

August 2022

# Local Trust response

## Levelling Up and Regeneration Bill

### Introduction

Levelling up means giving everyone the opportunity to thrive. It means addressing the geographical inequalities that hold many communities back, preventing them from enjoying the prosperity that the rest of us often take for granted.

If levelling up is to be a success, it must focus on the neighbourhoods that have historically been most 'left behind', and which over many years have experienced a decline in both their economic fortunes and their social infrastructure. To lay the foundations for the once-in-a-lifetime, transformational change needed, government should encourage community leadership because of its role in strengthening social bonds, sense of belonging and improving socio-economic outcomes. It should recognise and support the initiative, expertise and commitment local residents have to get involved and improve the prospects of the place they call home.

At Local Trust we work with 150 communities across the country, allocated £1.2m each in funding from the Big Local programme. Local residents are supported to transform their neighbourhoods and improve the quality of life for everyone who lives and works there. Our experience, over the past ten years, is that the key to regenerating 'left behind' neighbourhoods is the creation over time – driven by local resident-led partnerships – of local community institutions which give residents power, responsibility, and a sense of shared accountability.

## Levelling up 'left behind' neighbourhoods – issues and challenges

### *The need for investment in social infrastructure*

The Levelling Up White Paper quotes research we commissioned from Oxford Consultants for Social Inclusion (OCSI), demonstrating the vital role played by social infrastructure in building and sustaining social capital and enabling communities to thrive. Social infrastructure is defined as places and spaces to meet, an active and engaged community, and connectivity, both physical and digital. The research shows that people who live in the most severely deprived neighbourhoods that lack social infrastructure have markedly worse socio-economic outcomes across all key metrics (employment, health, educational attainment and participation in higher education) than people elsewhere, including areas that are equally deprived. This compound disadvantage sends a clear message: that neighbourhood level or community social infrastructure is key to improving the prospects of the most 'left behind' areas.

This research also found that 'left behind' neighbourhoods are not receiving their fair share of funding from local government and other funders (Local Trust, 2019a). For example, average funding for local government services per head is lower than both the average across England and in other deprived areas (OCSI, 2019). And, typically, such neighbourhoods have received some 65-70 per cent less charitable grant funding per capita than other equally deprived areas (OCSI, 2021). This is likely to be because they tend to lack individuals and organisations with the networks, knowledge, and experience to successfully organise or advocate on their community's behalf, or raise funds from other sources.

'Left behind' neighbourhoods need a tailored approach which prioritises building social capital because of its importance, as the White Paper suggests, to achieving significant and sustainable change in these places and as a key ingredient in fostering greater resilience and self-reliance.

Investment in change needs to be long term. Just as 'left behind' neighbourhoods have seen a gradual but sustained decline in both their economic prospects and social infrastructure over many years, rebuilding that capacity will require patient investment and support. The time it can take to develop local leadership and build sustainable community-led civic organisations and institutions is longer than government spending settlements or local or national electoral cycles (Cambridge University, 2019). And, it is on this basis that we are arguing for long-term community-led funding provided through a Community Wealth Fund to seed community activity and foster civic participation in the most 'left behind' neighbourhoods. The government is currently consulting on the causes that may benefit from a new expanded dormant assets scheme. The consultation paper specifically references the Community Wealth Fund as a potential beneficiary. For further information about the consultation see [here](#).

## *Delegating power and resources to local communities*

Devolving more power through mayoralities, combined authorities and new “trailblazer” devolution deals is a step in the right direction towards addressing England’s marked over-centralisation. Mayors, for example, are well-placed to tailor policies to their context and provide strategic, economic leadership.

Nobel prize winning economist Elinor Ostrom has demonstrated the importance of subsidiarity to robust governance: to be targeted and effective, decision-making should take place at the most local level consistent with the aims it wishes to achieve (New Local, 2020). As the Secretary of State said on the signing of the York and North Yorkshire Devolution Deal “levelling up is done best when people locally can drive the future of their areas” (Clark, Greg 2022). Nothing should be done nationally that would be best dealt with locally, and nothing should be done locally without genuine participation from communities. This means that some decisions should be taken at the hyper local or neighbourhood level.

We welcome the White Paper’s acknowledgement of the value of community or neighbourhood level decision-making. It refers to the need to equip communities with the power and resources to level up their areas: *“the UK’s centralised governance model means local actors have too rarely been empowered to design and deliver policies necessary to drive growth”* (2022, p. 144).

The White Paper commits to a review of community and neighbourhood governance and to work on new community partnership mechanisms including Community Covenants, agreements which would see local authorities and public bodies working more closely alongside communities. And the Levelling Up and Regeneration Bill contains relevant provisions, for example, to introduce neighbourhood priority statements – a new simpler means for local residents to influence planning decisions.

But the measures proposed so far stop short of a “bold new approach to community empowerment” which “rebuild(s) social capital and self-reliance in our most abandoned neighbourhoods” – something the White Paper states as one of government's key objectives.

The case for community leadership, and the need to support it in order to reinvigorate those areas most ‘left behind’, has been accepted over recent years. It is backed by research showing that when local people are encouraged and supported to take on the task of improving their local area, there are significant, tangible benefits (Local Trust, 2019b). Civic engagement generates local pride and fosters community cohesion. Neighbourhoods become safer and more pleasant places to live. The activities and services the community designs and delivers are more tailored to local needs and aspirations, meaning residents are more likely to

use them, and so they achieve greater traction and better outcomes. They tend to be low-cost because they are rooted in local resourcefulness and social entrepreneurialism; often preventative as opposed to remedial, they can often evidence significant savings to the public purse over time.

Frontier Economics estimate that a £1m basket of community investments generates at least £3.2m in social and economic benefits over a decade (Local Trust, 2021). This includes £2m in increased employment, health and wellbeing, GVA in the local economy, and reduced crime as well as £1.2m in fiscal benefits through employment, tax and benefit savings, and the reduced costs of crime, healthcare and employment services. The return in employment taxes and benefits estimated at £0.7m as a result of supporting unemployed people into work are 'cashable' as they provide a direct saving to the Exchequer.

Research also shows that there is significant appetite for communities to have more power over investment in their areas. Polling research in 'left behind' neighbourhoods by Survation (2021) demonstrates that residents want more of a role in local decision-making processes. 59 per cent would like more of a say about how money is spent in their area and 41 per cent expressed a desire to get involved with how decisions are made. Scaled up, this represents a considerable number of people with a willingness to engage and help find solutions to local issues.

This is in spite of significant apathy and disillusionment with statutory local democratic structures, with only 25 per cent of those registered to vote in these areas doing so in the two most recent local elections (compared to 33 per cent nationally) (Local Trust, 2019 and BBC, 2019). The fact that residents want to be more involved in local decision-making, therefore, should be harnessed to reverse these downward trends in participation and make our democracy more robust.

And so it follows that although the Levelling Up and Regeneration Bill contains some provisions which will support communities to have more say in the issues shaping their lives and landscapes, it should go further to grant residents the power and resources needed to unlock transformative change.

To ensure that the Levelling Up and Regeneration Bill lives up to the White Paper's aspiration to deliver sustainable change in the most deprived and 'left behind' neighbourhoods we ask that the Committee considers the following two amendments:

**i) Amendment to measure progress in overcoming geographical disparities against the Community Needs Index**

Crucially, from our perspective, the Levelling Up and Regeneration Bill recognises the importance of measuring and reporting on progress against the twelve levelling

up missions; which together form an ambitious vision for levelling up communities that have traditionally been 'left behind'.

The Levelling Up White Paper (p. 101) recognised the value of the Community Needs Index (CNI), developed by OCSI, in assessing levels of social infrastructure in deprived areas, and in so doing provides an objective measure of social capital. OCSI research overlays the CNI with the Index of Multiple Deprivation (IMD) to identify 225 neighbourhoods across the country that are both socially and economically disadvantaged and have the lowest levels of social infrastructure in the country.

Any review by the government under clause 5(5)(a) of levelling up progress in reducing geographical disparities in the United Kingdom would benefit from deploying the CNI, to ensure that progress is quantified beyond traditional socio-economic measures, to account for the compound deprivation faced by 'left behind' neighbourhoods; economically and in terms of a lack of social infrastructure.

**ii) Amendment to schedule 7 to include community anchor organisations as trusted partners for the purpose of the Planning and Compulsory Purchase Act 2004**

Statutory structures, like parish councils and designated neighbourhood forums, are important and valuable and have great potential to do more and deliver greater community benefit, although they would benefit from stronger powers and more attention to their development. However, the most deprived areas of the country tend to be unparished and also lack neighbourhood forums. This is because there is by default a two-tier system for community or neighbourhood governance; the 'left behind' neighbourhoods that need power and agency the most – for whom it would make the most difference – are the least well served by the current system. By contrast the areas with the most social infrastructure, social capital and other resources are best able to navigate it and ensure it works for them.

The community leaders involved in delivering Big Local tell us that they lack knowledge and understanding of statutory mechanisms and processes and when they have to engage with them in order to progress community projects, they find them frustratingly slow and bureaucratic, process heavy and often lacking sensitivity to the needs and aspirations of local people.

It is on this basis that we agree with the We're Right Here campaign's [call](#) for schedule 7 of the Bill to be amended to include a more expansive definition of those able to act for a neighbourhood area for the purpose of the Planning and

Compulsory Purchase Act 2004, enabling community anchor organisations – multi-purpose local community organisations focused on meeting the needs of their communities – to be designated as partners by the local authority to publish neighbourhood priority statements. The local authority would then be required to take these statements into account when preparing its local plan.

Such community anchors or partners would be assessed by their local authority to check that they operated according to a particular set of principles and core operating standards for example community leadership, local support, transparency and accountability back to the community. Nominations for the most effective community partner would be put to a local referendum, similar to the current process for neighbourhood planning, to ensure the organisations which take on the role have local credibility and widespread support.

Expanding the definition in schedule 7 to include community anchor organisations, designated as partners by the local authority, would function along similar lines as the Community Right to Build Order. This is a particular type of neighbourhood development order which is the result of a proposal from a community organisation. It puts community organisations, parish councils and neighbourhood forums on an equal footing when it comes to making proposals for their area – provided they meet a set of criteria to ensure they are representative of, and accountable to, local residents. This sets a precedent for community organisations to be supported by local authorities to take charge of regeneration in their local neighbourhood.

DLUHC's *'Levelling Up and Regeneration: further information'* paper (2022) set out plans to "retain the neighbourhood share and administrative portion ... under the Community Infrastructure Levy." Community anchor organisations should also be able to access this neighbourhood portion of the new Infrastructure Levy, in response to the fact that many deprived neighbourhoods, particularly urban areas, lack parish councils and neighbourhood forums.

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## About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live.

We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place.

[localtrust.org.uk](http://localtrust.org.uk)

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