

# The Community Wealth Fund Bill: an explainer

## A BILL TO

*transfer monies from the Dormant Assets Scheme into a new national endowment called the Community Wealth Fund, to be invested for the purposes of improving the local environments and quality of life of deprived communities, including through building social capital and social infrastructure; and for connected purposes.*

### 1. Purpose

The purpose of this Bill is to secure funding for a new permanent endowment that would regenerate and transform those disadvantaged neighbourhoods across England that have been identified as 'left behind'. The Community Wealth Fund (CWF) would see direct investment into these communities over the long-term to help build much-needed social capital and social infrastructure, in order to level up outcomes for the people that live there.

The proposal for a CWF is supported by an Alliance of over 460 public, private and voluntary sector organisations (CWFA), as well as over 200 parliamentarians from across the political spectrum, including members of the All-Party Parliamentary Group for 'left behind' neighbourhoods. The CWF would make a crucial contribution to levelling up life chances and opportunities and rebuilding the country's social fabric, with evidence also indicating that there would be significant fiscal and economic returns from improving the worse social and economic outcomes currently experienced by the residents of 'left behind' areas.

### 2. Identifying 'left behind' neighbourhoods

In addition to experiencing multiple deprivation and socio-economic challenges, 'left behind' areas face a serious shortfall of social infrastructure, defined as:

- 1) a lack of civic assets: the spaces and places in a community that support meaningful relationships
- 2) low levels of community engagement: the organisations that provide services and bring people together
- 3) poor physical and digital connectivity: the essential links to other people, places and opportunities

### 3. Funding

This Bill sets out the mechanisms to create an independent permanent endowment at no extra cost to the public purse, building on the success of the existing system for dormant bank accounts created by legislation in 2008. With parallels to national sovereign wealth funds, the CWF would be capitalised using a new tranche of orphaned financial assets (bonds, stocks, securities, shares, insurance and pension funds). In addition, with a specific remit to invest in disadvantaged and 'left behind' areas, it would provide a secure base to attract other potential funding, such as via the National Debt Fund, or philanthropic donations.

### 4. Principles for investment

Informed by the evidence from previous government and charitable regeneration programmes, investment under the CWF would be informed by the following key principles:

- long term, patient funding: with a 10-15 year time horizon
- a hyper-local approach: with investment directly into 'left behind' neighbourhoods
- community-led decision making: unrestricted funding to meet locally identified priorities
- ongoing support: appropriate, bespoke support to build community confidence and capacity

### 5. Governance and administration

A new independent Task Force will define the CWF's governance, accountability and administration arrangements, harnessing the skills and experience from across civil society, charities, government and business. The CWF will be overseen, like other dormant asset distributors, by the Oversight Trust, which will ensure that the body tasked with the operational management and disbursement of funds has good governance and appropriate financial and other monitoring and reporting systems in place.