The Community Wealth Fund – a more detailed proposal

Community Wealth Fund Alliance
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Executive summary

The proposed Community Wealth Fund aims to invest in the structures and processes that support the formation of social capital in the most 'left behind' places. Trusting local people with decision-making power over resources would enable them to design and develop services and facilities that best fit their particular needs and aspirations and, over time, to radically improve their neighbourhoods and their quality of life.

Introduction

People in 'left behind' neighbourhoods want to take responsibility for improving their neighbourhoods and quality of life for their families and communities. But hard-pressed communities need support to grow in confidence and build their own social and civic infrastructure.

As a starting point, people need relatively small-scale investment - in places and spaces to meet, community engagement, and connectivity to economic opportunities - and support to develop skills and capacity. Over time, they can then tackle tougher local challenges – such as low educational attainment and unemployment – and take responsibility for transforming their communities.

Building social capital in areas where it is weakest requires a new approach. The Community Wealth Fund would provide the foundational investment needed to support such deep-rooted improvement – saving the exchequer money, increasing tax revenues, and improving the social and economic prospects of these neighbourhoods into the future. A new and radical response is needed, one that shifts the dial by trusting individuals and communities and giving them the support to achieve change.

Why is the time right for a Community Wealth Fund?

There is growing awareness that community leadership can solve complex structural problems. The government's manifesto stated, 'we believe you can and must trust people and communities to make the decisions that are right for them' (Conservative Manifesto, 2019: 2, 26). Evaluations and case studies demonstrate the positive impact of handing power and resources to communities at the neighbourhood level. An in-depth analysis of all major local area initiatives from the last forty years pinpointed that programmes more likely to deliver benefits for communities: took a holistic approach; focused investment on a small geographical area of between 3,000-10,000 residents; built partnerships between the community and the wider economy; and guaranteed long-term funding of over 7 years (CCHPR, 2019: 22). The community 'has to feel they have real influence and real power, otherwise they won't engage' (CCHPR, 2019: 7-8).

Local Trust (2019, 2020) research on 'left behind' areas indicates a link between investment in social infrastructure and civic assets and better socio-economic outcomes for the residents of the most deprived areas and reinforces the case for investment.

More immediately, there is real concern that the coronavirus crisis will widen the gap between 'left behind' areas and better off communities (See *Communities at Risk*, Local Trust, 2020*)*. There is a strong case for specific investment to prevent this. But the pandemic also highlights opportunities. Preliminary findings show how, long term investment in, and support for, particular deprived communities has built community confidence, capacity and an asset-base, enabling effective responses to the crisis (McCabe et al, 2020). A finding echoed in research by the Community Organisers Network (2020:20-23) in their latest evaluation of the expansion of the Community Organisers programme.

Which areas are left behind and what is the cost?

There is a growing body of evidence on areas that might be described as 'left behind'. Local Trust and OSCI research (2020: 10) identifies 225 wards that are not only amongst the 10 per cent most deprived, they also lack places to meet, an engaged community and connectivity – digital and physical. Compared with other similarly deprived areas, these wards have: worse socio-economic outcomes across all metrics; worse educational attainment; lower participation in higher education; fewer job opportunities, with available work low-paid; and significantly worse health outcomes.

Analysis suggests that improving outcomes in 'left behind' areas to the level of other similarly deprived areas would provide the exchequer with significant savings (Pro Bono Economics, 2020). For example:

- Reducing the number of people seeking JSA in these areas could save the exchequer up to £47 million per year.
- Decreasing the proportion of individuals without at least 5 good GCSEs could increase each cohort of leavers' lifetime earnings by up to £41 million.
- Bringing the prevalence of chronic obstructive pulmonary disorder (COPD) in line with rates in other similarly deprived areas would reduce health spending by £15 million pounds per year.

Such outcomes will take time to achieve; but these savings indicate the potential long-term benefits of levelling up.

What evidence is there that the approach works?

A growing body of data indicates that giving communities control over a budget to improve their neighbourhoods reaps significant benefits.

Local economic development

Given the freedom to determine their own priorities, over half of the communities funded through a major programme decided to engage in local economic development. Activities include running apprenticeship schemes, training to help people access employment, operating bus services or community transport schemes to connect areas to employment hubs, encouraging employers to locate to the area, and micro grants and other support for sustainable enterprises (CLES, 2020). Communities have also acquired community assets such as community centres, pubs, boating lakes or solar farms. Such projects are enabling communities to develop a broad range of assets and skills that serve as a vital foundation for building generative and sustainable wealth in their area (Friends Provident Foundation, 2019:18-20).

Young people

Initiatives rooted in the community, particularly those run by residents, can effectively address educational disadvantage. Communities tend to prioritise projects that improve young people's prospects. Often these projects focus on the development of 'soft skills', vital for securing education, training and employment opportunities in the future (Local Trust, 2019b). They provide patient support and generate trust, resulting in marked improvements in educational attainment and social skills for some of the most troubled children. The Social Mobility Commission (2019: 13-14) found that provision of extracurricular opportunities for young people in disadvantaged areas improves the likelihood of them remaining in education past the age of 18 and supports them to develop a broad range of social skills helping to close the attainment gap.

Improved health and wellbeing
There is growing evidence that shifting power and control to communities can improve health. *The Marmot Review: Ten Years On* showed a clear association between community control and overall community health outcomes. Higher levels of community control have been found to result in improved health outcomes, lower levels of stress and anxiety and higher engagement in health-promoting behaviours. Factors including social cohesion, trust and belonging were revealed to be key components to building a sense of control in communities (Institute of Health Equity, 2020:98). Wigan Council's 'citizen-led' approach to public health and 'asset-based' working has seen healthy life expectancy increase significantly in the borough (The King's Fund, 2019).

Sustainability
Programmes that build stronger, more resilient local economies enhance environmental sustainability and stewardship of local assets and resources. Research from IPPR (2020:7) shows that 'a shift to more localised production and community wealth building' not only increases local enterprise and job opportunities but 'makes consumption less resource intensive and increases overall wellbeing'.

How would the Community Wealth Fund work?
Community Wealth Fund investment would be foundational: it would create the conditions for individuals and communities to flourish socially and economically by renewing social infrastructure at a neighbourhood level. It would support place making, ensuring neighbourhoods are more attractive places to live and work and contributing to their social and economic development.

Our proposal is for a UK-wide endowment. (We are consulting with partner organisations in Scotland, Wales and Northern Ireland.) An independent endowment would enable:

- funding over long periods, well beyond usual public sector funding cycles;
- secure funding not dependent on public fundraising and grants, contributing to greater equity;
- an approach which is collaborative and allows for learning;
- additional funding to be attracted from the private sector and philanthropists for elements of the work.

The funds allocated to each neighbourhood would effectively form an expendable endowment for that neighbourhood. Our assumption, based on experience, is that communities would choose to invest in a common fund with investment returns accruing to their neighbourhood.

Budget
The challenge is to build an endowment to match the scale of the problem. We propose the best way to do this is for the government to make available funds from the next wave of dormant assets (from stocks, shares, bonds and insurance policies). We are requesting £4bn from this source. Assuming a return of 4 per cent net over the long term this would be likely to generate £160m a year.

Of this, £80m would be allocated annually in awards to left behind' neighbourhoods. 40 communities would benefit each year. They would be awarded £2m to spend over a 10 to 15 year period to improve their areas.

Initial distributions would be to the 225 neighbourhoods identified as the most 'left behind. Over time, other local geographies with concentrated deprivation and low levels of social infrastructure would be supported, for example, rural areas. The Fund would prioritise those areas which have received least investment whose communities are most disenfranchised or marginalised.

Around £60m annually would be spent on Fund infrastructure: support for funded areas, including an extensive programme of peer support and learning; a community leadership academy; and evaluation and learning and research programmes. Another £20m annually would be invested in supporting programme strands (see below).

However, dormant assets will take time to come on stream and the need is urgent. So, we are also asking government to release the £500m in the National Debt Fund to provide initial investment for the Community Wealth Fund. We understand that the Fund's founding documents state that its resources might be released in a national emergency; the pandemic is such an emergency. The National Debt Fund could be released this autumn to support set-up costs and first wave grants in the 3–4 years before the new dormant assets are available.

Distribution mechanism

A framework is needed within which local people can plan, deploy funding and take action without bureaucratic barriers (for example, around incorporation) and receive appropriate support with delivery:

- *Plans* – each neighbourhood receiving an award from the Fund would be required to develop a community vision, priorities and plan for how the funds allocated to the area would be spent.
- *Community boards* – each neighbourhood would be required to set up a board, with at least 75 per cent representation of local residents. Other members would be co-opted for example, from the local authority, health service, community foundation or other funder. The role of the community board would be to develop the plan and oversee its implementation. These boards would reflect the diversity of the communities they are representing.
- *Accountable bodies* – these organisations would manage and report on use of funds, ensuring transparency and trust, typically, they would be well respected local voluntary and community organisations (for example a CVS or community foundation). They would likely employ staff and deliver activities on behalf of the community board.
- *Mentors* – experienced community development or regeneration specialists retained to work for a few days a month to support funded communities, for example, ensuring they are accessing appropriate advice, information and support and making good progress.
- *National guidance* – the provision of national guidance for example, on community accountability and the development of plans.
- *Local guidance* – communities might be required to develop their own guidance on issues like conflict of interest and reporting to their local community.
- *Support programme* – the support programme would be likely to focus on peer learning based on thematic or geographical clusters and consultancy from specialists on issues such as building development, local enterprise support, community engagement strategies and achieving accountability.
- *Community leadership programme* – effective delivery will depend on the quality of local leadership. Community board members and workers would be given support in the form of one to one coaching and access to peer networking and action learning.
- *Training and apprenticeships* – communities would be encouraged to recruit one or more workers to help them to deliver their planned programme of activities. Investment would be made in an apprenticeship scheme and training for local residents to enable them, in time, to become community workers, providing new job opportunities for local people.

Programme strands and core funding
The Community Wealth Fund would have one main and two supporting programme strands. The main strand would cover significant awards to 'left behind' neighbourhoods to build:

- *Social infrastructure and community capacity* – Focusing on strengthening community leadership, ensuring areas have high quality, sustainable meeting places, and a range of community groups and initiatives. Funding would be supplemented with support to build residents' confidence and capacity to consult and engage with peers and design and oversee their local programme.

The two supporting programme strands would be:

- *Place-based collaboration* – Additional funding and support to incentivise partnership building between neighbourhoods and other key local institutions, including local government, major employers, hospitals, universities, and schools.

- *Strong civil society ecologies* – A national initiative would be developed to strengthen neighbourhood civil society infrastructure. This would also encourage and promote place-based giving and the strengthening of the community foundation movement in support of 'left behind' areas.

We are also asking government to support community economic development in 'left behind' neighbourhoods by allocating an appropriate proportion of the proposed UK Shared Prosperity Fund (and other mainstream economic development programmes such as the Towns Fund). This blend of finance – CWF and UKSPF - is what these areas need to improve their prospects over the long term (Community Wealth Fund Alliance, 2019).

Theory of change and evaluation

The theory of change for the Fund will be fully developed with communities and evaluation partners. Our outline theory of change, based on the learning from other programmes and initiatives is that, with appropriate support, residents in areas suffering deprivation can develop and deliver activities which bring the community together and services and facilities which meet their needs. And, with a relatively small annual spend they can, over time, develop capacity to partner with organisations from the public and private sectors to raise more significant additional investment to improve their areas. This can include large scale investment to improve economic prospects through, for example, community owned affordable housing or renewable energy schemes and initiatives to support local enterprise and business development.

The Fund would be thoroughly evaluated and investment would be made in research and learning to support continuous improvement in delivery.

After fifteen years investment in areas we would expect to see population level health improvements, improvements in educational attainment, as well as higher 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.

1. Introduction

In our first report, *Strong, Resourceful Communities: The case for a Community Wealth Fund* published in 2018 to launch our campaign, we argued that there was a crisis of trust, power and social capital that urgently needed to be addressed:

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.

We suggested that the answer was to replenish our stock of social capital by investing in the structures that support its formation in the most 'left behind' neighbourhoods – places and spaces for people to meet and community engagement. We thought this could best be achieved by a new Fund – the Community Wealth Fund – which would put power into the hands of the residents of these areas, giving them control over a budget to improve their neighbourhood over the long term (10-15 years), with appropriate support provided to build their confidence and capacity to engage with this process and make sure the money was best spent.

In *Strong, resourceful communities*, we argued that the report was the start of a process – in building support for the Fund and in developing and strengthening the proposal based on the conversations it prompted. Over the last two years, we have spoken to hundreds of people about the Community Wealth Fund, including representatives of civil society, MPs, Peers, leaders and chief executives of local authorities, mayors and senior staff in combined authorities and senior leaders in the financial sector and other corporates.

These conversations have helped us to develop and refine the proposal to ensure that it both reflects a consensus on how best the Community Wealth Fund could be used to transform the prospects of 'left behind' communities across the country, and includes a road map for the Fund's development.

The impact of COVID-19 on 'left behind' communities

The COVID 19 pandemic mobilised hundreds of thousands of volunteers across the country. Mutual aid groups have sprung up to help support local vulnerable people, often bringing together existing community-based organisations with a new wave of volunteers.

But COVID 19 has also highlighted the extent to which some communities have had access to the resources to mobilise in response to crisis and others have not. Recent research carried out for the All Party Parliamentary Group showed that communities that might be described as the most 'left behind' had significantly lower levels of mutual aid group activity, and also received less than 30 per cent of charitable funding to help them deal with the crisis when compared with other areas (Local Trust, 2020: 33). Those communities who don't have mutual aid groups already set up face additional barriers in times of crisis. This is clearly demonstrated by Levenshulme Inspire in Case Study 1 (see Annex 2); they were able to respond quickly and effectively during the peak of the pandemic as they had the community knowledge and mutual aid group already set up in their area.

Box 1: What do we mean by 'left behind'?

The term 'left behind' became commonplace in political debate in the run up to the 2019 election. Both main parties were seeking to highlight the challenges of places that had suffered not just from poor economic performance, but also wider neglect in terms of public investment and opportunities for the people who lived in them. Whilst no formal definition was adopted, often the term was applied to former industrial towns and cities and some coastal communities.

In 2019, Local Trust commissioned research from OCSI to seek to explore how data might help identify and understand the challenges of such areas, and support the development of policy responses. This work sought to map three different area characteristics: civic assets – spaces and places for communities to meet, green space and recreational opportunities, community engagement; civic participation and community engagement – number of registered charities, voter turn-out etc; and physical and digital connectivity – , travel times to key services, car ownership, broadband speeds, one person households. OCSI used these characteristics to create a new Community Needs Index (CNI).

Overlaying the worst 10 per cent of areas on the CNI on top of the 10 per cent of the most deprived areas in the country highlighted 206 wards which were notable for both being highly deprived and also lacking the social infrastructure to support local people to address those challenges (Local Trust, 2019: 14). These areas tended to suffer from significantly poorer social and economic outcomes across a number of key indicators than other similarly deprived areas (Local Trust, 2019: 11). The report suggested that these wards might be classified as the most 'left behind' in the country.

In an update of this research published in July 2020, 225 wards now fall into the category 'left behind (Local Trust, 2020: 10). These wards have worse socio-economic outcomes across all metrics than other similarly deprived areas (that is, others also in the top 10 per cent most deprived): worse educational attainment; lower participation in higher education; fewer job opportunities, with those that were available often being in low-paid employment; and significantly worse health outcomes, with lung cancer prevalence over double the national average (Local Trust, 2020).

For more detail on the research findings see Section 2.

The main finding of Locality's (2020) report *We Were Built for This* is that strong social infrastructure has been vital during the pandemic (see Annex 1 for a definition and discussion of social infrastructure). Neighbourhoods with social infrastructure and civic assets have had the tools and resources to provide robust responses (Locality, 2020: 64). A good example is Whitleigh Big Local, in Plymouth, where the resident-led community organisation had already set up a triage network, pre-COVID, bringing together various civil society groups in the area to address key shared local priorities. During lockdown, as part of this triage system, the Big Local worked with both the Salvation Army and the local church to offer a range of services – from co-op stamps and food boxes to financial advice and pastoral care – providing a fast response for local people, whilst reducing dependence on a local authority whose resources were stretched across the whole city.

Before COVID-19, 'left behind' areas had worse social and economic outcomes than other similarly deprived neighbourhoods, and this gap was growing (see Box 1). The concern is that the virus will, over the long term, result in a further widening of this gap. And, whilst levels of need are higher, such areas are less equipped to deal with them (Local Trust, 2020).

Levelling up neighbourhoods

The government has, rightly, sought to address regional and local disparities in resources, with the aim of 'levelling up' places that have missed out on the benefits of economic growth. Current intervention programmes are largely economically driven and, as a consequence, focus on functional economic areas – regions – and big-ticket physical infrastructure improvement. The emphasis is on high street renewal, building hospitals, schools and large-scale transport projects.

Whilst this is welcome, large capital projects cannot, on their own, achieve the government's stated mission 'to unite and to level up' the most 'left behind' areas. For communities on the periphery of towns and cities that have suffered from long-term economic decline, it is likely that the benefits of those economic interventions will take considerable time to filter through. And for those places that have suffered from a parallel loss of social infrastructure and civic assets, long-term, patient investment in the sorts of facilities and local organisations that make neighbourhoods better places to live will need to be developed if their residents are not to continue to feel 'left behind.'

Communities have missed out in the past as a result of programmes which focused on 'opportunity areas' and quick wins. And, where investment has been made in the most 'depressed' areas, it has often been perceived by local people as predominantly beneficial to the consultants or organisations parachuted in to provide services; very little has stuck to the sides (CCHPR, 2019: 10). These consultants and organisations leave the area as soon as the funding ends, taking the knowledge they have gained through running the programme with them. This has generated scepticism amongst residents about public sector programmes, which in their experience have delivered little real benefit (CCHPR, 2019:10).

As a consequence, too often the communities we are concerned about have felt 'done to' and traditions of self-help and community organisation have been eroded or decayed. This is not to say that such communities do not have high levels of neighbourliness; there have been reports during the pandemic of countless acts of kindness. It is rather that, while individuals in these communities have often been very generous spirited and willing to help those around them, the resources available to support this have been scant.

These communities often do not have the community centres or cafes to serve as hubs, the experienced organisers and networks of volunteers, the connections necessary to help coordinate public and private sector efforts or the knowledge and skills to attract external resources to make a difference, whether at a time of crisis like the pandemic, or when trying to make their community a better place to live for the longer term.

The Community Wealth Fund will not be a panacea. It will not solve all the problems of 'left behind' neighbourhoods; other policy changes are needed. These include adequate funding for local government and local public services including schools, health services and transport. This investment, alongside the Fund, will be key to providing opportunity to residents in the most 'left behind' neighbourhoods and to ensuring they prosper in the future.

The campaign for a Community Wealth Fund

When we launched the campaign for the Community Wealth Fund (initially as a small group of funders, charities and community organisations), we felt that it was not enough to simply make demands about the need to invest in the social infrastructure of our most 'left behind' communities, we also had to provide practical solutions. We expected neither the degree of consensus that the proposal has generated nor the level of traction it has achieved.

Two years in, the campaign now has nearly 250 organisational supporters, which have joined the Alliance to advocate for the Community Wealth Fund. These organisations include all the main civil society umbrella bodies (including NCVO, ACEVO, Locality, Voice4Change, the Small Charities Coalition, SEUK, Co-ops UK and CDF) and most of the major independent funders (including Lloyds Bank Foundation, the Joseph Rowntree Foundation, the Paul Hamlyn Foundation, the Tudor Trust, the Church Urban Fund, City Bridge, Trust for London, the Friends Provident Foundation, Barrow

Cadbury Foundation, John Ellerman, the Calouste Gulbenkian Foundation and the John Ellerman Foundation). Some large national charities have also joined, including the Salvation Army and Groundwork, as well as numerous small charities and community groups (see Box 2 for more information on the CWF Alliance).

The Community Wealth Fund proposal has been recommended in a number of major reports produced by other organisations or initiatives, including Civil Society Futures, the Centre for London and the New Local Government Network. The principles of the Fund were endorsed in a report by Onward and recommended in a submission to the Danny Kruger review by the Community Power Group – a grouping of organisations and experts convened by Power to Change who seek to positively influence government policy on communities. The fifty MPs and Peers who are members of the new All Party Parliamentary Group for 'left behind' neighbourhoods also support the proposal.

Box 2: The CWF Alliance

The Community Wealth Fund Alliance (CWFA) has nearly 250 members. Membership is mostly comprised of civil society organisations and also includes some public and private sector organisations. Local Trust provides the secretariat to the Alliance and is one of its founding members.

The campaign is steered by an Advisory Group, which comes together once a month and provides strategic advice, representing the interests of the wider membership. The Group includes representatives from NAVCA, Small Charities Coalition, People's Health Trust, NCVO, Race Equality Foundation and Lloyds Bank Foundation. The Community Wealth Fund Alliance also has a group of dedicated member champions who take an active role in promoting the campaign.

A Campaign Manager and a Communications Coordinator provide full-time support to the Alliance.

Resourcing the Fund

The main objective of the Community Wealth Fund campaign is to achieve significant, independent and long-term investment in 'left behind' neighbourhoods across the UK through the Community Wealth Fund. When the Alliance began in 2018, there seemed little prospect of securing resources from the government that would be capable of being committed long-term enough to achieve generational change. We assessed that the only prospect of securing the necessary level of investment was through the next wave of dormant or orphaned assets that are due to come on stream from stocks, bonds, shares and insurance policies.

The Dormant Assets Commission, established in 2016, examined the feasibility of expanding the dormant assets scheme beyond bank and building society accounts to new classes of assets. When it reported in 2017, it recommended that the scheme be expanded, estimating that it would generate between £1bn and £2bn (Dormant Assets Commission, 2017:9-10). Experts have subsequently suggested that this number is a massive underestimate, and that the value of the assets could be significantly greater (Civil Society, 2018). While some have quoted figures as large as £200bn, it is believed a more reasonable assessment is between £10bn and £20bn (Civil Society, 2018). Our original request to government was for £2bn in dormant assets; given this new information, we now aspire to a contribution of £4bn.

The Dormant Assets Commission (2017: 2) published a report said that funds would go to 'good causes'. The government's response, published in February 2018, accepted the Commission's recommendations to expand the scheme and echoed the Commission in referring to the destination of the funds as ‘good causes’ (HM Treasury and DCMS, 2018: 6). However, in response to a Parliamentary Question asked by David Morris MP on 23rd May 2019, the government clarified that under current legislation – the Dormant Bank and Building Society Accounts Act – *this money can only be used to fund initiatives relating to youth, financial inclusion or via a social investment wholesaler*. The possibility of new beneficiary purposes was not ruled out in this answer. Given that legislation is needed to release the new classes of dormant assets – removing liability for their repayment, if reclaimed by their owners, from the financial institutions handing them over and transferring it to the Dormant Assets Fund – government has an opportunity to add the Community Wealth Fund to the list of beneficiaries.

While the need for funds is urgent, they will take time to come on stream: this is one issue with using dormant assets to establish the Community Wealth Fund. Government is currently working with the financial services industry to secure their voluntary release, and legislation is needed to establish the scheme (although available slots in the Parliamentary schedule are scarce). Therefore, we are additionally asking government to release the £500m in the National Debt Fund to provide initial investment for the Community Wealth Fund. This was originally set up by an anonymous donor in 1928 with the aspiration to pay off the national debt. Since there is no realistic prospect of meeting these original objectives, these funds could be dedicated to other charitable purposes. We understand that the Fund’s founding documents state that its resources might be released in a national emergency – and the pandemic is such an emergency.

Our original proposal suggested that £2bn in dormant assets might be matched by FTSE 300 companies to form a fund of £4bn. We had been working with the Per Cent Club to test the feasibility of business involvement before lockdown and explore how the Club’s plans for a major new fund to regenerate ‘stressed’ communities meshed with our Community Wealth Fund proposal. Given the impact of the pandemic on business, Per Cent Club work is in obeyance. However, it seems likely that the combined impact of COVID-19 and Brexit on many businesses would now make significant support from this quarter very difficult to achieve.

2. Why is the Community Wealth Fund needed?

The 2019 Conservative Party Manifesto emphasised this government's commitment to level up:

… every part of the UK – not just investing in our great towns and cities, as well as rural and coastal areas, but giving them far more control of how that investment is made. In the 21st century, we need to get away from the idea that 'Whitehall knows best' and that all growth must inevitably start in London. Because we as Conservatives believe you can and must trust people and communities to make the decisions that are right for them.

As Steve Barclay (2020) said in his maiden speech as Economic Secretary to the Treasury, it is now clear for all to see that 'within a single bus journey, different neighbourhoods in the same area can often be worlds apart'. This issue of neighbourhoods being 'left behind' needs to be addressed, and as the Prime Minister (Johnson, 2019) has said, not simply through investment in the usual big infrastructure projects, but also through the 'vital social and cultural infrastructure, from libraries and art centres to parks and youth services, the institutions that bring communities together and give places new energy and new life'.

Strengthening the social fabric – the strategic case

The aim of the Community Wealth Fund is to build the stock of social capital in the most 'left behind' places by investing in the structures and processes that support its formation. Trusting people and giving them decision-making power over resources to improve their neighbourhoods would enable them to design and develop services and facilities that meet their particular needs and aspirations. Community programmes both past and present have demonstrated the value of places to meet and micro investment in community activities (such as crafts and walking groups, choirs, lunch clubs and coffee mornings) (UK Community Foundations, 2016; Young Foundation, 2017; Community Organisers, 2020).

We know that when communities control a budget to improve their neighbourhoods, they typically invest initially in spaces for people to meet and activities that bring people together, creating strong networks of bonding social capital (Putnam, 1993: 268). Such investment is particularly powerful in 'left behind' neighbourhoods. Patrick Melia (2020), Chief Executive of Sunderland City Council, speaks about the importance of building community capacity to participate in civic life in such neighbourhoods, of getting people out of their houses, active and engaged, thereby addressing social isolation and loneliness. See Case Study 6, Annex for a good example.

There is a strong appetite in communities for direct control of resources to improve their local areas and their quality of life. This is how we can rebuild trust and address the sense of disconnection many people feel from democratic processes and mainstream politics; it is also how we can counter the sense that some communities have of being forgotten (Rodriguez-Pose, 2018: 21). Studies show the link between communities having control of assets – through, for example, community ownership of social housing – and improved social connectedness and increased feelings of individual and collective well-being (discussed in more detail in Section 3) (Rosenberg, 2012).

People in 'left behind' neighbourhoods want to take responsibility for improving their areas and the quality of life of their families and communities. But, as a starting point, they need relatively small-scale investment in social or civic infrastructure – places and spaces to meet, community engagement and connectivity to economic opportunities – and support to develop the confidence, skills and capacity they need in order to capitalise on this infrastructure to build community wealth.

Much has been achieved over the last decade through support from government and other funders for civil society. However, one justified criticism is that insufficient regard has been paid to the communities and neighbourhoods that would most benefit from its flourishing. Often investment has been targeted at places that can deliver outcomes quickly, rather than those that have the most potential for change, given patience. Initiatives designed to vest power in communities, such as neighbourhood planning and community asset transfer, only work for those that have the pre-existing confidence, capacity and resources to manage the process and support it over the long term. Indeed, there is evidence that community asset programmes that are not accompanied by support for communities can increase wealth and opportunity gaps between more affluent and deprived areas (Findlay-King et al, 2017: 160).

The foundations of stronger neighbourhood economies

Those parts of the country that had high unemployment in the 1990s continue to have high levels of unemployment today (Pike et al, 2019: 2). Often these are areas that have been damaged by the withdrawal of traditional industries such as mining, have failed to attract new private investment, or are coastal communities whose tourism industry was affected by the advent of cheap foreign travel in the 1980s (Pike et al, 2019: 2). These areas, concentrated predominantly in the North and the Midlands, have been given the epithet 'left behind' (Pike et al, 2019).

There is a growing body of research, analysis and commentary on 'left behind' areas. Often, this research focuses on the economic aspects of deprivation – with a particular focus on post-industrial towns. However, being 'left behind' also has a social and cultural dimension and often this is as keenly felt – if not more – than its economic dimensions (Local Trust, 2019). This becomes clear on a visit to a neighbourhood which residents describe as 'left behind' or forgotten. People refer to some of the heart having been ripped out of the place, not just because jobs have been lost but also because the social centres and facilities that gave people places to congregate and build bonds of trust and reciprocity are gone.

Patrick Melia (2020), when he talks about the importance of building community capacity to participate in civic life in 'left behind' neighbourhoods, emphasises that this is the first stage in building the neighbourhood vitality which is the bedrock of local area regeneration. In his view, community capacity is a necessary foundation for creating better economic prospects in communities and building sustainable wealth.

As the ex-governor of the Bank of England Mark Carney (2014) has said, 'Prosperity requires not just investment in economic capital, but investment in social capital'. The Treasury also 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. (HM Treasury, 2015: 80)

It is well established that investing in social capital increases levels of trust in a society and that this in turn contributes to economic prosperity. Based on data from 15 European countries between 2002–16, the Bennett Institute (2020: 30) found that a 10 per cent increase in trust is associated with a 6 per cent increase in Total Factor Productivity (TFP). When controlling for time and country-specific variation, they found that a 10 per cent increase in trust is associated with a 1.5 per cent increase in TFP (Bennett Institute, 2020: 30-31).

Building social capital in areas where it is weakest requires a new approach that develops the confidence and capabilities needed to participate. Hard-pressed communities, which lack shared space and collective activities, need support to build their own civic organisations and to grow in confidence. Over time, they can tackle challenges such as low educational attainment and unemployment, taking responsibility for transforming their communities.

'Left behind' communities

Local Trust (2019, 2020) research on 'left behind' areas demonstrates that deprived wards that lack social infrastructure and civic assets in the form of places and spaces to meet, community engagement and connectivity (digital and physical) have worse socio-economic outcomes than other similarly deprived areas of the country. This gap is likely to increase over the long term due to the pandemic. This suggests a link between investment in social infrastructure and civic assets and better socio-economic outcomes for the residents of the most deprived areas and reinforces the case for investment.

Before 2008, the unemployment rate in 'left behind' neighbourhoods was below that of other similarly deprived areas (Local Trust, 2019: 12). However, unemployment rose more sharply following the financial crisis and has remained higher than in other similarly deprived areas ever since. It is more than double the national average and the gap has been growing in recent years.

Comparing 'left-behind' areas with other similarly deprived areas, jobs density (the number of jobs as a ratio of the working age population) is much lower. There are just over 50 jobs in these areas per 100 working-age adults, compared with more than 88 per 100 in other similarly deprived areas. The fact that there are fewer job opportunities locally means people need to travel further for employment. This is a particular challenge for 'left behind' areas: car ownership is relatively low, and journey times on public transport to employment centres are longer than the average for other similarly deprived areas.

For those in work, pay is lower than across other similarly deprived areas and a higher proportion of people are engaged in low-skilled occupations. The research shows that net household income in left-behind areas is more than £7,000 lower on average than across England as a whole. However, when compared to other similarly deprived areas, the pattern is complicated, with a lower average household income in 'left-behind' areas before housing costs are taken into account, and higher average incomes after they are taken into account. This is because housing tends to be inexpensive in these areas.

Just under one in three working-age adults in 'left behind' areas is in receipt of at least one welfare benefit – higher than across other similarly deprived areas and nearly double the benefit-claimant rate across England as a whole. 'Left behind' areas also differ from other deprived areas in that they contain a relatively high proportion (11.5 per cent) of people receiving benefits due to illness and caring responsibilities. Just under one in three children in 'left behind' areas (31.3 per cent) is living in poverty, higher than across other similarly deprived areas (29.7 per cent) and nearly double the national average (17 per cent).

Just under one in four (24 per cent) of people in 'left behind' neighbourhoods have a long-term illness, higher than across other similarly deprived areas (20 per cent) and in England as a whole (18 per cent) (ibid, 13). Residents in ‘left behind’ neighbourhoods are also more likely to experience mental health issues, with the proportion of residents receiving mental health benefits (4.5 per cent) almost double the English average (2.3 per cent) (ibid: 12, 13).

One striking feature of the data is the gap in educational attainment and participation in higher education for children and young people. Only 43.2 per cent of school pupils living in ‘left behind’ areas achieve 5 GCSEs (A*-C) including English and Maths, compared to 57.1 per cent across England In addition, 18.4 per cent of all young people (aged 16-24) in ‘left behind’ neighbourhoods have no formal qualifications, compared to 10.5 per cent across England.

A much lower proportion of young people from ‘left behind’ neighbourhoods go into higher education (20.1 per cent) compared to other similarly deprived neighbourhoods (24.3 per cent) or England as a whole (37.5 per cent). The impact of this lower level of school attainment is that youth unemployment is significantly higher in ‘left behind’ neighbourhoods (16.4 per cent) than other similarly deprived neighbourhoods (14.2 per cent) or across England (9 per cent) pre-pandemic. (data from the Local Trust, 2020 analysis).

There is real concern that coronavirus will exacerbate the challenges of ‘left behind’ communities and lead to the gap in outcomes described in this section growing larger over the long term. There is a strong case for specific investment to guard against this happening.

Box 3 Diversity and inclusion

A higher proportion of people in ’left behind’ areas identify as White British (88 per cent) than the average across England (80 per cent). However, a significant number of people living in ’left-behind’ areas are from BAME communities (approximately 194,000 people). It’s worth noting that their needs are often more acute than those of their peers in other areas because of a sense of isolation. Furthermore, given the high levels of unemployment in such areas, marginalised groups including people from the LGBTQ+ community or those who live with a disability, may require specific support in order to help them access employment, training or business development opportunities.

A new and deeper level of accountability

We are not seeking to undermine or diminish the role of local government. Local democratic structures are an important part of our national settlement and require proper resourcing in order to play their vital role. Rather our proposal is for complementary investment in building the capacity of communities to participate in civic life, strengthening its weave and heft, securing much stronger local accountability by giving communities power over some decisions and a budget to improve their areas. A number of local authorities, recognising the potential of the approach to address deep-rooted social and economic problems, have already joined our campaign for the Fund. These local authorities include Cambridgeshire, Peterborough, Birmingham, Newcastle, Sunderland, Durham and Preston.

Vesting decision making power in communities in the way envisaged, particularly those that are most ‘left behind’ who often feel disenfranchised and ignored, would be a concrete way of demonstrating that they are not forgotten. It would reinforce the notion that they are not simply regarded as a problem, but instead are recognised as having creativity, resourcefulness and skills to contribute. All they need is to be given an opportunity to show, with the right support to start them off, what they might achieve to build a better future for their communities.

The Conservative Party Manifesto (2019: 2) made the commitment that the government would ‘listen to the people who have felt left behind’ and give those communities ‘more control of their future‘. It said, ’we believe you can and must trust people and communities to make the decisions that are right for them‘ (Conservative Manifesto, 2019: 26). There is a growing awareness that empowered communities can solve complex structural problems and that investment into making our communities more autonomous, connected and inclusive is essential if we are to enjoy long-term sustainable growth and prosperity. The work of Elinor Ostrom (1990, 1993) and Raghuram Rajan (2019) in particular make a very strong intellectual case (see Annex 3 for further discussion).

3. What would be achieved?

Community Wealth Fund investment would be foundational, that is, it would create the conditions for individuals and communities to flourish socially and economically by renewing social infrastructure at a neighbourhood level. It would support place making, ensuring neighbourhoods are more attractive places to live and work and contributing to their economic development. These aspects of neighbourhoods are, of course, interrelated and mutually reinforcing – strong social infrastructure makes an area a better place to live, whilst a neighbourhood that is perceived as such is more likely to attract investment, strengthening the local economy, which in turn contributes to resident's sense of well-being and better health outcomes.

The public sector has often found the problems of 'left behind' neighbourhoods intractable. This indicates that a new and radical response is needed, one capable of shifting the dial because individuals and communities are trusted and given the right support to achieve the change required.

Repairing the social fabric

In recent years, social infrastructure has been eroded, resulting in communities that are less equipped to work collectively and manage the multiple and varied challenges that they face. A recent study by Locality makes bleak reading: it finds that over 4,000 public buildings and spaces are sold every year. A high proportion never re-open; organisations are closed and services boarded up (Locality, 2018: 5). The number of pubs and libraries has been in sharp decline. Over 25 per cent of pubs have closed their doors since 2001 and the number of libraries dropped nearly 30 per cent, from 52,000 in 2001 to 39,000 in 2018 (Onward, 2020). 70 per cent of youth services closed between 2010 and 2016 (YMCA, 2020).

The erosion of social infrastructure has been uneven, exacerbating existing inequalities between better-off neighbourhoods and those that have historically lacked funding and resources. Locality (2018: 5) found that 'the poorest places are often most reliant on public buildings and spaces', therefore their deterioration and closure is having a 'devastating impact on people and communities'. Moreover, the most deprived communities have often shouldered the brunt of declining services, facilities and community buildings. The reduction of council funding for libraries, community hubs and advice centres has resulted in the withdrawal of services from the most disadvantaged neighbourhoods (JRF, 2015: 23). To maintain provision and increase efficiency, many councils have centralised services in town centres, with the effect that facilities are now absent from the neighbourhoods that need them most (JRF, 2015: 18).

Membership of local and community organisations has also fallen by a sixth from a peak of 61 per cent in 1993 to around 50 per cent today, with the greatest decline amongst those aged 20-29 years old (ONS, 2020). This has knock-on effects, reducing the strength of trust, reciprocity and neighbourliness, key norms which allow community action to thrive. Prior to the pandemic, fewer people reported that they felt a sense of belonging to their area and, on average, people were interacting and exchanging favours less with the neighbours (ONS, 2020). However, the pandemic has begun to reverse these trends.

In a survey undertaken by Onward in March 2020, 61 per cent of respondents said they would check on a neighbour and 48 per cent that they would deliver groceries for someone in need. In addition, 59 per cent of young people (16-24 years old) said that they feel more connected to their local community and 57 per cent say that they trust their neighbours to help them through this crisis. This outpouring of community spirit has manifested itself in over 4,250 mutual aid groups across the country, all led by volunteers (Third Sector, 2020). But we also know that such groups have been much less prevalent in 'left behind' neighbourhoods. (Local Trust, 2020 and Bennett Institute for Public Policy, 2020). We need to support this rekindling of community spirit, particularly in the areas that need it most.

To illustrate what might be achieved, the Big Local programme, with an initial £217m investment, has reconstructed the basic building blocks of community in 150 deprived areas – community spaces and places, civic engagement and social capital – which have proven so important during the pandemic. Since the programme began in 2012, a total of 98 (out of 150) programme areas have built or renewed a community hub to anchor their neighbourhood activities, creating a space for community groups to meet and residents to form meaningful relationships. Between 2015 and 2018, 3,407 people volunteered on average 5-10 hours a week to the boards of residents which plan and oversee local spending. Significantly more volunteers have supported these board members, giving their time to develop, manage and deliver specific local projects. Just over a quarter of local board members had never volunteered or engaged in their community prior to their involvement.

Case study 5 Annex 2 provides an example of a vibrant community hub supporting its neighbourhood.

Placemaking – ensuring neighbourhoods are great places to live

Placemaking is defined as a process that:

... inspires people to collectively reimagine and reinvent public spaces as the heart of every community. Strengthening the connection between people and the places they share, placemaking refers to a collaborative process by which we can shape our public realm in order to maximise shared value. (Project for Public Spaces, 2020)

Our sense of place is important. It tends to be described as the particular collection of qualities and characteristics that provide meaning to a location, making it distinct from other places. A sense of place or civic pride is what makes people care about their neighbourhoods; it stops fly tipping, vandalism and other types of anti-social behaviour; it encourages use of public space and community action to improve it. (See Case Study 2, Annex 2).

Neighbourhoods in which many residents are on low incomes often still have a strong positive sense of community and pride in their neighbourhood, provided certain characteristics or qualities are present in their area. And the presence of these qualities or characteristics can be a key driver of life satisfaction and wellbeing. Research by the Foundational Economy Collective (2019) demonstrates the importance of social infrastructure and other civic assets. For example, their research analysing the lived experience of residents in Morriston – a district town with a population of 30,000, almost 3 miles north of the centre of Swansea – found that the satisfaction of residents with the area and their well-being was rarely based on economic wealth alone (Foundational Economy Collective, 2019: 2). Residents do not separate the social and the economic. Household well-being was, therefore, based on the condition and accessibility of three types of infrastructure:

- Grounded local services: housing, utilities, health, primary and secondary education and care.
- Mobility infrastructure: private and public transport systems.
- Social infrastructure: parks, libraries, community hubs and the public realm on the high street.

The social infrastructure in Morriston was the foundation of the community's sociability. It gave residents a strong sense of pride in the place where they lived and provided them with a space to see friends and develop connections. (Foundational Economy Collective, 2019).

Building stronger local economies

A common criticism of the social sector is that, as the name implies, the focus is on improving social outcomes and insufficient attention is paid to improving local economies so that they work for local people, business and the environment. Unless the dial is shifted economically as well as socially in 'left behind' neighbourhoods, we know that our overall objective of stronger, more resilient and prosperous communities will not be achieved.

Two years ago, in *Strong, Resourceful Communities* we argued that there was 'an emergence – or renaissance – of resilient, local economic approaches' which offered the potential for better economic prospects across every community in the UK. We referenced new models which:

… can be genuinely inclusive, offering multi-stakeholder and democratic control and encompass trading charities, co-operatives, social enterprises, employee-owned, fair trade and community owned business and Community Land Trusts. (Community Wealth Fund Alliance, 2018: 11)

The challenge is to ensure that such models are both adopted in and benefit 'left behind' neighbourhoods as well as other more prosperous communities. Investment in social infrastructure and civic assets would enable this by building community confidence and capacity to engage with these approaches, at the same time providing appropriate advice and mentoring to enable their sustainability and success.

There is some evidence that the residents of deprived neighbourhoods are willing to work together to improve their economic prospects. Given the freedom to determine their own priorities over half of the 150 Big Local areas decided to engage in local economic development. Activity is varied and includes running apprenticeship schemes, training to help people access employment, operating bus services or community transport schemes to connect areas to employment hubs elsewhere, as well as encouraging employers to locate to the area and providing micro grants and other support for people setting up sustainable enterprises (CLES, 2020). In a number of instances, Big Locals have acquired community assets – such as community centres, pubs, boating lakes or solar farms – which will potentially provide an income stream to sustain community activity in the neighbourhood into the future. And, such projects are enabling communities to develop a broad range of assets and skills that serve as a vital foundation for building generative and sustainable wealth in their area (Friends Provident Foundation, 2017:18-20). See Case Study 3, Annex 2 for a good example.

Programmes that build stronger, more resilient local economies enhance environmental sustainability and stewardship of local assets and resources. Research from IPPR (2020: 7) shows that 'a shift to more localised production and community wealth building' not only increases local enterprise and job opportunities but 'makes consumption less resource intensive and increases overall wellbeing'. Sustainable local economic activity also has a snowball effect. Although some communities seek to reshape the local economy to be more responsive to environmental priorities from the outset, many begin from a single activity that sparks further possibilities for leveraging local skills and assets, as it becomes apparent that enhancing environmental sustainability in local systems of production and consumption can have mutually reinforcing social and health-related benefits (IPPR, 2020).

Creating opportunities for young people

Initiatives rooted in the community, particularly those run by residents, can effectively address educational disadvantage. The Young Academy, run by the Young Foundation, helped 153,000 young people and supported over 9,000 educators with initiatives based on this ethos, between 2014–17; its projects were able to connect with sections of the community that struggle to engage with traditional methods of education (Young Foundation, 2018: 8-9). The Young Foundation concluded that such projects are successful due to the fact that well-funded, autonomous community groups have the local knowledge and flexibility to 'do what needs to be done to remove the barriers' (Marsh and Micklefield Big Local, 2020).

Experience reveals that when communities are given a budget to improve their areas, they tend to prioritise projects that support young people in developing their skills and improving their prospects. (Local Trust, 2019b). Often these projects focus on the development of 'soft skills', such as team working. In Luton Arches, Chatham, the Fit and Fed programme, which engages local children in team sports activities throughout the school holidays, has increased the aspirations of some of the most troubled children in the area. By providing patient support and building up levels of trust, the children have improved their social skills and there has been a marked increase in educational attainment. The Social Mobility Commission (2019: 13-14) found that provision of such extracurricular opportunities for young people in disadvantaged areas improves the likelihood of them remaining in education past the age of 18, helps them to develop a broad range of social skills and closes the attainment gap.

There is significant debate about the likely impact of school closures during lockdown on educational attainment, particularly on pupils from disadvantaged backgrounds. Many community projects sought to support parents with home schooling during the period and reduce the 'stress of replacing the class teacher' (Gaunless Gateway, 2020). A good example is Cardboard Castle, located in south-west Bishop Auckland. Cardboard Castle is an online platform of learning resources – it provides access to videos with ideas and materials for home schooling activities across different themes, including art, history, nature, numeracy and literacy. Each lesson has activity packs with material that can be downloaded and printed out or copied onto paper, for families without access to laptops or printers. The two volunteers running the project are working with local schools to ensure that it remains as an extracurricular offer, supplementing formal classroom education for pupils when they return to school in September.

Improving health and well-being

The Big Local programme has shown that community projects aimed at improving health in deprived communities tend to be highly effective. This is evidenced in a number of social prescribing projects tackling loneliness and isolation. For example, residents in Kingsbrook and Caldwell Big Local in Bedfordshire employ a Community Health Champion, revolutionising the way in which people in the community interact with the health service. The Community Health Champion – based in the local GP surgery – identifies and helps address social issues that may be causing or exacerbating feelings of loneliness and isolation, such as a poor support network, bad housing or an inactive lifestyle. The health and social care savings and benefits for 10 individuals from this approach amounted to £39,667 across an 18-month period. What had been a transactional relationship, whereby residents sought quick fixes from prescription drugs, was transformed into a collaborative effort to improve the community's health.

Another good example, this time from overseas – South West Victoria, Australia – involved residents in Southern Grampians, a local government area in Hamilton, coming together to tackle obesity. In

2014, more than 35 per cent of children in the area were categorised as either obese or overweight. In adults, the figures were 20 per cent and 54 per cent respectively (ABC, 2020). The Southern Grampians Glenelg Primary Care Partnership brought residents in the area together to come up with proposals that would 'make the healthy choice the easy choice' (ibid). There were over 400 suggestions, ranging from food co-ops to structured walking routes to and from schools (ibid). Implementing these strategies between 2014 and 2017, obesity rates in Southern Grampians dropped by 4 per cent in children and 2 per cent in adults (ibid).

Potential savings in public expenditure

Poor socio-economic outcomes in 'left behind' areas related to health, employment, child poverty, educational attainment and participation in higher education increase public spending on unemployment and incapacity benefits, increase NHS expenditure and reduce tax revenues and national productivity. Pro Bono Economics (2020) have used Local Trust's research to develop some initial estimates of the cost to the public purse of the poor outcomes in 'left behind' neighbourhoods. Overall, the analysis suggests that improving employment, education and health outcomes in these areas to the level of other similarly deprived areas would provide the exchequer with significant savings, whilst also obviously significantly improving the prospects of residents. To give some illustrative examples:

- Reducing the numbers of people seeking JSA in these areas by 0.2 per cent, so that it is in line with that of other similarly deprived areas, could save the exchequer up to £47m per year. It would raise living standards by increasing incomes in these areas by up to £65m per year in aggregate.

- Decreasing the proportion of individuals without at least 5 good GCSEs in 'left behind' areas to the proportion in other similarly deprived areas could increase each cohort of leavers' lifetime earnings by up to £41m (assuming these individuals then get at least 5 good GCSEs as their highest qualification).

- The rate of chronic obstructive pulmonary disorder (COPD) is 3.0 per cent compared to 2.4 per cent in other similarly deprived areas. Bringing the prevalence of this condition down to the rates in other similarly deprived areas would reduce health spending by £15m pounds per year.

- Lowering the incidence of lung cancer to the average in other similarly deprived areas would lower health spending by the NHS by around £2m per year. The broader economic benefits of this – taking into account increased productivity and lower death rates – could be larger.

See Annex 4 for more detail.

Improving outcomes for residents in 'left behind' areas so that the data on employment, education and health is in line with other similarly deprived areas will take time; the savings presented here should therefore be viewed as some of the potential long-term benefits of levelling up.

There is an extensive body of evidence demonstrating the direct economic impact of health inequalities. The Black Review (2008:46-47) estimates the costs of working age ill-health. Costs were calculated in terms of the economic output lost, the reduction in government tax revenue in addition to the increased costs accrued by higher volumes of welfare payments. In total, the cost of lost production amounted to £63bn and the cost to the government from both increased benefits and lost taxes is between £57bn and £65bn (The Black Review, 2008:46-47).

Figures from the Black Review (2008) were scaled by the Institute of Health Equity (2010b:11-12) to account for those costs of working age ill-health that are directly attributable to health inequalities across England. It found that health inequalities result in £31b of lost production and the cost of higher benefit payments and lost taxes amounts to between £28 and £32 billion (Institute of Health Equity, 2010b:11-12).

The Community Wealth Fund would provide the foundational investment needed to support improvement in health and other outcomes in ‘left behind’ neighbourhoods over the long term, simultaneously saving the exchequer money, increasing tax revenues and improving the social and economic prospects of their residents into the future.

4. What data supports this approach?

There is significant data supporting the approach that we are proposing. Evaluations and case studies, including reviews of past major government programmes, demonstrate the positive impact of transferring power and resources into the hands of communities at the neighbourhood level, building their confidence and capacity to design and deliver services and facilities which improve their areas and their prospects over the long term.

Evidence and learning from past government regeneration programmes

In the four decades prior to 2010, the government funded a number of major neighbourhood-based regeneration programmes. These initiatives provide significant learning about how the dial might be shifted in 'left behind' areas to create long-term, sustainable prosperity. The current narrative is that this era of regeneration programmes failed to achieve what they were designed to achieve and were therefore unsuccessful. However, evaluations and reviews present a different and more complex picture. Despite acknowledging some failings, a major MHCLG economic review of the New Deal for Communities (NDC) found that overall and taking into account the full range of outcomes achieved, the significant investment made was value for money (Sheffield Hallam University, 2010).

An in-depth analysis of all major local areas initiatives undertaken over the last forty years found that there were a number of characteristics that improved the chances of better economic outcomes for participants (CCHPR, 2019). Programmes which: took a holistic approach to area regeneration; focused investment on a small geographical area of between 3,000-10,000 residents; built partnerships between the community and the wider economy; and guaranteed long-term funding of over 7 years were found to be more likely to deliver benefits for communities and thus value for money (ibid: 22) The research also found that previous funding programmes had failed to leave a lasting legacy in neighbourhoods because of a lack of genuine community engagement and control over decisions (ibid: 7). The report notes that the community 'has to feel they have real influence and real power, otherwise they won't engage' (ibid: 8).

Genuine community input and control over decisions would also increase the confidence and capacity of residents to take decisions and create change in their neighbourhoods. Undertaking qualitative research amongst experts in community regeneration, Cambridge University found 'a broad consensus that building community capacity was important' for creating a lasting legacy (ibid, 8-10). One of the most important lessons to learn from previous funding schemes is that funding must 'harness the knowledge and energy of local people or empower them to develop their own solutions' in order for change to be sustainable (Social Exclusion Unit, Cabinet Office, 2001: 7).

Evidence and learning from more recent initiatives

In addition to reviewing four decades of government regeneration programmes, we have also considered the evidence and learning from programmes designed to give more power to communities and to support and encourage civic action. We have assessed the positive change they have made in communities; their contribution to health and well-being, local economic development, and effective community responses to the pandemic.

Creating the conditions for positive change

The evaluation of the Big Local programme, which provides £1m to resident-led partnerships in each of 150 neighbourhoods, is taking an in-depth look at 25 areas. The latest evaluation report half-way through programme delivery, *Our Bigger Story, Big Local as Change Agent*, outlines the benefits for individuals, groups and organisations and charts wider community change as a result of the funding and support offered though the programme (see Box 4) (TSRC, 2020a).

Other smaller scale programmes have also shown that giving residents power over decision-making is a key driver in creating a lasting impact in an area. Analysis by Ipsos MORI (2015) of the Cabinet Office's Community Organisers Programme, which was run by Locality, found that where the programme worked in partnership with residents to achieve their own goals, it was able to start generating sustainable social and economic impact. This was because residents felt ownership over the project outcomes, taking pride in the changes taking place, and increased in their confidence and capacity during the process of decision-making (ibid: 10).

Box 4: Big Local – outcomes so far

Individuals – benefit from regular small-scale activities, targeted support for more developmental activities; a reduction in social isolation, increase in confidence and aspiration, especially for young people, an increase in volunteering and community engagement; the creation of and greater access to employment opportunities or funds/relationships to help people establish social enterprises; the meeting of basic needs e.g. foodbanks.

Groups and organisations – benefit from the creation, growth and development of community and voluntary organisations; all areas studied run grant programmes for local organisations; evidence that small initiatives supported by the programme that have secured other grant funding contracts (e.g. Lawrence Weston Big Local has facilitated a group of local residents to secure £100,000 external funding to build a new play park – see Case Study 3 in Annex 2); building social infrastructure, grants and capacity building, and identifying gaps in local services.

Broader community change – physical and environmental improvements: new play and leisure facilities; improvements to green and public spaces, including maintenance; new investment in local services; new and improved community hubs which are a visible presence and provide a safe space to meet for vulnerable or isolated residents, sustain activities or enable new activities to emerge and provide a base for essential community services; the programme has built resident's confidence to articulate needs and represent them in local political and consultative forums (it has increased people's sense of agency and belief in their ability to make things happen); it has improved community cohesion.

Improved health and well-being

There is a growing body of evidence about the contribution that shifting power and control into the hands of communities can make to health. The Marmot Review: Ten Years On (Institute of Health Equity, 2020:98) showed a clear association between community control and overall community health outcomes. Higher levels of community control have been found to result in improved health outcomes, lower levels of stress and anxiety and higher engagement in health-promoting behaviours. Factors including social cohesion, trust and belonging were revealed to be key components to building a sense of control in communities (Institute of Health Equity, 2020:98).

Since 2011, Wigan Council has been developing a 'citizen-led' approach to public health and 'asset-based' working, in which public services seek to build on the strengths and assets of individuals and communities to improve outcomes (The King's Fund, 2019). As a result, healthy life expectancy has increased significantly, bucking the trend for stagnation England-wide.

There is also significant evidence demonstrating that participation in decision making processes improves mental health and well-being: participation 'frees people from loneliness and isolation, enhancing their wellbeing and improving their mental health' (Medium, 2020). Separate studies into the effects of meaningful participation in public life on residents' health and well-being found that feelings of control over issues that affect them were a 'stress buffer', improving mental health and reducing stress (People's Health Trust, 2018: 3). Similarly, the What Works Centre for Wellbeing (2018: 3) has highlighted that meaningful engagement is 'closely related to the likelihood of experiencing positive outcomes from engagement in projects.

In 2013, People's Health Trust began a bold new funding initiative called 'Local Conversations'. The programme aims to give people whose health is at risk because they live in difficult conditions in disadvantaged neighbourhoods, a real say over how funds from the Trust should be spent to make their neighbourhoods better places to live and therefore improve their health and well-being (People's Health Trust, 2019). The evaluation of the programme shows high levels of social connection, trust and belonging to the neighbourhood are achieved, which are all health protective (Ibid; Cacioppo et al, 2015). This has resulted in feelings of control increasing because of the collective activity and bonds created, especially for those most closely involved. 81 per cent of residents participating in Local Conversations feel that 'when people in this area get involved in their community, they can really change the way that their area is run', compared with an England average of 50 per cent. This capacity for change can be powerfully demonstrated by Edberts House (2019) in Gateshead; in 2009, the anti-social behaviour rate in the area was 14.6 incidents per 100 tenants, yet today, the anti-social behaviour rate in the neighbourhood stands at 0.7 incidents per 100 tenants.

Findings from research examining resident-controlled housing associations also demonstrate that community control 'effectively enhances community engagement, activates citizenship and significantly improves both individual and collective well-being' (Rosenberg, 2012: 1462).

Local economic development

The current resurgence of local economic models is rooted in evidence that community economies deliver better on job creation than more centralised approaches, particularly in peripheral and disadvantaged areas. Localise West Midlands (2013) have conducted in-depth research into the role of community economic development in delivering long-term, sustainable growth across the region. This included an extensive review of existing literature on community economic development, in addition to fifteen case studies from two sectors relevant to the urban West Midlands (five from the relatively mature food economy and seven from the new and emerging energy retrofit sector) (ibid: 16-19). There was strong evidence that local economies with higher levels of small and medium enterprises (SMEs) and local ownership perform better in terms of employment growth (especially in disadvantaged and peripheral areas), the 'local multiplier' effect, social and economic inclusion, household income, civic engagement and well-being (ibid: 72).

Effective community responses to the pandemic

Interim evaluation data on how communities in deprived areas have mobilised in response to the pandemic suggests that the approach we are proposing supports effective community responses in times of crisis.

Preliminary findings from research by TSRC (2020b) for Local Trust, on responses to COVID-19 in Big Local areas, and others with similar characteristics, demonstrates that the programme has built community confidence, capacity and an asset-base, enabling quick and effective responses to the crisis. Many areas were able to provide an immediate response – using local knowledge to identify those most vulnerable, delivering food and medication and supporting foodbanks. In addition, Big Locals provided a central coordination point for their neighbourhood; collaborated with local authorities on the development and implementation of plans; identified gaps in service provision (for example, families with very young children and households where English was not the first language); developed befriending schemes and other activities to combat social isolation; initiated projects to tackle digital exclusion, through the provision of devices, Wi-Fi connections, training and support; and provided financial and logistical support for local businesses and social enterprise (ibid).

The evaluation of the Community Organisers Expansion Programme (which invested in community hubs and civic engagement in neighbourhoods with low levels of existing social infrastructure) echoes the TSRC's (2020b) findings. It highlights that the biggest indicator of value has been the response of the programme's Social Action Hubs and Local Organising Groups to Covid 19. Their established reputation as the 'go to' place for residents needing information and support and for local organisations seeking to extend their reach cemented their role as coordinators of the neighbourhood response. Valuable connections built during the programme, not only among residents but across local organisations, including public and private sector organisations, have enabled Hubs and Groups to offer peer support, identify harder to reach groups, limit duplication and mediate between central and local responses (2020: 20-23).

5. How would the Community Wealth Fund work in practice?

In *Strong, Resourceful Communities: The case for a Community Wealth Fund*, we set out a broad framework for the Fund in the form of the type of fund proposed – an independent endowment – and distribution principles. We said that we intended to establish a Task Force of independent, credible people to work through the detail of how the Fund might operate. We still aspire to set up such a Task Force, if and when government expresses an intention to support the Fund. However, as time has moved on and we have had numerous conversations with a range of different partners about the Fund and how it might best operate, our thinking has developed and we now have more concrete proposals.

A new independent endowment

We propose the Fund should be a new independent endowment because this would enable:

- funding to be made available over the long term, over time periods extending well beyond usual public sector funding cycles;
- secure funding not dependent on public fundraising and grants, contributing to greater equity;
- an approach which is patient and allows for learning;
- additional funding potentially to be attracted from the private sector and philanthropists for elements of the work.

Some endowments are established as spend-outs, that is, they spend down their capital, generally over a set time span (over twenty years, for instance). Our proposal is for an endowment with a total return policy allowing some capital, as well as income, to be invested in communities, once the endowment has grown in value. This would enable significant support for 'left behind' neighbourhoods to be stretched into the future and to leave a significant and enduring legacy.

The challenge is to build an endowment capable of matching our ambition and commensurate with the scale of the problem. Our assessment has been that the best way to do this is for the government to make available the next wave of dormant, or orphaned, assets (from stocks, shares, bonds and insurance policies). Originally believed to value up to £2bn, this estimate is now regarded by experts as too conservative. We therefore believe that the request of a commitment of £4bn to the Fund would not be unreasonable.

Often small endowments are criticised as not being worth the effort, because returns are not sufficient to make an appreciable difference. This endowment would be different because the sums invested would be considerable. A £4bn endowment would be likely to generate £160m a year - assuming a return of 4 per cent net of fees - these are high level figures which assume retaining the real value of capital and a long time frame. The funds allocated to each neighbourhood would effectively form an expendable endowment for that neighbourhood. While communities may choose to invest the funds themselves, our assumption – based on experience – is that they would prefer to hold monies in a common fund with the investment returns on their portion accruing to their neighbourhood.

The next wave of dormant assets will take some time to come on stream. However, the £500m available in the National Debt Fund could be released this autumn to provide the investment needed for the interim 3-4 years before they are available. These resources could be used for set-up costs and grants to the first wave of 'left behind' neighbourhoods.

Of this, £80m would be allocated annually in awards to left behind' neighbourhoods. 40 communities would benefit each year. They would be awarded £2m to spend over a 10 to 15 year period to improve their areas. Initial distributions would be to the 225 neighbourhoods identified as the most 'left behind. Over time, other geographical areas with concentrated deprivation and low levels of social infrastructure would be supported, for example, rural locations. The programme would prioritise those areas which have received least investment whose communities are most disenfranchised or marginalised. The funding ethos would be 'least first' or a prioritisation of those local areas which have received least investment and whose communities are most disenfranchised or marginalised.

Around £60m annually would be spent on programme infrastructure – support for funded areas including an extensive programme of peer support and learning; a community leadership academy and evaluation and learning and research programmes. Another £20m annually would be invested in supporting programme strands – place-based collaboration and work to develop strong supportive civil society ecologies for 'left behind' neighbourhoods (for more detail see below).

Box 5: A UK-wide Fund

Our aspiration is that the benefit from the Community Wealth Fund would be UK-wide. We are working with partner organisations in Scotland, Wales and Northern Ireland to garner support for the proposal. Dormant assets are allocated between the constituent parts of the UK on the basis of the Barnett formula. It may be that separate Community Wealth Funds should be established for each of England, Scotland, Wales and Northern Ireland. This is an issue that our proposed Task Force might consider in detail.

Distribution principles

The principles established for the distribution of the Community Wealth Fund draw on learning and evaluations from past and current programmes designed to regenerate deprived neighbourhoods supported by government and independent funders:

- funding decisions should be made by communities in 'left behind' neighbourhoods with appropriate capacity building support;
- investment should be provided over the long term (10-15 years);
- communities should be incentivised to co-produce services and facilities with the local public sector and to develop strong relationships with the private sector;
- attention should be paid to linking communities with economic opportunities in the wider geographical area; and to
- the sustainability of projects and the legacy left in communities when their programme funding is exhausted.

The focus should be on neighbourhoods: many very deprived localities are surrounded by more prosperous areas and feeling 'left behind' is related to peoples' experience of living in a particular neighbourhood (see box 6 below for more on the geographical remit of the fund).

As outlined earlier in this report, there is a growing body of data which indicates that giving communities control over a budget to improve their neighbourhoods reaps significant benefits. The data is strong particularly with regards to health improvements. However, 'left behind' communities especially need support to build their confidence and capacity to plan for improvement, develop and deliver research and engagement strategies, and to design and administer programmes of activity (see below for further detail about the sort of support that might be provided).

There is a general consensus that long-term investment (10-15 years) is needed in order to turn around neighbourhoods that are most ‘left behind’. This is not least because experience is that these areas can take a couple of years to get to the stage of developing and agreeing a viable improvement plan that has broad community support (Local Trust, 2019b).

Experience is that communities need to be incentivised to develop good relationships with their local authority and other public sector bodies. Sometimes communities in ‘left behind’ areas feel that they have been ignored by government, local as well as national and so feel antagonistic towards them. Even in areas where this is not the case, the power balance is very unequal and communities may want to assert their own hyper local priorities - based on community research and consultation - which will not always directly align with those of the local authority, given its larger geographical remit (Local Trust, 2019b). However, ultimately if communities want to achieve changes in how public services are delivered in their neighbourhood, would like to benefit from community asset transfers or intend to develop housing or other new building projects, they will need the support and help of the local public sector, so the relationship needs to be constructive. One of our objectives would be to transform the way in which communities interact with the public sector increasing trust in institutions and the effectiveness of services and reducing demand. We envisage the different layers of local government working together with communities to unlock the community knowledge needed to power change.

Work examining why poor areas remain poor suggests the importance of mindset (IPPR, 2010:5). Poor neighbourhoods that look inward fail to change. By contrast, neighbourhoods which look outward are much more likely to become more prosperous (ibid, 38-40). Supporting communities to broker links with employers outside the area can be key here, as can projects to improve transport links to areas which offer jobs, training opportunities or improved digital connectivity (ibid, 60-63).

Attention to sustainability or legacy will also be a key ingredient. Community leaders need to be supported to develop and implement strategies for increasing community wealth by developing an asset base of sustainable community facilities, community or worker owned businesses and micro enterprise, and strong networks across the public and private sector to secure contracts and job opportunities for residents.

Box 6: The geographical remit of the Fund

Any community led, place-based initiative should use a level of geography immediately recognisable to the communities benefitting, so the ‘natural communities’ with which people self-identify.

Learning from other ‘place based’ funding initiatives suggests that if an area is too small it risks encouraging individualistic rather than community or collectivist responses to investment decisions. And, larger areas that extend across multiple communities of identity or geography and lack an identifiable ‘place’ in the eyes of local people, are ill suited for nurturing effective resident led, long-term, community building approaches to economic and social regeneration.

Research into what works for local economic growth, found evidence suggesting a population of around 10,000 people is ideal (CCHPR, 2019).

Delivery mechanism

Given that one of the objectives we are seeking to achieve is to build community confidence and capacity at the neighbourhood level, the most obvious and direct means would be to delegate spending decisions to residents of the most 'left behind' areas.

The focus is on neighbourhoods that are the least well catered for as regards existing community capacity – this means that there may be no charities and voluntary organisations based on the patch. A framework is needed within which local people can plan, deploy funding and take action without bureaucratic barriers (for example, around incorporation) and receive appropriate support with delivery. Our proposed distribution mechanism would comprise the following elements:

- *Plans* – each neighbourhood receiving an award from the Fund would be required to develop a community vision, priorities and plan for how the funds allocated to the area would be spent. Small grants would be provided for the community research and consultation necessary to develop a robust plan. Main programme funds would not be released until a credible plan, with broad community support, had been approved.

- *Community boards* - each neighbourhood would be required to set up a board, with at least 75 per cent representation of local residents. Other members would be co-opted for example, from the local authority, health service, community foundation or other funder. The role of the community board would be to develop the plan and oversee its implementation. These boards should reflect diversity in the neighbourhoods they represent.

- *Accountable bodies* – these organisations would manage and report on the use of funds, ensuring transparency, typically, they would be well respected local voluntary and community organisations (for example a CVS or community foundation). They would likely employ staff and deliver activities on behalf of the community board. They would need to have the trust and confidence of all sections of the community.

- *Mentors* – experienced community development or regeneration specialists retained to work for a few days a month to support funded communities, for example, ensuring they are accessing appropriate advice, information and support and making good progress.

- *National guidance* – the provision of national guidance for example, on community accountability and the development of plans.

- *Local guidance* – communities might be required to develop their own guidance on issues like conflict of interest and reporting to their local community.

- *Support programme* – the support programme would be likely to focus on peer learning based on thematic or geographic clusters (as this is the form of support people most welcome and report that they most benefit from) and consultancy from specialists on issues such as building development, local enterprise support, community engagement strategies and achieving accountability.

- *Community leadership programme* – effective delivery will depend on the quality of local leadership. Community board members and workers would be given support in the form of one to one coaching and access to peer networking and action learning. Cohorts of public sector leaders committed to working in a facilitative way with 'left behind' communities would also be supported and trained as part of a skills exchange with their community colleagues.

- *Training and apprenticeships* – communities would be encouraged to recruit one or more workers to help them to deliver their planned programme of activities. Experience is that volunteer community board members can be reluctant to recruit workers, preferring to save money for the community by doing the work themselves, ultimately this takes its toll. Investment would be made in an apprenticeship scheme and training for local residents to enable them to become community workers in time, providing new job opportunities for local people (Local Trust, 2019b).

The hyper local nature of the programme will help to secure accountability and legitimacy. If neighbours consider that a wrong call has been made, they are not likely to be shy in letting those involved know. Inevitably disputes or conflicts will arise in neighbourhoods about priorities and the allocation of resources. However, this is both normal and healthy. Communities will be encouraged to work through such disagreements, with support from mentors - and in extreme cases trained mediators - this, in turn, builds confidence, resilience and responsibility in individuals and the community.

Programme strands

The Community Wealth Fund would have one main and two supporting programme strands. The main strand would be significant awards to 'left behind' neighbourhoods to build:

- *Social infrastructure and community capacity* – focusing in particular on strengthening community leadership, ensuring areas have places to meet that are high quality and sustainable, and a range of community groups and initiatives. Funding would be supplemented with support to build their confidence and capacity to consult and engage their peers and design and oversee their local programme of activity (as outlined above).

The two supporting programme strands would be:

- *Place-based collaboration* – additional funding and support would be provided to incentivise the building of partnerships between the neighbourhoods funded and other key institutions in the area, including local government, major employers, other key players (hospitals, universities, schools).

- *Strong civil society ecologies* – a national initiative would be developed to strengthen civil society infrastructure such as CVS and other community anchor organisations who play a vital role in supporting civic action, ensuring 'left behind' neighbourhoods have the services and facilities they need. This initiative would also seek to encourage and promote place-based giving and the strengthening of the community foundation movement in support of 'left behind' areas.

We are also asking government to allocate an appropriate proportion of the proposed UK Shared Prosperity Fund (and other mainstream economic development programmes such as the Towns Fund) to community economic development in 'left behind' neighbourhoods. This blend of finance - the CWF to lay the foundations of social infrastructure and civic assets and build community confidence and capacity to positively improve their areas twinned with investment in community economic development from the UKSPF - is what these neighbourhoods need to improve their prospects over the long term (Community Wealth Fund Alliance, 2019).

We know from experience of smaller scale programmes in which deprived communities have a budget to improve their neighbourhoods that they tend to start by prioritising investment in social infrastructure and community engagement. Often, once they have grown in confidence and capacity, they move on to tackle tricker issues like addressing unemployment, gang crime or domestic abuse (Local Trust, 2019b).

Additional funding and support will also be needed to encourage communities receiving awards to engage with and develop networks and, potentially, partnerships and collaborations across the public and private sector. In the case of local authorities, the objective would be to help secure more responsive and therefore effective services, including through processes such as community commissioning, social prescribing and to help build community wealth through local procurement and recruitment drives targeted at 'left behind' areas. There would also be a focus on helping communities in 'left behind' neighbourhoods develop their connections with businesses in their local area and the wider geography. The pandemic has shown the value of communities having good public and private sector networks. Strong cross sectoral relationships have been key to effective local community responses.

The communities receiving awards through the programme will only be able to meet the needs of their residents and respond to their aspirations if they have a support system of local civil society organisations who can help them to deliver their plans by managing and accounting for their funding and who communities can also commission or grant fund to help provide activities, services and facilities. Our proposal therefore is that some Community Wealth Fund resource is dedicated to developing strong civil society ecologies in the most 'left behind' neighbourhoods. Part of the brief for this work will be to secure stronger civil society infrastructure in the form of CVS and community foundations, enabling them to provide services and raise and distribute funds to the most 'left behind' neighbourhoods.

Programme phases

The programme would be established in three phases:

Phase 1: Laying the foundations (1 year)

This phase would lay the foundations for delivery: an appropriately skilled and qualified investment manager would be selected on the basis of an open tendering process; communities would be selected to participate; staff and mentors would be recruited; a funding and contacts management system and an evaluation and learning framework would be developed; a website would be set up and award announcement and guidance materials would be drafted; potential specialist support providers would be mapped and contracted, supporting programme strands would be scoped.

Phase 2: Engaging with areas (1 year to 1.5 years)

Once communities had been selected and a skeleton team was in place the first awards would be announced and mentoring and learning and networking events would begin.

Phase 3: Delivery

The core of the programme would be awards to ‘left behind’ areas. In addition, the two supporting strands of work scoped would also be delivered.

The components of the core funding and support programme would be:

- *Grants* – the communities selected would receive an award of £2m to spend over 10 to 15 years (within this amount they would need to agree a fee with their accountable organisation for its work administrating and monitoring the funding and perhaps additional activities like employing staff and running community events).

- *Learning and networking and cluster events* – one large-scale event each year and a series of peer-to-peer learning and networking events would be organised to share learning, to motivate, link and connect and encourage a spirit of challenge and critical thinking in the neighbourhoods selected to participate. In addition, areas might be clustered geographically or around specific themes, for example housing, high levels of unemployment, coastal.

- *Community leadership* – participants would have access to individual and group sessions, including personal coaching, to develop their leadership approach, leadership in others, and to set strategy.

- *Mentors* – would act as a critical friend, providing information, advice, guidance and constructive challenge to support the community board.

- *Support offers* – access to a group of organisations that can give fresh insight on an underlying issue or expert support to deliver a key project.

Theory of change

The theory of change for the Fund will be fully developed with communities and evaluation partners. Our outline theory of change, based on learning from other programmes is that, with appropriate support, residents in areas suffering deprivation can develop and deliver activities which bring the community together and services and facilities which meet their needs. And, with a relatively small annual spend they can, over time, develop capacity to partner with organisations from the public and private sectors to raise more significant additional investment to improve their areas. This can include large scale investment to improve economic prospects through, for example, community owned affordable housing or renewable energy schemes and initiatives to support local enterprise and business development.

Foundational Element - experience is that over years one to five

Individuals benefit from regular small scale activities; there is a reduction in social isolation and an increase in confidence and aspiration, especially amongst young people, and an increase in volunteering and community engagement; the creation of and greater access to employment opportunities and to relationships to help people establish social and other enterprises and the meeting of basic needs through for example, foodbanks. New community and voluntary organisations are created and small-scale initiatives secure other grant funding and contracts.

There are physical and environmental improvements for example, improvements to green and public spaces. New and improved community hubs provide safe space and a base for essential community services. Residents have increased confidence to articulate their needs and represent them in local political and consultative forums; they have a greater sense of agency and belief in their ability to make things happen – and there is greater community cohesion.

Embedding community control - over five to ten years

More confident communities start to tackle more difficult issues for example, gangs and serious crime. They take on bigger and more complex projects for example, community housing and energy schemes. There is a greater focus on work to address unemployment and health issues and to give children and young people more opportunities. Stronger and more significant partnerships will be developed with the public and private sectors locally to secure better services and also to access employment and contracting opportunities for residents. Local high streets will be regenerated making them attractive places to visit through the development of community businesses (see Case Study 4, Annex 2 for a good example) and 'pop up' arts projects and other community ventures.

(Local Trust, 2019b and TSRC, 2020a).

Confident engaged communities – over ten to fifteen years

Communities will be skilled at fundraising, bringing funding into their neighbourhood for major projects. They will be more focused on work to build wealth locally and to develop a bank of community assets and income generating projects to sustain community activities into the future. They will be fostering a vibrant local community and voluntary sector, high levels of engagement in community activities and strong social capital. They will be delivering a range of services in their neighbourhood in partnership with their local authorities including health and social care services particularly preventative services which result in major cost savings.

Over the fifteen years of the programme we would expect to see population level health improvements and improvements in educational attainment, as well as higher participation in higher education. We would also expect perceptions of neighbourhoods to have improved significantly and to see a marked increase in economic activity.

Evaluation

The Fund evaluation would assess the contribution that its investment was making to the development of social infrastructure and civic assets in the 'left behind' areas supported and also the extent to which social connections were being strengthened, networks and collaborations with the public and private sector emerging, community confidence and capacity growing and a more supportive civil society ecology developing. The evaluation would also examine the link between these changes and perceptions of place, socio-economic outcomes and community wealth over the medium to long term as well as assessing changes at a population level in health outcomes, heath inequalities, educational attainment and higher education participation.

The evaluation would explore themes such as community leadership, partnerships with the public and private sector and the effectiveness of the support provided to neighbourhoods, as well as how best to enable strong civil society ecologies.

Evaluation would include a randomised control element. This would match the areas in which investment was being made with other similar 'control' neighbourhoods and assess whether socio-economic outcomes – health (physical and mental), employment, educational attainment, higher education participation and child poverty – were improved in the programme areas relative to 'control' areas over the long term.

All evaluation work would be independent, externally commissioned from experienced and credible providers and quality assured. In addition, the Fund would appoint a learning partner to support continuous improvement. The intention would be to test or pilot aspects of the work in a small way first and then to scale up those shown to be most effective and to draw out learning for other organisations and government departments.

Annex 1 What do we mean by social infrastructure?

Social infrastructure transforms an area into a place where people want to live, and businesses want to trade. It represents the structures and organisations that contribute to social identity, inclusion and cohesion, transforming a place into a community. It does this by providing opportunities for people to come together and develop relationships.

Social infrastructure takes three broad forms:
1) The physical spaces and places for people to meet within an area.
2) The community organisations that are based within each neighbourhood, providing services and bringing groups together for specific purposes.
3) Digital connectivity via the internet, connecting people beyond physical boundaries.
Taken together, the different forms of social infrastructure foster vibrant, resilient communities that enable society to prosper.

Physical places to meet
Places to meet are the most evident form of social infrastructure within an area – whether that is because of their abundance or their scarcity. These are the parks, community buildings, sports facilities, pubs, and shops that can be found within every community across the country. All are vital for 'influenc[ing] the breadth and depth of our associations' with one another (Klinenberg, 2018: 16). Without places to meet, residents are unable to interact with enough regularity to build meaningful relationships and form a sense of community. Case Study 2 demonstrates how pride in the community can transform an area.

Community-based organisations
The organisations that operate within our communities provide the activities necessary for residents to come together and build a sense of collective belonging. They give a space its purpose by bringing different people together. In doing this, they develop collective rules and norms (Putnam, 1993:35). These norms then spill over into the community more broadly, helping to create a shared understanding of acceptability and cohesion. Community organisations provide the opportunity to develop commonality between different groups so that they live more harmoniously together.

Digital connectivity
The internet makes it possible for us to interact with people beyond the normal confines of geographic proximity. This has had 'a positive effect on both the size and diversity of people's personal networks', allowing people to connect without borders (Klinenberg, 2018: 41-42). The internet was crucially important during lockdown, enabling people to connect with friends and family, work from home, and home school. However, the pandemic was also a stark reminder that those without access to the internet risked becoming even more isolated and 'left behind'.

Annex 2 Case studies

1. **Levenshulme Inspire**

Levenshulme Inspire was formed in 2000 in south Manchester when local people came together to transform a local church building into a hub for community development. It is now a thriving community centre, café and social business hub, employing 15 members of staff. Inspire aims to bring residents together to learn from one another, working particularly with older people, refugees and migrants, and people with mental health problems. They are community-led, with residents on all three of their boards and a local staff team

The centre is the hub of the community, hosting events, classes and activities which benefit the people of the surrounding area and offer creativity, enterprise and fun.

As it became clear that lockdown was inevitable, Inspire and the Levy Corona Helpers – the local mutual aid group – clubbed together to call a socially distanced community meeting. Over the last 5 years, Inspire's projects have built up a database of 800 older people locally. The group immediately got on the phone to all of them to identify who was isolating and in need of support. The group repurposed the community café to provide two meals a day, three times a week for isolating older people. Initially serving 50 people, this operation has now doubled in size with referrals from the council, requiring them to take on an extra chef.

The group has also been providing telephone and online support, making calls to around 150 older people a week. A Corona Helpline has been established to triage community support enquiries, as well as Inspire Community Online, a weekly Zoom drop-in where people can connect. This has meant that former regulars can continue to connect and support one another during a time when they need it the most.

2. **Marsh Farm Makeover, Active Communities**

Active Communities is a funding programme from People's Health Trust that supports people to create or shape local projects that will help their community to become even better. Local people design and run these projects.

Future Community Voice is a group of local residents in Luton who came together to discuss issues and concerns about where they live and how they can improve the area. As a community-based, grass-roots organisation, it works with all members of the community, aiming to promote the regeneration of an area experiencing economic disadvantage through providing affordable well-managed facilities, improving education standards, supporting youth programmes and encouraging a healthy, confident community.

The Marsh Farm Estate is an ethnically diverse area of Luton where residents previously reported high levels of crime and feeling generally unsafe. The Marsh Farm Makeover improved the look and feel of the Estate, bringing people together to restore a sense of pride, reduce fear of crime and vandalism and encourage people to work together towards a positive end goal, whilst improving the physical environment and helping the community to feel safer. The project involved a local artist and residents repainting the subways that links two parts of the Estate, a series of makeovers on local streets and litter picks to improve the area's appearance.

The subway tunnels are now colourful with artwork and more people feel safe to use them rather than crossing the main road. The project has also improved social links and ties across the Estate – both project staff and residents described how neighbours on the same street had previously ‘not exchanged a word with each other, until the start of the project’. This has led to a strong sense of community among residents, who feel a sense of pride that Marsh Farm is being ‘known for something creative’ rather than its prior poor reputation.

3. Ambition Lawrence Weston

Lawrence Weston is a post-war housing estate, built in the late 1940s and early 1950s in north west Bristol with a population of around 7,000 people. The area is bounded in the east by the Blaise Castle estate and woods and is home to many families and young people.

The geography of Lawrence Weston and its limited transport links have left the community living on the estate often socially and economically excluded. Some 30 per cent of children are living in poverty compared with 14 per cent across the South West as a whole. Neglect of the housing stock coupled with disproportionately high unemployment has heightened this sense of exclusion. Now, however, the community has invested in a new housing development on a derelict area of their estate, a new supermarket has been attracted to the area and new local services developed. This is tackling the geographical isolation of the estate and at the same time providing local employment.

Ambition Lawrence Weston (ALW) is a community-led, third sector organisation set up to oversee and deliver the regeneration of the area through partnership working. ALW is the Locally Trusted Organisation which administers funding on behalf of a community partnership. The partnership and ALW have funded a variety of significant projects too, some of which create sustainable sources of employment and income, including improvements to green spaces, the installation of new play areas, the development of an arts and crafts shop, a solar farm and (proposed, with Local Authority planning permission now secured) wind turbines on local brown field sites.

The partnership and ALW have taken over a disused former youth centre and reinvented it as a community hub with employment and training services providing specialist support, information, career advice, assessments and a job club.

Work on the area’s original Community Economic Development Plan was supported through a DCLG programme delivered in partnership with Locality, the New Economics Foundation, CLES and Responsible Finance. ALW have also developed a Neighbourhood Development Plan which was adopted by the local authority in 2017.

4. Squash, Liverpool

Squash is an eco-friendly, community-led food space that opened on 4th May 2018. It has been a Company Limited by Guarantee for 11 years, run by, for, and with the local community using paid staff and volunteers.

Squash's ethos is to be as embedded in the community as possible – offering a space for residents to meet, chat and learn about food, cooking and gardening. As the organisation became more established, it was keen to expand but the lack of a building was a hindrance. It needed a large, more suitable space to accommodate its cooking sessions and provide a community meeting place. The organisation was very keen for land to be found in the local area, preferably on the same street. A 'visioning day' was held in May 2014 where members of the community, volunteers and the board came together to plan the future. A piece of local, neglected local authority land was identified and eventually purchased with funding raised through Social Investment Business and the Plunkett Foundation. Other funds were raised through crowdfunding, Biffa, Liverpool NHS, Liverpool One Foundation, Tudor Trust, Marks and Spencer Energy Fund, Power to Change/Big Lottery, Howdens Kitchens and Liverpool City Council.

Since its opening, Squash has established a thriving community business; the café exceeds financial expectations. Currently open three days per week, it is well patronised and provides a much-needed space for local people to meet and eat. True to its ethos, the café provides two 'pay it forward' schemes, Soup It Forward and Shop It Forward: customers can choose to contribute to free meals and ingredients made available to community members in need. External catering also generates income for the organisation, which is beginning to establish a reputation for good food from ethical sources. The organisation hopes to build on this to promote its work more widely across the city.

5. **Glamis Hall Community Centre**

In 2014, people from the local community started a protest group and petition demanding to keep open a council-run day care centre for people over 50 because there was no alternative provision in the town or surrounding area. When these efforts became fruitless, they decided to take over the building and service themselves. At the beginning of 2015, the charity was granted the freehold of the community centre by the local council at a cost of £1. Although motivated by the aim to keep the day centre for older people running, the community group's vision for the centre was strongly linked to the roots of the organisation and had a much broader remit in the local community:

'While we were protesting and collecting signatures for our petition, we discovered that there were a lot of people that had fond memories of the building from when they were a child or a young woman, having their babies weighed, coming here to discos, karate and things like that, and we decided that we wanted to recreate as much of that as we could. So, we became an organisation with a wider purpose than just keeping the day centre open, which was our initial fight.' (Chair of Trustees)

Glamis Hall has become a vibrant hub for the community, with the well-being of local people at its heart. It provides a base for activities for people of all ages, ranging from toddler groups, football, cookery classes for young people through to seated exercise and Zumba gold classes for older people. However, the principal activities of the organisation are the day centre and lunch club for people over 50; these aim to increase health and well-being more broadly, by reducing isolation and loneliness, as well as increasing physical activity and improving nutrition:

'We know we are doing a good job when we hear the clients say as they're leaving, 'thank you for another lovely day, it's been fabulous, see you next week', we know that some people leaving on a Friday won't see anybody until they come back on Monday. People that come every day, we are their family essentially.' (Care Manager)

The organisation is strongly embedded in the area, with locals involved as service users, staff and volunteers. It works closely with local GPs and also recently joined a pilot scheme run by the NHS which allows them to undertake some simple health checks which can help to reduce A&E attendances. Glamis Hall also works in co-operation with the community, police and in partnership with local businesses and charities.

6. Caerau Friends Group

Invest Local is a ten-year programme of funding and support for 13 communities across Wales. One of the communities, Caerau, have health and well-being as one of their priorities and members of the steering group wanted to set up a support group for people with dementia and their carers.

After a first session at Dyffryn Chapel with just two people attending, the group steadily grew over six months. The group was then opened up to anyone in the community who felt isolated and it became even more popular. Now, it is not just residents of Caerau who attend, but also people from throughout the valley.

Today, the group is a lively environment where people make crafts, sing, play curling, go on day trips – and talk to neighbours and friends. It provides a vital social experience for many people in the community who live alone. The popularity of the weekly event has meant that there is now a second befriending group in Caerau. The group has helped to reduce isolation and improve mental health across the community.

Annex 3 Academic work making the case for community power and control

There is a large body of work that argues for community decision-making as the most equitable, fair and effective form of local democracy. This argument goes back as far as Rousseau (1998, 67), who claimed in *The Social Contract*, that ‘he that makes the law knows better than anyone how it should be executed and interpreted’. This notion runs throughout Ostrom’s (1990) Nobel-prize winning work on common governance, which argues that empowered communities with the resources and freedom to make decisions will do so in a sustainable and efficient way.

Rajan (2019) suggests that the three pillars – State, Market and Community – must work together to create a balanced society. An empowered community, with the ability to operate alongside the state and the market as equal partners, operates ‘more effectively because they are not reduced to recipients of commands from above’ (Ostrom, 1993: 231). Similarly, Rajan (2019) emphasises the important role that communities play in balancing the state and the market; improving economic growth and strengthening the resilience of our economy relies on vital forms of social infrastructure to bring people together and develop community ties.

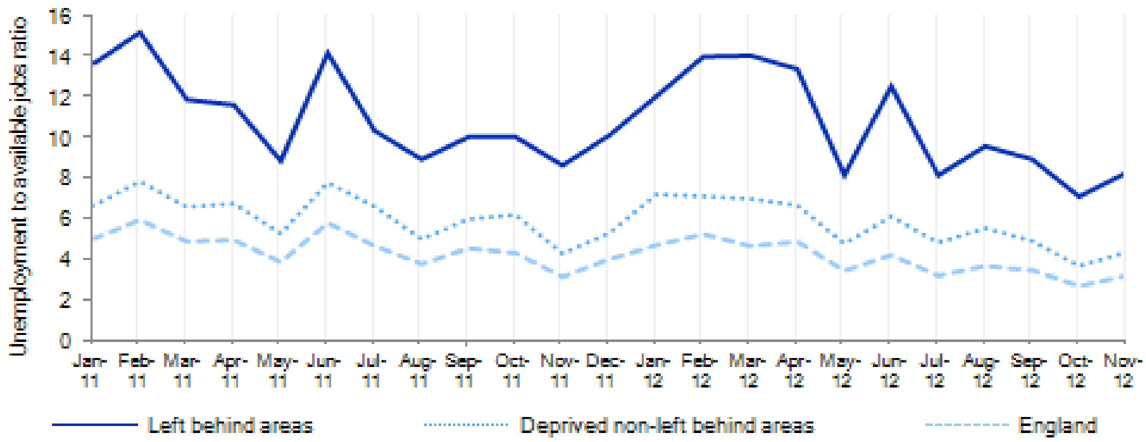
Economic literature is calling for changes in approach to address hyper-local inequalities in wealth. It calls for ‘a deeper understanding of the relationship between growth, human wellbeing, a reduction in inequalities and environmental sustainability’ (OECD, 2019: 5). This is largely due to the fact that ‘labour market policies have not been able to sustain demand for lower-skilled jobs in the face of automation and globalisation, or counter the growing divide between those in secure jobs and those in precarious ones’ (OECD, 2019:4). This has created populations and territories that are dependent upon increasingly precarious employment and the state for support, which, according to Rodriguez-Pose (2018), could have the effect of ‘stunting economic growth and leading to a rise in social and political tensions’ over the long term. The regional disparities in growth and productivity, as well as the hyper-local differentials in wealth that are apparent across England, emphasise that we are already beginning to experience this phenomenon (Jones and Zymek, 2020).

The literature argues that we cannot look to the redistributive policies that were effective during the post-war consensus to overcome the problems of the twenty-first century. Focusing on agglomeration in cities has been found to be an uncertain way of improving economic growth and productivity (Iammarino et al, 2017: 4). It also fails to account for the importance of environmental sustainability and the lack of access to transportation that many places suffer (ibid). Nor does it account for disparities in educational attainment and skills. It is necessary, instead, to look for policy solutions that ‘combine people-based with place-based approaches and empower local stakeholders to take greater control of their future’ (Rodriguez-Pose, 2018).

Annex 4 Estimates of the fiscal cost of 'left behind' areas

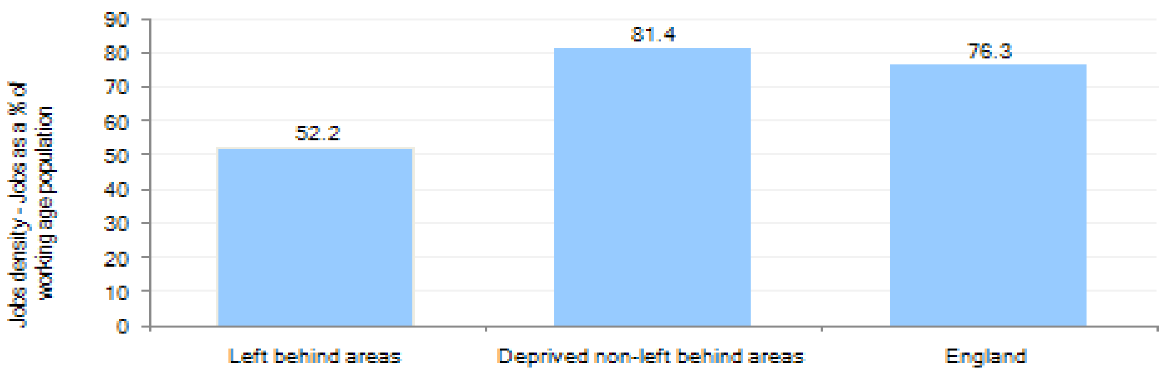
Pre COVID-19 analysis by OCSI into 'left behind' areas found there were substantially fewer local jobs available in 'left-behind' areas compared with other deprived areas.

The charts below look at the local jobs market in 'left-behind' areas and their comparators. The line chart compares the ratio of people who are unemployed vs number of job vacancies locally. There are more than 9 unemployed claimants for every vacant job in 'left-behind' areas compared with 5 in other deprived areas and 3.4 across England as a whole, highlighting fewer local job opportunities for those who are seeking employment in 'left-behind' areas.



Source: Department for Work and Pensions/Job Centre Plus

This is also seen in the chart below which compares the Jobs Density (number of jobs as a ratio of the working age population) in 'left-behind' areas and their comparators. There are just over 50 jobs in 'left-behind' areas per 100 working age adults, compared with more than 81 per 100 in other deprived areas. This means that if working age adults were actively seeking work, only approximately half would be able to find work locally. This reflects the peripheral nature of 'left-behind' areas compared with national comparators.



Source: Business Register and Employment Survey (2018)

The government have previously estimated significant potential benefits to the exchequer resulting from benefit claimants moving into employment for one additional year (DWP modelling, reported in Unit Costs database, Greater Manchester Combined Authority, 2020). This suggests that the benefit to the exchequer from unemployment rates in LBAs improving to the rate in other similarly deprived areas (OSDAs) would be £47 million per year, while the benefit to the public finances of rates improving to the average rate for England would be £660 million per year. These fiscal benefits stem mostly from the direct savings to the state from lower benefit expenditure and higher tax and national insurance contribution receipts, but also takes account of smaller effects, including DWP's operational costs, NHS spending, and transport costs.

This would also have positive impacts on the wider economy. Again, using illustrative DWP estimates, Pro Bono Economics estimate that improving unemployment rates to those in OSDAs would result in incomes in these areas increasing by £65 million per year in aggregate, increasing living standards. And were unemployment rates to fall further, to the English average, incomes would increase by £909 million per year. The lion's share of these economic benefits largely stem from the higher earnings of the newly-employed individuals. However, consistent with the fiscal benefits calculations, DWP's modelling also takes into account smaller impacts on the health and transport systems.

Education

Educational outcomes in LBAs are worse than elsewhere in the country, with higher proportions of individuals without or with low levels of qualifications and lower shares of individuals with advanced qualifications. For instance, as Table 1 shows, 16.2 per cent of individuals in LBAs have a Level 2 qualification as their highest qualification – i.e., they have 5 or more good GCSEs, but no higher qualification (compared to 15.2 per cent of the population in both OSDAs and England as a whole).

Table 1: Share of people with highest qualification

Highest qualification	Notes	LBAs	OSDAs	England
No qualifications	N/A	36.0	32.6	22.5
Level 1	1-4 GCSEs or equivalent	16.2	15.2	13.3
Level 2	5+ GCSEs or equivalent	16.2	15.2	15.2
Level 3	2+ A Levels or equivalent	10.5	11.0	12.4
Level 4	Degree level or above	12.6	16.1	27.4
Other	Apprenticeship or other qualifications	8.6	10.0	9.3

Poorer educational attainment also has a significant impact on economic outcomes. A 2013 Department for Education study found that individuals with higher intermediate qualifications went on to earn more, and also had higher average employment rates, throughout the remainder of their lives. Using that study's estimates of the discounted sum of additional future earnings associated with extra qualifications, suggests:

Decreasing the proportion of individuals without at least 5 good GCSEs in LBAs to the proportion in OSDAs, would increase each cohort of leavers' lifetime earnings by £41 million (assuming these individuals then get at least 5 good GCSEs as their highest qualification). Bringing it down to the average in England would increase each cohort's lifetime earnings by £118 million.

Decreasing the proportion of individuals with 5 good GCSEs as their highest qualification in LBAs to the proportion in OSDAs, would increase each cohort of leavers' lifetime earnings by £35 million (assuming these individuals then get at least 2 good A-Levels as their highest qualification). Bringing it down to the English average would increase each cohort's lifetime earnings by £34 million.

Increasing the proportion of individuals with at least 2 good A-Levels as their highest qualification in LBAs to the proportion in OSDAs, would increase each cohort of leavers' lifetime earnings by £15 million (assuming these individuals would previously have got 5 or more good GCSEs as their highest qualification). Raising it up to the average in England would increase each cohort's lifetime earnings by £34 million.

Table 2: Impact in £ million in LBAs on present value of each cohort of school leavers' lifetime earnings of improving educational qualifications to OSDA/English averages

What change	How	To what average	
		OSDA	English
Lower share of Level 1	by increasing proportion of Level 2	£41	£118
Lower share of Level 2	BY increasing proportion of Level 3	£35	£34
Raise share of Level 3	By decreasing proportion of Level 2	£15	£61

Health

Left-behind areas also experience poorer health outcomes. For instance, these areas have a considerably higher incidence of lung cancer, more than 60% above the national average. Lowering incidence of lung cancer to the average in OSDAs would lower health spending by around £2 million per year. And lowering incidence of lung cancer to the English average would lower health spending by around £10 million per year. (Based on spending estimate of £9,000 per patient per year, based on research presented at the NCRI Cancer Conference in Liverpool. Cancer Research reports per patient costs of similar magnitudes in *Saving lives, averting costs*, 2014). The broader economic benefits of this – taking into account increased productivity and lower death rates – could be several times larger. For instance, Policy Exchange suggests that the total economic cost of cancer in 2020 (£24.72 billion) is over four times as large as its direct impact on NHS spending (£5.98 billion).

The rate of chronic obstructive pulmonary disorder (COPD) is 3.0 per cent compared to 2.4 per cent in ODAs and only 1.9 per cent in England. Bringing prevalence of this condition to the rates in ODAs would reduce health spending by £15 million pounds per year and bringing prevalence down to the rates experienced in the rest of the UK would lower spending by £28 million. (These calculations are based on estimates calculated for one particular NHS Foundation Trust (South Somerset), as reported in the Greater Manchester Unit Costs database. They only take into account the annual direct cost of a patient having COPD as their sole diagnosis. These are conservative estimates: the same dataset calculates that due to multimorbidities the average annual cost to the NHS and public sector of an individual who has COPD is almost four times as high as the direct costs of treating COPD).

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