appg Left Behind Neighbourhoods

The Community Wealth Fund and dormant assets

Date: Tuesday 16 May, 3.00-4.00pm

Venue: Room P, Portcullis House

Background

On 7 March 2023, government announced that community wealth funds will join youth, financial inclusion and social investment wholesalers as named causes to benefit in England from the expansion of the dormant assets scheme, beyond bank and building society accounts, to new asset classes such as insurance. The vital new investment will 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."[1]

This outcome followed a sustained cross-party campaign by parliamentarians, many of whom are members of the APPG for 'left behind' neighbourhoods. Their efforts throughout the passage of the Dormant Assets Act 2022 led to community wealth funds being named as a potential new beneficiary in the 12-week public consultation paper on the distribution of funds in England.

The government's response to this consultation noted the "widespread agreement for the scheme to include a community wealth fund as a new cause", with community wealth funds ranking as the second most popular choice among the 3,300 respondents, with over a quarter considering community wealth funds more important than existing causes.

The dormant assets scheme enables financial institutions to voluntarily channel funds from dormant accounts for investment in social and environmental initiatives. Accounts can be classified as 'dormant' if the owner is untraceable and they have been untouched for a minimum of 15 years, but dormant assets remain their owner's property, and customers can always reclaim any money owed to them.[2] £892 million has been released via the scheme since 2011, with nearly £700m unlocked for social or environmental purposes in England. An additional £738m is estimated to be made available over time through the expanded scheme.

Local Trust

The community wealth funds proposal has been championed by the Community Wealth Fund Alliance (CWFA), a cross-sector coalition of over 660 civil society, public and private sector organisations. The CWFA campaign has called for long-term investment in neighbourhood-level initiatives, with residents leading in the decision making process.[3]

The government considers the following to be the three key objectives of a dormant assets-funded community wealth fund:

1. To improve social infrastructure in neighbourhoods with relatively high deprivation and/or low social capital.
2. To empower local people to identify needs and make decisions on what is best for their community.
3. To contribute to reducing inequalities and enhancing community cohesion and integration.

With those objectives in mind, government has also outlined the core characteristics of a community wealth fund:

Principle	Detail
Targeted at the hyper-local level	Smaller than local authority level, a community wealth fund must target communities of less than 10,000 residents.
Benefit communities most in need	Eligible neighbourhoods will be those that are experiencing high levels of deprivation and/or low social capital. This will also take into account the different and diverse needs of communities, both urban and rural.
Local people have a stake in the process and resident-led decision-making is at its core	People who live in a community are best placed to determine what it most needs. A community wealth fund should empower communities to identify the outcomes that are important to them and support them to achieve these ambitions. This could include support for complementary causes such as financial inclusion and education or youth initiatives.
Long-term funding	In order to be effective in its objectives and allow for learning over time, a community wealth fund must be equipped to distribute money over 10 years – although we would expect to see tangible progress made within five years, per the fifth essential criteria.
Capacity-building is embedded	A community wealth fund must have a focus on building social capacity and developing skills, experience, and knowledge to increase the likelihood of communities being able to maintain improvements in the long term. Developing sufficient financial literacy skills is likely to be a component of this to ensure a community wealth fund is managed and governed effectively.
The additionality principle is upheld	A community wealth fund must not replace or undercut central or local government money going to the same projects.
Robust governance and evaluation are built in	To ensure long-term impact, a community wealth fund must dedicate sufficient resources for high-quality evaluation and ensure that the findings are transparent and learnings are actioned.

Next steps

As current legislation only permits spending in England on the existing causes, secondary legislation must be passed by Parliament before any dormant assets funding can flow to a community wealth fund. A technical consultation will be launched, to run in parallel with this legislative process, seeking views on how to structure, design and operate a community wealth fund "so as to create a sustainable, well-functioning, and transparent funding mechanism." Government will also publish a statement of intent to announce the proportions of funding it intends to allocate to each of the four causes later this year.

Speakers

Stefan Noble, Oxford Consultants for Social Inclusion

Stefan joined OCSI in 2004 after completing an MA in Global Political Economy at the University of Sussex, and a research post in the Oxford University Social Disadvantage Research Centre where he was part of the Index of Multiple Deprivation 2007 and 2004 development teams. He has a passion for facts and figures and a wide experience of using and analysing administrative data for area-based deprivation projects. He has worked in collaboration with more than 100 national, local and regional government and voluntary organisations.

Sarah Snelson, Frontier Economics

Sarah Snelson is a Board Director in Frontier's Public Policy Practice with extensive experience of working on local economic growth and expertise in leading complex multi-year evaluations. Sarah's work has spanned all major government departments and focuses on appraisal, evaluation and value for money assessments of government policies following Green Book guidance. Sarah's recent work has included a focus on hyper local initiatives aiming to deliver social and community infrastructure such as a study for Local Trust to understand the feasibility of evaluating the Community Wealth Fund and a study for DCMS to review the evidence related to community initiatives.

Nick Gardham, Community Organisers

Nick is the CEO of Community Organisers and Director of the European Community Organisers Network. He has spent the last 12 years working in some of the most economically disadvantaged communities in England and has also worked in Europe sharing these experiences. Nick works as an advisor to various Government Departments and national community sector bodies on citizen participation and community organising including (Department for Digital, Culture, Media and Sport, Home Office, Cabinet Office and Ministry for Housing Communities and Local Government) and serves on a number of committees in an advisory capacity supporting the development of community policy and programmes. Community Organisers, alongside South College Durham University have proposed a Community First Graduate Scheme embedded in 'left behind' neighbourhoods throughout England.[4]

Professor Tim Luckhurst, Durham University

Tim is Principal of South College and Associate Pro Vice Chancellor at Durham University. He is a member of the Editorial Board of The Conversation UK. Between 2007 and 2019, he was founding Head of the Centre for Journalism at the University of Kent. Tim formerly worked as an award-winning journalist for BBC News and Current Affairs; former editor of The Scotsman; Editor of News Programmes at BBC Scotland and as part of the team that designed and launched BBC Radio 5 Live. He was also founder and director of KMTV, a local television station for Kent.

Matt Leach, Local Trust

Matt Leach is the CEO of Local Trust. He was formerly CEO of HACT, the social housing sector's ideas and innovation agency. Prior to joining HACT in 2011, Matt's roles included CEO of civil society funding agency Capacitybuilders, associate director of the ResPublica think tank and director at the Housing Corporation. Matt has also led start up work on the London Thames Gateway Development Corporation and held a range of senior roles at DCLG and the Cabinet Office.

References

1 Millions released from dormant accounts to support vulnerable people with cost of living - GOV.UK (www.gov.uk)

2 Government response to the consultation on expanding the Dormant Assets Scheme - GOV.UK (www.gov.uk)

3 http://communitywealthfund.org.uk

4 https://www.corganisers.org.uk/news-events-and-publications/news-and-blog/community-first-graduate-scheme