

The Community Wealth Fund

Defining the need

This work isn't really about funding, it is about need. Over the last decade we have seen growing concern – across all political parties – about the extent to which some places have failed to benefit from the wider success of the UK economy. And the extent to which some parts of our nation feel disconnected from and failed by the our wider social and economic settlement.

As Mark Carney and Andy Haldane have both pointed out, trust and social capital is a vital component of economic success. That is as true for the economies of poorer communities as it is for our banks and our high streets. But across the public, private and social sectors, the last 20-30 years has seen a worrying decline in the infrastructure that supports civil society and creates social capital. We have seen the withdrawal and closure of places to meet, whether community centres, local shops, pubs and community halls. And this is particularly acute in our poorest communities. Whilst asset transfer has provided a way forward in some areas, it isn't on its own sufficient to address the sorts of challenges set out in Dan Gregory's recent essay 'Skittled Out'



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Ambitious long-term endowment

However, investment in meeting space isn't going to be enough in communities where people can lack the confidence to mobilise. Often long term, patient community development work is needed to encourage and support the growth of a core group of residents who want to begin to take collective action to improve their areas; and also seed funding, to engage the wider community in these efforts.

Our proposal is for a national endowment called the Community Wealth Fund to support these communities re-build their social infrastructure and re-establish social and civic capital. One agreed principle for the Fund is that spending decisions should be devolved to the neighbourhood level to local residents. We have seen the transformation that can be achieved in individuals, in communities and in neighbourhoods when residents are charged with consulting, planning and delivery. And are provided with inspiration, support and relatively small amounts of funding, over the long term (10-15 years), for implementation.

Investment from the Community Wealth Fund – targeted at those communities that need it most – would make the ground fertile for long-term sustainable change. It would for example, make it possible for communities to attract other funding and finance to provide services and develop an asset base. These assets could take a variety of forms tangible and intangible but might include community spirit and a positive self-identity, new community organisations and charities, community owned affordable housing, renewable energy, shops, pubs and other locally owned enterprises serving the needs, and helping to achieve the aspirations, of the community.

Our vision is to support the creation of strong, resourceful communities with confidence and capacity, who are well-connected with high levels of social capital (bonding and bridging) and with a bank of improved or new assets to support prosperity and cohesion over the long term.

A growing consensus

There is a growing consensus that something akin to a Community Wealth Fund is needed. A large number of voluntary sector umbrella organisations, independent funders and individual voluntary organisations have formally endorsed the proposal and the list is growing. We are calling this grouping of supportive organisations, the Community Wealth Fund Alliance.

Our proposal builds on work undertaken previously by some of the members of the Alliance for example, NCVO and Locality. It is supported by a number of sector umbrella bodies and independent funders and the Civil Society Futures Inquiry chaired by Julian Unwin and the London Communities Commission chaired by Stephen O'Brien.

A similar argument to ours was made in a recent report by Stephen Scheiffres for the Friends Provident Foundation launched in May, which recommended a Social Wealth Fund with much the same aims.

The government's Civil Society Strategy published in August sets the scene for the fund by offering a vision of substantial place-based investment programmes that introduce new models of investment to improve social and economic outcomes and offer new approaches in communities where there is a lack of capacity and capability to access investment.

Funding

The challenge is massive, and one that does need to be funded for the long term. There is only so much that can be achieved by volunteer effort on its own. That's why the Community Wealth Fund proposal is for the next wave of dormant assets – from insurance and pension funds, stocks, shares and bonds – to be used to address this need. Not as a one off spend, but as the starting point for a permanent independent endowment – a sovereign wealth fund for our communities, providing funding year on year to recapitalise the communities that need it most. We recognise that the challenge will be one of building an endowment capable of meeting that end.

That's why we welcome the London Communities Commission proposal that the city contributes to helping those areas that have been left behind by economic growth to catch up, by providing a fractional share of its wealth to them in perpetuity. Our report suggests that – if it is practicable – this radical vision is extended beyond London. There might be a once in a lifetime opportunity for government to use funds from dormant assets as a match to encourage our biggest companies to co-create a funding partnership.

Part of our argument is that, based on cornerstone investment from the Community Wealth Fund, communities will be able to leverage public funding and money from independent funders such as charitable trusts and foundations. In many instances they will be able to influence mainstream budgets, for example health and social care budgets, so that spending is more targeted on and better reflects their needs and aspirations.

We know that the poorest areas will need specific funding and support to enable economic as well as social and environmental improvement. We are therefore, also seeking to influence future spending in the UK aimed at supporting growth and economic development in the form of the Shared Prosperity Fund (the UK replacement for EU structural funds).

Looking forward

Looking forward, there may be a case for instituting an independent Task Force on the Community Wealth Fund to develop thinking both on the means of funding such an endowment and on how it might achieve its objectives. For now, however, we're pleased that the work has opened up an important debate, as a contribution to thinking on how to improve the circumstances of our poorest communities.

Please join the Community Wealth Fund Alliance and help us to develop our work pressing for a fairer deal for 'left behind' communities.

The following organisations have already endorsed the Community Wealth Fund proposal:

Locality, NCVO, UK Community Foundations, Social Enterprise UK, Co-operatives UK, Charity Finance Group, Access – The Foundation for Social Investment, London Funders Group, the London Communities Commission, Small Charities Coalition, Voice4Change, the Calouste Gulbenkian Foundation, the Panel for the Civil Society Futures Inquiry, ACEVO, Clarion Group and the Social Investment Business.

Many thanks to the following organisations for funding the consultation and research for our initial paper on the Community Wealth Fund *Strong, resourceful communities* and the research for our paper on the Shared Prosperity Fund:

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