospitality and tourism economies which dominate non-urban and particularly coastal places.

The role of LEPs within place

The discussion of governance gaps connects strongly to analysis of the role of LEPs in England since their inception. The leading model of economic development during the second decade under study (2010 to 2020 period) has been the LEP model. The work of LEPs merit their own consideration as, in England, many major funds including (i.e. ERDF, ESF, Growth Deals, Growing Places Fund) have been allocated through the 39 LEPs in existence. LEPs are essentially partnerships between a multitude of local authorities in a given area and their local private sector. They are designed to drive economic growth. Since their inception in 2010, when they replaced RDAs, LEPs have been met with criticism over their capacity to actually deliver on inclusive economic growth in the areas they cover (Pike et. al., 2015, Localis, 2017).

The first criticism emerges from the fact that the geographical boundaries of LEPs have had a complicated past. In 2018 the Government identified 20 of the then 38 LEPs that had overlapping boundaries (House of Commons, 2019, p.10). While it has since been mandated that all LEPs resolve any overlaps before receiving further funding, it is apparent that the issue of remit was (and, in many places, continues to be) convoluted with a potentially negative effect on the allocation of funding and coordination of responsibilities.

In addition, there has been contention over way in which LEPs came to replace the similarly-structured RDAs established under New Labour, compromising a ten year infrastructure knowledge, networks and practical experience at a time when the UK was still reeling from the recent financial crisis (see James and Guile, 2014). Whilst RDAs were frequently criticised for being too 'top down,' over-centralised and 'remote and mechanistic' rather than engaged and context-specific, the LEP model did not necessarily present an improved solution for achieving greater intra-level connectivity and local relevance in the delivery of local economic development. It has been argued that "what has replaced the RDAs is a new, looser framework of agencies with neither the resources nor the capacity to intervene logically and consistently in our local and sub-regional economies' (Shutt et al, 2012) and that the creation of LEPs as more fluid and unbridled entities led to a greater lack of coordination of different funding streams going into local places and are 'contested' rather than coordinated or collaborative spaces for leadership and local industrial strategy creation (Shutt & Liddle, 2020, p.298).

Another point of critique to LEPs fulfilling their local strategic roles is that LEP membership is not required to be representative of local businesses (in terms of size, sector, etc.) (House of Commons, 2016). More alarming is the fact that 42% of LEPs have historically not published conflicts of interests (Ibid: 8), a basic check designed to ensure transparency, accountability, and fairness regarding the dissemination of the substantial financial resources which LEPs control. Lack of proper representation and transparency cast doubt on whether decision-making within LEPs has been conducted ethically; has been consistently inclusive of local priorities; or indeed whether it has resulted in economic, social or community impact. These are serious shortcomings given hundreds of millions of pounds are on the line for communities without adequate accountability.

"Despite spending up to £12 billion of taxpayers' money, the Department has no real understanding of the impact which the Local Growth Fund has had on local economic growth." (House of Commons, 2019: 5; Local Enterprise Partnerships: progress review)

On top of the lack of transparency, many LEPs have reported not having adequate resources to keep up with the pace of funding they are receiving, resulting in underspending (House of Commons, 2016: 6). With the Growth Deals alone, the Government forecasted that LEPs would underspend their total allocations by £255.9 million by 2020-21 (House of Commons, 2019: 11). This is thought to be due to contestation or strategy revisions due to the considerable political shifts in recent years; or could suggest difficulties in building partnerships and setting priorities to distribute funding. There have been limitations in terms of specialist capacity found within LEPs themselves to fulfil their role in incorporating sub-regional priorities within local industrial strategies: the review of LEPs found that amongst teams delivering LEPs, skills and capacity for local engagement and consultation with communities were lacking (White Paper, 2018a). Whichever is the reason for the significant underspend, this seems is a sign that LEP's mechanisms for deciding their portfolio of activity and for designing local growth strategies could benefit from decidedly different and new approaches.

LEPs are positioned at the right level for bridging capability between national intervention and local priorities in theory but not in practice. Considering the whole portfolio of local economic growth activity funded under the Coalition government this is an avoidable shortcoming but equally not surprising. The incentives created to drive local growth through communities were detached from the LEP model and channelled instead through hyperlocal interventions as has been discussed in Chapter 1, leaving little incentive and capacity for LEPs to make good on their role as a bridging entity between national and local priorities. However, there is no equivalent 'bridging' network or agency mechanism, besides LEPs, that would be positioned to facilitate local economic development driven by local priorities and this remains a significant gap in achieving an effective and authentic realisation of the current economic policies of Johnson's Conservative government, including levelling up.

The experience of the Coalition government funds and to an extent under new Labour, as discussed in Chapter 1, warns against silo-ing community involvement within 'its own space' and distancing it from the mainstream mechanisms of governance and spending power. There have been a considerable number of stand-out programmes and initiatives at hyperlocal and local level over the last decade ranging from community groups using funds to embed greater diversity and inclusion principles within the operation of their local LEP to distributing micro grants for greater social inclusion of vulnerable groups (NCVO, 2015), which were funded through LEPs via Community-Led Local Development (CLLD) and Community Grants in alignment with European Structural Investment Fund (ESIF) priorities. However these funds are typically small scale; considered 'outside' the core delivery work of LEPs, and moreover the diversity of LEP structures make them challenging for community organisations and civil society to engage with (NCVO, 2015; Shutt & Liddle, 2020).

The 2018 review on the future of local enterprise partnerships found that: "many LEPs remain distant from local communities, stakeholders and businesses" (White Paper, 2018a). Little has occurred since the change in government from Coalition to Conservative to improve LEPs working with their local communities and to maximise the significant opportunity they hold for developing local economic strategies and models that resonate with communities and this is an area that could benefit from significant development.

Summary

The historical context, especially of deindustrialisation and the impact of that on local communities over generations must be taken into account when designing economic interventions and implementing growth policy in local areas. Effective investment needs to be sensitive to the real experiences of local people, including multi-generational unemployment or 'poor work', if it is to inclusively enable participation in new economic models. Equally, it must be sensitive to the social considerations of place: skills training runs the risk of having less impact if you are housed in substandard or impoverished conditions that affect your health and wellbeing; or there are not enough jobs or if the jobs that are available pay so little that you remain in poverty even if you are working.

The next section examines the way economic schemes have sought to drive development *between-places* – in other words, to rebalance economies between different regions of England. Though a lesser focus of communities than what is happening at the *within-place* level – it is of primary importance to the question of how to support the most deprived local neighbourhoods and parts of the country, to create an urgently needed shift to the 0% average change these communities have seen to their economic fortunes, relative to the rest of England, in the last twenty years.

Chapter 3:

Trends between areas in England

We turn now to a discussion of a number of trends ‘between areas’ in England. The trend at the heart of our analysis is a 0% average change in the relative economic deprivation of the most deprived local authority areas between 2004 - 2019. This means that local areas that started the era as the most deprived places in England are still in the bottom-ranking group today - and experiencing the greatest relative economic scarcity and stagnation fifteen years later.

This finding, considered against the backdrop of two decades of policy intervention and billions in funding aimed at developing local economies, prompts the question of why this intervention has proved so ineffective in shifting the relative spatial inequality of England’s local economies. This sharp statistic of ‘0%’ change in which areas are most deprived, is built upon in the findings from our nationally representative exercise in understanding communities’ priorities for the future of local economic development, where the experience of consistent ‘failed’ investment approaches, and the ‘lack of’ appropriate economic development schemes, was front and centre. Given that billions of pounds of funding has been funnelled into local economic development in the last two decades, this report asks what has been happening to result in the trends we see across local economies today and *why* there has been so little change particularly for the poorest communities.

Trend 1: Rising economic inequality

The Institute for Fiscal Studies (IFS) has found that inequalities between areas or ‘place-based inequalities’ - are a unifying concern for the British public, regardless of political disposition (IFS, 2021). A national survey revealed that the British public regarded the most serious types of inequality as between more and less deprived areas (61%) and between income and wealth for individuals (60%) (2021, p.5), surpassing other inequalities such as the gender pay gap, or that between racial and ethnic minorities. Research by the Institute for Community Studies (2020) through focus groups with community members adds insight to both the specific conditions and experiences of economic inequality that communities feel need to change, but also to why place-based inequalities are seen as so severe.

When considering the major outcomes of the last twenty years and previous decades of economic intervention into the UK, rising spatial inequality has also accelerated prior to and since the recession in 2008 (Zymek & Jones, 2020). By the time of the last recession, the richest 1% of the UK were wealthier than the poorest 50% put together (ONS, 2012). If we look at GDP, the richest part (City of London) is now thirty times richer than the poorest part (Ards and North Down in Northern Ireland) (Economist, 2020). The average growth of GVA in London also exceeds every other region and the UK average by nearly 1.5 times it’s nearest regions - the South East and North West. The two figures from sources present this clearly. This is significant because we know that economic inequality has also been found to harm economic growth (Berg et al, 2018; Dabla-Norris et al, 2015).

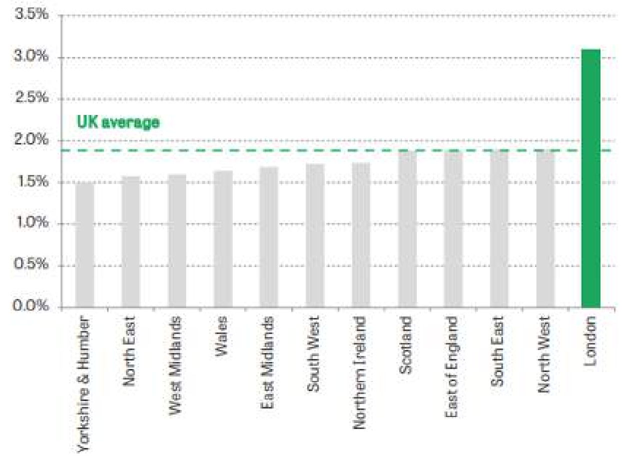


Figure 6: Average annual growth in economic output (real gross value added) by region, 1998-2017
Source: IFS 2019, The IFS Deaton Review Launch

Figure 7: UK regional GVA per person, 2018
Source The Economist 2018, republished July 2020

Studies of economic schemes and interventions in European countries have found that *"the impact of countries' structural policies largely depends not only on the specific instruments (e.g., human capital development, infrastructure investments, and small- and medium-sized enterprises support) but also on the concrete patterns in which these instruments are deployed geographically" (Varga, 2015)*. This means that considering the far-reaching, interconnected and relational effects of large scale interventions is essential in addressing spatial economic inequality. We discuss this as addressing 'between-place' inequality - that is, the economic inequalities that exist *between* local authorities, *between* city regions, and at larger spatial scales (regional, devolved nation, and national).

If we consider the timeline of investment into the UK, what is apparent is a lack of economic development schemes targeting geographic inequality that take into consideration the interdependencies of local economies geographically in the UK. Schemes have sought to target particular profiles of economy (i.e coastal) or economic legacy (i.e post-industrial) - but a holistic geographic pattern to address between-place inequality and ensure *all places* have the opportunity to thrive, is not present in any epoch.

What matters between places

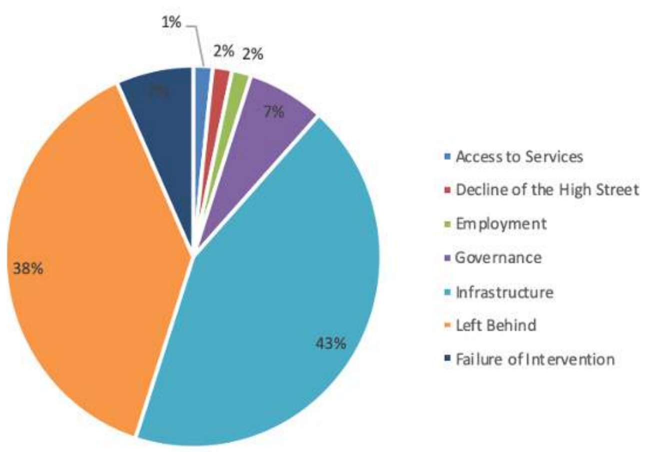


Figure 8: Analysis of themes concerning what matters for economic development 'between-places' (n = 426 of 2293) 25% of people prioritised the local economy as their top issue within a representative sample of UK communities. Source: Institute for Community Studies, 2021.

When we focus on the people-centred aspects of this (see Figure 8) the picture is dominated by the experience of spatial inequality between regions across the UK and by discussion of the infrastructure necessary to enable greater connectivity and mobility, both physical and digital. In addition, communities were also focused on issues of governance within economic development and the failure of past interventions. One question this raises is what other infrastructure - social, and civic - is needed to support stronger engagement on these issues.

On the issue of economic participation--i.e., the availability and type of employment, skills and capabilities and the need for improved incomes--certain areas are prospering while others are lagging far behind. The current job market is geographically imbalanced, particularly in terms of wage earnings and job quality (NEF, 2014) leading to sustained imbalance in the economic prosperity and social mobility of the UK's communities. This is an important factor when we consider that within England, 'brain drain' is increasingly not the problem. In fact, more young people are remaining in the places they were born, largely due to prohibitively high rents in urban areas leading to a reduction in this group's geographic mobility. The problem is the lack of available high-earning jobs outside of major cities in the South. In 2016, there was nearly a 50% different in productivity between the most and least productive regions in the UK, with London's productivty 28% above the UK average and Wales's nearly 20% below average (Zymek, 2020). The productivity 'lag' in other parts of the UK can be attributed to many factors - but the relatively low support for areas outside of the South East for transition - and furthermore, the failure to plan for and recognise in practical and resource terms the greater transition these local economies needed to make from industrial and manufacturing-heavy economies into new, diversified industries and economic models, *within* a post-industrial and globalising economy, is a longstanding and critical one that is still affecting regional economic inequality today (Darlingwater, 2011; Zymek, 2020).

Compounding these issues is the lack of schemes targeting the most deprived local economies in the UK. In 2009, a period marked by global recession and the arrival of the coalition government, Tunstall (2009) cited the need for public services in neighbourhoods of high need and low private resource, as well as concerns about the potential effects of austerity measures. Tunstall (2009) urged expanded support for the poorest neighbourhoods, suggesting that far from a 'stripping back' model, the most deprived neighbourhoods would need an increase of service provision to prevent them descending further into poverty. Reviews under Labour had also highlighted the risk to specific local economies with post-industrial legacies, specifically the North East coalfields, for the lack of resilience of the economies following de-industrialisation and proposed that intervention should be targeted at those areas in order to mitigate greater economic and social fall out. A 2013 assessment of the extent to which this approach was implemented in the UK revealed major shortcomings in England's anti-poverty strategy, in stark contrast to those of the three devolved nations:

> ***"These differences contrast sharply with England where local government and communities are expected to determine their own regeneration priorities and activities. Moreover, what remains of regeneration policy in England is notable for the absence of a clear focus on addressing the needs of deprived communities. There is no alignment, even implicitly, with anti-poverty strategy. Overall there is a strong sense that policy makers in the three (devolved) countries have retained a focus on prioritising spend and services on meeting the needs of deprived areas, albeit with reduced funding, that is no longer apparent in England" (Crisp, 2013, p.13).***

Despite worsening inequalities over the last decade, specific policies targeting local economies on the basis of combating *deprivation* and addressing highest need remain lacking within the English context. Also striking is the absence of clarification on the principles upon which levelling up will be based and through what infrastructure it will be achieved.

The consistent lack of explicit prioritisation of the most deprived areas within schemes led by central government is important when we consider what the portfolio of funding for local economic development will look like in the future. With the withdrawal of EU structural funds and the impact of the pandemic (IFS, 2020; Centre for Cities, 2020), it is vital that funding is put in place with specific criteria to address the poorest local authorities and support their economic development.

A crucial aspect of both of the EU structural funds was their focus on less-developed regions and 'transition regions', defined as areas where the GDP per person is less than 75% or between 75% and 90% of the EU average, respectively. More developed regions, where the GDP per person is above 90% of the EU average still receive funding at a reduced rate (Ibid, p.14). While prioritising less-developed regions is an important step toward addressing between-place inequality, another issue arises when we examine the sectors for which this investment is reserved. A significant portion of these funds are reserved for specific priority areas, including a) innovation and research; b) the digital agenda; c) support for small and medium-sized enterprises (SMEs); and d) the low-carbon economy. The percentage of funding that must be spent on these priorities varies depending on the type of regional allocation, with more developed regions mandated to spend 80% of their funds on these priorities, transition regions 60%, and less developed regions 50% (Ibid, pp. 14-15).

The question here is whether this kind of one-size-fits-all approach to determining how and where development funding is spent will work for local areas with vastly different needs and priorities. There is a possibility that such spending mandates privilege stronger economies with the existing capacity to make strides in areas such as 'innovation and research' and 'the digital agenda.' There is a distinct possibility that inter- and intra-regional skills disparities will mean that, for example, post-industrial areas are less likely to be able to devise and execute successful digital economy projects compared to urban areas with high concentrations of digital expertise and the resources and institutions to support such projects. The needs of less developed regions may require

focus on very different kinds of priorities--priorities which might be determined by local communities, whose say over these matters are, at present, minimal to nonexistent.

Under the Coalition government there was a clear preference for growth strategies that sought to develop areas by focusing on innovation, creative industry and the private sector (Gov, 2011). This approach persisted despite a significant number of LEPs reporting that they lacked the capacity and resources to meet the Government's expectations about economic development strategies which prioritised these sectors (House of Commons, 2016, p. 6). Despite these reports, the dominance of high-powered innovation and private-led regeneration has continued under the Conservative government's approach to economic development. Given that not all local areas have the institutions (universities, large-scale enterprise) or capital to drive development through innovation or digital sectors, the government's expectations only help to ensure that only those areas with existing skills and capacity continue to receive funding and support.

Because of Brexit, members in the UK are no longer eligible to apply for any of the funds within the ESIF. In 2017, the Conservative Government Manifesto promised to replace the "expensive to administer and poorly targeted" ESIF with the United Kingdom Shared Prosperity Fund, which would be "specifically designed to reduce inequalities between communities...deliver sustainable, inclusive growth... be cheap to administer, low in bureaucracy, and targeted where it is needed most." (Brien 2021, p.9). However, since this statement in 2017, it remains unclear how the Conservative Government plans to accomplish this and the problem of inequality between places in the UK persists.

Trend 2: Economic malaise and stagnation of the most deprived areas

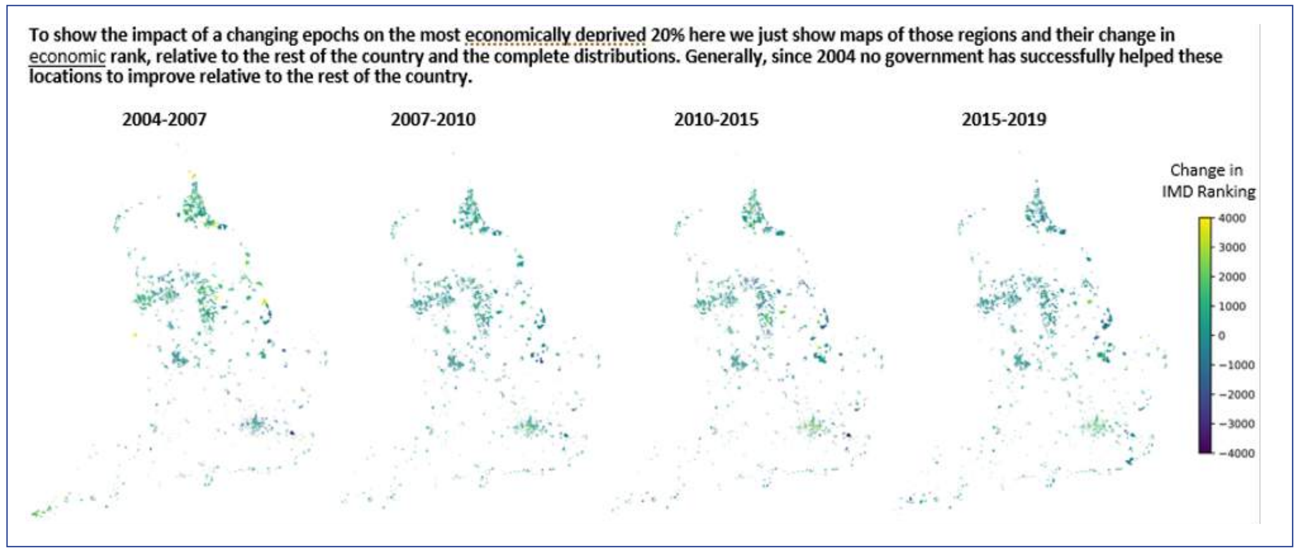


Figure 9: Relative movement of bottom 20% (most deprived) LSOAs in economic ranking across four epochs 2004-2019. The LSOAs highlighted in teal show little to no change in their IMD economic ranking, either positive or negative, within or between the four epochs. Source: Institute for Community Studies, 2021.

The four maps above demonstrate the reality of economic stagnation for the most deprived communities across England. Local communities are measured in units called 'Lower-Layer Super Output Areas' - small areas (neighbourhoods) with populations of around 1,500 residents or about 650 households (MHCLG, 2019, p.5). There are 32,844 LSOAs in England (Ibid).

From 2004 to 2019, the average change in IMD ranking for the bottom 20% most deprived local communities was equal to 0. This constitutes a 'ranking stagnation', where the bottom 20% of LSOAs have, on average, not moved at all relative to the rest of the country's ranking. Even if there has been a level of improvement in absolute terms across all or some of the LSOAs, this means that LSOAs that started the era in the most deprived group are still there now. Geographically, for example, a cluster of LSOAs in the North East have seen no significant movement in their economic ranking in IMD in the last fifteen years and remain in the bottom 20% relative to the rest of the country.

Because IMD is a relative index, this does not necessarily mean there has been no change to *absolute poverty and* or economic inequality. But it is striking that despite considerable investment schemes, structural funds, large scale policy and regeneration initiatives targeted at improving the prosperity of local economies, we have yet to see significant movement out of deprivation for the bottom 20% of local communities (LSOAs) over the last sixteen years. This may be because the rate of improvement in the higher 'tiers' of economic rank makes it harder for LSOAs to 'catch up' in significant or stand out terms. It demonstrates the persistence of economic inequality in England and raises questions of whether maintaining the *status quo* of how economic intervention has been designed, governed and delivered will achieve any principle of levelling up.

In this section of the report, we focus on the LSOAs that are in the most deprived 20% in England (those LSOAs that are ranked from 1 to 6569), in our examination of between-place economic inequalities. For building best practice in policy or investment targeting, one possible approach may be to examine those regions that were previously in the most deprived 20% and managed the greatest improvement from this. While the sparse statistics

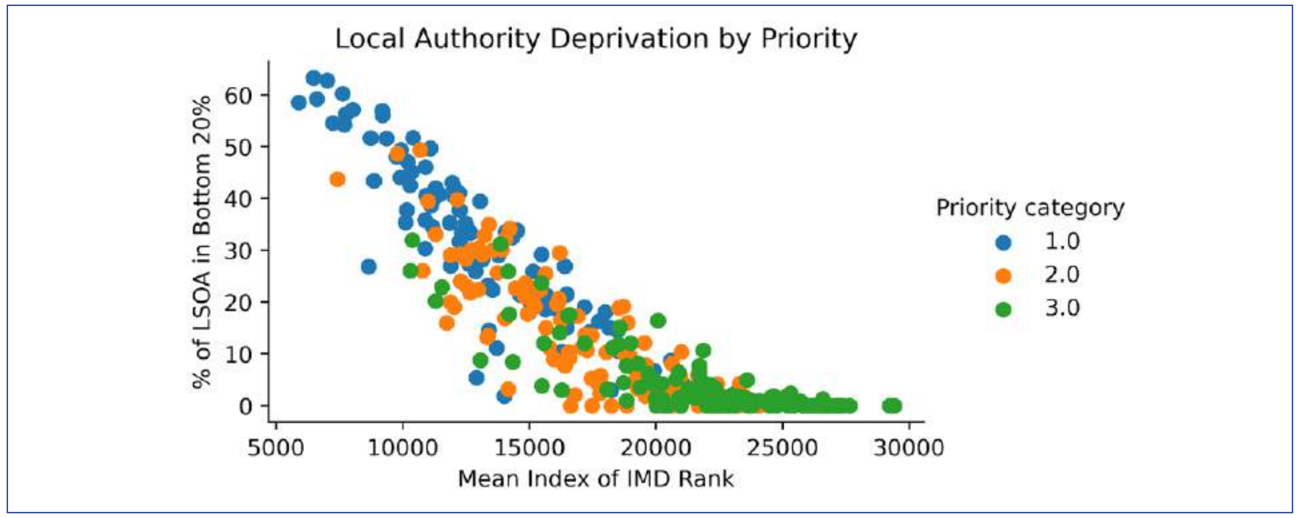


Figure 10: Scatter plot showing the mean IMD ranking for each local authority (LA) in England, plotted against the percentage of LSOAs within that LA that are in the most deprived 20% of England. The top left corner indicates the most deprived LAs. Each LA is colour-coded based on its priority from the recent government levelling up report. Priority 1 is the highest priority for investment and support. Priority 3 the lowest.

involved in single LSOAs can lead to stochastic motion of individual LSOAs, the motion of multiple LSOAs in a geographically connected region (e.g. a local authority) indicates a behaviour worthy of exploration. These Local Authorities that exhibit 'deviant' behaviour are potentially interesting case studies upon which best-practice can be defined.

While we note that across the full population of 32,844 LSOAs, one would expect a mean movement of 0 (since for one region to go up in the rankings another has to move down), the lowest ranked LSOAs should still find it easier to progress up the rankings, even if the mean motion across the whole population is by definition zero.

We aggregate the IMD rankings for all the LSOAs in an LA to explore the deprivation within LAs. To this we use the mean and percentage of LSOAs in a given LA that are in the 20% most deprived LSOAs in England. 0% would indicate that there is not a single LSOA in an LA that is one of the most deprived in England. In contrast, 50% would mean that half the LSOAs in an LA are amongst the most deprived 20% of LSOAs in England (a highly deprived LA). To explore inequality in a given LA, we followed the metrics used by Bradshoor & Bloor (2016): (1) using the standard deviation with each LA and (2) using the number of LSOAs in the lowest 20% to the number of LSOAs in the highest 20%. These two factors account for the spread of equality in the region and the extremes of inequality.

Assessing the Government's levelling up agenda in the context of deprivation and inequality

A timely and pertinent use of this analysis is to examine the government's levelling up agenda[1] in the context of deprivation. Within the agenda, the government categorised LAs under three different priorities (1 being highest priority - most in need of levelling up). Here, we explore how the government's prioritisation compares with the most deprived local authorities in England from the IMD rankings. Whilst there are diverse principles by which levelling up can be driven including *opportunity-based*, *capital* based, and indeed political, this recognises that given the multiple decades of failure to improve the economic ranking of the most deprived local areas, building the economy of the most deprived communities should be the highest priority. Thus, in this section we make recommendations for LA prioritisation on a principle of combating long standing deprivation.

Figure 10 illustrates deprivation across all of the LAs in England, by plotting their mean index of IMD against the percentage of LSOAs within the LA that are classed as the most deprived 20% in England. The most deprived regions are in the top left corner of the figure and the least deprived are in the bottom right.

[1] https://www.gov.uk/government/publications/levelling-up-fund-prospectus

Local Authority (LA)	Mean IMD Ranking of LSOAs in LA	% of LSOAs in Most Deprived 20%	Current Priority
Enfield	12,699	30	2
Hackney	7,421	44	2
Haringey	11,292	33	2
Tower Hamlets	10,369	32	3
Salford	9,776	49	2
Sefton	13,851	31	3
Wirral	13,400	35	2
Barnsley	10,996	39	2
Sheffield	14,222	34	2
Calderdale	12,981	30	2
Kirklees	13,914	30	2
Darlington	14,056	32	2
Halton	10,693	49	2
Bristol, City of	13,542	30	2
Norwich	12,152	40	2
Ipswich	13,232	33	2

Table 2: Shows those local authorities that are highly deprived but not listed as priority 1.

Local Authority (LA)	Mean IMD Ranking of LSOAs in LA	% of LSOAs in Most Deprived 20%	Priority category
Trafford	20,576	9	1
Isles of Scilly	22,165	0	1
Derbyshire Dales	23,093	2	1
High Peak	19,898	7	1
Lewes	19,505	3	1
Forest of Dean	16,773	2	1
East Northamptonshire	21,070	4	1
Richmondshire	22,248	0	1
Mendip	18,237	3	1
Staffordshire Moorlands	20,127	3	1

Table 3: Shows those local authorities that are listed as priority 1, but are not in the most deprived local authorities England.

	Change in Mean IMD Ranking	Increase in % of LSOAs in Most Deprived 20%	Priority
Ashfield	-416	3	2
Ashford	-809	3	2
Bolsover	-307	2	2
Calderdale	-1,087	5	2
Cherwell	-1,381	2	3
Dacorum	-542	2	3
Darlington	-926	8	2
Fylde	-1,048	4	2
Havant	-589	6	2
Kirklees	-628	5	2
Medway	-1,081	3	2
Nuneaton and Bedworth	-340	4	2
Salford	-667	5	2
Sefton	-527	3	3
Wealden	-770	2	2
Wirral	-1312	5	2

Table 4: Local Authorities with the largest increase in deprivation between 2015 and 2019 that are priority 2.

While the priority list for levelling up on the whole categorises the most deprived LAs (top left corner) as priority 1 (blue), there are several LAs within the most deprived quadrant that are priority 2 or 3. Table 2 highlights these.

Similarly, there are priority 1 regions in the least deprived (lower right corner) of the plot. Based on deprivation arguments alone, it is unclear why these would be priority 1 regions for receiving funding. Table 3 shows those that are not deprived but are classed as priority 1.

While considering the current deprivation ranking of a LA, it may also be important to consider their current trajectory and the extent to which they are already improving (i.e. how LSOAs in a given LA performed in the rankings from 2015 to 2019). For example, later analysis within this report will show that Tower Hamlets out-performed every other LA in England for improvement between 2015 and 2019. It may be that they are already levelling up without needing additional support (indeed they are priority 3, probably to reflect this). Importantly, this raises the question of whether there are LAs that became significantly more deprived between 2015 and 2019 and would benefit from additional support that could help to prevent a backwards slide? Table 4 shows those local authorities that are not priority 1 but became significantly more deprived, relative to the rest of England, between 2015 and 2019. Intervening 'level-up' priority status could be critical for these regions.

Based on the analysis of both the most deprived regions and also those regions that have worsened significantly between 2015 to 2019, the following regions match both these criteria (highly deprived and worsening deprivation):

- Calderdale
- Darlington
- Kirklees
- Salford
- Sefton
- Wirral

The inclusion of these areas as priority 1 regions in the levelling up agenda is recommended if levelling up is to be founded, in part if not in full, on a principle of relative improvement and fairer economies for the most deprived areas. Suitably targeted and delivered support could right the absence of this kind of targeted support for the most deprived communities which has been absent in schemes and policies in the last two decades.

Drawing this out of data to what it means for the reality of different parts of the country, analysis by the ICS demonstrates the persistence of deprivation in the same geographic areas *between* epochs across the 15-year period. There is a prevailing swath of deprivation in the North East that persists between epochs, as well as a backward-C cluster of deprivation in the North West and into Yorkshire centering around Manchester that changes little from 2004 to 2019. The maps of persistent economic inequality across the epochs also show that deprived LSOAs trace the English coastline. Across all four epochs but particularly since 2010, there is a trend away from a broader geographical distribution of improvement towards a concentration of improvement that is London-centric.

Of the 1% most improved local authorities (in terms of relative deprivation) across England in each epoch from 2004 to 2019, the overwhelming majority are London based. Table 5 below shows a limited number of outliers but a London centred trend still dominates.

The picture of uneven and London-centred improvement speaks to a number of macro factors that have been highlighted in literature; firstly, London's sheer scale and density of population, business and economic activity. Secondly, the weaknesses of linkages between London and the rest of the economy (McCann, 2016), go only in part to explain why London's success does not flow out to even its closest surrounding regions. Equally, it is worth noting that half of all foreign investment into the UK goes into London and the South East and in 2019, Ernst & Young recorded a decline in

2015 - 2019	
Local Authority	**Number of LSOAs**
Tower Hamlets	11
Camden	5
Newham	4
Islington	4
Lambeth	3
Redbridge	3
Westminster	2
Waltham Forest	2
Southwark	2
Ealing	2
Hammersmith and Fulham	1
Gedling	1
Barnet	1

2010 - 2015	
Local Authority	**Number of LSOAs**
Hackney	11
Newsham	10
Tower Hamlets	4
Gateshead District	3
Haringey	3
Lambeth	3
Islington	2
Greenwich	2
Brent	2
Southwark	2
Bournemouth, Camden, Chorley, Hastings, Lewisham, Liverpool, Newcastle Upon Tyne, Rother, Salford, Tunbridge Wells, Wycombe	1

2007 - 2010	
Local Authority	**Number of LSOAs**
Southwark	6
Barnet	2
Camden, Derby, Doncaster, Easington, Hartlepool, Hounslow, Kensington and Chelsea, Lambeth, Manchester, North Tyneside, Preston, St. Helens, Westminster	1

2004 - 2007	
Local Authority	**Number of LSOAs**
Westminster	7
Nottingham	4
Ashfield	3
Camden	3
Manchester	3
Tower Hamlets	3
Barnsley, Leeds, St Helens, North Tyneside, Hartlepool, Wirral	2
Brighton and Hove, Bristol, Castle Morpeth, Chiltern, Coventry, Doncaster, Gateshead, Haringey, Hounslow, Knowsley, Lambeth, Milton Keynes, Newark & Sherwood, Wigan, Northampton, Redcar & Cleveland, Rotherham, Suffolk Coastal, Wakefield, Wear Valley	1

Table 5: Most improved LSOAs in each epoch in economic and social performance that started in the bottom 20% of deprived areas in 2004, according to a relative metric. Source: Institute for Community Studies, 2021.

investment attractiveness in multiple UK regions due to factors including Brexit, with London, South-East and Northern Ireland the exemptions (EY, 2019). Even accounting for differences in city and industry composition and population density, the differences in investment attractiveness and support for UK regions has a heavy spatial imbalance (IFS, Feb 2021).

These findings align with several of those presented in the IFS 2019 review of inequalities in the twenty-first century (Joyce & Xu, 2019). They found that employment rates in Britain's former industrial towns still lag significantly behind the national average. In addition, they identify several regional inequalities, in particular between London and the North of England. For example, they find that weekly earnings are two-thirds higher in London than in the North East and that children being raised by parents in the bottom third of wage earners in London have a 30% chance of moving into the top third of wage earners as compared to a mere 17% chance in Yorkshire and the Humber and 22% nationally (Ibid, p.12-13).

A 2020 review of geographic inequalities in the UK at the local authority level found:

> ***"LAs covering former industrial towns in the North and Midlands have lower earnings than LAs covering other parts of these regions, and LAs covering coastal towns have lower earnings than other LAs. The latter gap is lower than in the early 2000s, but these types of places have not made up for the declines in their fortunes seen in the last quarter of the 20th century." (Agrawal & Phillips, 2020: 3)***

Through a lens of seeking to reduce the inequality *between* different local areas and in communities across the UK, this analysis presents that what has been done to date has not been effective at achieving this. The London-centric trend of improvement cuts across political administrations and epochs of growth, recession, recovery and austerity. Thus it raises the question of what needs to change in policy and intervention design if the government is to meet its promise to truly 'level up' the economic inequality of the UK. The Institute for Fiscal Studies (IFS) also found that inequality between local authorities (LAs) is even greater than between regions of the UK, particularly within the South and East of England, but still significant between LAs in the North and Midlands (IFS, 2020, p.3).

Despite all of this funding and rhetoric from the EU and Central Government about reducing economic inequalities, the UK remains one of the most spatially unequal of OECD countries (Wong et. al., 2019). While some developments have undoubtedly made an impact on local areas, the fact that billions of pounds annually has been spent in this arena without greater change in spatial inequality prompts a question about what needs to change. While this project has not as yet been able to present an accurate correlation with data on the investment made into different local authority and LSOA areas due to the lack of available and conclusive data at micro level of the distribution of these public funds, we can reasonably say that what has been significant investment into the most deprived areas across the UK has not made a *significant enough* change to the overarching picture of economic inequality between different local communities in the UK.

How can we ensure that such large-scale funding returns economic outcomes that make a difference and that communities can feel? This leads us into our next section in which we discuss the benefits of community-engaged investment.

Chapter 4:

Community power in economic development – a shift from 'doing to' to 'doing with'

The findings of this report can only lead us to challenge the recent history of macro-economic interventions in this country. We conclude that:

- interventions have consistently failed to address the most deprived communities, contributing to a 0% average change in the relative spatial deprivation of the most deprived local authorities areas;
- the majority of 'macro funds' and economic interventions over the last two decades have not involved communities in a meaningful nor sustainable way;
- the focus of interventions to build local economic resilience typically concentrated on a relatively small number of approaches, which risks missing crucial dimensions of local need, opportunity and agency, and reinforcing gaps between the national and the hyper-local;
- interventions have tended to concentrate on 'between-place' spatial disparities in economic growth at the expense of 'within-place' inequalities that exist inside local authority boundaries, which is where the economic strength or weakness of a place is most keenly felt by communities.
- where funds and interventions have had higher levels of community involvement, these have typically been disconnected from the structures where decisions are taken, undermining their aim of building community power into local economic solutions.

This cycle of repeated failure is echoed in a recent review of central government policymaking by the Institute for Government (Norris and Adam, 2017), which touches on some of these points in its analysis of regional government and industrial policy over a similar time period. Yet despite these pessimistic conclusions, Norris and Adam offer at least one suggestion to break the cycle and that is *"the commitment to devolving power itself"* which appears to endure across different political administrations.

In this final chapter we build on this insight and explore ways to push the devolutionary instinct beyond regional and local government and into communities themselves. The tone is deliberately speculative, reflecting the lack of a tradition in this country of genuine co-creation and community engagement in local public service delivery. Drawing on learnings from the interventions and organisation of local economic development explored in previous chapters and recent lessons from the pandemic about the propensity for mutual aid, alongside some of the radical innovations developed by place-based funders over recent years, we trace out the shape of a new approach to macroeconomic intervention based on recognition of the importance of centering community involvement and capabilities within levelling up mechanisms and around the largely untapped potential of community power.

A commitment to shared strengths at the core of levelling up

This report has addressed trends and findings across all local communities in England, but our principal focus is how the levelling up agenda can actually achieve stronger economic and social outcomes for those places which have been persistently left behind.

In this we draw on analysis of the evidence reviewed in this report and the voice and priorities of communities, outlined in Chapter 1, to make recommendations for a better approach to delivering the levelling up fund that can have economic, social and civic advantages to local communities.

The current government's strategy for economic recovery and development states:

> ***"Our most important mission is to unite and level up the country: tackling geographic disparities; supporting struggling towns to regenerate; ensuring every region and nation of the UK has at least one globally competitive city; and above all, strengthening the Union".***
> ***(HMG March 2021)***

It is important to note as a result that this report does not argue against the investment in economic models focused on driving new industrial strengths through infrastructure, skills, research and development and innovation (HMG, 3rd March 2021) – the core of the government's Build Back Better Strategy. These are all needed. This report instead asks how these approaches will be embedded sustainably in local areas and what model for place-sensitive working the government envisages will achieve this.

As the evidence has shown, economic policy where the largest proportion for investment is concentrated in 'macro' projects or 'high powered' sectors and economic drivers, such as innovation, does not create the conditions for greater spatial equality. The three pillars of Build Back Better have strong resemblance to the last twenty years of economic regeneration policy in England whilst the priorities for levelling up lack models and mechanisms to bridge the gap between macro-economic drivers and the conditions for growth in local places. The evidence suggests that the widening gap in economic equality statistically and the persistency of deprivation for the same places over twenty years, relative to the rest of the country, will not be solved by the current strategy unless greater (local and multi-level) attention to strategy development and structure; policy emphasis, and resourcing - is concentrated into the funds aimed at levelling up.

> ***"You've got to have the job opportunities to keep young people here. Like to me, most people will come here to retire, they have families. I worked in Bournemouth but it was so expensive to get to, and then I don't want to move to live in Bournemouth. I'm just curious how can investment can really drive things like creating jobs down here instead, as with jobs come self-respect and with self-respect, comes all those other little things."***
> ***(Male, 54, coastal town, South West)***

The current strategy that envisages regional growth through a trickle down from one globally competitive city at the heart of each region (March 2021, p.9) risks elevating, not mitigating, within-place inequality. The potential for developing strong economies with in towns, suburban and rural areas and even second cities risks being offset and disadvantaged by policies which privilege the largest city, principally because it has the greatest readiness and adaptive capacity to draw on the levers within these funds. This is particularly relevant to the aim expressed by the government to grow strong and diverse job markets across the whole United Kingdom which provide access to services and jobs needed to thrive and provide skills and opportunities to participate in the economy wherever they live and whatever their stage of life (HMG, March 2021, p.7), given that the hyper-development of one city within a region is likely to concentrate inbound investment and job creation within that city, thus meaning that far from a good job being available closer

to home or wherever they live, communities will have to commute or travel to access fair or any employment. This is an area where the current expression and organisation of the levelling up agenda is in tension with itself and furthermore where the change in working conditions and aspirations brought about by the pandemic makes flexible and local access to employment increasingly important to ordinary people and to places' resilience.

Learning from the experience of the last twenty years of economic intervention, the current expression of the levelling up agenda could be seen to risk politically driven isomorphism (Dimaggio and Powell, 1983) which in the context of the current conditions for national economic development could been described as 'South-washing'. This is where national policy requires cities and towns across the UK to restructure their approach and to align their vision for growth with central government – Westminster – priorities in order to access funding and levers for growth, rather than facilitating and empowering an engaged process led with local stakeholders and communities, which could produce a locally-owned and locally resonant vision that still accessed the levers for growth.

"How can we ensure that Bristol continues to be a nice place to live and doesn't just turn into a mini version of London?"
(Female, 56, urban, South West)

In considering how the levelling up agenda can address the most deprived communities and non-urban places in particular, the second question to government is what else needs to be done and what specific support over what time is needed to create the generational shift described in the 2070 Commission (Kerslake, 2020) and ensure better economic and social outcomes are achieved in the towns, neighbourhoods and rural areas that have been consistently overlooked and persistently trapped in cycles of decline or short term development.

The emphasis for achieving this within the levelling up agenda has been placed on the reinvigorated Towns Fund, the High Street Fund, the Community Renewal Fund and the Community Ownership Fund (HMG, May 2021). Yet separating out the strategies and funding for what have consistently been seen as 'community' dimensions of the economy by governments such as high streets and local sectors (Fremeaux, 2005) from the core pillars of growth (HMG, March 2021) is a significant risk to achieving the commitment to level up the many deprived parts of England.

Firstly, it puts the funds where communities have most opportunities to be involved at a distance from the centralised economic strategy. Secondly, it suggests an disconnection between industry, sector and place – between the engines of prosperity that the UK is seeking to be known for and the identity and opportunity of its local communities - that is artificial, and negates the post-industrial legacies, historic identities and considerable assets of those local communities. Thirdly, the overlapping remit and in certain cases, fluid and blurred organising structures behind the different community focused funds raises a risk of contestation and competing agendas in what is prioritised and delivered at local level, which as this report has shown, there is a lack of capacity on the part of those leading and governing them to resolve meaningfully rather than superficially.

This is all before we consider the significantly higher proportions of funding going to macro, national economic growth as opposed to local community focused interventions (billions as opposed to millions) – and ask whether this is enough to achieve economic development at the scale needed to close the gap between the most deprived communities and the more affluent and prosperous.

Our review of considerable evidence of the organisation of funds in the last two decades and the vast volume of case studies charting their impact on local people and places corroborates the astute analysis that 'political commitments to community engagement are always mediated through existing institutional arrangements' (Bailey, 2005, p.39). As evaluation of even the most radical mechanisms shows, this means that local priorities and meaningful involvement of local people is all too often 'left on the to-do list' when it comes to regeneration and shaping economic and social priorities (University of Warwick, 2004).

To ensure the considerable funding commitment under levelling up can achieve the scaled impact needed to address spatial inequality and create fair opportunity, a new governance arrangement and institutional structure is needed. This needs to be positioned at the heart of governance and decision-making for the Levelling Up Fund and needs to coordinate the different funding schemes – Community Renewal, Community Ownership, Towns Fund and so forth - against a central set of shared goals that are jointly determined through inclusive membership of multi-sectoral stakeholders and effective community involvement, and with consideration for achieving diversification, competitiveness, sustainability and resilience across all places in the UK..

The coordinated distribution of funds flowing into a place should reflect local, regional and national priorities for what levelling up represents, so that funds are not be restricted to work as isolated interventions where their impact on local places - as well as their influence on central and regional governance - risks being siloed. The experience of economic intervention into communities under the Coalition government demonstrates this risk and its impacts in particular.

In working with the most deprived places in the country, interventions for economic and social development need to recognise the implications of persistent decline and disadvantage on the readiness of an area to adopt and adapt to new industrial, sector and economy opportunities. A full appraisal of what can be seen as place vulnerabilities – the local dimension of the socio-economic vulnerabilities of economies, sectors and markets in the UK that have been highlighted by the Covid-19 pandemic (Grant Thornton, 2020) needs to be conducted and a transition programme put in place and resourced to recognise the additional support needed in capacity building and development of community capabilities.

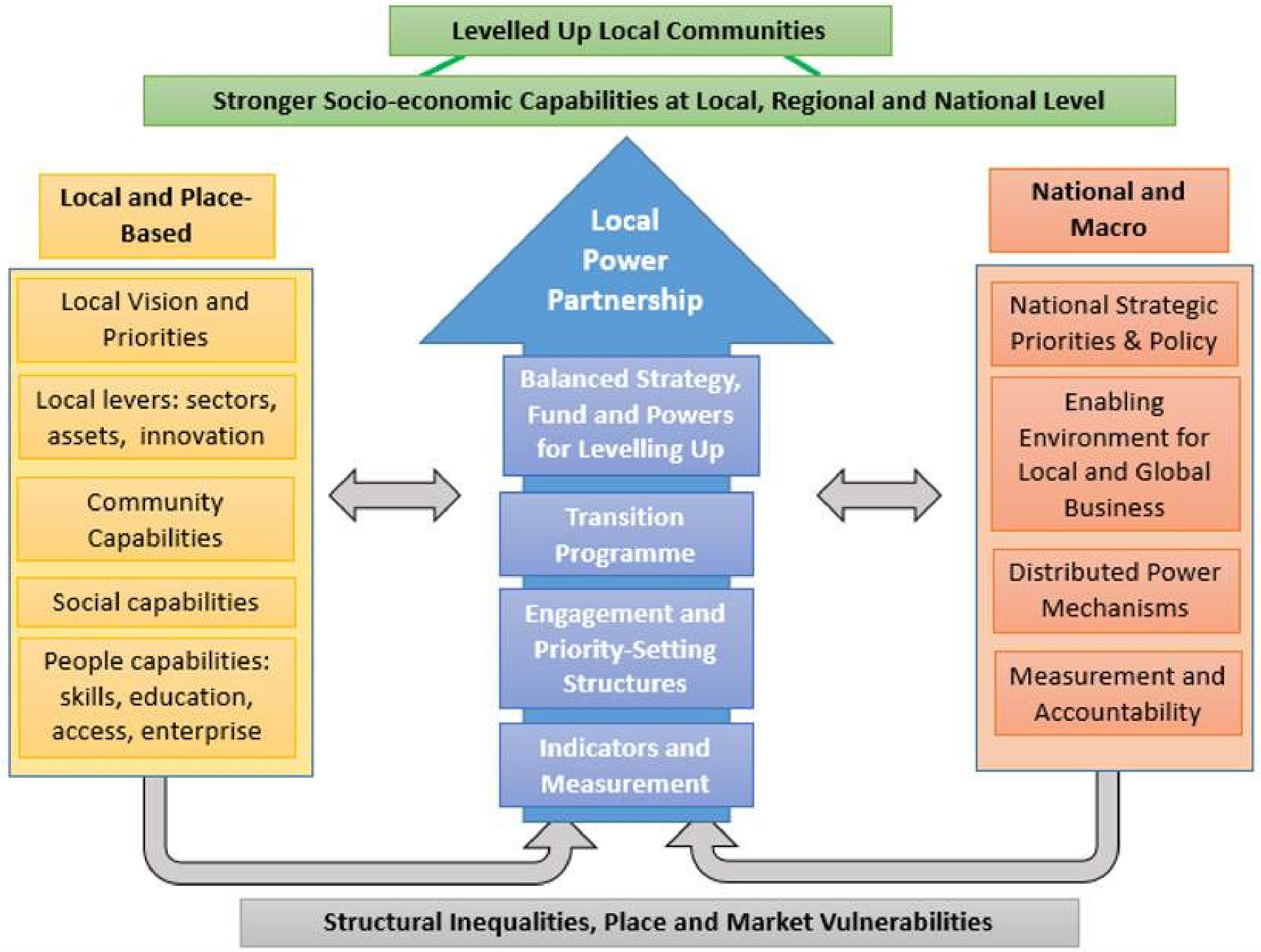


Figure 11: A locally engaged approach to levelling up. Source: Institute for Community Studies, 2021.

Rather than silo community involvement and power into specific funds for regeneration of small parts of the local economy, there needs to be a more balanced distribution mechanism to support persistently deprived and failed communities to level up and to prevent others at risk of levelling down - with one central coordinating body administering streams of funding that lever both national sector opportunities into places and lever local strengths from places to enable a balanced local economic model. This is essentially about valuing and resourcing local economic opportunities and locally driven innovation and sectors in the same space as national drivers and macro industrial opportunities for change.

Finally, that coordinating body needs to have a structured, consistent and accountable model of community involvement that engages and reconciles both local and national priorities for economic development, and is empowered to make decisions over the streaming of resource to convert these priorities into action.

A capabilities approach (Sen, 1999) to levelling up local places is a valuable lens through this to think about what a more effective model for working between the local, regional and national level would look like.

In working with the most deprived places in the country, interventions for economic and social development need to recognise the implications of persistent decline and disadvantage on the readiness of an area to adopt and adapt to new industrial, sector and enterprise opportunities and to embed new employers, high streets or economic identities. These can be categorised as vulnerabilities (Brown et al, 2017)- understood as place, structural and social relations factors that enable people to cope and thrive – thus becoming capabilities - or not, in the face of changing macro-economic conditions. It is useful to consider the framing of place capabilities for economic transformation in identifying what dimensions of local places need to change to create more functioning capabilities within a place (Emmel, 2017) and how national regeneration strategies and furthermore the new governance arrangements need to recognise, resource and prioritise acting on these to support the most deprived communities.

This is not a new idea, but a local translation of the large scale studies and factor analysis of what national and macro economic capabilities are within economic development, which have found capabilities such as the political system; distributed power relations; degree of openness (of the business environment) and organization of leadership to be key (Fagerberg & Srholec, 2008). Our recommendation is the proposed list of capabilities for economic growth needs rebalancing to include devolved, regional and local capabilities and factors. A comprehensive and comparative research study conducted with local stakeholders and communities across all neighbourhoods, including the most deprived, which could identify the full spectrum of place vulnerabilities and capabilities that need to be monitored and acted upon in order to create stronger conditions for levelling up, would be a valuable undertaking.

Place-based economic development entails understanding, connecting to and working with the people, place, relationships and power dimensions of local areas to build capabilities at multiple levels within local places. In the context of public policy for economic development, a capabilities approach can be described as:

"The ability and freedom of (local) people to realise public development projects – alongside an obligation and commitment by civic administrations and public policies to promote and support this capability". (Dong, 2008, p.76)

The model we propose for a maximized role for local communities in levelling up (see Figure 11) suggests how a capabilities approach to local economic development and greater spatial equality can be operationalized in practice. This requires acting to build people (or human) capabilities; social capabilities and community capabilities within a strategy that takes into account local assets and strengths; and balances local priorities and power with national drivers and direction. A brief account of how these dimensions interact at the local level and why they must all be included within a local strategy for levelling up to avoid more, not less, spatial inequality, is below.

According to a cross-comparative cohort study for the World Bank (Ali et al, 2018), human capabilities for economic growth must be met with social capabilities such as the role of strong institutions, legal frameworks, open conditions for trade and enterprise, in order to have a positive impact on economic growth, and vice-versa (Fagerberg & Srholec, 2017). The focus on social capabilities such as strong institutions or positive market conditions in local economic development is essential, so that once greater 'people' capability has been empowered (one example could be building the 'supply side' for employment markets through skills programmes, enterprise or access to work, for example) this is then supported and connected to a) a fair legal system and b) a 'demand side' economic market (employment, business and enterprise opportunities, and furthermore - local access to these).

However successive research has also indicated that these factors alone however do not necessarily result in an inclusive relationship between people, places and growth. Focusing solely on the resourcing of social capabilities tends to overprivileged communities with existing strong institutions; economic opportunities or robust or growing market models – which does not tend to include the most deprived communities.

One response to this is to develop social capabilities in these communities. But for new institutions, infrastructure or other social capabilities to be built, sustained and embedded as a lever for growth, they require skills, knowledge, resource and most importantly resonance with and adoption by the community. The building of social capabilities such as new institutional or agency models for growth often succeeds or fails on the strength of the relations with existent and diverse structures in the community. Addressing deprivation and marginalization of different groups within local communities depends on how inclusively the community can operate and organise in membership and interaction with those agencies and institutions responsible for economic development - else the cycle of who gains and who is left behind will persist or only slowly and moderately shift, if at all.

We thus suggest as demonstrated within the model proposed above, that the system for local economic development must be also focus on strengthening and explicitly connecting to community capabilities, in order to support the most deprived communities. The dimensions of community capability include but are not limited to:

- relationships, including strong and inclusive horizontal and vertical networks
- engagement infrastructure to manage contestation and allocate action
- local assets, natural and place-based resources, community wealth
- community power
- local and regional hubs for the growth and nurturing of new sectors
- digital connectivity and support for digital inclusion
- a system of measurement of economic development that takes in social outcomes as well as economic, monitors vulnerabilities and measures the strength of capabilities.

These capabilities exist already in diverse forms in all communities with varying strengths, but they need to be specifically recognised and supported in the economic model around levelling up. The following sections provide specific examples of building community capabilities for place-sensitive working which has built community capabilities towards local economic transformation.

Lessons from the pandemic: local strength resides in communities

When it comes to voluntary action during the Covid-19 pandemic, there is a sharp contrast between the centralised, one-size-fits-all 'NHS Volunteer Responders' scheme launched by the Secretary of State for Health and Social Care last year and the 4,000+ mutual aid groups that appeared to blossom and spread undirected across the country. However, it would be a mistake to conclude that efforts of local communities were entirely spontaneous, with strong evidence of the critical linking role played by local councils.

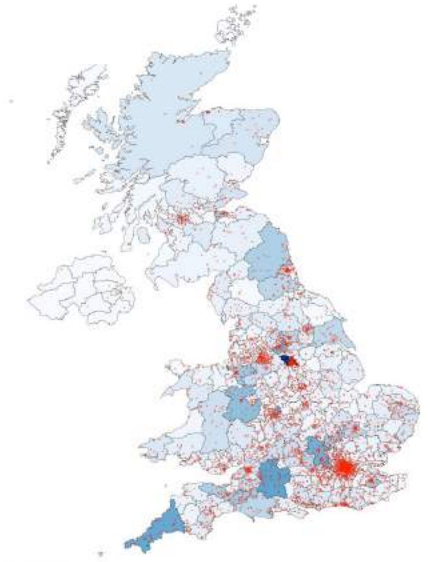


Figure 12: Distribution of UK Covid-19 mutual aid groups
Source: https://github.com/Covid-Mutual-Aid/mutual-aid-wiki

Closer analysis of the geographical distribution of mutual aid groups across England (see Appendix 3) reveals reasonably strong correlations with both the amount of Covid-19 emergency grant funding awarded (0.51) and with the number of community assets in the local area (0.45). Regression analysis implies these relationships are independent of each other. However, while the direction of the first relationship is debatable (Did more mutual aid groups result in more grants? Or did more grant awards stimulate the establishment of more groups?), the direction of the second is more straightforward: mutual aid groups were significantly more likely to be found in areas with more community assets.

This is an important finding. Research by the Ministry of Housing, Communities and Local Government (Archer et al., 2019) finds that the estimated 6,325 assets in community ownership in England generate:

- £217 million worth of net additional Gross Value Added (GVA) to the economy;
- £148 million per annum additional expenditure into local communities;
- 7,000 net additional full time equivalent jobs, providing £16 million in fiscal benefit savings per annum; and
- 151,000 net additional volunteer hours per week, the wellbeing benefit of which is equivalent to £132 million in additional income for those taking up the volunteer roles.

More importantly, these assets provide a physical space within which the local community can mobilise. While the huge outpouring of community spirit seen during the pandemic is unlikely to continue in the medium term, the power of these mutual aid groups working alongside local authorities offers a glimpse into a different world of community organisation – one in which local charities are not relegated to the role of contractual service providers and local people are not seen as passive subjects for consultation.

Exploiting this opportunity suggests the need for a renewed effort to transfer more land and property into community hands. In particular, Archer et al. (2019) report that, while there has been a marked increase in community asset ownership over the last decade, these assets are not evenly distributed across England, with the highest numbers in less deprived, rural local authorities. The most deprived 30% of neighbourhoods contain just 18% of assets in community ownership. Ensuring a more equitable distribution of asset ownership should be an explicit objective of the government's new £150 million Community Ownership Fund.

Learning from place-based funders

Community assets by definition form a key element of the social infrastructure in a place. However, they also provide a physical resource around which the community can mobilise, build a sense of shared identity and most importantly raise revenue. And even though they typically operate at a hyper-local scale, this is often enough to ensure genuine community participation in much larger physical regeneration projects.

In this section we consider three examples where Lottery-based funders have supported local communities in different ways. Described variously as 'community power' or 'community wealth building', what they have in common is an approach where provision of the right kind of infrastructural support appears to create a positive sense of agency and entrepreneurialism. The first example of this is Bramley Baths, where a public sector liability was transformed into a community asset.

Exhibit A: Sport and Leisure Regeneration

Bramley Baths in Leeds is a Grade II listed Edwardian swimming pool, with Russian steam room, built in 1904 and run for many years by Leeds City Council. In 2011, the council announced its decision to cut the opening hours significantly and potentially to close the facility entirely, citing significant annual losses. The local community, horrified at the threat to a much-loved local treasure, stepped up and offered to take over the running of the baths. After two years' negotiations, the council transferred the asset into community hands without the pool having to close for a single day. It has been running at full capacity ever since and making regular, albeit modest, annual surpluses.

Their success in part lay with the employment of a series of professional managers with strong commercial experience, and greater use of volunteers helped to keep costs down, but what it really came down to was a new entrepreneurial spirit. They introduced a Swim-Along-Cinema (watch Jaws while you swim!), they put an orchestra on a pontoon in the middle of the pool for some light entertainment, they arranged photo shoots with the local arts college. Anything to increase footfall and monetise it. Not in an exploitative way – this is not a particularly affluent area – but creating a buzz and sense of being a place to go.

However there is more to the story than financial success. Using a combination of propensity score matching and difference-in-differences modelling, Crawshaw et al. (2020) were able to measure corresponding changes in social performance at Bramley Baths. The technique is statistically sophisticated but straightforward to explain. Crawshaw et al. ran hyper-local boosters of the Community Life Survey (the Government's standard tool for measuring social action, community engagement, cohesion and wellbeing), drawing a sample of around 300 responses from the 1,000 or so households directly around the Baths.

Using propensity score matching, the researchers were able to create a synthetic counterfactual from the national Community Life Survey dataset, matching Bramley Baths against six socio-demographic dimensions (including deprivation, age, ethnicity and accommodation type). This allowed them to determine whether the households around Bramley Baths were better or worse than might be expected. By repeating the process again two years later, the researchers were able to build a difference-in-differences model to see whether the neighbourhood had improved or deteriorated more than expected. Their conclusion was that *"the Bramley Baths community business has had a positive impact on self-reported health; personal wellbeing; satisfaction with the local area; a sense of belonging within their neighbourhood and levels of civic engagement."*

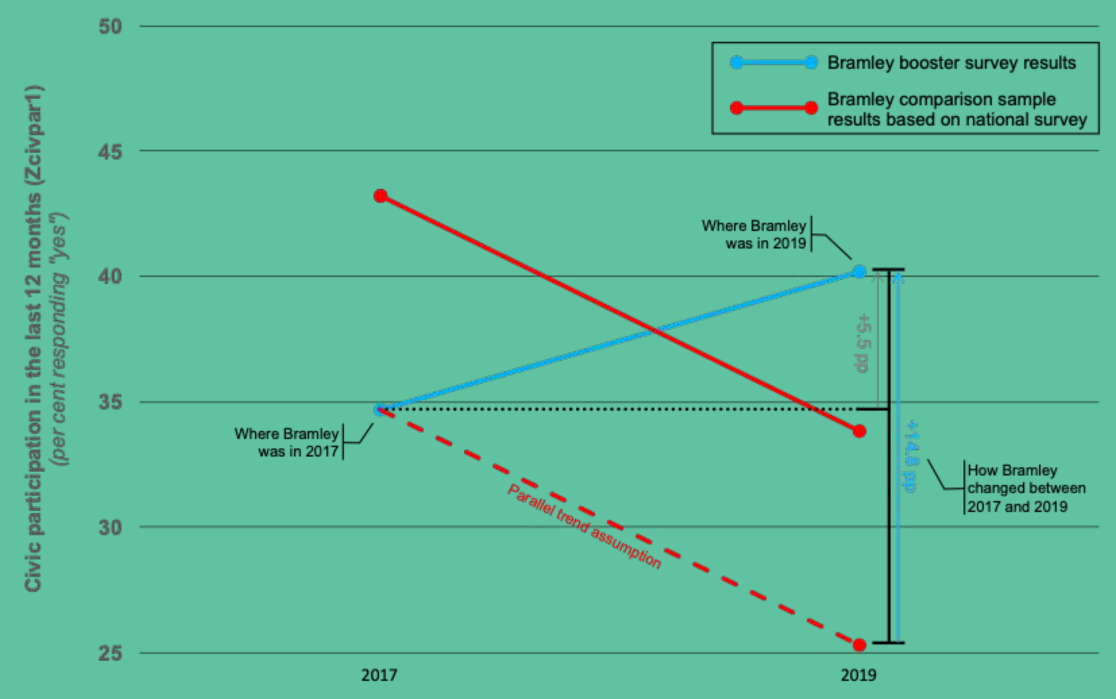


Figure 13: The change in civic participation around the Bramley Baths community business

What makes the Bramley Baths case study interesting is the use of robust social outcome measurement. Most evaluations of hyper-local, neighbourhood-level interventions either fail to use standard instruments such as the Community Life Survey or limit their measurement to simple before-and-after analyses without proper counterfactuals. The case of Bramley Baths shows that it is possible to measure financial success and social progress on an equal footing.

Exhibit B: Heritage Regeneration

In a case study of four seaside piers Chapman (2015) identifies a number of critical factors essential for successful regeneration. Alongside the need for a clear strategic plan and a range of funding opportunities, she highlights the importance of community involvement in planning, funding and leading the regeneration efforts: *"The pier should be viewed as a community asset, as without the engagement and involvement of local residents piers become highly seasonal tourist attractions, and as such are unsustainable."*

One regeneration project in Penarth on the South Wales coast came up with a membership model as a way to generate community buy-in and ensure sustainability. The pier is supported by over 700 local residents who have purchased memberships and staffed by 100 volunteers from the community. As a result, the pier is valued as a community asset over which residents feel a real sense of both ownership and long-term stewardship. It hosts exhibitions, workshops and educational events for various community groups throughout the year and has generated significant social value for the community since the completion of the redevelopment.

The redevelopment of the Hastings pier was undoubtedly the most ambitious and innovative of the four case studies reviewed. Local residents formed a Community Benefit Society (a type of co-operative overseen by the Financial Conduct Authority) which allowed them to offer individuals the chance to buy £100 'community shares' in the pier's redevelopment. While this approach only raised £590,000 (compared for example to the £14 million awarded by the Heritage Lottery Fund), it turned over 3,000 members of the community into shareholders and gave them a direct stake in the ownership and success of the pier. As a result, Hastings pier was commonly referred to as 'The People's Pier' and was seen less as a conservation project and more as a "multi-functional event space" for the benefit of the local community. In 2017 it won RIBA Stirling Prize for architecture.

In all four of the projects reviewed, community-led regeneration followed previous unsuccessful attempts that did not meaningfully involve communities, supporting positive community outcomes that generally outlasted prior attempts which were well-funded but neglected the communities they were meant to benefit. Chapman's conclusion is that community involvement is a key success factor: *"[T]here should be some form of community engagement with the pier's rehabilitation. This can range from outright community ownership through to employment opportunities. The pier should be viewed as a community asset, as without the engagement and involvement of local residents piers become highly seasonal tourist attractions, and as such are unsustainable."*

It is important to recognise that community engagement does not guarantee long-term success. This is most obvious in the case of Hastings Pier which went into administration two years after reopening and was sold to a private buyer for just £60,000. Assets in community ownership are often there precisely because the public sector or private sector has been unable to make a success of them and it is only the voluntary involvement of the local community that makes them viable. Following the sale of Hastings Pier, the Protecting Community Assets Inquiry (2019) made a number of recommendations to reduce the likelihood of future failures:

1. A Register of Community Assets, including the people from within the community with an interest in the assets.
2. Principles for Funding Community Assets, which funders can adopt.
3. Principles for Community Asset Administration, for insolvency practitioners – and including a possible distinct process for the administration of a community asset.
4. A Community Asset Protector, which represents the community interest in sales and insolvency.
5. A Community Asset Rescue Fund, to temporarily buy out assets in difficulty and secure their future.
6. A Community Assets Academy to research, disseminate learning and support activity across all of the above.

The third example of community-led regeneration comes from Big Local, an innovative programme led by Local Trust supporting 150 deprived neighbourhoods across England with a grant of £1 million each over the course of 10-15 years (Local Trust, 2019). Now reaching its halfway point, the programme has provided a myriad of lessons in community-led economic development.

"In contrast to conventional top-down, time-limited, project-led funding, the funding awarded to each Big Local area was provided on the basis that it could be spent over 10-15 years at the communities' own chosen pace and according to their own plans and priorities." (Local Trust, 2017, p.2)

The driving principle behind the Big Local programme is the idea that – with light-touch support on the ground from Local Trust – communities will know how best to prioritise spending. The model is intended to give communities a sense of ownership that is integral to the long-term success of the initiatives they decide to fund. Critically, the funding model developed by Local Trust is non-prescriptive, "enabling residents to spend money on their own terms and in their own time, on the projects they judge to be most important to them" (Local Trust, 2019: 4).

Exhibit C: Estates Regeneration

The Firs and Bromford housing estates, located to the east of Birmingham city centre, have faced a number of regeneration challenges over the years. These include the environmental complexities posed by the vulnerability of the area to flooding and a series of failed redevelopment plans in which promises to rebuild the estates made by the city council and the Birmingham Municipal Housing Trust fell through. The estates are marked by deprivation, unemployment and lack of social cohesion linked, in part, to the neglect of the physical space and the unsuitable living conditions residents are forced to endure.

The Firs and Bromford Neighbours Together group, formed in 2011, aimed to tackle negative perceptions linked to the estates and began to engage residents in community-building events, developing a plan for an 'urban village' "where improved facilities and spaces will complement and sustain their current community development efforts" (Nicol & Raven, 2019: 6). To achieve this vision, the group has moved to become a constituted organisation – a land trust underpinned by a Community Benefit Society – which would allow them to raise equity through a community shares issue. This model was seen as preferable to forming a parish council and imposing a 'precept' on local Council Tax bills.

While still only at the halfway point, it is clear this community-first approach to the redevelopment is already showing promise where past plans have failed. What the Firs and Bromford group were able to recognise was that community-building and social cohesion are necessary precursors to any successful redevelopment. Through its work, the group has sought to build a vision for the redevelopment that comes directly from current residents, in stark contrast to the "rather cursory public consultation" approach adopted by the council (Nicol & Raven, 2019: 5).

Conclusions and Recommendations

Tapping into community power: A better way to level up?

The 2019 Conservative Party manifesto pledged to level up "every part of the UK – not just investing in our great towns and cities, as well as rural and coastal areas, but giving them far more control of how that investment is made" (Conservative Party, 2019). This political commitment to ongoing devolution echoes the earlier finding of Norris and Adam (2017). However, what this report has shown is that – unless that commitment goes beyond local authorities and into communities themselves – the prospects for genuine regeneration remain bleak.

The importance of engaging community leadership and integrating community voice into the government's new funding programmes cannot be overstated. What is needed is an approach to local economic development that is co-created "by people within the community who have the power to make key economic decisions based on local knowledge and local action, with the aim of creating economic opportunities and better social conditions locally… [A process in which] the community participates... as strategisers, owners, investors, purchasers and networkers." (Morris et al., 2013: 60)

However, the implications of this chapter push things further. While many commentators already acknowledge the need for better community engagement, at least in principle, the examples given above point toward an equally important role for community ownership. If communities have a personal stake in the development of their local areas, they are more likely to feel a personal responsibility for securing positive outcomes.

Achieving this will not be straightforward. Previous, less ambitious attempts to build community voice into strategic decision making – notably through LSPs under New Labour (see Chapter 1) – proved challenging. If anything, the local landscape has become even more complex since then with the introduction of LEPs and Combined Authorities. Similarly, efforts to change behaviours over the years through the use of statutory duties (including the Duty to Involve, the Duty to Consult and the various community rights introduced in the Localism Act 2011) have arguably been tested to destruction.

Perhaps, instead of designing more top-down, one-size-fits-all structural and legislative solutions for local communities to comply with, the Government might instead place a requirement on itself to actively seek out and take account of the views of those communities? Reversing the burden of obligation in this way would be fully consistent with its own ambitions, as set out in its 2019 Integrated Communities Action Plan:

> ***"We will work to create socially and economically stronger, more confident and integrated communities, where people have a real say over the decisions that matter most to them in their local area, including how neighbourhood services are provided and facilities are used. We will ensure that community voices are heard, valued and produce change so that no community is left behind and that we strengthen work to enable people to recognise and value the common themes that bind places and people together, promote opportunity and celebrate the great neighbourhoods we live and work in." (HM Government, 2019)***

With more than £5 billion earmarked for levelling up by the Chancellor in his 2021 Budget, what is needed is an effective 'upward transmission mechanism' that draws the views of local communities directly into the decision-making centres where these funds are designed, distributed and evaluated. This could be achieved through:

1. **The creation of a new 'Levelling Up Commission', co-chaired by the Secretary of State for Housing, Communities and Local Government and the Secretary of State for Business, Enterprise and Industrial Strategy (and attended by the Prime Minister's adviser on levelling up), with strategic oversight of all levelling up funding and a specific mandate to transform the economies of the most deprived 20% of places in England.**

   Over the lifetime of the levelling up funds, the Commission would have a duty to report annually on how it had engaged local communities in priority setting and the expected cumulative impact on left behind places. In carrying out this duty, the Commission would be required to assess local and hyper-local social progress using a robust statistical methodology and to report social and economic growth on an equal footing.

At the other end of the transmission mechanism, the Government should look to upper-tier local authorities, in collaboration with the Local Government Association, to channel the voice of local communities. This could be achieved through:

2. **Expanding the remit of LSPs where these still exist, and creating new local partnerships where they don't, to advise the Levelling Up Commission about the best way to design and distribute funding streams to benefit local left behind areas, and to provide real time feedback on the success or otherwise of government intervention. Levelling up funds would be prioritised toward those local authority areas that choose to participate.**

   These new partnerships should be modelled on the 'power partnerships' proposed by former LGA President, Lord Kerslake, in his 2018 Commission on the Future of Localism. In particular, recognising that regeneration is about more than national funding programmes, these partnerships should also have a remit to advise councils about local economic and spatial planning issues, including for example the agreement of local design codes.

The final piece of the jigsaw is building the strength of local communities themselves to better engage in the levelling up process. We have already seen that areas with more community-owned assets were more likely to form mutual aid groups during the pandemic. And while the community group running Bramley Baths arguably did nothing the council itself could not have done, it is reasonable to claim that their local roots and love of place drove an entrepreneurialism that was previously lacking.

It is important to emphasise that asset ownership is not a panacea and may not be appropriate, or even desirable, in every community. Traditional forms of voluntary action and community involvement remain relevant and should continue to form core elements of the newly invigorated LSPs. Nevertheless, there is sufficient evidence to suggest that having a real stake in your community can be a catalyst for deeper and more sustainable civic participation. With this in mind, the Government should take action to support these key components of the country's social infrastructure. This could be achieved through:

3. **Ensuring that a more equitable distribution of asset ownership is an explicit objective of the £150 million Community Ownership Fund and building opportunities for greater community asset transfer into other levelling up programmes.**

   Working with the National Lottery Community Fund, Heritage Fund and other place-based funders to advance the recommendations of the Protecting Community Assets Inquiry and put in place better support for sustainable community asset management.

Appendix 1:

Typology of Community Involvement

Kerry McCarthy with Emily Morrison, for the Institute for Community Studies, 2020

Purpose of the ICS Typology of Community Involvement

- To use as part of the ICS review process to identify the type of community involvement taking place in policymaking, interventions, practice or research about a given topic or agenda.
- To help those who want to start or develop their work with communities, by showing the range of methods, and depths of involvement that exist and the principles that should guide the ethics, meaningfulness, purpose and efficacy of their involvement.
- To emphasis how community involvement is about more that opportunity to get involved, it is also about opportunity to exercise control, take responsibility and build sustainable capacity.

Methodology

The typology was built through an evidence review of sources about different types of community involvement: these included evidence, evaluations and reports detailing how community involvement has been structured in different research, policy, intervention and service design contexts, and to what purpose, outcomes and effect.

Identified Community Involvement Methods

1. Legal compliance
2. Information-based public compliance
3. Consultation (polls and surveys)
4. Focus groups (traditional)
5. Citizen Panels
6. Creative methods
7. Planning for Real
8. Asset mapping
9. Appreciative Inquiry
10. Hackathons
11. Participatory research
12. Citizen science
13. Deliberative democracy (i.e citizen assemblies)
14. Co-production
15. Priority-setting in partnership
16. Co-commissioning (research or services)
17. Deliberative Democratic Evaluation
18. Peer Research
19. Co-governance
20. Community asset development
21. Community ownership
22. Community-led business, services or Councils

The systematic review identified two leading types of information discussed in sources:

- Descriptions of specific community involvement methodologies (i.e. co-production, citizen assemblies, surveys, community led action research, peer research) AND
- Descriptions of different principles or ways of working that are important for community involvement, regardless of the specific method used.

A conceptual mapping then followed of the criteria employed in different forms of participatory approaches; with a review of the evidence of their implementation, effect on the communities involved; and impact on the issue in question.

A set of principles governing the involvement of communities was synthesised from this process, against which each method for involving communities was assessed on a scale of 'weak' adherence to 'strong' adherence to the principles, using a score out of ten against each principle where '1' equals weak and '10' equals strong. Principle 1 has sub-categories which add up to 100% due to the evidence from the review that the purpose of community involvement significantly mediates the probability of achieving the other principles. The method's score against this principle was weighted according to the % achieved across each dimension of Principle 1: purpose of involvement. For example, a high score in the 90 - 100% of the possible purpose mark indicated end to end community involvement in the research process whilst a low score indicates lighter or more instrumental community involvement.

There were four mediating variables governing different aspects of the use of the method, which were applied with a weighting. This did, on occasion, offset high scoring methods and boost other, lower scoring methods. These four mediating variables are:

- Responsibility: the balance (or not) of between communities and other actors, principally authorities, in acting on the issue or outcomes they are being involved in;
- Temporality: the length of time a method takes to deliver results and the duration of community involvement;
- Scale: what scale of influence or change does the method facilitate, and
- Complexity: ability for the method to bring to light, and also resolve, conflict.

These variables can be adjusted according to the issue being acted upon or the conditions the involvement is taking place under, for example – a hyperlocal asset based community development project; or a rapid system redesign to support emergency heath relief.

**% of whole score against principles*
*** of 'purpose' score*

Principles of Community Involvement in Research, Decision-Making or Practice

1. Purpose of Involvement (20%)*
   a. Defining the purpose (30%)**
   b. Designing the approach (30%)
   c. Inclusion of voices (10%)
   d. Defining impact (25%)
   e. Designing outputs and use (5%)
   f. Recruiting others (0%)
   g. As a source of data or representation (0%)
2. Ensuring Inclusivity in Participation and Outcomes (10%)
3. Meeting needs to enable participation (10%)
4. Equality of Value of the community's contribution (10%)

4\. Gain from involvement evidenced and clear (5%)

5\. Ownership of what is created (5%)

6\. Quality assurance: efficacy and legitimacy (5%)

7\. Reciprocity in learning and adaptation (5%)

8\. Sustained capacity built (10%)

9\. Influence on Policy Outcomes (10%)

10\. Influence on Community Outcomes (10%)

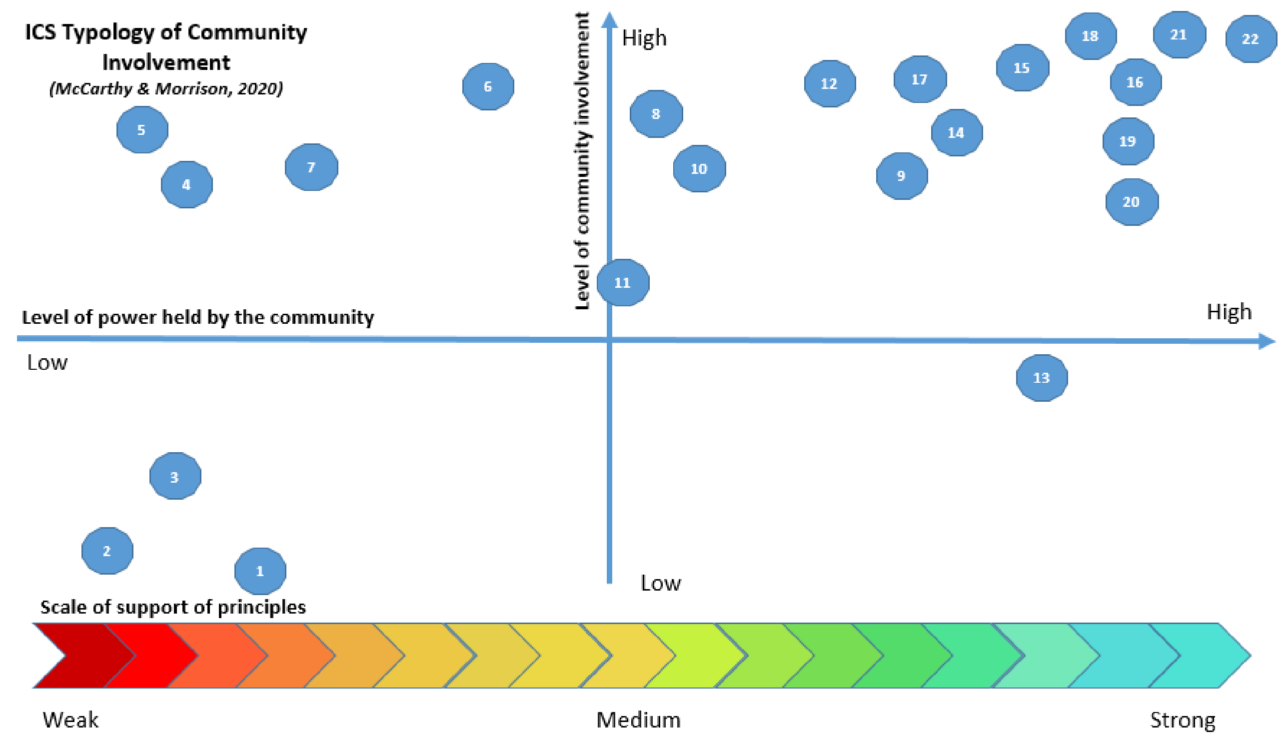
Mediating principles of the balance of responsibility; temporality; scale and complexity

The principles fall into two key categories:

a) Assessing the level of involvement of the community that a method enables or demands;

b) Assessing the level of control or power that a community holds of the process and outcomes.

The different approaches to engaging and involving communities were assessed according to the evidence of whether they had 'low', 'medium' or 'high' levels of each of a) and b) above. This is represented on Appendix Figure 1, below.



Appendix Figure 1: Institute for Community Studies' Typology of Community Involvement, Source ICS 2021.

A note on the review

The list of methods is not exhaustive but represents the most commonly used methods. There were very little descriptions of specific methods in practice in a way that makes them easy to assess in terms of extent of involvement or level of control; thus the authors had to draw on their extensive experience in implementing and facilitating community involvement methods and on feedback from community participants themselves in these processes to support the assessment. Availability of evidence about their efficacy, particularly in fields outside health or community development, was found but not consistent in language nor in how efficacy was measured.

The decision was made to develop a set of principles, rather than criteria, against which to assess the methods, because the majority of sources described 'principles' governing how communities could and should be involved in different processes.

Further testing of the Typology of Community Involvement is needed to iterate and test the assessment with greater community voice and involvement about each methods' efficacy. It is also needed to ascertain a) the conditions under which different methods achieve stronger/weaker support of the principles; b) to assess where the line of best fit in terms of responsibility held by the community over the process and outcomes should sit, as currently the methods that achieve greatest community control also entail high levels of involvement, which can be burdensome, and responsibility which the community may not be equipped for; c) to assess and add additional methods to the typology. The ICS will be continuing to test and iterate the typology over the coming year.

Appendix 2:
Methods

We began our search into local economic resilience by compiling an overview of the major funds targeting this general topic over the last 15+ years in the UK (see Table 2 for list and descriptions). This list is not exhaustive but is illustrative of the major mechanisms for local economic regeneration in each epoch under consideration (2000 – 2020).

We initially hoped to be able to find the specific amounts of funding that went into each Local Authority area (LA) per year to be able to map exactly where funding had been distributed, in order to compare against Index of Multiple Deprivation (IMD) rankings and Gross Value Added (GVA) figures; to assess against community outcomes from the evidence and literature; and to assess the level of involvement of communities in the design, distribution and delivery of the funds.

Unfortunately, the records from many of these investment funds are not readily available at the Local Authority or other small levels, if available at all. We are currently in the process of submitting Freedom of Information requests to complete our list of funding breakdowns by LA and hope to make this resource accessible to other researchers through the Institute for Community Studies' Online Observatory by Autumn 2021. While the investment dataset will be a significantly impactful resource in this field of research in terms of being to fully address where investment has resulted in stronger or weaker community outcomes, there is much to be gathered from the vast amount of research on local economies and the UK funding landscape in recent years.

Community Priorities for Local Economic Development

A national exercise of community listening was held between Dec – June 2020. This combined a priority-setting exercise where a nationally representative sample of communities across the UK where invited to submit key questions about 'what matters to your community?'. This was done through an online data collection exercise; a face to face booster; and in person groups across eight locations. From this, a shortlist of community priorities was analysed according to the highest frequency responses and with consideration of diversification of responses according to geography, to ensure rural and coastal populations which might have lower populations were represented.

Priority-setting groups in eight locations were held to then deepen and understand why certain issues had arisen; what scale and temporality the issue was occurring across; and to understand specific barriers and sub-themes. The groups prioritised issues relating to local economic development as the fourth highest priority in a set of twelve key issues.

The sub-set of findings about local economic development were then analysed thematically to identify a set of sub-themes and to understand which had the highest frequency of occurrence. This produced a set of sub-themes against which all results with the primary code local economic development, were then coded with secondary codes. The sub-themes were also content analysed against two spatial codes: according to whether the responses discussed economic development at the national or regional level (with regions representing the 12 regions of the UK); or the local and hyperlocal level (within city regions, combined authorities or local authorities, which vary considerably in size). This meant all responses were categorized as 'between place' (between regions) and 'within-place' (sub-regional level). This produced a set of community priorities for both the between-place level and within-place level.

Policy Analysis

Our methodology combines a policy analysis of the core documentation relating to the aims, criteria and delivery of the interventions listed, with a review of the academic and grey literature and available evaluations concerning their impact. It employs a targeted search of policy and fund documents and literature about the list of funds with a snowball approach through which we found additional relevant peer reviewed and published sources discussing the specific funds and the macro context of local economic development across the period 2004 - 2020. This literature forms the backbone of our understanding of the experiences of local economies in the past 15+ years.

Our policy analysis focused on assessing funds according to several key questions:

- What are the expressed aims of the intervention scheme and what are the principle levers of the local economy that the approach is seeking to act upon?
- What is the level of community involvement in the design, selection and delivery of the local economic intervention scheme?
- What is known about the resulting role of communities and local priorities in relation to the schemes achieving their aims of regeneration and better economic outcomes, and vice-versa?

Community involvement in the funds design, distribution and delivery was measured against the ICS's typology of community involvement (see Appendix 3), built through reviewing evidence of diverse involvement approaches and their known impact. Using the typology, documentation which detailed the principles the funds were designed on and the expressed criteria funds would be awarded by was reviewed in the master documents for each scheme. This was then corroborated with an evidence review of known evaluations and published literature discussing how the funds worked in practice. Finally, survey and interview data and documentation held by local government or Councils where it was publically available was employed to reach the assessment of their efficacy in a) involving communities and b) achieving community outcomes in terms of stronger and fairer economic prospects.

We corroborate this policy analysis with evidence from IMD to understand how the relative economic fortunes of different local areas had changed over the last twenty years whilst these funds and interventions had been active. The data portray the stark picture of stagnation and inequality within and between local areas. For the purposes of this report, we are focusing predominantly on England, but are aware of this as only part of the picture, and would like to signpost to comprehensive though differently organised reviews of economic and regeneration policies in Wales, Scotland and Northern Ireland, funded by the Joseph Rowntree Foundation (Clapham 2014; Muir 2014; Robertson 2014). Equally, forthcoming, similar reports in this series will centre on the unique experiences of Northern Ireland, Scotland, and Wales.

To identify which LSOAs within which regions have been impacted or improved by investment relative to other regions, we used the Index of Multiple Deprivation (IMD) rankings [https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019]. This metric uses 39 separate indicators, which are organised across seven distinct weighted domains. The domains and their weightings are: Income

Deprivation (22.5%), Employment Deprivation (22.5%), Education, Skills and Training Deprivation (13.5%), Health Deprivation and Disability (13.5%), Crime (9.3%), Barriers to Housing and Services (9.3%), Living Environment Deprivation (9.3%). For this study, we split the economic IMD rankings (considered Income and Employment domains) from the social factors (considered Education, Health, Crime, Housing and Living Environment domains) in order to compare and contrast how the economic and social factors varied across LSOAs. When this was done, the weightings were maintained for each domain (i.e. the economic IMD was considered to be an equal weighting of 50% Income and 50% Employment - due to their identical % weightings).

The IMD is calculated for Lower Layer Super Output Areas (LSOAs), which are small regions across England that each have a population of 1000 to 3000 people. For the 2019 IMD rankings, England was divided into 32,844 LSOAs that were each then ranked in order of deprivation. The IMD defines a ranking of 1 as the most deprived LSOA and a ranking of 32,844 as the least deprived. The ranking accurately captures the most deprived LSOAs, but becomes increasingly unreliable for less-and-less deprived LSOAs; it is designed to track relative deprivation not lack of deprivation.

The IMD rankings were released in 2004, 2007, 2011, 2015 and 2019. This provides four different epochs (2004-2007, 2007-2011, 2011-2015 and 2015-2019) within which to compare how specific LSOAs within England moved up and down the rankings. This is ideal if one is looking for LSOAs that out-perform their counterparts and the general trends for England. Similarly, an LSOA that moves down the rankings during an epoch, is one that was not enabled to keep pace with the rest of the country and became more deprived, relative to the rest of the country. By comparing across epochs, this approach enabled the exploration of how different LSOAs across England performed during each epoch (e.g. whether an LSOA moved up or down the IMD ranking from 2004 to 2007).

Further data gained through participatory methods is needed to fully understand how far the approaches to economic intervention have been appropriate and relevant to local areas in the eyes of communities, to deepen and corroborate the picture achieved from the national community listening exercise.

Chapter 4 Method Notes: factors associated with the distribution of mutual aid groups:

Data sources:

Data on mutual aid groups were accessed from https://github.com/Covid-Mutual-Aid/mutual-aid-wiki as a JSON file, which was converted to CSV format. It contained details of over 5,500 groups worldwide, of which 4,158 were UK-based. All entries included longitude and latitude coordinates, and many included postcode details embedded in the location_name field. postcodes.io was used to classify these data into local authority districts, resulting in 3,791 matches.

Data on Covid-19 grants were accessed from https://grantnav.threesixtygiving.org as a CSV file. Nearly all entries were classified by local authority district. In total, this included details of 29,488 organisations awarded £366,465,480 between March 2020 to February 2021 (excluding duplicate entries, those not geo-coded, those who were themselves grant makers and those whose awards were greater than or equal to £500,000).

Data on personal wellbeing (mean scores for life satisfaction, worthwhileness, happiness, anxiety) for 2019-20 were accessed from https://www.ons.gov.uk/datasets/wellbeing-local-authority/editions/time-series/versions/1 as a CSV file. All entries were classified by local authority district. Estimates were not available for 18 districts where the sample size was too small.

Data on gross domestic product per capita for 2018 were accessed from https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/regionalgrossdomesticproductlocalauthorities as an XLSX file. All entries were classified by local authority district.

Data on the distribution of community assets in England were accessed from previous work by the Young Foundation for its report Flipping The Coin. All entries were classified by local authority district.

Hypotheses:

Dataset	Hypothesis
Personal wellbeing	There will be more mutual aid groups in areas with higher average levels of wellbeing (=> lower anxiety)
GDP per capita	More affluent areas have a greater capacity to form mutual aid groups
Covid-19 grants	There will be more mutual aid groups in areas with more charities and social enterprises that are able to secure emergency grants
Community assets	Areas with more community assets have a greater capacity to form mutual aid groups

Analysis:

There appears to be no strong relationship between the number of mutual aid groups and any of the four measures of personal wellbeing, with the possible exception of levels of anxiety in Yorkshire and The Humber, the North East and London. To the extent that any relationship exists, it is in the opposite direction to that hypothesised (ie. implying there are fewer mutual aid groups in areas with higher average levels of wellbeing).

Similarly, there is to be no relationship between the number of mutual aid groups and levels of GDP per capita, when analysed at local authority district level. However, a moderately strong relationship does exist in Scotland, Wales and the North West.

By contrast, there does appear to be a reasonably large correlation (0.51) between the number of mutual aid groups in a region and the amount of Covid-19 grant awarded. The effect is particularly notable in the North East, Scotland, West Midlands, London and the South East.

Finally, there appears to be a reasonably large correlation (0.45) between the number of mutual aid groups in a region and the number of community assets. The effect is particularly notable in the North East, South West and West Midlands.

A linear regression model, based on the number of community assets and the amount of Covid-19 grant awarded (and controlling for regional location) confirms that each factor has an independent and statistically significant effect on the number of mutual aid groups.

Table 1: Regional correlation between the number of mutual aid groups and personal wellbeing mean scores

Regression term	Coefficient	Std Error	Statistic	p value
(Intercept)	1.6688260	1.3240679	1.2603779	0.2085393
Number of community assets	**1.1059003**	**0.1312933**	**8.4231291**	**0.0000000**
Covid-19 grants awarded	**3.1822426**	**0.3867558**	**8.2280407**	**0.0000000**
East of England (0,1)	1.3110018	1.7740649	0.7389819	0.4605116
London (0,1)	**6.2793789**	**2.2279720**	**2.8184282**	**0.0051556**
North East (0,1)	0.1765912	2.6694094	0.0661537	0.9473007
North West (0,1)	0.8105982	1.8569260	0.4365270	0.6627770
South East (0,1)	2.9787924	1.6276541	1.8301139	0.0682522
South West (0,1)	3.4817448	2.0700706	1.6819450	0.0936486
West Midlands (0,1)	0.9402981	1.9503671	0.4821134	0.6300866
Yorkshire and The Humber (0,1)	**6.1078260**	**2.2486531**	**2.7162153**	**0.0069971**

R^2	Adjusted R^2	Sigma	F statistic	Number of observations
0.4731919	**0.4551505**	**8.050088**	**26.22815**	**303**

(Note: East Midlands is the "default" region when all the other regions are coded 0)

Table 2: Regional correlation between the number of mutual aid groups and gross domestic product per capita

	Correlation with				
NUTS1 Region	**Number of MAGs**	**Life Satisfaction**	**Worthwhile**	**Happiness**	**Anxiety**
East Midlands	240	0.05	0.00	0.11	0.08
East of England	337	0.14	-0.12	0.05	0.07
London	**631**	**-0.18**	**-0.28**	**-0.21**	**0.33**
North East	**122**	**-0.16**	**-0.20**	**-0.25**	**0.35**
North West	322	-0.10	-0.25	-0.13	0.20
Northern Ireland	14	-0.34	-0.40	-0.47	0.15
Scotland	210	-0.02	-0.01	-0.10	0.26
South East	568	0.10	0.04	-0.12	0.10
South West	387	-0.33	-0.07	-0.25	-0.17
Wales	172	0.18	0.08	0.13	0.02
West Midlands	269	-0.08	-0.07	0.08	-0.13
Yorkshire and The Humber	**342**	**-0.04**	**-0.10**	**-0.01**	**0.36**

Table 3: Regional correlation between the number of mutual aid groups and Covid-19 grants awarded

NUTS1 Region	Number of MAGs	GDP per capita (£)	Correlation
East Midlands	240	973,139	-0.03
East of England	371	1,298,280	0.08
London	632	9,377,660	-0.23
North East	122	270,239	-0.01
North West	**322**	**963,189**	**0.41**
Northern Ireland	14	230,195	0.29
Scotland	**234**	**704,508**	**0.49**
South East	572	2,060,940	0.03
South West	449	743,271	-0.01
Wales	**172**	**482,912**	**0.47**
West Midlands	269	798,547	0.06
Yorkshire and The Humber	348	494,927	0.02

NUTS1 Region	Number of MAGs	Total grants awarded (£)	Correlation
East Midlands	240	15,832,054	0.55
East of England	371	17,575,674	0.12
London	632	99,351,428	0.59
North East	122	14,558,732	0.85
North West	**322**	**30,681,794**	**0.55**
Northern Ireland	14	6,938,051	0.44
Scotland	**234**	**46,322,958**	**0.79**
South East	618	29,633,846	0.57
South West	449	24,047,881	0.60
Wales	**172**	**25,643,140**	**0.56**
West Midlands	269	22,089,369	0.67
Yorkshire and The Humber	348	17,805,808	0.56

Table 4: Regional correlation between the number of mutual aid groups and number of community assets (England only)

NUTS1 Region	Number of MAGs	Number of community assets	Correlation
East Midlands	240	1,111	0.24
East of England	367	1,661	0.45
London	608	449	0.45
North East	122	484	0.91
North West	314	1,170	0.39
South East	**572**	**1,713**	**0.45**
South West	449	2,064	0.81
West Midlands	**269**	**1,089**	**0.58**
Yorkshire and The Humber	348	1,228	0.30

Appendix 3:

Macro-level interventions analysed, focussed on economic development of local areas

Fund	Geographic Focus	Expressed Aims	Priorities	Community involvement
Regional Development Agencies and Legacy	England - Regional	Driving economic development, business efficiency, investment and competitiveness, employment, skills and sustainable development in their regions	Establish and monitor 5-10-year regional economic strategy to further the economic development of their area; to promote business efficiency, investment and competitiveness in their area; to promote employment in their area; to contribute to the achievement of sustainable development in their area; and to enhance the development and application of skills relevant to employment in their area.	Low
New Deal for Communities	England - Neighbourhood	Local regeneration schemes to transform 39 areas over 10 years by achieving holistic change in relation to three place-related outcomes: crime, community, and housing and the physical environment (HPE), and three people-related outcomes: education, health, and worklessness	'Close the gaps' between these 39 areas and the rest of the country - achieve a value for money transformation of these neighbourhoods - secure improvements by working with other delivery agencies such as the police, Primary Care Trusts (PCTs), schools, Jobcentre Plus (JCP), and their parent local authority: The Programme is fundamentally rooted in partnership working - place the community 'at the heart of' the initiative - sustain a local impact after NDC Programme funding ceased	Med
Local Strategic Partnerships	England	To allow local authorities to commit themselves to delivering key national and local priorities in return for agreed flexibilities, pump-priming funding, and financial rewards if they meet their targets. To narrow the gap between the most deprived neighbourhoods and the rest of the country, with common goals of lower unemployment and crime, and better health, education, housing and physical environment.	LSPs draw together and furthermore coordinate public, private, business, voluntary and community sector organisations; central to the administration of the principal funds under the New Deal for Communities: the Neighbourhood Renewal Fund and the Community Empowerment Fund. Focus on supporting the 88 most deprived neighbourhoods, in working collaboratively to improve the social, economic and wellbeing outcomes of a place	Med
Business Link	England	One Stop Shop for business advice and support. BL is a publicly financed delivery system for offering advice to small and medium-sized enterprises (SMEs).	Using local delivery points as a means to access and integrate a wide range of central government small business services. Network of personal business advisors targeting employee firms with growth potential across the UK	Low
Local Learning & Skills Councils	England	Established by the Learning and Skills Act 2000 to fund education and training for over-16s, except for higher education	Raising participation and achievement by young people - increasing adults' demand for learning - raising skills levels for national competitiveness - improving the quality of education and training delivery - making sure opportunities are equal through improving access to learning - improving the further education (FE) system's effectiveness and efficiency, and - ensuring a smooth transition to the Skills Funding Agency and the YPLA.	Med
EU Structural and Investment Funds	UK-wide	Group of several funds (including the European Social Fund (ESF) and European Regional Development Fund (ERDF). Their purpose is to invest in job creation and a sustainable and healthy European economy and environment.	Research and innovation Digital technologies Supporting the low-carbon economy Sustainable management of natural resources Small businesses	Low

European Regional Development Fund (ERDF)	UK-wide	Reducing disparities between the levels of development of European regions, with particular attention to regions that have very low population densities and island, cross-border and mountain regions	Research and innovation supporting and promoting small to medium sized enterprises creation of a low carbon economy	Low
European Social Fund (ESF)	UK-wide	Reducing disparities between the levels of development of European regions, with particular attention to regions that have very low population densities and island, cross-border and mountain regions	Research and innovation supporting and promoting small to medium sized enterprises creation of a low carbon economy	Low
European Agricultural Fund for Rural Development (EAFRD)	England	Supports rural businesses to grow and expand, improve knowledge and skills and get started.	Business development Food processing Small-scale tourism infrastructure Tourism cooperation	Low
Local Enterprise Partnerships	England	Businesses and councils to come together to form local enterprise partnerships (LEPs) whose geography properly reflects the natural economic areas of England; Local enterprise partnerships will provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area.	Rebalancing the economy to frame priorities: - sector support - enterprise enablement - business growth - knowledge economy - innovation hubs	Low
Growing Places Fund	England	Supporting key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England	Site access/site clearance, broadband and transport infrastructure, utilities, refurbishment of buildings and flood defence barriers	Low
Regional Growth Fund	England	Promoting the private sector in areas in England most at risk to public sector cuts by providing financial support for private enterprises to leverage additional funding and create sustainable jobs	To stimulate enterprise by leveraging private sector investment - to support areas and communities dependent on the public sector to make the transition to private sector-led growth.	Low

Growth Deals	England	Provide funds to local enterprise partnerships or LEPs (partnerships between local authorities and businesses) for projects that benefit the local area and economy.	Better use of local authority assets to unlock resources to be reinvested in growth or commitments to pro-growth reforms, co-ordinated approach to the development of local plans by local planning authorities across the relevant economic geography o commitment to collective decision making involving all local authorities within a Local Enterprise Partnership.	Low
High Street Recovery Fund	Specific Local Authorities	Providing financial help to small businesses following the riots of August 2011, and a further £20m contribution towards the regeneration of the worst-hit places - Tottenham and Croydon	Address shop vacancy rates, attract local business	Med
Rural Growth Networks (and Rural Community Broadband Fund)	Rural local authorities in England	£165m investment to help rural communities overcome barriers to business growth	Funding can include for: lack of suitable premises and poor provision of infrastructure, to help stimulate sustainable economic growth.	Med
Our Place scheme	England	Neighbourhood community budgets to design and deliver local services that focus on local priorities and reduce costs.	Consider total public spending in a defined neighbourhood with interested individuals and organisations, to develop new collaborative approaches to pooling, devolving or 're-wiring' of budgets at a neighbourhood level with the aim of meeting community needs more effectively and making savings to the public purse.	High
Community First Fund (and Community Organisers scheme)	England	Match-funding to provide a catalyst for the work community foundations undertake to strengthen communities across the UK; and national scheme to recruit and train 5,000 new community organisers to catalyse action at community level.	Scale up or strengthen existing work of community foundations and develop paid and volunteer capacity for local social action.	High

Scottish Regeneration Capital Fund	Scotland	Supports locally developed place-based regeneration projects that involve local communities, helping to support and create jobs and build sustainable communities.	Demonstrate clear place regeneration outcomes, including projects that primarily focus on areas that suffer from high levels of deprivation and disadvantage	High
Innovate UK	UK-wide	Supports innovative UK businesses to realise the potential of new technologies, develop ideas and make them a commercial success.	Themes: Artificial intelligence and data; ageing society; clean growth; future of mobility	Low
Horizon 2020	UK-wide	Funding for research or innovation that's ground-breaking, improves European research standards or responds to challenges like climate change or food security.	Ground-breaking research or new technologies - improving research training and development or research infrastructure - creating growth in sectors like advanced manufacturing, materials, biotechnology, information and communication technology, nanotechnology and space	Low
LEADER fund	England	Create jobs, help business to grow, and benefit the rural economy through Local Action Groups (LAGs)	Support micro and small businesses and farm diversification; boost rural tourism; increase farm productivity; increase forestry productivity; provide rural services; provide cultural and heritage activities	Med
Heritage Lottery Fund (HLF)	UK-wide	Funding projects that connect people and communities to the national, regional and local heritage of the UK.	The repair and adaptation of a historic building or a coherent group of historic buildings for an end-use that generates a sustainable commercial income priority to projects that focus on heritage assets which are both: considered to be 'at risk' (e.g. identified on an 'at risk register'); formally designated (e.g. listed or locally listed building, scheduled monument, or in a conservation area).	Low
Great Place Scheme	England	Pilot new approaches that enable cultural and community groups to work more closely together and to place heritage at the heart of communities	Local investment in arts and culture impacts on local ecologies - the economy, jobs, education, community cohesion and health and wellbeing	High

Coastal Communities Fund	England, Scotland, Wales	Coastal communities will experience regeneration and sustainable economic growth through projects that directly or indirectly create sustainable jobs, and safeguard existing jobs	Place regeneration Job creation Improve job density Sustained economic growth	Med (2012-2015) High (2015 - 2019)
Targeted Regeneration Investment	Wales	Promote economic regeneration in Wales with activities focussed on individuals and areas most in need, whilst serving the aims of wider sustainable development	Support regeneration projects that promote economic regeneration - creating jobs, enhancing skills and employability, and creating the right environment for businesses to grow and thrive- focusing on areas most in need	Med
Big Society Capital Fund	England	Invest in financial intermediaries in the social investment market, who in turn will increase access to finance for frontline, social organisations	Work with experts to identify solutions to social issues, invest in fund managers, first time teams, funds or products. They, and the social enterprises and charities they invest in, create the impact	Low
Northern Powerhouse Investment Fund	North West, Yorkshire (including the wider Sheffield City Region which includes Chesterfield) and the Humber and Tees Valley.	Aims to help reduce the North / South divide and create economic prosperity in the North of England on par with London and the South East. Backed by the ERDF.	Support new and growing SMEs, create jobs and encourage and attract additional private sector investment	Low
Industrial Strategy Challenge Fund	UK-wide	Bring together researchers and businesses to tackle the big societal and industrial challenges of today.	Clean growth Ageing Society Future of mobility Artificial intelligence and data economy	Low
Local Industrial Strategies	England	Local industrial strategies will promote the coordination of local economic policy and national funding streams and establish new ways of working between national and local government, and the public and private sectors.	142 policies that align to economic levers and grand domestic challenges. Investment in Research & Development (R&D); innovation; development of technology, and building connective infrastructure.	Low

Strength in Places Fund	Competitive process resulting in seven awards; 1 in Wales; 2 in Scotland; 1 in Northern Ireland and 3 in England	Invests in research and innovation projects that aim to drive economic growth in specific areas of the UK	Build on existing research excellence and supply chains and must demonstrate that they will drive significant economic impact	Low
Big Local	England - 150 areas	Put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live	Place-based transformation: at least £1m to each of 150 communities, spent over 10-15 years at the communities' own chosen pace, and on their own plans and priorities	Very High
Scottish Town Centre Fund	Scotland - proportionate grant to every local authority	Enable local authorities to stimulate and support place-based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships.	Town centre living Vibrant local economies Enterprising communities Accessible public services Digital towns Proactive planning	High - Place Standard Framework
Invest NI	Northern Ireland	Helping new and existing businesses to compete internationally and working to attract new investment to Northern Ireland.	Embedding innovation and entrepreneurship to support more businesses with high growth potential to start-up and scale up. Helping more businesses successfully sell outside Northern Ireland. Attracting more quality inward investors. Selling Northern Ireland globally in a much wider context.	Low

Towns Fund	England	Drive the economic regeneration of towns to deliver long term economic and productivity growth through: (1) urban regeneration, planning, and land use, (2) skills and enterprise infrastructure, and (3) connectivity	Urban regeneration, planning and land use Skills and enterprise infrastructure Connectivity	Med
Midlands Engine Investment Fund	West Midlands and East and South East Midlands	Transform the finance landscape for smaller businesses in the Midlands and to realise the region's potential to achieve economic growth through enterprise. Backed by the ERDF.	Equity finance, small business finance, small business loans, proof of concept	Low
National Skills Fund	England	Aims to help adults to train and gain the valuable skills they need to improve their job prospects and support the economy	Robust evidence of shortages in valuable skills; being identified in a regional skills plan, linked to the Industrial Strategy or other strategic skills-based strategies and plans; support from Skills Advisory Panels, Mayoral Combined Authorities and/or the Greater London Authority, or a Local Enterprise Partnership.	Low

Appendix 4:

Key References

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