locality

Powerful Communities, Strong Economies

The final report of the Keep it Local for Economic Resilience Action Research Project

FRIENDS PROVIDENT Foundation
Fairer economy, better world

Contents:

Executive Summary

Locality believes that we can harness the power of community to create a resilient local economy and a fair society through local public service commissioning.

At the present time, the scale of the social challenges we face can threaten to overwhelm our collective ability to tackle them. Deep inequalities, complex problems, continued austerity, declining faith in political institutions; these things and others have combined to create a daunting climate for those who are seeking to achieve positive social change.

But despite the brutal budget cuts and growing pressure on services, local areas have huge resources at their disposal to improve people's lives. By marrying up the billions of pounds that local government continues to spend each year on services, with the power and innovation that exists in our communities, we can create a fair society where every local community thrives.

However, the continuing trend towards outsourcing services to large multinational companies and big national charities is undermining this mission. Not only does this result in poor quality, tick box services, which fail local people, drive up demand and increase long-term costs. It also means public money leaks out the local area and leaves before it can be of broader benefit to the community.

At Locality, we believe there is a better way: to Keep it Local. By commissioning local community organisations to provide local services, councils can simultaneously create better, more responsive services and build a fairer, more resilient local economy.

We have been working in six places – Bradford, Bristol, Calderdale, Dorset, Hackney and Shropshire – to find out how we can make this happen in practice. We assembled a project team of councillors, local authority officers and community leaders in each area, to investigate the role community organisations play in the local economy, and how this can be harnessed through local commissioning.

What we've learnt

Through our action research we've learnt that:

Cuts are both enabling and preventing change.
Local authorities have a pressing need to reshape service delivery to achieve savings, and there is an increasing urgency behind the search for new solutions. However, continuing austerity makes achieving this change very difficult in practice, with council officers under huge pressure, and little time and capacity to trial new approaches.

There is an opportunity for community organisations — but also a challenge.
Local authorities believe that their long-term financial sustainability requires close partnership working with local organisations, and instinctively recognise the social and economic benefits of Keep it Local commissioning. But at the same time, there are practical concerns about whether the community has the capacity and expertise to 'step up' and get more involved in local service delivery.

Local systems remain fragmented.
Commissioning and procurement functions within local authorities are often disconnected and seen as two different disciplines: the former about innovation, solutions and outcomes; the latter about rules, processes and finance. This disconnect is making commissioning an increasingly frustrating experience for local organisations. There is also a lack of clear 'place leadership' across the wider local commissioning landscape, creating a fragmented system that is difficult to navigate.

Risk aversion and fear of 'letting go' are stubborn cultural barriers.
Rather than creating a new climate of experimentation, the pressures of austerity seem to have embedded caution and risk aversion; in particular the perception of legal and technical barriers to procuring locally. Councils can also remain attached to their standing as the local 'authority', and struggle to cede power and work closely in partnership with the community.

Social value hasn't gone far enough — but it can go further.
Social value policy has not driven fundamental change in commissioning practice. Even councils that have done detailed social value work have met with internal resistance to the adoption of policies, and issues persist about how to really embed it into contracts in a meaningful way. However, it is clear that social value is a concept that local authorities are thinking about and want to use more effectively, so its first five years should be seen as a useful start to be built on, rather than a failed experiment.

How to Keep it Local

It is clear from our research that there is a growing interest in maximising the value of resources through local commissioning – but that even an 'in principle' commitment will not automatically translate into Keep it Local practice. Our work has therefore identified four key things that need to happen in order to overcome this:

1.

We need top-level leadership.

A local authority needs to be committed at a very senior level to Keep it Local, and for this to be a key part of a council's political and corporate identity. With strong leadership in place, Keep it Local practice can then flow downwards through the system, be realised in commissioning frameworks, and be properly monitored and scrutinised.

2.

We need to join up the system.

Our research has identified that commissioning remains fractured and disconnected, in particular the relationship between 'innovative' commissioners and 'risk averse' procurement officers. We need to join up the system – both within the local authority and across the local area - to embed a consistent place-based approach.

3.

We need to be more ambitious about social value.

Social value is not well embedded in commissioning; but it remains the most useful current framework, with potential to be more transformative. Local authorities can use social value more effectively and harness the contribution local organisations make to the local economy by focusing on the concept of economic resilience.

4.

We need to show community organisations can step up.

There is often scepticism among local authorities about the capacity of local organisations to take on commissioning opportunities. Overcoming this is, in part, about local authorities learning to let go, but it is also about community organisations showing they can step up: making a compelling case for the local economic impact they bring and the extra bang for buck they provide, and evidencing it more effectively.

In order to address these challenges, we have developed a Keep it Local: Economic Resilience Framework

The framework is intended to build a shared commitment between the council and community to place-based commissioning that develops local economic resilience and maximises the local benefit of public sector procurement spend.

The framework can be used by local authorities to assess to what extent current practice is promoting economic resilience and support them to commission locally and small-scale. Specifically it can be used as a framework for providing strategic leadership; delivering this through effective commissioning and procurement, which harnesses the potential of social value legislation.

It can also be used by community organisations as a framework for thinking about their own economic impact and how to evidence it most effectively.

Community 'anchor' organisations and economic resilience

Community anchor organisations are place-based, multi-purpose organisations, which are locally-led and deeply rooted in their neighbourhoods. They respond flexibly to local need and therefore come in all different shapes and sizes. What unites them, however, is a sense of ambition for their places, an enterprising approach to finding local solutions to local problems, and a clear sense that this activity should be community-led and based on self-determination.

Community anchors perform a number of important functions. They provide joined up, person-centred services. They represent the neighbourhood and give local people an independent voice. They provide spaces where the whole community can come together and forge trusting relationships.

They are also powerful economic agents. Community anchors play a crucial role in the local economy, acting as local economic multipliers. They ensure the wealth they generate is re-distributed in their neighbourhoods, by employing local people in good quality jobs, using local supply chains, and investing in people to themselves become economically active.

This economic role is particularly significant as community anchor organisations mostly operate in deprived areas. 80 per cent of Locality's members work in the 50 per cent most deprived wards in the country.[1] These are areas where private sector activity is often weak, and in these places community anchors can be the neighbourhood's major employer and key economic actor.

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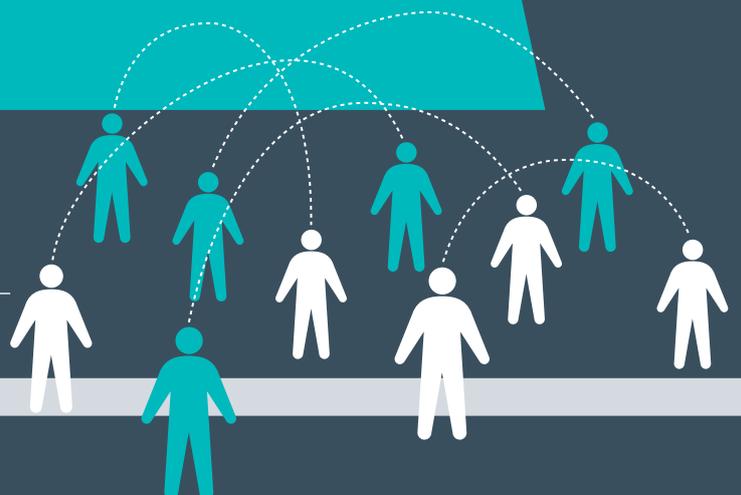
[1] Locality (2016) 'Our Impact'. Available at: http://locality.org.uk

Economic resilience and why it matters

Economic resilience is 'the capacity of an economic system to adapt to both short-term shocks and long-term change, while supporting the community to thrive'. [2]

The concept of economic resilience grew in prominence in the wake of the financial crisis of 2007-08 and the recession that followed. This had revealed in stark terms the weakness of economies that are overly reliant on a few sectors, and where the proceeds of growth accrue narrowly. Its relevance has not diminished in the intervening years. The UK is again engaged in a major debate about how to rebalance the economy, this time focused on the need for 'inclusive growth' in the aftermath of the EU referendum and the recognition that globalisation has not benefited all communities equally.

Our work is based on a number of frameworks that have been developed which seek to define local economic resilience.[3] There are two reasons why we believe it is a particularly important concept for local areas to consider at the present time.

The first is that a resilient local economy is one that has social justice at its heart. Resilience for us does not mean the simple ability to 'bounce back' and return to a pre-existing state, where the local economy may – for example – have been characterised by poverty, inequality or environmental degradation. Instead, resilience requires the ability to respond positively to change. It is an ambitious concept that makes tackling disadvantage and supporting environmental sustainability central to economic success.

The second is that it means we have to think about the economy on a more human scale. For over 30 years, our political economy has focused primarily on the global and how we can attract inward investment by lowering barriers to competition. However, after the EU referendum and the election of Donald Trump, many have come to recognise that there are downsides to only ever looking outwards; in particular, that globalisation has not necessarily been of similar benefit to every place.

If globalisation no longer provides satisfactory economic answers, then localisation provides us with a powerful counterweight. For some this might suggest protectionism – but localisation is not about preventing wealth from flowing in, it's about stopping it seeping out. So here economic strategy first looks inwards towards the assets that exist within a place and seeks to harness them for the maximum benefit of the local community. It sees local attachment as a strength rather than a sentimental indulgence; prioritises local business and social enterprise; and tries to keep wealth circulating around neighbourhoods. Crucially it regards economic growth as important to the extent that it enables local people to live fulfilled lives, rather than an end in itself.

At the heart of this is the idea of community economic development – the process of economic development within a specific area to benefit the local community – and how it can maximise neighbourhood-level economic opportunity and create dynamic local economies.

Yet while our economic policy is increasingly regional, it is still far from local. Indeed, the economic benefits of city region 'agglomeration' that have driven the development of the 'northern powerhouse' are likely to exacerbate inequalities within places, even as the differences between them are levelled out.

So by focusing on economic resilience, we have the opportunity to ensure that economic growth is truly and meaningfully 'inclusive': underpinned by local priorities and focused on neighbourhood renewal, tackling poverty, environmental sustainability, and community empowerment.

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[2] Locality definition adapted from Greenham, T, Cox, E and Ryan-Collins, J (2013) 'Mapping Economic Resilience', NEF/Friends Provident Foundation. Available at: http://www.friendsprovidentfoundation.org/wp-content/uploads/2013/12/nef-Mapping-Economic-Resilience-1-report.pdf

[3] Greenham, T, Cox, E and Ryan-Collins, J (2013) 'Mapping Economic Resilience', NEF/Friends Provident Foundation; McInroy, N, Longlands, S (2010) 'Productive local economies: creating resilient places', CLES; Cox, E, Broadbridge, A, Raikes, L (2014) 'Building Economic Resilience: An analysis of Local Enterprise Partnership's Plans', IPPR North

The Keep it Local: Economic Resilience Framework

Our framework defines seven characteristics of a resilient local economy. These characteristics are interconnected and work together in a dynamic fashion to create a local economy that meets our definition of economic resilience:

> An economic system that adapts to both short-term shocks and long-term change, while supporting the community to thrive.

It is important to stress that this definition of economic resilience is not value neutral. Locality is committed to building a fair society where every community thrives and we see economic resilience explicitly in these terms, as a means of promoting social justice. It is an adaptive quality that can tackle disadvantage and support the creation of self-confident and successful neighbourhoods.

Our framework identifies the broad characteristics that we believe must be present if a local area and its economy is to be resilient. However, their particular form will vary from place to place and this framework needs to be considered and applied dependent on local context. Each characteristic can give rise to a bespoke set of outcomes and indicators developed in each area, reflecting the exact nature of the local economy and local circumstance. Each local authority will be able to review existing strategies against the framework to identify gaps and opportunities; or use the framework to shape the development of new policies.

Economic resilience depends on the relationship between the different sectors of the local economy – private, public and social.[4] So this framework has the interaction of these sectors at its core. The size and strength of each sector will differ from area to area. This framework provides a basis upon which the relative strengths and weaknesses of the local economy can first be assessed and mapped, with any particular opportunities identified alongside any particular gaps.

It also allows us to think about scale and how the different levels of the economic system interrelate and work together. Community organisations are neighbourhood-based, deeply embedded in their community and often operating at a hyper local level where concepts of place are at their most resonant. However, their economic relationships will of course be defined by the interactions between a range of different economic geographies – local authority, local enterprise partnerships (LEPs), functional economic areas, city regions – right up to the national and global. It is important, therefore, to identify what can be influenced at what level, and to understand the wider context that may shape local economic resilience.

Ultimately, the framework should be seen as the basis for a conversation between council and community, about how to maximise the value of scarce resources and about the role everyone can play in creating prosperous neighbourhoods. It is, in effect, a local charter for economic resilience, which enables people to come together around shared goals and collectively decide the most appropriate course of action to achieve them.

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[4] See McInroy, N and Longlands, S (2010) 'Productive Local Economies: Creating resilient places', CLES. Available at: https://cles.org.uk/wp-content/uploads/2016/10/Resilience-for-web1.pdf

In this spirit, the framework is guided by four key principles which define its context:

It is citizen-centric
– a resilient economy is created by local people, for local people

It is place-based
– a resilient economy maximises the value of local assets
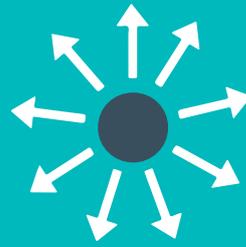
It is dynamic
– a resilient economy adapts and changes

It is collaborative
– a resilient economy depends on strong relationships and sharing of power between sectors

01 Positive flow of money and resources

02 Network of diverse, responsible businesses and enterprises

03 Inclusive finance system with stable financial institutions

04 Positive and productive use of local assets

05 Active and connected citizens

06 Clean and sustainable environment

07 Good quality services

Private sector

Social sector

Public sector

Citizen-centric
Place-based
Dynamic
Collaborative

The seven characteristics of a resilient local economy

Characteristic

01

Positive flow of money and resources, with long-term investment into the local area, a high local economic multiplier and public and private sector spending retained locally.

What this looks like locally: Public and private sector spending is retained in the area and the leakage of money is reduced. Wealth created locally is multiplied through the use of local supply chains and local labour. Underused resources – such as derelict land and people's skills and talents – are identified and used. Materials and products are reused, recycled and shared through refurbishment, libraries and the establishment of a sharing economy.

Example outcome: The public sector invests in neighbourhood-based community organisations which recycle the investment to create jobs and resilience

Example indicator: Percentage of public sector investment in the neighbourhood which goes to local organisations

Activities of community anchor organisations:

- Securing investment from outside the area
- Reinvesting profit from the organisation back into the organisation and/or community
- Buying locally from businesses and other social enterprises
- Supporting business start-ups to 'plug leaks' in the local economy
- Facilitating inter-trading between businesses and promoting local procurement and supply chains
- Advocating on behalf of local businesses
- Delivering local public services and reducing demand on public services through local intelligence
- Creating local employment and raising skill and wage levels
- Facilitating the sharing economy through tool libraries, bike libraries, book libraries
- Promoting corporate and individual volunteering
- Redevelopment of empty land/buildings, which improves the area and attracts higher wage business
- Improving digital infrastructure which attracts higher wage businesses
- Attracting tourists

The Local Multiplier Effect

LM3 (Local Multiplier 3) is a method that can be used by an organisation to measure how the money it spends impacts on the local area. It was developed by the New Economics Foundation (NEF), building on the idea of the 'leaky bucket'.[5] If you imagine the local economy as a bucket full of water, every time you spend money that goes outside the local area, it leaks out the bucket. Generally, our energy is focused on trying to pour more money into an area so as to keep filling up the bucket; however, a better starting point for strengthening the local economy should be to try to prevent the money leaking out in the first place.

The LM3 was developed as a simple way of measuring this, and the extent to which money flows around a local area. As NEF explain: "The measuring process starts with a source of income and follows how it is spent and re-spent within a defined geographic area. A higher proportion of money re-spent in the local economy means a higher multiplier effect because more income is generated for local people."[6]

We have been conducting LM3 exercises across our project to track the local multiplier effect of community anchor organisations, using the LM3 online platform.[7] Community anchors operate within a defined geographic area, usually a deprived neighbourhood, and tend to employ local people and use local suppliers.

This combination of local staff and local suppliers has meant strong LM3 scores across our project, suggesting that community anchor organisations do act as powerful economic multipliers, creating positive money flows in areas of significant economic disadvantage.[8]

Halifax Opportunities Trust measured the impact of their contract for the Jubilee Children's Centre on the local Calderdale Council area, and generated an LM3 score of 2.43 (the maximum score is 3).

Every £1 of income generated by Halifax Opportunities Trust at Jubilee Children's Centre **creates £2.43** for the local economy

Bradford Trident generated an LM3 score of 2.52, meaning every £1 creates £2.52.

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[5] Ward, B and Lewis, J (2002) 'Plugging the Leaks: Making the most of every pound that enters your local economy', New Economics Foundation
[6] NEF Consulting (2014) Local Multiplier 3 (LM3) Pilot Project for RWE. Available at: https://www.nefconsulting.com/wp-content/uploads/2015/09/Case-Study-LM3.pdf
[7] www.lm3online.com
[8] For full details of our LM3 exercise, please see the full final project report at www.locality.org.uk

Characteristic

02

Network of diverse, responsible businesses and enterprises, committed to place, growing the local economy and providing good quality employment opportunities.
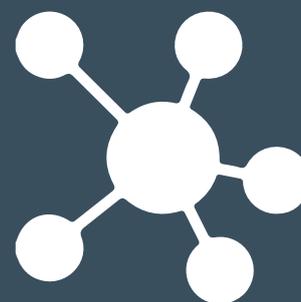
What this looks like locally: People are supported to set up and grow their businesses. Businesses trade with each other and share intelligence. People can shop locally and find what they need at reasonable prices. Businesses provide secure jobs and pay the living wage. There are cooperatively and community owned businesses and social enterprises in the mix. Large businesses reinvest into the community, provide training opportunities and recruit locally.

Example outcome: The neighbourhood has a diverse range of local business and enterprise which meet local need

Example indicator: People in the neighbourhood feel well-served by their local shops and don't need to travel out of the area for basic needs

Activities of community anchor organisations:

- Creating jobs and work placements
- Enterprise coaching, business incubation, business mentoring and networking
- Fostering local supply chains
- Providing workspace
- Providing childcare
- Fostering enterprise culture
- Engaging local businesses in community activity
- Retail activities

Enabled Contribution

One methodology that we have been using to help estimate the local economic impact of community anchor organisations is known as 'Enabled Contribution'. This methodology is a subset of the approach developed by NEF Consulting to measure the economic, social and environmental impact of an organisation across its full value chain, known as 'Total Contribution.' [9]

Enabled Contribution specifically measures the impact (social, economic or environmental) of a particular organisation or project by calculating the downstream activity in the value chain; in other words, the activity that an organisation enables through providing products or services to its customers.

For the Keep it Local project, these customers are the tenant organisations within each community anchor organisation. Locality commissioned NEF Consulting to estimate the enabled contribution of these tenant organisations, and the value of the "network of diverse, responsible businesses and enterprises" they foster. The scope was limited to their economic contribution, in line with our focus on local economic resilience.

Two dimensions of enabled economic contribution were analysed: employment and Gross Value Added (GVA). 'Enabled Employment' is defined as the number of people working for tenant organisations within each community anchor organisation, expressed as the number of fulltime-equivalent (FTE) employees. 'Enabled GVA' is defined as the measure of the economic value added by community anchors' tenant organisations.

Primary data was collected from ten community anchor organisations across the Keep it Local project. Community anchor organisations surveyed their tenant organisations to ascertain the following information: activity type; floor-space; turnover; and employee numbers. When tenant organisations provided data on turnover and number of employees, this was directly entered into the enabled economic contribution calculation. Where information was incomplete for either turnover and/or employee numbers, a value was estimated using activity type and floor-space data.

Approximately **1,400 jobs** and **£120m of gross value** added to the local economy

Overall, the ten Keep it Local community anchor organisations together were found to have enabled approximately 1,400 jobs and approximately £120m of gross value added to the local economy. This gives an indication of the wider economic contribution community anchors make to a local area beyond their own particular activities, through their tenant organisations.[10]

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[9] It originated from work conducted for The Crown Estate and the original methodology was published in 2013 on The Crown Estate's website.
[10] For full details of our Enabled Contribution exercise, including methodology and full results, please see the full final project report at: www.locality.org.uk

Characteristic 03

Inclusive finance system with stable financial institutions providing appropriate opportunities to borrow, save and invest money, and which helps businesses, groups and individuals to survive and thrive.

What this looks like locally: Businesses and social enterprises can access the finance they need to grow. Residents are not discriminated against when it comes to accessing cash, bank accounts, loans or the living wage because of where they live. People are able to invest in local enterprises and there are ways to save and to borrow without being exploited. The social security system provides an adequate safety net which keeps people above the poverty line, and people have the skills, knowledge and support to manage their finances and avoid debt. Grants are available as well as loans and there are ways for people to donate to local charities and projects.

Example outcome: Money is invested into the neighbourhood to grow businesses and provide jobs

Example indicator: Level of loans taken up by businesses in the neighbourhood

Activities of community anchor organisations:

- Welfare and debt advice
- Working with credit unions or other financial institutions
- Financial literacy eg money buddies
- Providing or facilitating business loans
- Providing individual grants and loans
- Providing or facilitating grants to community groups
- Raising community shares and crowdfunding
- Raising investment into the organisation
- Informal support and signposting

Case Study:

BOOST Neighbourhood Finance

Work conducted by Demos for Friends Provident Foundation has highlighted that the UK's economy is unbalanced in two important ways: it relies too much on debt-driven consumption, leaving it vulnerable to shocks; and there are stark geographical imbalances, with SMEs more likely to be rejected for a loan in poorer regions of the country than elsewhere.[11]

Community anchor organisations play a critical role in bridging this gap in deprived neighbourhoods, creating accessible local financial institutions to support small businesses, social enterprises and social entrepreneurs. They do this through peer-to-peer lending, affordable finance, local currencies, community shares, and community development finance institutions and credit unions.

Financial inclusion is also a critical element of this – ensuring local people have financial security and literacy, and access to financial information and affordable credit – to enable them to participate fully in the economy and build wealth locally. It also reduces the significant negative impacts which money worries have on health and wellbeing.

One example of this from our Keep it Local community anchors is BOOST Finance, led by Barton Hill Settlement. BOOST Finance is a project that offers the local community the opportunity to explore the benefits of having a range of financial advice and support services in one place. Individuals have an assessment of need, an 'income and expenditure' analysis, a review of current financial circumstances and identification of financial skill gaps (BOOST Personal Finance Plan) and discussion around their future aspirations (Boost Finance Aspiration Plan). Individuals then immediately access a combination of: debt advice, business support, housing advice and /or tailored employment services. There are also sessions which bring people together in workshops, peer support groups, initiative building opportunities and aspirational review sessions. Residents are supported to develop groups, set up community initiatives such as co-ops to pursue particular financial or employment related goals.

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[11] O'Leary, D (2015) Community Chest, Demos. Available at: https://www.demos.co.uk/project/community-chest/

Characteristic

04

Positive and productive use of local assets,

with ownership, access and control over productive resources in community hands or profits reinvested into the community.

What this looks like locally: Redundant buildings and spaces are brought back into use through a mix of volunteer effort, local investment and enterprise. Assets which the public sector can no longer afford to run are given to communities that can make use of them. People work together to find new uses for valued old buildings and support local businesses to bring them back into use. Empty homes are brought back into use. Communities raise investment to generate energy, provide infrastructure and run services cooperatively with the profits reinvested. Public land and resources are managed for the common good and not for private profit.

Example outcome: Physical assets in the neighbourhood are maximised for community benefit

Example indicator: Number/percentage of empty buildings in the neighbourhood brought back into use each year

Activities of community anchor organisations:

- Ownership of assets by a local democratic organisation with an asset lock with open membership and community accountability
- Generation and reinvestment of profit back into community
- Providing a space/place for local services – GP, health, employment, welfare, parks, shops, landmarks, sports
- Developing and managing housing
- Generating local pride through saving or developing iconic buildings
- Save and invest in heritage and operate museums and heritage centres
- Ownership and generation of energy
- Other co-ops/community enterprises supported with profits

Hebden Bridge Town Hall

Economic resilience is about the capacity of the local economic system to respond positively to external shocks and long-term change. There is perhaps no greater recent example of a shock to a local economy – and one which also signals a longer-term change – than when the River Calder burst its banks on Boxing Day 2015 and left Hebden Bridge 6ft under water.

After the floods hit, community-owned Hebden Bridge Town Hall opened its doors to become the flood support centre. Working with Calderdale Council, the Environment Agency and hundreds of volunteers, Hebden Bridge Town Hall became the heart of the flood relief operation.

As Amy Harbour, who was the Director of Hebden Bridge Community Association at the time, explained: "We opened the doors to the Town Hall on 27 December so that the local community could come somewhere dry and have a hot drink. And then it began. People came to help. The help was unconditional; they just needed to do something.

"Within four hours of opening we were a hub for cleaning items, a food bank, a place for people to fill out grant applications, a mobile phone charging point, free wifi provider and giving out free hot food and drinks."

This incredible source of resilience at a time of crisis was made possible by Hebden Bridge Community Association, one of our Keep it Local community anchors, who after painstaking work, secured the transfer of the asset from the local authority to community ownership in 2010.

After two years of securing large capital investment and building works, they opened a new extension and revitalised the town hall itself, which saved a barely used building at risk of falling into disrepair. The 'old town hall' remains home to both the local authority and local town council as anchor tenants. The new state-of-the-art centre is home to vibrant community parties, events and festivals; a dynamic café with beautiful courtyard by the river; as well as conferencing and business units for creative enterprises. The town hall is now back at the centre of the town's civic life.

Characteristic 05

Active and connected citizens, with high levels of agency and democratic participation, a strong sense of community and good links to other places.

What this looks like locally: People are well connected to others and to local institutions. There are good sources of local knowledge and intelligence. People work together to plan and take action to improve the area. People have a sense of agency. People participate in democracy and hold politicians to account. Local institutions are accountable to the community for their decisions. There are spaces and places where people can come together and which provide the opportunity to break down barriers between people and increase trust. People are cared for and supported by their families, friends and neighbours as well as local services. There are connections at an individual and organisation level with other places and regions.

Example outcome: Strong social cohesion and community connectedness in the neighbourhood

Example indicator: High levels of trust amongst residents, particularly amongst people who aren't 'like me'

Activities of community anchor organisations:

- Listening, understanding need and empowering people through community engagement, development and organising.
- Supporting local networks eg faiths forum, parish council, neighbourhood partnerships
- Promoting membership of local organisations
- Organising or supporting community and social events
- Supporting local/neighbourhood planning
- Hosting public sector workers
- Volunteer brokerage
- Running befriending schemes, buddying, peer mentoring
- Youth work and work in schools
- Democratic engagement eg voter registration, hosting polling stations and councillor surgeries
- Providing safe spaces eg community centres, library, cafes, parks
- Encouraging diversity and integration of different sections of the community
- Representing the area, influencing decision-making
- Providing opportunities for people to travel out of the area to have new experiences

Cleobury Country

Cleobury Mortimer sits on the borders of Shropshire and Worcestershire and is the 'gateway to the Shropshire Hills'. It is a small market town with a population of 3,036.

Cleobury Country Limited was established in 2006 and is a community organisation run by a volunteer board of directors. It aims to promote and support the rural heritage of the area, as well as provide new experiences and opportunities for local people. The organisation also works in partnership with other local organisations to enhance the sustainability of the environment and to develop a confident and well informed community 'which takes an active role in influencing decision-making and management of the area'.

One of the ways the organisation does that is by running the Cleobury Country Centre, offering services to the business and local community, and is a hub for local knowledge and information. The centre is home to:

- Cleobury Mortimer library
- Details of local events
- Training/meeting room
- Cleobury Country accredited training courses for business
- Business mentoring and networking
- Business support services, including secretarial, design and photocopying
- Local jobs board.

Rather than see the closure of the local library, Cleobury Country took over the management of it in 2016 and now opens the centre six days per week. The building also houses the parish council, which improves the access and relationship between the parish council and local community.

As part of their mission to work with the business community and build a confident community, the organisation runs entry-level courses such as food hygiene and first aid to support people into employment and to support the businesses to employ trained people. Cleobury Country also collects local business information and produces a local business 'Trade Card' which is sent out to local houses.

Their community work has a focus on promoting and supporting local rural heritage. One example of their activity is the running of the community allotments in partnership with Cleobury Mortimer Horticultural Society and this works to engage people in local and fresh produce as well as keeping people active.

Local people see the centre as a hub for information, often coming in for support with blue badge applications and housing issues (where they are signposted to local councillor surgeries). They also offer access to computers and support with digital skills.

Local knowledge and the ability to connect with lots of people is how they describe their key to success, 'We may not know the answers but will know someone who does and this helps to help people'.

Characteristic

06

Clean and sustainable environment,
operating within environmental limits and with sustainable use of food, land and energy.

What this looks like locally: The local environment sustains health and wellbeing. There is clean air and water which supports people and sustains nature. Local infrastructure enables people to walk and cycle. Local green spaces are protected, enhanced and accessed by all. Food is produced without excessive use of pesticides and fertilisers and food supply chains are localised. Carbon release is minimised through production of renewable energy, reduced use of petrol and diesel for transport, energy efficiency in buildings and reduced transportation of goods. People have the skills and resources they need to live a sustainable life.

Example outcome: People in the neighbourhood spend time outdoors in a healthy environment

Example indicator: Growing usage of well-maintained and accessible green spaces

Activities of community anchor organisations:

- Litter picks
- Food growing, processing and distribution
- Keeping bees
- Nature activities and environmental education
- Looking after green space and water, parks, woodlands
- Conservation work and green gym
- Promoting walking and cycling
- Recycling of food, clothing, furniture, paper
- Buying and producing green energy
- Fuel buddies, winter warmth initiatives
- Tree planting, wildflower planting
- Eco-building and renovation
- Bike library, cycle repair, bikeability, bike networks
- Sourcing local food
- Flood resilience centres
- Long term nature of anchors and management of assets
- Providing local services which reduce travel/carbon

Manor House Development Trust

Public open spaces – like parks, woodlands and waterways – are crucial community sites where people can come together, meet their neighbours, build relationships, take exercise and connect with nature. The local environment we live in is crucial to our sense of identity and civic pride.

This understanding is central to the work of Manor House Development Trust, a charitable social enterprise in north east London. They see community-managed public spaces as a way to empower local people to take control of their environment and become more active in their communities. Environmental volunteering encourages active participation in the community, which also brings wider environmental benefits. Green spaces are also an untapped resource for training residents to make better use of their gardens; helping communities to access new economic opportunities through land management and conservation; encouraging healthier, more active lifestyles; and encouraging people to grow their own food.

Manor House Development Trust has been pursuing this through a range of local initiatives. They have built a community garden with raised beds and pallet planters on disused patio space. The garden provides a peaceful space for members of the community to access training on how to grow food, meet new neighbours and have a say over how the garden is run. Whatever is grown in the edible garden is then used to cook with at the Redmond Community Centre.

Manor House Development Trust have supported local residents to run the Woodbery Down Community Garden – a growbag space where residents can have their own micro plots to grow their own herbs and vegetables. The trust also organises regular clean ups of the New River and adjoining path, making this an accessible space for recreation and creating volunteering opportunities that connect people to each other and to the local environment. The Trust has found that people who attend one of their activities more than once are 70 per cent more likely to adopt 'greener behaviours'.[12]

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[12] For more information see Manor House Development Trust Social Impact Report:
http://www.mhdt.org.uk/wp-content/uploads/2015/08/MHDT-Social-Impact-Report-2009-2015.pdf

Characteristic

07

Good quality services – housing, health and social care, and education – that are available to all and sustain health and wellbeing.

What this looks like locally: The local neighbourhood provides affordable homes, education, and health and social care which enables people to maintain their health and independence and to thrive as human beings. Children and young people are able to grow and develop, gain skills and qualifications and fulfil their potential. They can become independent from their parents and find jobs and homes they can afford. Older people are supported to remain at home with support and are not isolated. People are able to maintain their health so that they can work, care and take an active part in their community.

Example outcome: People in the neighbourhood have decent, affordable homes which support their health and mental wellbeing

Example indicator: Levels of homelessness and overcrowding

Activities of community anchor organisations:

- Sports and activity centres and classes
- Health centres and hosting of health services eg. GPs
- Peer health and social prescribing
- Sports for young people
- Campaigning for clean air
- House building, refurb, management
- Neighbourhood planning
- Services for older people eg lunch clubs, activity classes, home help
- Mental health services/disability services and welfare rights and employment support
- Ecotherapy and affordable counselling
- Alternative education and specialist schooling
- Sharing space with schools and hosting school visits
- Co-production of services and campaigning about services

Royds Community Association

Community anchors work with people in their communities – in places where they live, work, learn, raise families and age – and provide a holistic, 'whole-person' approach to supporting people. Through this approach and their expertise in community development, they draw on the strengths and capacities of communities, and support prevention.

In Bradford, Royds Community Association promote a 'health buddy' system to tackle health inequalities and direct people to appropriate services.[13] Previously funded by the local clinical commissioning group (CCG), this work involves training volunteers, drawn mainly from patient engagement groups, to become 'buddies' for people in the community to help them address low level health problems and to provide support in accessing the right services.

For example, a health buddy would encourage and support someone to visit the pharmacy for some illnesses, rather than go to A&E because they are unable to get a GP appointment. As well as alleviating pressures on A&E services, the volunteers also benefit from training and skills development.

The idea behind the programme is that local people, who are known and trusted within communities, are able to get health messages out and engage with people who would normally avoid contact with services. The 'trust element' is the most powerful factor of the programme, as health buddies bridge the fear gap and help the community into the most appropriate health system. They also talk in plain English and simplify the clinical code health professionals often talk in. This approach can help to detect otherwise unknown health issues which can save the NHS significant amounts of money.

[13] For more see Royds (2015) Our Place: Operational Plan. Available at:
http://www.royds.org.uk/documents/Royds_Our_Place_Operational_Plan_final_16_03_2015_pdf550bef1c77623.pdf

The final report of the Keep it Local for Economic Resilience Action Research Project

1. Keep it Local: For Better Services

The financial landscape for local authorities

Over recent years we have been living through a period of intense political instability and rapid change. Local government, however, is still very much living in the shadow of what now feels like an entirely different era: George Osborne's austerity settlement of 2010. This put in place plans to reduce overall public spending by 10.1 per cent of GDP over 10 years.[1] With spending on health, schools and international development protected, the burden of cuts has fallen disproportionally on other departments, with the Department for Communities and Local Government the hardest hit of all.[2] As a consequence, local government has seen its central government funding cut by 40 per cent.[3]

The Institute for Fiscal Studies (IFS) pointed out in 2015 – the austerity programme's planned mid-way point - that 'easy efficiency savings have been identified and delivered, while demand and wage pressures continue to increase'[4], meaning much more radical efficiencies would now need to be found for local authorities to remain financially viable. Subsequent government spending decisions have made the local financial outlook even more uncertain – in particular, the decision to phase out the central government grant and replace it with 100 per cent retention of business rates and greater reliance on council tax and other charges.[5] This has the potential upside of greater independence for local areas and is presented as an incentive for councils to promote greater economic activity. But many councils fear they will lose out, particularly poorer areas, which have already seen the deepest cuts,[6] and where private sector activity tends to be weaker.

The most recent Local Government Information Unit (LGIU) State of Local Government Finance Survey of chief executives, council leaders, directors of finance and cabinet members for finance, found that 79 per cent of respondents have no or very little confidence in the sustainability of local government finance.[7] 94 per cent say they will have to increase council tax this year – a complete reverse from the situation just five years ago, when 95 per cent were committed to freezing it. The LGA estimates that councils are facing a £5.8bn funding gap by the end of the decade.[8]

The diseconomies of scale

This incredibly tough and increasingly uncertain financial landscape for local authorities means that the need to do 'more with less' has moved from being an abstract policy question to become an immediate existential imperative. Across the public sector, savings have been sought through outsourcing services at scale: bundling up services into big contracts that go to large providers at the lowest price possible. This has led to the emergence of what SE:UK has called a 'shadow state', with a small number of companies delivering increasingly large chunks of the public service market.[9] Civil Exchange's Big Society Audit concluded that this 'market-based model for reforming public services is concentrating power in the hands of new 'quasi-monopoly' private sector providers' and has 'delivered a 'race to the bottom' on contract price'.[10] The value of the UK outsourcing market doubled under the coalition government;[11] and following a brief Brexit-induced dip at the end of 2016, 2017 has seen the total value of outsourcing contracts in the UK return to record levels.[12]

Locality's Keep it Local campaign has challenged the apparent logic of this approach, which sees standardised services, delivered at scale by multinational companies or national charities, as the way to drive down costs.[13] Rather than providing 'economies of scale', big public service contracts can be incredibly complex to oversee, and rather than reducing administrative burdens, can suck up more resources to manage than a larger number of smaller contracts. As SE:UK explain: 'How many layers of management come with this 'efficiency' and what are its transaction costs? Where savings are genuinely made, is it the commissioner who benefits from them, or is it mainly the contractor?'[14]

1   Office for Budget Responsibility (2014) 'Economic and fiscal outlook'. Available at: http://budgetresponsibility.org.uk/docs/dlm_uploads/December_2014_EFO-web513.pdf
2   Institute for Fiscal Studies (2015) 'The IFS Green Budget: February 2015'. Available at: https://www.ifs.org.uk/uploads/gb/gb2015/ch7_gb2015.pdf
3   Local Government Association (2014) 'Under pressure: How councils are planning for future cuts'. Available at: https://www.local.gov.uk/sites/default/files/documents/under-pressure-how-counci-471.pdf
4   Civil Service World (2015) 'Unprotected departments face cuts of 27%, says the IFS'. Available at: https://www.civilserviceworld.com/articles/news/unprotected-departments-face-cuts-27-says-ifs
5   This policy has been thrown into doubt following the recent general election, with the Local Government Finance Bill dropped to make way for Brexit legislation. London Councils have called full implementation of the policy by 2019-20 'unrealistic'.
6   Innes, D and Tetlow, G (2015) 'Central Cuts, Local Decision-Making: Changes in Local Government Spending and Revenues in England, 2009-10 to 2014-15', Institute for Fiscal Studies/Nuffield Foundation. Available at: https://www.ifs.org.uk/uploads/publications/bns/BN166.pdf
7   LGIU (2017) 'State of Local Government Finance Survey'. Available at: https://www.lgiu.org.uk/wp-content/uploads/2017/02/2017-State-of-Local-Government-Finance-Summary.pdf

8   Local Government Association (2017) 'Growing Places: Building local public services for the future'. Available at: https://www.local.gov.uk/sites/default/files/documents/3.27%20Growing%20Places_WEB-1.pdf
9   Social Enterprise UK (2012) 'The Shadow State: A report about outsourcing public services'. Available at: https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=775d5506-dcdc-464c-abbe-f3f1d1b75ab7
10 Civil Exchange (2015) 'Whose Society? The final big society audit'. Available at: http://www.civilexchange.org.uk/wp-content/uploads/2015/01/Whose-Society_The-Final-Big-Society-Audit_final.pdf
11 The Financial Times (2014) 'UK outsourcing spend doubles to £88bn under coalition'. Available at: https://www.ft.com/content/c9330150-0364-11e4-9195-00144feab7de
12 ISG Index (2017) 'EMEA Combined Sourcing and As-a-Service Market Insights'. Available: http://www.isg-one.com/docs/default-source/default-document-library/1q17-emea-isg-index.pdf?sfvrsn=2
13 For more on Locality's Keep it Local campaign, visit http://locality.org.uk
14 Social Enterprise UK (2012) 'The Shadow State: A report about outsourcing public services'. Available at: https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=775d5506-dcdc-464c-abbe-f3f1d1b75ab7

In recent years, we have seen numerous examples of 'scale fail': instances where big contracts going to big companies have ended up delivering poor quality services and wasting public money. An inquiry by the Public Accounts Committee shone a light on the most egregious examples:

'The public's trust in outsourcing has been undermined recently by the poor performance of G4S in supplying security guards for the Olympics, Capita's failure to deliver court translation services, issues with Atos's work capability assessments, misreporting of out of hours GP services by Serco, and most recently, the astonishing news that G4S and Serco had overcharged for years on electronic tagging contracts'[15]

These celebrated incidences of 'scale fail' are very much the tip of the iceberg. At the local level, we have seen various councils' intended cost saving exercises end up with unsatisfactory contracts and lengthy legal proceedings. The New Statesman published a list of 'spectacular council outsourcing failures', including Somerset County Council's £5.9m to settle a contract dispute with an outsourcing partnership; or the £7.7m Bedfordshire County Council had to pay to terminate a 'deeply unsatisfactory' outsourcing contract.[16]

Crucially though, the trend towards scale means smaller, local providers are crowded out the picture, as they often don't have the balance sheets to bid for contracts in the first place. Only 6.6 per cent of registered charities have an income of over £500,000;[17] the average outsourcing contract signed by local authorities is £37.8m.[18] On top of the sheer size of contracts, the Lloyds Bank Foundation have found 'hard evidence that systems and processes are both inadvertently and actively undermining the ability of small and medium-sized charities to compete on a level playing field'.[19] Their research tells of charities being cut out of bidding by rules which require them to have a turnover of double the contract value.

This means many local authorities are unwittingly creating an environment that wastes money on inefficient contracts and discriminates against local businesses and charities. It also means we end up with the wrong kind of services.

Saving money by doing the right thing

There is an increasing consensus across public policy debate that the services which will drive down demand in the long term are those which are tailored to the specific, often complex, needs of the individual. We need to focus on keeping people well, living healthy, happy lives in their own communities, rather than in need of expensive, institution-based treatment and care. Whether we call them relational[20] or communitarian;[21] place-based,[22] preventative[23] or people-powered;[24] the direction of public service reform is towards services that are collaborative, co-produced and citizen-centric.

The Institute for Public Policy Research (IPPR) explains that 'the third sector is particularly well-suited to delivering these kind of relational services: they are driven by intrinsic motivation, which helps to build trust; they are rooted in local communities with a deep knowledge and understanding of the area; they tend to have strong existing relationships that can help to make things happen; and they generally have more expertise when it comes to working with people with complex needs.'[25]

Barbara Harbinson, former chief executive of Halifax Opportunities Trust, provides detail of how this has worked in practice in Calderdale, where a number of local community organisations worked with the local authority to develop integrated services for lonely, elderly residents:

'The solutions were not difficult for us. They are based on first listening, then understanding, and then responding by weaving together a new tailor-made offer that fits into the vast resource we have already created.'[26]

Or as Andrew Forrest of Great Yarmouth Community Trust puts it: 'Because we are local, we have all of those wider connections to people and that's what makes a difference'.[27]

15 House of Commons Committee of Public Accounts (2014) 'Contracting out public services to the private sector'. Available at: https://publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/777/777.pdf
16 White A and Belgrave, K (2013) 'Nine spectacular council outsourcing failures', New Statesman. Available at: http://www.newstatesman.com/uk-politics/2013/08/nine-spectacular-council-outsourcing-failures
17 Charity Commission (2016). 'Charities by income band – 31 March 2016'. Available at: http://apps.charitycommission.gov.uk/showcharity/registerofcharities/SectorData/CharitiesByIncomeBand.aspx
18 Arvato (2016) 'Local government outsourcing market thrives in 2015'. Available at: https://www.arvato.com/uk/about/press-releases/2016/local-government-outsourcing-market-thrives-in-2015.html
19 Lloyds Bank Foundation (2016). 'Commissioning in Crisis: How current contracting and procurement processes threaten the survival of small charities'. Available at: https://www.lloydsbankfoundation.org.uk/Commissioning%20in%20Crisis%202016%20Full%20Report.pdf

20 Muir, R and Parker, I (2014) 'Many to many: How the relational state will transform public services', IPPR. Available at: https://www.ippr.org/publications/many-to-many-how-the-relational-state-will-transform-public-services
21 Parsfield, M (ed) (2015) 'Community Capital: The Value of Connected Communities', RSA. Available at: https://www.thersa.org/discover/publications-and-articles/reports/community-capital-the-value-of-connected-communities
22 NLGN (2016) 'Get Well Soon: Reimagining place-based health'. Available at: http://www.nlgn.org.uk/public/wp-content/uploads/Get-Well-Soon_FINAL.pdf
23 NEF (2012) 'The Wisdom of Prevention'. Available at: http://b.3cdn.net/nefoundation/b8278023a5b025649f_5zm6i2btg.pdf
24 Local Government Innovation Taskforce (2014) 'People-powered public services'. Available at: https://www.local.gov.uk/sites/default/files/documents/final-report-people-power-f82.pdf
25 Muir, R and Parker, I (2014) 'Many to many: How the relational state will transform public services', IPPR. Available at: https://www.ippr.org/publications/many-to-many-how-the-relational-state-will-transform-public-services
26 Harbinson, B (2014) 'Challenging the bigger is better myth', Locality. Available at: http://locality.org.uk/blog/challenging-bigger-myth/
27 Locality (2015) 'Keep it Local: For better services'. Available at: http://locality.org.uk/wp-content/uploads/LOCALITY-KEEP-IT-LOCAL-REPORT.pdf

By contrast, these are qualities which one-size-fits-all services delivered at scale – either by the public or private sector – find it very hard to attain. As Marc Stears puts it in *Everyday Democracy,* the state is 'well-suited to tasks that need simple, standardised approaches, and less to those that require cultural change'; the market, meanwhile, is overly transactional and 'treats citizens as economic objects rather than as human beings'.[28]

Indeed, Locality's groundbreaking report *Saving Money by Doing the Right Thing* showed that the rising demand that is placing our public services under such pressure is actually 'failure demand': problems which have mounted up over time, having not been properly addressed when they were first reported, with people re-presenting at multiple services for the same problem.[29]

The most pressing incentive for a tick box, scale service is for people not to use it in first place. As the report explains:

> 'Each service is concerned with whether users meet its criteria for provision. Because managers believe demand for care services is rising, they focus on 'managing demand' – a euphemism for rationing or 'keeping people out'. 'Not for us' is one reason, the other is 'too low a level of need'.'[30]

The effect of this rationing is that people are forced to recycle around the system, entering different services through different front doors, until their problem has become serious enough to be 'screened in'. Locality's research with Vanguard found that eight people with drug or alcohol dependency presented to GPs a total of 124 times.[31] Broader analysis from Vanguard suggests that failure demand accounts for 80 per cent of demand into health and social care services.[32]

So our current approach to service provision is actually leading to increased costs, with artificially inflated demand on services, as people come back time and again for help when their needs aren't met, and with endless assessments, repeat referrals and red tape.

Better services, stronger economy

A Keep it Local approach provides a better way, opening up the possibility of more responsive services that reduce costs over time. This provides a powerful rationale for local authorities to make public service commissioning 'local by default' – actively nurturing their local provider base, and working closely in partnership with community organisations to deliver person-centred services.

It is not, however, the only reason. In tough financial times, there has been a growing focus on how the public sector can secure maximum value from the money it spends.[33] Although this pot is shrinking,[34] it is still a hugely significant sum of money and public sector expenditure makes up a fundamental part of the local economy. Local government procurement – in revenue terms – amounts to approximately £38bn a year.[35]

Putting this spending power to the best possible use has become an increasing political priority. Manifesto analysis by the Social Economy Alliance at the 2017 general election found that all political parties now have commitments to 'harness the buying power of the taxpayer'.[36] The Conservatives have promised a review of the Social Value Act to try and achieve 'much more social-impact for every single pound that we spend'.[37] Meanwhile John McDonnell, Labour's shadow chancellor, has spoken warmly of the 'Preston Model'.[38] Preston council has been working with the Centre for Local Economic Strategies (CLES) to identify the key local economic 'anchor institutions', such as the hospital and university, and work to ensure that a greater proportion of the £1.2bn they spend each year stays in the local area.[39] Since the project began, the *Guardian* reports that the council has 'spent an additional £4m locally, from 14 per cent of its budget in 2012 to 28 per cent in 2016'.[40]

28 Stears, M (2011) 'Everyday Democracy', IPPR. Available at: https://www.ippr.org/files/images/media/files/publication/2011/09/everyday-democracy-110922_7993.pdf
29 Locality (2014). 'Saving money by doing the right thing: Why 'local by default' must replace 'diseconomies of scale''. Available at: http://locality.org.uk/wp-content/uploads/Locality-Report-Diseconomies-updated-single-pages-Jan-2017.pdf
30 Locality (2014)
31 Locality (2014)
32 Locality (2014)
33 See for example: SE:UK (2016) 'Procuring for Good', CLES (2010) 'The Power of Procurement'
34 Total government spending in 2015-16 was 40 per cent of GDP and the OBR forecasts it to fall to 38 per cent by the end of the decade (the initial target was 36 per cent, down from its post-financial crisis peak of around 45 per cent in 2009/10
35 Local Government Association (2014) 'National Procurement Strategy for Local Government in England 2014'. Available at: https://local.gov.uk/sites/default/files/documents/download-national-procure-241.pdf
36 Social Economy Alliance (2017) 'Social Economy Alliance Manifesto Mash up'. Available at: https://socialeconomyalliance.files.wordpress.com/2017/06/final-mashup.pdf
37 Sharman, A (2017) 'Minister announces review of Social Value Act', Civil Society. Available at: https://www.civilsociety.co.uk/news/minister-announces-review-of-social-value-act.html
38 McDonnell, J (2016) 'Speech at the TAS Partnership in Preston'. Available at: http://labourlist.org/2016/04/the-tories-are-just-as-vicious-as-they-have-always-been-john-mcdonnell-speech/
39 Jackson, M and McInroy, N (2017) 'Community Wealth Building through Anchor Institutions' CLES. Available at: https://cles.org.uk/our-work/publications/community-wealth-building-through-anchor-institutions/
40 Sheffield, H (2017) 'The Preston model: UK takes lessons in recovery from rust-belt Cleveland', The Guardian. Available at: https://www.theguardian.com/cities/2017/apr/11/preston-cleveland-model-lessons-recovery-rust-belt

Yet at the present time, the trend remains towards money flowing out of places rather than re-circulating within them, as local authorities seek short-term cost savings through big contracts and scale services. NCVO research has found that small and medium-sized charities' income from government contracts decreased by up to 37 per cent between 2008/09 and 2012/13, whereas income went up for the largest charities.[41]

This approach not only weakens the viability of local community organisations, it sucks money out of the local area. And it is particularly shortsighted at a time when local authorities' financial futures are increasingly dependent on the success of their local economies, with the shift to business rate retention. Local authorities now have a pressing need to understand the impact of their spending decisions on the local economy, and ensure they are doing all they can to maximise the benefits to their own local tax base.

We believe this requires fundamental change for local authorities, and for them to transform their systems in order to Keep it Local. In seeking to provide high quality services that drive down long-term demand and reduce costs over time, local authorities need to harness the power of their local community, taking a place-based approach and supporting local organisations to deliver a greater proportion of local services. By doing so, not only will they be better serving people's needs with the right kind of services, they will also be helping to make their local economy more resilient.

Some local authorities have already begun this journey; but it is a long and challenging process, with many cultural, procedural and practical obstacles in the way. Locality has been working with six local authorities across England who have embarked on this and are attempting to transform their approach to commissioning and Keep it Local. We have been seeking to better understand what the barriers are to commissioning locally and how we might overcome them. In each area we have also been working with a range of community organisations to learn about the particular role they play in the local economy and how we might find a more compelling way to measure it.

The next section of this report details our action research and the lessons learnt. It introduces our Keep it Local: Economic Resilience Framework, which we believe can enable local authorities to 'commission for economic resilience' and help community organisations to tell a better story about the impact they have on the local economy.

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41 NCVO (2016). 'Navigating Change: An analysis of financial trends for small and medium-sized charities'. Available at: http://www.ncvo.org.uk/images/documents/policy_and_research/funding/financial-trends-for-small-and-medium-sized-charities-ncvo-lloyds-bank-foundation-2016.pdf

2. Keep it Local: For Economic Resilience

Economic resilience is 'the capacity of an economic system to adapt to both short-term shocks and long-term change, while supporting the community to thrive'.[42]

The concept of economic resilience grew in prominence in the wake of the financial crisis of 2007-08 and the recession that followed. This had revealed in stark terms the weakness of economies that are overly reliant on a few sectors, and where the proceeds of growth accrue narrowly. Its relevance has not diminished in the intervening years. Indeed, 10 years on, there is a widespread feeling that the fundamentals of the economy remain essentially as they were; that 'we let the 2007 financial crisis go to waste', as the director of the Resolution Foundation has put it.[43] The Bank of England is increasingly concerned about rising consumer debt, which they fear could precipitate another crash.[44] What's more, the vote to leave the European Union shone a light on the persistent inequality generated by our economic model, with political debate now focused around the need for 'inclusive growth'.[45]

Our work is based on a number of frameworks that have been developed which seek to define local economic resilience.

- In *Mapping Economic Resilience,* the New Economics Foundation (NEF) emphasise that resilience is found in the capacity of the local economic system to weather shocks in 'ecological, social and economic conditions' while supporting the community to 'thrive within fair ecological limits.' A resilient economy should be able to retain basic 'system functionality', display the ability to self-organise through social networks, and 'innovate and learn' from disruptions.[46]

- CLES stress that economic growth does not automatically equate to economic resilience, and resilient places may instead be characterised by high quality public services, a strong and networked community, robust relationships between social, commercial and public economies, and sustainable use of the natural environment. [47]

- Work by IPPR North has focused on the potential of local enterprise partnerships (LEPs) to build economic resilience. They note that: 'It is fair to say that the government has never directed LEPs to address matters of wider economic resilience, but given the permissive nature of the governmental guidance by which they were formed, LEPs have had the freedom to develop growth plans that address both narrow concepts of productivity growth as well as wider ideas of local economic resilience, should they choose to.'[48]

Two points stand out from the economic resilience literature that we believe make it a particularly important concept for local areas to consider at the present time. The first is about values. Resilience here does not mean simply the ability to 'bounce back' and return to a pre-existing state, where the local economy may - for example - have been characterised by poverty, inequality or environmental degradation. As NEF explain: 'Arguably, the global financial system has proven to be resilient in the sense that it was able to return to substantially its original state after the 2008 financial crisis'. Instead, resilience requires what CLES call 'the boing factor': the ability to respond positively, proactively moving a place forward. It is an ambitious concept that requires us to address entrenched disadvantage and support environmental sustainability in order to achieve economic success that is shared by all.

The second is about scale. For over 30 years, our political economy has focused primarily on the global, driven by the view that capital is rootless and a country's success is dependent on adopting the path of least resistance in the unstoppable slipstream of globalisation. Tony Blair provided the clearest articulation of this position in what the *Guardian* journalist John Harris called a 'positively evangelistic' speech to Labour Party Conference in 2005.[49] He said:

> *'The character of this changing world is indifferent to tradition. Unforgiving of frailty. No respecter of past reputations. It has no custom and practice. It is replete with opportunities, but they only go to those swift to adapt, slow to complain, open, willing and able to change.'*

Skip forward to 2010 - through a financial crisis which changed a lot, including the political make up of the government, but not its essential worldview – and we can hear the same idea expressed via David Cameron's 'global race'. He said*: 'We're in a global race today. And that means an hour of reckoning for countries like ours. Sink or swim. Do or decline.'[50]*

42 Locality definition adapted from Greenham, T, Cox, E and Ryan-Collins, J (2013) Mapping Economic Resilience, NEF/Friends Provident Foundation. Available at: http://www.friendsprovidentfoundation.org/wp-content/uploads/2013/12/nef-Mapping-Economic-Resilience-1-report.pdf
43 Bell, T (2017). 'We let the 2007 financial crisis go to waste', The Guardian. Available at: https://www.theguardian.com/commentisfree/2017/aug/09/2007-financial-crisis-go-to-waste-attlee-roosevelt-economic-catastrophe
44 Bank of England (2017) 'Financial Stability Report, June 2017'. Available at: http://www.bankofengland.co.uk/publications/Pages/fsr/2017/jun.aspx
45 See for example RSA (2017) 'Inclusive Growth Commission: Making our economy work for everyone'. Available at: https://www.thersa.org/discover/publications-and-articles/reports/final-report-of-the-inclusive-growth-commission
46 Greenham, T, Cox, E and Ryan-Collins, J (2013) 'Mapping Economic Resilience', NEF/Friends Provident Foundation.
47 McInroy, N, Longlands, S (2010) 'Productive local economies: creating resilient places', CLES. Available at: http://www.cles.org.uk/wp-content/uploads/2011/01/Resilience-for-web1.pdf

48 Cox, E, Broadbridge, A, Raikes, L (2014) 'Building Economic Resilience: An analysis of Local Enterprise Partnership's Plans', IPPR North. Available at: https://www.ippr.org/files/publications/pdf/Building-economic-resilience_May2014.pdf
49 Harris, J (2016) 'Does the left have a future?', The Guardian. Available at: https://www.theguardian.com/politics/2016/sep/06/does-the-left-have-a-future
50 Cameron, D (2012) 'Speech to Conservative Party Conference'. Available at: http://www.telegraph.co.uk/news/politics/conservative/9598534/David-Camerons-Conservative-Party-Conference-speech-in-full.html

However, after the EU referendum and the election of Donald Trump, many have come to recognise that there are downsides to only ever looking outwards; in particular, that globalisation has not necessarily been of similar benefit to every place. Indeed the JRF's analysis of the Brexit vote noted that 'whereas some areas are thriving, others are in decline' and explained that 'this decline consists of numerous factors such as population loss, those with higher skills moving out, economic restructuring and de-industrialisation, shrinking labour markets, unemployment, low education and skills, poor health, deprivation and poverty, physical blight and declining tax bases.'[51]

So if globalisation no longer provides all the economic answers, should we instead look towards localisation as a counterweight? For some this suggests protectionism – the RSA's Inclusive Growth Commission described this critique as seeing 'a sort of local Berlin Wall that keeps out quality and innovation'.[52] But localisation is not about preventing wealth from flowing in, it's about stopping it seeping out. So here economic strategy first looks inwards towards the assets that exist within a place and seeks to harness them for the maximum benefit of the local community. It sees local attachment as a strength rather than a sentimental indulgence; prioritises local business and social enterprise; and tries to create positive local money flows. Crucially it regards economic growth as important to the extent that it enables local people to live fulfilled lives, rather than an end in itself.

At the heart of this is the idea of community economic development - the process of economic development within a specific area to benefit the local community – and how it can maximise neighbourhood-level economic opportunity and create dynamic local economies.[53]
Yet while our economic policy is increasingly regional, it is still far from local.[54] Indeed, the economic benefits of city region 'agglomeration' - the close spatial clustering of economic activity – that have driven the development of the 'northern powerhouse' are likely to exacerbate inequalities within places, even as the differences between them are levelled out.

So by focusing on economic resilience, we have the opportunity to ensure that economic growth is truly and meaningfully 'inclusive': underpinned by local priorities and focused on neighbourhood renewal, tackling poverty, environmental sustainability, and community empowerment.

How community 'anchor' organisations promote local economic resilience

Community anchor organisations are independent, community-led organisations which operate in a local area. Firmly rooted in a sense of place, they are committed to changing their neighbourhoods for the better. They respond flexibly to local need and therefore come in all different shapes and sizes. What unites them, however, is a sense of ambition for their local neighbourhood, an enterprising approach to finding local solutions to local problems, and a clear sense that this activity should be community-led and based on self-determination.

Community anchors perform a number of important functions. They provide joined up, person-centred services. They represent the neighbourhood and give local people a powerful, independent voice. They provide spaces where the whole community can come together and forge trusting relationships.

They are also powerful economic agents. Community anchors play a crucial role in the local economy, acting as local economic multipliers. They ensure the wealth they generate is re-distributed in their neighbourhoods, by employing local people in good quality jobs, using local supply chains, and investing in people to themselves become economically active.

This economic role is particularly significant as community anchor organisations mostly operate in deprived areas. 80 per cent of Locality's members work in the 50 per cent most deprived wards in the country.[55] These are areas where private sector activity is often weak or non-existent, and in these places community anchors can be the neighbourhood's major employer and key economic actor.

They will often own and manage local buildings - such as community centres and other physical assets like housing, energy generation and leisure facilities - which they use to generate income for community benefit and provide services which are focused on local people. This asset base then provides a powerful platform from which to lever in external investment in a way that the traditional public sector cannot.

They can often play a major role as a local employer themselves, but also are important in supporting people into training and skills development and into wider employment opportunities. They can act as facilitators within neighbourhoods between different sectors, supporting the growth of local businesses and leveraging in new funding and finance to support local economic growth.

51 Goodwin, M and Heath, O (2016) 'Brexit vote explained: poverty, low skills and lack of opportunities', JRF. Available at: https://www.jrf.org.uk/report/brexit-vote-explained-poverty-low-skills-and-lack-opportunities
52 RSA (2017) 'Inclusive Growth: Putting principles into practice'. Available at: https://www.thersa.org/discover/publications-and-articles/reports/inclusive-growth-putting-principles-into-practice
53 See My Community 'Community Economic Development' at https://mycommunity.org.uk/take-action/community-economic-development/
54 As seen in the Northern Powerhouse or Local Growth Deals
55 Locality (2016) 'Our Impact'. Available at: www.locality.org.uk

Many use community-led business approaches and support and incubate activity which has an economic and social benefit for local people. Examples of this approach include community-owned business activities such as cafes and food production, managed workspace, retail, manufacturing and childcare which generate income which is then reinvested into local services. Local people rather than shareholders are the ones to benefit from this community enterprise approach.

These independent sources of income for local organisations play a role in fostering self-reliance rather than dependency, and provide communities with a degree of resilience to cope with changing circumstances or crisis, and stepping in when the public or private sector is absent or has failed.

Perhaps the most celebrated example of the economic impact of a community anchor organisation is Coin Street Community Builders.[56] 30 years ago, the South Bank of London was not the vibrant, bustling hub for creativity, commerce and culture that it is today. It was instead a rather bleak no-man's land, stranded between the West End and the City. It was made up of faceless offices for multinational corporations, its shops were increasingly derelict and its schools were closed. The residential population had fallen from 50,000 to just 4,000.

Yet with plans afoot for a developer to build more office space and Europe's tallest hotel, local residents formed Coin Street Action Group and drew up their own plans for housing, business facilities and accessible community spaces. After seven years' of tireless campaigning and in the face of huge competition from developers, the Greater London Council finally accepted their case and sold the land to newly formed organisation Coin Street Community Builders in 1984. Since then, they have developed the previously derelict land into a thriving neighbourhood, building 220 co-operatively-owned homes for affordable rent, opening up access to the river for all, and substantially improving the quality of the public realm.

How local authority commissioning can maximise the economic benefits of community anchors

As detailed above, local government procurement is a significant part of the local economy, but local organisations are increasingly being shut out of commissioning processes by the trend towards the upscaling of contracts.

The key issue is that spend on public services is often viewed as just that – spend – not investment. Viewed differently it could both deliver better services and support economic resilience. Commissioning, therefore, is key to maximising the local benefit of public sector procurement spend.

Our new research has revealed a clear desire from commissioners and councillors to maximise limited resources to benefit the areas they serve. However, we have also identified significant barriers to achieving this in practice. The next section of this report outlines some of the key lessons that emerged from our action research with six local authorities.

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[56] See coinstreet.org

Box 1:

Keep it Local for Economic Resilience: Our local authorities, community organisations and methodology

Keep it Local for Economic Resilience is an action research project funded by the Friends Provident Foundation.

Locality has been working with six local authorities and the community organisations in their areas to commission for economic resilience by:

1. Demonstrating the role that community organisations play in local economic resilience and developing tools and training which help them evidence and strengthen their impact.

2. Overcoming the barriers to commissioning locally and developing a framework which can be used to commission for economic resilience.

Project methodology

The Keep it Local for Economic Resilience project began with a period of preparation and case study development. In this initial phase we:

- Produced a short paper, gathering good practice case studies from Locality members about how they, as community anchor organisations, contribute to local resilience. This paper also set out an initial economic resilience framework, drawing on work from NEF, CLES and IPPR North.
- Received training from NEF Consulting on 'commissioning for outcomes and co-production', as well as tendering processes
- Established an advisory group of experts from key organisations who are working on issues of public service commissioning and the social economy.

We then recruited six local authorities to take part in co-producing and testing tools and guidance. The local authorities were selected following the submission of initial expressions of interest. The six local authorities were chosen based on their capacity to participate in the research, and in order to achieve a balanced range of participants across council type, geographic location and political control.[57] We also wanted to ensure we were working with local authorities who were at different stages on the Keep it Local commissioning journey. Some local authorities were those where Locality had close pre-existing working relationships and had already been supporting to Keep it Local. Other areas were committed in principle to the idea of local commissioning, but had yet to turn this into practical action.

Once selected, we supported each local authority to recruit three or four local community organisations as action research partners.

We conducted interviews in the six councils with a range of key people – councillors, commissioners, procurement officers, directors - to understand current practice, identify opportunities and barriers, and develop ideas. We also conducted interviews with community organisations to hear their experience of local commissioning processes.

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[57] For more information on this see individual area case study reports

NEF Consulting facilitated a workshop with all six local authorities and their community organisations, where we agreed a draft 'Economic Resilience Assessment Framework'. This framework then went through a process of development and testing in each local area.

Alongside testing the framework with the local authorities, we worked with our partner community organisations to develop ways to measure and articulate economic resilience. For this piece of work we:

- Produced a background paper on impact measurement
- Conducted an LM3 exercise with community organisations, using LM3 Online
- Engaged NEF Consulting to conduct an analysis of the 'enabled contribution' community organisations make to the local economy through their tenants
- Conducted workshops with community organisations in each area to co-produce an approach to measuring economic impact, based on the economic resilience framework

We have also established a wider network of 'Keep it Local Councils', to provide a space where local authorities can share and learn, and hear updates from our research. This was launched in January 2017 with the publication of 'How to Keep it Local: 5 step guide for councillors and commissioners'.[58]

Locality Keep it Local for Economic Resilience project team:

Deb Appleby, Meena Bharadwa, Ruth Breidenbach-Roe, Naomi Diamond, Charlotte Furber, Paul Hassan, Sophie Michelena, Hugh Rolo, Elly Townsend, Phil Tulba, Ed Wallis

Keep it Local for Economic Resilience advisory group members:

Nick Davies, Paul Winyard, Michael Birtwistle (NCVO); Clare Goff (New Start); Joanne Hall (Friends Provident Foundation); Adrian Healey (Cardiff University); Claire Mansfield (NLGN); Graham Randles (NEF Consulting); Alex Van Vliet (Lloyds Bank Foundation)

Our partner local authorities and community organisations

Bradford Metropolitan District Council

Bradford Trident is a community-led company working to transform the local area: **www.bradfordtrident.co.uk**

Carlisle Business Centre is a social enterprise that provides support for new businesses, offering office accommodation, meeting/training rooms and space to host business and social events: **www.carlislebusinesscentre.co.uk**

Inspired Neighbourhoods is a regeneration and neighbourhood management organization: **www.incic.co.uk**

Royds Community Association is a community-led social enterprise providing and promoting regeneration and renewal: **www.royds.org.uk**

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[58] Locality (2017) 'How to Keep it Local: Five step guide for councilors and commissioners'. Available at: http://locality.org.uk/wp-content/uploads/How-to-Keep-it-Local.pdf

Bristol City Council

Barton Hill Settlement is a community resource centre managed by a committee of mainly local people, providing a wide variety of services: www.bartonhillsettlement.org.uk
Knowle West Media Centre is an arts centre and charity, supporting social action using technology, community arts and education: **kwmc.org.uk**

Southmead Development Trust is a charity run by, and working to support, residents of Southmead, Bristol. It runs the Greenway Centre, a business centre and a local community hub: **www.southmead.org**

Windmill Hill City Farm is a multi-purpose voluntary organisation that runs a working farm and gardens in the inner city with a cafe, farm shop, childcare nursery, adult social care and a sports facility: **www.windmillhillcityfarm.org.uk**

Calderdale Metropolitan Borough Council

Cornholme Old Library is a charity which brought Cornholme's former library back into community use. The library hosts a community café, a digital learning station and acts as a meeting space for diverse groups: **www.oldlibrary.org.uk**

Halifax Opportunities Trust is a community-based development trust established to help open up opportunities for people living in the area: **www.regen.org.uk**

Hebden Bridge Community Association is a member-controlled charitable organisation who completed the first town-hall asset transfer in the country in 2010 and built a modern extension which houses over 60 businesses: **www.hebdenbridgetownhall.org.uk**

Dorset County Council

Dorset Youth Association is a young people's advice and information centre, improving the quality of life for children and young people in Dorset: **www.dorsetyouth.com**

Heatherlands Centre is a community centre with a sports hall, a hall, and a meeting room available to hire, as well as the Hopscotch Preschool: **www.heatherlands.co.uk**

Portland Community Partnership works with local authorities, voluntary and statutory authorities in a common effort to improve the physical and economic conditions of life on the island of Portland: **www.portlandcommunitypartnership.co.uk**

London Borough of Hackney

Hackney Co-operative Developments (HCD) is a local community economic development agency who provide support to Hackney-based co-ops and social enterprises: **www.hced.co.uk**

Manor House Development Trust is a charitable social enterprise, who deliver and help other organisations to deliver community services which are value for money and create lasting benefits: **www.mhdt.org.uk**

Shoreditch Trust is a registered charity based in Hackney, that works with residents to support them to improve their health, wellbeing, social networks and opportunities: **www.shoreditchtrust.org.uk**

Shropshire Council

Cleobury Country Centre is a hub for business and community information and resources: **www.cleoburycountry.com**

Severn Centre is a multi-purpose sports and community centre providing community, leisure, health and life-long learning facilities: **www.severncentre.co.uk**

Wem Town Hall is a centre for arts, learning, community and enterprise, with a café, bespoke catering and venue hire: **www.wemtownhall.co.uk**

3. The Key Lessons from Our Action Research

Cuts: a driver and a handbrake

Our research has identified a strong desire for change and to work more closely with communities. As one local authority officer put it, there is 'a hunger to get a grip on this' and to be more sophisticated in terms of how local government works in partnership with local people.

This is partly driven by a general understanding of the wider benefits of local commissioning, and a particular recognition of the role the social sector plays in tackling complex social challenges:

> 'We know that our partner community anchor organisations play a wider role in our deprived communities'

> 'It is the VCS who can be best placed to help us promote social inclusion and community cohesion'

> 'VCSE organisations are better positioned to meet the needs of those who are sometimes defined as 'hard to reach''

However, the desire for change is also driven by necessity, with the pressing need to reshape service delivery to achieve savings. Financial pressures continue to dominate the landscape and are seen to be becoming more acute:

> 'The council is currently under extreme financial pressure'

> 'The funding environment will continue to put pressure on available resources'

> 'Cost pressures and demand pressures requires us to explore a whole new landscape of service provision through partnerships'

These pressures mean local authorities are increasingly keen to use their declining spending power in a more strategic way and explore its potential to boost the local economy:

> 'We are interested in how we can invest in local organisations to ensure we maximise the value of our budgets'

> 'We want to better understand how we can deliver our role in a focused way to support local economic growth and improved access to economic activity for local people in less advantaged areas of the city'

However, while austerity is driving the need for radical change, it is also making it hard to achieve it in practice. In some areas we worked in, budget constraints meant there was little in the way of new commissioning activity, making it hard to trial new approaches. There has also been staff turnover to contend with, with officers moving or teams being reorganised, requiring new relationships to be forged and the process of securing 'buy-in' with other departments restarted. The sheer scale of the local authority capacity crunch and the constant staff churn makes coordination across the council, embedding consistency in approach, and finding space to trial new ways of working, all very difficult indeed. As one local authority officer put it, 'people sometimes don't have the time to look at something new'. Indeed, rather than creating a new climate of experimentation or a 'burning platform' that necessitates change, it appears more likely that austerity reinforces the status quo.

It also means there is a lack of space and time for council officers to network with other local authorities and share ideas outside their own particular patches. There was a huge interest from participants across our research project for opportunities to learn from what other local areas were doing, and to hear first hand how other places in different contexts are addressing a shared set of challenges.

So it seems that the financial environment has created a paradox for local authorities: all areas repeatedly stressed that cuts were driving the need for change; but the levels of disruption and pressure on internal capacity wrought by the cuts have created a hugely challenging environment for realising that change.

An opportunity and a challenge for community organisations

There is a strong view among local authorities that the cuts have created a big opportunity for the voluntary and community sector. It has been clear from our conversations that officers value the reach of VCSE organisations, particularly into communities with whom statutory services struggle to engage, their role in building community cohesion, and their ability to deliver person-centred services. Local organisations are seen as having a greater stake in the successful delivery of a service: 'they are here for the long term, and will deliver with passion and moral conviction' as one local authority officer put it. They know the service-users personally and live alongside the consequences of failure.

But at the same time, councils are concerned about whether the community has both the capacity and the expertise to 'step up'. Local provider networks can be seen as patchy, varying from place to place and sector to sector:

'The council needs better solutions and needs to ensure it can achieve more and better for less resource. But has the VCS got the bandwidth and expertise to take advantage of this opportunity?'

'Some contracts are dominated by national providers because there isn't a great local market of local organisations that would be able to deliver services on the scale needed'

'There is a lack of diversity of provision and skills shortages in our local market'

This language of the 'market' was consistent throughout our research, and, like it or not, the market is here to stay for the forseeable future in public services. However, local authorities do believe that concerted action is required to create a more level playing field and enable local providers to compete.

Officers recognise they have a responsibility to nurture their own local organisations. Grants programmes are seen as crucial in this regard, to build community capacity and to create space to try new ideas and attempt to solve seemingly intractable problems.

'Support your sector, otherwise it won't be there for commissioning'

'You've got to grow your own'

'Grants give organisations space to innovate and 'permission to fail' in a way that isn't possible in a commissioned service'

Meanwhile, commissioners want better evidence of the impact of community organisations. Innovative commissioning tends to be led by a small number of committed individuals within the council. The famous quote tells us not to doubt that this can change the world;[59] it does, however, appear to be insufficient to change the direction of local authorities. So community organisations need to give their council champions more ammunition to make the case internally; as one officer put it, in particular providing better evidence of their impact to 'get procurement on board', and show they have the capacity to deliver high quality services:

'People on the ground understand the impact they have, but in tough financial times, organisations need to articulate it much better'

[59] "Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has." Margaret Mead

'We continue to commission services with the local VCS, recognising the key role that the sector plays. However, there is continued pressure to understand and evidence how all our spend on internal and external services is achieving maximum impact and outcomes'

'The question now is much more 'what's the actual impact? What's the added value?''

Joining up the system

So it is clear from our research that there is an appetite among local authorities for Keep it Local commissioning, driven both by an understanding of the special social value community organisations bring, the potential economic benefits of supporting them, and by a pragmatic need to deliver differently. But realising this in practice is hampered by a disjointed system.

In particular, we heard consistent evidence of a disconnect between commissioning and procurement. While commissioners see procurement as fulfilling a necessary function, they are believed to be risk averse, and procurement strategies are seen to be insufficiently 'upstream' and not near enough to commissioning priorities. On the other hand, procurement often thinks that the commissioning strategy does not sufficiently engage with the reality of budgetary constraints.

'Procurement and commissioning are two different disciplines with different mindsets. Procurement is about rules, processes, finances, timeline; commissioning is about solutions, how to get the best outcomes. It's not clear how to moderate this.'

'Decision making is spread across service leads and can appear disconnected'

'There is a degree of disconnect between the procurement function – with a focus on legality, EU law, state aid etc – and the specification process developed from commissioning leads'

This disconnect is making commissioning an increasingly frustrating experience for local organisations. Indeed, many of the community organisations we worked with on this project were highly sceptical of the process, with reports of bad experiences, wasted time, forced collaborations which came to nothing, and a sense that bidding for public services was increasingly a waste of resources. Co-production is more talked about than put into practice, and social value usually takes second place to narrow service and efficiency objectives. There is concern about whether contracts can be delivered well without losing money. Some organisations are walking away and finding other ways to serve their communities.

This is ultimately in no one's interest: the local authority ends up with a shallower pool of local providers; money flows out the local economy; local organisations lose out on potential sources of income; local people suffer from poorer services.

And it is not just within local authorities that the system is disconnected, it is also the case across the wider commissioning landscape. This includes the NHS, clinical commissioning groups (CCGs) and police and crime commissioners (PCCs). Local authorities can find it difficult to model best practice across different terrains. Some areas are looking at pooling funding with the NHS and investigating commissioning around certain themes, for example with older people to develop more holistic services. It is also felt that looking at the wider LEP or city region area will play a bigger part in the future. But there is a lack of a consistent approach across bodies or a clear sense of 'place leadership'.

Embedding culture change

Alongside the need to align the system, our research discovered two other barriers to Keep it Local commissioning being adopted in practice, which are more to do with the culture of local authorities.

The first is risk aversion; in particular the perception of legal and technical barriers to procuring locally. This is despite numerous attempts to 'bust myths' around commissioning and procurement, by government,[60] the legal profession[61] and civil society organisations.[62] OJEU thresholds, EU procurement law, state aid rules and anti-competitiveness concerns: all were repeatedly mentioned as roadblocks to greater use of place-based commissioning.

We were also told that balancing local commissioning with national frameworks — specifically what's set out by Crown Commercial Services (CCS) — is a key challenge. The issue seems to stem from the fact that, while people are aware of and often interested in different approaches to contracting and innovative procurement techniques, they are all essentially workarounds; ways of going against the grain of prevailing forces, if you really want to do it. The path of least resistance is to focus rigorously on cost and competition, as this is what the very first paragraph of the CCS guidance on public procurement policy tells you to do:

'The over-riding procurement policy requirement is that all public procurement must be based on value for money, defined as 'the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought'. This should be achieved through competition, unless there are compelling reasons to the contrary.'[63]

As one procurement officer told us when discussing different ways of buying services, 'there are options for specific circumstances, but being risk averse we tend not to use them'.

The second issue is that some councils struggle to 'let go'. We were told that there can be a cultural barrier to stepping back and allowing communities to play a bigger role. Councils can still be quite paternalistic in seeing their role as delivering services to people, rather than working with the community to achieve better outcomes together. As one officer put it: 'it is about local authorities being enablers of service rather than deliverers. As a result, we will have to give up some power and money to achieve it.'

Social value has much further to go

Our local authorities use a mix of approaches to social value. Half have put in place explicit social value policies, frameworks, and strategies, and half have not (of these, two have processes in development). This is in line with the broad state of play across the country — see Box 2.

From our local authority interviews, there was a sense that social value has not been as helpful as it could be in driving change in commissioning practice. Even councils that have done detailed social value work have found push back internally to the adoption of policies, with questions raised about linkages to overall council priorities. There is also an issue of how to really embed social value into contracts in a meaningful way, and ensure that social value is measured and accounted for.

That said however, it does feel like social value is the most useful current framework, with potential to be more effectively and consistently applied. A lesson from our research is that social value needs to be linked explicitly to the council's overarching strategic goals in order to gain traction. Also, measurement matters — having a sense of where current procurement spend goes and the change you want to see is important for ensuring that achieving social value through procurement spend is seen as a defining mission rather than a broad aspiration.

[60] See the Commissioning Academy for example: https://www.gov.uk/guidance/the-commissioning-academy-information
[61] Villeneuve-Smith, F and Blake, J (2016) 'The art of the possible in public procurement', Bates Wells Braithwaite. Available at: http://www.bwbllp.com/file/the-art-of-the-possible-in-public-procurement-pdf
[62] See the Social Value Hub's 'Mythbuster': http://www.socialvaluehub.org.uk/about/mythbuster

[63] Crown Commercial Services (2017) 'Public Procurement Policy'. Available at: https://www.gov.uk/guidance/public-sector-procurement-policy

Box 2:

The State of Social Value

SE:UK's report *Procuring for Good*, represents the most comprehensive picture of how councils are using the Social Value Act to date.[64] Freedom of Information requests were made to all councils in England, from which SE:UK have developed a typology of councils' mixed approach to using the Act:

- Embracers (14%). These councils generally have a social value policy, and apply social value wider than legislation requires and often use it for most, if not all, tenders. Typically, scoring for social value in tenders may be quite significant, as much as 30%.

- Adopters (19%). Those that tend to mention social value in their procurement strategy, or have an explicit social value policy and apply it more widely than the threshold. However, despite the ambitious aims, this group is still relatively conservative in how they apply social value in scoring, typically awarding 5% scoring for social value in tenders and apply social value tentatively.

- Compliers (45%). Those that have mentioned social value in their procurement strategy but it is largely hypothetical as they would only apply social value above the OJEU threshold for services and have not generally applied it to many, if any, tenders. Where social value is taken into account in the scoring of tenders, theoretically, many would apply a 5% score for social value.

- Bystanders (22%). Those that haven't got a Social Value Policy (or similar document), don't refer to social value it in their procurement strategy, and have not applied the Act.

The report stresses the importance of having a social value policy, with the majority (58%) of 'embracer' councils having a separate social value policy. SE:UK conclude that the barriers to greater application of the Act are both cultural and legislative. Some sharing of best practice between councils is likely to help, but this is limited unless councils are obliged to make more use of the Act. So they believe the Act needs to be strengthened both 'horizontally' – making it apply to more situations – and 'vertically' – making it mandatory throughout the commissioning and procurement process.

The haphazard use of social value across local authorities has also been picked up by the New Local Government Network (NLGN) in *Social Value in Procurement*.[65] NLGN brought together representatives from local authorities and the private sector for a discussion which concluded that, while a majority of councils now consider social value in their procurement process and some have social value champions, it was still not embedded in most councils' commissioning processes. It seems to stay on the margins of the debate about the redesign of services in the context of austerity and financial pressures.

NLGN found a shared perception among both commissioners and contractors that there is a 'tick box' culture around social value. This can be a product of the lack of clarity among councils and provider organisations about how to consider social value in public services. A big debate is about whether councils should specify the outputs they expect from providers or if the latter should present what they can offer and then commissioners make the choice on who is awarded the contract accordingly.

[64] SE:UK (2016), 'Procuring for Good: How the Social Value Act is being used by local authorities'. Available at:
https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=e3c5b57a-929b-4d99-933d-b2317376d8cd
[65] New Local Government Network (2017) 'Social Value in Procurement'. Available at: http://www.nlgn.org.uk/public/wp-
content/uploads/Social-Value-in-Procurement_EVENT-WRITEUP.pdf

In order to deliver social value effectively through procurement, the report says that long-term relationships need to be built – but the financial and time pressures that commissioners currently face is prevent this from happening in practice.

The Joseph Rowntree Foundation (JRF) have drawn on good practice case studies 'mostly from construction contracts' to learn lessons for the inclusion of social value in services contracts.[66] They again highlight the importance of adopting a specific policy, alongside measures to ensure social value requirements do not adversely impact on value for money and affordability; learning how to draft text for social benefit requirements; facilitating innovative approaches; and using proper monitoring and reporting procedures.

The JRF warn that it is common to receive very conservative advice on incorporating social benefits in procurement, which is impeding progress in the practice. So it sets out three possible pathways for procuring social value – an ambitious one which places social value as a core requirement and includes it in bid scoring; a middle one that makes it a contract performance condition, but not a core requirement in the bidding process; and a softer 'corporate social responsibility approach', where the contractor decides what they deliver and how they will measure outcomes, as a post-award voluntary agreement.

Bates Wells Braithwaite's report *The Art of the Possible in Public Procurement* makes a strong argument that the procurement conservatism that can stifle reform is a matter of custom and practice that need not be the case.[67] The Public Contracts Regulations 2015 provide commissioners with a great deal of flexibility to achieve the outcomes they seek for their communities. The report highlights some of those flexibilities and states that the key to commissioners successfully shaping a procurement process that delivers on strategy is to articulate what you are trying to achieve – then design a procurement process for how you're going to deliver it.

The report delves into the EU rules and says that 'as long as the principles of transparency and equal treatment are adhered to, you can design pretty much any procurement process you like.'

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[66] JRF (2014) 'Tackling Poverty through Public Procurement'. Available at: https://www.jrf.org.uk/report/tackling-poverty-through-public-procurement

[67] Villeneuve-Smith, F and Blake, J (2016) 'The art of the possible in public procurement', Bates Wells Braithwaite. Available at: http://www.bwbllp.com/file/the-art-of-the-possible-in-public-procurement-pdf

4. How to Keep it Local for Economic Resilience

Our research has identified a clear desire for change, driven both by an understanding of the benefits of commissioning local community organisations to provide services, a recognition of the advantages to the local economy of doing so, and a pressing need to reshape service delivery to achieve savings.

However, we have also identified that commissioning remains fractured and disconnected, which is preventing a consistent approach from emerging. Local stakeholder engagement is variable, and there is often a sense of scepticism within local authorities about the capacity of local organisations to 'step up' and take on commissioning opportunities.

What's more, ongoing austerity is putting huge pressure on council officers, meaning there is a lack of time and capacity to trial new approaches. The status quo remains the path of least resistance for busy people.

So it is clear that an 'in principle' commitment to Keep it Local will not automatically translate into commissioning practice which supports local communities' economic resilience. Our work has identified four key things that need to happen in order to overcome this and see Keep it Local approaches become mainstream for local authorities:

1. **We need top-level leadership.** A local authority needs to be committed at a very senior level to Keep it Local, and for this to be a key part of a council's political and corporate identity. With this in place, Keep it Local practice can then flow downwards through the system, be realised in commissioning frameworks, and be properly monitored and scrutinised. This level of determined leadership is fundamental to local authorities learning to let go; driving through the culture change needed to shift practice and work more closely partnership with local people, overcoming the tendency towards caution, control and silo working that persists in councils. Councillors need to set the direction and provide political cover for what can be seen by officers as risky behaviour; and the chief executive and senior directors need to lead the whole organisation on patient process transformation.

2. **We need to join up the system.** Even top level commitment to Keep it Local will not mean that it will necessarily happen in practice, however. Our research has identified that commissioning remains disjointed, in particular the relationship between 'innovative' commissioners and 'risk averse' procurement officers. Key to overcoming this is to carve out time and space, enabled by senior leadership, to build a shared sense of mission, ensure robust and coherent processes, and work together to overcome obstacles. What's more, there is often a lack of connection and coordination between the local authority and the wider system, the

other agencies and institutions who commission services and invest money in the local area. We need to join up the system – both within the local authority and across the local area – to embed a consistent place-based approach.

3. **We need to be more ambitious about social value.** Social value is not well embedded in commissioning; even where policies or strategies exist, they are often not well implemented. Where outcome measures have been adopted, they are not always relevant to local organisations – and they do not reflect or recognise the particular value of commissioning a local organisation over a national one. Local authorities need to use social value more effectively in order to maximise the particular benefits that local organisations can bring. This means having a clear social value policy, which sets out the local authority's ambitions, aligns social value with its overarching strategic priorities, and provides a clear sense of the change in practice desired. Social value must then be accounted for both early and late in the commissioning cycle – in the service design and contract specification; and in monitoring and evaluation of success. Seeing social value through an economic resilience lens presents an opportunity for local authorities to understand what social value means in practice and harness the contribution local organisations make the local economy.

4. **We need to show community organisations can step up.** There is often scepticism among local authorities about the capacity of local organisations to take on commissioning opportunities; and about the particular value of commissioning small and local when it can appear, in the short term, to cost more. Overcoming this is partly about changing local authorities' approach to commissioning, away from an exclusive focus on competition and markets – a contracting authority and service provider relationship – towards place-based partnership working, with parity of esteem and shared objectives. However, if we are asking local authorities to 'let go' and give away power, we also need to show that community organisations are ready to 'step up' and share it. So community organisations need to get better at making the case for the local impact they bring and the extra bang for buck they provide, and be able to evidence it more effectively.

In order to address these challenges, we have developed a Keep it Local: Economic Resilience Framework. The framework is intended to build a shared commitment to commissioning for economic resilience, and enable the strong and trusting relationships needed to achieve it to be forged – both within the council, and between the council and the community.

The framework can be used by local authorities to assess to what extent current practice is promoting economic resilience and support them to commission locally and small-scale. Specifically it can be used as a framework for providing strategic leadership; delivering this through effective commissioning and procurement, which harness the potential of social value legislation.

It can also be used by community organisations as a framework for thinking about their own economic impact and how to evidence it most effectively.

The full Keep it Local: Economic Resilience Framework can be found in the summary of this report on page 8.

The final section of this report shows:

- How our six Keep it Local Councils have been using the framework in practice and the lessons learnt.

- How community anchor organisations can use the framework to provide evidence of their local economic impact

Box 3:

Commissioning and Procurement: New opportunities to Keep it Local

Commissioning now plays a role in almost every service area that local authorities are responsible for. Locality's Keep it Local campaign has made the case that public sector commissioning has the potential to support a strong local economy and deliver good local services that can tackle the big social challenges we face. However, we have seen many examples where commissioning has led to money being wasted on poor services. Often this is because good intentions have not been backed up in local authorities' commissioning policies and practice.

Part of the problem is a common elision of the related – but distinct – concepts of 'commissioning' and 'procurement'. As the *Our Place Guide: Public Service Procurement, Commissioning and Winning Contracts*'[68] explains, commissioning is:

> *'The process whereby needs are assessed and services are planned to meet those needs. This process entails setting priorities and allocating resources and, in particular, developing specifications as to what services are required by the public and then securing these services.'*

So procurement is part of commissioning, the bit of the process where the service that has been specified is acquired. As NEF put it in their practical guide for local authorities, *Commissioning for Outcomes and Co-production*:

> *'Procurement is the legal and technical process of seeking bids and acquiring goods or services from an external source, such as a community organisation, charity, social enterprise or business. It is one part of the commissioning cycle, when a good or service is put out to tender, contracts are drawn up and the good or service is 'purchased'. Importantly it is not exactly the same as spending money; it is about obtaining something – a good, a service, or an outcome.'[69]*

This relationship is captured in the Commissioning Cycle, which is the widely accepted cycle of activity that good commissioning should follow:[70]

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68 Ahson, K (2016) 'Our Place Guide: Public Service Procurement, Commissioning and Winning Contracts', Locality/My Community. Available at: https://mycommunity.org.uk/wp-content/uploads/2016/09/Our-Place-Guide-Procurement-Commissioning-and-Winning-contracts-FINAL-1.pdf
69 NEF (2014) 'Commissioning for outcomes and co-production A practical guide for local authorities'. Available at: http://b.3cdn.net/nefoundation/974bfd0fd635a9ffcd_j2m6b04bs.pdf
70 NCVO (2015) 'What is Commissioning'. Available at: https://knowhownonprofit.org/funding/commissioning/commissioning-1/what-is-commissioning
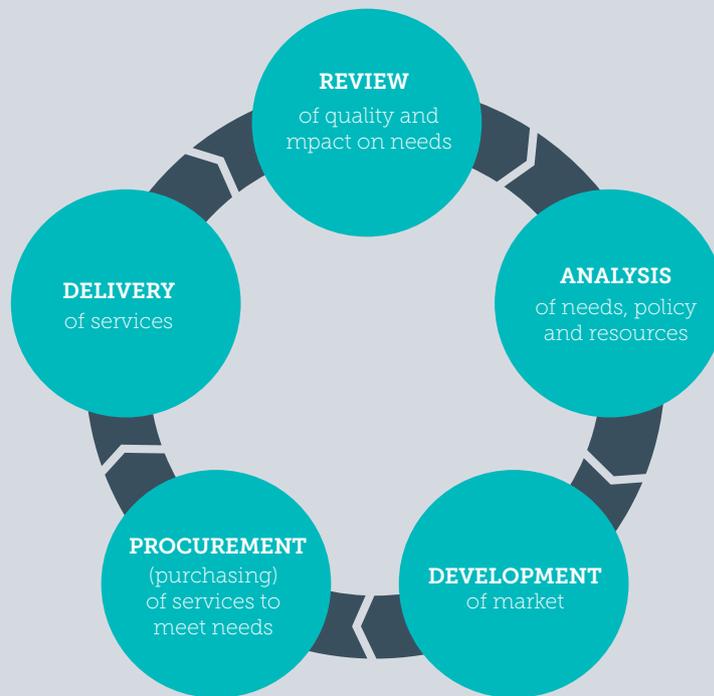
Indeed, commissioning may not lead to competitive tendering at all. Following the service specification design and development phase, commissioners may, for example, decide to use a grant.

However, despite a clear view from government that 'commissioning is much wider' than 'deliberating delivery models, procurement strategies and contracting rules and regulations'[71] — procurement tends to dominate the commissioning conversation for many local authorities. Indeed, Bates Wells Braithwaite's report *The Art of the Possible in Public Procurement* goes as far as to say: 'procurement has, through excessive caution and lack of imagination, too often become the tail wagging the commissioning dog'.[72]

In order overcome this, our Keep it Local project has been learning about innovative techniques that can help local authorities to commission differently. Through a series of local workshops delivered by Neil Coulson, a consultant who specialises in supporting the voluntary sector to grow its role within public service delivery, we have investigated the potential use of range of different opportunities available in the 2015 Public Contract Regulations:[73]

* Innovation Partnerships[74] give public bodies a free hand to create innovative services in partnership with a particular organisation or group of organisations, where they see a need and where the service isn't currently available on the market. The relevant EU procurement directive states:

> 'This specific procedure should allow contracting authorities to establish a long-term innovation partnership for the development and subsequent purchase of a new, innovative product, service or works provided that such innovative product or service or innovative works can be delivered to agreed performance levels and costs, without the need for a separate procurement procedure for the purchase'[75]

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[71] Cabinet Office (2013) 'The Commissioning Academy: framework document - an introduction to commissioning'. Available at: https://www.gov.uk/government/publications/the-commissioning-academy-framework-document
[72] Villeneuve-Smith, F and Blake, J (2016) 'The art of the possible in public procurement', Bates Wells Braithwaite. Available at: http://www.bwbllp.com/file/the-art-of-the-possible-in-public-procurement-pdf
[73] See The Public Contracts Regulations 2015. Available at: http://www.legislation.gov.uk/uksi/2015/102/contents/made
[74] Regulation 31 within the Public Contracts Regulations 2015
[75] Paragraph 49 of the EU procurement directives

What constitutes 'innovation' is defined widely and includes 'helping to solve societal challenges'. So it is clear that Innovation Partnerships offer a big opportunity for commissioners to work in tandem with their local suppliers to co-design solutions to the challenges they face.

* Reserved Contracts.[76] This regulation allows a contracting authority to reserve certain contracts for certain types of organisations. As Bates Wells Braithwaite explain:

> 'There does come a point where working with a social sector supplier is so obviously more beneficial than the alternatives that there is no point pretending otherwise – it would be a waste of everyone's time. The Regulations recognise this, enabling Commissioners to pursue a Reserved Contract – exclusively for social sector organisations – as long as the contract is for a specific type of service. Commissioners can use these, but it is essential that there is a clear and articulated rationale as to why a social sector organisation is objectively the best type of service provider'

* Light Touch Regime.[77] This offers a more relaxed set of rules for the procurement of certain types of services. It applies to social, health and educational services, below a threshold of €750,000. It allows a commissioner to design a bespoke commissioning process, subject to the principles of transparency and equal treatment.

* Single Tender Action. If a market analysis determines that a service can only be delivered by one particular provider, a contract can be awarded to a single provider – or a consortium – without competition. A clear and fully documented rationale is required in order to justify this and prevent challenge, which can be achieved through a soft market test.

* Alliance Contracting. Competition between providers is often detrimental to the end user and adds to a growing fragmentation of services. To ensure that services are joined up around the individual needs of the user, there is a need for new, more integrated approaches than competitive tendering allows. Alliance Contracting has huge potential to do this. LH Alliances explains that: 'An alliance contract creates a collaborative environment without the need for new organisational forms. By having one alliance contract, all parties are working to the same outcomes and are signed up to the same success measures. There is a strong sense of your problem is my problem, your success is my success.'[78] It encourages the buyer and suppliers to work together, as the alliance either wins or loses as group. This is the 'gainshare/painshare' model:

> 'There is a risk share across all parties and collective ownership of opportunities and responsibilities associated with delivery of the whole project or service. Any 'gain' or 'pain' is linked with good or poor performance overall and not to the performance of individual parties.'[79]

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[76] Regulation 77 within the Public Contracts Regulations 2015
[77] Regulations 74-76 within the Public Contracts Regulations 2015
[78] See lhalliances.org.uk
[79] LH Alliances (2014) 'Alliance Contracting'. Available at: https://www.kingsfund.org.uk/sites/default/files/media/linda-hutchinson-alliance-contracting-27.03.14_0.pdf

The table below shows the differences between traditional contracting and alliance contracting:[80]

Traditional Contracting	Alliance Contracting
• Commissioner is separate from delivery process • Based on risk transference • Exculpatory approach within risk management framework • Responsibility for outcome delivery is apportioned across separate providers • Encourages decision making founded on 'best for self' • Closed book accounting	• Commissioner is part of integrated delivery team • Based on risk sharing • 'No blame' culture • Everyone works towards whole system outcomes • Encourages decision making founded on 'best for project' • Open book accounting

We believe that locally-commissioned and delivered services can save money, achieve better outcomes, and build a strong local economy. We also believe there is a range of options available for local authorities to change their commissioning approach and Keep it Local. For more information on how to do this in practice, see Locality's 'How to Keep it Local: Five step guide for councillors and commissioners', available at: http://locality.org.uk/wp-content/uploads/How-to-Keep-it-Local.pdf

80 See Acevo (2015) 'Alliance Contracting: Building New Collaborations to Deliver Better Healthcare'. Available at:
https://www.acevo.org.uk/sites/default/files/ACEVO%20alliance%20contracting%20report%202015%20web-2.pdf

5. Keep it Local Case Studies: The Story of our Pilot Areas

Here we present how our six Keep it Local Councils have been using the Keep it Local: Economic Resilience Framework and the lessons learnt from our action research in each area.

Bradford

A snapshot of the local economy

Bradford Metropolitan District Council covers 30 wards across Bradford and surrounding areas. The council is within the Leeds City Region, which is a functional economic area covering the local authority districts of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York.

Bradford's economy is worth £9.5bn.[81] Recent analysis by Metro-Dynamics for the local authority has found that the economy of Bradford is relatively self-contained, though a total of 27,500 people commute from Leeds into Bradford daily, with 17,000 people commuting the other way. Bradford has experienced slow recovery in growth since the 2008 recession, and has below average qualifications and labour market participation. However, Metro-Dynamics state that Bradford's is an economy whose challenges are matched by significant strengths and opportunities.

Bradford has a young and growing population, with high birth rates and high inward international migration. Indeed, Bradford not only has the highest proportion of residents under the age of 18 of any city in the UK, but it has also a lower proportion of residents in all age groups over 45 when compared to the UK. However, this is countered by many residents, particularly the younger (25 to 34) economically valuable cohorts, leaving Bradford on an annual basis.[82]

Bradford has a strong traditional manufacturing base alongside growing financial services and insurance sectors, which have experienced growth of 24.3 per cent between 2010 and 2015 (well above the national level of 5.2 per cent). And today there is evidence of emerging growth in a number of niche new-economy sectors – particularly in the areas of new media and telecoms.

Key council and demographic data:

Council type	Metropolitan District
Council majority	Labour 49 Labour councillors, 21 Conservative, 10 Liberal Democrats, 3 Green, 7 other[83]
Local Enterprise Partnership	Leeds City Region
Population	531,200[84]
Life expectancy – women	81.5
Life expectancy – men	77.5
Index of Multiple Deprivation (England, rank of average rank in LA)	19th most deprived[85]

Why Bradford wants to Keep it Local

Bradford Council have been making progress towards achieving a more 'inclusive' model of economic growth. However, there is still much to be done in the district, to improve schools, get more people into work, improve housing, and tackle areas of persistent disadvantage. At a time of big economic, technological, environmental and social changes – and with reduced public sector resources and rising demand for services – innovation and behaviour change is needed across the board to transform services and ensure long-term prosperity.

The council recognises that this can't be done by the local authority alone. Achieving the best outcomes for residents requires good and effective joint working arrangements across the public, private and social sector. The Keep it Local programme has been seen by the council as an opportunity to improve internal policies and procedures in support of this, enhancing the way they collaborate with the VCS on service delivery, and maximising the value of their budgets by procuring for social value.

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[81] All the following data is from Metro-Dynamics (2017) Bradford Economic Intelligence: Final Report. Available at: https://bradford.moderngov.co.uk/documents/s17015/Document%20Y%20Appendix%201.pdf

[82] Metro-Dynamics (2017)

[83] City of Bradford MDC (2017) Current political composition. Available at: https://www.bradford.gov.uk/your-council/elections-and-voting/current-political-composition/

[84] City of Bradford MDC (2016) Population. Available at: https://www.bradford.gov.uk/open-data/our-datasets/population/

[85] Gov.uk (2015) English indices of deprivation 2015: upper-tier local authority summaries. Available online: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464465/File_11_ID_2015_Upper-tier_Local_Authority_Summaries.xlsx

Our initial interviews revealed a series of opportunities. The council has a range of different individuals committed to the process, at different levels and in different departments. The leader and chief executive are behind the approach; there is political stability, a four year council plan with compatible outcomes, and a commitment to working with community anchor organisations. What's more, there is a strong appetite for innovation in Bradford and the council has been closely involved with the RSA's Inclusive Growth Commission.[86] There is also a sense that the difficult financial situation has opened up possibilities to do things differently.

However, budget cuts also present huge challenges, stretching capacity, stifling the space to put new ideas into practice and leading to rapid staff turnover. The other big challenge identified, common to other areas, has been the separation between procurement and commissioning.

So the Keep it Local programme has sought to build on these opportunities and address the challenges. Bradford Council have been using the Locality's economic resilience framework across three main workstreams: enterprise coaching; co-designed wellbeing cafes; and a review of procurement practice and the role of social value.

Case Study

Locality has been working in Bradford to test the Keep it Local approach on a couple of 'live commissioning examples'. The first of these was the 'enterprise coaching' contract, which supports local people who want to start a small business. This project was selected in order to learn from previous discussions within the council around commissioning and procurement, and to help identify an appropriate way forward for the procurement of a new phase of delivery. A facilitated workshop and follow-up discussions have looked at learning from past delivery and experiences in attempts at collaborative procurement to date, to inform the co-design of a new approach to the service between the council and community anchors. Locality will be reviewing the outcomes of the enterprise coaches project once the tender is let.

The second was wellbeing cafes, which provide entertainment and social activities as well as access to support for people who may need to be in contact with other services. This project was selected in order to learn from a process of commissioning which had not yet begun. A co-produced commission is now planned, with market engagement to take place to encourage a consideration of creative options.

Perhaps the most developed part of our Keep it Local work in Bradford has been the procurement review that is being conducted. In March 2017, the council resolved:

'Bradford Council is playing a lead role in inclusive growth for our region, as demonstrated when we hosted the Inclusive Growth Commission's regional launch event on 6 March 2017. It is crucial that everyone in the district gets the opportunity to contribute to and share in any economic growth. We are committed to making inclusive growth principles integral to our own practices and in our influence with partners and third party organisations. We resolve to consider inclusive growth as part of the Council's Procurement Review'

A steering group and reference group have been established with VCS representation on each. The overall objectives of the review are to:

1. **Identify current external position** – identify and review three practical examples of current good practice engaged in by other local authorities of a similar nature to Bradford. To identify and review two examples of current theoretical and future thinking by specialist or academic institutions.

2. **Management information and spend analysis** – review the quality of management information available and where possible undertake a review of historical annual spend over a three year period; establish a baseline for Bradford set against expenditure and supplier base. Develop a balanced scorecard and management information dashboard to monitor performance and impact.

3. **Strategy and policy development** – produce input to and recommendations on strategy and policy that reflect Bradford's ambition and intent whilst ensuring a realistic balance between the legal position and the wider economic and market forces.

4. **Implementation plan** – formulate an implementation plan that will enable the required changes to strategy, policy and practice to be undertaken resulting in actual implementation from April 2018.

5. **Developing good practice** – identify two Bradford based organisations willing to develop a baseline and look to, in principle, adopt the findings of the review within their organisations. This would be subject to consideration of proportionality, form of engagement and actual findings of the review.

A social value policy and toolkit is now being developed, which is scheduled to go to the council executive in December 2017, with a pilot and full roll out to follow.

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86 City of Bradford MDC (2016) 'City of Bradford Metropolitan District Council response to the RSA Inclusive Growth Commission'. Available at: https://www.thersa.org/globalassets/projects/psc/inclusive-growth-commission/evidence-submissions/bradford-council-response-to-the-rsa-inclusive-growth-commission-30dec16-v-3-1-final.pdf

To support this process, a Keep it Local workshop focused on innovative practices in procurement, attended by members of the Keep it Local project team, the Strategic Director for Corporate Services, and colleagues from neighbouring Calderdale Council. The emphasis was on alternative procurement models, such as Innovation Partnerships, and how and when they can be useful and appropriate.

Bradford
Keep it Local Lessons

- The project built on existing relationships between the council and community anchors, providing a chance to develop and deepen those relationships.

- Part of that relationship is defined by a commissioning and contractual relationship, but that doesn't reflect the whole of it, nor the whole of how community anchors and the council can and do work together to achieve economic resilience.

- There is a clear commitment from all to listen and understand different perspectives. There is a recognition of the need to put effort into this communication, and an appreciation that how we express ourselves is sometimes imperfect.

- There is a significant appreciation of the commitment politically and at a senior officer level to building positive relationships between the two sectors. This needs to (and often does) cascade throughout the council.

- There is a strong commitment to working towards a stronger local economy, which Bradford council will be supporting in the development of its economic growth strategy. This was consulted on over summer 2017, with key areas of focus recently discussed by the council executive. The strategy has 'inclusive growth' at its heart, and there is a great deal of synergy between this agenda and the concept of economic resilience.

- In pursuing economic resilience via procurement and commissioning, Bradford understand the goal to be about better social value outcomes – which is not necessarily the same as aiming for 100 per cent local procurement.

- It is important to model different ways of commissioning and procuring, and learn from good practice elsewhere to build confidence in how the council can work effectively and legally. The council needs to be clear up front about plans for co-production and more confident that they can co-produce and subsequently procure in ways that do not give inappropriate competitive advantage to partners.

- The council understand that a pursuit of economic resilience and better social value outcomes is not about always funding community anchors, but that a focus on agreed outcomes in procurement approaches will often put community anchors in a strong position to be successful in gaining contracts.

Bristol

A snapshot of the local economy

Bristol's economy grew at £681m per annum between 2012 and 2015, putting it on target to regain the position it would have been in if the 2008 recession had not occurred by 2018.[87] However, the productivity of the economy of Bristol was below the national average between 2004 and 2015.[88] Over 30,000 businesses are registered in Bristol, including a large number of social enterprises and local businesses in the city centre, with independent high streets and a strong small business sector.[89]

Key industries in Bristol are aerospace, seaport trading, defence, media, tourism, IT and financial services (many ethical and alternative finance organisations also have their base in Bristol).[90] Many highly qualified people are drawn to Bristol for the new opportunities in the environmental, technology and creative industries, and live in areas such as Clifton and Redland. South of the River Avon, however, high levels of poverty are deepening, with people on low incomes, fewer skills and high ethnic inequality. Bristol has a strong social and ethical 'alternative' sector, but this has not yet reached into poorer areas.[91]

Key council and demographic data:

Council type	City
Council majority	Labour
	37 Labour councillors,
	14 Conservative,
	11 Green,
	8 Liberal Democrat
Local Enterprise Partnership	West of England
Population	449,300[92]
Life expectancy – women	83
Life expectancy – men	78.3
Index of Multiple Deprivation (England, rank of average rank)	54th

Why Bristol wants to Keep it Local

The drivers for engagement in this project were twofold. Firstly, Bristol City Council have been under extreme financial pressure and are simply not able to deliver services in the way they have done for the last decade or so. Secondly there is a recognition that community organisations could, with appropriate resources and support, deliver services and manage current council assets in a way that better reflected the needs and priorities of their communities.

The city mayor, Marvin Rees, is attempting to plug a £100m budget hole by 2020, and in August 2016 announced a further 1000 jobs would be cut in order to balance the budget. The scale and depth of the budget cuts and job losses is unprecedented in Bristol City Council history and has forced the city to look at how it manages and delivers services in a completely new way.

Bristol City Council's 2017/18 Corporate Strategy recently laid out the following challenge to the VCSE:

'....the council is dramatically rethinking its role in the city, anticipating less direct provision of services and a bigger role in helping others – including community and voluntary groups, businesses and citizens – get things done.'

87 Bristol City Council (2017) Bristol Economic Briefing March 2017. Available at:
    https://www.bristol.gov.uk/documents/20182/33191/Bristol+Economic+Briefing+March+2017/2e254ab5-64b3-4ba3-a0c4-e9efaff9954c
88 Bristol City Council (2017) The Productivity of the Bristol Economy: February 2017.
    Available at:
    https://www.bristol.gov.uk/documents/20182/33191/Bristol+GVA+Feb17/5f0efa69-81a2-47a5-b6f5-b4eaa64ef1d2
89 SouthWest Business (2016) Record number of businesses based in Bristol with almost
    5,000 start-ups in 2015. Available at:
    http://www.southwestbusiness.co.uk/regions/bristol/record-number-of-businesses-based-in-bristol-with-almost-5-000-start-ups-in-2015-25012016094019/
90 Bristol.org.uk (2017) Economy and Industry. Available at:
    http://www.bristol.org.uk/industry/
91 Clare Goff (2016) 'Creating Good City Economies in the UK'. Available at:
    https://cles.org.uk/our-work/publications/creating-good-city-economies-in-the-uk/

92 Nomis (2015) Labour Market Profile - Bristol, City of. Available at:
    https://www.nomisweb.co.uk/reports/lmp/la/1946157348/report.aspx

So Bristol's main aspiration for the Keep it Local programme has been to better understand this. How can the council make the transition to becoming a co-operative council and an 'enabling authority'? How can they really build the local public service market out into the voluntary, community and social enterprise sector in a meaningful way? In particular, how can they build the capacity of community anchor organisations, when the last 10 years have been moving away from multiple provision and into single providers?

Turning that around is difficult, and often the core services can be the hardest to shift. The city has had great success with the redesign of its VCSE grant programmes. Existing funds were disparate, managed by different departments of the council and allocated in a tactical and ad hoc manner. The council engaged with the VCSE sector to consider whether this fund could become more strategic and be developed and allocated through a process of co-design and co-production. This has resulted in a new, different approach to grant funding – the Bristol Impact Fund - which provides a template for further change.[93]

There is now a political opportunity in Bristol, to build momentum behind a new approach which goes beyond grants and into core services. Bristol has a new, energetic administration, who are committed to developing social value principles and being able to tangibly demonstrate how the city is moving forward in a progressive direction.

So the focus for the Keep it Local programme in Bristol has been on building their local voluntary sector capacity, developing relationships and co-creating innovative new approaches.

A particular focus here has been the development of a new approach to community asset ownership and its relationship to new approaches to commissioning and procurement - building on an event Locality organised on 'People, Places and Spaces: Community-led solutions for Bristol 2017'.

Case Study

Since the inception of this programme Locality have been working alongside the council and key community anchors to investigate the appetite and potential application of one of the key characteristics of our economic resilience framework:

Characteristic 4. Positive and productive use of local assets, with ownership, access and control over productive resources in community hands or profits reinvested into the community.

To that end, the council commissioned a major event – 'People, Places and Spaces' – in February 2017. This drew in over 200 community organisations, from small 'friends of …' groups to major community anchor organisations and offered a platform for a wide range of views. However, it was clear that all participants recognised the significant financial challenges facing the council and there was a sincere desire to consider a radically new approach to service delivery.

There was also a high degree of consensus for groups, regardless of size or geographical location, to work productively with officers and councillors to ensure the long-term success of the evolving service delivery and local accountability models.

Overall, attendees were broadly enthusiastic about what could be achieved, even though some of the examples discussed were completely new to them. It was also clear participants cared deeply about their part of the city and what happens in their neighbourhood and need a bit of time to get used to the role of the council changing completely. This was the first time many of them realised what it might mean, as both an opportunity and challenge.

There was a widespread recognition of the importance of sustaining economic resilience and sustaining community anchors to ensure hyper local economies retained spend and built community prosperity. Participants were also clear they needed support during the proposed transition phases of these new emergent service delivery models, not just through access to adequate finance but by providing professional support as well as technical and specialist advice.

Our Keep it Local work in Bristol has built on the momentum generated by this event, working alongside a number of the major community anchor organisations to develop a radical new approach to the management and curation of Bristol City Council's land and building assets. A workshop was organised to agree a new strategy and action plan to guide the council in the management, curation, disposal and potential transfer of assets. The aim of this strategy is to build the capability and capacity of key community organisations to deliver services and manage resources in a manner that is accountable to the local community, is sustainable in line with the corporate strategy Bristol City Council 2016-2020, and supports Locality's economic resilience framework. This developing strategy will set out the principles and process the council will use to manage applications for the transfer of community-based buildings.

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93 See The VCS Grants Prospectus, Available at:
    https://www.bristol.gov.uk/documents/20182/32598/Grant+funding+prospectus+col
    our+version/dd221a43-98c0-4fa4-bbde-d2316c1f9742

Alongside community assets, our Keep it Local work has also been investigating commissioning and procurement within the city. Bristol has a strong social value policy that was coproduced with the local VCS and Federation of Small Businesses. The policy goes beyond the basic requirements of the Social Value Act, stating that 'our implementation of the duties in the Act will be as wide as practicable so that we can achieve maximum impact'.[94] Social value outcomes are linked to the strategic priorities in Bristol's overarching Corporate Plan, to ensure social value is relevant to wider objectives. It also explicitly targets small local providers: 'We recognise that micro, small to medium businesses; social enterprises and voluntary and community organisations are often well placed to deliver the social benefits that local communities identify, introducing innovative and flexible new ways of working and finding creative ways to support them.'

So we have engaged in discussions with community anchors about how the city's commissioning and procurement practices can build on these strong foundations and really embed social value, using the economic resilience framework. This work culminated in a workshop in August 2017, bringing together 20 community anchors, commissioners and procurement officers. Key outcomes of this were for the city to investigate the opportunities offered by mechanisms such as Innovation Partnerships, Alliance Contracting, Single Tender Action and a range of other mechanisms, that can be used to optimise VCSE engagement in commissioning cycles. In particular, the workshop requested specific investigation of the use of Innovation Partnerships in relation to asset transfer and community-led housing, which will be addressed at a future workshop.

Bristol
Keep it Local Lessons:

- Build on what you have – Bristol has an excellent social value policy that is still in its infancy.

- Develop the use of co-design and coproduction, building on the success of the Bristol Impact Fund.

- Consider a new approach to asset transfer, optimisation and management, recognising the role this approach can have in economic resilience and the ongoing sustainability of community organisations.

- Ensure there is strong political leadership and officer buy in the make any new approach successful.

- Deeper discussions with commissioning and procurement teams are needed to ensure common language and to understand challenges and opportunities for change from each perspective – but there may be more in common than initially thought.

- Don't be parochial! Join up the city as much as possible, share learning using peer to peer and action learning mechanisms.

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94 Bristol City Council (2016) Social Value Policy: Creating social value in Bristol. Available at:
   https://www.bristol.gov.uk/documents/20182/239382/Social+Value+Policy+-+approved+March+2016-1.pdf/391b817b-55fc-40c3-8ea2-d3dfb07cc2a0

Calderdale

A snapshot of the local economy

Calderdale has a £3.3bn economy. The borough has 8500 businesses, with a business density of 650 per 10,000 of the population, compared to the national average of 500.[95] There was a 6.8 per cent increase in the number of total employees in Calderdale from 2013 to 2014, but Calderdale has a higher than average proportion of self-employed people.

Halifax is the main commercial town in the Calderdale area; Brighouse, the second largest centre in the borough, is a centre of manufacturing activity; Elland is an ancient market town but with Lowfield Business Park; Sowerby Bridge is home to long established companies; and towns like Mytholmroyd, Hebden Bridge and Todmorden are magnets for creative businesses.

The dominant industries in Calderdale are distribution, transport, accommodation and food; production; manufacturing; public administration, education, health; and real estate activities.[96] The cross-partisan Economic Task Force has then built an economic strategy around six areas: key account management, site unlocking, enterprise culture, employability, marketing Calderdale, and financial resilience.[97]

Key council and demographic data:

	Calderdale
Council type	Metropolitan borough
Council majority	No majority
	22 Labour councillors,
	20 Conservative,
	5 Liberal Democrat,
	2 other, 2 vacant
Local Enterprise Partnership	Leeds City Region
Population	208,400[98]
Life expectancy – women	82.2
Life expectancy – men	77.5
Index of Multiple Deprivation (England, rank of average rank)	67th[99]

Why Calderdale wants to Keep it Local

Calderdale has been working with Locality to support and develop community anchor organisations since 2011. The council has recently put in place a community anchor policy, which puts community anchors at the heart of delivering the council's vision for 'prosperous towns and strong communities'.

The Keep it Local programme has presented the council with an opportunity to build on this work. Calderdale have been interested in finding clear evidence of the impact that community anchor organisations have across a range of outcomes in communities; and gaining clear advice on procurement options that enable councils to work more effectively in partnership with their local community organisations.

Our initial interviews highlighted that Calderdale has a particularly strong platform on which to build, with commitment to Keep it Local principles right across the council, both in terms of individuals – including members and officers – and in terms of organisational strategy, seen in the adoption of a community anchor policy and the presence of a social value charter. The legal team is also supportive and flexible – and not the barrier to progress that is often found in local authorities.

95 Leeds City Region (n.d.) Calderdale. Available at: http://investleedscityregion.com/invest/calderdale
96 Calderdale Council (2016) Economic update. Available at: https://www.calderdale.gov.uk/v2/sites/default/files/economic-update.pdf
97 Calderdale Council (2013) Draft Business and Economy Strategy 2014-2020. Available at: http://www.calderdale.gov.uk/business/Draft-Business-and-Economy-Strategy-2014-2020.pdf

98 ONS (2016) Population Estimates for UK, England and Wales, Scotland and Northern Ireland. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland
99 Gov.uk (2015) English indices of deprivation 2015: upper-tier local authority summaries. Available online: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464465/File_11_ID_2015_Upper-tier_Local_Authority_Summaries.xlsx

As in other areas, however, the budget situation is both a challenge and opportunity. While budget cuts provide a potential fillip for a Keep it Local agenda, creating a pressing need for innovation, there is also a lack of staff capacity and time to learn new approaches and build relationships. We also found evidence of a knowledge gap among commissioners on the VCS, and a lack of joined up processes, with a separation between commissioning and procurement.

So Calderdale have focused on using the economic resilience framework to inspire cross directorate working; are testing it on the recommissioning of their voluntary sector infrastructure support contract; and exploring links with their social value framework.

Case Study

Our Keep it Local work in Calderdale has focused on three main areas.

The first has been looking at how the economic resilience framework can shape thinking at a high political level and officer level to use it and drive forward Calderdale's approach to local commissioning. One way of doing this is through Calderdale's 'Town Boards', which were established in 2015 to bring together public, private and voluntary sector to drive forward local regeneration. The seven characteristics of economic resilience provide a clear guide for local communities that can shape the direction of this work.

Another way the framework has been used it to help measure social value. Calderdale has a 'Social Value Charter', agreed by partners of Calderdale's Health and Wellbeing Board. The Charter 'welcomes the Social Value Act 2012 as a genuine opportunity to improve health, wealth and wellbeing' and is intended to signify 'a genuine local commitment from charter signatories to maximise social, economic and environmental benefits when commissioning and procuring any services within Calderdale'. However, it has yet to be embedded in commissioning and procurement, so officers are using the economic resilience framework to demonstrate across the council what social value means in practice and how it might be measured.

The second area of work has been about joint approaches. The council has been thinking about where commissioning and procurement are now, where they want it to be, and how to embed a consistent approach. A joint workshop was held with Bradford Council as part of the Keep it Local programme, focused on innovative procurement, and this has provided training and created momentum behind a new approach. There is now a commitment to initially test this approach on the recommissioning of the voluntary sector infrastructure support, with an alliance contracting model set up, and commissioners and procurement

officers are thinking about how it can be spread more widely. There is an integrated commissioning team, with adults and children commissioners brought together with procurement, and joint commissioning with the CCG has started. Calderdale is also interested in looking in more depth about where the money it spends goes and how much is retained locally.

Community organisations involved have found the framework useful for their own impact measurement work and see it as something that could be scored against as part of tenders.

Officers involved with the project have found not all commissioners as engaged as perhaps they might have been, but training has been arranged to bring more people in and spread practice as far as possible across the council. Significantly though, the legal team have been on board and endorsing the alliance contract for the live test, and seem comfortable with it as a new way of working, although stress that it is not a one size fits all approach.

Calderdale
Keep it Local Lessons

- Clarity is needed about how the economic resilience framework can be used to build bridges between all sectors. There is an appetite across the sectors for this, though it is felt that CCG commissioners need to be engaged more. It is also important not to be seen as critical of the private sector, as they are a crucial partner.

- Calderdale's devolved structures of town boards provide an opportunity and could explicity refer to the economic resilience framework in their activities.

- Redeveloping social value commissioning tool kits needs to take place at strategic commissioning level, though it can be difficult to engage these busy officers. Procurement have struggled with embedding the existing charter, it needs to be a simple process but get senior buy in for long-term vision of place regeneration.

- Make it real! Do a test run on a live commissioning example.

- Culture and behaviour change is needed to embed and share this approach across directorates. The role of elected members is crucial here, as this can stimulate action.

- This approach would have more impact if we focus on this as part of common USP in Calderdale – not just growth but quality of life in general. This links to the West Yorkshire Combined Authority's inclusive growth agenda, and this is something that Keep it Local work in Calderdale is looking to dovetail with.

Dorset

A snapshot of the local economy

The Dorset economy is worth £16bn.[100] The county has a high employment rate, but faces issues of low wages and high living costs. Dorset has an extended urban area (Bournemouth, Poole, Christchurch, parts of East Dorset and Purbeck Districts) which contains most of its employment and this is skirted by rural areas (such as Dorchester, Blandford Forum, Gillingham, Sherborne and Shaftesbury). The coastline between Lyme Regis and Swanage has a diverse range of small and micro businesses delivering retail and accommodation and food services. There is a large, locally-focused, small business economy, with local supply chains and a strong emphasis on local services, across the area. There is a smaller group of larger, internationally-focused businesses which operate globally, mainly located in the urban area.

The latest *State of Dorset-Economy* report highlights the county's productivity gap: 'In Dorset productivity is below the UK average and for every hour worked we produce almost ten per cent less than the national average.' It also states that while business survival is good, the county has fewer than average business start ups; smaller business units; and less competitive businesses than the national average.

A key issue for Dorset is an unbalanced age profile, with a much lower proportion of the population being of working age. 36 per cent of the Dorset workforce is aged over 50 compared with 28 per cent in England.[101] Older workers have the benefit of experience and skills, but they will need replacements as they retire. Over the next decade, the population in Dorset aged 16-64 will shrink by 0.1 per cent per annum, a net loss of 2,800 people.[102]

Dorset also has areas of significant disadvantage. The gap in life expectancy between the most deprived and least deprived areas of Dorset is 6.3 years for men and 5.9 years for women.[103] There are 12 areas (out of a total of 249) in Dorset within the top 20 per cent most deprived nationally for multiple deprivation.[104] Nine of these are within the urban borough of Weymouth and Portland. Weymouth and Portland residence-based weekly earnings are £488 per week compared with £541 in Great Britain.[105]

Key council and demographic data:

	Dorset
Council type	County
Council majority	Conservative 28 Conservative councillors, 3 Labour, 13 Liberal Democrat, 1 Green, 3 other[106]
Local Enterprise Partnership	Dorset, Bournemouth and Poole
Population	422,730[107]
Life expectancy – women	85.3
Life expectancy – men	81.2[108]
Index of Multiple Deprivation (England, rank of average rank)	123rd[109]

Why Dorset wants to Keep it Local

Dorset Country Council is at the start of a journey. The council recognises the important role that local VCSE organisations play, in particular in meeting the needs of people who are 'hard to reach'. In recent years, the council have been investigating 'commissioning for localism' and now feel the process needs to be re-energised and given greater focus.

Dorset wants a vibrant VCSE sector that works with the local authority towards its vision of creating 'preventative places' which tackle the root cause of some of the most damaging circumstances which limit the life chances of individuals, families and communities. The council sees itself as a 'learning organisation' and are evaluative by nature. So the Keep it Local programme has been an opportunity for them to understand their current impact and think about how it could be enhanced.

Compared to some other parts of the country, there are relatively few places with a tangible community hub managed by a community anchor organisation. Those places which do, generally achieved this on the back of a specific regeneration initiative (for example, the Exchange at Sturminster Newton) or asset transfer (Lyme Regis Development Trust) and have built momentum through a collaborative approach to local community partnerships.

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100 Bournemouth University (2015) Report sheds light on Dorset economy. Available at: https://www1.bournemouth.ac.uk/news/2015-04-14/report-sheds-light-dorset-economy
101 10 Census of Population (2011), workplace statistics
102 2015-based trend population projections, Dorset
103 Public Health Outcomes, 2012-2014
104 English Indices of Deprivation (2015), DCLG
105 Annual Survey of Hours and Earnings (2016), ONS (full time gross weekly earnings)

106 Open Council Data UK (2017) County. Available at: http://opencouncildata.co.uk/councils.php?model=C
107 Dorset Statistics and census information. Available at: https://www.dorsetforyou.gov.uk/statistics
108 ONS (2015) Life Expectancy at Birth and at Age 65 for the UK and Local Areas in England and Wales. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/datasets/lifeexpectancyatbirthandatage65bylocalareasintheunitedkingdomtable1ukandlocalareasinenglandandwales

The voluntary sector still has a large 'voluntary' component, with many communities meeting their own needs through voluntary endeavour. As in Shropshire – the other county level authority on the Keep it Local programme - it is not easy to identify a local base of providers, and the previous infrastructure and levels of funding reflect that there has never been a time when public funding was generous in the county.

The council has committed to the principles of the Social Value Act and has a Social Value working group, recognising more needs to be done to achieve significant change in procurement or commissioning. The council is taking its role seriously by developing one council approaches to social value.

Recent commissioning exercises have not resulted in more local commissioning, although in a workshop for the Keep it Local project, careers advice was cited as a more positive example. The winning organisation – Ansbury – was created from the former Connexions service within the public sector but has subsequently continued to provide the service and was considered to have an effective local supply chain.

Since 2010, community libraries and youth centre buildings have moved into community management. In many cases these buildings are now used more extensively during the week and for a wider range of purposes than was previously the case. By March 2017, 17 out of a total of 21 youth centres were in community management and eight libraries.

Other projects, such as the Heatherlands Centre – a community centre which also houses the Hopscotch Preschool - have developed a holistic approach to their client group, but have been sponsored primarily by one service department (in this case Children's Services) and have secured funding to build new facilities on a (district) council owned site.

So in Dorset, the Keep it Local programme has been working with the council's Children's Services, which are at an important stage in a change programme that is developing a new approach to prevention and early action. Cost and demand pressures require the council to explore a whole new landscape of service provision through partnerships, and so Keep it Local is part of this programme of transformation. Within Children's Services specifically, there are growing financial pressures, particularly arising from the volume of looked after children; issues around the retention of social workers leading to high use of agency staff; and transport for children with special educational needs.

The overall commissioning intention is to increase the focus on prevention, reducing the demand for higher intensity services. However, initial interviews discovered that, culturally, the council needs to continue its efforts to 'step back' and allow a more 'self-help' approach for people. So the Keep it Local programme has been focused on how to achieve culture change in the council. There is a recognition that, with resources stretched, a new approach is necessary but the council has in the past seen itself as the primary delivery vehicle for services. So how can they 'let go' and work more productively in partnership with local organisations?

Case Study

The key theme in Dorset is how to make a fundamental shift towards taking a preventative mindset and how to do this at scale. It is recognised that this will require a collaborative approach between key agencies across the county: the police are in the process of considering a joint early investment plan with Dorset County Council and the clinical commissioning group to reduce demand on services over the long term.

Dorset is creating seven 'Family Partnership Zones' that will act as the providers of a joined-up local offer to families. These zones will not be about the council delivering services but will look at the whole system across a geography. The geography is based around the seven school pyramids, and brings together all of the statutory agencies within each area. They are encouraging an approach to meeting need which reduces referrals and retains the first point of contact with a family as the main point of contact.

Evidence from the Troubled Families programme is that third sector key workers were delivering outcomes and working in different ways with families than traditional council services. This supports the logic of the Keep it Local approach - that local organisations who are rooted in place and know the communities they serve are often best placed to join-up services and build trusting relationships with people whom services traditionally find 'hard to reach'.

The strategy focuses on two age groups – 0-10 and 10-19. Hopscotch Preschool, who were visited as part of the action learning work, are providing an effective base for the younger age group. Consideration is now being given to how a 'Living and Learning Centre' for all ages could be developed in the adjoining building.

Children's Services staff will not always lead the work or be part of it, but should seek to empower and support other providers within their zone to make a difference at the right time in a child's life. A local Partnership & Governance Group will be chaired by a Zone Partnership representative, not solely by the local authority. Wherever possible, they are seeking to appoint a chair for each zone who is independent of the county council.

Council staff describe austerity as being the only road map. This is prompting the county council to give up some of the roles that it used to reserve to itself, and is also triggering new approaches to collaboration and micro-commissioning. However, lack of budgetary resources is also hindering the development of these new approaches. One method being trialed for the new youth centre model is crowdfunding with an incentive of match funding from the council. However, the jury is still out on whether this is an effective way of pump-priming community-led approaches as it may not be appropriate in many locations. Within the concept of the family partnership zones, Children's Services and the police are considering the business case for additional resources to be invested in preventative work.

The council are already using social value within their procurement but have now gone further with outcome-based reporting, asking providers to account for how much did they do, how well did they do it and how is anyone better off.

Dorset
Keep it Local Lessons

- Existing organisational culture can be hard to overcome. The persistence of rigid delivery models and some risk aversion within the council makes change slow and not organic.

- Local organisations need to develop new ways of working too. There has been an attempt to provide start up funding to develop consortiums, but the evidence is still that the organisations bid competitively, rather than acting collaboratively.

- It is important to get the language right. For early action to be initiated it needs to go beyond the professionals and be truly understood, owned and followed up in a community setting and by voluntary/community groups.

- The past can provide baggage. Dorset's two-tier history provides a challenge, with many VCSE groups lacking a communications channel to the county council. There is currently very little opportunity to overcome this and develop more positive relationships given the overall funding climate.

Hackney

A snapshot of the local economy

There are 16,000 businesses in Hackney: there was a 40 per cent increase in the number of businesses in the borough between 2004 and 2012.[110] 56 per cent of Hackney businesses earn an annual income over £100,000 (this is approximately the same as London as a whole).[111]

Although business growth in Hackney was 31 per cent between 2008 and 2011, the total number of jobs in the borough increased by less than 1 per cent in the same time period. Hackney has 127,000 jobs. In 2014 median gross hourly pay for Hackney workers and residents was £15.78 and £16.03 respectively. Median gross hourly pay for London workers was £17.29.[112] Broadly, the highest employing sectors in Hackney are health, professional, technical and scientific and business administration and support services.[113] These are then the dominant industries in Hackney, as are education, information and communications, arts, entertainment, recreation, and accommodation and food service.[114]

Key council and demographic data:

	Hackney
Council type	London borough
Council majority	Labour
	50 Labour councillors,
	4 Conservative,
	3 Liberal Democrat
Local Enterprise Partnership	London
Population	269,000[115]
Life expectancy – women	82.8
Life expectancy – men	77.7
Index of Multiple Deprivation (England, rank of average rank)	2nd

Why Hackney wants to Keep it Local

The demographic profile of Hackney is changing rapidly. This, combined with welfare reform and the tough financial climate in which all public services now operate, has led to a new set of challenges for the council in tackling deprivation. Despite testing circumstances, the council has protected its corporate grants programme and continues to commission services with the local VCS, recognising the key role that the sector plays in reaching and supporting Hackney's diverse communities. However, the funding environment will continue to put pressure on available resources and there is continued pressure to understand and evidence how all spending is achieving maximum impact and outcomes.

The Keep it Local programme has offered Hackney an opportunity to work with its local community anchor organisations to better understand how their activities impact on economic and social resilience in their community. By the same token, it also provides an opportunity for community anchors to improve their own performance, increase their resilience and ultimately enhance the council's partnerships with them.

The Keep it Local work in Hackney has focused on grants. Grant funding is about supporting the unique position of the local VCS and recognising that there are things the sector can do that the council can't. Grants can play a crucial strategic role when aligned to overarching corporate priorities, and support commissioning by maintaining a healthy VCS that is able to deliver high quality services.

[110] Hackney Council (2016) A strong and competitive economy which benefits all. Available at: https://www.hackney.gov.uk/media/8026/A-strong-and-competitive-economy-which-benefits-all/pdf/local-plan-employment1

[111] Hackney Council (2014) Business and Enterprise in Hackney. Available at: https://www.hackney.gov.uk/media/2735/Business-and-enterprise/pdf/LEA_Business_and_Enterprise

[112] Hackney Council (2016) A Profile of Hackney, its People and Place. Available at: https://www.hackney.gov.uk/Assets/Documents/Hackney-Profile.pdf

[113] Hackney Council (2014) Employment in Hackney: Sectoral and Spatial Analysis. Available at: https://www.hackney.gov.uk/media/2737/Business-enterprise-and-employment/pdf/LEA_Business_and_Enterprise_Employment

[114] Hackney Council (2014) Employment, Occupations and Sectors. Available at: https://www.hackney.gov.uk/media/2736/Employment-occupations-and-skills/pdf/LEA_Employment_Occupations_Skills

[115] ONS (2016) Population Estimates for UK, England and Wales, Scotland and Northern Ireland. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland

As part of the Keep It Local programme, interviews were held with LB Hackney officers to explore how the strategic grants programme was designed to build capacity in the sector as well as respond to local need. Conversations with community anchor organisations and an elected official also covered the wider commissioning relationship between the local authority and local VCS organisations and how this could be strengthened.

Hackney is in the process of reviewing its approach to the voluntary and community sector and how grant funding can be used to achieve Hackney's vision on being 'a place for everyone'. The council wishes to maximise the impact of its community anchors, and be more sophisticated in terms of how it works with communities, transforming the relationship so it's not just about delivering services but about supporting communities to thrive.

Understanding how communities work and operate is crucial to this, so the Keep it Local programme has been working to quantify and measure local impact. The programme fits well with the ambitions for the council's new Community Strategy and is likely to link with the new Voluntary and Community Sector Strategy which is currently under development.

Case Study

The 'Grants for Good' campaign shows that grant funding for the VCS has declined by more than 60 per cent since 2004; this is despite evidence of achieving quality outcomes for communities and service users through grant funding.[116]

However, in Hackney, the value of grants available to the VCS have increased in line with inflation. This is unusual given the restricted financial space within which local authorities are operating but is attributed to a recognition of the role that the Hackney VCS plays in meeting local need and the grassroots services that would be lost without the availability of grant funding. The stable political leadership has also been an important contributing factor.

A number of different funds (both core and discretionary) are available to local groups and these have been carefully designed to both build capacity in the local sector, support new local partnerships and collaborations and facilitate new solutions to complex challenges. For example, the Healthier Hackney Fund was specifically designed as a new approach to VCSE organisations and to test ideas about better ways of tackling complex health issues. The programme recognises the unique insights that organisations delivering at the heart of the community can bring to service delivery and creates a new space for using these insights to develop new approaches, giving 'permission to fail' in a way that isn't possible in a commissioned service.

This has led to existing new collaborations such as a new partnership between the Terrance Higgins Trust and Abney Park to provide sexual health services. For some organisations, it has helped them articulate why there is a need for their support service and has helped them formulate new ideas on how to deliver support services. Local community anchor organisations recognise how helpful it has been when Hackney council has helped to bring different agencies together and identified opportunities for collaboration as a 'match maker'.

Hackney's Specialist Grants Programmes have also enabled Hackney to invest in their own VCSE sector by identifying community organisations that provide essential services - including infrastructure support such as the local CVS - and in doing so, ensure that there is a strong and vibrant local sector which is able to respond to the needs of the local community. The National Audit Office's 'Principles for Good Commissioning' recognise the need for commissioning bodies to consider investing in the capacity of the provider base, particularly those working with hard-to-reach groups and Hackney's experience has shown how grant programmes can be used effectively to build capacity in the local VCSE sector.

Hackney's policy team are developing a Voluntary Sector Strategy, specifically to outline how the local authority will work with the local VCS sector to achieve the Hackney Place for Everyone Vision, along with the Hackney Compact. This offers an opportunity for the council to bring together commissioning and strategic grants teams to look at practice across the authority and how to create a more consistent experience for the voluntary sector.

A priority in Hackney is understanding how best to capture the impact and value that local organisations can provide. As part of their community grants programme, the council have been developing a model that offers additional support to organisations around how they capture and present their impact. For the main grants programme, organisations set their own outcomes and data collection methodologies as it is felt the programme outcomes are too diverse to produce a standardised set of outcome measures. The additional value that organisations bring to the borough is captured in the application process by asking organisations what in kind or other investment they will bring into the borough through their proposed programme. It is also a condition of the funding that 80 per cent of project beneficiaries have to be in Hackney and organisations need to demonstrate how they will recruit locally as well as their existing track record of delivering locally.

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[116] See www.dsc.org.uk/grantsforgood

Wider procurement activity is governed by Hackney's Sustainable Procurement Policy.[117] This identifies that the council spends around one third of its annual budget on externally purchased works, goods and services. The policy makes clear reference to the need to facilitate local commissioning:

'In considering Best Value and our statutory procurement obligations, we also recognise that goods and services delivered by local businesses support and boost the local economy and in some cases may reduce the economic and environmental impact and costs associated with transportation.'

The Sustainable Procurement Policy is currently being reviewed and this offers a further opportunity for Hackney to reflect on how they can effectively quantify the social value contributed by commissioning local providers. Local community organisations feel that standardisation of the outcome measures used by the council across contracts is necessary, as currently they have to collect different monitoring data for different departments and funders. On occasion, monitoring and reporting is onerous and takes staff away from direct delivery. There is also currently a feeling from community anchor organisations that it would be helpful for Hackney to demonstrate more clearly how they use social value as part of the procurement process. When there is reference to social value, there is a sense that it is always outweighed by cost considerations.

There is potential for the Keep it Local: Economic Resilience Framework developed as part of the Keep it Local Programme to help quantify the additional value brought in by organisations funded through the specialist grants and through wider procurement exercises. It can also be used more generally by the voluntary sector when they are thinking about how to quantify their impact and communicate this to commissioners.

Hackney
Keep It Local Lessons

- The importance of ongoing dialogue and relationship building. For commissioning relationships to work well, there needs to be a level of trust and an understanding of how you both work and what you can bring to the table. One way to build relationships would be to run joint training with community organisations and council staff and in doing so, develop a joint approach/understanding.

- Building on and communicating examples of best practice in commissioning. Some excellent commissioning practice was identified in Hackney through the Keep it Local programme, including how upcoming tenders are communicated by the public health team through seminar events. There is a real opportunity here to build on best practice and to embed it throughout wider commissioning practice.

- Maximising the use of available resources and understanding the total investment in the sector. There is a recognition that there is a need for a better understanding of the total value of funding going to the VCS, both across the council and the local CCG. To develop this, Hackney will be pooling funding with the NHS and reviewing all commissioning that takes place around specific themes.

- The role of community anchor organisations and larger community sector bodies to facilitate local commissioning. It was recognised that there are several positive steps that larger local VCS bodies themselves could be taking to support local commissioning in Hackney: proactively seeking partnerships and building consortiums; supporting smaller organisations; pro-actively engaging with commissioners and promoting the impact of their work; and developing more entrepreneurial business models.

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[117] https://www.hackney.gov.uk/media/2095/Sustainable-procurement-policy-and-guide/pdf/sustainable-procurement-policy

Shropshire

A snapshot of the local economy

There are over 15,200 businesses in Shropshire, the vast majority of which are classed as micro and small size enterprises.[118] There are a high number of visitors and a high enterprise density. Shropshire has a relatively low Gross Value Added per head, low wage levels and infrastructure constraints. Dominant sectors include agriculture, forestry and fishing, health, education, retail and manufacturing.[119] Shropshire's Economic Growth Strategy in 2012 included plans to rebalance the Shropshire economy to increase the proportion of private sector employment.[120]

The biggest contextual issue for Shropshire is rurality, with communities widely dispersed around the county. An ageing population and inward migration of younger retirees present a challenge with regard to adult social and healthcare, as well as an opportunity with regards to assets and resilience. Often they are people with significant skills and experience thus contributing to and developing social capital.

Key council and demographic data:

	Shropshire
Council type	Unitary authority
Council majority	Conservative 46 Conservative councillors, 9 Labour, 13 Liberal Democrat, 1 Green, 5 other
Local Enterprise Partnership	Marches
Population	311,400[121]
Life expectancy – women	82.8
Life expectancy – men	79.8
Index of Multiple Deprivation (England, rank of average rank)	107th[122]

Why Shropshire wants to Keep it Local

Shropshire's rural nature means that local commissioning is a key element of the council's strategy and this supports the principles of the Keep it Local programme. However, the challenge for the county lies in widening the base of local providers, so there is a greater range of organisations capable of delivering high quality, innovative services; and greater coverage across Shropshire's wide geographic spread, with some areas lacking community capacity and strong anchor institutions.

So Shropshire Council have been working to build capacity within the VCS and town and parish council sectors, creating the confidence and skills needed to manage community based assets and services, along with building aspiration and ambition to deliver services and provide resources to local people.

'Local Joint Committees', which are about shared governance between Shropshire Council and local town and parish councils, have been active since 2009. With varying degrees of success due to the divergent dynamics of different communities, they offer a way of working across borders on mutually beneficial solutions. It can be hard to shift the culture that enables this to take place, but increased demands on stretched infrastructure is beginning to open up the dialogue between neighbouring councils.

[118] Shropshire Council (2017) Draft Economic Growth Strategy 2017 – 2021. Available at: https://new.shropshire.gov.uk/media/3967/draft-economic-growth-strategy.pdf
[119] Shropshire Council (n.d.) Employment and economy. Available at: https://new.shropshire.gov.uk/information-intelligence-and-insight/facts-and-figures/employment-and-economy/
[120] Shropshire Council (2012) Shropshire's Economic Growth Strategy. Available at: https://www.shropshire.gov.uk/media/1826032/Economic-growth-strategy-2012.pdf

[121] ONS (2016) Population Estimates for UK, England and Wales, Scotland and Northern Ireland. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland
[122] Shropshire Council (2017) Index of Multiple Deprivation (IMD) Available at: http://new.shropshire.gov.uk/information-intelligence-and-insight/facts-and-figures/index-of-multiple-deprivation-imd/

The council has also taken serious steps forward on social value and has a social value lead, framework and policy. However, the relationship between commissioning and procurement is not as joined up as it could be when thinking about social value and commissioning officers need to be more involved in commissioning spec.

So the Keep it Local programme has been investigating how the economic resilience framework can support Shropshire's local commissioning and existing social value work, offering an opportunity to implement charter principles; and to map and support the growth of the local provider market.

Case Study

Shropshire Council recognises the importance of social value and this has been the core focus of our Keep it Local work. Their approach is described in their commissioning strategy:[123]

'We want to deliver value for money for Shropshire people by commissioning outcomes, based on demand, working with our elected members. We want Shropshire's communities to be resilient, to take ownership of issues important to them and, with our support to develop their own resources to be able to flourish during this time of change and into the future.'

To embed this in the council's work, Shropshire has a 'Social Value Commissioning and Procurement Framework' and a council lead on social value. Importantly, the framework notes:

'It is essential that [social value] considerations are built in at the start of any commissioning review, service design or procurement process so that they become an integral part of the process, rather than an 'add-on'.'

The framework explicitly links social value to the council's overall objectives and is based on a set of 'principles for applying social value', which say that each commissioning and procurement exercise will identify what social value can be generated and is appropriate for inclusion. A set of options is provided, but is not prescriptive and commissioners are able to develop their own social value relevant to each project.

To build wider commitment behind this approach, Shropshire has developed a Social Value Charter, built on engagement with the VCS, business groups, parish and town councils and provider organisations, and overseen by a Social Value Group.

The challenge now is how to actually measure and report on social value, and a series of measures have been adopted in relation to the economy, which align closely with the Keep it Local: Economic Resilience Framework:

- Supporting/purchasing from the local supply chain where possible
- Supporting or creating the conditions for growth in the Shropshire economy
- Developing education, skills and training opportunities within the Shropshire economy
- Employment opportunities for local people
- Good conditions of employment and fair wage rates and structures

However, the view from the council is that embedding this approach and these measures is still a work in process. Their experience has shown that narrowing social value down to particular areas helps people understand what it's all about. Locality's economic resilience framework is therefore seen as an opportunity to shape this, providing a clear picture of what social value looks like in practice and how it might be measured and demonstrated.

It also provides a link with Shropshire Council's 'locality commissioning' approach, which involves working with local stakeholders living and working in each area. Through Local Joint Committees, partners use statistical data, financial information and lived experience to understand what is delivered, utilised and needed in an area and how best to address local need. This governance structure enables local decision-making to take place and the dissemination and scaling up of good practice where appropriate.

In one area of Shropshire – Wem - the locality commissioning model was used for employment support and ageing well services. This did not lead to community-led services, but here a partnership approach was taken, with services still provided by Shropshire Council but located in community venues.

Indeed, for Shropshire Council the challenge is not seen to be the will to Keep it Local but the provider landscape. Rurality means that Shropshire starts with a local base of providers (often no more than three in the market), but conversations with commissioners brought forward the problem of how to widen the opportunity? 'How can we better use local infrastructure and where is there little or no infrastructure?' as one officer put it. The tendency is to upscale but those organisations that had the infrastructure and saw themselves as local service providers were becoming increasingly stressed. Interviews carried out with local stakeholders highlighted 'the danger that the organisations with the capacity and skills to develop community services will be over-stretched if they take on too many. There is a real skill in identifying the opportunities that are right for the organisation and that

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[123] Commissioing for the Future
http://new.shropshire.gov.uk/media/5844/commissioning-for-the-future-shropshire-council-commissioning-strategy.pdf

needs to be worked through when assessing the impact of taking on a community hub.' Alongside this there is a mixed appetite from town/parish councils to become delivery organisations.

Council officers pointed out that the local market is contracting not expanding, like elsewhere across the country and that organisations are risk averse because of the financial climate and withdrawing back to their core activity in order to sustain themselves.

Shropshire
Keep it Local Lessons

- This approach to social value and investing in the provider market needs a clear demonstration that it can work. An area around preventative and housing support has been identified as a local opportunity to develop this.

- Developing a map of community organisations could help to procure or invest on the basis of existing infrastructure. This would also support the identification of existing areas of influence and networks and where there are gaps.

- Looking at economic resilience means understanding the local assets and in the case of Shropshire, there is a heavy reliance on Shropshire Council grant funding or procurement. So a procurement process that isn't focused on procuring locally could wipe out long-established community infrastructure. So another case to be made for procuring and investing locally would be the long-term cost of losing community infrastructure, including the reestablishment/relocation of statutory services.

- One of the strengths of Shropshire Council is their Community Enablement Team as they supported the local infrastructure and provided local intelligence and access to networks. However, a more strategic investment approach from across the council could support capacity in local community anchor organisations and build up the local provider market.

6. Measuring the impact of community organisations on Local Economic Resilience

Locality believes that community organisations make a big difference to the economic health of local areas – so we want to make it visible. Our Keep it Local: Economic Resilience Framework provides a way of doing this by:

- Demonstrating the impact community organisations have on the economic resilience of a local area
- Making the business case for why community organisations need and deserve investment
- Enabling community organisations to improve their local economic impact
- Showing the collective impact of our sector and how it helps to ensure resilient and thriving neighbourhoods

What do we mean by measuring

There are many, many different approaches to impact measurement. In recent years a plethora of tools and guides have been developed for social sector organisations to measure impact. Some of these are highly quantitative, including those that try to put a financial measure on the value of an organisation or a specific service, such as cost-benefit analysis (CBA) or social return on investment (SROI). Others are far more qualitative, focussing on case studies, storytelling and user surveys.

Research undertaken for Locality by IVAR looked specifically at how to best measure the impact of multi-purpose community anchor organisations and in particular, how to demonstrate that the sum is greater than the individual parts.[124] IVAR's findings are important for how we should think about measuring the local economic impact of community organisations. IVAR concluded that:

- **We need a variety of approaches:** context matters. The search for the best approach to impact assessment is unhelpful: there is no single approach that will be appropriate, meaningful or proportionate in every case.

- **We need to reconcile bespoke and off-the-shelf approaches.** It is helpful for organisations to spend time thinking about the purpose of impact assessment. All too often, a preoccupation with selecting an impact assessment tool can lead an organisation to undertake complex work that matches neither their needs nor their circumstances.

- **Collaboration should be at the heart of the impact assessment process.** Approaches to impact assessment need to be: rooted in the way an organisation already works; managed and ideally co-designed by the organisation; and calibrated to the scale and capacity of the organisation.

- **Organisations should be free to tell a 'contribution' not an 'attribution' story.** For organisations that are highly collaborative, it might be more appropriate to look at the part that they play in wider social, economic or environmental change in a community, rather than focusing on their individual organisation's impact.

This suggests that it would not be helpful to dictate a specific tool or set of measures to community organisations who are aiming to measure their contribution to local economic resilience. What we are doing is suggesting a process with a menu of options and measurement tools – and a core set of indicators which we want to encourage our members and the wider sector to measure.

However, we recognise that indicators and measures need to be relevant to local circumstance, the organisation and in some cases to the outcomes which the local public sector are looking to achieve and which may be reflected in social value strategies and commissioning processes. So we have provided a wider bank of indicators and measures to choose from. Some measures are qualitative, some quantitative – and some both. It is also important to remember the power of storytelling and not to focus on statistics at the expense of what you know to be important about the work your organisation does. These measures are there to support and evidence the story you want to tell, not the other way round.

Locality will be producing a full guide and toolkit for our members for how to measure and evidence local economic resilience impact – and we'd love to get your help to shape it. Are these the right measures? Do our key indicators tell the most compelling story possible about the unique contribution we know community organisations make to their neighbourhoods? Will they help persuade commissioners to invest in local organisations? Are they things that your organisation would have the capacity to measure effectively?

Let us know at communications@locality.org.uk

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[124] IVAR (2011) 'Assessing the impact of multi-purpose community organisations'. Available at: https://www.ivar.org.uk/wp-content/uploads/2016/07/Assessing-the-impact-of-multipurpose-community-organisations-2011.pdf

A 10 step Impact Measurement Process

1. **Develop an Economic Theory of Change using the Keep it Local: Economic Resilience Framework.** This should set out the change an organisation is trying to make; the interventions or activities which help make that change; the area in which it will take place; and the way that change would be demonstrated – the impact.
2. **See what information already exists in the organisation or locally with stakeholders.** What is already collected that can be used, for example tracking of outcomes for service users, financial data, data from tenants?
3. **Decide what impacts to measure and what measures – or indicators – will help assess impact.** Some indicators change and can be measured consistently over time to give a picture of whether things are getting better or worse. Some indicators are more of a snapshot of a particular point in time.
4. **Decide how to collect the data.** Data can be numerical, verbal, or visual. Data collection can be done in a number of ways, including surveys, analysis of financial information, analysis of existing survey information, focus groups, case studies, photo/video projects.
5. **Record the information.** This may include training staff or volunteers to record information and this needs to be done consistently and without bias.
6. **Check data for reliability.** Try to 'triangulate' the data and appoint an internal 'challenger' to test the robustness of the data and findings.
7. **Analyse and assess impact,** ensuring challenge and avoiding over-claiming. It's ok to talk about 'making a contribution' towards an outcome, rather than always having to demonstrate that a particular organisations made all of the difference to an area or community.
8. **Report on impact to stakeholders.** How can this be used to influence social value frameworks, commissioners, and local organisations and strategies?
9. **Look back at the Theory of Change.** Where are the organisation's gaps in terms of making a difference? What could be improved and what would need to be done differently?
10. **Plan for the future.** Decide on how to monitor and track impact over the next few years.

The Keep it Local: Economic Resilience Framework and Indicators for demonstrating impact

Characteristic 1.	Suggested Key Indicators
Positive flow of money and resources, with long-term investment into the local area, a high local economic multiplier and public and private sector spending retained locally.	• LM3 – local multiplier measure • £ CBA – savings to public services through services provided • £ Investment brought in by the organisation from external sources – leverage **Other measures** • Percentage of local suppliers used • £ Value of public sector contracts delivered in the area • £ Profit reinvested in the areaProportion of employees who are local residents • £ Value of local knowledge/intelligence • Volunteering hours generated by the organisation • Resources shared eg books, tools • Resources recycled eg furniture, bikes • Land brought back into productive use • Number of local businesses created to 'plug leaks' • Number of visitors from outside the neighbourhood

Characteristic 2.

Network of diverse, responsible businesses and enterprises, committed to place, growing the local economy and providing good quality employment opportunities.

Suggested Key Indicators
- Enabled contribution' – GVA and jobs 'enabled' through tenant organisations
- Quality of employment provided – employee satisfaction
- Number of local living wage jobs provided

Other measures
- Local residents' satisfaction with local facilities and services
- Number of business start-ups facilitated
- Number of social enterprise start-ups facilitated
- Footfall in local businesses related to an organisation's activities
- Turnover and/or business growth in businesses your organisation supports
- £ Subsidy provided through subsidised workspace
- Number of voids in local high street over time
- Apprenticeship/work experience places provided
- Number of jobs created/provided attributable to organisational activity
- Corporate social responsibility (CSR) days provided in the neighbourhood facilitated by your organisation
- Average wages in the neighbourhood compared to national averages
- Proportion of local people who say they are earning a living wage

Characteristic 3.

Inclusive finance system with stable financial institutions providing appropriate opportunities to borrow, save and invest money, and which helps businesses, groups and individuals to survive and thrive.

Suggested Key Indicators
- £ Levels of savings of residents in neighbourhood
- £ Investment raised through crowd-funding and community shares
- Knowledge of welfare rights and money management

Other measures
- £ Levels of individual debt causing crisis
- £ Gained in benefits through welfare advice
- £ Loans secured attributable to activities
- Loan shark activity in area
- People have credit union or basic bank accounts
- £ Grants provided to local groups
- People feel financially secure

Characteristic 4.

Positive and productive use of local assets, with ownership, access and control over productive resources in community hands or profits reinvested into the community.

Suggested Key Indicators
- £ Profit generated and reinvested from assets owned or managed by you
- Number of people collectively owning an asset in the area and levels of pride in the area related to community asset management
- Sweat equity – number of volunteer hours put in to look after assets

Other measures
- Value of subsidised space provided to hirers
- Floor area of community owned assets owned, managed or facilitated
- % Empty buildings in the area
- £ Value of assets owned or managed by an organisation
- £ value of investment raised and invested in local assets
- Community owned energy generated by organisation
- Number of houses owned by community to meet local need as a result of your activity
- Amount of subsidised / affordable space
- Area of green space preserved
- Levels of improvement in the quality of heritage assets in the area
- £ investment in community shares in a community asset

Characteristic 5.

Active and connected citizens, with high levels of agency and democratic participation, a strong sense of community and good links to other places.

Suggested Key Indicators
- Levels of trust expressed by people in the area
- Levels of connectedness expressed by people in the area and £ health value of this
- Levels of volunteering and grass roots social action in the area

Other measures
- Levels of aspiration and hope amongst local people
- Sense of pride in area/history expressed by local people
- Numbers of people listened to in a year
- Numbers of voluntary groups + new groups annually
- Numbers of people networked together
- Numbers of people you can reach through social media
- Numbers of people active in in forums and partnerships
- Organisation's ability to mobilise people in a crisis or campaign
- Levels of voting in local elections and referendums
- How well your board, members and users reflect the local area
- How many board places are contested in organisation's elections

Characteristic 6.

Clean and sustainable environment, operating within environmental limits and with sustainable use of food, land and energy.

Suggested Key Indicators
- Acreage of open space looked after and numbers of people using it
- Energy saved/carbon saved through activities
- Numbers of people involved in food production and distribution and sharing of food in community settings

Other measures
- Other measures
- Trees planted
- Food produced
- £ Health savings from cleaner air and warmer homesResources recycled / saved from landfill
- Number of cyclists supported/bike miles due to work of anchor
- Reduction of waste thrown away
- Increase in house prices due to regeneration
- Levels of satisfaction in the local environment
- Levels of awareness of energy efficiency measures
- Numbers of people eating 5 a day fruit and veg

Characteristic 7.

Good quality services – housing, health and social care and education – that are available to all and sustain health and wellbeing

Suggested Key Indicators
- £ CBA – savings due to health activities
- Young people in education, training, volunteering or employmen
- Number of affordable homes provided

Other measures
- GP repeat visits reduced in local surgery due to alternative support provided
- Older people able to live independently
- Number of empty homes
- Number of people receiving preventive care services which divert them from acute social / health services
- Levels of homelessness – social housing waiting list
- Overcrowding in houses in the neighbourhoodLevels of obesity
- Levels of smoking
- Levels of personal confidence
- Levels of loneliness
- People feeling happier due to engagement
- People with disabilities into work
- Young people diverted from harmful behaviour
- Proportion of people who have an adequate diet including five-a-day
- Families maintained
- Repeat GP visits
- Levels of mental health/happiness
- Life expectancy

Appendix 1:
Local Multiplier 3 (LM3)

Background

A key part of the Keep it Local for Economic Resilience project has been to measure the economic resilience impact of community anchor organisations. Community anchors tend to employ local people and use local supply chains, operating as a local economic multiplier, retaining wealth within the disadvantaged neighbourhoods in which they often operate. This is reflected in Characteristic 1 of the Keep it Local: Economic Resilience Framework:

> **Positive flow of money and resources,** with long-term investment into the local area, a high local economic multiplier and public and private sector spending retained locally.

LM3 (Local Multiplier 3) is one way of measuring this and testing the extent to which community anchors make a tangible impact on the local economy. LM3 was developed by the New Economics Foundation (NEF). It measures how income entering the local economy then circulates within it, across three 'rounds' of spending - hence Local Multiplier 3. As NEF explain:

> 'The measuring process starts with a source of income and follows how it is spent and re-spent within a defined geographic area. A higher proportion of money re-spent in the local economy means a higher multiplier effect because more income is generated for local people.'[125]

So the first round of spending could be the organisation's turnover or a particular contract. The second round looks at how much of this money is spent directly in the local area, through locally-based staff and suppliers. The third round then measures how much of this money is subsequently re-spent by staff and suppliers in the local area.

The LM3 is based on the idea of the 'leaky bucket'. Imagine the local economy as a bucket full of water. Every time money is spent outside the local area, it leaks out the bucket. Generally, when we think about regeneration or stimulating local growth, most of our effort is focused on trying to pour more money into an area so as to keep filling up the bucket. However, a better starting point for strengthening the local economy should be to try to prevent the money leaking out in the first place. NEF's Plugging the Leaks[126] quotes the government's National Strategy for Neighbourhood Renewal from 2000:

> 'The issue is not necessarily that too little money flows into a neighbourhood. Rather, it is what consumers, public services and businesses do with that money. Too often it is spent on services with no local presence, and so immediately leaves the area.'[127]

The LM3 was developed as simple way of measuring this, and the extent to which money flows around a local area.

Keep it Local for Economic Resilience LM3

Our Keep it Local project conducted LM3 exercises across our six pilot areas. We used the LM3 Online tool.[128]

LM3 Online has been applied to over £13bn of spending in the public, private and not for profit sectors. The tool was used by all 26 of the local authorities in the north east of England, with over £3.5bn annual spending and 140,000 suppliers. Many large and medium sized enterprises now use the tool both to demonstrate the social value of their activity on local economies and as part of their corporate social responsibility programmes. The tool is also now widely used as the standard measure of both local economic impact and social value within public procurement processes thus creating a common mechanism for calculating public value.

LM3 Online automates the LM3 exercise, reducing the burden on organisations to carry out extensive supplier surveys and calculate the data returned. The system uses a 5 step process:

Step 1 – Set project name
The project needs to be given a meaningful name, not only to the organisation conducting the LM3, but also to its suppliers.

Step 2 – Identify local area
We wanted to examine the most local area possible that would produce a useful result. In practice this was usually the local authority area (Bradford, Bristol, Calderdale, Hackney) but in areas where we were working with the larger geographic areas covered by county/unitary councils (Dorset and Shropshire) we used bespoke radiuses.

Step 3 – Enter budget information
The budget measured could either be the entire turnover of an organisation or a single contract. Most organisations in our project measured their entire turnover, although one organisation (Halifax Opportunities Trust) measured the impact of their children's centre contract.

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125 NEF Consulting (2014) 'Local Multiplier 3 (LM3) Pilot Project for RWE'. Available at: https://www.nefconsulting.com/wp-content/uploads/2015/09/Case-Study-LM3.pdf
126 Ward, B and Lewis, J (2002) 'Plugging the Leaks Making the most of every pound that enters your local economy'
127 Social Exclusion Unit (2000) 'National Strategy for Neighbourhood Renewal: a framework for consultation'
128 www.lm3online.com

As standard, national costs such as tax and NI are excluded from the calculation, as these are consistent figures across all employees. Gross direct employment costs are divided between those who live within the chosen local area and those from outside. The system then uses a formula to calculate the local impact of this staff spend. This formula is based on the system's global data, using the historic results that LM3 that the system has generated over time. The following proxies are used for personnel expenditure: local staff spend 66 per cent of their total income locally; non-local staff spend 33 per cent of their income locally.

There is also the option of adding 'other direct costs' for other costs not directly included within supplier spend or payroll. Across our project we included the following as 'other direct costs': utilities (including phones and internet), finance charges and business rates.

Step 4 – Upload data
A standardised spreadsheet is provided to upload supplier data. For each supplier you need: supplier name, contact name, email address, value spent with that supplier.

Step 5 – Notify suppliers
The system will send out an email to suppliers once all the data has been successfully inputted. However, the key to getting a good response rate is the preparation before the email is sent. As it is a system generated email, it requires organisations to 'warm up' their suppliers personally, let them know about the process and to expect the survey email, otherwise it is likely to be ignored.

Results

We conducted LM3 exercises in each of our six areas to test the extent to which community anchors retain and recirculate wealth through the local multiplier effect; and learn what more community organisations need to do to maximise their local impact.

Our hypothesis was that community organisations employ local people and use local suppliers, and in this way make an important contribution to the local economy and retain wealth. For example, one organisation we have been working with is the Heatherlands Centre, who run Hopscotch Preschool in Ferndown. Hopscotch is situated on a rural housing estate in East Dorset, in an area that is among the 20 per cent most deprived nationally for education deprivation.[129] The local area defined for the LM3 was small – a radius of just 12km – but Hopscotch's entire payroll is to be found within that tight local area, with many of them living on the estate.

Indeed all the organisations we worked with had a high proportion of staff living locally. All of Southmead Development Trust and Windmill Hill City Farm's direct labour costs are within Bristol. 80 per cent of Carlisle Business Centre and Bradford Trident's staff live within Bradford council area.

We can also see evidence that local suppliers are often used. Some of the analysis showed very high scores – of those who responded, 95% of Bradford Trident's suppliers were local, 75% of Windmill Hill City Farm's – with others around 50%.

This combination of local staff and local suppliers has meant strong LM3 scores across our project, suggesting that community anchor organisations do act as powerful economic multipliers, creating positive money flows in areas of significant economic disadvantage.

Of the projects we launched, at the time of publication four had generated a sufficient response from suppliers for the results to be reportable. The LM3 Online system uses a confidence rating, based on the percentage of the total value of the supply chain who have responded to the survey. Once this reaches 'statistical saturation' – typically around the 50% mark – the system gives the project a green confidence rating, whereby the LM3 score can be used in reporting systems.

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[129] Dorset County Council (2011) The Indices of Deprivation 2010 - a summary report for the Dorset County Council area. Available at:
https://www.dorsetforyou.gov.uk/media/185909/AD.SUS7-Indices-of-Multiple-of-Deprivation—summary-report-for-the-Dorset-County-Council-area-DCC-2011/pdf/AD.SUS7_Indices_of_Multiple_of_Deprivation_-summary_report_for_the_Dorset_County_Council_area__DCC_2.pdf

The full results of our Keep it Local for Economic Resilience project LM3 are shown below.

Gross project income is the total of the payroll and non-payroll figures entered as the project budget.

Project expenditure shows the amount of the gross project income that was spent on locally-based people (payroll) and organisations (non-payroll).

Money re-spent locally shows how the people and organisations you spent money on, based locally or elsewhere, then re-spent that money in the local economy.

Total shows all of the income generated by the gross project income, which is Rounds 1, 2, and 3 added together.

LM3 is a ratio representing the total income generated by the gross project income. LM3 is calculated by dividing the Total by Round 1.

Organisation:
Southmead Development Trust

Local Area: Bristol City Council

Lm3: £2.55

Organisation:
Bradford Trident

Local Area: Bradford Metropolitan Borough Council District

Lm3: £2.52

Organisation:
Halifax Opportunities Trust

Local Area: Calderdale Metropolitan Borough Council District

Lm3: £2.43

Organisation:
Windmill Hill City Farm

Local Area: Bristol City Council

Lm3: £2.47

Appendix 2:
Measuring the Enabled Economic Contribution of the Keep it Local for Economic Resilience Project

Authors: William Davies, Graham Randles (NEF Consulting)

Introduction

As part of its Keep it Local for Economic Resilience project, Locality has sought to demonstrate the transformative role that community anchor organisations play in local economic resilience and develop tools to evidence their impact. One methodology that can help estimate local impact of community anchor organisations is known as 'Enabled Contribution'.

This methodology is a subset of the approach developed by NEF Consulting to measure the economic, social and environmental impact of an organisation across its full value chain, known as 'Total Contribution.' It originated from work conducted for The Crown Estate and the original methodology was published in 2013 on The Crown Estate's website.[130]

Enabled Contribution specifically measures the impact (social, economic or environmental) of a particular organisation or project by calculating the downstream activity in the value chain; in other words, the activity that an organisation enables through providing products or services to its customers.

For the Keep it Local project, these customers are the tenant organisations within each community anchor organisation. Locality commissioned NEF Consulting to estimate the enabled contribution of these tenant organisations. The scope was limited to their economic contribution as the Keep it Local project itself is focused on local economic resilience. This appendix first details the methodology, data, and assumptions used in estimating this enabled economic contribution before presenting its findings. Limitations are outlined followed by a discussion of the potential for future research.

Methodological Approach

Two dimensions of the Keep it Local project's enabled economic contribution were analysed: employment and gross value added (GVA). 'Enabled Employment' is defined as the number of people working for tenant organisations within each community anchor organisation, expressed as the number of full time-equivalent (FTE) employees. 'Enabled GVA' is defined as the measure of the economic value added by community anchors' tenant organisations. Primary data was collected from 10 community anchor organisations across five local authorities: Bradford, Bristol, Calderdale, Hackney and Shropshire. Community anchor organisations surveyed their tenant organisations to ascertain the following information: activity type; floor-space; turnover; and employee numbers. When tenant organisations provided data on turnover and number of employees, this was directly entered into the enabled economic contribution calculation. Where information was incomplete for either of turnover and employee numbers, a value was estimated using activity type and floor-space data.

Using Homes and Communities Agency (HCA) codes and Standard Industrial Classification (SIC) 2007 codes to categorise activity type, intensity ratios were taken from government data sources that provided employment densities[131], national industry employment numbers[132] and national GVA by industry[133]. Some activity types provided by the tenant organisations did not necessarily align with HCA or SIC 2007 industry codes. In these instances, what were judged to be the most similar industry codes to the given activity type were used.

For employee numbers, an estimate was calculated for an organisation of that particular size (floor-space) in that particular industry type (activity categorised by HCA code). For turnover, an estimate was calculated for an organisation with a particular number of employees (employee numbers) in that particular industry type (activity categorised by SIC 2007). The data sources used to calculate these estimates can be found in the references of this chapter.

There were considerable gaps in information provided by tenant organisations. As such, the values presented here should only be viewed as estimations. A colour-coding system is used to rank the degree of confidence in each value: dark blue equalling high confidence, where complete primary data was provided and light blue equalling medium confidence, where estimations were required to fill in data gaps and some data was missing. Community anchor organisations that provided minimal-to-no workable data were not included in this assessment.

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130 https://www.thecrownestate.co.uk/media/5294/total-contribution-report-on-methodologies.pdf

131 Homes and Communities Agency (2015) Employment Density Guide 3rd Edition (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment _density_guide_3rd_edition.pdf)

132 Office for National Statistics (2017) EMP13: Employment by industry (Labour Force Survey) (https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyindustryemp13)

133 Office for National Statistics (2017) Gross Value Added (GVA) (https://www.ons.gov.uk/economy/grossvalueaddedgva)

Findings

Table 1: Enabled Employment and Enabled GVA from Keep it Local for Economic Resilience

Local Authority	Community Anchor Organisation	Number of tenant employees (FTE)	Method of calculation	Gross Value Added (GVA) (£)	Method of calculation
Bradford	Royds Community Association	312	Primary data provided (aggregate)	70,000,000	Primary data provided (aggregate)
	Bradford Trident	260	Primary data partially provided	12,913,842	Primary data partially provided
Bristol	Windmill Hill City Farm	26	Primary data provided (aggregate))	617,010	Calculation by ONS industry estimations
	Knowle West Media Centre	43	Primary data provided (aggregate)	531,834	Calculation by ONS industry estimations
Calderdale	Halifax Opportunities Trust	304	Primary data partially provided	14,162,322	Calculation by ONS industry estimations
Hackney	Hackney Co-operative Developments	177	Calculation from partial primary data	8,114,434	Calculation by ONS industry estimations
	Manor House Development Trust	5	Primary data partially provided	237,110	Calculation by ONS industry estimations
	Shoreditch Trust	255	Primary data partially provided	12,348,429	Calculation by ONS industry estimations
Shropshire	Wem Town Hall	7	Primary data partially provided	158,073	Calculation by ONS industry estimations
	Cleobury Country Centre	12	Primary data provided (aggregate)	526,910	Calculation by ONS industry estimations

Confidence (colour code)	
HIGH	
MODERATE	

Total Estimated Enabled Employment (FTE)	1,399
Total Estimated Enabled GVA (£)	£119,609,964

Enabled employment for the Keep it Local project was estimated at 1,399 FTEs (full time equivalents). Enabled GVA was estimated at £119,609,964. To allow for the fact that these figures incorporate are primarily estimates, they should be presented as approximately 1,400 FTEs (Enabled Employment) and approximately £120m of Enabled GVA, to avoid giving the impression of false accuracy.

Benchmarking these values (ie making claims on the efficacy of the Keep it Local project's economic contribution in comparison with other projects) proves difficult for two reasons. First there are, as yet, no known projects similar to Keep it Local for Economic Resilience that have undertaken an Enabled Contribution calculation. The approach has however been utilised by reputed national organisations. Second, the data used in this calculation contains numerous gaps, requiring the use of assumptions and secondary data. As such, there are limitations around confidence in the data validity, as described.

For the majority of community anchor organisations, enough information was provided that calculations involving secondary data were possible. This level of data confidence was categorised as 'moderate'. However, while HSA and SIC codes offer credible proxies for each sector, there is still a considerable element of assumption in their use.

One community anchor organisation (Royds Community Association) provided data that was deemed 'high confidence', with no secondary data or proxies required in calculating Enabled Employment or Enabled GVA. If similar levels of primary data can be obtained from other community anchor organisations, there exists potential for comparative work between sites involved in the project. At present, discrepancies in data confidence between sites makes direct comparisons difficult.

Conclusion

This work has set out the methodological process required to estimate the Enabled Contribution of the community anchor organisations in the Keep it Local project. It represents a starting point for further research. While limited survey data from some community anchor organisation limits the ability to draw strong conclusions from the values in employment and GVA that were estimated, the areas where there are data gaps have been identified. From this, Locality can seek to fill these gaps and firm up robustness in calculating the enabled economic contribution across the Keep it Local programme. One approach might be improved survey design to ensure more valid survey returns and subsequently greater data confidence. Looking ahead, there are benefits in undertaking this enabled contribution research at regular intervals, adding further value to Locality's Keep it Local for Economic Resilience project.

We believe in the power of community to create a fairer society.

Locality supports community organisations to create resilient local economies through local public service commissioning.

We believe in the power of community.

We believe in Keep it Local.

Locality is grateful to the Friends Provident Foundation for supporting this work. Friends Provident Foundation is an independent grant-making charity working to support greater economic resilience through building knowledge and taking action at a systems level as well as supporting local economic resilience.

Find out more about the Keep it Local for Economic Resilience project and join the Keep it Local network
Visit: locality.org.uk

locality **KEEP IT LOCAL**

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