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Left
Behind
Neighbourhoods

The Community Wealth Fund and dormant assets funding

Summary notes

Date: Tuesday 16th May 2023

Time: 3.00pm – 4.00pm

Venue: Room P, Portcullis House

APPG members present: Dame Diana Johnson DBE MP (co-chair), Paul Howell MP (co-chair), Jo Gideon MP (officer), Sally Ann-Hart MP (officer)

In attendance: Daniel Crowe, Tilly Steward (Local Trust, APPG Secretariat); members' parliamentary staff

Speakers:

Stefan Noble, Director and Head of Research, Oxford Consultants for Social Inclusion

Sarah Snelson, Director, Frontier Economics

Nick Gardham (Community Organisers) and Professor Tim Luckhurst (South College, Durham University), Community First Graduate Scheme

Matt Leach, Chief Executive, Local Trust

Background to the session

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."

Ahead of the government's forthcoming technical consultation on the design of the community wealth fund, the APPG heard presentations from experts on key principles that could underpin the fund and help transform outcomes in the most deprived and 'left behind' neighbourhoods.

Local Trust

Identifying the neighbourhoods most in need of investment

Parliamentarians heard evidence from Oxford Consultants for Social Inclusion (OCSI), a research consultancy which developed the Community Needs Index (CNI) as a quantitative, evidence-based measure to identify neighbourhoods with poor social infrastructure and low social capital. The CNI brings together more than fifteen indicators at the hyper-local level across three domains: *civic assets* (community spaces and places), *connectedness* (digital, physical and social connectivity) and an *active and engaged community* (participation in civic life and strength of the third sector).

Overlaying the CNI with the Index of Multiple Deprivation identifies neighbourhoods across England that suffer from a double disadvantage – both from socioeconomic deprivation and a lack of the social infrastructure that is essential for vibrant civic life. These 'left behind' neighbourhoods are often located on the peripheries: housing estates on the edges of cities, post-industrial areas in the North and Midlands, and coastal communities across the country.

OCSI's analysis for the APPG has shown this specific combination has a detrimental impact on life chances, with 'left behind' neighbourhoods experiencing poorer outcomes across a range of social and economic indicators including health, wellbeing, employment and access to the job market – even compared to other similarly deprived areas that otherwise benefit from access to social infrastructure. With fewer local networks and resources to draw upon, these communities are also less resilient and slower to bounce back from external shocks and challenges.

The CNI has been cited as an objective measure of social capital in the Levelling Up White Paper, and other government funds including the Department for Culture, Media and Sport (DCMS) 'Know Your Neighbourhood Fund' have used it to identify priority areas based on the strength of civil society and community factors. An updated CNI 2023 has just been released, incorporating the most up-to-date data and implementing the results of a formal consultation which brought together an expert advisory group to review the methodology, including DCMS and DLUHC representatives, policy experts, academics and researchers.

APPG members stressed the importance of having access to appropriately granular data. The CNI has been produced at the Lower Layer Super Output Area (LSOA) level, ensuring that analysis is specific to the hyper-local neighbourhood level, with scope to 'scale-up' to larger geographies if required. Working at this scale enables the identification of inequalities that can be masked at the Local Authority level and helps to map the different and diverse needs of communities across rural and urban areas.

The value of resident-led decision-making

Parliamentarians heard evidence from Local Trust on key learnings from the Big Local programme. Over the past decade, Big Local has seen 150 communities across England receive £1.15 million each to improve their local areas, alongside support to build community confidence and capacity. As Big Local shares many of the objectives and core characteristics proposed by government for the community wealth fund, the programme is well-placed to inform proposals for the fund's design and delivery.

Big Local has demonstrated that a relatively small investment can be transformative for communities, opening doors that would otherwise have remained closed, leading to the forging of new networks, and crucially, helping to leverage in significant levels of external funding to create sustainable legacies over the long-term. Grounding decisions in communities helps to build-in accountability and a strong connection to local people and their specific needs.

Parliamentarians heard how Ambition Lawrence Weston, an estate on the outskirts of Bristol, has journeyed from campaigning to save local assets, to commissioning record-breaking community-owned energy solutions. Meanwhile in Bourne – the community went from meeting in tents in the centre of a housing estate to raising £2m to build a new community hub, including a nursery, for local people and have since secured significant Youth Investment Funds to guarantee the sustainability of the centre moving forward.

The Big Local programme demonstrates the impact of giving residents the power and resources to invest in their areas, alongside the scale of the opportunity posed by community wealth funds, particularly for the most deprived and 'left behind' neighbourhoods. It has also shown the importance of non-competitive funding, as these communities have traditionally struggled to attract funding, securing up to 70 percent less grant funding per head than other equally deprived areas. For the same reason, patient capacity building support needs to be embedded in every stage of the fund's delivery, as rebuilding civic capacity and social capital in the places that have lost it is a long-term endeavour. The integration of funding and capacity building support within Local Trust has been a key part of the design and delivery of the programme.

Experts were asked how community wealth fund monies could be future-proofed. Big Local funding originated in a spend-out endowment from the National Lottery Community Fund. This provided certainty to areas benefiting from the programme that funds would be available when they were needed, as well as enabling the original investment to accumulate interest in the early period when communities were focused on building capacity and developing local relationships, as opposed to commissioning projects, which helped finance capacity building work in local areas as the programme ran on. A similar endowment model could help make the most of dormant assets funding made available to the community wealth fund.

Cultivating community leadership and building local capacity

It is vital that communities are equipped with the appropriate support, tools and resources to develop collective ways of working and realise their aspirations for their local areas. A key issue for delivery of a community wealth fund would be ensuring that skilled individuals are available to act as workers and advisors to benefiting communities. Workforce issues would need to be engaged, given the loss of capacity in the community development sector as workers who developed their skills on historic area-based programmes such as the Single Regeneration Budget and New Deal for Communities approached retirement.

Parliamentarians heard evidence from Community Organisers, who support communities across the country to come together and address priorities that are most important to them. Effective community organising depends on three critical ingredients: appropriate training, supportive infrastructure, and targeted action on local issues – but this requires investment in capacity building. A supportive infrastructure needs to be in place to ensure communities have access to guidance and expertise, which will in turn afford them the space and time to trial initiatives and learn through practical, hands-on experience.

Community Organisers, in partnership with South College at Durham University, have proposed a new 'Community First' Graduate Scheme. This scheme would channel learnings from other major public sector graduate schemes such as Teach First and Police Now to create a supportive infrastructure for community-led initiatives to draw upon, as well as a cohort of expert community organisers who would work alongside 'left behind' communities to lead regeneration and community renewal.

The graduate scheme would make community development a career aspiration for the next generation, addressing the sector's current workforce challenges resulting from lower pay and prestige, and what is perceived as a lack of community-based working opportunities. The proposal would develop an effective mechanism to support people to develop their leadership potential and counteract the loss of local talent and experience from 'left behind' to more prosperous areas. It would also help to build stronger relationships at a local level in areas where the social fabric has become increasingly frayed.

APPG members asked whether there is a need to develop schemes that target age groups beyond the graduate level, such as retirees. Community Organisers identified the specific need for a graduate scheme in community development because young people are under-represented in the cohort of community organisers that they train nationally. Experts highlighted the option of developing an apprenticeship scheme alongside the graduate scheme, though observed that this is more bureaucratic to set up and administer in practice due to the complex apprenticeship landscape.

Evaluating community-led social infrastructure investment

There can be challenges associated with monitoring and evaluating initiatives at the hyper-local level due to the availability of appropriately granular data. However, there is a strong appetite within government to fill these evaluation gaps, particularly in light of the emerging literature which finds a strong link between social capital and economic growth, as acknowledged in the Levelling Up White Paper.

Parliamentarians heard evidence from Frontier Economics, who authored a think-piece on how community-led social infrastructure investment can be robustly evaluated in line with HM Treasury's Magenta and Green Book guidance. The think-piece built on interviews with academics, policy experts and What Works Centres, as well as government officials to prescribe an approach to evaluation that ensures feasibility, proportionality and robustness.

The report concluded that robust evaluation of hyper-local initiatives is possible and able to capture the impact of community-led social infrastructure investment on both economic growth and social capital. It recommends a combination of experimental and theory-based methods to ascribe precise causality; taking account of the local context, collecting both qualitative and quantitative data and triangulating across sources to rule out alternative factors at play.

Experts responded to questions on the nature of evaluating community-led initiatives over the long-term. In the early and intermediate stages, it is particularly important that evaluations capture the value of building community capacity, relationships and systems, as opposed to focusing purely on outcomes and outputs, which can take longer to become evident. This is because the evidence suggests that longer time horizons are required to both realise and evaluate more substantive outcomes.