

17 OCTOBER 2023

## **PR11-23 | COMMUNITY WEALTH FUND**

### **Introduction**

We are writing in response to the government's consultation on the design of the Community Wealth Fund (CWF).

The National Association of Local Councils (NALC) is the national membership body that works with the 43 county associations of local councils to represent and support England's 10,000 local (parish and town) councils.

Local councils and their 100,000 councillors are the first tier of local government, closest to the people, and play an essential part in delivering hyper local services, building strong communities, and strengthening social fabric.

Local councils cover two thirds of England and a third of the population and invest over £3 billion per year to improve and strengthen communities.

### **Summary**

- On a broader socio-economic basis we think that the Treasury is right to try to expand the dormant assets scheme to include a wider tranche of otherwise idle assets which may be put to better use for good causes.
- Selecting the indicators to choose the deprived communities are absolutely critical. We need to ensure that these can include rural deprivation indicators such as poor access to services, especially as something like 70% of local councils are based in rural areas.
- Towns of up to 20,000 populations will include a lot of market towns which service a sparse hinterland. Consideration should be given to how the hinterland can be engaged in these initiatives. We suggest that on balance the CWF monies should be allocated by the National Lottery Fund factoring in the above criteria but that in parished areas in scope and with populations of under 20,000 people the relevant local council should be the main conduit for CWF monies, liaising with relevant voluntary and community sector partners.
- There is some muddled and potentially dangerous thinking around the existence of social infrastructure (see para 3.2). The consultation paper seems very unclear about what may qualify as social infrastructure (and its existence, thereby making an area ineligible for this fund). And, of course, local councils are bodies which can be defined as being social infrastructure. Local councils are properly instituted statutory bodies which (see introduction) raise a form of council tax known as a precept which can

be spent on local projects after consultation with residents – so they would be perfect local bodies to act as relevant conduits working with other agencies to locally manage allocated CWF monies.

- New local councils should be created in all un-parished areas of sub-20,000 populations to help deliver much needed services and acutely needed projects in deprived areas. England has 10,000 local councils at present but more need to be created in un-parished urban and rural areas alike to deliver essential projects and services for deprived communities and the creation of more of them in future could help agencies such as the National Lottery Fund to manage and disburse CWF and monies appropriately in the future.
- The important role that local councils can play in place-making is also supported by think tank Onward's analysis in their Social Fabric Index. Where local authorities that scored strongly for specific placemaking and social/community infrastructure elements tend to have higher parish coverage than those who scored poorly. Such as levels of volunteering and group membership, community assets that are community-owned or designated as having community value, satisfaction with leisure time, rates of independent businesses, local assets such as libraries and pubs, green spaces, turnout in elections, and charitable activity.
- In its response to the related consultation of 2022 NALC argued that community wealth funds might be treated like a permanent endowment, where only the interest/dividend is made available for spending each year. Perhaps this should be a matter for local discretion. Such funds should be made available to a wide variety of disadvantaged urban and rural areas, with a significant level of community involvement in how they are managed, invested and disbursed. This remains our position now.

## **Consultation questions**

NALC's responses to the main consultation questions applicable to local councils in the consultation document are below:

### **2. Scope of the technical consultation:**

**Q1. Are you responding as an individual or on behalf of an organisation? (select only one)**

- **Individual**
- **Organisation**
- **Joint response on behalf of multiple organisations**

Organisation.

**Q2. What is the name of your organisation? (if representing multiple organisations, please list them here)**

National Association of Local Councils (NALC).

**Q3. Does your organisation manage or hold dormant assets that could be transferred into the Dormant Assets Scheme (according to the 2022 Dormant Assets Act)? (select only one)**

No.

**Q4. In which eligible sector(s) does your organisation operate? (select all that apply, or “UK-wide” if operating across the UK)**

Banks and building societies  
Insurance and pensions  
Investment and wealth management  
Securities (i.e. traded public companies)  
Not applicable

Not applicable.

**Q5. Where does your organisation operate? (select only one)**

**Please note that this consultation will help inform government decisions on the Dormant Assets Scheme in England only.**

England.

**Q6. Which English region does your organisation operate in? (select all that apply, or “All English regions” if operating across England)**

All English regions.

**Q7. Where do you live? (select only one)**

**Please note that this consultation will help inform government decisions on the Dormant Assets Scheme in England only.**

England.

**Q8. Which region do you live in? (select only one)**

London.

**Q9. Are you happy for your response to be quoted on an anonymous basis?  
(select only one)**

Yes - I am happy for my response to be quoted on an anonymous basis.

**3. Proposed design principles**

**Q10. 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)**

Option B - a greater number of communities receive smaller pots of funding. We prefer that the government allocates monies rather than communities having to bid for them as the current central government funding system completely disadvantages local councils who would otherwise need to bid via their principal local authority and risk not being funded at all, or simply be named as a funding partner while the principal authority simply retained all monies.

**Q11. Please explain your answer.**

We agree that a greater number of communities should receive smaller pots of funding if towns of up to populations of up to 20,000 people are in scope. This will allow for a greater impact to be felt across England and will also allow a CWF to test differing approaches to community-led intervention in places that have a wide range of needs and characteristics – provided that local councils are the main allocated funding recipients in these towns where there are parish/town councils. This will further support the development of a robust evidence base for local-level, place-based interventions that can be used beyond a CWF, and local councils being statutory entities – this approach will prove more financially sustainable for the government and communities themselves.

**Q16. Should there be a baseline social infrastructure requirement for small towns to be eligible for a CWF? (select only one)**

Option A - there should be a social infrastructure baseline requirement.

**Q17. Please explain your answer.**

We think that if the government does not include a baseline social infrastructure requirement for all towns in scope for CWF with sub-20,000 populations it would set a dangerous precedent. Currently the government's thinking around any definition of social infrastructure seems muddled and potentially dangerous. The consultation document seems very unclear about what may qualify as social infrastructure (and its existence thereby making an area ineligible for this fund).

Any sub-20,000 population towns which have such institutions as hobby groups, political parties, working men's clubs, sports groups, churches and neighbourhood care – have social infrastructure. And, of course, local councils are a form of social infrastructure.

The important role that local councils can play in place-making is also supported by think tank Onward's analysis in their Social Fabric Index. Where local authorities that scored strongly for specific placemaking and social/community infrastructure elements tend to have higher parish coverage than those who scored poorly. Such as levels of volunteering and group membership, community assets that are community-owned or designated as having community value, satisfaction with leisure time, rates of independent businesses, local assets such as libraries and pubs, green spaces, turnout in elections, and charitable activity.

**Q18. If Option A: What do you think should be the baseline level of social infrastructure and why?**

In the absence of a formal definition of social infrastructure from the government (presumably as it favours option B), it is difficult for NALC to offer a suggested specific definition of social infrastructure. However, as a minimum any town with a local council within town boundaries whose population was under 20,000 could be defined as having a form of social infrastructure.

**Q19. 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)**

Option A – allocative.

**Q20. Please explain your answer.**

The current bidding system for central government funding departments does not favour local councils at all – locally or nationally. This is because for the large part local councils are simply ineligible to apply for most central government funds and if they are it is as mentioned only via their principal authority which would usually then try to airbrush the local council out of the local funding equation after monies had been disbursed. We therefore support option A of the government and National Lottery Fund disbursing monies to towns with populations of under 20,000 people – providing the government recognises local councils in such areas as the default funding conduit for CWF. Local councils would as such also represent the best accountable bodies to make local CWF interventions where they were needed most, as the government describes.

**Q21. How should beneficiaries be selected to receive funding from a CWF? (select only one)**

Option B - beneficiaries should be selected in order of priority, while ensuring a geographical spread across the country.

## **22. Please explain your answer.**

We support the government's preferred option of B to allocate to beneficiaries for the CWF - beneficiaries should be selected in order of priority, while ensuring a geographical spread across the country. We on balance consider this approach to best reflect need (providing local councils are factored in as the default funding conduits for CWF in the sub-20,000 population towns with the highest deprivation levels - where local councils exist). And since local councils only cover 35% of the physical geography of England, we support an approach factoring in geographical spread (across those areas at least), whilst also highlighting the need to create new local councils in un-parished deprived areas of England in the future.

## **4. Further considerations**

### **Q25. What do you regard as the key challenges, and mitigations to those, in how the wider public sector can support the delivery of a CWF? Please explain your answer.**

Local councils are the first tier of local government and also as such an integral part of the public sector. The main challenge to the government in fairly ensuring that CWF funds are fairly and smoothly allocated in sub-20,000 population towns in England is to ensure that principal local councils (who usually dominate local and national funding processes and programmes) are not defined as the default conduits for such funding. If that happens local councils and the voluntary and community bodies they work with in deprived areas will be completely written out of the picture by principal councils – even though local councils often represent town boundaries for populations of 20,000 people and less, and are perfectly well suited to disbursing such funding and knowing where interventions are required. This is why local councils (working with relevant voluntary and community sector bodies) should be the default conduits for such funding in CWF-allocated towns with populations of under 20,000, in deprived areas.

### **Q26. What do you regard as the appropriate criteria to preserve the additionality principle? Please explain your answer.**

If local councils are named as the go-to CWF funding bodies in sub-20,000 population deprived towns, the best way the government could preserve the additionality principle is by saying that monies could not be spent directly on projects for which the local council had already pre-allocated funding from its current financial year's budget – the previous financial year.

For further information on this response contact Chris Borg, NALC policy manager via email at [chris.borg@nalc.gov.uk](mailto:chris.borg@nalc.gov.uk) or [policycomms@nalc.gov.uk](mailto:policycomms@nalc.gov.uk) .

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