



Consultation on a Community Wealth Fund in England

“Community wealth funds will help us to achieve one of the primary aims of this government – to level up the country and bring opportunities to areas that have been overlooked and underappreciated for too long. It will hand power and resources to residents – making good on our commitments in the levelling up white paper to empower communities and rebuild vital social infrastructure. Local people have the insight and the experience to identify what most needs improvement and they will be empowered to work together to make that change.”

Rt Hon Lucy Frazer KC MP, Secretary of State, Department for Culture, Media and Sport & Rt Hon Michael Gove MP, Secretary of State, Department for Levelling Up, Housing and Communities

In March 2023, the government confirmed that community wealth funds would be added to the list of beneficiaries of the dormant assets scheme and announced its plan to launch a technical consultation on their design, implementation and delivery. On 21st September 2023 the government published this consultation paper with a deadline for responses of **19th October**.

The consultation paper states that while responses to the government’s previous consultation, on the future use of dormant assets in England, reflected strong support for the Community Wealth Fund there ‘were considerable uncertainties and differences of opinion...on how a CWF should be designed, implemented, and delivered’.

Subsequently on 28th September the government published ‘a statement of intent overview’ which stated it intends to allocate £87.5 million of the first tranche of funding from the expanded dormant assets scheme towards community wealth funds.

This briefing summarises the main content of the new technical consultation paper and the statement of intent overview.

Government Core Objectives of a Community Wealth Fund

The consultation paper sets out the core objectives of a Community Wealth Fund:

1. To improve social infrastructure in places with relatively high deprivation and/or low social capital.
2. To empower local people to identify needs and make decisions on what is best for their area.
3. To contribute to reducing inequalities and enhancing community cohesion and integration.

Delivery

The paper makes clear that the National Lottery Community Fund will deliver the Community Wealth Fund with support from DCMS and with advice from partners, including members of the Community Wealth Fund Alliance.

Targeting of funds

The paper says that the fund will initially target communities in small towns of fewer than 20,000 residents. This is a significant change from the government’s previous position. Its response to the consultation on the English portion of dormant assets funding (published in March 2023) said that a CWF would be targeted at hyper-local areas smaller than local authorities, and communities of less than 10,000 residents.

Size of the CWF

A separate government announcement has confirmed that Community Wealth Funds will receive £87.5 million from the £350 million expected to be released by the Dormant Assets Scheme in England over 2024 and 2028. The Government has also now tabled the secondary legislation needed for dormant assets funding to flow to community wealth funds in addition to the existing three causes (youth, financial inclusion and social investment). The Dormant Assets (Distribution of Money) (England) Order 2023 has been laid and is likely to pass onto the statute books in the coming months.

Consultation questions

The consultation seeks views on the following questions that the government now considers to be critical to the design of a CWF:

- **whether a CWF should focus on supporting a smaller number of communities with larger pots of funding or a greater number of communities with smaller pots of funding** (*the government is minded to target a greater number of small towns, with smaller, yet still significant - for example, £1 million- pots of funding*)
- **whether a low level of existing social infrastructure should be required for places to be eligible** (*the government is minded to not set a requirement for a baseline level of social infrastructure and/or community assets present to be eligible for funding from a CWF*)
- **whether funding is allocated from a CWF or whether places competitively bid for funding** (*the government is minded to allocate funding from a CWF to eligible communities, beginning with small towns. This approach is intended to avoid them competing against one another and ensure that dormant assets funding reaches those communities that need it most.*)
- **how communities, in the first instance small towns, are selected** (*The government is minded to enable a CWF to target those small towns with the highest level of need, while ensuring that there is a guaranteed degree of geographic and place typology spread across England.*)
- **the nature of local decision-making** (*the government is minded to allow communities, and in the first instance small towns, the greatest level of autonomy at the outset to address local priorities through the interventions they deem most appropriate*)

Comment

The consultation paper reflects some of the principles that the CWFA set for the Community Wealth Fund: crucially long-term funding - it references ten years and community leadership with appropriate capacity building support – it makes numerous references to capacity building being part of the design but without providing any details.

However, the new plan set out in the paper, a pivot from the government's previous position, to focus on small towns of around 20,000 residents, does not reflect the principle established by the CWFA that investment should be targeted at neighbourhoods in most need because they are not only severely deprived but also lack social infrastructure. These are the 225 neighbourhoods that have been identified as perhaps the most 'left behind'. They have worse outcomes, across all the key socio-economic metrics, than other areas in England and notably, other deprived areas.

These neighbourhoods are concentrated in post-industrial areas in northern England, coastal areas in southern England, and housing estates surrounding big towns and cities, such as Greater Manchester, Merseyside, Birmingham, Middlesbrough, Hull, and Stoke. Our initial estimate is that only 17 of these 225 'left behind' neighbourhoods are in small towns with under 20,000 residents.

The government's announcement that it will dedicate only £87.5m of dormant assets funding to community wealth funds between 2024 and 2028 is also disappointing. However, this is an equal share of its estimate of the total generated from dormant assets over the period (£350m) – the same amount will be dedicated to youth, financial inclusion and social investment. It is also worth bearing in mind that over 12 years, assuming the same allocation policy and a consistent flow of dormant assets, the potential investment in community wealth funds could be just over £260m. We will be asking government to commit to at least this level of funding for community wealth funds over this period to under-pin long term community-led change in deprived communities.

Next steps

The Community Wealth Fund Alliance will be preparing a response to the consultation and would encourage Alliance members to submit their own responses. If you have any questions, please get in touch via CWF@localtrust.org.uk.

Links

[Technical consultation on a Community Wealth Fund in England](#)

[Government response to the consultation on the English portion of dormant assets funding](#)

[OCSI / Local Trust research into 'left behind' neighbourhoods](#)

[The Dormant Assets \(Distribution of Money\) \(England\) Order 2023](#)

[Dormant Assets Scheme: statement of intent overview](#)