Local Trust response: Community Wealth Fund technical consultation

This paper was submitted by Local Trust to government in response to its technical consultation on the design of the Community Wealth Fund.

Introduction

In March 2023, government committed to creating a Community Wealth Fund which would be "distributed to communities in deprived areas and released over a long time period, with local residents empowered to make decisions on how to use the money" (DCMS, 2023). As part of that announcement, government stated its intention to hold a technical consultation on how a Community Wealth Fund should be designed and delivered. The technical consultation was open for responses for four weeks from 22 September until 19 October 2023 and sought answers to specific questions, such as the size of community that should benefit and the nature of the distribution of funding.

Local Trust put together a response to the consultation based on research and learning from its delivery of the Big Local programme, which provides long term, flexible and resident-led investment in 150 deprived communities in England, as well as evidence from evaluations and research on previous neighbourhood regeneration programmes. This paper details Local Trust's responses to each of the questions included in the technical consultation on the Community Wealth Fund – and highlights the importance of investment, entrusted to local people, to restore social infrastructure in the most deprived and 'left behind' neighbourhoods in the country.

Breadth versus depth of funding

1. Should a CWF focus on supporting a smaller number of communities with larger pots of funding, or a greater number of communities with smaller pots of funding? (*Select only one of the options below*)

Option A – bigger pots of funding to a smaller number of communities.
Option B – a greater number of communities receive smaller pots of funding.

In response to this question, Local Trust selected Option B: that a greater number of communities receiving relatively small pots of funding would deliver a Community Wealth Fund (CWF) with most impact.

This design principle would ensure the CWF provides neighbourhood-level investment to improve outcomes in the most deprived and 'left behind' communities in the country.

The key objective of the CWF as previously envisaged by government was to "improve social infrastructure in neighbourhoods with relatively high deprivation and/or low social capital", through funds "targeted at the hyper-local level (towards)… communities of less than 10,000 residents" (DCMS, 2023). Local Trust is concerned that this objective will not now be achieved given that details provided as part of the announcement of the technical consultation suggest a shift to investment in a larger geographic area – towns with a population of under 20,000 – and asks that government reconsider this change. If the government position is that small towns must benefit "in the first instance", we recommend that the fund focuses on smaller areas - neighbourhoods - within these towns that are deprived and also lacking in social infrastructure.

A focus on small towns is likely to obscure the acute differences in outcomes that exist at a neighbourhood level, which often leaves the most deprived and 'left behind' neighbourhoods to fall through the gaps in funding and support. Funding for towns typically benefits the town centre but many deprived and 'left behind' neighbourhoods are located away from town and city centres - instead they are often on the outskirts in peripheral housing estates – and so would be likely to miss out again if the CWF targeted small towns.

Local Trust's experience of delivering the Big Local programme shows that producing high-impact change in communities is possible through providing relatively small amounts of funding per head of population per year at the neighbourhood-level, enabling a significant number of areas to be funded.

The Big Local programme provided just over £1m each (£1.7m in today's value) to 150 of the most deprived neighbourhoods in England. This relatively small amount of patient, long-term funding with spending decisions taken by residents, builds a sense of efficacy, confidence and capacity in communities. Areas which were once funding 'cold spots' whose residents had little say, have - over time, and with appropriate capacity building support - developed the ability to leverage external funding and opportunities to build sustainable and resilient local amenities and other social infrastructure (Third Sector Research Centre, 2022).

The success of Big Local, on whose learning the proposal for a CWF is partly based, is in great measure down to its hyper-local nature and its focus on a relatively small population (an average of 8,000 residents per area). This enables people in the area to more easily develop a sense of common cause and solidarity. The larger the geographic area and population size covered, the less likely this is to be the case and the more likely it is that the needs of the most disadvantaged areas will remain hidden and unmet.

Research carried out by Cambridge University to understand what drives sustained change in deprived areas, based on evidence from English regeneration policy over the past 40 years, shows that a population size of less than 10,000 would be most appropriate for a CWF. Anything bigger falls short of building trust

and social capital locally, and does not enable residents to feel ownership of programme delivery and impact (CCHPR, 2019).

2. What do you regard as the optimum amount of funding that a community should be given in total through a CWF (over roughly a 10-year period)? (*Select only one of the options below*)

- Less than £500,000
- £500,000 - £1,000,000
- £1,000,000 - £2,500,000
- £2,500,000 - £5,000,000
- £5,000,000 - £10,000,000
- More than £10,000,000

In response to this question Local Trust selected the £1,000,000 - £2,500,000 option.

Assuming a hyper-local focus, and acceptance of the argument set out in answer to the last question that the CWF should provide foundational investment in community capacity in deprived or 'left behind' neighbourhoods, learning from the Big Local programme suggests that each area should receive in the region of £1.7m. This is the amount Big Local areas were awarded over the 10-15 programme (£1.15m inflated to reflect current prices).

The residents of Big Local areas have referred to the £1.15m awarded through the programme as a 'Goldilocks' figure: it is sufficient to get them a seat at the table when key decisions about services and facilities are being made locally, but not enough to encourage consultants and other organisations from outside the area to swoop in to 'help' them spend it. The perception is that previous initiatives – particularly regeneration efforts which brought relatively significant amounts of funding into areas – attracted organisations and individuals who, when the funding ended, took the capacity built through the programme with them, rather than it leaving a legacy of confident leaders in the community.

This scale of investment can help to improve outcomes in the most deprived and 'left behind' neighbourhoods in the country. This is demonstrated by the evaluation of the Big Local programme, which shows benefits for individuals – including reduced social isolation, increased confidence and aspiration, better health outcomes and greater access to employment opportunities – and broader community change. It has resulted in the creation and growth of local community and voluntary organisations; physical and environmental improvements; new community hubs and services addressing local needs; new confidence and capacity to engage with local political and consultative forums to inform and design appropriate public services; as well as improved community pride and cohesion (Third Sector Research Centre, 2022).

An award of £1.7m per area would enable: the development of baseline social infrastructure in the most deprived and 'left behind' neighbourhoods, essential to building community skill and capacity to raise external funding; support these areas to effectively advocate on local decisions on services and facilities, and start to level the playing field between the most 'left behind' and other areas through fostering local economic development and growth.

Research by Frontier Economics (2021) confirms that investing just over £1m in each of the most 'left behind' neighbourhoods in the country would generate significant economic payback to the Treasury (HMT). Frontier Economics assessed the likely economic pay back from a typical basket of community investments in a neighbourhood. Using a very conservative approach to developing its estimates, consistent with economic appraisal processes used by HMT, they concluded that just over £1m invested in each of the most 'left behind' neighbourhoods of the country would likely generate £3.2m in social and economic benefits over a 10-year period. This includes £2m in increased employment, health and wellbeing, GVA in the local economy, and reduced crime, and £1.2m in fiscal benefits through

employment, tax and benefit savings, and the reduced costs of crime, healthcare and employment services. The return in employment taxes and benefits was estimated at £0.7m as a result of supporting unemployed people into work and are 'cashable' as they provide a direct saving to the Exchequer.

Existing social infrastructure

1. Should there be a baseline social infrastructure requirement for small towns to be eligible for a CWF? (*Select only one of the options below*)

Option A - there should be a social infrastructure baseline requirement.
Option B - there should not be a social infrastructure baseline requirement.

In response to this question, Local Trust selected Option B: that there should not be a baseline social infrastructure requirement for areas to be eligible for funding from a CWF.

Government's previously stated intention for the CWF was to provide "long term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure", with the explicit aim to "improve social infrastructure in neighbourhoods with relatively high deprivation and/or low social capital" (DCMS, 2023).

Local Trust welcomed this acknowledgment of the vital role of social infrastructure which: enables the development of economic and social capital in deprived areas; improves residents' quality of life and satisfaction with where they live; as well as improving outcomes across health, education, employment and income metrics (Pro Bono Economics, 2022; Bennett Institute, 2021; OCSI, 2020).

Targeted social infrastructure investment is needed to address the erosion of social infrastructure over the past decade; whereby the loss in many places of community centres, residents' associations and neighbourhood cafes and shops has left many feeling 'left behind' and ignored.

But whilst the decline in social infrastructure isn't limited to our poorest neighbourhoods, its greatest force is felt in communities which are both deprived and lack community provision (Local Trust, 2019). Two-hundred and twenty-five neighbourhoods in England have been found to have the most severe deprivation and lowest levels of social infrastructure in the country - defined as places and spaces to meet, community activity, and connectedness (both physical and digital). Research suggests that the lack of social infrastructure compounds existing levels of deprivation in these areas, resulting in worse socio-economic outcomes across all metrics (OCSI, 2020).

People living in these neighbourhoods are more likely to face financial hardship. They have double the number of children living in income deprived households than the national average, have fewer employment opportunities and markedly worse health outcomes than similarly deprived neighbourhoods, while educational attainment is significantly lower across every age group (OCSI, 2020).

The Big Local programme highlights the potential of social infrastructure investment to provide a firm foundation to improve outcomes in deprived and 'left behind' communities. The programme was targeted at deprived neighbourhoods that had not received their fair share of funding from the Lottery or other public sector sources in the past. These areas lacked civic capacity in the form of individuals or community organisations with the knowledge and networks to be able to successfully apply for funding. But with investment and appropriate support, Big Local areas have rebuilt their social infrastructure, repaired the damaged local social fabric and developed civic and associational activity resulting in sustained improvements in these areas.

A CWF offers the opportunity to achieve government's ambition to restore social infrastructure in neighbourhoods which suffer from high deprivation and a lack of social capital. If there is a baseline requirement for areas to be eligible for funding, the most deprived and 'left behind' neighbourhoods will

miss out yet again on their fair share of investment and opportunities. This will leave them in a cycle of decline, and the gap in outcomes between them and other neighbouring areas will continue to grow.

Allocative or competitive distribution

1. Should small towns be allocated funding from a CWF, or should there be a competitive bidding process to determine which small towns receive funding? (*select only one of the options below*)

Option A – allocative
Option B – competitive

In response to this question Local Trust selected Option A: that funding from a CWF should be distributed on an allocative basis.

Funding should be allocated as opposed to there being a competitive bidding process because the areas that most need the funding will most lack the capacity to bid for it.

Local Trust believes that CWF funding should go to the neighbourhoods that need it most. Research commissioned by Local Trust from OCSI (2020) identifies 225 neighbourhoods as perhaps the most 'left behind' in the country because they suffer the compound disadvantage of both severe deprivation and a lack of social infrastructure. The socio-economic outcomes for residents in these areas are markedly worse across every key metric than those for people living in other equally deprived areas that have a base level of social infrastructure (OCSI, 2020).

A competitive bidding process would effectively screen out these neighbourhoods from receiving funds from a CWF. They have not only missed out on their fair share of public and charitable funding in the past, but there is evidence that they have not been able to access Levelling Up Funds to improve their areas (OCSI, 2022; 2023).

By definition 'left behind' neighbourhoods lack community institutions and civic organisations with the skills and capacity necessary to produce high quality funding bids and attract resource. And, there is less ready access to the specialised skill-set needed to prepare a successful funding bid. By comparison, more prosperous places often have access to these skills - if only because they can afford to buy them in (APPG for 'left behind' neighbourhoods, 2023).

Local Trust knows from experience that a firm foundation of social infrastructure is needed for deprived communities to be able to access mainstream investment which is often competitive. Targeted investment and appropriate support has built civic capacity and skills in the 150 neighbourhoods supported by the Big Local programme. Starting from a position of limited social infrastructure, Big Local areas have developed strong community institutions, many of which have gone on to secure long-term funding and are largely self-sustaining (Third Sector Research Centre, 2022). This would not have been possible without foundational investment to address their initial deficit in social and community infrastructure.

A CWF offers an opportunity to 'level up' and improve outcomes in the most deprived and 'left behind' neighbourhoods in England. But these communities must not be pitted against one another to secure funds, and competitive processes which bias the distribution of resources to more affluent and capable areas run the risk of making a funding stream aimed at their benefit inaccessible to those communities most in need.

How beneficiaries are selected

1. How should beneficiaries be selected to receive funding from a CWF? (*Select only one of the options below*)

Option A: beneficiaries should be selected in order of priority.
Option B: beneficiaries should be selected in order of priority, while ensuring geographic spread across the country.
Option C: a discretionary approach should be taken to select beneficiaries.

In response to this question Local Trust selected Option A: beneficiaries should be selected in order of priority.

Beneficiaries should be selected in order of priority based on the principle of 'least first', with the most disadvantaged areas that are most lacking in social infrastructure prioritised for funding from a CWF.

Local Trust has worked with Oxford Consultants for Social Inclusion (OCSI) to identify those neighbourhoods most in need of funding and support. OCSI drew on Local Trust's experience of delivering the Big Local programme in deprived areas to develop a Community Needs Index (CNI) to map where community provision is lowest. The CNI is a measure of three area characteristics: community assets; civic participation and engagement; and physical and digital connectedness. Overlaying the bottom 10 per cent of areas from the CNI on the most deprived 10 per cent of areas as identified by the Index of Multiple Deprivation (IMD) highlights 225 wards which are the most severely deprived and which have the lowest levels of social infrastructure. These neighbourhoods are the most 'left behind' in the country.

A lack of social infrastructure combined with acute deprivation compounds disadvantage in these neighbourhoods, which perform worse across all socioeconomic metrics. Compared to similarly deprived neighbourhoods they have: fewer local jobs, with unemployment rising at a higher rate; a lower life expectancy and higher prevalence of long term illnesses (both physical and mental); fewer residents with qualifications, particularly degree level qualifications, and; longer travel times to key services and opportunities (OCSI, 2020).

Government's new proposal for the CWF to invest in small towns means that 'left behind' neighbourhoods with the greatest need are unlikely to benefit. As few as 17 or as many as 37 (depending on the definition of small towns used) of the 225 neighbourhoods identified are in such towns and therefore stand a chance of benefitting under current proposals. Many of the most 'left behind' neighbourhoods are on the fringes of urban areas and located away from town centres, often in peripheral housing estates as well as ex-coalfield and former industrial areas (OCSI, 2023). Investment in small towns is unlikely to reach them, and risks leaving them to fall even further behind other neighbourhoods.

Through providing funding based on a 'least first' principle, a CWF would provide a firm foundation to build social infrastructure and improve outcomes for the most deprived and 'left behind', levelling the playing field between them and the rest of the country.

Nature of local decision-making

1. What option do you agree with regarding the nature of local decision making? (*select only one of the options below*)

   Option A: communities are free to determine the best way(s) of meeting local priorities.

Option B: communities must choose from a menu of evidence-based interventions in order to meet local priorities.

In response to this question Local Trust selected Option A: communities free to determine the best way(s) of meeting local priorities is most likely to improve outcomes in deprived and 'left behind' neighbourhoods.

If government is firm in its commitment for the CWF to "empower local people to determine what is needed in their neighbourhood, to distribute resources locally to meet this need, and to be able to take pride in and ownership of its impact" then it must ensure that communities are free to determine the best way of meeting local priorities.

Research commissioned by Local Trust found that previous neighbourhood regeneration programmes had failed to leave a lasting legacy in neighbourhoods because of a lack of genuine community control over decisions (CCHPR, 2019). Undertaking qualitative research amongst experts, Cambridge University found that a community "has to feel they have real influence and real power, otherwise they won't engage" (CCHPR, 2019: 8).

Numerous research studies and evaluations indicate that community leadership would help to solve complex problems and lead to better outcomes across a variety of domains, incubating civic pride, improving quality of life, and boosting community cohesion and resilience (New Local, 2021; Bennett Institute, 2021; Local Trust, 2021). Evidence shows improvements in outcomes would be particularly striking for health and wellbeing, with the *Marmot Review: Ten Years On* highlighting a clear association between community leadership and improved physical and mental health outcomes (Marmot et al, 2020: 98).

Community leadership would also support economic development in 'left behind' neighbourhoods. Research from Frontier Economics (2021) has shown that community-led social infrastructure investment in these neighbourhoods would more than pay for itself in terms of economic returns to HMT and improvements in the wellbeing of local residents. It shows that there is a significant opportunity in relation to employment and skills and improving the prospects of young people, which would provide a boost to local economies and catalyse sustainable, long-term growth (Frontier Economics, 2021).

If a key objective of establishing a CWF is to place "more decision-making power into the hands of those who know and understand their neighbourhoods best", then communities must be free to decide how best to meet priorities locally. This would not be achieved by a menu of interventions prescribed from the top-down: the CWF would, in that case, mirror a long line of interventions which have left deprived and 'left behind' neighbourhoods feeling disillusioned and 'done to' rather than empowered and motivated to deliver for themselves and their communities.

Further considerations

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

Local Trust's experience of delivering the Big Local programme, providing just over £1m each to 150 deprived neighbourhoods in England with residents in control of the spend, sheds light on how the public sector can support the delivery of the CWF.

Research on the Big Local programme shows that the organisations most important to the success and legacy of residents' efforts to improve their neighbourhoods are local authorities. Local authorities have played a crucial role in the successful delivery of neighbourhood priorities, for example, through supporting the transfer of buildings or land to community ownership, fostering community-level activity

through small-scale grants, peppercorn rents for premises, the provision of technical support, and through channelling resource such as levelling up funding to the neighbourhood level.

Despite this, Big Local areas have also faced challenges from local authorities when designing and delivering plans to improve their areas. When Big Local areas were initially granted funding, some local authorities assumed that they could direct the spend and struggled with the idea that local communities wanted to fund activities, services and projects that differed from what they thought important. In some cases, local authorities used their knowledge and position to dismiss issues that community leaders in Big Local areas wanted to prioritise, seeing them as trivial or aesthetic – a problem sometimes referred to as the 'dog fouling problem'. In some cases, this undermined communities' faith and trust in the local authority, thwarting the potential for partnership working.

Community leaders also often felt held back by the fact that they are not regarded as on an equal footing with representatives from the public sector, despite living in the area under discussion and having a deep knowledge of the needs and aspirations of residents. The perception was that, in some areas, councillors and local authority officers were either too constrained by bureaucracy or too keen to hoard their power and so it was not being shared with local community groups and organisations.

To mitigate these challenges, two measures are needed. First, being clear – at the point of the announcement of the CWF– on its remit to place "more decision-making power into the hands of those who know and understand their neighbourhood best", as well as the ethos, structures and processes that underpin it (DCMS, 2023). Second, through providing guidance and support for local authorities on building strong and equal partnerships with communities, based on learning from the Big Local programme. Our research indicates that effective partnerships are based on: a mutually respectful, empathetic relationship (avoiding paternalism on the local authority's part); effective ongoing communication; and a sense of shared ownership and accountability.

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

A Community Wealth Fund passes the 'additionality test' as its specific design principles would ensure support for activities and projects in particular, defined neighbourhoods which no government department or programme is currently supporting in a focused way.

Long term, patient investment

The longevity of funding (over 10-15 years) which is awarded rather than competed for would differentiate the CWF from mainstream government funding. This would support a unique focus on long term capacity and confidence building in 'left behind' neighbourhoods, giving residents the time to learn and adapt and build an active and engaged community.

A focus on social infrastructure

Social infrastructure has been in decline for the past decade. Research has shown that over 760 youth clubs have shut since 2012, people are much less likely to volunteer or attend community activities than they were ten years ago and there has been a decline in residents' associations and neighbourhood cafes and shops (YMCA, 2020; Onward, 2020). The CWF would be the only source of support for repairing civic life in deprived areas which have been hardest hit by the downward trend in social infrastructure.

Community leadership

A CWF which grants residents the power to decide how money will be spent would result in distinctive amenities, facilities and activities based on the priorities and desired outcomes of people locally. Evidence from the Big Local programme shows that residents with a small budget and the ability to decide how it is spent tend to support or develop many micro-initiatives and community-based solutions which the public sector is unlikely to support, and lacks the local insight, knowledge and skills to implement.

Targeting the most 'left behind' neighbourhoods

The CWF should be targeted at the most 'left behind' neighbourhoods. These are the communities that are not only extremely deprived but suffering major deficits in their social infrastructure. They are cold spots for public and other funding, and have historically missed out on their fair share of resources compared to other areas. The CWF could fill this gap in current mainstream funding and initiatives.

For instance, OCSI research (2020) shows that 'left-behind' neighbourhoods received on average £827 per head per annum to spend on core local government services, compared with £843 received across England as a whole. This demonstrates that despite higher overall levels of need these areas received lower levels of investment for local services.

Also, from 2004 to May 2021, 'left behind' neighbourhoods received on average £7.77 in national charitable grant funding per head, less than half the amount received in other equally deprived neighbourhoods that benefit from social infrastructure (£19.31) and well below the average across England as a whole (£12.23) (OCSI, 2021).

A CWF is necessary to build community confidence and capacity in these neighbourhoods to enable residents to successfully apply for funding, thereby ensuring that the investment government makes available for levelling up through such initiatives as the UK Shared Prosperity Fund, which we understand will be around for the long term, is accessible to them. They will otherwise continue to lose out and fall even further behind.

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

Just over a decade into its 15-year duration, the Big Local programme, providing just over £1m each to 150 deprived neighbourhoods across England, has generated extensive learning on the design and delivery of neighbourhood regeneration programmes. Local Trust has also commissioned experts, including academics, to conduct research into previous community-focused regeneration initiatives to highlight key ingredients for successful programme delivery. The following principles for CWF governance and reporting have been informed by this experience, learning and research.

Local governance

Governance at the neighbourhood level is in our view the approach with the best chance of achieving good outcomes for those communities that need investment the most. Resident-led decision-making boards of which at least 75 per cent are local residents have worked very well in the context of the Big Local programme. Accountability to the local community is also achieved by extensive community research and consultation to inform the development and delivery, by the local resident-led board, of a local plan for improving the area which has broad community support and buy-in.

Appropriate, bespoke, and flexible support

Good governance at the neighbourhood level requires the provision of appropriate advice, guidance and capacity building support for local resident-led decision-making boards. Support should be enabling and responsive: helping residents to plan, develop and deliver the programme in their areas based on their priorities and ambitions for their neighbourhood. The support offered should also be reviewed regularly, and be flexible and adaptive to changing circumstances and priorities on the ground.

Robust reporting mechanisms, without burdening volunteers on the ground

Robust mechanisms to monitor, account for, and report on the spending of areas in receipt of the CWF must be in place, without burdening and stretching volunteers who want to get on with their work on the ground. The Big Local programme has achieved this through an approach based on 'locally trusted organisations' (LTOs). These are local civic organisations, trusted charities, or sometimes the local

authority, that administer and account for the distribution of funding, and report on spending on volunteers' behalf.

Evaluation tailored to local need

Evaluation should focus on a few key outcomes rather than trying to cover everything, which would take time and energy away from programme delivery in local areas. Outcomes measured should also reflect the priorities and desired outcomes most important to local people in order to support and inform civic activity and engagement in the targeted neighbourhoods.

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

Frontier Economics (2022) have undertaken research on how a neighbourhood focused CWF might best be evaluated to measure and attribute the impact of its investment, following guidance in HMT's Magenta and Green Books.

Frontier highlighted a number of challenges related to evaluating a CWF, namely:

- The long term and patient nature of the funding, and the time lag between when an area receives support and when impact can be measured.

- Discerning impact at a neighbourhood level, when data is often for larger areas such as Lower or Middle Layer Super Output Areas.

- Disentangling the impact of the CWF from other external factors.

- Developing suitable methods to measure the impact of community-led initiatives on trends like economic growth.

- Capturing the impact of subjective measures such as quality of life and resident satisfaction.

Despite these challenges, there was consensus amongst leading experts consulted as part of the research that it would be possible to develop a rigorous evaluation of the CWF that demonstrated its impact.

Frontier Economics (2022) list suitable outputs and outcomes to be measured to account for the time lag mentioned above, and to disentangle the impact of the CWF from other factors. They also suggest drawing a distinction between those outcomes that are possible to reasonably and robustly measure within the timescale of an evaluation, and those where it would be necessary to draw on available secondary evidence to make the link to, for example, economic growth.

Frontier Economics recommends a mix of methodologies to measure outcomes and impact. This includes an exploration of a Regression Discontinuity Design (RDD) analysis at the programme level as a means of evaluating the overall impact of CWF investment for the set of suitable key outcomes measures. Using this approach at the programme level (using the eligibility threshold for CWF funding to generate a counterfactual) would address the difficulties in defining an appropriate counterfactual that would arise with other methods. This would be complemented by a theory-based evaluation, drawing on a detailed theory of change, at the area level. This would enable consideration of the context of the area studied, and contribution analysis would indicate whether impact is attributable to the CWF or other factors. Rigour of the theory-based work could be improved through collection of a range of evidence specific enough to test the theory of change, triangulate across multiple sources, and rule out alternative causes for impact.

Public sector equality duty

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

Option A: positive
Option B: negative
Option C: mix of positive and negative
Option D: no impacts

In response to this question Local Trust selected Option A: the design of a CWF may have a positive impact on individuals with protected characteristics.

6. Please explain what you think these impacts would be with specific reference to any or all of the design principles described in questions 1, 2, 3, 4, 5 and 6.

As outlined in earlier answers, Local Trust believes that there should be no baseline requirement for social infrastructure, with communities allocated funding according to highest priority and that the CWF should focus on the most deprived neighbourhoods which also lack social infrastructure. Sometimes referred to as the most 'left behind' areas of the country, these neighbourhoods have lost many of their community services and facilities and have missed out on their fair share of public and other funding, to the detriment of residents' prospects. In this way a CWF could support the communities most urgently in need of investment, and enable them to build and restore social infrastructure which evidence shows is key to improving outcomes for all sections of the community, particularly those whose needs are traditionally not met.

Research demonstrates that neighbourhoods with a strong ecosystem of social infrastructure: support a wider range of people of all backgrounds to become involved and active in their community; tackle inequalities by increasing potential touchpoints between individuals with specific needs and appropriate support and advice; and are more cohesive, resilient and connected (Mayor of London, 2020; Bennett Institute, 2021). New Local's (2020) research into community-led social infrastructure also shows it supports individuals from minoritised groups (for example, those with a disability) to better access decent and secure employment.

Social infrastructure also improves social capital, which improves residents' prospects. Research from Chetty et al (2022) shows that the strength of an individual's social network and community is an important factor in upward economic mobility; by comparison, low levels of social capital amongst women and racialised communities have been found to contribute towards gendered and racial wage gaps, as well as lower levels of influence over local services and affairs (Collischon et al, 2021; de Souza Briggs, 2002).

Research carried out on the Big Local programme has found that resident-led decision making can foster inclusion and participation through supporting collaboration, minimising formality, and encouraging self-reflection (University of Kent, 2021). Big Local areas have often developed and adapted their ways of working to better engage individuals with protected characteristics and support them to become involved, for example, by providing food and activities for children at meetings to promote access and inclusion. This illustrates how resident-led decision-making has the potential for a different approach, making processes welcoming for those for whom traditional decision-making spaces feel exclusive or alien.

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

The Community Wealth Fund Alliance (CWFA), for which Local Trust provides the secretariat, commissioned an Equality Impact Assessment (EIA) of the proposed CWF to inform its design and delivery.

The EIA recommended implementing an Equality, Diversity and Inclusion (EDI) action plan at an early stage of the programme to make sure the necessary monitoring and review processes are in place to capture any unintended negative impacts and act swiftly to implement improvements. It was suggested that the plan should comprise work to:

- promote the commitment to embedding EDI as a cross-cutting theme and founding principle, and publicise this commitment

- ensure data collection of decision-making boards to monitor the profile of participants to ensure diverse representation

- monitor feedback from participants of programmes and decision-making boards to capture feelings of belonging

- ensure long term and patient investment to enable younger people, racialised communities and women to increase their sense of agency and belonging in the Community Wealth Fund

- ensure stakeholders have an awareness and understanding of the potential discrimination and barriers across all protected characteristics including intersectionality and the social model of disability

- provide data from the 2021 census concerning the disability, gender reassignment, religion or belief and sexual orientation of people within each 'left behind' area to the relevant stakeholders to facilitate a fuller appreciation of the diverse profile of their community

- ensure data collection forms an ongoing part of application, assessment, review, and monitoring arrangements

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

Appropriate support for capacity building

Government must ensure that appropriate and sufficient capacity building support is built into the design of the programme.

Experience from the Big Local programme is that community development support is needed right at the start to bring communities together to develop a vision and concrete plan for how their neighbourhood can be improved and, as time moves on, in-area bespoke support, including from organisations with technical expertise, is crucial to support resident-led boards to develop and move forward with their plans.

Some local needs will not be anticipated initially, but newly emerging and complex needs can be accommodated within a support offer that has flexibility built in and which is reviewed regularly to adapt to areas' priorities and changing circumstances.

Local Trust has calculated that funding and appropriate support equivalent to the Big Local programme would require overall investment of at least £400m (inclusive of the £1.7m allocated to each neighbourhood) to secure a high-quality programme of sufficient scale with appropriate investment in capacity building to fully realise the potential benefits of a community-led approach to improved outcomes.

Long term, patient investment

Just as many 'left behind' neighbourhoods have seen a gradual but sustained decline in both their economic prospects and social infrastructure over many years, rebuilding that capacity will require long term and patient investment and support.

Learning from the Big Local programme and other previous neighbourhood regeneration programmes shows that improving outcomes in deprived communities requires long term, patient investment – between 10-15 years. Programmes which are shorter than this will not be sufficient to build skills, confidence, or a strong local asset base (University of Cambridge, 2019). A consistent and long-term commitment is needed to build civic capacity and resilience in the most deprived and 'left behind' neighbourhoods in the country (University of Cambridge, 2019).

Government has announced that it will dedicate only £87.5m of dormant assets funding to community wealth funds between 2024 and 2028. This is an equal share of its estimate of the total generated from dormant assets over the period (£350m) – the same amount will be dedicated to youth, financial inclusion, and social investment. Over 16 years, assuming the same allocation policy and a consistent flow of dormant assets, the potential investment in community wealth funds could be just over £350m. We ask that government commit at least this level of funding for the Community Wealth Fund over this period to underpin long term community-led change in deprived communities.

References

APPG for 'left behind' neighbourhoods, (2023). A neighbourhood strategy for national renewal: the final report of the APPG for 'left behind' neighbourhoods' inquiry into levelling up. (Accessed October 2023).

Bennett Institute for Public Policy, (2021). Townscapes: the value of social infrastructure. (Accessed October 2023).

Cambridge Centre for Housing and Planning Research (CCHPR), (2019). Achieving local economic change: what works? (Accessed October 2023).

Chetty, R., Jackson, M., Kuchler, T. and Stroebel, J. (2022). Social capital and economic mobility. (Accessed October 2023).

Collischon, M. and Eberl, A. (2021). 'Social capital as a partial explanation for gender wage gaps'. *The British Journal of Sociology,* 72 (3), pp. 757-773. (February 2021).

De Souza Briggs, X., (2002). 'Bridging networks, social capital, and racial segregation in America'. *Harvard Kennedy School Working Paper Series,* No. RWP02-011.

Frontier Economics, (2022). Community Wealth Fund think piece: how a CWF could be evaluated. (Accessed October 2023).

Frontier Economics, (2021). The impacts of social infrastructure investment. (Accessed October 2023).

Levelling up our social capital, social fabric and wellbeing. Pro Bono Economics (Published March 2023, accessed October 2023), https://www.probonoeconomics.com/levelling-up-our-social-capital-social-fabric-and-wellbeing.

Local Trust (2021). The double dividend: The social and economic benefits of community infrastructure and its potential to level up 'left behind' neighbourhoods. (Accessed October 2023).

Local Trust (2019). Left behind? Understanding communities on the edge. (Accessed October 2023).

Mayor of London (2020). Connective social infrastructure: how London's social spaces and networks help us live well together. (Accessed October 2023).

Millions released from dormant accounts to support vulnerable people with cost of living. Department of Culture, Media and Sport (Published March 2023, accessed October 2023), https://www.gov.uk/government/news/millions-released-from-dormant-accounts-to-support-vulnerable-people-with-cost-of-living.

New Local (2021). The community paradigm: why public services need radical change and how it can be achieved. (Accessed October 2023).

New Local (2020). This isn't working: reimagining employment support for people facing complex disadvantage. (Accessed October 2023).

OCSI (2021). Community data dive for the All-Party Parliamentary Group for 'left behind' neighbourhoods. (Accessed October 2023).

OCSI (2020). Left behind areas 2020 – Interim Set. (Accessed October 2023).

Onward (2020). The state of our social fabric: measuring the changing nature of community over time and geography. (Accessed October 2023).

Third Sector Research Centre, (2022). *Big Local futures: building Big Local legacies*. Sheffield: Sheffield Hallam University. (Accessed October 2023).

University of Kent (2021). Power in Big Local partnerships. (Accessed October 2023).

YMCA (2020). Out of service: a report examining local authority expenditure on youth services in England and Wales. (Accessed October 2023).

About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live.

We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place.

localtrust.org.uk