



Dormant Assets consultation: submission by the co-chairs of the APPG for 'left behind' neighbourhoods

As co-chairs of the APPG for 'left behind' neighbourhoods we are delighted to have the opportunity to respond to the government's consultation on the best use of the English portion of the next tranche of dormant assets. We strongly believe that a Community Wealth Fund (CWF) should become a new cause to benefit from this vitally important and unique form of investment, and set out below how it meets and exceeds the government's prescribed eight essential and three desirable criteria for features of any new cause.

Background

Over the past 12 months we have worked closely with fellow parliamentarians to make the case to government of the pressing need for a CWF, which would provide long-term support and investment at the hyper-local level directly into those disadvantaged communities that have some of the highest levels of community need in England. These communities have seen the essential local social infrastructure that many of us take for granted deteriorate, decay and disappear, resulting in depleted levels of

the social capital that is so important for underpinning healthy, prosperous and resilient communities. As a result, 'left behind' neighbourhoods experience significantly worse outcomes across a range of indicators, from health and wellbeing, to education, and employment.

Having historically missed out on their fair share of funding, without appropriate attention and investment these communities face falling even further behind. Not only were they hardest hit by COVID, with less resources to draw upon locally to marshal a community response to the pandemic, but as research for our APPG has shown they are also the most vulnerable when it comes to the cost of living crisis. We believe that communities such as these must be a priority when it comes to levelling up and fostering economic growth, and that given the complex, and often multi-generational challenges that they face, specific, targeted funding and resourcing over the long-term is required if a local community's social fabric is to be repaired and its economic prospects improved.

This is why the CWF is so important. It is an innovative and evidence-based approach to regenerating communities from the bottom-up, which seeks to develop and harness the latent talent, skills, resources and experience of local people and the community as a whole. As the APPG has heard over the course of its evidence sessions, and informed by learning from past regeneration initiatives, we know how critical it is that communities themselves play a leading role in delivering local change, and the CWF will help put local people in the driving seat when it comes to improving their neighbourhoods.

Definition of a CWF

We are very pleased to see a CWF defined in the Dormant Assets Act 2022, but would like to take up the invitation to provide views on the suitability of its definition. We would therefore seek to amend the definition to include the following addition:

Community wealth funds are defined in the Dormant Assets Act 2022 as funds which give long-term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure, together with investment in the resources that qualifying areas need to build local community confidence and capacity, in order to enable residents to play a greater role in the improvement of their neighbourhood.

Essential Criteria

1. Any cause must constitute a social or environmental initiative.

The CWF would be the most significant and important social and environmental initiative of recent years.

By investing dormant assets funding in a way that benefits both people and places, the CWF will make a crucial contribution to improving outcomes for individuals and the local environment and community in which people live. It will do this by targeting funding directly into those disadvantaged communities that research shows have a chronic lack of the vital social and environmental infrastructure that is essential to a community's health, wellbeing, cohesion and prosperity – from lower volumes of the civic assets and community places, groups, organisations and institutions that underpin an area's social fabric to lower densities of accessible green spaces that are vital to health and wellbeing (APPG 2021).

As a result of this depleted social infrastructure, many such disadvantaged communities find themselves increasingly 'left behind', experiencing worse outcomes across a range of indicators, from health and wellbeing (Munford, Mott et al. 2022), to educational attainment and employment (OCSI 2020) – compared not only to the national average, but also to other, similarly deprived areas. The CWF will play a leading role in catalysing transformational change and improving outcomes in those areas that are most in need of resources and attention by helping communities themselves create the opportunities, nurture the local civic institutions and develop and design the activities and facilities that better connected and more engaged communities have access to, take advantage of and benefit from. By doing so, the CWF will deploy dormant assets funding to help kickstart a diverse multitude of new local social and environmental causes in communities across the country.

2. There must be sufficient scope to fund initiatives that would not otherwise be funded by central government

The CWF will operate in strict accordance with the principle of additionality.

On a macro level, the CWF has been designed to complement and supplement central government initiatives, as well as augmenting broader public sector spending, both nationally and locally.

Conceived specifically to target investment in England's 'left behind' neighbourhoods, at the micro level the CWF will provide local communities with the ability to tackle the issues and invest in the priorities that matter most to them, through locally-designed and implemented initiatives. At around £8-10 per head per year to support community activities, it is of a relatively small scale that it is not something that government funds, or that local authorities engage with, despite its crucial role as the building blocks for healthy and prosperous communities. The CWF would therefore not be used as a substitute for the government's own spending, and nor would it reduce other forms of public support.

It would however mean that dormant assets funding delivered in this way benefits those communities that evidence shows have historically missed out on their fair share of charitable and public sector funding (OCSI 2021), and which due to limited community capacity, would likely not be in a position to access other funding opportunities. Unlike government spending, other forms of public expenditure and most charitable funding, by being delivered over a 10 to 15-year time horizon, the CWF will provide the degree of certainty, stability and continuity in the funding and policy landscape that is particularly needed in 'left behind' neighbourhoods. As a source of long-term, patient funding, dormant assets will be disbursed to meet local presenting needs in a way that cuts across the artificial time-constraints imposed by government spending regimes, electoral cycles, and changing political priorities and fiscal circumstances.

As the Levelling Up White Paper (LUWP) says in its consideration of a CWF in the dormant assets consultation, "Community-led regeneration cannot be achieved with a stop-start funding stream that first builds hope, then destroys it, leaving people less optimistic and trusting, and feeling more disempowered than ever." (DLUHC 2022).

3. A portion of the £738 million must have a meaningful impact

Creating a meaningful impact in those communities that need it most is a defining characteristic of the CWF.

The CWF aims to improve the health and wellbeing of local residents, reduce crime and anti-social behaviour, boost economic activity, foster civic pride, increase community engagement and help create new civic institutions. By supporting local people in their ambitions and aspirations for their community, and resourcing community-led action that addresses neighbourhood priorities, the CWF will maximise the meaningful impact of dormant assets funding for individuals and their families, the local community, and society as a whole. A demonstration of what can be achieved can be found in the Big Local programme, featured in the Dormant Assets consultation guide as an exemplar of this approach to area-based regeneration, which indicates that an amount of circa £1.2 million per community over a 10-year period is a sufficient quantum for meaningful change in an area.

By helping address issues earlier upstream through preventative measures, such as tackling mental health in children and young people, locally-specific support to help residents access the labour market and community action tackling crime and anti-social behaviour, significant savings will be made in public expenditure. Modelling by Frontier Economics of the returns on investment in social infrastructure using conservative assumptions and robust evidence estimates that £1 million investment in social infrastructure in a 'left behind' area could generate approximately £3.2million in fiscal and economic benefits

over ten years (Frontier Economics 2021). This is in addition to the delivery of broader social impacts. Early findings from experimental research for the APPG of the impact of resident-led locality based working show lower crime and a greater reduction in crime levels in recent years, when comparing similar areas that have benefited from this approach with those that have not.

4. Targeting sustained, high impact change

Informed by what works, the CWF is designed to achieve sustainable, transformational change.

As the APPG heard during its 2020-21 evidence sessions, the nature of the entrenched and often multi-generational challenges facing 'left behind' areas, and the extent of change needed to bring outcomes up to the national average requires a targeted and sustained approach to local intervention. The CWF is predicated on directing investment through an approach that is rooted in, owned and led by the local community over the long-term. Ensuring that those with real skin in the game – the local people who live in the community and know best about what needs to be done to improve local outcomes – are in control over the decisions taken that affect their neighbourhood, together with appropriate safeguards and built-in accountability mechanisms, means that change is more likely to be sustainable over the long term. As the landmark in-depth analysis of 40 years of area-based regeneration initiatives found, the community "has to feel they have real influence and real power, otherwise they won't engage" (CCHPR 2019, pp.7-8).

The CWF contrasts with previous approaches that have been top-down, remote interventions, designed and implemented by those without the local insight, working knowledge and lived experience of a local area, who are often parachuted in to 'help' deprived areas but then leave when the funding ends. Experts agree that we need a new approach to regeneration, based on the Big Local model, which through the

evidence presented to the APPG is highly effective in building local community confidence and capacity, and which as a result can drive transformational change.

With the CWF's core design principles informed by the evidence base of previous regeneration programmes, such as the need for a hyper-local focus (neighbourhoods of between 10,000 and 15,000 people); supporting local partnerships with the public and private sectors, and making connections with economic opportunities in the wider local area, the CWF stands in stark contrast with short term and short-lived interventions, which are often piecemeal in nature. As a result, they do not have the longevity and sustained focus needed to achieve the sort of high-impact change across the social, economic, fiscal and environmental domains that the CWF is created to deliver, from new jobs and local supply side measures such as skills and training, to improved mental and physical health and wellbeing.

5. Having the ability to attribute and measure the impact achieved

The CWF will be designed and implemented alongside a robust and rigorous evaluation scheme.

As a new proposal for dormant assets funding, with a compelling theory of change and informed by the evidence base from previous place-based interventions, the CWF is well placed to ensure that the design of its evaluation methodology is led by best practice. This includes the opportunity for the design of appropriate data collection methods to ensure it is robust and effective. Such a bespoke evaluation of the CWF would incorporate process, impact and value for money evaluations in seeking to measure and attribute impact.

The evaluation would involve the national CWF scheme as a whole, as well as evaluations of local area-based interventions supported by dormant assets funding, and would seek to apply the most robust evaluation method possible, whilst

recognising the multiple and complex relationships and factors in the local operating environment of the CWF. Ongoing work led by Frontier Economics to design a robust evaluation of the CWF with input from experts in evaluation from across government and civil society will be published shortly.

6. Being able to align with key government policy priorities, including securing industry support

The CWF is aligned with key government policies priorities, from levelling up 'left behind' areas to supporting economic growth.

The CWF has been devised to transform outcomes in those parts of the country identified as 'left behind', through investment in the essential building blocks of social infrastructure that are key to creating and maintaining healthy levels of social capital. The critical importance of social capital was recognised in the LUWP, with its analysis that to stimulate and drive economic growth, all six capitals have to be strong. A CWF will strengthen the pillar of local social capital, whilst enabling communities to take collective social action to improve and replenish levels of human, physical, institutional and financial capital, as well as natural capital.

Given that 'left behind' areas have been hit hardest by past economic restructuring, have suffered the worse impact of the COVID-19 pandemic, and are also at greatest exposure to the current cost of living crisis, in the medium term a CWF is needed to help shore these communities up, and prevent them falling even further behind. Over the longer term, a CWF will provide the investment and support needed to build local resilience, helping put 'left behind' communities on the more stable footing needed to benefit from and pursue local economic development and growth opportunities. As the APPG has heard in its inquiry into levelling up, community-led social infrastructure plays an important role in addressing those issues that are holding

an area back, from acquiring local assets to use for purposes ranging from community hubs providing local skills development and training, to start-up incubator space for small businesses and local action that supports the transition to net zero.

It should be noted that the CWF has support among the Dormant Assets Scheme's voluntary industry participants that are so crucial to its success. Polling by Survation for Local Trust (2020) of senior representatives from the banking and finance sector found that the majority believe that cash from the expanded scheme should be invested in new causes. A significant number of respondents, particularly at a very senior level, agreed with investing the yield new dormant assets in deprived communities according to CWF principles.

7. Having nationwide impact across England, particularly in disadvantaged areas

The CWF will see investment across England, prioritising those places with the highest levels of community need.

In targeting dormant assets spending on the most disadvantaged areas in England, the CWF is driven by data science and an evidence base that is underpinned by the most recent quantitative datasets and a detailed statistical analysis of spatial inequalities. Combining Oxford Consultants for Social Inclusion's Community Needs Index (CNI), referenced in the LUWP as an objective way of measuring levels of social capital, social infrastructure and community connectedness, together with the Office for National Statistics' gold-standard Index of Multiple Deprivation, creates a robust, rigorous and transparent methodology for the distribution of dormant assets funding.

This will ensure that investment is targeted at the hyper-local level to those communities where its impact is most needed. Nationwide in coverage, communities that will benefit from the CWF are found across the regions of England, from the south east coast, across the west and east midlands to communities in the north east, north west, and Yorkshire and the Humber.

8. Being capable of weathering uncertain funding flows

An appropriate cause for a unique type of investment.

As a long-term approach to funding, the CWF can be structured to ensure a good alignment with how dormant assets funding is released, as it is not reliant on upfront capitalisation or a pre-loading of resources. Relatively small amounts of funding are needed by areas in the first years of the programme, with spend escalating in years 10 to 15 as the necessary building blocks for it are put in place (i.e. an engaged community, good relationships with the public sector supporting the transfer of community assets, the skills and confidence in communities to progress bigger and more expensive projects) meaning the CWF is well suited to the uncertainty of funding flows.

A phased approach to implementation of the CWF and the planned staggering of investment drawdown based on projections of when the dormant assets funding is likely to be available will ensure that it is capable of responding to any uncertainty in funding flows, with the experience of the Big Local programme illustrating how the programme can be effectively managed to ensure delivery against local plans and priorities.

Desirable Criteria

Contribute positively to good community relations and integration

Fostering strong and cohesive communities is the CWF's core business.

As the APPG has found in its research, and which is reflected throughout the academic literature and government policy documents such as the LUWP, communities with high levels of social capital have greater levels of trust and social cohesion, with bonding, bridging and linking social capital underpinning and supporting strong and cohesive communities (APPG 2020). The importance of social capital and its relationship to the social infrastructure that creates, nurtures and supports it is a core tenet is central to the theory of change, logic framework and design principles of the CWF.

The benefits of good community relations and social cohesion is most apparent in times of adversity, where the resilience of local communities come under pressure. Research for the APPG into the response to COVID by communities in 'left behind' areas highlighted the relative low levels of local mutual aid groups created to provide support to the community's more vulnerable residents and the lack of success in attracting COVID-related charitable grant funding when compared not only to the national average, but also to other similarly deprived areas. The CWF will help rebuild the social bonds in 'left behind' areas through investment in the local social infrastructure that brings people of different backgrounds together and strengthens local community relationships.

The ability to leverage in other sources of funding

Amplifying impact of dormant assets through a CWF: nationally, and locally

The CWF is well-placed to not only directly leverage other sources of funding, but also helps local communities attract additional investment, further amplifying the impact of dormant assets funding. Envisaged as an endowment, capitalised initially with dormant assets funding but to which charitable, philanthropic, private sector and other funders can contribute, as a national scheme the CWF is positioned to attract additional external funds, for distribution to disadvantaged and 'left behind' areas.

Locally, the CWF will support communities to leverage additional funding and assets into the area, from a range of sources. As featured in the dormant assets consultation guidance, Whitley Bay Big Local was successful in accessing significant additional funding, including from the Community Ownership Fund, as a result of community-led activity supported through the initial Big Local investment. Ambition Lawrence Weston in Bristol is another pioneering example of a Big Local partnership that from its initial £1.15million in Big Local funding has succeeded in attracting and leveraging external funding and investment, estimated to have brought in a further £15million.

Using existing organisations and/or systems of delivery, governance and accountability is preferable

The CWF has a wealth of experience and institutional memory to draw upon

Many existing organisations will have the ability, experience and systems of governance, management and tried and tested accountability mechanisms to deliver the CWF. With Big Local featuring in the dormant assets guidance as an exemplar programme which could inform the development of the CWF, and given the strong value for money argument of using appropriate existing structures and de-risking delivery by accessing institutional memory of what works in terms of programme delivery and area-based funding, Local Trust are well placed to provide the advice and guidance needed for the successful management of operations and governance of the scheme.

As co-chairs of the APPG, we support the Community Wealth Fund Alliance's call for a joint taskforce between government and the civil society sector to be appointed to oversee the creation of the CWF, and to make decisions on the appropriate delivery vehicles, governance and accountability arrangements.

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