Keep it Local for Economic Resilience:
Locality's Economic Resilience Assessment Framework

This project is about harnessing the potential of community anchor organisations to build resilient local economies.

What is 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.[1]

The idea of economic resilience grew in prominence in the wake of the financial crisis of 2008 and the recession that followed, when the weakness of economies that are overly reliant on a few sectors and where the proceeds of growth accrue narrowly was revealed in stark terms.

Its relevance has not diminished in the intervening years. In 2017 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.

How do community anchor organisations promote economic resilience?

First, by acting as "anchors": they are firmly rooted in a sense of place and there for the long term, providing a central source of stability as the world changes around them.

Second, they ensure that the wealth they generate is re-distributed in their neighbourhoods, by employing local people in good jobs, promoting responsible local businesses and investing in people to themselves become economically active.

What can we do to maximise the economic benefits of community anchors?

Locality's Keep It Local research with Vanguard and subsequent campaign has demonstrated that commissioning is key to maximising the local benefit of public sector procurement spend.[2] Despite fiscal consolidation since 2010, public sector spending still makes up 44% of GDP in the UK, and is a fundamental part of the local economy.[3] Local government procurement – in revenue terms – amounts to approximately £38bn a year.[4]

However, with increasing financial constraints on local authorities, the trend towards outsourcing and upscaling of contracts in order to try to save money is growing. NCVO research has found that small and medium-sized charities' income

[1] Working definition adapted from NEF/Friends Provident Foundation
[2] http://locality.org.uk/our-work/campaigns/keep-it-local/saving-money-thing-report/
[3] https://data.oecd.org/gga/general-government-spending.htm
[4] http://www.local.gov.uk/documents/10180/5878079/L14-304+National+Procurement+Strategy+for+Local+Government+in+England_07.pdf/0c66ccef-9ad8-416c-8e5a-2419b033fbbe

from government contracts decreased by up to 37% between 2008/09 and 2012/13.[5]

Community organisations are losing out on important income streams and losing control over vital services in their own communities. This approach weakens the viability of community organisations and ignores the positive local economic, social and environmental impact of commissioning locally, sucking money out of the local economy.

How can this research help?

By identifying the barriers to commissioning locally and working with local authorities to overcome them.

Our initial research across six local areas has already identified a strong desire for change. This is driven both by an understanding of the benefits of local commissioning, alongside a pressing need to reshape service delivery to achieve savings. Indeed many local authorities have social value policies in place, and we have found evidence of widespread political commitment to seeing this applied.

However, we have also identified that commissioning remains fractured and disconnected, which is preventing a consistent approach from emerging. This tends to be the case both within the local authority itself, in particular between procurement and commissioning, and across the wider commissioning landscape, which includes the NHS, clinical commissioning groups and police and crime commissioners. Local stakeholder engagement is variable, with some good, some patchy, and there often a sense of scepticism 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. We are therefore developing an Economic Resilience Assessment Framework to embed a consistent approach in decision making.

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

[5] NCVO, (2016). ‘Navigating Change: An analysis of financial trends for small and medium-sized charities’.

Locality's Economic Resilience Assessment Framework

Our framework defines six characteristics of a resilient local economy. It is based on initial desk research which developed existing frameworks from NEF, CLES and IPPR North;[6] a series of interviews and local workshops in six local authority areas; and a workshop bringing all six local authorities together with community anchor organisations.

The six characteristics we have identified 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.*

They are broad characteristics that must be present in any area if a local 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 will 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.

Economic resilience depends on the relationship between the different sectors of the local economy - commercial, public and social. So this framework has the interaction of these sectors at its core, with each composite sector ascribed a keyword that defines the role it needs to play in a resilient economy:

- A *responsible* commercial sector
- A *responsive* public sector
- An *enterprising* social sector

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 be first be assessed and mapped, with any particular opportunities identified alongside any particular gaps.

Ultimately, the framework should be seen as the basis for a conversation between council and community, about how to maximize 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. In this spirit, the framework is guided by four key principles which define its context:

- *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 between sectors*
  It shares power – a resilient economy harnesses the potential of all sectors and all citizens in a place

[6] See the Locality paper *Community Anchor Organisation and Economic Reslience*

The Six Characteristics of a Resilient Local Economy

Characteristic 1. Diverse, responsible business and enterprise, committed to place, growing the local economy and providing good quality employment. opportunities. *Example outcome: A diverse range of local business and enterprise which meets local need* *Example indicator: Local people feel well-served by their high street and confident they can access services*
Characteristic 2. Stable and inclusive financial institutions, providing access to affordable finance and promoting financial capability. *Example outcome: Financial advice is more accessible and visible.* *Example indicator: Increasing number of people using local advice services*
Characteristic 3. Positive flow of money and resources, with long-term investment, a high local economic multiplier and public sector procurement local by default. *Example outcome: Public sector procurement is local by default* *Example indicator: High local economic multiplier*
Characteristic 4. Strong local asset base, where local people are skilled, healthy and financially secure; and have access and control over productive resources. *Example outcome: Physical assets maximised for community benefit* *Example indicator: Empty spaces are being brought into community use; buildings do not fall into disuse*
Characteristic 5. Active and connected citizens, with good local access to public services, high levels of democratic participation, and a strong sense of community. *Example outcome: Social cohesion and community connectedness* *Example indicator: High levels of trust*
Characteristic 6. Clean and sustainable environment, operating within environmental limits and with strategies for sustainable use of food, land and energy. *Example outcome: Healthy and active citizens who engage with nature* *Example indicator: Growing usage of well-maintained and accessible green spaces*