



## The case for a Community Wealth Fund – explainer

### About the Community Wealth Fund Alliance

The Community Wealth Fund Alliance is a group of nearly 600 civil society, public and private sector organisations supporting the call for a Community Wealth Fund. The proposed new fund would invest in the structures and processes that support the formation of social capital in the most 'left behind' places.

Our argument is simple – if levelling up is to be a success in the most deprived and 'left behind' neighbourhoods, it needs to bolster their social infrastructure alongside interventions targeted at improving specific metrics such as employment, training or education.

It is an idea which also commands the backing of over 200 parliamentarians from across the political spectrum and the alliance has 50 local and combined authorities in its membership, including leading regional mayors such as Andy Street and Andy Burnham.

The Community Wealth Fund proposal has also been championed by the Levelling Up supremo Andy Haldane and featured in the government's flagship Levelling Up White Paper. The government is also committed to examining the idea as part of its national consultation on how the nearly £900m of new funding to come from the expanded dormant assets scheme should be spent.

You can find out more at [www.communitywealthfund.org.uk/](http://www.communitywealthfund.org.uk/) and [www.localtrust.org.uk](http://www.localtrust.org.uk).

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## A new Community Wealth Fund to support the residents of 'left behind' neighbourhoods to rebuild their social infrastructure

As Local Trust's *The Double Dividend* report has argued, investment in social infrastructure (places and spaces to meet, community organisations, and connectivity – transport and digital) at the community level is a foundation for creating stronger, more resilient and prosperous communities in which opportunity is accessible to all.

If levelling up is to be a success in the most 'left behind' neighbourhoods, it needs to bolster their social infrastructure alongside interventions targeted at improving specific metrics such as employment, training or education. Both evidence and experience indicate that strong social foundations will help to secure the success of these other interventions in such areas; without it, they are likely to fail.

The proposal for a Community Wealth Fund, which is supported by nearly 600 public, private and voluntary sector organisations as well as members of the APPG for 'left behind' neighbourhoods, would make a crucial contribution to achieving the government's levelling up ambitions.

## The Community Wealth Fund

The Community Wealth Fund would be an independent endowment, designed and distributed to provide support and funding to reinvigorate social infrastructure in 'left behind' neighbourhoods. The funding would be governed by the following principles:

- long-term, patient funding (10-15 years)
- investment directly into 'left behind' neighbourhoods
- community-led decision making

- appropriate support provided to build community confidence and capacity.

These principles are based on the learning from previous government and charitable funding initiatives. Research from the University of Cambridge (2019) analysed the effects of government funding schemes over the past forty years. It found that the key ingredients to success included long-term funding of at least 10 years, community involvement embedded at every stage of design and delivery, and support and guidance throughout to ensure the best outcomes for residents. These key elements are also supported in a 2021 report by Onward on what works in neighbourhood regeneration.

The Big Local programme, designed along these principles, provides convincing evidence of their importance in securing good outcomes. Operating in 150 neighbourhoods across England, it shows that, with appropriate support, residents themselves can develop and deliver the activities, services and facilities needed to improve their areas.

Whilst polling research we have commissioned from Survation demonstrates that the residents of 'left behind' areas have an appetite to engage to improve their neighbourhoods, with 59% saying they want a greater say over how money is being spent locally.

## **Why is the Fund needed?**

The most 'left behind' neighbourhoods - those that lack social infrastructure as well as being severely deprived - have markedly worse socio-economic outcomes than other equally deprived areas across every metric (employment, educational attainment, health etc). This suggests how important a strong foundation of social infrastructure is to improving outcomes.

We know that 'left behind' areas miss out on the support and buffer that a strong civil society brings, and on their fair share of funding. Research for the APPG for 'left behind' neighbourhoods has found that there are almost three times fewer registered charities per 100,000 population in 'left behind' neighbourhoods than across England as a whole, and just over half that of equally deprived neighbourhoods.

Also, and doubtless partly as a result, because 'left behind' neighbourhoods lack individuals and organisations with the knowledge and skills to apply for funding, they are receiving less than half the amount of grant funding received in other equally deprived areas (OCSI, 2021b). Where they exist, civil society organisations have been working tirelessly to support residents in 'left behind' neighbourhoods, particularly during the pandemic. However, civil society has been fraying further in the places which lack civic capacity.

The Community Wealth Fund would provide funding direct to 'left behind' neighbourhoods, so overcoming the problems surrounding capacity to bid for grants. It would embed resident-led decision-making, helping to build resident confidence and capacity and, over time, rebuild some of the local civic institutions that these areas lack. And the support and guidance offered alongside the funding will ensure that endeavours are successful and have the longevity to deliver a legacy within each community.

## **Funding**

We are asking the government to commit funding from the Dormant Assets Scheme to create the Community Wealth Fund. This is a proposal, therefore, that would significantly boost the government's levelling up agenda without placing pressure on public finances.

In January 2021 the government estimated that at least £880m could be released from dormant bonds, stocks, securities, shares, insurance and pension funds. This funding is earmarked for spending on "social and environmental purposes". We believe that some of this funding should be used to create the Community Wealth Fund in order to have a transformational impact on levelling up the country.

The dormant assets scheme is a voluntary one and the involvement and support of the financial sector is key to its success. Polling research by Survation found that a majority (49%) of financial institutions thought that cash from the expanded scheme should go to new and existing causes and 29% said a new cause entirely. And when asked about dormant assets being invested along Community Wealth Fund principles, 60% said that 'some' should be invested for this purpose, with 33% saying 'all'.

As this funding would be foundational, bolstering social infrastructure and rejuvenating civil society in 'left behind' neighbourhoods, we believe that it would supplement other government funding schemes, creating a multiplier effect within these communities and helping them to level up faster.

## **Impact**

The Big Local programme, based on the same principles as the Community Wealth Fund, is improving deprived neighbourhoods and the quality of life of residents. We know from our experience that it is increasing civic pride and perceptions of place. In some areas it has been transformational.

Based both on our experience and research we are confident that after fifteen years of investment in 'left behind' neighbourhoods, the Community Wealth Fund would achieve: population level health improvements; improvements in educational attainment; and increased participation in higher education. We would also expect perceptions of neighbourhoods to have improved significantly and to see a marked increase in the number of places for people to meet, community engagement and economic activity.

Frontier Economics' (2021) independent assessment modelled the fiscal and economic returns of a Community Wealth Fund in the most 'left behind' areas. Using only robust evidence and with conservative assumptions, it estimates that a £1 million investment in social infrastructure in a 'left behind' area could generate approximately £3.2 million in fiscal and economic benefits over a ten-year period. This includes:

- £1.2 million in fiscal returns, resulting from impacts on employment taxes, benefits and costs of local services.
- £2 million in economic returns, from increased employment opportunities; improved health and wellbeing; direct contributions to the local economy; and crime reduction.

The research also found convincing evidence that the Community Wealth Fund would achieve other important economic, social and environmental outcomes that could not be monetised based on available data. These include improved social cohesion, civic engagement and reduced loneliness; better physical environment and air quality and reduced urban temperatures from enhanced green spaces; improved wellbeing levels; and a range of outcomes related to crime, community and housing.

## **Further information and reading**

We have undertaken detailed work on how a Community Wealth Fund could best be implemented and evaluated through a proposed new evidence centre called the Centre for Community and Neighbourhood Improvement - CANI. We have also produced papers which set out in greater detail the evidence base underpinning our approach and demonstrating its benefits. And as noted, we have previously commissioned Survation to poll people living in the 225 neighbourhoods identified as 'left behind'. Please let us know if you would like more detailed briefing on these or any other issues.