Community Wealth Fund Alliance response to the technical consultation

This paper was submitted by the Community Wealth Fund Alliance to government in response to its technical consultation on a Community Wealth Fund in England.

Breadth versus depth of funding

This section sought views on whether a CWF should prioritise breadth or depth – for example, whether it is preferable for one community to receive a £10 million pot to spend or ten communities to receive £1 million.

Question:

Should a CWF focus on supporting a smaller number of communities with larger pots of funding or a greater number of communities with smaller pots of funding?

Based on learning from the Big Local programme, we consider that the best approach is to give a greater number of communities relatively smaller pots of funding. Through the programme £1.15m (roughly £1.7m in current value), has been awarded to each of 150 deprived communities to spend over 10-15 years to improve their neighbourhoods and their quality of life. This is equivalent to approximately £10-15 (£15-£22 in today's prices) per resident per year.

Big Local has demonstrated that relatively small amounts of funding given to a large number of areas can have a significant impact. £1.7m is a substantial enough amount to be an exciting prospect for residents, encouraging them to come together to improve their neighbourhood and likely to attract many people who have not previously volunteered or engaged in community activity. Residents in Big Local areas report that it is also sufficient to secure them a seat at the table in important discussions about the future of their area. But not so large a sum that consultants and consultancies swoop in to 'help' communities spend it, taking the capacity built through programme delivery with them when the funding ceases, as has so often happened with past community regeneration programmes.

While this level of funding isn't enough by itself to regenerate a neighbourhood, it is sufficient to lay the foundations for its regeneration by building a base level of social infrastructure and community capacity. It begins to level the playing field by enabling neighbourhoods that have missed out in the past to access their fair share of resources, as well as building their capacity to influence local decisions by developing a cohort of more confident community leaders.

Question:

What do you regard as the optimum amount of funding that a community should be given in total through a CWF (over roughly a 10-year period)?

- ☐ **Less than £500,000**
- ☐ **£500,000 - £1,000,000**
- ☑ **£1,000,000 - £2,500,000**
- ☐ **£2,500,000 - £5,000,000**
- ☐ **£5,000,000 - £10,000,000**
- ☐ **More than £10,000,000**
- ☐ **Don't know**

That the Community Wealth Fund should provide each community with between £1,000,000 and £2,500,000 in funding is supported by research by Frontier Economics which found that investing £1m in each of the most 'left behind' neighbourhoods in the country – those identified by Local Trust and OCSI as being not only severely deprived but also lacking in social infrastructure - can generate significant economic payback to the Treasury (Frontier Economics, June 2021).

Frontier Economics assessed the likely economic benefits from an investment of £1m in community projects in a neighbourhood. Using a very conservative approach to developing its estimates consistent with economic appraisal processes used by HMT, they concluded that £1m invested in each of the most 'left behind' neighbourhoods in the country would likely generate £3.2m in social and economic benefits over a 10-year period. This includes £2m in increased employment, health, and wellbeing, GVA in the local economy, and reduced crime and £1.2m in fiscal benefits through employment, tax and benefit savings, and the reduced costs of crime, healthcare, and employment services.

The return in employment taxes and benefits, estimated at £0.7m, as a result of supporting unemployed people into work are 'cashable' as they provide a direct saving to the Exchequer.

Existing social infrastructure

This section sought views on whether small towns should be required to have a low, baseline level of social infrastructure or community assets present in order to be eligible for funding from a CWF.

Question:

Should there be a baseline social infrastructure requirement for small towns to be eligible for a CWF?

There should **not be** a social infrastructure baseline requirement.

The government's response to the previous consultation on the distribution of dormant assets in England stated that one of the three key objectives of a Community Wealth Fund is to 'improve social infrastructure in neighbourhoods with relatively high deprivation and/or low social capital' (DCMS, March 2023). To set a baseline requirement for social infrastructure would run counter to and frustrate the Community Wealth Fund's core purpose, excluding those neighbourhoods that would benefit most from the funding.

Experience from similar initiatives such as the Big Local programme shows that deprived communities lacking in social infrastructure, including places to meet – such as youth centres, pubs, cafes, parks, community hubs and day centres – find it much more difficult to nurture the relationships and networks that play such an essential part in developing strong social capital and cohesive, well-integrated local communities.

It is in the 225 neighbourhoods experiencing the double disadvantage of high levels of deprivation and a lack of social or community infrastructure that the Community Wealth Fund could have the most significant and the longest lasting impact.

These neighbourhoods are concentrated in housing estates on the periphery of big towns and cities, such as Greater Manchester, Merseyside, Birmingham, Teesside, Hull and Stoke, as well as in post-industrial areas in northern England and coastal areas in southern England.

Oxford Consultants for Social Inclusion (OCSI) have estimated that as few as 17 or as many as 37 (depending on the definition of small town used) of the 225 'left behind' neighbourhoods are in small towns with under 20,000 residents and therefore potentially eligible for funding through a Community Wealth Fund (September 2019).

The CWFA is concerned that targeting small towns of up to 20,000 people will risk undermining successful delivery. Experience from community regeneration programmes including Big Local shows that such funding works best when targeted at the neighbourhood level and smaller communities. This is the level at which people identify as a community, can find common cause and come together to effectively develop and deliver plans to improve their area and their quality of life.

Allocative or competitive distribution

This section sought views on the process for distributing CWF funding.

Question:

Should small towns be allocated funding from a CWF, or should there be a competitive bidding process to determine which small towns receive funding?

Funding from a Community Wealth Fund should be awarded to those neighbourhoods that are the most 'left behind' - these are the places that suffer both high levels of deprivation and a lack of social or community infrastructure, and experience worse social and economic outcomes across all key metrics compared to other equally deprived areas.

These neighbourhoods have historically missed out on their fair share of resources compared to other areas because they lack the knowledge and networks to successfully fundraise. From 2004 to May 2021, they received on average £7.77 in national charitable grant funding per head, less than half the amount received in other equally deprived neighbourhoods (£19.31) and well below the average across England as a whole (£12.23) (OCSI, June 2021).

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 other equally deprived neighbourhoods (OCSI, June 2021).

This suggests that the communities that would benefit most from a Community Wealth Fund would miss out if funding was subject to a competitive bidding process and that other areas with greater capacity to put together successful funding applications would benefit.

How beneficiaries are selected

This section sought views on the selection of beneficiaries.

Question:

How should beneficiaries be selected to receive funding from a CWF?

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The Community Wealth Fund should be targeted on a ‘least first’ basis with priority given to the ‘left behind’ neighbourhoods most in need of its funding. These are the areas where the impact will be greatest.

Nature of local decision-making

This section sought views on the nature of local decision-making.

Question:

What option do you agree with regarding the nature of local decision making? Please explain your answer, including whether any ‘off-menu’ interventions should be subject to additional scrutiny.

☑ Option A - communities are free to determine the best way(s) of meeting local priorities
☐ Option B - communities must choose from a menu of evidence-based interventions in order to meet local priorities
☐ Other – please specify
☐ Don’t know

Communities should be free to determine the best ways of meeting local priorities. The government, in response to the previous consultation on the distribution of dormant assets in England acknowledged this, saying that the Community Wealth Fund should have:

“Resident-led decision-making at its core: people who live in a community are best placed to determine what it most needs. A community wealth fund should empower communities to identify the outcomes that are important to them and support them to achieve these ambitions.” (DCMS, March 2023)

Providing a catalyst for residents to come together to plan and deliver improvements for their neighbourhood creates a sense of individual and community efficacy that helps to improve health and wellbeing and other local outcomes. The activities and services the community designs and delivers are closely tailored to local needs and aspirations which means residents are more likely to use them, so they achieve greater traction. Community spirit increases and areas are safer and more pleasant places to live (Local Trust, July 2021).

An in-depth analysis of all major local area initiatives undertaken over the last forty years found that previous funding programmes had failed to leave a lasting legacy because of a lack of genuine community involvement and control over decisions (Local Trust, October 2019).

A top-down menu of interventions would undermine the impact of the Community Wealth Fund. It would reduce its potential to build engagement among residents and diminish its power to build confidence and capacity in the community, thereby undermining its ability to improve outcomes for residents.

Further Considerations

This section sought views on the further considerations that will likely influence the delivery of a CWF.

Question:

What do you regard as the key challenges, and mitigations to these, in how the wider public sector can support the delivery of a CWF?

Experience in Big Local areas has shown that local authorities play a crucial role in the successful delivery of important community-led initiatives which often rely on the transfer of community assets, or access to land owned by the local authority, or funding it is distributing (Local Trust, May 2022).

But there have been tensions in Big Local areas between benefitting communities and local authorities because local authorities tended to assume that they could tell residents how to spend their Big Local award. This was something that community members obviously pushed back on.

It will therefore be important to brief local authorities on what the Community Wealth Fund is intended to achieve and the resident-led nature of the programme to ensure they understand its ethos. And also, to support local authorities to work in a facilitative way with local communities enabling them to deliver the projects that are most important to residents.

Local Trust research suggests that strong collaborations between the public sector and communities are based on a mutually respectful, empathetic relationship (avoiding paternalism on the local authority's part); effective ongoing communication; and a sense of shared ownership and accountability.

Question:

What do you regard as the appropriate criteria to preserve the additionality principle?

The core characteristics of the Community Wealth Fund will help to preserve the additionality principle because they clearly differentiate it from mainstream government funding:

- The longevity of funding (over 10 years) which should be awarded rather than competed for.
- The focus on foundational social infrastructure - supporting community engagement and enabling residents to develop or rebuild community or neighbourhood level institutions.
- Decisions over how money will be spent to improve the area will be determined by the local community.

The Community Wealth Fund will be distinctive because priorities and desired outcomes will be determined at the neighbourhood level by the residents and not by the funder. This is likely to result in projects which do not overlap with the statutory duties of national or local government.

This is backed up by experience. Programmes like Big Local show that the projects commissioned and developed by local people diverge from typical public sector provision because they are hyper local, small-scale, community solutions.

It is also important to note that the Community Wealth Fund, as proposed by the CWFA, was designed to fill a funding gap – the lack of funding for social infrastructure and community activity in the most deprived neighbourhoods. These 'left behind' areas have not received their fair share of funding in the past and the legacy is a dearth of community facilities and activities which negatively impacts on residents' prospects.

Question:

How best can we ensure that governance and reporting of a CWF is appropriate?

It is crucial that when designing governance and reporting systems for the Community Wealth Fund that the learning from previous area-based regeneration programmes such as the New Deal for Communities and Big Local is embedded.

The learning from such programmes is that: reporting should not be overly burdensome because this distracts time and attention from the work on the ground; evaluation should focus on a few key outcomes as opposed to trying to cover all the bases and should reflect the issues and outcomes that are most important to local people.

Robust mechanisms need to be in place to monitor, account for and report on spending, but approaches need to be developed to shield volunteer residents from the administrative burden as, for example, were developed for the Big Local programme which deployed 'locally trusted organisations' to manage and report on spending locally.

It is also crucially important to get local governance right and to provide advice, guidance, and capacity building support to local partnerships, which should be resident led, to plan and develop and deliver the programme in local areas. Support needs should be regularly reviewed, and flexibility built in so that as requirements change and develop over time, the programme can respond.

Question:

What do you regard as the key challenges, and mitigations to these, in the evaluation of a CWF?

The CWFA commissioned Frontier Economics to consider how the Community Wealth Fund might be evaluated robustly and the key challenges that would arise and appropriate responses.

Frontier Economics outlined a number of challenges including those related to the availability of local area data; the long term nature of the fund and the time needed to build capacity in communities; and the difficulty of disentangling the impact of the Community Wealth Fund from other factors impacting on areas over time. They have developed a framework for the evaluation which would, in so far as is possible, overcome these challenges and provide the best possible indication of outcomes and impact (Frontier Economics, November 2022).

Public Sector Equality Duty

This section sought views on equality, diversity and inclusion.

Question:

What potential impacts do you think the design of a CWF may have on individuals with a protected characteristic under the Equality Act 2010?

- ☑ Positive
- ☐ Negative
- ☐ Mix of positive and negative
- ☐ No impacts
- ☐ Don't know

The government should focus the Community Wealth Fund on neighbourhoods that are not only severely deprived, but which also lack social infrastructure – the areas described as the most 'left behind'. These are the neighbourhoods that have lost many of their community services and facilities and have missed out on public and other funding to the detriment of their residents' prospects. They are the areas that urgently need investment in order to enable their residents to achieve their potential.

One key means of achieving an inclusive Community Wealth Fund is to make guidance and resources available in the set-up phase to support in-depth local research and consultation to ensure that plans are based on a granular understanding of the needs of all sections of the community, including those whose needs tend not to be met.

Question:

In your view, is there anything that could be done to mitigate any negative impacts?

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The CWFA commissioned work on equality, diversity and inclusion to inform the design of the Community Wealth Fund. This recommended that an Equality, Diversity and Inclusion (EDI) action plan should be developed at the outset to inform programme design.

It also recommended that the action plan should comprise work to:

1. Promote the commitment to embedding EDI as a cross cutting theme and founding principle, and publicise this commitment
2. Ensure long-term and patient investment to enable younger people, racialised communities and women to increase their sense of agency and belonging in the Community Wealth Fund.
3. Ensure stakeholders have an awareness and understanding of the potential discrimination and barriers across all protected characteristics including intersectionality and the social model of disability.
4. Provide data from the 2021 census concerning the disability, gender reassignment religion or belief and sexual orientation of people within each 'left behind' area to the relevant stakeholders to facilitate a fuller appreciation of the diverse profile of their community.
5. Ensure data collection forms an ongoing part of application, assessment, review and monitoring arrangements.

It will be important to build in effective monitoring and data capture on key EDI indicators from the beginning to inform progress and ensure EDI cuts across every element of the Community Wealth Fund's work.

Question:

Do you have any other comments, in scope of this technical consultation, that you wish for us to consider?

The consultation references the importance of capacity building for the communities benefitting from a Community Wealth Fund but does not provide any detail about this aspect of programme delivery. The government must ensure that appropriate and sufficient capacity building support is in place. This is needed right at the start to bring communities together to develop a vision and concrete plan for how their neighbourhood can be improved and, throughout the funding period, to support delivery of residents' plans as they develop over time. This is crucial to successful delivery.

The government has announced that it will dedicate £87.5m of dormant assets funding to the Community Wealth Fund between 2024 and 2028. Assuming a consistent flow of dormant assets over the next twelve years the government should commit to at least £260m of funding over this period to the Community Wealth Fund to underpin long term community led change in deprived communities.

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