



# What did Big Local areas do to develop their local economies?

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## Key points:

- Though Big Local partnerships did not use the language of economics, they developed their local economies by investing in resources such as physical infrastructure, skills, financial mechanisms, links between people, and connections with institutions.
- Partnerships were not required to record additional income, so capturing evidence of economic development at a hyper-local level was challenging. Instead, this article series draws on a capitals approach to explore this topic by focussing on how Big Local projects laid foundations for economic development.
- Knowledge of local needs and aspirations shaped residents' decisions about the type of economic development activity to focus on, alongside theoretical models (like social investment or community wealth building). Expert support was important for technical processes, like buying assets and linking with wider governance and planning structures.
- Big Local facilitated the development of networks and relationships, as funding was invested in engaging communities and stakeholders, expanding community and voluntary organisations, and creating spaces where people could meet. Bringing people together in these ways built social capital, which is evidenced as an enabler of economic development.
- Many Big Local areas invested in financial capital through social investment, social enterprise, small grants programmes, and other activity (such as supporting credit unions or providing financial advice to residents). Partnerships were sometimes able to bring in additional funding from other grant providers, making their initial funding go further. Investment such as this laid a foundation for lasting economic development.
- Physical capital – including buildings, the commercial environment, and transport and energy infrastructure – was a focus for investment, particularly community hubs. This laid the foundation for economic development by supporting enterprise directly, and by supporting other types of capital to develop, for example, through providing places to meet.
- Partnerships also invested in developing residents' skills and wellbeing – thereby developing human capital, which supports economic development. They also allocated funds to employ workers and indirectly created jobs through the delivery of Big Local.
- Big Local also acted as a focal point for improving representation of community needs among institutions, though building relationships with institutions required additional capacity from those in paid roles. Big Local also created a form of institution through partnerships, who acted on behalf of their communities to identify and meet local needs. In some areas, partnerships set up an incorporated organisation, while others left a legacy of improved infrastructure.

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# Introduction: What did Big Local areas do to develop their local economies?

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Traditional measures of economic growth, such as increases in Gross Domestic Product (GDP), are difficult to meaningfully capture at the hyper-local level (Rossi-Hansberg and Zhang, 2025). For this reason, this article series explores examples of investment by Big Local partnerships that could positively impact local economies, by considering social, financial, physical, human, and institutional capital.

## Economic context of Big Local

Economic activity is the production of goods and services, and economic development is about developing resources for those activities (like building skills and social connections among people, or physical resources like equipment and buildings).

Economic deprivation shaped Big Local, as the economies of Big Local areas tended to lack these resources – areas were chosen to take part in the programme partly for their economic disadvantage and record of relatively low investment (James et al., 2014). They performed lower than average on the Index of Multiple Deprivation, average level of qualifications of residents, and proportion of people in employment (Local Trust, 2024). There were typically limited employment opportunities, hollowed-out commercial economies (characterised by a decline in manufacturing jobs), and high levels of personal indebtedness among residents (CLES, 2020).

'Doubly disadvantaged areas' is a term coined by Local Trust based on the characteristics of Big Local areas. They are defined as suffering from the compounded impacts of having both poorer economic outcomes and low levels of social infrastructure (physical spaces and organisations that facilitate social interaction, and the provision of essential services). Nearly half of people living in doubly disadvantaged areas are economically inactive (Turner et al., 2024), and many of these areas are stuck in a downward cycle, where a lack of good job opportunities discourages investment in skills and education. Despite support for such areas being a stated goal, both government and non-government funding has failed to reach them, leaving them behind (Atherton and Le Chevallier, 2023). Investment in social infrastructure can lead to increased human capital in left-behind areas in the form of increased employment, as well as increased health and wellbeing (Frontier Economics, 2021), demonstrating the reinforcing nature of investment in the capitals explored in this article series.

Economic resources within Big Local areas varied and boundaries were not designed in line with defined local economies (Dallimore et al., 2019). Some areas had commercial

centres, were part of cities, or adjacent to areas with more economic resources, but on average, in Big Local areas there were fewer businesses than the UK average (ONS, 2024). So, while Big Local areas generally shared economic characteristics, there were many variations, and different economic issues varied in importance. As such, economic development activities and investment priorities varied across Big Local areas.

At the time of Big Local, the economic context included the austerity period in public policy (including cuts to local services) and some activities prioritised by partnerships aimed to counteract this (McCabe et al., 2017). Socio-economic developments during the programme (including the Covid-19 pandemic and cost of living crisis) further damaged economies. These increased challenges around food and fuel poverty, employment, digital exclusion, and the quality of the local environment and infrastructure (Ellis Paine et al., 2022), prompting economic development responses in Big Local areas.

## What economic issues did Big Local partnerships seek to address?

Previously, the hyper-local or neighbourhood level has been mostly absent from mainstream economic development and practice – the main body of knowledge, theories, and models taught in universities and accepted by economists (CLES, 2020). Policy debate has focussed on the type and extent of economic problems in local areas, and if they can be addressed at that level (or if interventions must be at higher spatial levels).

Successful initiatives in developing economies at the neighbourhood level depend on multiple factors, including targeting areas with existing community infrastructure (like community associations) and a bespoke approach (covering more than unemployment and economic inactivity). Additionally, successful initiatives should connect with economic opportunities outside the immediate neighbourhood (University of Cambridge, 2019).

The Big Local programme was not intended to promote local economic regeneration. However, an initial aim to increase social capital (James et al., 2014), had significant potential economic consequences as social connections facilitate economic activity. Furthermore, the principle of community power which guided the programme could mean the power to act on economic conditions (Popay et al., 2020), which for Big Local areas meant housing, poverty, and enterprise (McCabe et al., 2022).

Big Local showed that in practice, when given control of funding, residents recognised and wished to respond to local economic circumstances. Big Local partnerships approached economic development, as they did all activity, through community consultation and resident-led planning. In initial planning, jobs and economy was identified as a key priority and investment gap, alongside other themes, including environment, community cohesion, youth, and health and wellbeing (McCabe et al., 2017). This article series shows that each of these priorities had a significant economic dimension.

Economic development at a hyper-local level is more successful when linked to economic development in wider contexts (University of Cambridge, 2019). Some Big Local partnerships sought to link to economic developments and bodies in wider areas. The quality and success of interactions with local authorities varied (McCabe et al., 2019), and in a few cases included discussion of economic activities like procurement (CLES, 2020).

## What economic development activity took place?

Activities in Big Local areas that aimed to develop economies were characterised by close knowledge of local needs. They are summarised in separate chapters in this article series, according to the type of economic capital represented.

- **Social:** Links between people to facilitate mutually beneficial economic activity.
- **Financial:** Leveraged funding, community credit unions, financial advice, social investment, and social enterprise support.
- **Physical:** Community hubs and buildings, town centres and physical environment, gardens, housing, equipment, and transport.
- **Human:** Skills and training, young people, community leadership, health, and employment.
- **Institutional:** Promoting community engagement with outside agencies including local government.

Planning, community engagement, administration, and delivery for economic development projects was mainly carried out by partnership members, volunteers, and workers. Specific economic expertise was not typical among these individuals. Though they came from different backgrounds, most were local – residents, local business owners, or employed locally – implying direct knowledge of their local economy.

## How was economic development supported in the Big Local programme?

Partnerships in Big Local areas required support for complex technical processes (like asset acquisition) and to connect with wider structures. Three sources of support were particularly important.

First, Locally Trusted Organisations (LTOs) contributed to economic capital through access to physical spaces, labour, funding, and expertise on asset management and transfer, contracts, and marketing (Dobson et al., 2022).

Second, reps, advisors, and coordinators helped coordinate Big Local partnerships with other agencies, in some cases for economic reasons. Greater alignment between Big Local plans and national and regional plans with similar goals, would have further enabled local economic development (McCabe et al., 2019). Except for reps with social investment expertise, specific economic expertise was not typical, though adaptability was important in their roles.

Third, partnerships sometimes contracted consultancy support for economic development projects (McCabe et al., 2020b), which required expertise such as asset acquisition.

In addition, an initial goal of the support programme was to provide guidance on social enterprise and investment (James et al., 2014). When the Big Local programme was designed it seemed that economic development was understood mainly within this framework.

Therefore, perhaps the largest single programme of support for local economic development came through delivery partners with expertise in social investment and social enterprise – Unltd and Small Change – who promoted social investment in earlier stages of the programme. Implementation of this support faced challenges, as some

partnerships did not see social investment as particularly relevant or beneficial to their area. These challenges were particularly notable in earlier phases when partnerships were still setting up and making contacts.

## Outcomes and impact of economic development activity

This article series indicates outcomes and potential impacts for different economic development activities, however, there was no large-scale evaluation of economic impact.

The Big Local programme and partnerships were not required to record the impacts of their activities. Furthermore, theories of economic development tend to ignore geographies of relatively small size (like neighbourhoods), and any evaluation at this scale would have been experimental. A key issue was that measures of economic output (like income, employment, and productivity) were unlikely to be accurate at the scale of geography and investment typical of Big Local areas. That is why, for these articles we have adopted the capitals framework of economic development – an approach which aims to establish the foundations of increased production, without needing immediate measurable outcomes.

Each type of capital development explored in these articles contributes to economic development. While additional funding was brought into some Big Local areas during the programme, there are several ways partnerships may have contributed to economic development. For example, stronger social networks lead to economic prosperity (Putnam, 2000); physical assets support regeneration; people add to local economies through time, skills, and expertise (Bevan Foundation, 2020); and collaboration between organisations can support realistic and effective investments (DLUHC, 2022b).

As measuring economic development at the neighbourhood level is challenging, and partnerships were not asked to develop their local economy nor report on it, certain proxy measures can be used. For example, the Community Needs Index (measuring levels of social infrastructure) could be used to measure economic development. Big Local areas prioritised investment in social infrastructure, and better social infrastructure supports better economic outcomes (Local Trust, 2023c; OCSI, 2019).

The Communities in Control Study (focussing on health and wellbeing impacts of Big Local), included an economic evaluation as an additional aim (Popay et al., 2023). This reported increases to life satisfaction as implying a total net benefit across all Big Local areas of £150m, and nearly £1bn over the whole programme. However, the increase in life satisfaction was not statistically significant, and is only an indicator of the potential monetary value of Big Local.

Other qualitative research on Big Local indirectly studied economic outcomes by looking at impact, progress towards goals, and understanding of legacy. By the halfway point of Big Local, several impacts had been economic – like the development of skills, confidence, and employment and enterprise (CLES, 2020). Progress towards the goals of the programme could have meant progress on economic activity, including improved employment and transport (McCabe et al., 2017). Whilst partnerships did not necessarily frame their understanding of legacy in economic terms, they referenced local economic impacts like skills development and employment (Local Trust, 2018).

## Community wealth building

The largest research project on economic development in Big Local assessed the extent to which partnerships adopted community wealth building approaches to address economic issues (CLES, 2020).

The Big Local programme and community wealth building come from different backgrounds and theoretical frameworks. Community wealth building comes from progressive economics and aims to reorganise local economies, while Big Local was based on community-led action and sought to further issues that were important to local people. However, community wealth building offers a framework for understanding hyper-local economic regeneration, which is otherwise absent from conventional economic analysis. It also includes an understanding of economic value which encompasses social economic production. For example, it recognises the importance of community ownership of assets (which was core to many activities in Big Local areas) as intrinsically economic.

Some activities in Big Local exemplified the five pillars of community wealth building: socially productive use of land, property, and assets; making financial power work for places; plural ownership of the economy; progressive procurement; and fair employment and just labour markets.

There was evidence of direct impact on local economies through employment, business and social enterprise, and access to financial services. Big Local activity had limited impact on influencing systemic 'flows of wealth', though there was potential for more. One challenge was that localised procurement – a principal mechanism of community wealth building – was not applicable to Big Local areas, because there were few local businesses to procure from.

## Reflections

The activities in Big Local areas showed that economic development at the hyper-local level is possible through resident-led decision-making and control of funding. Partnerships were aware of economic issues in their areas and often prioritised action to deal with them. They often had good knowledge and personal experience of what issues to target. Qualitative measures suggest that there was progress towards combatting economic problems by forming physical, human, social, financial, and institutional capital. Evidence suggests that the programme's characteristics – resident-led decision-making, long-term in nature, and targeted capacity-building – laid the ground for lasting economic and social transformation in Big Local areas.

Big Local was not intended to be an economic development programme, and despite the findings of programmes like the New Deal for Communities, there is an absence of models of such activity at this level. The strategies in Big Local areas suggest a framework in which such activity could be conceptualised and promoted in the future. Hyper-local activities can lay the foundation for economic development, and should not be expected to produce measurable results with traditional economic indicators.

Future programme design should consider the likely regeneration activity and available local economic resources when selecting subject areas, but this need not remove control from residents. Support should focus on providing expertise for technical processes such as acquiring assets and for linking with wider structures.

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# Chapter 1: How did Big Local areas develop social capital?

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## Key points:

- The Big Local programme facilitated the development of networks and relationships between people in local economies – a crucial step to strengthening collective action for social change.
- In the majority of areas, Big Local funding was invested in community engagement activities, successfully bringing together residents, volunteers, workers, experts, and Locally Trusted Organisations.
- Partnerships formed or expanded community and voluntary organisations – a key facet of social capital – generally to last beyond Big Local.
- Community hubs and green spaces enable social capital development, and Big Local funding was invested in creating and transforming such spaces across two-thirds of Big Locals areas.
- The social capital framework in economics research has evidenced how bringing people together in these ways facilitates economic development.

This chapter explores how the Big Local programme supported the development of social capital in local economies. It considers the effect of Big Local's resident-led, hyper-local, and place-based character on this process. It is one in a series of local economy articles which investigate different types of capital investment (social, human, financial, physical, and institutional) in Big Local areas. As it is difficult to estimate the economic impact of a programme like Big Local using traditional methods, the capital approach provides insight into how investment in different types of capital can positively impact local economies.

The Big Local programme showed how investment in social capital can contribute to economic success, by:

- enabling individuals and groups to trust each other and work together
- supporting and creating new community organisations
- building connectedness within communities and with the wider economy
- developing places and spaces.

These all drive the development of social capital which underpins local areas' potential for economic opportunity and success.

## Why social capital matters

Social capital can be understood as the value of networks and relationships that underpin an effective society. It is important in providing a foundation for strong, local communities and economies. Robert Putnam (2000) promoted social capital with his book *Bowling Alone*, exploring how it relates to economic prosperity. Social capital is important to the efficient functioning of modern economies (Fukuyama, 1999), and different mechanisms support its creation (Glaeser et al., 2002). Thriving economies have well developed institutions and high levels of social capital (HM Treasury, 2015).

So, investment in social capital (like investment in other forms of capital) can support economic prosperity, although it may be challenging to measure. Research on the Big Local programme generated a better understanding of how social capital is created and how investment in developing social capital can lead to economic benefits.

## Enabling individuals and groups to trust each other and work together

Trust and co-operation are central to social capital formation. Social capital can be understood as the structure of informal social relationships conducive to developing co-operation among economic actors, increasing social product and so economic output (Hayami, 2009). So Big Local should be considered in terms of community engagement, capacity building, and developing relationships based on shared objectives, which in turn underpins economic development.

Bringing people together and creating local partnerships was at the heart of the Big Local model. Making new connections was a catalyst for bringing people and organisations together, many of whom had not worked together before (McCabe et al., 2017).

In most Big Local areas, resources were invested in community engagement and capacity building (McCabe et al., 2017). More powerful communities could arise from a combination of features in the Big Local model, via community connections, networks, and structures through which the resident-led vision can be sustained. The Big Local programme helped create credible resident-led structures, connect networks of residents, build effective relationships with public agencies, and strengthen resident voice and influence (McCabe et al., 2017).

The programme brought residents together as partnership members, volunteers, workers, experts, and Locally Trusted Organisations, and impacted community cohesion by improving connections between estates or villages in an area (McCabe et al., 2020b). Social connectivity improved in Big Local areas, as activities brought people together to fix problems they identified as important – creating trust, helping people get to know each other, and building mutual support (Popay et al., 2023). This made residents feel safer in their neighbourhoods, developed greater cohesion, and improved community perceptions of wellbeing.

## Supporting and creating new community organisations

Social capital can be developed by forming new community organisations, so can be measured by counting groups and tracking their membership (Putnam, 2000). This means we should consider how Big Local contributed to developing organisations, including funding for activities and programmes, and setting up new resident-led organisations.

Big Local partnerships formed or built on resident-led organisations to foster local engagement, mobilise the community, identify community needs, undertake planning, and more. In most areas, structures were created to last beyond the lifetime of Big Local, through plans for creating new organisations, like Community Interest Companies or Charitable Incorporated Organisations (McCabe et al., 2022).

There was strong evidence of how Big Local partnerships supported the creation, growth, and development of community and voluntary organisations, however, that is expected where areas run grant programmes for local organisations (McCabe et al., 2020b).

## Building connectedness within communities and with the wider economy

Building connections and networks across communities is another driver of social capital development (Claridge, 2014). So, we can also look at how Big Local formed networks and connections, in turn enhancing the economic contributions of the programme.

The majority of Big Local partnerships developed relationships with public agencies – most commonly with local authorities, as well as agencies in education, housing, and health (Baker et al., 2022). There were three broad types of relationships – powerful allies; friends and acquaintances; or clients and contractors. These relationships enabled positive outcomes for the partnership, the public agency, and the community, by getting things done in ways that were more inclusive, welcoming, and effective than if either party had worked alone. However, there were challenges with working together, as most local authorities had lost community engagement capacity and expertise in a tight fiscal climate. Partnerships in Big Local areas helped bridge the gap between senior leadership teams in public agencies and what was happening on the ground (Baker et al., 2022).

People in Big Local areas established relationships which narrowed the divide between residents and other institutions working in an area (like councils and statutory bodies) (McCabe et al., 2022). For example, three people with Big Local experience went on to serve on the Town Council in [Ramsey](#), while in [Northfleet](#) two people became district councillors.

There was a mixed pattern of relationships – some may have been successful with one council department but not another, or may have been strong with council members but weak with officers. In some areas, Big Local partnership members had strong relationships with other agencies and pursued shared objectives. For example, [Grassland Hasmoor](#) worked with several local authorities to improve use of green space, and [Ramsey Million](#) supported the council's economic strategy through its town centre activities.

*Chapter 5 presents further detail on institutional capital (how organisations identify and solve problems, and work with one another).*

## Developing places and spaces

Places and spaces are increasingly recognised as important in enabling social capital formation, which can foster economic benefits. Both community hubs and green and blue space interventions enhance the development of social cohesion, social interaction and bonding, and bridging social capital (New Local, 2023; Frontier Economics, 2021; Dobson et al., 2019). A lack of places to meet, the absence of an engaged community, and poor physical and digital connectivity to the wider economy, significantly impact social and economic outcomes for deprived communities (OCSI, 2019).

For many Big Local partnerships, developing spaces was at the heart of their plans. As the programme matured, partnerships in two-thirds of Big Local areas owned or leased a community building or had access to space in one (Trup et al., 2019). Towards the end of the programme, in 105 out of 150 areas Big Local funding had been invested in community spaces, reflecting the importance of places and spaces to communities.

Partnerships created and transformed local social infrastructure, through environmental improvements, green spaces, play areas, leisure facilities, and community hubs (McCabe et al., 2020b). The majority of Big Local areas saw investment in creating community hubs for activities, meetings, and organising. For example, repurposing a school caretaker's building, a pub, a chapel, and a job centre. Residents reported perceptions of improved physical environments and living standards (Popay et al., 2023).

As such, Big Local made a significant positive contribution to the development of places and spaces, supporting social capital formation and thus economic prosperity. It is less clear the extent to which this happened and whether it might have been more or less successful through other means.

[Chapter 3](#) presents further detail on physical capital (which includes buildings and green space).

## Direct economic impacts

While this article explores how Big Local supported the development of social capital, which in turn can underpin economic prosperity, sometimes the programme directly drove economic outcomes. Employment and enterprise were two of the most frequently reported impacts for those involved in Big Local areas, with residents being supported into employment, apprenticeships, training, and university (Resources for Change, 2016).

There were instances of partnerships in Big Local areas focussing on fostering social enterprise, such as supporting businesses to survive Covid-19 lockdowns (Ellis Paine et al., 2022; McCabe et al., 2020a). For example, [Blackpool Revue Big Local](#) worked with the local authority to link new housing to leisure and tourist facilities, improve shop fronts, increase footfall for local businesses, and grow the local economy.

Big Local partnerships also directly impacted the personal economic circumstances of residents and their communities. This included securing employment, establishing businesses and social enterprises, and accessing activities and services (like loans and financial products) at community venues (CLES, 2020). For example, Ramsey Million's heritage work which aimed to increase visitor footfall, and [Birchfield's](#) efforts to create community based social enterprises, with around 36 social enterprises having emerged (McCabe et al., 2020b). Other examples include [Lawrence Weston's](#) community shop (piloted by Big Local and then transferred to another local organisation) and community hub, free start-up space in [Northfleet](#), and a managed business at Gobowen Station in [Three Parishes](#) (McCabe et al., 2020b). While these activities more specifically targeted the local economy, many supported social capital – by directly connecting people or providing the means for residents to actively engage in their community.

## Reflections

The evidence demonstrates how Big Local undertook work which was likely to have significantly developed social capital across many of its 150 communities, underpinning their potential for economic opportunity and success. Big Local was built on a model of community-led change at a hyper-local level, enabled through long-term funding and support. Across the country, this programme built trust, new organisations, connectedness, and new spaces and places.

Sometimes, these initiatives directly enabled local economic development, and more widely supported the formation of social capital which, in turn, underpinned the potential for longer-term economic prosperity.

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# Chapter 2: How did Big Local areas develop financial capital?

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## Key points:

- In many areas, Big Local funding was invested in financial capital in the form of social investment, social enterprise, small grants, or financial activities (like providing financial advice and supporting credit unions).
- Big Local partnerships also often increased financial capital by leveraging additional funding, either deliberately or unintentionally, from other grant providers.
- In a long-term hyper-local programme like Big Local, investment in financial capital lays a foundation for economic development and can positively impact local economies beyond the lifetime of the programme.

Traditional measures of economic growth, such as increases in Gross Domestic Product (GDP), are difficult to meaningfully capture at the hyper-local level (Rossi-Hansberg and Zhang, 2025). For this reason, this article series explores examples of investment by Big Local partnerships that could positively impact local economies, by considering social, financial, physical, human, and institutional capital. In this chapter we focus on financial capital, which is anything with a financial value that can be used to secure future revenue (Ross, 2023).

## Using a financial capital approach to explore Big Local's impact on local economies

The Big Local programme provided 150 disadvantaged areas across England with over £1m in funding over a 10 to 15 year period. The funding was non-prescriptive, with residents deciding how it would be spent in their area based on their community's needs.

It was never a requirement of the Big Local programme that areas build on the initial investment or seek additional funding. While some areas tried to bring in more money, it was not a goal of many partnerships. However, investment of Big Local funding into a local amenity often kickstarted projects that attracted funding from other sources. As such, whether areas secured additional money or not cannot be viewed as an indication of success or failure. Some areas did bring in additional funding, but as they were not required to record the amounts it is difficult to estimate the exact impact of Big Local on local economies.

Disadvantaged areas may lack financial capital (Gregory, 2021). While research on financial capital at the hyper-local level is limited, Local Trust research provides an opportunity to investigate the impact of Big Local through this lens. In the absence of

systematic data on assets acquired by areas, and the difficulties of investigating hyper-local economic impacts, the financial capital approach offers an alternative way to understand the economic impacts of Big Local.

Evidence suggests that communities should move away from using growth and income as measures of wellbeing, as in the past the UK has seen particularly high employment rates coincide with a decline in living standards (Sheffield, 2018). As such, this article focusses on how areas developed financial capital and how Big Local built residents' capacity to secure additional funding and increase community wealth.

This article investigates how Big Local partnerships leveraged additional funding beyond the initial investment into their areas. It discusses how partnerships implemented social investment and social enterprise programmes in their areas as well as other financial activities such as grants and loans, credit unions, welfare advice, financial and debt advice, and community chests. Each of these activities are examples of financial capital investment.

## Bringing in additional funding

Surveys and interviews with partnership members, Locally Trusted Organisation (LTO) representatives, and external funders were used to develop a 'What-if' framework – an analytical tool for exploring different scenarios (Frontier Economics, 2025). In this case the framework was based on relevant characteristics of Big Local areas, such as the type of projects funded. The framework was used to estimate a range for the amount of money these areas potentially generated throughout Big Local.

Of the 42 Big Local areas involved in this research, at least 76 per cent secured additional funding at some point, with significant variance in the amount – ranging from £3,000 to £1.9m. The figure of £1.9m is a clear outlier, with the median amount of funding raised being £170,000 and the middle 50 per cent ranging from approximately £58,000 to £454,000.

Further calculations were required to take account of potential biases. Participation bias was considered, as it was likely that areas receiving additional funding and recording it systematically were most motivated to engage in the research. Measurement bias was also possible, as many of the individuals interviewed could only account for part of the Big Local programme. The absence of complete records of funding brought in by partnerships resulted from the non-prescriptive nature of the Big Local programme, whereby partnerships decided how to use, track, and report on how funding was used. As such, research approaches estimated the impact of the programme in the absence of comprehensive data.

This process estimated that Big Local areas brought in 10 to 26 per cent of the initial investment – or £15m to £39m throughout the duration of the programme. Funding came from a wide range of sources, including local authorities, central government schemes (like the Community Ownership Fund), charities, private companies, trusts, foundations, and churches. The most common type of funding was grants, but partnerships also secured donations, loans, and contracts to run services.

Additional funding was most often spent on construction work or design, training or education programmes, and health and wellbeing services. Much of the additional funding would not have been acquired in the absence of Big Local. Research participants attributed success in securing additional funds to the creation of an

organisational presence in the area; building skills and knowledge of funding processes; establishing a track record of successful projects; and improving the area's reputation.

Partnerships that were more active in economic development shared several characteristics (Resources for Change, 2016) which are reflected across different types of capital. In terms of financial capital, some were making their money work harder – rather than seeing funding as money to be spent, they saw it as a catalyst for other funding. Examples where significant funding was given to areas, which would not have happened without Big Local, include [3 Together Big Local](#) and Lynemouth, Cresswell, Ellington and Linton ([CELL](#)). In 3 Together, £10,000 of Big Local funding was invested in a portacabin for the residents' association to meet and hold events while it fundraised for a permanent structure. Alongside an additional £200,000 investment of Big Local funding, the project received £200,000 from the National Lottery's Reaching Communities Fund, £65,000 from the Health Lottery, and £35,000 from a local housing association. In CELL, £25,000 in Big Local funding was invested in Cresswell Tower Charitable Incorporated Organisation's (CIO) proposal for the renovation of a local historic tower. The CIO went on to secure over £600,000 from the Heritage Lottery Fund and the tower opened to the public in 2021.

## Building community wealth

Another way to develop financial capital at the hyper-local level is through building local ownership and increasing control of wealth. By 2020 more than half of Big Local partnerships had used Community Economic Development (CED) approaches to improve economic and social prospects of residents, build community assets, and grow businesses that create and circulate wealth within the community (Local Trust, 2020). CED is a process within a specific geographical area, focussing on local collective action to tackle challenges identified by people living and working in that area.

Case studies of Big Local areas enabled exploration of the economic issues identified by partnerships, the activities they undertook, and the impact they had on local economies. Partnerships aimed to address personal economic issues, like a lack of affordable finance, shortage of accessible training, and unemployment. They worked to build local ownership and control of wealth, through socially productive use of land, property, and assets; money advice services; and start-up grants and loans. A recurrent theme was that Big Local funding enabled targeted community development activity, which had been largely missing from these areas for years. Examples of the impact of Big Local funding included activities and services (provided by community venues, businesses, and organisations) supported through partnership activity, social enterprise start-up grants, and emergency loans.

## Social investment and social enterprise

Social investment is the use of repayable finance to help an organisation achieve a social purpose, as opposed to investment in social enterprises which does not involve repayment. Social investment assumes that investing in organisations that have a social purpose is an effective way of addressing inequality (Gregory, 2021).

Part of Local Trust's work was to provide support, guidance, and information to Big Local partnerships to help them make more informed decisions and understand the potential outcomes associated with how money was spent. During Big Local there was an increase in financial investment information available to residents (James et al., 2014). In the early years, Small Change (a support provider for Big Local) led activity with partnerships in

139 areas to evaluate their progress towards developing a social investment component in their Big Local plan. Reps delivered support and advice to areas in relation to social investment, and learning events to raise awareness. Though support was provided on social investment, it came too early for many areas, and it was perceived as more complex than investment in social enterprises, where a return on the investment was not a requirement. As such investment in social enterprise was more common.

There were however some examples of significant social investment. In [Lawrence Weston](#), Big Local funding was invested in England's largest onshore wind turbine (Sansom, 2023). This community-owned asset was set to have a significant impact on economic resources in the area, by generating hundreds of thousands of pounds of income every year.

In many areas Big Local funding was invested in socially motivated organisations – as of August 2024, a combined £3.6m had been spent on social investment and social enterprises.

The development of financial capital in Big Local areas was also supported through the Star People Programme, run by UnLtd. This programme ran from 2011 to 2017 and supported 1,027 social entrepreneurs by providing advice, support, and financial assistance. Over £3.4m was awarded to help entrepreneurs develop social enterprises that could improve their area. Subsequently, the Enterprising Communities programme was run between January 2018 and December 2020, as a collaboration between Local Trust, partnerships in 19 Big Local areas, and UnLtd. Each committed £50,000 in resources per Big Local area to find, fund, and support social entrepreneurs.

## Other financial activities

### Credit unions

Another example of financial capital investment was supporting credit unions. Big Local spend data indicates that funding in at least 12 Big Local areas was invested in supporting credit unions, for a combined value of at least £80,000.

Motivated by local economic decline, in [Withernsea](#), Big Local funding was used to award a social investment loan and grant to Hull and East Yorkshire Credit Union (HEY CU). This helped extend HEY CU's presence into Withernsea. The credit union delivered money management sessions and provided opportunities for residents to join adult and junior savings clubs. Supporting the credit union had a positive impact on financial capital in the area by reducing reliance on doorstep lenders and money sharks. HEY CU reported in 2023 that the credit union had almost 400 members in the Withernsea area. In the first four years following the investment, members increased their savings by 293 per cent and avoided almost £200,000 in interest charges.

### Financial advice

While financial literacy is sometimes referred to as human rather than financial capital, professional guidance improves financial choices in complex domains (like investment and savings), leading to better long-term returns (Bhargava et al., 2017). Another way that partnerships invested in financial capital was by providing financial advice services to residents.

[Mablethorpe Big Local](#) aimed to address the impacts of financial instability and reduced state support by recruiting self-employed advisors and commissioning Citizens Advice to provide support. By the end of December 2022, 550 residents of Mablethorpe and Sutton-on-Sea had used the services.

In [Chinbrook Big Local](#), funding was allocated to Money A&E – an award-winning advice service. The programme supported residents with benefits, debt management, and budgeting. Impacts attributed to using this service included writing off rent arrears, opening bank accounts for the first time, and making benefit claims.

[Chapter 4](#) presents further detail on human capital (people's knowledge, skills, and personal attributes used in the production of goods, services, and ideas).

## Reflections

The Big Local programme's flexible, community-led approach to funding demonstrated capacity to increase financial capital in disadvantaged areas across England. By empowering residents to identify and address local needs, the programme facilitated financial skills development, fostered innovative solutions to economic decline, and built residents' capacity to secure additional funding.

Activities such as social investment, credit union support, and financial advice services facilitated stronger local economies and provided long-term benefits to residents.

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# Chapter 3: How did Big Local areas develop physical capital?

**Author:** Jack Loughnane (Local Trust) and Steven Barclay (Local Trust)

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## Key points:

- Big Local funding was often invested in physical capital, including buildings, the commercial environment, housing, equipment, transport and energy infrastructure, and green space.
- Community hubs were a key target for investment, with extensive indirect economic effects through drawing money and employment into areas and fostering other forms of economic capital.
- In a long-term hyper-local programme, investment in physical capital lays a foundation for economic development, and its effects come through providing resources for producing goods and services and working in combination with other capitals.

Traditional measures of economic growth, such as increases in Gross Domestic Product (GDP), are difficult to meaningfully capture at the hyper-local level (Rossi-Hansberg and Zhang, 2025). For this reason, this article series explores examples of investment by Big Local partnerships that could positively impact local economies, by considering social, financial, physical, human, and institutional capital. In this chapter we focus on physical capital, which can be understood as physical infrastructure that facilitates the production of goods and services.

## Physical capital investment in the Big Local programme

Physical capital facilitates the production of goods and services. Examples of physical assets include buildings and infrastructure, including transport links. Physical capital is widely recognised as a key predictor of economic growth, and to increase economic growth, it requires investment (Crouzet et al., 2022). This article explores examples of physical capital investment in Big Local areas, such as buildings and structures, lands and gardens, and equipment and hardware.

Although the aims of the Big Local programme did not specify economic investment, it was an intention of the Big Lottery Fund. This initiated Local Trust to support assets in communities, implied as meaning mainly physical assets (James et al., 2014). In many Big Local areas funding was invested in physical capital, to economic effect (Local Trust, 2020).

A principle of the Big Local programme was that residents would determine investment priorities which they would use to create plans. Initial Big Local plans identified deficits

in physical capital, particularly in buildings and structures, physical commercial environments, housing, and transport infrastructure. Partnerships in Big Local areas prioritised environment in some way, as one of five themes in their plans (McCabe et al., 2017). In practice, for many partnerships, this meant concern over commercial centres. There was a wide variety of investment in physical capital and funding was not invested in every type of physical capital in all Big Local areas.

The effects of this investment can partly be measured by the amount of new hubs, renewed high streets, and micro-transport infrastructure (like footpaths). However, partnerships were not required to record outcomes so these investments in physical capital cannot all be accounted for.

Research identified four main areas of legacy, which included 'physical legacies', like community and public spaces, hubs, play parks, green spaces, and other environmental developments (Local Trust, 2018). Investment in physical capital was likely incremental, and in combination with other capitals, particularly human ([chapter 4](#)) and social capital ([chapter 1](#)).

## Types of physical capital investment in Big Local areas

There were six main types of physical capital investment across Big Local areas:

- buildings and structures (like community spaces used for economic activity)
- land and gardens (like food production and sale)
- physical commercial environment (including shops and town centres)
- housing (including refurbishment and planning of existing and new houses)
- equipment and hardware (like equipment for events and small businesses)
- transport and other infrastructure (including vehicles, transport initiatives, digital infrastructure, and energy infrastructure).

### Buildings and structures

While contributing socially and culturally, and to residents' wellbeing, community hubs can also regenerate local economies (Bevan Foundation, 2020). The biggest reported spending on physical capital in Big Local was on community spaces – by August 2025, a total of £17.8m had been spent across 105 Big Local areas. Often this spending was on a community hub or multi-purpose space, and included new builds, replacements, and renovations (alongside running or staff costs).

Considering community hubs more widely, there are several economic uses for them, for example, 20 per cent are used as workspace for private sector companies. Hubs behave like economic assets as they are run like businesses and require financial viability to be successful (Trup et al., 2019). This includes generating income through social and commercial enterprise activities (which aids local economies by keeping money circulating locally), and through venue hire (CLES, 2020). Some hub construction in Big Local areas used local firms, creating local employment opportunities. Community hubs, however, are not run to maximise profit – the office and rental space they provide is typically low-cost, benefitting local enterprises with low incomes (Trup et al., 2019).

In Big Local, there were cases of direct economic activity operating out of community hubs. Some spaces had cafes, shops, or equipment for hire (including football, bowls and bicycle hire). However, it was likely that the main economic value of community hubs was indirect, facilitating the development of other types of capital. For example, building social capital through providing a space for people to make connections (McCabe et al., 2017), and human capital through hyper-local employment and training, like in cafes or kitchens.

Hubs were also used to support residents in times of crisis. The Covid-19 pandemic and the cost of living crisis were partly economic issues, and many responses in Big Local areas (like food banks) were facilitated by hubs, alleviating poverty (Ellis Paine et al., 2022).

[Chapter 1](#) presents further detail on social capital (the value of networks and relationships), and [chapter 4](#) presents further detail on human capital (people's knowledge, skills, and personal attributes used in the production of goods, services, and ideas).

## Land and gardens

Community gardens for growing food were a relatively common Big Local activity. Usually, the land was previously unused and adjacent to a community hub, acting as an outdoor extension to hub activity. Gardens were maintained by residents and surplus produce was typically donated through local foodbanks, making an important contribution in areas experiencing food poverty and limited access to nutritious food.

For example, [WestRaven](#) developed a community garden on an unused piece of land owned by the local primary school. The garden included a vegetable patch, a gazebo, kitchen and meeting area. During development of the space, residents were able to learn new skills by getting involved in constructing fencing and raised beds.

## Physical commercial environment

Local economic activity is often concentrated in a centre with businesses, services, and transport interchanges. The upkeep of town centres is a type of physical capital investment, and regeneration of high streets is associated with increasing footfall and economic activity (DLUHC, 2022a). The varied geography and boundaries of Big Local areas meant that many did not have a commercial centre, though some were adjacent to one. It was common for these centres to have declined, so many partnerships prioritised restoration.

This work included coordinating local businesses (Ozano et al., 2024) and making physical improvements to commercial centres (like installing CCTV and sprucing up shopfronts). In [Dover, the Big Local](#) area extended over a town centre and the partnership helped set up a new commercial space in an old retail unit on the high street. They targeted business owners who could not afford to open a shop and provided a tiered system (where traders could begin with hiring a table), supporting small businesses and meeting a specific need. There was progression in that some businesses were able to expand, and the space moved to a new larger venue.

Residents in Big Local areas worked strategically and collaborated with outside agencies. [Fratton Big Local](#) formed part of a Future High Streets fund award with its local council to regenerate its high street, while [Whitley Bay](#) worked with its local authority to improve its seafront. Others negotiated with stakeholders to attract commercial amenities (like supermarkets) to their area. In some cases, partnerships worked with local traders to arrange events, such as car boot sales and switching on Christmas lights.

Partnership members in Big Local areas often said that community pride was an outcome of improving the physical environment. Sometimes simply tidying up could create the foundations of increased trade and economic development by encouraging consumers to use the shops. Partnerships in areas with heritage assets found that investing in heritage also boosted local businesses by drawing visitors to the area.

## Housing

Quality of housing stock affects people's ability to participate in the workforce and society (DLUHC, 2022b). Issues with housing stock was a common concern among residents, especially in the early stages of Big Local (McCabe et al., 2017). Due to the relatively large financial outlay, expertise, and stakeholder engagement required, Big Local funding was rarely invested directly in housing.

[Leigh West](#) and [Thurnscoe](#) purchased, repaired, and refurbished local housing stock, and engaged with local education providers to provide experience to trainee construction workers. Leasing the housing at affordable rates likely contributed to local housing availability and affordability, although it was challenging to restrict access to existing residents.

Other schemes included land purchase and development, the creation of community land trusts, and community asset transfer. In some cases, this included organising resident control or input over housing strategies (including developing neighbourhood plans), or influence over local government to express resident views on housing developments. While difficult to achieve at this level of investment, and highly dependent on wider stakeholder engagement, Big Local activities in housing showed that residents can take action to make a difference to housing conditions in their areas.

## Equipment and hardware

Local commercial or social enterprises received Big Local grants to purchase equipment to produce goods and services (CLES, 2020). As these enterprises served a wide variety of purposes, this category included a wide variety of items – including equipment for personal training, events, employment, training, skills building, and gardening.

This investment provided a boost to local commercial and social enterprise and was informed by detailed local knowledge of needs and opportunities. For example, when the Covid-19 pandemic highlighted digital exclusion, in some areas Big Local funding was invested in providing residents with tablets.

## Transport and other infrastructure

A lack of transport infrastructure was a challenge in many areas, and the intention to improve it was noted in many Big Local plans. Since transport infrastructure is relatively large scale even at a minimum and requires coordination between a range of stakeholders, this type of investment was difficult to achieve (McCabe et al., 2017). However smaller scale transport investment was often effective and included community minibus repairs, traffic calming measures, bus shelters, cycle paths, footpaths, road safety, and car sharing.

The most notable successes came from Big Local partnerships that engaged in strategic activity. For example, [Ramsey Million's](#) successfully challenged bus service cuts, [Lawrence](#)

[Weston](#) engaged with local government to bring a bus route to their area, and [Keighley Valley](#) attracted government investment to build a footpath.

Large-scale transport infrastructure requires investment at the micro-scale to make it work. The actions of Big Local partnerships show that residents of deprived areas can identify transport infrastructure gaps, and that making realistic and deliverable plans to meet them is likely to repay investment in the future.

Other investment categorised broadly as infrastructure, included digital infrastructure projects (like community broadband and free Wi-Fi in community hubs) and energy infrastructure (including [Lawrence Weston's](#) community owned wind turbine and solar farm).

## Physical capital investment in a wider policy context

It is widely assumed that physical capital investment is necessary for economic growth (Ding et al., 2021), and it is associated with place-based policy for economic regeneration (Sensier et al., 2024). However, hyper-local economic regeneration projects are not common. While there were examples of government physical capital investment in Big Local areas (such as the Levelling-up Fund), these were linked to larger investments in local authorities (Local Trust, 2023b). This article concerns resident-led and place-based hyper-local physical capital investment, a previously largely unexplored area of economic development.

There are challenges in assessing the effects of such activity. Place-based investment requires that benefits go to residents. As such, physical capital is ideal for place-based investment because it is fixed, unlike human capital investment (for example), where a person with improved skills may leave an area to work elsewhere. However, with the small geographical areas of Big Local and inter-connected nature of the modern economy, it was unlikely that the benefits of physical capital investment would be limited to nearby residents. A few Big Local areas (like [Barrow Island](#)) had large physical assets (including factories or retail parks) which were owned and staffed by non-residents, so had little benefit for residents.

At this level there is no model of investing in physical capital or for evaluating that investment. The nature of the Big Local programme meant that investment in physical capital in Big Local areas had a strong community focus and was applied to relatively small-scale assets. In the absence of data on traditional economic indicators, evaluation must assume that the investment lays a foundation for measurable effects in the future. Nevertheless, there were impacts and outcomes associated with physical capital investment in Big Local areas.

## Reflections

Big Local residents chose to invest a significant amount of time, money, and effort in hyper-local physical capital. Certain types of investment were prioritised and were more effective, with the most common and effective being investment in community spaces and commercial environments. Housing initiatives involving building or ownership may not be possible at this scale of investment if tackled in isolation, but schemes coordinating planning with wider agencies could be more effective. In the case of transport, residents could identify transport micro-infrastructure gaps and make realistic and deliverable plans to meet them.

Overall, the investment increased hyper-local physical capital, supported local commercial and social enterprise, increased community pride, and laid foundations for economic development. The economic value of this investment was further realised through links to other capitals (particularly human and social capital) by providing places to meet, training opportunities, and low-cost venue hire.

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# Chapter 4: How did Big Local areas develop human capital?

**Authors:** Jack Loughnane and Steven Barclay (Local Trust)

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## Key points:

- In many Big Local areas funding was invested in developing residents' knowledge, skills, competencies, and wellbeing.
- Big Local funding was used to employ workers, and research suggests that it also indirectly created jobs in Big Local areas throughout the programme.
- The human capital framework in economics suggests that investing in people in these ways has positive economic effects.

Traditional measures of economic growth, such as increases in Gross Domestic Product (GDP), are difficult to meaningfully capture at the hyper-local level (Rossi-Hansberg and Zhang, 2025). For this reason, this article series explores examples of investment by Big Local partnerships that could positively impact local economies, by considering social, financial, physical, human, and institutional capital. In this chapter we focus on human capital, which is the knowledge, skills, competencies, and other personal attributes that are acquired during a person's life and used in the production of goods, services, and ideas (Kenton, 2024).

## Human capital in the context of Big Local

Levels of human capital are shown by income, education, qualifications, and health and wellbeing. The human capital framework is used in economic research to understand how economic growth happens – that it is not only due to increases in financial or physical assets but also increases in skills, knowledge, and working capacity of people (Kenton, 2024). Though difficult to quantify, it is widely accepted that continued education, training, and healthy living increases people's productivity and efficiency which in turn has economic impacts (Radcliffe, 2024). Research conducted through Big Local captured how partnerships in Big Local areas endeavoured to improve their local economy by investing in people.

While it is contentious whether people themselves should be viewed as assets, people add value to local economies through the time, skills, and expertise that they bring to a community (Bevan Foundation, 2020). Human capital as a way of understanding economic development has been criticised as treating people as assets first and humans second, and legitimizing exploitation (Kenton, 2024). Though, wellbeing is arguably another key aspect of human capital. High quality of life is considered one of the key sustainable development goals (UNDP, 2015), and spend data indicates that across Big Local areas a combined £6.7m went to improving health and wellbeing.

Local Trust has explored [how Big Local partnerships addressed the wellbeing of residents](#) in another article.

Acknowledging this, it is important not to interpret increased human capital as marking the success or failure of a Big Local area – success can be measured in many ways, such as increased sense of community or improved health and wellbeing.

Local Trust has explored [the meaning of success in Big Local](#) in another article.

However, increased skills and confidence were explicit intended outcomes set by Local Trust from the start of the programme, and residents of many Big Local areas identified investment in people's skills as a priority for spending. This article investigates such investments through the human capital theory approach to understand what it meant for local economies.

Examining human capital in the context of Big Local is quite different to the application of the human capital lens in other research. Previous work focuses on how investment in human capital impacts financial outcomes at the individual or population level, or in industrial contexts (Psacharopoulos and Patrinos, 2004; Sima et al., 2020). While this article investigates how investment in human capital may impact economic outcomes at the hyper-local level.

As the Big Local approach was not output-orientated and there was no requirement to record or measure such indicators, changes in human capital were not comprehensively captured. However, data and research from throughout the Big Local programme does display evidence of foundational human capital development, with Big Local funding having been invested significantly in capacity building in many areas.

## Resident-led development of human capital

The bottom-up, resident-led approach of Big Local meant there were no centrally imposed targets or delivery models. The programme allowed residents to identify and prioritise areas of investment in their communities. Though not explicitly stated, investment in human capital was a priority in many Big Local areas – the top five priorities were environment, community cohesion, jobs and economy, youth, and health and wellbeing (McCabe et al., 2017). The latter three all relate to human capital development and show that residents of Big Local areas were motivated to increase the skills, capacity, and wellbeing of people in their area.

Many partnerships identified investment in human capital as a priority from the outset of the programme. Reviews of Big Local plans in the first half of the programme identified that over 70 per cent of partnerships indicated that increasing skills was a priority, while almost 40 per cent of partnerships identified both increasing confidence and increasing employment rates as changes they wished to achieve.

## Employment

One indicator of human capital development is employment. Data collected by Local Trust in 2021 indicated at least one paid staff member was employed in 135 out of 150 Big Local areas. Subsequently, Local Trust commissioned Frontier Economics to estimate the number of jobs created in Big Local areas throughout the programme. Researchers conducted interviews and distributed surveys to a sample of Big Local areas. Participants were asked about the number of volunteers involved in specific projects, whether jobs were created because of these projects, and if so, how many and what type of jobs.

Of the participating areas, 75 per cent of partnerships indicated that they had directly supported jobs for an average of 1.7 full-time equivalent positions each year. Researchers then extrapolated across areas and the duration of Big Local, and considered potential participation, measurement, and outlier bias. This took into account research participants being motivated by having directly created multiple jobs, and sampling constraints which meant that areas where a substantial number of jobs had been created may have been missed.

Accounting for such scenarios, it was estimated that the total number of direct jobs supported across 150 Big Local areas was between 103 and 208 full-time equivalent positions each year. Additionally, most participants interviewed agreed that direct jobs would not have been supported in the absence of Big Local. The freedom of Big Local allowed partnerships to positively impact their local economies by directly funding Big Local workers.

People from some areas discussed examples of jobs that were indirectly created, like funding sensory workers and play therapists in a local school. As these estimates did not account for indirect jobs, the range acts as a lower bound.

In addition to evidence of jobs creation, there were examples of Big Local partnerships supporting residents to access employment. [Lawrence Weston](#) supported an employment hub to assist residents into full-time employment. In [Winterton](#), the partnership focused on boosting local employment opportunities through an apprenticeship scheme, supporting businesses seeking to employ a local apprentice. [Withernsea Big Local](#) also provided £12,000 for a new job-club, providing intensive one-to-one support to local job seekers. These examples show that funding was not only used to employ people directly but also helped residents find employment elsewhere.

## Skills building and training

There are diminishing returns on physical capital if not accompanied by human capital investment (Dykas et al., 2023). For example, investment in equipment will not return economic benefits without people who have the skills to use it.

[Chapter 3](#) presents further detail on physical capital (physical infrastructure that facilitates the production of goods and services).

Capacity building and the development of soft skills is associated with economic benefits including increased earnings (Frontier Economics, 2024). 'Soft skills' in the community context can be thought of as a blanket term that includes communication, community development, confidence, negotiation, budgeting, and adaptability (among many others). Interventions, such as community-based training programmes, can increase soft skills (Harmon-Darrow, 2020) and adults with higher levels of soft skills earn more (Cabus et al., 2021). For example, [Grace Mary to Lion Farm Big Local](#) ran workshops on issues such as Universal Credit, debt management and budgeting, and one-to-one work with local families was believed to have saved local people nearly £200,000 (Local Trust, 2020).

There are many other examples of Big Local partnerships choosing to invest in education and training throughout the programme. [Collyhurst Big Local](#) established a construction academy, providing training and support to residents, enabling them to access employment in Manchester's booming construction sector. The medium-term goal was to equip residents to secure work in local redevelopment as part of the Northern Gateway regeneration programme. Since opening, 80 people had attended and found work in the

nearby city centre. Towards the end of the programme the plan was to bring skills and jobs back into Collyhurst when the Northern Gateway scheme started.

Engagement with the Big Local programme could have been transformative for residents. Through social prescribing in [Scotland's and Bushbury Hill](#), individuals with complex needs who initially sought support were empowered through training. As well as gaining skills and confidence which made them valuable volunteers within their area, some transitioned into employment (Munro and Drayson, 2025).

In [Slade Green](#) individuals were sponsored to attend heavy goods vehicle (HGV) training, with additional support from the Big Local worker. Residents testified that employment opportunities became immediately available to those who passed. [Selby Big Local](#) focused on increasing skills and aspirations of residents of various ages – including Big Aspirations (a bespoke, year-long programme for year 6 pupils) and an over-50s computer club to help with digital literacy skills.

## Reflections

In addition to the resident-led nature of the Big Local programme, the extended period over which Big Local funding could be spent allowed residents the time and space to commit to building the capacity of people. Residents could then use these skills to contribute to other projects, many of which facilitated economic development.

Many Big Local partnerships used their funding to offer education opportunities and to support residents to find employment, while in most Big Local areas people were directly employed to support delivery. Such investments in human capital have the potential to facilitate development of the local economy.

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# Chapter 5: How did Big Local areas develop institutional capital?

**Authors:** Jack Loughnane and Chloe Juliette (Local Trust)

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## Key points:

- Institutional capital can play an important role in developing local economies.
- In many areas, Big Local was a focal point for improving representation of the community's needs among institutions serving the wider area, which helped enable local organisations to work together to meet those needs.
- Building institutional capital relied on additional capacity provided by those in paid roles, who put in significant time to build relationships with organisations and work with them towards shared goals.
- Some Big Local partnerships felt that organisations were distant, and that they were working against the direction of wider economic policies.
- Big Local also created a form of institution through partnerships, who were able to act on behalf of their communities to identify and meet local needs, including through working with other organisations. In some areas, partnerships set up an organisation towards the end of the programme, while others left a legacy of improved infrastructure.

Traditional measures of economic growth, such as increases in Gross Domestic Product (GDP), are difficult to meaningfully capture at the hyper-local level (Rossi-Hansberg and Zhang, 2025). For this reason, this article series explores examples of investment by Big Local partnerships that could positively impact local economies, by considering social, financial, physical, human, and institutional capital. In this chapter we focus on institutional capital, which is the ability of organisations to identify and solve problems, and work with other organisations.

## What is institutional capital, and why is it important to Big Local?

The vitality of community networks and society is largely the product of the political, legal, and institutional environment (Woolcock and Narayan, 2000). Institutional capital refers to the ability of institutions connected to an area to identify problems; their capacity to action these solutions; the speed with which they can make decisions; and the type and quality of relationships between organisations (Vargas-Hernández, 2020). Institutional capital can play an important role in developing local economies in several ways. Strong leadership and local governance can build investor confidence; fiscal, administrative, and policy autonomy allows for targeted investment; and relationships (between local government, businesses, communities and individuals) can draw on local knowledge to make investments that are realistic and effective (DLUHC, 2022b).

Economic development was not an aim nor a reporting requirement for the Big Local programme. However, the long-term nature of the funding meant partnerships could develop community assets and local businesses, and build relationships with anchor institutions (typically non-profit public sector organisations such as councils, NHS Trusts, and schools) and other local organisations. In many cases, Big Local partnerships acted as a focal point within communities and facilitated the development of institutional capital.

Developing relationships with institutions was not a core aim of the Big Local programme, and the explicit economic impacts of developing institutional capital at the hyper-local level are not always easy to measure. However, considering how Big Local facilitated the development of institutional capital helps to understand the potential economic impact of the programme.

## Supporting residents in developing institutional capital

Alongside residents volunteering through partnerships, those in paid positions – mainly Big Local workers and those in Locally Trusted Organisations (LTOs) – often contributed the significant time needed to build relationships with local organisations, to develop and deliver shared goals. While residents built their capacity to understand and work with local institutions over time, they were limited by the amount of time and energy they could give.

Workers played a vital role in dedicating time to project management, administration, and navigating public service structures to engage the right people and achieve positive outcomes (New Local, 2023). Similarly, while LTOs were intended to administer and account for the distribution of Big Local funding, they often supported partnerships in other ways too, like helping them to build relationships with organisations. They generally did this by drawing on established relationships or by building relationships, while using Big Local as a focal point for better representation of local needs in decision-making across wider geographic regions.

One example was Ambition Lawrence Weston (ALW), the LTO for [Lawrence Weston](#), which facilitated the Lawrence Weston Community Network. This initiative brought together over 45 local organisations to encourage joint working (Local Trust, 2020), with the intent to create and keep more wealth locally, ensuring that money remained within the local economy. There were many positive outcomes associated with this effort to improve collaboration. For example, planning policies were implemented which guaranteed that 50 per cent of all new social and affordable housing developments in the area were allocated to local people and families. A solar farm was constructed in collaboration with Bristol City Council, that would on average produce enough energy for 1,000 households each year. The network also facilitated connections with the wider economy – ALW's partnership with Bristol Energy Cooperative brought in over £9m for solar projects and generated approximately £4m for social projects across greater Bristol and Somerset.

[Scotland's and Bushbury Hill's](#) partnership also brought organisations together to economic effect. They convened the WV10 consortium (made up of eight community-led organisations and centres), which secured £367,000 of National Lottery funding in 2018 to deliver Headstart (a mental health support programme). [Stoke North Big Local](#) built relationships with local institutions and through collaborative working brought approximately £1m of additional funding into their area.

While [Villages Together Big Local](#) developed an action plan to pilot a hub where residents could access support and activities, they saw the potential to work more closely with local organisations. They brought together 15 organisations to explore what each wanted to achieve through their involvement in the hub, the opportunities of working together, and how they would know if it was making a positive difference. These organisations saw the hub as an opportunity to improve their connection with the community, as the rural location limited access to services.

As discussed later in this article, many Big Local partnerships built the capacity of local organisations to work together in meeting communities' needs, while also grounding identification of those needs and decisions about meeting them in local knowledge.

## Difficulties engaging with anchor institutions

While there were many examples of Big Local partnerships working well with local organisations, some still found it challenging. Interviews with partnership members and paid workers about building community wealth revealed that many felt the work they were doing went 'against the grain' of the wider economic system, and that anchor institutions often seemed distant (Local Trust, 2020). In [Keighley Valley](#), the partnership worked with their town council to alter procurement policies which made it difficult for recently formed social enterprises to compete for contracts. Prior to this work, the council's policies presented barriers to generating additional local economic benefit through the delivery of their services.

Across Big Local areas, partnership members and workers also spoke about feeling that their local authority was remote and passive. There was a sense that local authorities did not have the inclination or capacity to proactively engage with partnerships representing small geographic areas. In some Big Local areas, having councillors as members of their partnerships facilitated positive connections with the local authority. However, other partnerships found that having councillors as members was a barrier to effective functioning. At least one Big Local partnership decided to exclude elected councillors due to tensions over political agendas (Boyle, 2020).

## Resident-led development of institutional capital

Throughout the programme many Big Local partnerships developed working relationships with institutions in their communities. One of the most common institutions that they collaborated with were local authorities (Local Trust, 2020). Projects were wide ranging, from the [Collyhurst](#) partnership and Manchester City Council collaborating to develop training opportunities for residents, to [Winterton](#) and [Selby](#) partnerships working with local credit unions on financial management resources for residents. Relationships with local authorities also created smaller benefits, like offering assets to partnerships at peppercorn rents or agreeing to deliver services in partnership-managed buildings.

There were also examples of projects where partnerships collaborated with multiple stakeholders in their communities. For example, [Dover Big Local](#) worked with English Heritage, Dover District Council, and Dover Council on Destination Dover – a major tourism project to stimulate local economic activity. [North Ormesby Big Local](#) worked with Middlesbrough Council and joined the North Ormesby Neighbourhood Development Trust (NONDeT). Big Local funds were also allocated to Groundwork Trust to develop a playpark in North Ormesby, providing a valuable community asset through improved organisational networks.

Residents did not necessarily use the language of local economic development, but Big Local partnerships often prioritised themes and projects that supported the development of their local economy. The Big Local programme has shown that economies can be developed at the neighbourhood level, and that residents are interested in leading this work, while also being well placed to understand what's needed to develop well targeted support. However, the knowledge and voluntary time of residents is not all that is needed to build institutional – and other types of – capital.

*Local Trust has explored [what enabled positive relationships between partnerships and local authorities](#) in another article.*

## Partnerships as institutions

While Big Local laid the groundwork for residents to advocate for themselves and enable institutions to better serve their community, it also created a form of institution through partnerships. While informal, partnerships could act on behalf of their communities and many developed their capacity to engage with different organisations to better meet local need. At the same time, the local knowledge and flexibility of operating outside the norms of institutions meant partnerships could respond quickly to the Covid-19 pandemic (Ellis Paine et al., 2022), and develop projects according to resident needs and feedback.

Towards the end of Big Local, some partnerships were in the process of setting up their own organisations to continue their work, thereby becoming part of a more formal institutional structure of voluntary and community organisations. Other partnerships did not form organisations to continue beyond Big Local. For example, Big Local [SW11](#) instead set up a legacy body made up of a network of organisations, and other areas explored more informal ways of working (like continuing as a voluntary group advocating for their community). Big Local SW11 left a legacy of improved voluntary and community sector (VCS) infrastructure, having supported public services operating beyond their capacity and seeded new projects for unmet needs, while brokering the best use of available resources. In some instances, Big Local partnership members also went on to be elected to their Parish or Town Council, shaping local services from within institutions (Local Trust, 2023a).

## Reflections

The Big Local model offered an opportunity for residents to feed into institutional decision-making – providing they were able to build relationships around shared power and goals (Boyle, 2020). It is reasonable to assume that, where residents were able to effectively engage with local stakeholders, the funding and resident-led model of Big Local enabled residents to share more equal footing with local institutions. Residents offered not just deep local knowledge, but organised voluntary groups and their own funding pots too.

Big Local residents contributed to institutional capital in diverse ways and, alongside the development of the other types of capital, helped lay the groundwork for local economic development in their communities. Future programmes may benefit from developing a deeper understanding of how capital is nurtured and what is important for local economic development. For instance, how anchor institutions and community-led organisations can make best use of their differing knowledge and resources.

# Glossary

<b>Local Trust</b>	<p>Local Trust is a place-based funder supporting communities to transform and improve their lives and the places in which they live. We believe there is a need to put more power, resources and decision-making into the hands of communities.</p> <p>We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding, and to draw on the learning from our work delivering the Big Local programme to promote a wider transformation in the way policy makers, funders and others engage with communities and place.</p>
<b>The National Lottery Community Fund</b>	The National Lottery Community Fund (TNLCF) is the largest distributor of Lottery money to good causes and funder of Big Local.
<b>Big Local</b>	Big Local is a resident-led funding programme providing people in 150 areas in England with £1.15m each to spend across 10–15 years to create lasting change in their neighbourhoods.
<b>Big Local area(s)</b>	Big Local areas are neighbourhoods selected by the National Lottery Community Fund to receive at least £1m. Local Trust is working with 150 Big Local areas.
<b>Big Local partnership(s)</b>	A Big Local partnership is a group made up of at least eight people that guides the overall direction of a Big Local area.
<b>Big Local partnership member</b>	An individual who is part of the Big Local partnership group.
<b>Big Local worker</b>	Many Big Local partnerships fund workers to support the delivery of Big Local. Big Local workers are paid individuals, as opposed to those who volunteer their time.
<b>Big Local residents</b>	People who live within the boundaries of a Big Local area.
<b>Locally trusted organisation (LTO)</b>	A locally trusted organisation is the organisation chosen by people in a Big Local area or the partnership to administer and account for funding, and/or deliver activities or services on behalf of a partnership. Areas might work with more than one locally trusted organisation depending on the plan and the skills and resources required.
<b>Area coordinators</b>	Area coordinators provide <b>general</b> guidance, advice and challenge to Big Local areas.
<b>Area advisors</b>	Big Local area advisors provide <b>specialist</b> skills, guidance, challenge and support to areas.
<b>Big Local reps</b>	Individuals appointed by Local Trust to offer tailored support to a Big Local area and share successes, challenges and news with the organisation. The rep model was replaced with the area coordinator and area advisor model in 2022/3 (see above).

<b>Resident-led</b>	Big Local is a resident-led programme, which means that Big Local is based on the needs and priorities of residents in areas.
<b>Big Local plan</b>	Each Big Local partnership is required to produce a plan. It is a document they write for themselves, their community and Local Trust. It is a guide and action plan that the partnership can follow, share and use to get others involved.
<b>Resident-led decision making</b>	The heart of the Big Local approach: working directly with individuals who live, work, study and play in areas, rather than through organisations. Building confidence and capacity amongst people wanting to make a difference to their community and their local area.
<b>Community-led change</b>	The intended outcome of resident-led decision making: change in a local area that is led by and centred upon the needs of its residents, and is more sustainable and effective than top-down approaches.
<b>'Left behind' areas</b>	'Left behind' neighbourhoods are 225 wards across England that were identified through research conducted by Oxford Consultants for Social Inclusion (OCSI) for Local Trust in 2019. These areas were classified as 'left behind' because they fall within the most deprived 10 per cent of areas on the Index of Multiple Deprivation (IMD) and also lack social infrastructure (defined as places and spaces to meet, an active and engaged community, and transport and digital connectivity). They are home to 2.4 million people across England and are predominantly located in coastal areas and on the outskirts of post-industrial towns and cities in the North and Midlands. Any mention of 'left behind' areas, neighbourhoods or places in Local Trust outputs refers specifically to areas from that research.
<b>Social infrastructure</b>	'Social infrastructure' refers to three domains that feature in a community-needs index developed by OCSI for Local Trust. These are: <ul style="list-style-type: none"> <li>• places to meet – whether pubs, churches or community centres</li> <li>• active community organisations – the micro-charities, community associations and other groups that engage and bring people together</li> <li>• connections to other places.</li> </ul>

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## About Local Trust

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Front cover: Friendly Bench at North West Ipswich Big Local.  
Photo: Local Trust/Glen Farthing

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## Local Trust

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