Strong resourceful communities:
The case for a community wealth fund

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Foreword

This report is based on research and a range of conversations that reveal quite remarkable common ground on how billions of pounds could be untapped and released to local communities. But it also goes further than previous proposals - in suggesting a radical and ambitious partnership between government, the private sector and civil society.

Communities across our country are facing challenges every day. Increasingly, the case is becoming clearer for how an ambitious long-term endowment could help those areas that have – to date – missed out on the proceeds of a growing economy. This idea could be understood as a *Community Wealth Fund*, tasked with supporting long term, patient investment in the social and civic economy of areas that need it most. This fund would provide the investment and support needed to support strong relationships and social action across England, supporting a richer and more resilient civil society in areas which have struggled in the face of economic and social challenges.

The government's Civil Society Strategy, published in August 2018, offers a vision of substantial place-based investment programmes that introduce new models of investment to raise social and economic outcomes and new approaches in communities where there is a lack of capacity and capability to access investment. Our proposal is for the creation of a sustainable pot of money to reinvest long term in communities and to support the development of the community infrastructure that underpins a strong civil society, from community ownership of assets to investment in networks of local community organisations.

We hope this report is a constructive contribution to the debate. It reflects the view of those consulted so far. But it is the start of a process and significantly more consultation and dialogue is needed with stakeholders across the charitable, voluntary and community sector, and with the public and private sectors in order to develop and strengthen the idea. Our aspiration is, over the coming months, to further strengthen a broad alliance in support of the Community Wealth Fund. Much like the fund itself, we hope this report takes us forward, unites rather than divides, and empowers those who want to see local communities thrive. As the Governor of the Bank of England, Mark Carney, says, "Prosperity requires not just investment in economic capital, but investment in social capital".

The Alliance for a Community Wealth Fund

August 2018

Executive Summary

A new wave of unclaimed assets could be worth billions of pounds. While this money may be a long way away, a consensus is already emerging around how these resources could be used most effectively for the benefit of society. The Government, NCVO, Locality and others are all keen to see the money used to provide strategic, long-term funding to support communities who need it the most.

Since the Brexit vote, many people in the UK have started to give greater consideration to how local communities might recapture a greater sense of empowerment and control over their futures. How can we bridge divides and address the feeling of being "left behind"? Rebuilding social capital and trust is back on the agenda - essential to the functioning of our society and economy.

We know that civil society builds trust and connections and creates a sense of belonging. Associations enable people to participate in their communities. But civil society is fragile and held back from helping communities fulfil their potential, due to a mix of funding pressures, market forces, myths about charity overheads, and flawed policy responses. We know we must address the fragility of the institutions and spaces that enable participation and association, in turn rebuilding social capital. This is how we can rebuild trust.

Some places have been *left behind* by globalisation as our economic model has not benefitted all communities equally. But areas of deep-seated deprivation can recover through emerging models of local economic development. Communities are seizing opportunities to do things for themselves. New Shared Prosperity Funds, which will replace European Structural Funds, will provide a unique opportunity to support and develop these solutions. But prosperity requires investment in social, not just economic capital. We need to nurture social capital in areas where it is weak or non-existent and help communities develop the capabilities needed to participate in community economic development. This requires a new approach.

So our proposal envisages the creation of a Community Wealth Fund, providing long term, patient investment in support of place-led change - a fund to create opportunity and unlock the power of communities. This fund would seek to empower people to develop solutions and enable communities to develop their own responses.

Unclaimed assets in insurance and pension funds, bonds and stock and shares are potentially worth billions of pounds. But we could see the creation of a fund worth £4 - £5 billion if a range of resources were brought together. This could include the release of share capital from the private sector, civil society's stranded assets, other unclaimed assets not yet identified and community assets which already exist at the local level.

It is too early to specify in detail how such a fund would be managed and distributed. But our consultation suggests considerable consensus around the principles of a place-based model, long term funding, community control, national support and collaboration with other stakeholders.

A fund on this scale could deliver transformative social, economic and financial impact. It could also support community commissioned services, save assets, build new infrastructure, enhance democracy and build new relationships across society. We therefore recommend that civil society establishes an independent and credible taskforce, with the support and endorsement of Government, to take the Community Wealth Fund proposal forward over the coming months. We look forward to playing our part in its development, creation and success.

Introduction

The Dormant Bank and Building Society Accounts Act 2008 was introduced to enable banks and building societies – once they had made reasonable efforts to reunite those assets with their owners – to transfer the money to a "reclaim fund" which could then be distributed to good causes. The total value of assets transferred to the fund is now close to £1 billion and the money is being directed towards social investment, financial inclusion and young people in England.

In 2016, a new Commission on Dormant Assets was formed with the encouragement of the Government. It was tasked with identifying new pools of dormant assets and with working with the financial services industry to explore how this next potential wave of assets might be released. The Commission published its report 'Tackling dormant assets: recommendations to benefit investors and society'[1] in Spring 2017. The Commission concluded that there is a broad range of financial assets with potential to be released for good causes, which may require further legislation.

This second wave of assets could be worth billions of pounds. While these resources may not be released for years, or even up to a decade and more, a number of observers are already starting to consider how to most effectively allocate these resources and what good causes this money may be directed towards. It seems unlikely that such significant sums of money will simply be directed towards priorities set by the New Labour government over a decade ago.

Equally, it would be a wasted opportunity if such significant sums of money were to be consumed by short-term filling of revenue gaps or political whim. If this money is to generate maximum value it must be utilised as an asset that generates returns to society over the long term, supporting radical and systemic change in support of a shared vision.

Encouragingly, it appears that a remarkable consensus is emerging around how these funds could be applied. The current Government, for instance, has stated that these new resources "would allow our charities and voluntary groups to become more sustainable and independent" and "to deliver really important local services over the long term."[2] Meanwhile, the NCVO has said that the money should capitalise local charities to help establish their future sustainability and give them a leg up with earning income. It suggests that the money should also enable charities and community groups to buy community assets such as sports pitches, parks, historic buildings or pubs, helping them develop sources of

[1] https://www.gov.uk/government/publications/dormant-assets-commission-final-report-to-government
[2] https://www.gov.uk/government/news/2-billion-boost-set-to-transform-charity-and-voluntary-sector-funding

ongoing income while retaining the assets for the benefit of their communities.[3] Sir Stuart Etherington argues that the money could be used to endow community foundations and to put assets under the control of local people through charities and community groups.[4]

At the same time, Locality have suggested that a £500 million funding commitment from dormant assets, could be used to secure the future of vital community assets. The Charity Finance Group have developed proposals for how this funding could be used to support civil society organisations through periods of economic downturn. The Institute of Fundraising has proposed a strategic investment in capacity, skills and training in fundraising for smaller charities to deliver longer-term income and sustainability. And, the Civil Society Futures Inquiry interim findings point to the value and importance of putting resources into the hands of local communities and giving them decision making power to improve their areas.

All these groups and others are keen to see the money used to provide strategic, long-term funding. Each of these proposals share a recognition of the importance of civic and social capital in our communities, and the value of long term investment in infrastructure and the fabric that underpins civil society.

Community ownership

Community ownership of land and buildings ranges from community centres, parks and swimming pools, to wind turbines, workspaces and housing. These models aim to give local people greater control, can stimulate local enterprise and jobs and secure the future of local services and cherished local places.

Evidence suggests that asset owning community organisations are best able to adapt in times of economic downturn, supporting a resilient and thriving local civil society. There is significant appetite and ambition in communities for community ownership and listings of 'Assets of Community Value (ACV)' are rising every month.

[3] https://www.ncvo.org.uk/about-us/media-centre/press-releases/1834-ncvo-boost-small-charities-with-dormant-assets-funding
[4] https://www.cass.city.ac.uk/news/2017/december/voluntary-action-a-way-forward

Our Social Fabric
– The Strategic Case.

The problem – a crisis of trust, power and social capital

As Stuart Etherington, CEO of NCVO describes "The 2016 referendum on EU membership revealed .... a profound sense of disconnection between increasingly disempowered communities and decision makers."[5] The idea of *taking back control* now goes beyond the debate over our membership of the European Union, reflecting a wider sense of powerlessness. People across the country feel unheard, neglected and ignored. Too many feel they have been forgotten, disempowered and marginalised.

So in the wake of the Brexit referendum, rebuilding social capital is back on the agenda. As a nation, we are asking ourselves serious questions about community cohesion, collective identity and democratic deficits. The importance of connectedness and belonging within a community is back in the spotlight. People are asking how we can bridge the divisions in social attitudes that have emerged within communities across the country and address the feeling of being "left behind" that has developed among large swathes of the population, both economically and socially.

Trust and understanding enable our economy and society to work. Social capital is essential to the functioning of modern economies, underpinning good government and enabling effective enterprise, as well as social stability. It is a critical factor in developing, strengthening and sustaining a shared sense of community, identity and common interest. If we are to replenish our stock of social capital - then we must consider the structures which support its formation. How do we support social action and co-operation?

The experience of Grenfell

The Grenfell crisis brought government, community, the private sector together but we should not have to wait for tragedy to be spurred into collaborative action.

In early 2018, London Funders published 'The Possible Not the Perfect'[6] which looks at how funders and public agencies responded to Grenfell, Manchester Arena and London Bridge. One of the main recommendations for future practice is about engaging more closely with communities over time to understand what they need and being less hidebound by rules and procedures.

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[5] https://www.cass.city.ac.uk/news/2017/december/voluntary-action-a-way-forward
[6] https://londonfunders.org.uk/sites/default/files/images/IVAR022%20Learning%20from%20Emergency%20responses%20report_Low%20Res.pdf

The answer – association and participation

We know that civil association builds trust and connections and creates a sense of belonging, enabling the development of joint solutions within communities. The Civil Society Futures interim report sets out how "local places matter to many of us, perhaps even more in a digital age - to meet real people, talk eye to eye. Healthy civil society is rooted in places and even big organisations need local networks of engagement. But - as the Brexit vote showed - people in many places feel… ignored and are hungry for a new vision and the power to make it happen."[7]

The power of any community lies with its people and their collective ideas. Associations and institutions that bridge different groups provide the space, conditions and practical support for people to participate in their communities and build understanding. Associations are vehicles for trust and giving and create community capacity. As Anna Randle and Henry Kippin point out "The ties that bind us together, creating solidarity even where there is diversity… the sports clubs, the churches, the playgroups and so on – this 'web' has provided the first line of defence against social ills and isolation."[8]

But civil society is fragile and held back from helping communities fulfil their potential through participation and association, due to a range of external pressures:

- The funding climate and market forces have incentivised voluntary and community groups to compete rather than collaborate, while public sector commissioning and procurement has favoured large business and, to a degree, large charities. Small, local organisations with incomes under £1 million have lost funding and struggle to compete in competitive markets focused on short-term, palliative and narrowly-defined results. Contract prices have been squeezed. This has made it difficult to provide high quality services and left little scope for prevention and meaningful attempts to tackle long-term, complex issues. The loss of local authority grant funding has had a serious detrimental effect on the sustainability of small charities, in particular.
- Tens of thousands of pubs have closed since the 1970s; hundreds of libraries and youth centres in recent years, over a thousand children's centres have shut since 2010. Post office branches and bank branches have closed. Skittle alleys and bingo halls and museums have shut. Hundreds of playgrounds are locked. What's more, this is happening in areas most in need, while transport options for those without cars are narrowing. The facilities which help foster social capital are under serious threat.[9]

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[7] https://civilsocietyfutures.org/1-year-reports/
[8] https://collaboratecic.com/place-based-routes-out-of-the-brexit-crisis-61f0c0998940?gi=f99128902642
[9] localtrust.org.uk/

- Charities have been subjected to external pressure to reduce reserves and investment in their organisational capacity because of the *overhead myth* (i.e. the myth that low overheads equal effectiveness). This has tragically led to a capacity crunch, limiting ability to develop good governance and leadership, optimise impact, build financial and business planning capacity, develop robust data management, sound systems and processes and reach appropriate markets.
- There has been an understandable focus on social investment as a way to finance social action and expand social enterprise. But social investment has largely bypassed small charities and poorer communities. Most charities are small, and many are still unincorporated, while three-quarters own no fixed assets. Social investment can be the wrong vehicle for supporting small and local charities.

Austerity has had the most impact at the local level where services have been most under pressure. The size and shape of the state is shifting, which has prompted debate about the role and responsibilities of both the state and civil society. There is much hope for the emergence of new models of socially-focused businesses and a greater role for the potential and value of private business as an agent of social change both locally and globally.

But there is now an emerging consensus that we must address the fragility of our social infrastructure and rebuild institutions and spaces that enable participation and association, rebuilding social capital. We know we can increase the effectiveness of the voluntary and community sector if we support the *long-term* development of local community organisations and groups, tenants associations, advice services and youth groups, among others.

It is an inescapable fact that – in too many of our communities – we have been collectively neglectful of the value of strong social bonds, a shared collective identity and a rich civic life that sustains and supports them. This is about places to meet; a culture which celebrates and enables people to come together to share and enjoy common interests; the encouragement needed for individuals to take an idea and turn it into an event, a social enterprise or a wider movement. This is about social integration.

There is a strong appetite across the country for enabling communities to take direct control of money and resources. This is how we can rebuild trust. Studies have shown the link between community ownership of social housing and feelings of increased individual and collective wellbeing, as well as improved social connectedness. People want to pick up the reins of influence and ownership. But in order to do so, they need both social infrastructure and support to develop the required confidence, skills and capacity.

This is not an argument against the proper resourcing of local authorities. Local democratic structures are an important part of our national settlement and play a vital role in the areas they lead and serve. Rather, it recognises that there is value in a complementary investment in building the capacity of local communities themselves, where active participation can supplement engagement through the democratic process and where accountability can be secured by significantly reducing the distance between those making decisions and taking action and the communities they work within. In communities where some feel disenfranchised by conventional democratic structures, left behind by both civic and real economies, and where social infrastructure has become weak or disappeared, investment in giving local people the power to participate in and contribute to the transformation of the communities in which they live can provide an important mechanism for reconnecting those communities with wider society, contributing to their feeling that they have a stake in our wider societal contract.

The Economic Case
– Social Foundations

Since the Brexit referendum – and indeed political changes elsewhere in the developed world – politicians and others have been forced to confront the idea of places *left behind* by globalisation. Tim Harford argues that "some of the seeds of this vote have been growing for much longer in the fertile soil of economic grievance".

While Brexit is not only about economics, it is *partly* about it. As Stephen Clarke says, "Yes, economics matters – and there is evidence that communities that have long been left behind helped to drive the referendum outcome." For years, policymakers saw globalisation as a rising tide that would lift all boats. But we have now started to notice a divide or difference emerging between, crudely, metropolitan areas which largely voted remain in the EU, and those towns, suburbs and villages who more often voted to leave.

Since the financial crisis, London and the South East have disproportionately seen the benefits of economic growth. The highest unemployment rate in the UK is in the North East (and the lowest in the South East). The level of inequality in Britain far exceeds that of our European neighbours or other G7 countries. Wealth is increasingly concentrated in a corner of the country. In England 1.2 million families are on waiting lists for social housing. Less than 1% of the population now owns more than 70% of the land. Those areas with high unemployment in the 1990s are still those suffering today. Areas damaged by the withdrawal of traditional industries and the absence of new private investment are still struggling. These are areas of deep-seated deprivation, characterised by market failure, in which too many are in low paid or insecure work, and receive inadequate access to training and re-skilling.

Our economic model has not benefitted all communities equally. Too often money has poured into areas without changing people's economic prospects. Communities are now faced with a withdrawal of funding and indeed the welfare state more widely. The public sector is handing over to individuals and communities a wide range of state responsibilities, from paying for services to their delivery, asset management and more.

Local economic development as part of a new industrial strategy

People want to see no neighbourhood left behind. This is why we are seeing an emergence - or renaissance - of resilient, local economic models. These are models which offer the potential for real, sustainable growth across every community of the UK. They promise a more productive economy of entrepreneurs and value creators. We need to ensure they benefit pockets of deprivation as well as pockets of aspiration.

There are models which are participative and engaging – new forms of peer-to-peer business and the sharing economy, working through co-operative networks. We see them from Preston to Plymouth and from Bristol to Blackpool. They share wealth more equally – reinvesting profits, paying a living wage and a fair share of taxation. They demonstrate the value of businesses with regional or local identities. They can be genuinely inclusive, offering multi-stakeholder and democratic control and encompass trading charities, co-operatives, social enterprises, employee-owned, community, fair trade and community owned businesses and CLTs.

Across the country people are harnessing new ways to rebuild local economies and create long term sustainability. Communities are seizing opportunities to do things for themselves. They are establishing businesses, bringing local people together to address the challenges they face. Community economic development is on the rise across England. We need to ensure all communities have the opportunities and capabilities to participate in it by putting more agency, power and money into the hands of the people who need it. As Theresa May says, "If we are going to have an economy that works for everyone, we are going to need to give people more control of their lives. And that means cutting out all the political platitudes about "stakeholder societies" – and doing something radical."

So we hope that the new Shared Prosperity Fund, which will replace European Structural Funds, will provide a unique opportunity to support and develop these solutions, ensuring that all of our communities can contribute to creating a strong and vibrant economy from which we all benefit. It is important that these emerging funds are open to local charities, communities and social enterprises that want to play their part in local economic development in our towns, suburbs and villages. It is important that their benefit is not restricted to large projects in our major cities.

Economic models underpinned by social capital

Meanwhile, the Community Wealth Fund can support this economic development by strengthening the social bonds that provide its foundation. As the Governor of the Bank of England, Mark Carney says, "Prosperity requires not just investment in economic capital, but investment in social capital".[10] The Treasury recognises the value of social capital: "In today's economy, investment is about much more than machines, equipment and physical infrastructure. It also encompasses the development of human capital from education and training, and intellectual capital stemming from research, as well as the development of software and improved business processes. These are all interlinked and thrive in an economy that has well developed institutions and high levels of social capital."[11]

Building social capital in areas where it is weak or non-existent requires a new approach. We need to nurture social capital more broadly and help communities develop the capabilities needed to participate in community economic development. This can often require longer term support than that conventionally provided by national or local government or indeed most mainstream grant givers. Market-based solutions are more difficult in areas of market failure. Hard pressed communities, in which people have retreated from shared space and collective activities may need more than just a properly funded community space in which to meet. They may also need support as they gain the confidence to build their own civic organisations, develop the skills to make decisions and take on new challenges and opportunities, and take responsibility for transforming their own communities.

[10] https://www.bis.org/review/r140528b.htm

[11] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

Community Foundations

Community Foundations encourage local philanthropy, using the funds raised to make grants to local charities. They have a combined endowment of £500m.

Community foundations work with a range of local charities and community groups depending on local need. Community Foundations work to uncover areas that need the most support, through initiatives such as Vital Signs - https://www.ukcommunityfoundations.org/our-network/vital-signs

Community Foundations know their local community and help address local issues. Every local foundation has the mission of serving its local area and the people who live there. Community Foundations are embedded in their local geographical area and serve as a point of contact between donors and local need.

Having an endowment fund provides a constant source of annual income. It provides organisations with future stability and a foundation from which to grow, not contingent on the success of current or future fundraising efforts. A successful programme to build endowments - the Endowment Match Challenge - has already shown that this approach can work: £100m of philanthropic capital was generated with a £50m match from government in addition.

The Idea
– A Community Wealth Fund To Invest In Our Social Fabric

Our proposal envisages the equivalent of a Sovereign Wealth Fund but aimed at supporting and sustaining the strength and resilience of our communities – a *Community Wealth Fund* for the nation. Such a fund would be capable of providing long term, patient investment in support of place-led change - a fund to create opportunity and unlock the power of communities. The fund would be independently endowed, and would help develop our social infrastructure, without the constraints that limit government funding.

Stuart Etherington describes "the application of unclaimed assets from the private, public and charitable sectors. Its purpose would be to create endowed and matched funds that, together with additional tax reliefs, would create a funding engine locally and nationally for a revitalisation of associational behaviour. This is a significant piece of work but could create a long-term sustainable legacy."[12]

Sovereign Wealth Funds

Sovereign wealth funds are state-owned investment funds that invest in financial assets around the world. Many are funded by commodity exports, such as oil but may also include pension funds, for instance. Some sovereign wealth funds are held by central banks. These funds tend to seek to maximise long-term financial returns.

The largest sovereign wealth funds are owned by Norway, the United Arab Emirates, the Emirate of Abu Dhabi and China. The United Kingdom does not really have a sovereign wealth fund.

[12] https://www.cass.city.ac.uk/__data/assets/pdf_file/0006/384495/Voluntary-Action.pdf

There are examples of such funds already, although not on the scale proposed. In the US, Reimagining the Civic Commons is investing in five cities—Akron, Chicago, Detroit, Memphis, and Philadelphia—to upgrade existing infrastructure to reflect 21st-century needs. Philadelphia, meanwhile, is investing $500 million – with $400 million raised in bonds and revenue from a sugary-beverages tax - in a seven year programme to revitalise existing city parks, recreation centres, libraries, and other pieces of civic infrastructure. The Living Cities model,[13] also in the US, also offers lessons, bringing together investment and cross sectoral working to develop solutions in communities. In England, Big Local is providing £1.1m of support over 15 years to each of 150 "left behind" communities to help them develop social infrastructure and the confidence and skills to improve communities through collective action.

In the UK, there is an emerging evidence base for how communities can be supported to feel and be more powerful in the future. Research recently undertaken by the Institute for Voluntary Action Research (IVAR), and funded by Local Trust and the Joseph Rowntree Foundation (JRF), for instance, paints a picture of strong, resourceful communities affected by the challenges of poverty, transience and isolation; but also people and places where resilience and hope offer the prospect of positive transformation and change.[14]

[13] https://www.livingcities.org/

[14] http://localtrust.org.uk/news/news-releases/communities-can-be-powerful-%E2%80%93-but-they-need-support

Big Local

Between 2010-12 the Big Lottery Fund identified 150 areas that had historically 'missed out' on lottery and other funding – typically these were areas which had low levels of civic capital, missing out on funding in part because there were no organisations locally applying for support.

Each of the areas was allocated £1m of Big Local funding. This could be spent in any way they chose, provided local residents organised themselves locally to plan and manage that funding, involving the wider community in that decision-making process.

Beyond that, rules, constraints and priorities that define Big Local have been for local people to decide. By design, the programme is bottom-up and community led; there are no top-down targets or centrally-imposed delivery models. The timeframe for Big Local extends over 15 years, allowing communities to take their time, build confidence and skills, make decisions and deliver change without the usual pressures to meet end-of-year spend targets or other arbitrary bureaucratic deadlines.

Halfway into the programme, evidence is emerging of the value of very long term patient financial support as a means of enabling the development of a social and civic economy where this didn't previously exist, and – in some areas – of the scope that this then provides for communities to create, co-create and commission new and better solutions to the challenges that they face.

Often this has included the acquisition or improvement of buildings and other spaces for communities to come together; the strengthening of existing or establishment of new community anchor organisations and infrastructure; and the building of new partnerships and relationships capable of sustaining new and emerging solutions into the longer term.

This fund would seek to empower people to improve their lives and the areas in which they live. It would enable them to design and commission activities, drawing on local strengths and assets and tailoring services to people's actual needs. It could be targeted at those places most in need of support to grow and develop social capital in parallel to the economic growth and change we hope will be achieved by the Shared Prosperity Fund and the wider benefits of new and emerging regional industrial strategies. Resources would be directed toward supporting local, small and specialist groups which provide vital services, build social capital and which leverage in additional resources from volunteers, local businesses and independent grant makers.

The Money
– How Would It Be Funded?

To date, discussion about major new funding in this area has focused on the potential of new unclaimed assets, building on the successful transfer of dormant bank account funds into Big Society Capital. This is understandable. Unclaimed assets – including such sources as unclaimed insurance funds - are potentially worth billions of pounds. A £2 billion endowment, over 5 years, could grow its capital by around £200 million, cautiously assuming just 2% return per annum. So Government is working with the corporate sector to secure the release of a new wave of dormant assets. These comprise unclaimed assets in insurance and pension funds, bonds and stock and shares. We believe that some or all of these could provide the "seed money" to establish a new Community Wealth Fund.

However, if we are to tackle the scale of the challenges we face, the rebuilding and sustaining of social infrastructure in those places that need it most, and in a way that exists in perpetuity, a larger fund could have even more chance of success. A new partnership between government and the community and corporate sectors could see the creation of a fund worth £4 - £5 billion if a range of resources were brought together. While timing is unpredictable and combining resources would not be without significant challenges, an endowment focused on transforming our communities might provide a vehicle into which other 'released' funds are placed, with a number of potential sources of leverage.

1. Sharing the proceeds of economic growth

We welcome the work of the London Communities Commission which has proposed that the corporate sector establish a fund which enables communities – and in particular those which have historically missed out on the benefits of economic growth – to share in the success of our national economy. Although originally designed for London, the Commission are discussing with partners extending the reach of the scheme across England. This recognises the imperative to share the wealth of the city across the country, reflecting the geography of need. Whilst the Commission has initial views on how this money might be spent in London it welcomes the suggestion that, over time, it could complement other spending from a Community Wealth Fund and elsewhere.

2. Civil society's stranded assets

The National Debt Fund is a charity with £475 million of assets, which has never spent a penny on any charitable activity. The charity was set up in 1928 to pay off the national debt but there is no realistic prospect of the fund ever meeting its objectives. There are many other 'trapped' charitable funds which can not be deployed for the public benefit because they have defined purposes which it is no longer possible to realise. These can also be small trusts, some associated with churches, with objects which are archaic but the cost of changing them is excessive relative to the fund size.

3. Other unclaimed assets not yet identified

A number of dormant assets have not yet been explored by the government for recovery, including newer digital era assets. For instance, around £1 billion in gift cards go unused every year. There are reportedly $3 billion of Amazon gift cards alone unspent.

4. Existing community assets

Significant funds already sit within communities, held by Community Foundations, local trusts and foundations and Development Trusts. This next wave of unclaimed assets could be harnessed to significantly increase the impact which these existing funds are able to make, through greater leverage and collaboration.

The Commercial Case
– Designing The Fund

We do not propose at this stage to suggest how the funding generated by the Community Wealth Fund would be deployed. However, some principles have emerged from the consultation so far, which might inform future work on fund distribution. For example:

- *Place based* – spending should be focused on areas of need, based on measures of inequality. Several hundred local areas or neighbourhoods across England might benefit. the Fund could be targeted on the poorest areas, defined at a suitable scale, through carefully calibrated criteria and an allocation framework.
- Support should be *long term* and asset based – not another quick fix. The fund should provide strategic, long-term and patient investment in places to help them build the community capacity, confidence, skills and assets needed to thrive again in the future. It should support the development of sustainable community organisations and small charities, not dependent on funding cycles or other people's priorities.
- *Community controlled*. The fund should put money and decision-making power into the hands of communities providing local control. Spending priorities should be determined by local people. Governance should be open and accessible and rooted in the local community. A premium should be placed on links to local democratic structures and the strengthening of local democratic participation. But communities should be given broad freedoms in terms of how they spend the money, the objectives *they* pursue, the organisations and businesses with which they work, and so on. This *may* include community businesses, for instance, or faith based organisations, for example.
- *National support, learning and networking* – lean, agile national support should be provided to areas based on the challenges and opportunities they themselves identify. Appropriate support should be provided to help local areas plan and to realise their plans. Learning from areas should be collected and disseminated. Areas should be networked and a system of peer support and buddying developed.
- *Building connections and fostering collaboration* – areas should be supported in building strong cross-sectoral relationships, to build long term trust and collaboration between local communities and other stakeholders. For example, constructive relationships should be developed with local government and collaboration encouraged with existing Community Foundations, development trusts, local trusts and foundations, or asset-backed faith groups.

Considering Impact
and Outlining a Way Forward

A fund on this scale would be capable of providing long term patient support of £1 million each to up to 500 communities every 5 years, supporting the development of community infrastructure and community level social action. At this scale, we could expect its impact to be considerable. This could be considered in terms of:

- *Social* - harnessing volunteer time and energy and contributing to a range of social outcomes including improved physical and mental health, reductions in NEETS and in crime and anti-social behaviour, reduced loneliness and isolation etc.
- *Economic* - creating jobs, supporting enterprise and contributing to productivity and GDP.
- *Financial* - leveraging other resources into local areas.
- *Prevention* - saving or transforming services at risk of closure, bringing community assets back to life and building more resilient communities.
- *Infrastructure* - widening the network of endowed community foundations, development trusts and so on, and increasing the level of capital they hold
- *Democratic* - increasing the local sense of belonging and connection to power and creating opportunities for democratic participation by enabling communities to develop the confidence and skills to engage in democratic processes
- *Relational* - enabling the development of new partnerships and collaborations, supporting co-operation between civil society organisations and promoting and incentivising the participation of business in civil society

We recommend that civil society establishes an independent and credible taskforce, with the support and endorsement of Government, to take the Community Wealth Fund proposal forward. This taskforce, which might receive funding from charitable trusts and foundations to guard its independence would harness an appropriate and inclusive mix of national and local experience and influence across the public, social and private sectors. The taskforce could give further and greater consideration to the Community Wealth Fund's:

- design principles;
- potential funding sources
- timing and establishment, taking into account any necessary legislation, other funding sources and so on;
- relationship with other programmes and funding streams, such as the Shared Prosperity Fund, government money, potential corporate contributions and local assets'
- impact and what it could achieve.

We commend the idea of a Community Wealth Fund and look forward to playing our part in its development, creation and success.

About this paper

This paper has been written by Dan Gregory, an independent consultant. The research and consultation work that informed it was managed by Local Trust. The work was funded by:

- Lloyds Bank Foundation for England & Wales
- Barrow Cadbury Trust
- Paul Hamlyn Foundation
- The City of London Corporation's charitable funder, City Bridge Trust
- Church Urban Fund and
- NCVO.

So far, a core group of organisations, in addition to the funders, have been consulted:

- Charity Finance Group
- Locality
- Access – The Foundation for Social Investment
- London Funders and the London Communities Commission
- Co-operatives UK
- Calouste Gulbenkian Foundation
- Small Charities Coalition
- Local Trust
- UKCF
- Voice4Change
- Social Enterprise UK
- The Panel for the Civil Society Futures Inquiry.

This paper reflects their views. It is the start of a process, more consultation and dialogue is needed with stakeholders across the charitable, voluntary and community sector, with the public sector and with potential corporate supporters in order to develop and strengthen the proposal. Our aspiration is, over the coming months, to build an even broader alliance in support of the Community Wealth Fund proposal.