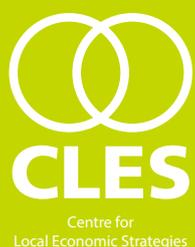


# Thriving Places

**Developing the voluntary and  
community sector's role in local  
economies and the life of local places**



**VSNW**

Voluntary Sector North West

Accountability | Knowledge | Equality

# **‘Thriving Places’ is VSNW’s and CLES’ campaign to develop a progressive and socially just vision of the voluntary and community sector’s role in the life of local places.**

## **Introduction**

What roles does the voluntary and community sector have in the the economic development of communities and local places?

This is a critical point in time for the voluntary and community sector and our local places more generally. Many local economies are struggling and social disadvantage is on the rise. At present we believe the voluntary and community sector’s role in local economies and the life of local places is ill-defined and significantly under-used.

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## **The Challenges**

Poverty, especially in-work poverty, is on the rise. Public sector investment in local jobs and economic growth activity is reducing. Economic growth, where it occurs, continues to be selective and disconnected from many communities; implementation is fractured and heavily reliant on trickle-down economics that often fail to trickle where it is most needed. The local public sector is rapidly scaling back and seeking new ways to think about its own role.

The voluntary and community sector is needed more than ever and yet there remains a significant disconnection between the sector and local economic thinking. Why?

- ***There’s not enough recognition in economic development practice of the role the sector plays in local economies now.***
- ***The sector’s role is not recognised as an economic industrial subsector in its own right.*** Consequently, the sector does not fit easily into economic development intelligence gathering and planning.
- ***The sector has allowed itself to be pigeonholed as non-economic.***

- ***The sector often works in silos far from the world of economic growth.*** So, for instance, we see that connections with Local Enterprise Partnerships (LEPs) are weak and that LEPs' connections with communities are even weaker.
- ***The sector's role in local stewardship has been siloed, marginalised and ultimately diminished.*** The cuts have thinned the connections between our communities and mainstream discussions about the future of where we live. And now that the public sector is being forced back, this lack of collective strategic capacity within the local sector is increasingly being tested and exposed.

## **The voluntary and community sector is needed more than ever and yet there remains a significant disconnection between the sector and local economic thinking. Why?**

This marginalisation is comparatively recent. Historically, the sector did shape economic forces for the better and for socially just ends.

How can the sector reclaim that voice, role and potential?

## **Future economic thinking: a 'good economy'**

A developing strand of thinking and economic development practice is starting to place more emphasis on the relationship between place, economy and people. Collaboration across public, private and social institutions, whilst not mainstream, is becoming more common. Cross-sector collaboration is being seen as the basis for economic strength increasing potential for stronger social outcomes.

In this, we are starting to see a growing recognition of the important links between social capital and economic prosperity and an acceptance that a

successful economy is not simply about physical and financial capital, but also human and social capital.

We now know location decisions for people and businesses

are influenced significantly by how somewhere is perceived in terms of attractiveness as a place to live and viability as a stable business environment. Places where communities work well and have good levels of social capital are more attractive to residents and businesses alike. Businesses benefit from more stable communities in which to embed their operations, providing a local labour pool and potential clients. Creating a social space which encourages and attracts creativity, talent, social networks, cross-sectoral working and partnerships is vital to a good economy.

In terms of what a good economy would look like. It would:

- Recognise that strong communities and social inclusion were both inputs to and outcomes of economic and business success;

- Work to create an economy which works for all the people in it; and
- Refocus economic success around the experiences of people and communities within the economy.

## The contribution of the voluntary and community sector to a good economy

We've identified three aspects of a good local economy where the sector plays a role that needs advancing and are ripe for acceleration:

1. The sector is a significant economic actor in its own right;
2. The sector can connect the social and the economic;
3. The sector can reduce public service demand.

### 1. The sector is a significant economic actor in its own right

The sector is a sizeable sector in its own right.

In terms of numbers employed, the sector would be 13th out of 29 UK business sectors (in terms of GVA output, 16th): the sector employs disproportionately high numbers of people in areas of low economic activity, draws down an additional £1.70 for every £1 of public sector investment and, we know from Local Multiplier research<sup>1</sup>, that the sector is exceptionally good at spending its money locally. One impact, related to this, is that the sector employs a high proportion of women (68% in the sector which is 4.0% of all employed women<sup>2</sup>).

Over the last 15 years, working alongside public sector partners, the sector developed an economic delivery track record, that could outperform other sectors<sup>3</sup>, and which drew on the local sector's ability to provide tailored, holistic interventions, e.g. Future Jobs Fund, tackling worklessness programmes run by local authorities, and entry to employment initiatives. Over and above these programmes, the sector also provides volunteering opportunities (again, reaching into those areas and communities which the private sector finds challenging) which can build skills, help people to be physically and mentally healthy and get people closer to employment.

<sup>1</sup> Research and development activity in support of social enterprise in the StepClever Zone of North Liverpool and South Sefton (CLES: March 2009).

<sup>2</sup> Data calculated using [UK Voluntary Sector Workforce Almanac 2013](#) data (which used Labour Force Survey data from 2011) and seasonally adjusted [Labour Market Statistics for Feb-Apr 2011](#)

<sup>3</sup> Research Report: Understanding the Contribution of the Third Sector in Learning and Skills, IFF Research Ltd (Learning & Skills Council: 2009): [http://readingroom.lsc.gov.uk/lsc/National/Understanding\\_the\\_Contribution\\_of\\_the\\_Third\\_Sector\\_in\\_LSC\\_-\\_Summary\\_Report.pdf](http://readingroom.lsc.gov.uk/lsc/National/Understanding_the_Contribution_of_the_Third_Sector_in_LSC_-_Summary_Report.pdf)

## 2. The sector can connect the social and the economic

The sector plays a number of key roles in supporting stronger, more embedded and inclusive economic growth.

It contributes to business success through place-shaping activity which enriches the lives of workers<sup>4</sup>. Social and individual development means people are likely to be more productive, entrepreneurial and create their own jobs. As such, investment in this through community activities and social development programmes is a clear input to economic success.

The sector builds local economic vibrancy through community institutions like volunteering infrastructure, credit unions, community hubs, advice services, adult training provision, social enterprise support agencies and local VCS infrastructure. It also supports the creation and development of less tangible yet vital structures of community such as social networks and social capital.

It works in areas and communities of poor economic activity and draws down valuable additional investment into those areas. Traditionally, it seeks to build bridges between communities of low economic activity and job-creation centres (either informally or more formally through entry to employment programmes).

However, these activities remain piecemeal and largely disconnected from local strategic thinking. A coherent, evidence-based, understanding of what a thriving place needs and the contribution the sector needs to make to that place remains largely undeveloped and is rarely linked to local economic strategic thinking.

## 3. The sector can reduce the need for public services

The sector's ability to mobilise social power and build self-reliant communities is a force to create significant social and economic change. However, this proven capacity of the sector to garner and grow community assets, to support the codesign and coproduction of services, to change social norms, and to build self-help, wellbeing and community-resilient models of organisation remains largely untapped and often disregarded, in the context of public service reform.

Pockets of activity do exist but ramping up the scale of activity within local strategic vision and mission has not been made.

As we shift to more coherent, cross-agency, system-thinking (through such initiatives as the Whole-Place Community Budgets, linked to building skills and

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individual resilience) and begin to better understand what works across a geography or community, there will be a growing need to better understand the pre-conditions for delivery. Some interventions will work well in one community and yet fail in another; this will require a better understanding of social context and the role the sector could play in building community capacity.

## What do we need to do next?

To support 'Thriving Places' we think there are five main areas of action:

### **1. We need to make a strident case for recognising the sector's current and potential role in thriving places.**

There are three main policy areas on which we will focus, draw together evidence and seek to influence. We will seek to demonstrate, to local and national policy-makers, decision-makers and thinkers, thinking in order to support change:

- a. the sector's role in a place: what the sector's stewardship role can achieve and its role in implementing economic policy eg links to Local Enterprise Partnerships, role in a 'good economy', and how 'social value' is encouraged and better captured.
- b. the sector's future role in public service reform: how can we reset and implement an understanding of the sector's role in the 'transformation' of public service need?
- c. how to get the finance right for the sector: from social finance to Community Reinvestment to grant funding – does it answer the right questions?

**2. The sector needs to be bullish.** To do this it will need the right evidence, the right language and an understanding of what offer to make locally. We will seek to develop and provide the right training and the right resources for the sector to help make this happen.

### **3. We need to take the argument to inert thinking and prevailing orthodoxies and create the conditions for fundamental change.**

For this we will develop clear theoretical and evidence bases, with clear case studies that demonstrate the sector's potential to build thriving places.

**4. The sector needs to look at itself.** The sector needs to be clear about its own core purpose and its future role in place-stewardship and then act. We will seek to start a national conversation about the future of the sector and its role in place.

### **5. We need to be clear about why this is the best way forward from an economic perspective.**

Working through the above actions, we will seek to underwrite the new economic principle that asserts the importance of the inter-relationship of sustainable growth, the fundamental notion of good economy and the sector's role in the creation of thriving places.

If you would like to get involved, keep up to date with the latest 'Thriving Places' resources and developments, please contact Warren Escadale, who is managing this work, on: 07753 147664 or [warren.escadale@vsnw.org.uk](mailto:warren.escadale@vsnw.org.uk)