

Evidence briefing: Assessing the local economic impacts of supporting social infrastructure

1. Summary

Social infrastructure brings together communities, helping them develop their social capital. Examples include community centres, places of worship, shops, pubs, cafes, libraries, museums, leisure centres, parks, playgroups, youth groups, senior lunch clubs, sports groups, and local business networks.

This briefing provides a framework to help policymakers think through some of the local economic impacts of supporting social infrastructure. It draws on our evidence briefings on [public spaces](#) and [plural and local ownership](#), and on other economic theory and evidence.

Key messages

Assessing local economic impacts

As businesses

- Some organisations provide social infrastructure while operating as a business.
- Assessing the social capital created by these businesses is likely to be difficult. Focus on understanding the number of beneficiaries, the intensity with which they use the social infrastructure, what type of social capital is likely to be created, and what outcomes are most likely to be affected.

- Only some social capital might convert into local economic outcomes. A lack of evidence makes mapping from social capital to specific local economic benefits difficult. Be careful not to overclaim.
- Supporting businesses that provide social infrastructure may have direct local economic benefits through their role as businesses. Support could affect productivity, wages, profits or other income, but any benefits are likely to be small.

As providers of support services

- Some social infrastructure involves provision of support services, normally by the public or third sector.
- Support services can help create social capital, which may lead to local economic or other outcomes.
- Mapping social capital effects to local economic impacts is likely to be difficult. Focus on understanding social capital effects, the key issues to think about being the number of potential beneficiaries, whether the support service is the only way they might build this social capital, the intensity of use, what type of social capital is likely to be created, and what outcomes this is most likely to affect.
- Support services may also create local economic impacts directly. Effects will depend on how many users receive the service and the role it plays in achieving the outcome.

As places

- Some physical spaces form part of the social infrastructure of a place. They can also provide a venue for the delivery of support services.
- Assessing the additional social capital created through supporting these physical spaces – and any local economic benefits arising from this additional social capital – is likely to be difficult. Think about the number of residents that might use the space, whether interactions in the space are the only way they might build this social capital, intensity of use, what type of social capital will be created, and what outcomes this is most likely to affect.
- Physical spaces can be an amenity that raises the attractiveness of a place. This can lead to direct local economic impacts through businesses that rely on footfall or by being capitalised into property prices or rents. Benefits arising from attractiveness will be localised, occurring near the space.

As employers

- Many organisations delivering social infrastructure will directly employ staff.
- Supporting social infrastructure will generate direct and indirect employment effects in some cases. Use an employment multiplier to estimate total employment effects.
- As most social infrastructure organisations are in non-tradeable sectors, displacement could be high. Adjust employment calculations accordingly.
- Consider whether jobs are likely to be filled by local residents and compare impacts to total employment.

Assessing costs

- Consider the potential costs for policymakers. These are likely to be highly variable depending on the type of social infrastructure and the support provided.

Monitoring and evaluation

- Use monitoring and evaluation to assess the impact of supporting social infrastructure. This will help improve future decision-making.

2. Background

The relationships, networks, trust, reciprocity, and co-operation between people are commonly referred to as ‘social capital’. More social capital is linked to better health, mental health and quality of life, and more trust in others and institutions.¹ ‘Bonding’ social capital refers to interactions between people with a common connection such as a family, a religious or minority ethnic group or living in the same neighbourhood. ‘Bridging’ social capital refers to interactions between people from different social, cultural or economic groups.

Social infrastructure brings communities together, helping them build social capital. Examples include community centres, community hubs, church and village halls, places of worship, shops, pubs, cafes, libraries, museums, galleries, parks, play areas, cinemas, sports grounds, leisure centres, parent and baby groups, playgroups, carer support networks, youth groups, book groups, senior lunch clubs, local business networks, and sports groups.

Some social infrastructure is publicly provided (for example, libraries, leisure centres, and community centres) or publicly funded by grants to other organisations, often in the third sector (for example, to deliver a youth group). Reduced local authority budgets and increased demand for statutory services such as adult social care has meant public funding for social infrastructure has been under pressure in recent years. Other types of social infrastructure such as pubs, cafes, cinemas are normally in private ownership. In these cases, availability will depend on financial viability. Budget constraints or poor financial viability can mean less social infrastructure is available than is economically or socially optimal.

When publicly- or privately-owned social infrastructure is threatened with closure (for example, a local leisure centre or a village shop), there is increasing interest in using community ownership to ensure survival. Several funding streams aim to support community ownership including the Community Ownership Fund.² The previous UK government proposed establishing community wealth funds using the Dormant Assets Scheme to provide additional funding for social infrastructure projects in England.³

Given the important role social infrastructure plays in building social capital, policymakers may be interested in supporting it. Whilst delivering social outcomes is the main rationale for supporting social infrastructure, there is also increasing interest in whether social infrastructure can deliver economic outcomes. This briefing sets out a framework to help policymakers assess the potential local economic impacts of such support. The considerations are the same for both new and existing social infrastructure. Generally, supporting existing social infrastructure will help sustain outcomes (such as employment) whilst new, expanded or more effective social infrastructure could help improve outcomes.

1 For example, see Ehsan, A. et al. (2019). ‘Social capital and health: A systematic review of systematic reviews’, *SSM Population Health*, vol. 8; McPherson, K. et al. (2014). ‘The association between social capital and mental health and behavioural problems in children and adolescents: an integrative systematic review’, *BCM Psychology*, vol. 2; and research published by [What Works Wellbeing](#) on [loneliness](#).

2 See <https://www.gov.uk/government/publications/community-ownership-fund-prospectus>.

3 See <https://www.gov.uk/government/publications/the-dormant-accounts-scheme> and <https://www.gov.uk/government/consultations/technical-consultation-on-a-community-wealth-fund-in-england/technical-consultation-on-a-community-wealth-fund-in-england>

3. Assessing local economic impacts

This section considers the potential local economic impacts of supporting social infrastructure. These will differ depending on whether the social infrastructure is generated by a business, a provider of support services, or a physical space. We consider each in turn, distinguishing between local economic impacts that may arise through increased social capital and through other channels. All these sources of social infrastructure could involve employment, so this is considered separately.

Assessment of the potential local economic benefits must start by establishing the source of social infrastructure being supported, allowing for the possibility that it may be in more than one category.

As businesses

Some organisations provide social infrastructure while operating as a business. The way in which businesses provide social infrastructure and generate social capital by bringing communities together will vary. So too will the extent to which social infrastructure is generated through specific activities or incidentally. For example, a local bookshop might run book groups, or a local pub may run quiz nights. In both cases these may generate social capital, although this may not be the primary aim (both could be ways of increasing sales). Shops, restaurants, and pubs can also create social capital by simply providing an opportunity for people to meet and interact.

How much additional social capital is created by supporting such business? In most cases, this is likely to be difficult to assess. It may be useful to think about the number of customers, possibly distinguishing by community. It may also be useful to think about the alternative ways in which these individuals build social capital. In cases where businesses serve a small proportion of the local population, or there are many alternatives, benefits to social capital may be small. In other cases – for example, when considering a shop or pub in a village with no other community facilities – benefits to social capital may be larger.

As well as trying to establish the number of beneficiaries, consider the intensity with which they use the infrastructure. For example, a regular book group that involves a high degree of interaction between members is more likely to generate social capital than a one-off event or something that involves limited interaction between individuals. It may also be useful to think about what type of social capital is being created and what outcomes this is most likely to affect. For example, does it help individuals build networks or improve trust between groups and, if so, is the most likely effect on loneliness, depression, or another outcome?

Even if the benefit to social capital can be assessed, mapping from social capital to specific local economic benefits will be difficult. Only some social capital might convert into local economic outcomes. Studies that show a link usually provide evidence of a correlation between social capital and economic performance, rather than a precise estimate of the change in economic outcome caused by a change in social capital. Some studies looking at individual outcomes might provide evidence on how changes in some aspect of social capital influence economic outcomes – for example, providing an estimate of the impact of certain soft skills on the likelihood of finding employment.

There is also a risk of overclaiming social infrastructure's role in generating economic outcomes. For example, as social capital can boost confidence, and confidence can help individuals secure employment, many organisations providing social infrastructure could argue that they played a role in helping individuals secure employment. However, other support services (such as job search assistance or training) may have played a larger role. [Logic models](#) can be used to help map the potential linkages between social infrastructure, social capital, and economic outcomes.

In practice, it is likely to make most sense to focus on the number of potential beneficiaries and to try to evidence possible effects on specific aspects of social capital. Moving beyond this to local economic impacts is likely to be challenging given the current evidence base.

In contrast, it is easier to assess the direct local economic benefits from supporting local businesses – i.e. those that reflect their role as businesses rather than indirectly through social capital generated. In addition to employment effects, discussed later, supporting businesses could also have effects on productivity, wages, profits or other income, but these are likely to be small in most cases. More information on how to think through these impacts can be found in our evidence briefing on [plural and local ownership](#).

Key messages

Some organisations provide social infrastructure while operating as a business.

Assessing the social capital created by these businesses is likely to be difficult. Focus on understanding the number of beneficiaries, the intensity with which they use the social infrastructure, what type of social capital is likely to be created, and what outcomes are most likely to be affected.

Only some social capital might convert into local economic outcomes. A lack of evidence makes mapping from social capital to specific local economic benefits difficult. Be careful not to overclaim.

Supporting businesses that provide social infrastructure may have direct local economic benefits through their role as businesses. Support could affect productivity, wages, profits or other income, but any benefits are likely to be small.

As providers of support services

Some social infrastructure involves provision of support services, normally by the public or third sector. Again, the ways in which support services create social capital will vary. For example, a parent and baby group could help new parents build relationships with other new parents, strengthening their networks, whilst a youth group could provide an opportunity for young people from diverse backgrounds to come together, improving their understanding of each other. In some cases, providing social infrastructure and building social capital is the aim of these support services (such as in the case of parent and baby groups, senior lunch clubs, local business networks, etc.) whilst in others it may only be part of their role (for example, a leisure centre will have other aims including improving physical activity and health of residents) or may be an indirect consequence.

As with businesses, assessing the additional social capital that will be created by supporting these services will be difficult. Again, the key issues to think about are the number of potential beneficiaries, whether the support service is the only way beneficiaries might build this social capital, the intensity of use, what aspects of social capital the support service will affect, and what outcomes this is most likely to affect. For example, a parent and baby group that involves structured activities will only affect a small number of beneficiaries, but there may be limited other ways for them to build connections with others at similar life stage. How regularly the parent and baby group meets and how structured the activities are will influence the social capital and outcomes developed (for example, child development or parental mental health) and their scale.

In addition to employment effects, discussed later, some support services may also have local

economic impacts (without the mediator of social capital). For example, if a library provides business advice to local businesses, or a youth group provides skills training, these could have employment or wage effects. What Works Growth has published reviews of the evaluation evidence on a wide range of local growth policies including [apprenticeships](#), [area based initiatives](#), [business advice](#), [employment training](#), and [sports and culture](#). Use these resources to help think through the economic benefits of services in these areas. Estimates of these local economic benefits should reflect how many users receive the support service and the role the service plays in achieving the outcome. For example, only a small proportion of library users will need business advice, and any increase in business turnover may only partly be due to the business support.

Key messages

Some social infrastructure involves provision of support services, normally by the public or third sector.

Support services can help create social capital, which may lead to local economic or other outcomes.

Mapping social capital effects to local economic impacts is likely to be difficult. Focus on understanding social capital effects, the key issues to think about being the number of potential beneficiaries, whether the support service is the only way they might build this social capital, the intensity of use, what type of social capital is likely to be created, and what outcomes this is most likely to affect.

Support services may also create local economic impacts directly. Effects will depend on how many users receive the service and the role it plays in achieving the outcome.

As places

Some physical spaces (such as parks, play areas, museums, galleries, community centres, and community halls) form part of the social infrastructure of a place. Physical spaces provide places for people to meet and interact, helping to build relationships, networks, and trust, creating social capital. They can also provide a venue for the delivery of support services (discussed above) that might help create social capital. They can provide opportunities to create both bonding and bridging capital. For example, a community hall could provide a place for both groups with a common connection to meet and to bring together those from different groups.

Again, assessing the additional social capital created through supporting these physical spaces is likely to be challenging, as is mapping it to changes in local economic outcomes. As with businesses and support services, think about the number of residents that might use the space and consider whether interactions in the space are the only way they might build social capital. Intensity of use will also matter. For example, the visit duration and how the space is used will play a role – with social capital more likely to be created when groups meet for a picnic in a park than when an individual goes on a walk alone. Another consideration is that sometimes (as in the park example) the physical space will play a role in creating social capital, whilst in others it will provide the venue for activities that create social capital (for example, a community centre which hosts youth groups, parent and baby groups, senior lunch clubs and other events). Think about what type of social capital will be created and what outcomes this is most likely to affect. For example, a community hall could provide opportunities for varied groups to meet, helping to build the networks of those attending those groups, which could, in turn, impact on their mental health.

Physical spaces can also have direct local economic impacts, by acting as an ‘amenity’ that raises the attractiveness of a place. Attractiveness can influence footfall and, in turn, the turnover and employment of businesses that rely on footfall. For example, if a new community hub increases the attractiveness of a town centre, this could increase turnover and employment for local shops, cafes, gyms, etc. Increases in turnover and employment are most likely when the amenity value of a place is a limiting factor on footfall or when the physical space changes where residents and visitors spend disposable income and leisure time. Be careful to consider displacement – the possibility that increased turnover and employment come at the expenses of other areas. Displacement is discussed in more detail in the section on employment below.

Amenities may be ‘capitalised’ into property prices or rents. The type of physical space and the property mix near to it will determine whether commercial property, residential property or both will be affected. For example, a new library or community hub in a town centre is most likely to affect commercial property prices, whilst parks and playgrounds in residential neighbourhoods are more likely to affect residential property prices.

Increased property prices may change neighbourhood composition. For example, a new park could increase residential property prices, pricing out lower-income groups. Social infrastructure that changes commercial rents may affect business composition.

Physical spaces can also have negative effects. For example, a new community hub may increase traffic congestion negatively affecting neighbouring businesses or property prices. Physical spaces may become disamenities without ongoing maintenance. When assessing the potential benefits of a physical space, consider what maintenance will be necessary and recognise that benefits may be temporary if the space is not maintained.

Consider where will benefit from the physical spaces. In most cases, the local economic benefits will be localised, occurring near the space. For example, the evaluation evidence suggests that distance matters for property price effects of green spaces. Benchmark effects against the local economy to get a sense of scale. In general, physical spaces are likely to have small impacts relative to the size of the local economy.

More information on how to think through the local economic impacts of physical spaces can be found in our evidence briefing on [public spaces](#).

Key messages

Some physical spaces form part of the social infrastructure of a place. They can also provide a venue for the delivery of support services.

Assessing the additional social capital created through supporting these physical spaces – and any local economic benefits arising from this additional social capital – is likely to be difficult. Think about the number of residents that might use the space, whether interactions in the space are the only way they might build this social capital, intensity of use, what type of social capital will be created, and what outcomes this is most likely to affect.

Physical spaces can be an amenity that raises the attractiveness of a place. This can lead to direct local economic impacts through businesses that rely on footfall or by being capitalised into property prices or rents. Benefits arising from attractiveness will be localised, occurring near the space.

As employers

Many organisations delivering social infrastructure (as businesses, support services or physical spaces) will directly employ staff and generate direct employment effects.

Consider if supported jobs are likely to cause displacement and adjust employment calculations accordingly. Displacement occurs when higher employment at a business results in lower employment at other businesses, for example, because customers have switched from an existing business to a new business. Displacement is more likely in non-tradeable sectors such as retail, hospitality, and social care.⁴ As most (if not all) social infrastructure organisations are in non-tradeable sectors, displacement is likely to be high.

Additional local jobs can be created indirectly through supply chains or if those employed as a result of the support spend their income locally. Use an employment multiplier to estimate total employment effects. Understanding supply chains, spending patterns, and travel-to-work patterns will help assess the potential scale of multiplier effects.

Consider whether additional jobs in supported organisations and displaced jobs at other organisations are likely to be filled by local residents. The higher the proportion of jobs filled by local residents, the greater the potential impact on the local economy. Some social infrastructure organisations may recruit differently – for example, prioritising disadvantaged groups. In these cases, it may be appropriate to slightly increase estimates of local residents employed.

Impacts on employment should be compared to total employment. In most cases, the employment within supported organisations is likely to be very modest compared to overall employment so support is unlikely to have a large impact on the employment rate.

More information on how to think through these impacts can be found in our evidence briefing on [plural and local ownership](#).

Key messages

Many organisations delivering social infrastructure will directly employ staff.

Supporting social infrastructure will generate direct and indirect employment effects in some cases. Use an employment multiplier to estimate total employment effects.

As most social infrastructure organisations are in non-tradeable sectors, displacement could be high. Adjust employment calculations accordingly.

Consider whether jobs are likely to be filled by local residents and compare impacts on total employment.

4. Assessing costs

Consider the potential costs for policymakers in designing and implementing policies to support social infrastructure. Costs may be revenue (ongoing costs for the delivery of services) or capital (when a new facility is being constructed or an existing facility is being upgraded). As social infrastructure is extremely diverse and as there are diverse policy options for support, potential costs are highly variable.

⁴ For more information on non-tradeable and tradeable sectors, see <https://whatworksgrowth.org/insights/understanding-tradable-non-tradable-sectors/>

Key messages

Consider the potential costs for policymakers. These are likely to be highly variable depending on the type of social infrastructure and the support provided.

5. Monitoring and evaluation.

This briefing provides a framework to help policymakers assess the local economic impact of supporting social infrastructure. Collecting monitoring data and, where possible, undertaking evaluation of the impact of the policy interventions will help assess impacts and increase the data and evidence available to inform future decisions.

Key messages

Use monitoring and evaluation to assess the impact of supporting social infrastructure. This will help improve future decision-making.

This work is published by the What Works Centre for Local Economic Growth, which is funded by a grant from the Economic and Social Research Council, the Department for Business and Trade, the Ministry of Housing, Communities and Local Government, and the Department for Transport. The support of the Funders is acknowledged. The views expressed are those of What Works Growth and do not represent the views of the Funders.

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September 2024

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