Spending Review 2021

Submission from Locality

About Locality

Locality is the national membership network supporting local community organisations to be strong and successful. Our member network of over 1,000 community organisations creates the services their communities need most in spaces where everyone belongs. Every week our membership network supports hundreds of thousands of people, helping to transform lives. Our members run 13 different services on average, most working in the poorest areas of the country. We support our members to be strong and successful through specialist advice, peer-learning, resources, and using evidence from members to influence policy, funding, and decision-makers.

Summary of our submission

In this submission, we present costed proposals which would support the government's ambitions to level up the country and tackle inequalities between places. As we look beyond the pandemic, this must begin with a community-powered economic and social recovery underscored by greater community collaboration in the design and delivery of public services. Our proposals particularly address the following government priorities for the Spending Review:

- Levelling up across the UK to increase and spread opportunity, unleashing the potential of places, and working closely with local leaders
- Ensuring strong and innovative public services across the country

Levelling up through community power

When Boris Johnson announced his vision for levelling up the country in his first speech as Prime Minister, he set out four themes: liveability, connectivity, culture, and power.[1]

So far, government's attention has focused on the first part of this equation. The priority for economic development funding is starting to shift, away from London and the South East towards our post-industrial towns. From the Towns Fund and the Levelling Up Fund to new investment in transport and high streets, all are attempts by the government to make good on its promise "to put proper money into the places that need it".

However, the final piece of the Prime Minister's levelling up policy puzzle remains unaddressed: power. It is critical that as new investment comes on stream, it doesn't get left behind.

A serious reckoning with power is what will make levelling up different from previous governments' attempts at addressing regional inequality. These have poured money into places but not done enough

[1] See: https://www.gov.uk/government/speeches/pm-speech-at-manchester-science-and-industry-museum

to ensure the investment sticks. The task of this year's Spending Review, therefore, is to not just continue to shift *where* government money is spent, but also seeking to change *how*.

There is a growing body of evidence for how community-led approaches do not just provide good social outcomes but are critical to creating stronger local economies.[2] Different local areas have different assets and needs – so decisions about how to spend economic development funding are best taken closest to the ground. What's more, investing in the underlying social infrastructure of communities is a prerequisite to building long-term resilience and ensuring wealth remains within and spreads around disadvantaged neighbourhoods.

Below, we set out the opportunities within the Spending Review to support this community power to flourish as the foundation of a fairer society as we recover from the pandemic. To realise its ambitions to level-up the country, tackle regional inequalities and support so-called "left behind" neighbourhoods, government cannot rely exclusively on the levers of Whitehall. Instead, it must unlock community power and social action by embracing localism and transferring power and resources to local places. The levelling up agenda, supported by the Levelling Up White Paper, can provide a basis to do just this; by putting communities in charge of the funds that will develop their local economies, by strengthening neighbourhood governance, and by helping communities to collaborate on – not compete for – public services that meet their needs and localise social value.

Our proposals

1) Expand the Community Ownership Fund

Building on the £150m Community Ownership Fund announced in the March Budget, we are proposing an ambitious and transformational £1bn investment plan for community assets over the next four years.

This would provide grants, capital and revenue funding to communities and community organisations to take ownership of local spaces and buildings.

A £1bn investment plan over the next four years would:

1) Secure existing community buildings and the community organisations that helped us through the crisis, supporting them to weather the financial storms ahead, develop and expand their asset bases, and be sustainable in the long term.
2) Capitalise communities by providing opportunities for new and existing community organisations to develop sustainable asset bases, including opportunities for community start-ups and mutual aid groups to become established.
3) Strengthen local economic recovery by enabling communities to save important local community spaces that will come under threat during the uncertain financial years ahead, ensure they are put to productive economic use through community business and play a key role as key economic agents supporting local jobs.
4) Improve outcomes for local services by increasing the role of community-led delivery, leveraging volunteer capacity and community innovation in the governance of local buildings and spaces.

Policy rationale

The Department for Levelling Up, Housing and Communities (DLUHC) has now launched the Community Ownership Fund. This is something Locality has long campaigned for and we're really

[2] See: Locality. 2019. 'Communities in Charge'. Available at: https://locality.org.uk/wp-content/uploads/2019/06/Communities-in-Charge-Campaign-Report_FINAL_20190607.pdf

pleased to see this manifesto commitment delivered. We believe this fund can now be the start of something transformational. With more ambitious scale and scope, it can turbocharge the community ownership agenda and enable local communities to power the levelling up agenda.

There is a wealth of evidence on the significant social and economic value of community buildings and spaces. Evidence shows that community hubs widen people's social networks, increase social cohesion by bringing together different social or generational groups, and increase social capital and build trust. Access to community spaces can be critical for longer term health outcomes, reducing loneliness and therefore lessening the pressures on social care. Community-owned assets also contribute an estimated £220m to the economy each year.

Much of the extraordinary response of communities to Covid-19 has been made possible through the availability of local spaces and services that have provided crucial capacity and resources.

Yet, we also know that community spaces and buildings are under threat. Research from Locality has found that approximately 4,000 publicly owned assets are being sold off by local authorities each year – including many vital community buildings and spaces. Research from DLUHC also shows that availability of inclusive and sustainable community spaces varies significantly throughout the U.K, with only 18% of community assets located in the top 30% most deprived neighbourhoods. Local Trust and OCSI research also shows that communities which lack civic assets, and associated opportunities for community engagement and connectivity, "face a range of complex and related socio-economic challenges, and there is some evidence to suggest that they are falling further behind other deprived areas".

There is, therefore, significant market failure in the availability of community spaces leading to inequity of provision and distribution of associated social and economic benefits. Action from government is required to stimulate supply and access to community spaces, as a public good, particularly in the context of the Covid-19 recovery and the government's commitment to levelling up.

Costs and structure

Now the £150m Community Ownership Fund is live, it can provide an anchor for building a much larger pot of up to £1bn over the life of the fund, to substantially increase its impact and turbocharge the community ownership agenda. There are opportunities to leverage funding from:

- Dormant assets: the Dormant Assets Bill will seek to unlock £880m up to £2bn from dormant financial assets, including from pensions, insurance, and investments. This funding provides a significant opportunity to direct new investment in communities, turning dormant assets into community assets
- Pooled investment from charitable funders and social investors.
- Additional top-up contributions from government spending in upcoming years.

An ambitious Community Ownership Fund should not be piecemeal or limited to specific categories of assets. It should include access to funding for community assets acquired through both Community Asset Transfer (CAT) and current Community Right to Bid routes.

It is essential that the fund includes capital and revenue support, as well as flexible grant funding, to support all points of the community assets journey. The fund should include three funding streams:

1) Early-stage support grants programme: to kick start local plans for community assets and create a pipeline of activity
2) Pre-feasibility grants programme: to progress plans, develop business plans, access specialist advice, and get the project off the ground

3) Flexible revenue and capital fund: A flexible fund for larger capital and revenue funding to provide funding for development costs, community buy outs, and funding to establish trading in the early years. This strand could also be used to support existing community assets that need to undertake redevelopment or remodel their business models, in particular supporting organisations that have been affected by COVID-19 to get back on a sustainable footing.

The grants and investments could be administered by a national funder. A national hub for community ownership should be also established, resourced through the fund, to provide central information, advice, and support, delivered by a third party or coalition of support organisations. This would include a dedicated local authority support programme for CAT, modelled on the previous MHCLG Community Ownership and Management of Assets Programme which supported 51 partnerships between councils and communities to deliver asset transfer and multiple asset transfer projects.

Given the particular financial challenges faced by community organisations led by people from communities experiencing racial inequity, the fund should be co-designed with specialist infrastructure organisations to ensure funding and support is targeted to strengthen community asset ownership among racially minoritised communities.

Additional action required

Alongside the Community Ownership Fund, government should develop a holistic strategy to support a step-change in community ownership and unlock its currently unrealised potential. This should include a cross-government taskforce to champion community ownership and drive best practice across government departments and public bodies. A strategy on community ownership should be supported by a rebooted localism agenda, with a new wave of powers to support community-led activity and community ownership. This should include an ambitious new "Community Right to Own" which would strengthen the current Right to Bid and give communities stronger powers to reclaim valued local assets and amenities that are in decline and under threat.

2. Put Communities in Charge of the UK Shared Prosperity Fund

The Shared Prosperity Fund presents a huge opportunity to do economic development differently – learning from previous EU Structural Funds and previous UK governments' regeneration schemes. It is time to move away from the big-ticket infrastructure and Whitehall, and instead prioritise community power.

To do this we are proposing three key design principles for the UK Shared Prosperity Fund:

1) Invest in the people and places that need it the most by using a funding formula which addresses place-based inequalities
2) Ring-fence at least a quarter of the fund to go directly to local people to invest in their own priorities for the local economy
3) Dramatic increase in scrutiny and accountability of sub-regional delivery models

This proposal has been developed by the Communities in Charge campaign, which includes Locality, Co-operatives UK, and the Plunkett Foundation, supported by Power to Change.

These proposed design principles would ensure that the UK Shared Prosperity Fund (SPF) unlocks the huge potential of social innovation and the capacity within communities themselves to drive local economic change and create maximum benefit for the communities that need it the most.

In particular, we are proposing ring-fencing a significant proportion of the fund for Community-Led Partnerships between councils and communities, which would:

1) Level up left behind neighbourhoods by focusing on reducing place inequalities. This would ensure that targeted funding can stimulate the neighbourhood level foundations of productivity in areas which have often been overlooked in existing investment models. This would include investment in enterprise networks and community businesses, local social infrastructure, community ownership, and community economic development.

2) Strengthen local economic resilience. Community organisations act as local economic multipliers in the disadvantaged areas they operate. They ensure the wealth they generate is redistributed in their neighbourhoods, by employing local people in good quality jobs, using local supply chains, and providing training opportunities so local people can become economically active. Through the tenant organisations they host, Locality members also support 'enabled contribution'. Research with ten community organisations in 2017 showed that together they enabled approximately 1,400 jobs and approximately £120m of gross value added to the local economy. This gives an indication of the wider economic contribution community organisations make to a local area beyond their own activities, through their tenant organisations.

3) Unlock the local solutions in unemployment, skills, and training support: Mobilising the role of community organisations in delivering employment, skills, and training support in the wake of the crisis is more important now than ever, especially in areas of multiple deprivation where labour market challenges will be particularly acute. The barriers people experience to employment are often complex and place-specific, ranging from a lack of access to networks, to caring responsibilities, to transport issues. Therefore, mobilising the assets, solutions, and capabilities across the community to address these barriers and determine the solutions is essential.

Policy rationale

This government's levelling up agenda is beginning to shift the focus of economic development spending. Research published by the Communities in Charge campaign in 2019 showed how UK government economic development funding tends to flow to more prosperous places such as London and the South East.[3] This has been driven by economic orthodoxy that the best way to support the economy is through investment in the highest-growth, highest-productivity areas - under the assumption that increases in wealth will "trickle out" to poorer areas or be redistributed by the tax system.

Just prior to the Covid-19 crisis, the think tank Onward's "Levelling Up" report said that "the new government must rethink an approach which has meant that for decades growth enhancing spending has been skewed to the areas which are already the most productive and richest".

This insight now appears central to the Prime Minister's levelling up agenda and the money is indeed starting to flow to places which have not shared in the prosperity of recent decades – via the Towns Fund, the Levelling Up Fund, investment in high streets etc.

However, the question is not just where money is spent, but how. Previous economic regeneration programmes have poured money into places through physical infrastructure, but not invested in the social infrastructure to ensure it stays there and connects with the people who really need it. Past programmes have shown that to build long-term prosperity that reaches all parts of the community, regeneration needs to be locally rooted, community-led, and provide a mix of capital and revenue funding. Research also shows that community-led approaches – which put local people in control of how investment is spent, and which interventions will work for their places – do not just provide good social outcomes but also create stronger local economies.

[3] Communities-in-Charge-Campaign-Report_FINAL_20190607.pdf (locality.org.uk)

Costs and structure

Given the ambition set out by the SPF and the increased need in the wake of Covid-19, we believe the fund should at least match the levels of resource assumed for the next round of EU structural funding. The SPF should maintain EU structural funds' seven-year timeframe to ensure local initiatives can be strategic and survive beyond local and national political cycles.

Central to our proposal to put Communities in Charge of the SPF is for at least a quarter of the fund to go to local people to invest in their own priorities for the economy. This can be done by devolving significant funds (23%) directly to new "Community-Led Partnerships", which would bring together councils and communities to drive regeneration in disadvantaged neighbourhoods.

These Community-Led Partnerships would bring together all the key players in the local, neighbourhood level economy: the local authority, local community organisations, small businesses, local traders, and residents.

Neighbourhoods would be invited to form Community-Led Partnerships according to a transparent and accountable distribution formula that targets the people and places most in need of "levelling up".

Funding would be devolved directly to Community-Led Partnerships to define their own priorities for local economic renewal. This would mean things like harnessing local relationships to engage people who find themselves a long way from the labour market, community-led transport solutions, 'home-growing' locally owned businesses – including co-ops and community businesses – and supporting local traders/entrepreneurs, building community capacity, and developing community ownership strategies to breathe productive life into disused or at-risk assets.

This proposal builds on two key previous initiatives: the Community Economic Development Programme – a two-year programme (2015-2017) funded by DCLG to support communities to develop and implement their own local economy plans; and the Community-Led Local Development (CLLD) strand of the existing European Structural and Investment Fund (ESIF), which takes a "bottom-up" approach to economic development by seeking to create genuine partnerships between council and community. It prioritises local super output areas in the most disadvantaged 20% by reference to the Index of Multiple Deprivation.

Alongside Community-Led Partnerships, a national Community Innovation Fund could also be created. This could form 2% of the total SPF, as a separate central pot for local communities to bid into. It would support smaller, sub £100k projects that are innovating at the grassroots level. It should be easy to access, with low monitoring, and at risk: supporting the great ideas that can transform communities but struggle for support. It could be administered by an existing arms-length funder.

3. Supporting sustainable local community infrastructure through a Neighbourhood Recovery Fund

This proposal is also endorsed by Power to Change, Local Trust, the Plunkett Foundation, and others.

A £300m Neighbourhood Recovery Fund could be expected to support up to 10,000 new and established community organisations around the country, concentrated in the areas which most need stronger communities.

Specifically, the fund would:

- Support established community organisations to recover from the Covid-19 crisis and meet their full potential as engines of local prosperity. Many were able to step in quickly to provide valuable coordinating roles using trusted local relationships and partnerships. But they have not been immune to the impacts of the economic crisis - 69% of community businesses had to reduce staff costs (through furlough, reduced hours, reduced pay, or redundancy). Others were affected by losing their volunteers who were vulnerable or shielding.

- Support the renaissance of community groups to take the next step and become long-term community organisations with enterprising business models, should they wish to do so. The mutual aid groups which emerged in response to the Covid-19 crisis are a manifestation of social capital, but the pandemic showed that the distribution of these groups was not equal across the country; rather, "geographical inequalities seem to reinforce each other" with fewer groups in socio-economically disadvantaged places. The Fund would seek to address this disparity while boosting social capital in left behind places, delivering a lasting legacy that can contribute to economic growth.
- Support capability and skills building within communities, to develop plans and manage resources provided by this Fund and other community empowerment initiatives. Community organisations and businesses would receive support with business plan development, obtaining technical advice, financial planning, and peer networking. Community businesses already source their workforce in a way that delivers social impact and skills development, employing those furthest from the labour market. Investments in the growth of these organisations will support their workforce directly, as well as strengthening community capacity and social capital in the places where the organisations operate.
- Local community and resident groups would make detailed decisions on how the Fund should be spent. A new national consortium of community-oriented foundations would work with the most appropriate local organisations to distribute funding quickly based on sound business plans. Context will dictate which local organisation is best placed to fulfil this role - a local community foundation, community anchor organisation, local consortium of voluntary and community sector organisations, or other organisation. Where appropriate local organisations are lacking, the national consortium can work with local 'community banks' to facilitate investment in small and community businesses and social enterprises in their area.

In the longer term, we support the wider ambitions of Local Trust in their calls for a Community Wealth Fund to support those places which most lack social and economic capital. This could support communities to develop their confidence and capacity and build a solid foundation of social infrastructure and assets, connection to economic opportunities, and community engagement in their neighbourhoods.

Policy rationale

Community groups, organisations and businesses contribute to the local economy and have positive and long-lasting social impacts on communities. Two-thirds of community businesses aim to deliver five or more social impacts including community cohesion and improved health and wellbeing. Analysis has shown that working towards achieving multiple aims is an attribute of the most successful regeneration initiatives.

Communities in deprived areas face multiple problems and spend around double the proportion of their lives in poor health compared to those living in the least deprived places. The unemployment rate is ten times higher in the most deprived areas compared to the least deprived. These problems are likely to be exacerbated following Covid-19, and these places need an approach that can work with local people to rebuild the economy and people's lives. Using community networks, community venues, partnerships and relationships and knowledge of local peoples' needs, community organisations can build new models of support that provide jobs for local people and services that are specific to the needs of the area.

Enterprise approaches have demonstrated success in creating jobs and, within this, prioritising those from the local area and further from the labour market: 60% of community businesses focus on improving employability, and source 88% of their workforces locally.

Community businesses focus on providing services to local people (85% of service beneficiaries are from the local area) such as social care, health services, libraries and community hubs or one-stop-shops for support and advice.

Enterprising community organisations with a trading model can work cost-effectively. The majority (62%) of community business income is from trading, and these organisations can depend on volunteer resource and the support of local networks. Their level of integration in a place means they can leverage other resources such as in-kind support from a local authority or investment from a community share offer.

Costs and structure

A £300m fund could support up to 10,000 new and established community organisations around the country.

The fund could be delivered by a consortium of national organisations – bringing together the strengths of existing expertise in delivering similar programmes. The Fund would be designed to target areas of multiple disadvantage and provide ring-fenced funding for organisations led by people from racialised communities, and groups working with predominantly racialised communities. The fund should be codesigned with racialised community infrastructure organisations to ensure funding is adequately targeted.

4. Use the Levelling Up agenda as an opportunity to strengthen neighbourhood governance

An £11m development fund to build neighbourhood governance capacity and support new community powers in 200 pilot communities, following on from the Levelling Up White Paper.

This pilot programme would support would-be and existing neighbourhood forums and parish councils to take on new powers and shape what happens in their area would:

1) Put the ambitions of the White Paper into practice and help unlock a new wave of new community-led activity and local plans.
2) Support 200 neighbourhood forums and parish councils with revenue funding to develop their capacity, build community engagement activities, and be able to take on expanded powers as part of a new localism framework.
3) Provide a programme of learning and evaluation about how to effectively embed new community powers.

This pilot programme would deliver significant benefits which could be built on to establish long-term community empowerment as part of an ambitious new localism framework. It would:

- Strengthen neighbourhood governance in 200 communities: provide support for groups to form, establish governance arrangements, develop and deliver community engagement, and draw up plans to influence
- Ensure communities can shape local service delivery and budgets to ensure resources are more targeted to achieve better environmental, social, and economic benefits alongside better value for money for the public purse.

- Generating learning to help spread what works to different neighbourhoods and influence the shape of future government programmes to deliver devolution and recovery goals.

Policy rationale

While the Levelling Up White Paper superseded the planned Devolution White Paper, the Conservative party manifesto made a commitment in 2019 to ensure that "every part of our country has the power to shape its own destiny." To truly unlock power within communities and level up the country, the government must lay out a roadmap for English devolution and provide an opportunity to strengthen and bolster neighbourhood governance and provide a framework of new community powers. The Prime Minister has made clear his ambition to "re-write the rulebook" on devolution. The Levelling Up agenda provides an opportunity to do just that; ensuring that wherever you are in the country, power is devolved down to your local community.

The Covid-19 crisis has shown the huge capacity and potential within neighbourhoods as an organising unit for local power. It is where local services can best be coordinated and where local people can feel real control over the important decisions that affect their lives. There are significant opportunities to put community power and social action at the heart of our recovery following on from the Levelling Up White Paper. This includes new powers around asset ownership, service delivery and local budgets, and community economic development.

Rolling out a new framework of community powers will require support for neighbourhood governance. As the Localism Commission outlined, neighbourhood level institutions are essential to ensure that power sticks within local communities and is meaningfully integrated to other layers of governance. There is no "one size fits all" when it comes to neighbourhood governance; in some areas parish councils provide this role, but in others other community led models will work best.

One route to strengthening neighbourhood governance is to expand the scope of neighbourhood forums, as well as enabling established community organisations and parish councils to take on new powers. Neighbourhood forums are already an established model; they are designated forums for carrying out local powers around neighbourhood planning in non-parished areas and have local democratic legitimacy through referendums. There is therefore an opportunity to enhance the neighbourhood forum model, not only by expanding the scope of local powers of existing forums, but also by broadening the criteria for existing community groups, organisations, and networks to become neighbourhood forums.

A pilot programme of £11m would support the roll out of a new community power framework with development funding for local governance in 200 communities. Learning from the Localism Act has shown that simply establishing the legislation for Community Rights was not sufficient – to embed localism within our neighbourhoods requires investment in local capacity and governance. Some of the opportunities of the Localism Act were stymied by the lack of a coherent investment programme to support the take up of local powers. However, we have seen that the more successful aspects of the Localism Act – such as neighbourhood planning – have received a sustained programme of grants and support to develop local capacity and put powers into practice.

Costs and structure

- £10m – to provide grants of between £40k-£60k for 200 neighbourhood forums and parish councils over the next three years
- £1m – to an external provider to support grant dispersal, provide specialist central support, advice, and guidance on exercising devolved powers, and provide an evaluation of learning and outcomes from the pilot.

There are opportunities to follow similar models of DLUHC neighbourhood capacity building programmes - such as the neighbourhood planning support programme.

5. Renew the Neighbourhood Planning support programme.

Extending the neighbourhood planning support programme would:

1) Continue the high-quality advice, grants, and technical support available to support neighbourhood planning groups
2) Expand and diversify involvement in neighbourhood planning
3) Support existing groups who have become stuck in the neighbourhood plan process
4) Support groups to achieve wider aims of place-shaping
5) Support groups to ensure their neighbourhood plans are compatible with the Local Plan and to evolve their approach as the planning and digital reform agenda emerges

Policy rationale

Neighbourhood planning has arguably been one of the most transformative community powers to come from the 2011 Localism Act. In the last nine years over 1,000 communities have made neighbourhood plans, with 2,600 groups involved in neighbourhood planning to date. Neighbourhood planning is a huge success for local democracy with referendums typically experiencing high turnouts, often greater than local elections. Communities have also embraced opportunities to use neighbourhood plans for allocating sites for housing – studies consistently show that areas with neighbourhood plans in place are allocating more housing than their local development plan.

Since the powers were established in the Localism Act, a sustained programme of support and grants have been made available to support neighbourhood planning. This currently includes grant funding to develop neighbourhood development orders, grants for activities such as community engagement and writing the neighbourhood plan, and access to technical support packages to get input from professionals on a range of planning issues, for example housing need assessments, design codes, and site options and assessment.

Government can ensure that the power and capacity for communities to prepare neighbourhood plans is maintained by continuing the programme of support and grants available to them. The Planning White Paper signalled the government's commitment to "encourage their continued use and indeed to help spread their use further, particularly in towns and cities". Given the significant concerns that we and others had about the implications of the wider proposed planning reforms on neighbourhood planning, it is good that the new Secretary of State for Levelling Up, Housing and Communities has announced a pause and review of the proposals. In any case it is vital that support be maintained and expanded to maximise the ability of neighbourhood planning to play a strategic local role in housing growth, economic development, and wider place-shaping to meet the needs and aspirations of communities.

An expanded neighbourhood planning programme would:

- Increase support for neighbourhood planning groups in areas of multiple deprivation and non-parished areas, which currently face additional challenges in delivering neighbourhood plans. This would include capacity support for neighbourhood forums to form and become designated and to support the development of their plans post-designation. This could also include support for community organisations and local authorities to work with local people to encourage neighbourhood planning activities and the establishment of neighbourhood forums to help increase the take up of neighbourhood planning in non-parished and deprived areas.
- Increase support for neighbourhood forums and parish councils to assist them through the neighbourhood planning roadmap, and to consider other routes for place shaping or achieving regeneration goals (potentially related to new powers via the Levelling Up White Paper).

- Provide a planning advice line and package of additional facilitation support for community organisations, parish councils and neighbourhood forums to access advice about influencing local plans.
- Support for neighbourhood forums and parish councils to present their plans digitally and engage communities through digital means – in line with the Government's wider digital strategy and planning reform agendas – ensuring they can reach a wide cross section of the community by combining digital engagement with other approaches.
- Support for neighbourhood forums and parish councils to progress neighbourhood development orders for a variety of development goals – including affordable housing, community facilities, regeneration of town centres, development of low carbon community energy schemes and creation of new green spaces.

6. Reinstate the Community Housing Fund

Reinstating the Community Housing Fund (CHF) would secure the delivery of over 12,000 community-led homes in the pipeline and continue to bring forward new schemes.

We are proposing funding over a four-year period to bring it in line with Homes England Affordable Homes Programme to include:

- £43.5m of revenue funding (including scheme management costs) to support groups from early stages through to achieving planning and building control consents to get on site.
- £7.5m of capital funding for non-standard affordable tenures.
- £6m of revenue for local authorities to release public land, reform local plans and enable development.
- £8m of revenue for sector infrastructure to deliver a legacy for the community-led housing sector in the form of an effective and financially self-sustaining body of expertise and advice.

The benefits of extending the CHF are:

- The Fund will provide community-led housing developers longer term certainty over funding and bring forward development from a CLH pipeline of over 23,000, of which 12,000 could be brought forward in the medium term.
- Community-led housing developments provide a valuable and affordable supply of housing locally which supports the development of sustainable and thriving communities. Designed and managed according to local priorities, CLH is often built to help certain groups to stay within the local area, such as young families or older people. It can also offer additional benefits around supporting health and wellbeing, addressing local employment and skills needs, as well as generating income which is reinvested back into community activity and neighbourhood regeneration. An additional advantage is that affordable rates in community-led housing can also be protected in perpetuity.
- Community-led housing providers are essential to the diversification of the housing market and the provision of affordable communing housing. They will often consider small or unlikely sites for development, including those which for-profit developers and housing associations have rejected or are uninterested in, due to inadequate projected return. They also often work in constrained financial and physical environments and have therefore become adept at development which makes innovative use of land, and which offers long-term value to a community.

- Community-led housing providers engagement of the local community in their planning stages often enables them to gain support for developments and access to land that would otherwise not be forthcoming.

Policy rationale

Community-led housing delivers additional affordable housing supply that would otherwise not be forthcoming – community-led housing groups are frequently able to overcome development constraints that would defeat or put off established housing providers and have access to sites previously unavailable or unattractive for development. A recent survey found that in 10% of cases community groups have developed sites which local opposition had previously prevented. There were 10,780 homes in live applications on Homes England's system following the closure of the Community Housing Fund in March 2020, and the pipeline has continued to grow to over 23,000 homes despite funding uncertainty since. 12,000 of those homes could be delivered in the medium term.

Community-led housing contributes to local economic growth and is a vital source of contracts for local SME consultants and builders, bolstering local jobs in the construction industry.

Analysis for the APPG for Left Behind Neighbourhoods found that community-led housing is overrepresented in left behind neighbourhoods. Community-led housing providers are leading the delivery of affordable homes through empty properties especially in neighbourhoods where housing associations and private sector developers are not keen to develop new homes. Research from Action for Empty Homes demonstrates that empty properties are concentrated in lower value neighbourhoods with concentrations of poor quality private rented sector accommodation and low-income economies. Creating new homes through empty properties in these neighbourhoods can meet housing needs, improve the quality of the local environment, and contribute in a very tangible way to the levelling up agenda. The availability of grants for the purchase and repair of empty properties needs to be reflected in any additional funding through the CHF. It should also be given significant priority through Homes England's main Affordable Homes programme.

Community-led housing is pioneering the building of well-designed homes often based on local design codes. This is because the projects involve local people in a meaningful way. Community-led housing providers also tend also to be committed to building to high environmental standards – new research commissioned by the National CLT Network indicates that community-led housing groups significantly exceed national minimum requirements. The Government's Building Better Building Beautiful Commission noted in its final report that community-led housing groups are "excellent at delivering places that people like and value" and recommended that "the government should continue to support community-led development [including] ongoing funding support for community housing projects, with a sensible long-term commitment, such as for the next five years".

The Government's Community Housing Fund was successful in catalysing hundreds of new housing projects across the country. From 2018 to 2020 it more than trebled the pipeline of community-led homes across England. Reinstating this fund could build on that legacy to support many Government objectives as explored above.

Recent research produced by Archer/Harrington identified a significant gap in the financing options for communities before they have security in a site and planning permission. At these early stages access to funding is prohibitively expensive or not available for community-led housing providers. There are funders and lenders able to meet some of this need and they have increased confidence to do so when government invests in the sector.

The CHF also supported a sector initiative, led by the Community Led Homes (CLH) partnership to develop market infrastructure across the country to improve delivery and sustain the growth in the pipeline. With just 15 months to deliver, the CLH partnership was able to grant-fund and support the establishment or expansion of 26 local enabling hub organisations; train and accredit over 100 advisers on a CLH recognised course; and establish a library of technical resources, improving the quality and consistency of advice and support given to communities. In addition, the CHF enabled the CLH partnership to fund small revenue grants to community-led housing groups enabling them to develop proposals and be ready to access revenue and capital funding from Homes England towards creating new homes.

When the Government launched the Community Housing Fund it set out its aim to create a legacy for the community led housing sector through building an effective body of expertise within the housebuilding industry. We fully support this and believe the work started under the previous round of the CHF can be taken forward.

Renewing the Community Housing Fund for a period long enough for projects to complete – typically 5 years or more – will give the kind of certainty that is usually provided to more established housing associations and enable us to build a self-sustaining market infrastructure. We can permanently increase supply from community led housing so that it makes a similar contribution to our equivalent sectors in North America and Europe.

7. Support for community collaboration in public services

Strengthen the roots of community collaboration in public services through a national programme of £10m over 3 years in 100 places, supported by a long-term, sustainable funding model for local government.

This programme would support service transformation partnerships between local government, voluntary, community and social enterprise organisations and health commissioners, by providing up to £100k to 100 places. The desired outcomes would be to:

1. Support areas where collaborative models are reasonably strong to go further and faster, pilot approaches such as neighbourhood budgets and explore options for greater local integration at a neighbourhood footprint.
2. Support areas where partnership is more embryonic to strengthen the roots of collaboration, including through investment in community capacity, developing improved models of co-design in commissioning, and providing opportunities for social action projects around local services to develop.
3. Deliver improved solutions for complex local challenges – from homelessness to health inequalities. Leveraging innovation from greater collaboration within places, social action, and the role of community organisations in local delivery.
4. Create significant new learning in 100 communities about the drivers and enablers of community collaboration around public services.
5. Complement the Partnerships for People and Place pilot, by enabling communities to develop stronger partnerships with their local authorities, and therefore build stronger connections between national government and those organisations working at a neighbourhood level.

Policy rationale
Community organisations play a vital role in public services. They have distinctive qualities which make them uniquely well placed to provide solutions to many long-term, complex problems, from homelessness to adult social care to loneliness. These characteristics include their breadth and depth of local knowledge, attachment to place, relationships, and trust with local people, use of social action and work with volunteers. Recent Locality research shows that commissioning community organisations

delivers critical system and service-outcomes for communities, including through prevention and early intervention, additional social value, and investment in the local economy.

To meet the big challenges we face as a society – from social care to unemployment – we need to build the innovation, skills, and capabilities of our communities to work in partnership with the public sector to address them. Fundamentally, this involves moving away from the model of competition and targets, to one which actively invests in community collaboration and the long-term capabilities within communities to support local delivery and prevention.

This involves a change in how councils and other local commissioners fund local services, away from procuring specific outcomes and towards taking a long-term investment approach. Greater integration of services and budgets between local public services, both across the whole place and at a neighbourhood level, would help embed this change.

Research from Locality and others has shown that good local partnerships between the public sector and community organisations have been fundamental to effective local Covid-19 crisis response. In areas which already had a history of strong, collaborative relationships, they have been able to go further and faster. Where we saw the most successful local partnerships, often this was because the community response was up and running before the council, and power relationships have been equalised. Successful local authorities have not sought to create or control, but to develop and shape what's already there. Locality's research also shows that crisis response has accelerated shifts towards more integrated working between councils, community organisations, and health partners.

This cultural change in ways of working and shared partnership has been supported by procedural shifts. The flexibility around procurement rules the Cabinet Office introduced during the pandemic gave permission to behave differently. It helped councils break out of bureaucratic straightjackets and build better partnerships with local organisations. This helped them get money out the door quickly to local small and medium-sized enterprises and voluntary and community sector organisations during the crisis, which has in turn demonstrated to commissioners and procurement officers that high quality, credible solutions can be found locally.

This shift during the crisis has raised ambitions around the "art of the possible": to not return to designing complex procurement processes based on the principle of creating fair competition to invite tenders from across the EU. Successive systems, from compulsory competitive tendering in the 1980s, to New Labour's "best value", to the current Crown Commercial Service guidance that makes competition to achieve value for money an "overriding" requirement, have perpetuated the bureaucracy and big contracts that dominate services today.

Instead, the government can let local innovation rip - by unwinding the policy drivers that encourage competitive tendering and make local partnership the norm rather than the exception. The forthcoming Procurement Bill is an opportunity for the government to chart a new course for public services that unlocks the power of community.

One important role central government can play is through strengthening the roots of community collaboration through a national programme to support service transformation partnerships between local government, voluntary, community and social enterprise organisations, and health commissioners. This would be accompanied by other important changes including embedding new procurement regulations in Cabinet Office guidance to extend the flexibilities that were granted during the crisis.

This programme could also support the implementation of any new community powers related to service provision and co-design, which should follow on from the publication of the Levelling Up White Paper. This could include a "Community Partnership Power" which would unlock innovation and involvement in local services by providing local communities with the right to trigger reviews of neighbourhood provision and powers for neighbourhood forums, accountable community organisations, or parish councils to draw down local budgets to support plans for community delivery.

Importantly, any such programme would need to be supported by a wider, sustainable funding model for local government to deliver the long-term health and prosperity of people and places. We are clear that centrally held, prescriptive short-term funding for local authorities, particularly where this requires competitive bidding, is not a substitute for the long-term funding that is required.