

DEMOS

# TAKING BACK CONTROL

PROPOSALS FOR HOW TO  
GIVE POWER AND AGENCY  
TO OUR COMMUNITIES

DEMOS GREEN PAPER

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JUNE 2024

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## About Power to Change



We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them.

We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test, and learn what works. We're shaping the conditions for community business to thrive.

Find out more at: **<https://www.powertochange.org.uk/>**.

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# CONTENTS

<b>A DEMOS GREEN PAPER</b>	<b>PAGE 4</b>
<b>FOREWORD</b>	<b>PAGE 5</b>
<b>TAKING BACK CONTROL THROUGH FOUNDATIONAL POWER</b>	<b>PAGE 6</b>
<b>THE CASE FOR FOUNDATIONAL POWER</b>	<b>PAGE 8</b>
<b>CREATIVE POWER</b>	<b>PAGE 15</b>
<b>ECONOMIC POWER</b>	<b>PAGE 19</b>
<b>DELIVERY POWER</b>	<b>PAGE 23</b>
<b>ACCOUNTABILITY POWER</b>	<b>PAGE 27</b>
<b>CONCLUSION</b>	<b>PAGE 30</b>

# A DEMOS GREEN PAPER

The aim of this Green Paper is to develop a series of proposals that could be adopted by government and policy makers to increase the power of citizens and communities. This is in line with Demos' vision to build a Collaborative Democracy, in which citizens, politicians, policy makers and other experts find new ways to work together in order to improve policy-making, strengthen citizenry and increase trust in politics.

In partnership with Power to Change, Demos convened two roundtable discussions with leading experts on devolving power to people and communities in the Summer and Autumn 2023.

Alongside desk research and engagement with other relevant stakeholders Demos has developed a series of policy ideas that are included in this Green Paper.

## GET INVOLVED

Demos champions greater public participation in policy making and opening up the policy making process to a wider group of stakeholders. So we are asking for citizens and other interested parties to directly respond to this paper by Demos through the form [https://docs.google.com/forms/d/1gwbv5nEbXpa3hjWlqTzTfToN1tWXwOtm7iq72XoNeE/viewform?edit\\_requested=true](https://docs.google.com/forms/d/1gwbv5nEbXpa3hjWlqTzTfToN1tWXwOtm7iq72XoNeE/viewform?edit_requested=true) or emailing Demos at [andrew.obrien@demos.co.uk](mailto:andrew.obrien@demos.co.uk) with your thoughts and ideas.

We are inviting people to respond to this Green Paper and share their ideas by responding online.

Demos will respond to the feedback we receive in Summer/Autumn 2024 and highlight other ideas that are put forward to increase community power.

# FOREWORD

## BY AILBHE MCNABOLA



This report comes at a pivotal political moment and a new opportunity to empower citizens and communities. It states that power is, in essence, about getting things done. At Power to Change, we agree. Communities should have the power to change what matters to them in their local area. When they see a problem, they must be able to fix it. When they see an opportunity, they must be able to grasp it. That's community power.

In moving us beyond New Labour communitarianism and the Conservative's Big Society, Demos' new approach for empowering communities and citizens – foundational power – sets the terms of a fresh debate. It is one that values community and the power it has in its own right through strengthening the four pillars of citizen power and bolstering new and existing community-led institutions.

Existing institutions like community business demonstrate the importance and potential of this paradigm shift. Community business is a vehicle for change, not just for influencing decisions. Community business breeds agency not dependence. Community business helps bright ideas turn into decisive action. All this, in places where the market isn't working and the local state struggles to reach. Foundational power would help create the conditions for institutions like community business to thrive in every place.

But it's not just about community business. It's about fundamentally changing how this country functions. Flipping communities policy on its head, to focus on institutions alongside outcomes, would show a respect for the talent and ingenuity of every community and acknowledge these institutions are needed for them to exercise real power without needing a green light from government. As the report notes, this is likely to lead to better outcomes too.

As this country enters a new chapter in its story government must know that it cannot write it alone. The contribution of every place will be needed and that can only be achieved on strong foundations – with foundational power. The proposals set forward in this report are ambitious and necessarily so, building on the work of Power to Change, Locality, the We're Right Here campaign and many more.

Successive governments of various forms and in various ways have sought to empower citizens and communities. Too often the policy prescriptions have not met the rhetoric nor the diagnosis – that too many people do not have enough control over their lives or their local area.

In moving the debate forward Demos have set the terms of a debate about how the next government can empower citizens and communities so that every place can contribute to the change this country needs. Power to Change has backed community business for a long time now, and will keep doing so. We will work with the next government to test the ideas in this paper and develop them further, shaping the conditions for community business to thrive.

**Ailbhe McNabola, Deputy CEO, Power to Change**

# TAKING BACK CONTROL THROUGH FOUNDATIONAL POWER

Foundational power looks to strengthen the four pillars of citizen power (creative, economic, delivery and accountability) through strengthening, growing and developing new and existing community-led institutions. It is through these institutions that citizens are able to exercise the total set of powers that are the foundation of a strong community.

	FOUNDATIONAL POWER	HOW?
Creative Power	Creative power is the ability to identify and define what we want and the means to achieve it. It is the capacity to develop ideas, the time, skills and experience to organise and mobilise people	<b>A New Community Right to Request Time and Expertise</b> This would give local people the right to request up to five days of skilled time from public and private sectors to develop local ideas.
		<b>A Community Leadership Academy</b> A permanent institution to train the next generation of community leaders on how to mobilise local people.
		<b>A Stronger Communities Fund</b> A new stream of funding to invest in the ideas and institutions developed by local people.
		<b>A Right to Community Service</b> A new right for people to request time to support their local community, including developing ideas for new projects or institutions for their local area and mobilising local people.

<b>Economic Power</b>	<i>Independently endowed and/or resourced through independent means (e.g. trading) alongside grants, contracts and other income sources</i>	<p><b>A Flexible Capital Taskforce</b></p> <p>To unlock 1% of investment funds from charitable foundations to fund a new wave of patient, flexible finance for community-led businesses.</p> <p><b>A British High Street Investment Vehicle</b></p> <p>To help local communities buy and take over failing businesses on their local high streets by using public money to leverage in private investment to community-led businesses.</p> <p><b>A 'Community Precept' for Council Tax</b></p> <p>A new precept within council tax to be distributed by the community through community-led organisations to maintain and support local social, civic and cultural institutions.</p>
<b>Delivery power</b>	<i>Mixed economy - drawing on state, business, citizens and professionals</i>	<p><b>Convert Business Improvement Districts into Community Improvement Districts</b></p> <p>This would give local citizens a say over their local high streets and town centres alongside businesses and local authorities.</p> <p><b>Designating Services of Community Value</b></p> <p>This would enable local communities to designate services (e.g. health, education, financial, transport etc.) that have particular importance to the local community and give them the time to develop alternatives should those services be threatened with closure.</p> <p><b>Community Service Tax Relief</b></p> <p>This would give businesses a tax relief in return for maintaining local services, helping communities to keep access to those services and reducing cost to the government from the loss of these services and funding potential replacements.</p> <p><b>Rebuilding infrastructure to support community-led institutions</b></p> <p>Central government should provide investment for local infrastructure bodies (e.g. Chambers of Commerce, CVSs etc.) that help the operations of community-led institutions. Once fully funded, this responsibility should be given to local authorities.</p>
<b>Accountability power</b>	<i>Corrective - taking practical steps to address the root causes of problems</i>	<p><b>Create a Community Power Commissioner</b></p> <p>A Community Power Commissioner would monitor the utilisation of community rights and powers by local areas and report regularly to Parliament on any barriers or challenges.</p> <p><b>Enable local people to trigger a Citizens Audit</b></p> <p>A Citizens Audit would give local people the right to independently review the performance of local public services or public bodies operating in their area and for public bodies to respond to their recommendations for improvement.</p>

# THE CASE FOR FOUNDATIONAL POWER

## WHAT IS POWER?



*...it immediately becomes clear who are New Labour's enemies. They are the unaccountable who ignore the feelings of the community. They are the vested interests that want decisions to be taken to benefit them, not the community as a whole."*

**- Peter Mandelson and Roger Liddle, *The Blair Revolution: Can New Labour Deliver?*, 1996**



*"Now we need a new vision for a new era. A renewed social contract. A new focus on those who build the bonds that connect us, the communities that nurture us, and the local institutions that support us."*

**- Keir Starmer, *Speech to the Civil Society Summit*, 2024**



## Politicians have repeatedly promised to give power directly to citizens.

In 2019, the Conservatives said that they were committed to “devolving power to people and places across the UK” responding to the slogan from the Brexit referendum to enable people to “take back control”. Yet the Levelling Up White Paper’s section on empowering local decision-making contained very little on how it was going to give more power directly to citizens and spoke mostly about local authorities.<sup>1</sup> The promised review into neighbourhood governance, the ‘Communities Spaces and Relationships Strategy’ and Community Covenants pilots have, at the time of writing, not been delivered.

At the start of 2023, Labour promised to introduce a “Take Back Control” Bill which would devolve “new powers over employment support, transport, energy, climate change, housing, culture, childcare provision and council finances” to local authorities and would “give communities a new right to request powers which go beyond this.”<sup>2</sup> The then Shadow Secretary of State for Levelling Up, Communities and Local Government, Lisa Nandy, said that Labour would strengthen the right to bid to take over local assets.<sup>3</sup> This has further been reiterated by the current Shadow Secretary of State, Angela Rayner.<sup>4</sup>

At the core of the reason why politicians find it difficult to think about empowering citizens is the **way** that we think about power.

For many in Westminster, Whitehall and even Town Hall, power is inherently connected to political decision making and influencing state action.

In this vision of power, people are more empowered the more they are able to influence what the state does and the agencies, services or activities funded by the state. A recent publication by New Local A *Labour Vision for Community Power* defined “community power” as “being based on the principle that people have insight, experience and capabilities which should play a meaningful role in the big decisions taken by central government, local government and the wider public sector.”<sup>5</sup> This principle argues that the closer those decisions are taken to local places, the more political power citizens will have as they can more directly influence the activities taken by local representatives compared to distant national government. This is why so much of the recent history of devolution has been discussions about the powers of local authorities and Mayors rather than considering the power of citizens directly, as outlined in Demos’ recent paper with NESTA on the trends in power and place.<sup>6</sup> Political power is important, but if we want to truly rebuild our communities, we need to think beyond just political power.

In essence, power is the ability to get things done. But sitting behind this simple phrase are distinct forms of power that every community needs access to.

In broad terms, Demos believes we need a new four pillared approach to power that will create empowered citizens and communities:<sup>7</sup>

- **Creative power** - the ability to identify and define what we want and the means to achieve it;
- **Economic power** - access to the resources that we need to do what we want to do;
- **Delivery power** - the ability to put into effect what we want and controlling how we do it;
- **Accountability power** - the ability to hold others accountable for their impact on the community and for those actors (e.g. the state, businesses) to respond to needs of citizens and communities.

A world in which all citizens and communities have taken back control are able to exercise all these pillars of power. Alongside formal political power, they provide the foundations for revitalised communities and a new citizenship.

## Our Green Paper considers proposals across all these four areas.

1 [https://assets.publishing.service.gov.uk/media/61fd3c71d3bf7f78df30b3c2/Levelling\\_Up\\_WP\\_HRES.pdf](https://assets.publishing.service.gov.uk/media/61fd3c71d3bf7f78df30b3c2/Levelling_Up_WP_HRES.pdf)

2 <https://labour.org.uk/updates/press-releases/keir-starmer-new-years-speech/>

3 <https://www.lgcplus.com/politics/devolution-and-economic-growth/nandy-community-ownership-shouldnt-just-be-a-right-on-paper-24-05-2023/>

4 <https://www.mirror.co.uk/news/politics/majority-bids-save-libraries-pubs-31867319>

5 <https://www.newlocal.org.uk/wp-content/uploads/2023/09/A-Labour-Vision-for-Community-Power-compressed.pdf>

6 Demos, Power and Place - The Fundamentals: Demos & UK 2040 Options, December 2023

7 These “powers” also align with the six sources of power identified by the Commission on the Future of Localism carried out by Locality.

## FOUNDATIONAL POWER - A NEW APPROACH FOR EMPOWERING COMMUNITY AND CITIZENS

Identifying the levers of power is one thing, but we also need to consider the type of places that we want to see.

New Labour spoke regularly about the need to strengthen community, but focused on the outcomes that would be generated (e.g. strong safer communities, regenerated places) rather than what it would be like to live, work and participate in a local place.<sup>8</sup> At its best, this approach sought to work with communities directly (for example through the New Deal for Communities) but ultimate decision making and control was always rested with the state.

Whilst New Labour was focused on outcomes, the Big Society was focused on freedom. The then Prime Minister Lord Cameron in his first speech in government on this topic described the Big Society as being primarily about “liberation - the biggest, most dramatic redistribution of power from elites in Whitehall to the man and woman on the street.”<sup>9</sup> Freedom would also be partnered with a series of rights to challenge state institutions and to have greater transparency which was hoped would enable citizens to directly hold state institutions accountable.

**TABLE 1**  
PARADIGMS OF COMMUNITY EMPOWERMENT

	<b>NEW LABOUR COMMUNITARIANISM</b>	<b>CONSERVATIVE BIG SOCIETY</b>	<b>DEMOS FOUNDATIONAL POWER</b>
<b>Creative Power</b>	Co-production & consultation with the public  Dependent on the state for initiative	Dependent on social action for initiative	<i>Creative power is the ability to identify and define what we want and the means to achieve it. It is the capacity to develop ideas, the time, skills and experience to organise and mobilise people.</i>
<b>Economic Power</b>	State grant dependency	Delivering public services through contracts ultimately under state control	<i>Independently endowed and/or resourced through independent means (e.g. trading) alongside grants, contracts and other income sources</i>
<b>Delivery power</b>	Statutory delivery	Voluntary	<i>Mixed economy - drawing on state, business, citizens and professionals</i>
<b>Accountability power</b>	Consultative	Rights and transparency	<i>Corrective - taking practical steps to address the root causes of problems</i>

<sup>8</sup> <http://www.labour-party.org.uk/manifestos/1997/1997-labour-manifesto.shtml>

<sup>9</sup> <https://www.gov.uk/government/speeches/big-society-speech>

However, as Table 1 highlights both New Labour's communitarianism and the Big Society conceptualised community either in relation to or opposition to the state. One sought to increase the delivery power of the state through co-opting the community into decision making (New Labour) or to disempower the state in the hope that communities would step in (Big Society). In both cases neither was truly focused on empowering the community itself, as a centre of power in its own right. This was merely a new battleground for the age-old debates about the role and activities of government.

We need an alternative.

In our essay, *The Preventative State*, Demos called for a new foundational policy to be developed to rebuild the social, civic and cultural institutions of communities.<sup>10</sup>

In this paper, we outline a new approach, **foundational power**. Foundational power looks to strengthen the four pillars of citizen power (creative, economic, delivery and accountability) through strengthening, growing and developing new and existing community-led institutions. It is through these institutions that citizens are able to exercise the total set of powers that are the foundation of a strong community.

How would this work in practice?

Firstly, it needs to be *institutional*. Ultimately, unless communities have access to their own *independent* formal (e.g. community businesses, charities, faith organisations, social enterprises etc.) or informal networks (e.g. neighbourhood action groups, WhatsApp groups, community groups, parent associations etc.) they will lack the ability to develop their own ideas, take initiative and have true agency. Instead of considering this issue through the prism of individual participation in the community (e.g. responding to a consultation, voting in a local referendum) we need to think *institutionally* and think about the collective power of communities. It is only through ensuring that there are well functioning, resourced and inclusive institutions that we will have truly empowered communities. This will be a major theme of this paper.

Secondly, these institutions need to be economically *independent*. This does not mean isolation from partnerships with the state, business and other community institutions but it does mean that communities have the resources to make their own decisions and drive them forward, without having to depend on the state. Previous approaches did not do enough to make community-led institutions independent, either tying them into competitive grant funding or competitive contract funding. In both cases, community-led institutions needed to bend themselves to the needs of the state, even if what was being asked was not their preference, which did not create a culture of independence.

Ultimately, if economic power is still concentrated in state institutions and communities can only get access to the resources that they need if they can get the agreement of local or central government, then they will not be truly independent. We need to find ways to ensure that community institutions have access to their own resources as much as possible, complementing this with resources from the state and private sector, but not exclusively dependent upon it. The argument therefore is not about grants versus contracts, but how much control communities have over the resources at their disposal. We need to embrace models such as the proposed Long-Term Plan for Towns<sup>11</sup> and the Community Wealth Fund,<sup>12</sup> independently endowing local community institutions that can draw on long term funding, an ecosystem of reliable funders for community institutions, strong connections with local and national philanthropy as well as embracing social enterprise and community business models of trading are essential. We also need to recognise and strengthen the work of existing institutions such as community foundations and community businesses that provide a source of local economic power. In the case of the latter, there are now over 11,000 community businesses generating over £1bn in income every year, a significant contribution to our communities.<sup>13</sup> Independence is critical to give people a greater sense of agency and a feeling that it is worth participating in their communities because their ideas can be acted upon.

Thirdly, we need a *mixed economy*. Under previous systems, emphasis has tended to be placed on people either participating with state institutions to deliver impact within communities (for example, regeneration funds through Regional Development Agencies or local authorities convening Town Boards for the Towns Fund etc.) or we have sought for the state to step back from delivering entirely and left it to voluntary or social action to deliver change (for example, in the context of communities taking over the provision of local library

10 <https://demos.co.uk/research/the-preventative-state-rebuilding-our-local-social-and-civic-foundations/>

11 <https://www.gov.uk/government/news/prime-minister-puts-local-people-in-control-of-more-than-1-billion-with-long-term-plan-for-left-behind-towns>

12 <https://communitywealthfund.org.uk/>

13 <https://www.powertochange.org.uk/impact/market-report-2022/>

services). However, whilst in some cases a pure state or community approach is possible, in practice we need a range of delivery models. An empowered community will still have services and activities delivered by the state, but it will also need to have services that are delivered by the community and in some cases (like the post office or banking system) it will need to have the private sector committed to providing services that are necessary for the community to thrive. Community power is not *purist* but recognises that an empowered community can draw on all these resources rather than having to be dependent on the state, markets or social action. In those areas where there is less social capital or lower standards of social infrastructure, the state will have to take a greater role in stimulating the development. This will require higher levels of investment and support as well as greater outreach to communities to give them the confidence to develop their powers to their maximum potential. As we discuss later in this paper, it also means taking a differential approach - weighting grants, tax reliefs and other public investment differently depending on the locality.

Finally, empowered communities must have the ability to hold other organisations accountable. New Labour saw power as being related to consultation and voice. *The Compact on Relations between Government and the Voluntary and Community Sector in England*, published in November 1998, had three main undertakings for government - one around funding the sector, one to respect its independence to campaign and finally an effort to do consultation with the sector better.<sup>14</sup> New Labour also put significant effort into speaking with the public through initiatives such as *The Big Conversation*<sup>15</sup> and *Let's Talk*.<sup>16</sup> Communities were empowered if they were listened to.

The Big Society saw power through transparency and the ability to hold individuals or agencies within government accountable and then sought to create 'rights to challenge' or take over local services to enact that transparency. The Coalition Government, for example, put in rules to publish the details of all contracts and tenders over £500 online to create 'armchair auditors'.<sup>17</sup> However consultation, transparency and rights are not themselves enough to empower places because they *rely on already existing power* rather than seeking to create and strengthen the power within places.

Instead of assuming that process will itself create power, we need to aim to focus on the outcome of power. In essence power must mean the ability to change things, not simply identify problems and talk about them. This is what we call *corrective power*, the ability to redress issues. This is what encourages people to continue to participate in active community life and provides a sense of agency.

In part, corrective power is dependent on other sources of power. Communities will only be able to bring other parties to the table to address problems if they have sources of power of their own which can encourage other stakeholders to meaningfully engage with them. Previous approaches focused on how communities could raise their concerns, but they did not create an infrastructure where these problems could be effectively addressed. However, there also needs to be a presumption within public and private sector institutions that they *correct* the problems that emerge from their decisions in partnership with communities (for example, in making a decision to close a service that was once provided or shut down an important local business located in the area). This does not mean a right to veto decisions in all cases, but a genuine partnership to leave the community in a better position than it otherwise would have been. This means putting public participation at the core of the way that both the public and private sectors operate.

This will require a significant investment of time and resources from the public, private and civil society sectors. However, if we value the power of communities and wish to help them to take back control of their areas, we will need to back up words with tangible commitments. As this paper shows, the evidence is clear that the public *want* government to take their demand for power seriously.

Foundational power would build on previous approaches to empower communities but go further. Importantly, it would look at the solutions in a different way, focusing on institution building at a local level and connecting up rights and responsibilities with local actors that can put them into practice. Foundational power would give citizens the strongest platform to take back control over their local areas.

14 [https://www.icnl.org/wp-content/uploads/United-Kingdom\\_CompactEngland.pdf](https://www.icnl.org/wp-content/uploads/United-Kingdom_CompactEngland.pdf)

15 [http://news.bbc.co.uk/1/hi/uk\\_politics/3245620.stm](http://news.bbc.co.uk/1/hi/uk_politics/3245620.stm)

16 <https://www.theguardian.com/politics/2006/may/16/uk.schools>

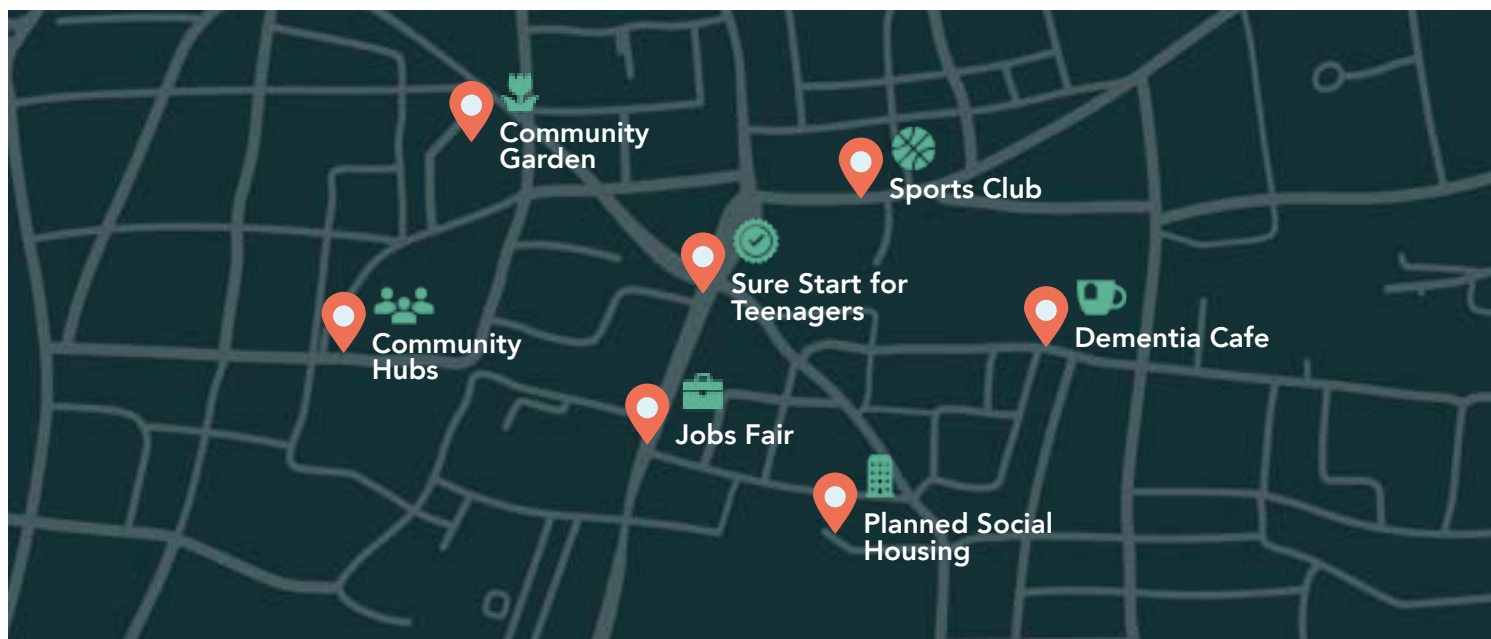
17 <https://www.gov.uk/government/news/armchair-auditors-are-here-to-stay>

## WHAT WOULD EVERYDAY LIFE LOOK LIKE?

Before considering proposals to empower communities, it is worth reflecting on what the tangible impact on day to day life would be in communities across the country.

New Labour saw the end state of communities as those with safer streets, strong economies and high educational attainment. However, it did not tell a story of the sort of institutions or approach to life that we would see at a community level. The Big Society saw the end state of communities *negatively* through the absence of state intervention and control. Neither of these were sufficient because they did not have a sense of the *institutions* that would make up day to day life.

### So how would foundational power transform your local area?



Walking out of your door to do your weekly shop, you start by seeing a **community garden** maintained by your family and local people with support from your local council. You drop off your partner and children at the local community run **sports club** for weekly training. Your daughter got involved because her local primary school and the club ran a 'sports fair' and encouraged kids to sign up for new activities.

Heading off to the supermarket, you pass the local high street which is a mixture of private businesses and community businesses. Some of the shops have been converted into **local community hubs**, one is home to a **Sure Start Centre for Teenagers**<sup>18</sup> and another runs activity classes for residents with physical and learning disabilities. The local cafe is also a **Dementia Cafe** and is setting up for its regular tea and coffee morning for older residents. The cafe is owned by one of the 'big chains' but they give up their space to a local charity that aims to support older residents. Unfortunately, the newsagents is boarded up, but you can see there is an advert for a meeting of your local residents group on Tuesday night to discuss how it can be reopened as a community shop, with support from the local council and they are looking for volunteers. The District Council member responsible for the local economy is attending as is a representative from the local building society to advise the community on next steps.

18 As recently proposed by Yvette Cooper - see <https://www.cypnow.co.uk/news/article/labour-conference-2023-yvette-cooper-reveals-sure-start-for-teenagers-plan>

Arriving at the supermarket, you see an advert for a **jobs fair** at the local library - a partnership with the council and local volunteers and sponsored by companies in the local area. Walking in, you see a section of the supermarket for food grown locally and money used to support local community projects.

As you drive home, you see an old office building being pulled down. The local council and a community land trust are working together to build a new mix of **social housing** and private apartments, the latter of which will be sold to fund more social housing. A social enterprise which takes ex-offenders and provides them with new skills in construction is overseeing the redevelopment.

When you get home, you see a leaflet from your GP who is part of a **local social enterprise that delivers health services** in your area looking for people to take part in a citizens panel to improve the delivery of services in the local area. You probably don't have the time, but you'll think about it. Your partner gets home later with your daughter and reminds you to vote on your phone on how the profits generated in the local community energy scheme, which you and your partner own shares in, should be distributed. Your partner wants you to vote for investing in skills training for energy installers. You are more interested in renovating some old houses in the street next door that have fallen into disrepair. You can discuss it later.

Of course, this is purely hypothetical but it gives an impression of what power looks like on the ground. There is a rich mixture of community-led institutions, collaborating with the state and business, but crucially have the power for independent action. They are generating their own resources, whether that is through community energy generation, selling products in the local supermarket or setting up a local community shop. This means that local people have the power to bring to life their ideas and to do so even if the state or business do not share the same objectives. Delivery is not all dependent on voluntary action, but mixing public sector, private sector and community collaboration - utilising the skills and expertise of all these sectors as necessary. There are no hard lines between community and the public sector, delivery is blurred further increasing the power of citizens to shape their areas. Where there is a problem, like the local shop closing down, it is not all on the community to work it out - there is active engagement from local government and private sector. Importantly, this is embedded in real life rather than based on the formal processes of government. It is messy, it is prone to variation, but it is dynamic.

This institutional approach is also different from outcomes based approaches that tend to dominate. In the scenario given above, with this rich network of overlapping institutions, we can imagine that the outcomes generated for the local community will be positive, with higher levels of social capital, better economic outcomes and higher levels of physical and mental wellbeing. In developing and maintaining these institutions we achieve the social, economic and environmental outcomes that we wish to see. By contrast, New Labour and Big Society approaches tended to look at the outcomes they wished to see (e.g. safer streets, liberated individuals) and then took for granted that the institutions that could deliver these outcomes would simply emerge. Community power requires a different approach. We need to flip on its head the way that we look at community policy. The irony is that by focusing on institutions, rather than outcomes, we are likely to see better outcomes emerge - as Demos argued in *The Preventative State*.

In part, thousands of places already demonstrate aspects of this community every day. However, we need to spread this across every area to create a critical mass.

Foundational power is an attempt to bring this vision to reality for every part of our country through providing access to the institutions that every citizen needs to exercise their creative, economic, delivery and accountability power. It would not only build new institutions but bring in existing institutions from the public and private sectors as well as community-led institutions.

Foundational power would aim at nothing more, nothing less, than the biggest programme of civic empowerment Britain has ever seen. It would create a solid foundation upon which citizens could take back control.

# CREATIVE POWER

Creative power is the ability to identify and define what we want and the means to achieve it. It is the capacity to develop ideas, the time, skills and experience to organise and mobilise people.

A theme throughout all these proposals is the need for communities to have institutions that are capable of bringing people together to improve their areas and solve local challenges. However, the theme of building these institutions will be considered primarily in the sections on *economic* and *delivery* power. In this section, we assume that these institutions are in place because without them, there is little chance for communities to have the creative power that they need to thrive.

In this section, therefore, we focus primarily on the collaboration between those community-led institutions, the public and private sectors.

## **A NEW COMMUNITY RIGHT TO REQUEST TIME AND EXPERTISE**

One of the challenges facing communities is that whilst they often have the knowledge of their local places and lived experience that is essential to developing effective ideas to improve their areas and maintain vital institutions, they may lack other skills that they need to bring these to reality. For example, they may lack the financial skills to be able to develop business plans or access finance that they need to bring those ideas to reality. Over the long term, it is important that local communities are given access to the investment that they need to independently build up their financial and organisational capabilities. However, in the short to medium term it is important that communities are able to draw upon the expertise of other parts of society to develop their ideas and solutions.

It is also the responsibility of businesses and the public sector to help communities as well, rather than waiting for communities to provide all the answers. Without the active engagement of the public and private sector, we will not develop the true potential of communities.

To help to turn this from an idea into reality, **we are proposing that communities should have the right to request time and expertise from public sector bodies and large businesses to support community-led institutions.**

Communities would have the right to request up to five days per year per request to help them to develop their ideas, funding proposals or to find ways to sustain local institutions or infrastructure. A request would need to meet a number of criteria to get support including:

- Demonstrate that request has support from the community - this could be done through 100 signatories from the local area, for example.
- Is related to a specific demand for support and skills (e.g. to develop a business plan, to help with marketing).
- Can demonstrate that there is a realistic prospect that any time or expertise given up will be effectively used.

Additional weighting should also be given to requests that come through formalised institutions at a local level (e.g. community businesses, charities, social enterprises etc.).

This right would give communities the right to draw on the expertise and experience of the public and private sectors to boost their own creativity and capabilities.

Public sector bodies would be given statutory guidance that they should, unless it would create significant financial cost or undermine other statutory duties, accept all requests from community-led organisations. Public sector bodies would also be encouraged to proactively consult and map the skills and capacity needs of communities so that they are in a position to support their ideas.

Large businesses - those with over 250 employees - would also be asked to consider these requests. It is important that the private sector is brought into community building activities for two reasons. Firstly, a significant amount of expertise (particularly financial) is concentrated in the private sector. Strengthening communities cannot be something achieved by just the public sector or communities on their own. Secondly, it is important that the burden is shared with public institutions which have had significant reductions in their budgets and staffing in recent years. There is a growing trend for large businesses to develop corporate social responsibility programmes. A survey in 2022, found that a third of businesses had actively integrated corporate social responsibility programmes into their business operations.<sup>19</sup> We've also seen large scale programmes from companies such as Barclays (*Digital Eagles*) and Goldman Sachs (*10,000 Small Businesses*) that have sought to engage with communities directly at scale. This right to request time and expertise would be building on these efforts to embed large businesses more fully and deeply within their communities. It is also in line with the public's attitudes, with a survey by CAF showing that 69% of people believe that large businesses have an obligation to help the communities they operate within.<sup>20</sup>

Public bodies and businesses could also choose to provide this support proactively through new institutions, rather than passively waiting to receive requests from local citizens. For example, local authorities and businesses could also proactively meet this requirement through the provision a 'skills bank' to local communities to feed in ideas to institutions developing proposals around economic and social infrastructure development (e.g. Town Plans, Local Growth Boards etc.). Provided that local authorities and businesses could demonstrate that enough time has been seconded into these institutions to provide a reasonable amount of capacity for communities to access (e.g. 150 days a year, enough to cover 30 requests from citizens in a local authority area across a year) and that they are proactively engaging with communities to utilise this capacity, it could provide the same impact without having to wait for the formal requests from citizens.

## **A COMMUNITY LEADERSHIP ACADEMY**

Alongside drawing on the expertise of the public and private sectors, we also need to consider how we can directly strengthen the capabilities of communities. One of the failures of recent years has been the absence of consistent funding and infrastructure for capacity building within local communities, beyond exceptions such as the Big Local and Power to Change's *Powering Up* funding for local community businesses.<sup>21</sup>

One notable initiative has been Local Trust's Community Leadership Academy.<sup>22</sup>

The Academy brings together people who have successfully developed community solutions in their areas, alongside other experts that can advise other communities on how to structure, govern and finance their

<sup>19</sup> <https://ifamagazine.com/the-power-of-giving-back-why-corporate-social-responsibility-matters/>

<sup>20</sup> [https://www.cafonline.org/docs/default-source/giving-as-a-company/corporate\\_giving\\_ftse100\\_2023\\_report.pdf](https://www.cafonline.org/docs/default-source/giving-as-a-company/corporate_giving_ftse100_2023_report.pdf)

<sup>21</sup> <https://www.powertochange.org.uk/our-work/our-programmes/powering-up/>

<sup>22</sup> <https://localtrust.org.uk/other-programmes/community-leadership-academy/>



ideas. So far the Community Leadership Academy has already supported 112 people, but we need to support thousands more if we want to deliver lasting change.

We need to make sure that an institution like the Community Leadership Academy is put onto a permanent footing so that there is a consistent flow of people through the system, learning from those with direct and relevant experience on how to develop and implement ideas to improve their local areas as well as in turn sharing that expertise with other people.

**A permanent Community Leadership Academy should be an independent organisation funded through a £100m endowment** that would enable the Academy to operate on its own resources without relying on repeated negotiations with the government over time. We know that historically, these sorts of capacity building programmes are the first to be cut in times of financial difficulty for the public sector but this can reduce the creative power of communities over time. A £100m endowment would - based on historic levels of sustainable distribution<sup>23</sup> - generate around £2.5-3m a year that could be spent on workshops and learning sessions for communities across the country. The Academy should have a footprint in every region of the country and work as close to communities as possible, whilst also sharing learnings across the country and feeding learning back into local, regional and central government.

The Community Leadership Academy would seek to develop the broad capacities of places to convene, develop, mobilise and implement the ideas generated by communities to improve their local areas, utilising a range of different approaches. Unlike other agencies or programmes, the objectives of the Community Leadership Academy should be broad and led by engagement with communities on the skills and capacities they need, rather than seeking to promote a particular type of activity (e.g. social investment, business development etc.). The Community Leadership Academy should collaborate with NESTA, UnLtd, Access - the Foundation for Social Investment, Power to Change and other actors that also deliver community capacity building programmes or have expertise in how to deliver them.

## **A NEW RIGHT TO COMMUNITY SERVICE**

Expanding the creative power of communities requires expanding the ability of people to come together and take part in community action. One of the biggest barriers to doing this is time and the impact on other responsibilities.<sup>24</sup> This comes at a time when rates of volunteering, with NCVO finding that the number of people that say they run an activity or an event has fallen by half, from 14% to 7% of the population, since the pandemic.<sup>25</sup>

The Conservatives promised in 2015 to give people the right to request up to three days a year to volunteer in their local community. This would have applied to those working in the public sector and large businesses and the party estimated that it would generate 360m hours of additional volunteering hours per year.<sup>26</sup> However, this proposal was never implemented. Rather than seeking to implement a 'one-size-fits-all' approach from the top down based on a certain number of days, the government should **create a more flexible approach with the right of individuals to request time from work for community service.**

This individual right to request time for community service would provide individuals working in the public sector and large businesses with the right to request time off work, to be decided in consultation with their employer, to serve the community. Employers would have the right to reject unreasonable requests and requests would need to come with evidence about the nature of the community service being undertaken (e.g. helping community activity, sitting on the board of a local community group etc.) as well as the impact that they hoped the service would have on their local area. Employers would need to make the final decision on whether permission is given, but guidance should be published by the government to help employers make the right choices and to give them criteria to consider when making their decision.

Crucially, this right should be available for people to *set up* and *develop* ideas to improve their communities, not simply supporting existing activities.

Based on the latest business population estimates and ONS data, we estimate that around 17m people would have the right to request time for community service - around half of the workforce. Currently around 28%

23 <https://www.newtonim.com/uk-charities/file/sustainable-portfolio-withdrawal-rates-for-charities-june-2022/>

24 <https://www.ncvo.org.uk/news-and-insights/news-index/time-well-spent-2023/volunteering-barriers-enablers/#71-what-stops-people-from-volunteering>

25 <https://www.ncvo.org.uk/news-and-insights/news-index/key-findings-from-time-well-spent-2023/>

26 <https://www.thirdsector.co.uk/conservatives-pledge-three-days-paid-leave-workers-volunteer/policy-and-politics/article/1342197>

of people have the ability to access at least one day off for volunteering by their employer.<sup>27</sup> This is despite the fact that CIPD believes that encouraging voluntary action at work is good for both the individual and the employer.<sup>28</sup> A new Right to Community Service would help promote this best practice.

If found to be successful for larger businesses, this new right should be expanded to all businesses over time. Although we cannot predict take up, based on the previous estimates of the impact of three days of volunteering, hundreds of millions of hours of community service would likely be generated and help to provide time for the next wave of community-led solutions and to maintain the viability of existing institutions.

## **STRONGER COMMUNITIES FUND**

Finally, it is important that there are regular sources of funding for communities to access to develop ideas to strengthen local places. Often the resources required by communities to pay for convening, time and materials can be very small - a few thousand pounds - but this can spark ideas that leverage in much larger investment from local people, philanthropy, business and the public sector. It is important that a clear signal is sent to the public that we want them to develop new proposals and ideas that can strengthen local places.

Piecemeal, irregular funding pots have been created in the past to support ideas from a local community level. For example, in 2013, the then Ministry for Housing, Communities and Local Government put together a £17m pot to help communities develop ideas to improve their areas.<sup>29</sup> Similarly, whenever the government has proposed funding pots (such as the Towns Fund or Levelling Up Fund) capacity building support is provided ad-hoc to different places. In the case of the Towns Fund, this was worth up to £173,000 for larger towns.<sup>30</sup> Taken together, this capacity building and support funding was worth around £17m.

However, this is not an effective way of supporting the generation of new ideas to improve areas for obvious reasons. Firstly, linking capacity building to specific funding opportunities inherently limits the creativity of local places and leads to places having to jump through hoops, rather than consider the needs of their local places. Secondly, opportunities may emerge at a local level outside of the cycle of government funding. Thirdly, this funding is often taken by public agencies on behalf of communities, rather than going directly to communities themselves further concentrating ideation within the public sector at the expense of local people.

**Instead of irregular pots of funding tied to government schemes, a permanent Stronger Communities Fund should be created that any community-led institution or group of citizens can bid for, with grants of up to £20,000 to help develop projects that can improve their local areas.**

These grants could be used to pay for staff time, commission feasibility studies, develop business plans or any activities, materials or expenses reasonably required to develop proposals. An annual £20m fund of this kind could provide at least 100 communities with grants every year and help create a constant conveyor belt of new ideas and projects which can then form partnerships between government, private sector and citizens. It would also avoid the need for 'rushed' proposals to respond to future funding programmes that a future government may decide to create. The Fund should review on a five-yearly basis the success, failures and lessons to be learnt from ideas and projects that are supported through this fund. This should also build on previous evaluations of related programmes, such as the Community Business Fund.<sup>31</sup>

This Fund could be distributed through existing agencies such as the National Lottery, NESTA, UnLtd, Access - the Foundation for Social Investment, Power to Change, School for Social Entrepreneurs to avoid duplication and create a new bureaucracy to administer the funding.

Empowering communities means giving them the means to develop ideas for how they can improve their local areas. This should not be tied to the ad hoc demands of the state for proposals to fund but should be a constant process of convening, ideation and mobilisation of local people.

Giving people the resources to develop ideas, the time they need to serve the local community and a means to develop their own expertise and knowledge is essential if we want to effectively empower communities. There is no lack of wealth of talent and ideas amongst people, but we need to have a plan for how we can put these ideas into tangible action.

27 <https://fundraising.co.uk/2019/09/04/majority-employees-receive-no-time-off-volunteering/>

28 <https://www.cipd.org.uk/knowledge/guides/volunteering-employer-supported-guide>

29 <https://www.gov.uk/government/news/17-million-support-to-help-communities-build>

30 [https://assets.publishing.service.gov.uk/media/5f7c5814e90e070dea12efa9/20191031\\_Towns\\_Fund\\_prospectus.pdf](https://assets.publishing.service.gov.uk/media/5f7c5814e90e070dea12efa9/20191031_Towns_Fund_prospectus.pdf)

31 [https://www.powertochange.org.uk/wp-content/uploads/2020/11/PTC\\_3735\\_Business\\_Growth\\_Support\\_Report\\_DR3.pdf](https://www.powertochange.org.uk/wp-content/uploads/2020/11/PTC_3735_Business_Growth_Support_Report_DR3.pdf)

# ECONOMIC POWER

Economic power is having access to the resources that we need to do what we want to do. It is the ability to generate the financial resources, the access to and ability to maintain people and assets that turn ideas into reality.

In the previous section we outlined proposals to increase access to some of the resources that communities need - time and ideas - which are essential to stronger places. However, in a market economy, financial resources are critical to taking ideas and putting them into practice. Community-led institutions, like other actors, need to have the ability to procure labour, buildings, materials and equipment to undertake their activities.

Crucially, to create truly empowered places we need to increase their economic *independence* by providing them with the means to generate resources that can sustain their ideas beyond accessing the funding of others. If communities are only dependent on the limited resources of the state or the decisions of other stakeholders, they will always lack power.

Government and corporate income has become more challenging to access in recent years. Government funding to the voluntary sector has fallen by 9% since its peak in 2008/09.<sup>32</sup> However, corporate spending with the voluntary sector has been flat, peaking in 2004/05.<sup>33</sup>

Unsurprisingly, communities have pivoted towards generating their own income, trading with the public and other businesses to increase their resilience. Since 2012/13, the proportion of income generated from the public (through donations, charging and trading) has increased from 44% to 51% of total income.<sup>34</sup> The community business sector has grown to generate over £1bn in income across 11,000 businesses in England according to the latest research.<sup>35</sup> Social enterprises, businesses that trade for social and environmental impact, have also grown considerably with the latest research indicating that £1.2bn in profit is now being distributed towards improving society,<sup>36</sup> with £270m being reinvested back in the poorest communities.<sup>37</sup> Community-owned assets have been found to be more effective at recycling their money back into local

32 <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2023/financials/where-do-voluntary-organisations-get-their-income-from/#links-and-resources>

33 Ibid.

34 Ibid.

35 <https://www.powertochange.org.uk/impact/market-report-2022/>

36 <https://www.socialenterprise.org.uk/social-enterprise-knowledge-centre/the-state-of-social-enterprise/>

37 <https://www.pioneerspost.com/news-views/20231206/78bn-sector-failed-lack-of-long-term-finance-new-social-enterprise-uk-research>

areas, with 56% of their spending going back into the local community, compared to just 40% for other private businesses.<sup>38</sup> This is a trend that needs to continue.

This funding is used to subsidise many activities at the local level. It is sustaining social infrastructure such as community centres, sporting facilities, libraries, museums, galleries, post offices and many other institutions. We need to help communities generate more of their financial resources if we want to enhance their economic power.

The demand for economic power is there, but we need to do more to help communities develop their own resources that can meet local priorities beyond dependence on the state.

## **A FLEXIBLE CAPITAL TASKFORCE**

The Adebowale Commission on Social Investment found that one of the biggest barriers to developing new sources of income for communities through social enterprises and community businesses was the lack of patient, flexible finance.<sup>39</sup> This is money that meets the needs of communities and social entrepreneurs rather than being tied to a specific product (e.g. a fixed term loan). This is particularly true for social infrastructure which, as a recent paper noted, needs a particularly long term and patient approach given its fragile nature.<sup>40</sup>

Futurebuilders England, an example of flexible, patient finance in practice, provided blended finance including grants and loans with long term payment cycles. So far, of the £113m of repayable finance provided, £90m has been repaid, with a decade and a half of investment still remaining.<sup>41</sup> The evaluation of this fund has found that places receiving this investment have seen significant increases in their financial resilience, showing that communities can find ways to generate resources sustainably, as well as delivering better economic and social outcomes.

We need a new generation of Futurebuilders, but in order to achieve this, we need access to the right form of capital. According to the Adebowale Commission, the lack of patient risk-taking long term capital was the central barrier in funders being able to provide finance that meets the needs of local communities.

One source of potential funding is dormant assets, of which £87.5m has been assigned so far to provide social investment to communities through Access - the Foundation for Social Investment. Government should support the proposals put forward by the Community Enterprise Growth Plan that would help to utilise dormant assets to drive higher levels of revenue generation in our most deprived communities and underserved places.<sup>42</sup>

However, beyond dormant assets we also need to look at other potential avenues for patient, risk-taking long term capital.

One of the recommendations of the Adebowale Commission was to create a new 'Flexible Capital Taskforce' to unlock the resources to provide this flexible capital. This would work with charitable foundations and the private sector to unlock 1% of foundation assets for flexible finance by 2030, which would unlock around £380m for deployment amongst communities. It should also work with banks and large businesses to see whether investment can be channelled into this much needed form of capital. A Taskforce of this kind would also coordinate demand across different institutions looking for flexible finance to deploy in communities, ensuring that resources are spread across a range of products and interventions.

**Government should use its convening power to create A Flexible Capital Taskforce and consider ways that it can generate the capital to invest into communities to develop their long term economic power.**

38 <https://www.powertochange.org.uk/wp-content/uploads/2022/03/Take-Back-the-High-Street-report.pdf>

39 <https://www.socialenterprise.org.uk/app/uploads/2022/07/Reclaiming-the-Future-Commission-on-Social-Investment-Report.pdf>

40 [https://localtrust.org.uk/wp-content/uploads/2021/11/Levelling-the-land\\_November-2021.pdf](https://localtrust.org.uk/wp-content/uploads/2021/11/Levelling-the-land_November-2021.pdf)

41 <https://www.sibgroup.org.uk/wp-content/uploads/2022/02/Futurebuilders-Policy-Briefing-Key-Learnings-Final.pdf>

42 <https://www.communityenterprise.uk/>

## A BRITISH HIGH STREET INVESTMENT VEHICLE

The challenges of our high streets are well known. Across the country, around 1 in 10 high street properties are vacant.<sup>43</sup> This is particularly worrying, as our high streets are crucial parts of our social infrastructure, bringing people together. They are also important parts of our economic infrastructure, generating jobs and revenue for local places.<sup>44</sup> The challenges facing our high streets are also an opportunity to convert these economic hubs into generators of economic power for communities.

In 2022, Power to Change has recommended a £350m *High Street Buyout Fund* that would help local communities to take over empty properties on the high street and convert them into profit generating entities for local places. They estimate that over 200 properties could be converted through this funding into community-owned businesses and economic hubs. It is also popular with 72% of people who believe that local people should have access to these vacant properties rather than letting them sit empty.<sup>45</sup>

Making the community owners of local assets has been found to regenerate places. Radcliffe Market Hall in Greater Manchester, for example, was taken over by the community in 2018 and has been developed into a thriving commercial area, with traditional stalls alongside bar and street-food market. It now has a turnover of over £250k a year and is supporting 23 jobs in the local area. The Hall is now generating a profit (2021: £37k, 2022: £25k) which is being invested back into the local community, supporting local sports groups, charities and disability charities.<sup>46</sup> Radcliffe Market Hall is just one example amongst hundreds of how community-led businesses and organisations are reviving commercial activity on the high streets whilst at the same time reinvesting the resources generated through that activity back into local areas.

**We recommend that central government should create a British High Street Investment Vehicle to embed community business within high streets and significantly increase the economic power of local places. These community businesses would generate resources which can be reinvested back into social infrastructure and community-led organisations.**

Investment would need to take into account inflation, but would blend together public investment - estimated around £100m - social investment and philanthropy to make resources stretch further. Some of this public money would be repaid over time depending on the economic success of the organisations supported. Public support could come through a combination of support in-kind, tax reliefs or pooling existing investment funding proposals (e.g. Shared Prosperity Fund, National Wealth Fund) to leverage in private and commercial investment. This would maximise the impact of limited public funding at a time of economic and fiscal challenge.

Crucially, the fund would begin a process of returning high streets into commercial centres for community power. High streets are still significant generators of economic activity. In 2011, the government estimated that town centres and high streets were generating £124bn in sales - around £190bn in current prices.<sup>47</sup> If a portion of this income could be generated through community businesses and diverted towards reinvestment into local places, this could channel transformative amounts of money to support the power of local people.

## A 'COMMUNITY PRECEPT' FOR COUNCIL TAX

Commercial activity is one way that we can enhance the economic power of communities, but we also need to look at another significant generator of resources in local areas: the tax system.

We assume that taxation is something used purely to finance local and central government, but historically this was not the case. The 'rates', the predecessor of the council tax system that we have today, was originally created to support the relief of the poor through the work of churches, charities and other civil society organisations.<sup>48</sup> Under this system, money raised at the local level was given directly to non-governmental organisations to provide help to the poor and destitute directly. The 'general rates', to fund local authorities, emerged at a later stage. Like any system of taxation, this poor relief was a recognition of the collective action problem that can prevent services or activities being provided that are in the common interest but are hard

43 <https://www.powertochange.org.uk/wp-content/uploads/2022/03/Take-Back-the-High-Street-report.pdf>

44 <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf>

45 <https://www.powertochange.org.uk/wp-content/uploads/2022/03/Take-Back-the-High-Street-report.pdf>

46 <https://mutuals.fca.org.uk/Search/Society/16764>

47 <https://assets.publishing.service.gov.uk/media/5a796a10ed915d07d35b54b7/11-1433-understanding-high-street-performance-summary.pdf>

48 <https://www.historyandpolicy.org/policy-papers/papers/englands-early-big-society-parish-welfare-under-old-poor-law>

to coordinate. However, it is not always necessary for this coordination to be intermediated by the state. As in the case of the poor relief, it is possible for the community itself to coordinate activity but using state mechanisms to gather the resources required to provide services for the common interest.

Trading can increase economic independence, however grants can also provide a stable and consistent level of funding for community-led organisations and local social infrastructure. The social and economic value of community-led organisations is why local government have traditionally distributed grants directly to them.

Despite this interest, we have seen over the past decade that where there is a pressure on revenue, often it is community based activities that have been the first to be cut.<sup>49</sup> NCVO's Civil Society Almanac estimates that income for charities from local government has fallen by 30% since its peak in 2007/08.<sup>50</sup> In part this is due to the statutory responsibilities of local government - such as social care - taking up an ever greater proportion of revenues. However, it is also because often services that are directly provided by the government are able to use their influence to maintain their budgets at the expense of activities delivered by community-led organisations. This has often been in spite of the protestations of local communities that have urged local authorities to continue funding community-led organisations. One poll of the public, commissioned during the height of the austerity programme in 2013, found that nearly three quarters of people did not want councillors to cut charities beyond the levels seen in other services,<sup>51</sup> but despite this, analysis of spending cuts found disproportionate reductions in funding from local authorities.<sup>52</sup>

Learning the lessons from the past decade, therefore, it is important that communities themselves are able to draw on common resources but have control over the revenue and how it is distributed.

**Government should create a Community Precept within council tax to be distributed by the community through community-led organisations.** This precept should be set at 1% of the overall council tax collected by all other agencies and then added onto the total amount.

Council tax currently raises around £44bn a year in revenue - around 4% of the total tax revenue.<sup>53</sup> Already a diverse range of organisations are able to raise revenue through council tax including local authorities, parish councils, fire and rescue authorities, police and crime commissioners and the Greater London Authority. A Community Precept along the lines outlined would, therefore, raise an estimated £440m a year for communities to distribute.

The Community Precept would be distributed via participatory budgeting mechanisms, through registered and approved community-led organisations within the local area, ideally at the hyper-local level. We have seen these methods used in the past in places such as Tower Hamlets, Glasgow and Leeds.<sup>54</sup> There would also need to be rules on ensuring that these resources are directed to community-led projects and organisations, ensuring additionality to other public funding. This would be in keeping with the distribution of other funds such as dormant assets. Partners for overseeing the distribution of the precept could include mechanisms such as Business Improvement Districts, Community Improvement Districts or 'Community Covenants' that have been established and proposed by other bodies.

Through providing a consistent and steady source of independently controlled income, a Community Precept would significantly increase the economic power of communities and be in keeping with the spirit of the system of local taxation to generate revenues for community uses.

Without economic resources, communities will not be able to transform their local places and maintain the institutions they want in their local areas. Places need financially sustainable public services and a strong private sector but they also need control over their own independent revenue streams which can be used in ways that they deem to be best. Otherwise, communities will remain dependent on the decisions of other actors. Focusing on strengthening the economic power of local places would mark a clear transition from previous approaches to supporting communities.

49 <https://www.theguardian.com/news/datablog/2011/aug/02/voluntary-sector-cuts-fair-economy>

50 <https://www.civilsociety.co.uk/news/government-funding-for-charities-at-15-year-low.html>

51 <https://savanta.com/knowledge-centre/poll/caf-local-government-survey/>

52 <https://www.civilsociety.co.uk/news/half-of-local-authorities-are-making-disproportionate-cuts-to-the-sector.html>

53 <https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/council-tax/>

54 <https://www.local.gov.uk/topics/devolution/devolution-online-hub/public-service-reform-tools/engaging-citizens-devolution-5>

# DELIVERY POWER

Delivery power is the ability to put into effect what we want and controlling the means of doing it. It is having influence over local institutions and pooling together resources between the public and private sectors as well as civil society.

As discussed previously, governments have seen the delivery of community power through two approaches. The first is using statutory organisations (e.g. government departments, NHS, local authorities) as a way to mobilise the power of communities through co-production and consultation. However, as we have noted previously this approach had limitations as ultimately the power resided with state institutions which communities could not directly control. Moreover, during periods of stress such as the period after the financial crisis, the voice of communities was marginalised to other priorities. The second approach was to rely on voluntarism and social action, whilst reducing support for social infrastructure and civil society organisations, to mobilise the power of communities. This approach, ignoring the need for economic power to turn ideas and aspirations into action, did not significantly strengthen the power of communities.

A theme throughout this paper is the importance of *community-led institutions* as the means of meeting the will of local community organisations. These institutions will involve a mixture of paid for and voluntary activity, blending a range of resources including trading, philanthropy and statutory income. However, communities cannot seek to achieve their aspirations on their own, they need to collaborate with the state, the private sector and amongst community-led institutions.

We need to create a mixed economy of community power and create systems that are able to bring a range of different organisations together to work on behalf of the community.

## COMMUNITY IMPROVEMENT DISTRICTS

A number of places around the country have developed Community Improvement Districts (CIDs) which bring together local citizens, businesses and local authorities to improve their town centres and high streets.<sup>55</sup>

CIDs are based on research which has found that the active participation of communities can help to revive local places through increasing the diversity of the high street and increasing their resilience.<sup>56</sup>

<sup>55</sup> <https://shura.shu.ac.uk/32085/1/CIDs%20Final%20Learning%20Report%20July%202023.pdf>

<sup>56</sup> <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>

These CIDs have been found to have some success in bringing people together to revive these local economic centres and develop new activities.<sup>57</sup> They have also capitalised on an existing engagement and interest to improve local spaces. These CIDs build on Business Improvement Districts (BIDs) which enable local businesses to come together in order to provide additional services for their areas but are generally run by local authorities in partnership with local businesses, this restricts the ability of the community to directly shape decision making.

Unlike other forms of governance, such as local councils or parish councils, CIDs do not have a fixed model but a hybrid model. Sometimes they are led by a single organisation, sometimes a mixture of organisations or by citizens directly adapting to the assets and strengths of the local community. In this respect, they embody the need to move away from the artificial divisions between the 'state', 'business' and the 'community' which has been a weakness in previous attempts to empower local people.

Business Improvement Districts currently have the ability to levy additional business rates on local businesses, providing that they are able to secure consent through a local ballot.<sup>58</sup> However, the rules require not only a majority of rate payers to support their creation but also a majority of 'rateable value' in the proposed area; this means that larger businesses can block a proposal even if it has the majority of businesses in an area supporting it.

Businesses and local authorities are not the only stakeholders that should be able to create institutions to deliver on local priorities. **Government should convert all Business Improvement Districts into Community Improvement Districts over the next decade, so that local people are given access to institutions that can deliver impact within their areas.**

A CID model would encourage greater participation of local people in shaping their high streets which is critical to reviving them. In bringing businesses, local authorities and citizens directly together, CIDs will be able to mobilise a greater level of resource for their local areas. CIDs should be independent from local authorities and run as community-led institutions with representation from business, the voluntary sector and citizens directly.

## SERVICES OF COMMUNITY VALUE

At present, parish councils and local citizens can come together to register assets of community value - these are buildings or land which have been recently used to "further social wellbeing or social interests of the local community."<sup>59</sup> Once registered, when the owner seeks to dispose of the asset, the community has the right to be able to bid to take over the ownership of the asset. So far, over 6,000 assets of community value (ACVs) have been registered across England and over 90 ACVs have been taken into community ownership.<sup>60</sup>

Whilst encouraging greater community ownership is important - and addressed in other parts of this paper - it is not always an asset or building that needs to be taken over by the local area. Often it is the services that are provided in the local area that are important for meeting the needs of local people. Community ownership can address these challenges, for example, preserving a local shop or market or keeping open green spaces. However, in other cases, the collaboration of the private and public sectors is essential. As has been noted in work by Power to Change, the public often does not know the difference between community provided spaces and private spaces.<sup>61</sup> This may involve keeping open a local bank branch, maintaining an evening set of appointments at the local GP or maintaining a local bus service so that local people are able to access travel. In many cases, it is these services that communities have seen the biggest reduction in recent years, as noted by a new report by the Bennett Institute on local infrastructure.<sup>62</sup> In these situations it may be impractical for the local community to provide the services themselves or they may lack the capacity to be able to provide the service directly but can support other institutions to maintain those services. It is also important that businesses and public agencies are not allowed to 'cut and run' when times are tough, putting excessive demands on local people to be able to maintain vital infrastructure.

57 <https://shura.shu.ac.uk/32085/1/CIDs%20Final%20Learning%20Report%20July%202023.pdf>

58 <https://www.gov.uk/guidance/business-improvement-districts>

59 <https://researchbriefings.files.parliament.uk/documents/SN06366/SN06366.pdf>

60 Power to Change, Our assets, our future: the economics, outcomes and sustainability of assets in community ownership, July 2019

61 <https://www.telegraph.co.uk/politics/2024/03/20/mental-health-culture-has-gone-too-far-says-mel-stride/>

62 <https://www.bennettinstitute.cam.ac.uk/wp-content/uploads/2023/12/Townscape-UBI-Report-digital.pdf>



Moving towards a mixed economy of community power, **the government should enable local people (or community-led institutions) to nominate 'Services of Community Value'**. As with assets of community value, these services would need to be able to demonstrate significant social, economic or environmental value to the local area. Once registered, if the institution (public, private or community) wishes to reduce or close that service, the organisation providing the service would need to work with local people and institutions to see if there were alternative ways to provide that service through collaboration with local citizens, other businesses and the local authority or whether they could be transitioned to another organisation. For example, in some parts of the country the creation of banking hubs has enabled banks to pool together resources to ensure that local people can maintain access to local financial services.<sup>63</sup> If after genuine engagement it is not possible to maintain that service, it could be closed, but communities would have the ability to challenge decisions if a genuine effort to collaborate was found to be lacking.

Enabling the registration of Services of Community Value would send a signal to businesses and public agencies about the need for collaboration between different parts of society, rather than passing responsibility from one to another. It would also give local communities the ability to work with existing institutions, where possible, rather than having to build new institutions from scratch, making more efficient use of local resources.

## **COMMUNITY SERVICE TAX RELIEF**

One of the forces that enables local assets and services to remain open is cross-subsidy from profitable centres to areas where provision is more challenging. As the social contract has weakened, where businesses in the past may have seen it as their responsibility to keep a local service functioning (e.g. a leisure centre, a bank branch, a cash machine, a local shop) as part of their contribution to wider society, the pressure to maintain profits or other financial considerations have taken greater importance.

In many cases, the only long term solution is for communities to directly take over the provision of local services. However, in the short term it is important that local communities are able to retain access to the resources of businesses. Moreover, offloading too many financially unsustainable activities onto the communities may create its own risks for local places. Community businesses and social enterprises can organise an ever greater amount of local economic activity but we still need for-profit businesses to retain their connections to local areas.

**We propose the creation of a Community Service Tax Relief, to enable businesses to claim tax relief, for example through lower levels of Corporation Tax or business rates, in order to cover the cost of maintaining financially unprofitable services.**

As these services would be registered by the local community, businesses would not be able to determine whether a service was eligible for tax relief themselves but would need to engage and gain the consent of local people. A Community Service Tax Relief of this kind could also reduce the direct and indirect costs to the taxpayer through the loss of services that are currently provided by the private sector but which would be more expensive for the state to deliver itself (e.g. financial, transport etc.). Tax relief could also be weighed based on the socio-economic location of the service in question, and higher levels of tax relief for those services operating in the most economically deprived areas (e.g. those ranked higher in the Index of Multiple Deprivation).

Whether through tax relief or some other form of financial incentive, we should aspire to ensure that we do not see the flight of the private sector away from communities and depriving local areas of the resources that they need to maintain their local institutions.

## **REBUILDING INFRASTRUCTURE TO SUPPORT COMMUNITY-LED INSTITUTIONS**

An inhibitor to the development of community power has been the decline of local voluntary, community and social enterprise (VCSE) infrastructure - the community-led institutions at the heart of taking back control.

For many decades, local people, if they wanted to set up a local community-led institution, could get access to guidance, support, training and help to identify funding through local infrastructure, in particular through

<sup>63</sup> <https://www.postoffice.co.uk/bankinghubs>

Councils for Voluntary Services (CVSs). Despite the provision of £30m in transformation funding in the early 2010s, the number of local and national infrastructure charities has halved.<sup>64</sup> At the same time, the number of charities working exclusively at a local level has declined.<sup>65</sup> Levels of volunteering have also declined in recent years. Local infrastructure is also important for enabling local places to access funding at a regional and national level, with lower levels of local infrastructure likely contributing to the lower levels of applications from poorer areas for schemes such as the Community Ownership Fund.

Individual citizens or groups of citizens cannot deliver on their own, they need the support of local infrastructure to be able to support their work, particularly if they are relying on volunteers that may not have experience of doing something previously. In the past, local infrastructure was delivered through formal institutions that specialised in that role but going forward it may be necessary for financially sustainable local charities, social enterprises or other bodies (e.g. Chambers of Commerce) to become the providers of local services. Local infrastructure has been particularly badly affected in those areas where local authorities have seen their budgets cut the most, as local authorities are often a critical funder for local infrastructure. These are also the places where we need to see the biggest expansion of community power.

**In the short term, the central government will have to provide the resources to enable that local infrastructure to be recreated, until local authorities are able to put their own resources on a sustainable basis.** This could be delivered through local authorities but would need to be ring-fenced given the overwhelming pressures on budgets due to rising demand for statutory responsibilities such as social care. Longer term, once local authority finances are put into a stronger position, central government should transfer responsibility for local infrastructure to local councils whilst ensuring that they have a duty to fund the provision of local infrastructure for VCSEs. Power is only possible if local areas are able to access the support that they need to deliver their aspirations and sustain the institutions they want in their local areas.

Giving communities access to their own economic resources will enable them to make their own decisions and maintain local institutions, but we need greater collaboration between the public sector, private sector and citizens. The delivery of better communities cannot be just the responsibility of local citizens, they need to draw on a wider range of resources, particularly those of the private sector. Moreover, we need to support the work of local community-led institutions through the provision of infrastructure that enables people to deliver their ideas in practice and not hope that people will be able to navigate the challenges in building new institutions.

64 <https://www.thirdsector.co.uk/1000-infrastructure-charities-closed-2010-research-finds/management/article/1815110>

65 <https://www.civilsociety.co.uk/news/shift-from-local-to-national-charity-registrations-over-past-decade-figures-show.html>

# ACCOUNTABILITY POWER

Accountability power is the ability of communities to hold other actors accountable for their impact on the community and for those actors (e.g. the state, businesses) to respond to needs of citizens and communities.

In the previous sections we outlined proposals to increase access to time and expertise to create new ideas, generate financial resources and deliver their ideas in practice. This will enhance the accountability of other actors through providing other centres of power and alternative approaches. However, sometimes power will be in the hands of others, particularly in public bodies and local authorities.

The UK has a 'consultation culture', where decisions are theoretically put into the public domain to get the views of people but where responses are constrained or possible outcomes are narrowly defined. Although technically their voices have been heard, in practice, people feel like their views are not being acted upon. To some extent, this is due to a lack of trust in institutions and a feeling that decisions are not being made in the best interests of communities but there are other (political or financial) motivations at play. The UK urgently needs to replace this consultation culture with a new approach to enhancing community power.

The state has the power to hold institutions accountable through the law, through its convening power and through bodies such as Parliament that can bring key stakeholders into the public domain to debate their decisions. At the local level, Mayors and local authorities can use some of the same mechanisms. Businesses have historically used the judicial system to hold other institutions to account, challenging government decisions where they feel that their views have not been considered.

However, communities need advocates on their own behalf at a local level and a national level. This section will consider what could be done to help enhance the ability of local communities to hold other institutions to account.

## **CREATE A COMMUNITY POWER COMMISSIONER**

A coalition of local and national organisations supporting a "Community Power Act" have proposed creating a Community Power Commissioner.<sup>66</sup> We believe that is a good idea and would ensure a focal point for

<sup>66</sup> <https://www.newlocal.org.uk/wp-content/uploads/2022/05/The-Community-Power-Act-Were-Right-Here.pdf>

citizens and communities to raise concerns. At present, communities lack an independent voice for their rights either at a central or local government level. The Community Power Commissioner provides a new pathway for citizens to be able to challenge the decision making of local authorities.

### **The Commissioner would:**

- Conduct ad hoc reviews of the degree to which any government policy, practice or body is consistent with communities' rights and with the principle that communities should be able to exert significant control over the spaces, services and spending decisions which shape their places and futures.
- Require government departments and public bodies to provide any information which their office might require in order to conduct full and thorough reviews of this kind.
- Make recommendations to government departments and public bodies as to how they might more fully uphold communities' rights.

### **We propose that a Community Power Commissioner should undertake an annual review of the ability of communities to shape their local areas using the four dimensions of community power identified in this paper: creative, economic, delivery and accountability.**

This report should be laid before Parliament and the government should have to make a statement in response to the Commissioner's report and recommendation.

The Community Power Commissioner should also have the ability to investigate complaints or concerns raised by communities about their local areas and oversee the implementation of rights such as the Community Right to Bid or new rights such as a Community Right to Buy or to Request Time or Expertise. The Community Power Commissioner should have the ability to overturn decisions by local authorities or public bodies where they have been found to not effectively be enforcing community rights or collaborating with local communities. This would include decisions on maintaining local services or the spending on local infrastructure.

The Community Power Commissioner should collaborate with government departments, combined authorities, local authorities and other public bodies on how they can encourage greater participation by communities. A Community Power Commissioner would not create a significant cost. The previous Commission for the Compact that monitors the implementation of the Compact between central government and civil society cost between £1-2m a year.<sup>67</sup> A Community Power Commissioner could also potentially be housed in the Office for Local Government (Oflog) which has a strategic priority to empower citizens.<sup>68</sup>

A Community Power Commissioner would provide a signal of intent from central government about the importance of community power as well as providing a vital source of information about the progress made in communities.

## **ENABLE COMMUNITIES TO CALL A CITIZENS AUDIT**

Accountability depends on information. Consultation culture relies on restricted information that public bodies or businesses are prepared to disclose in the public domain. The key topics or questions are often determined through standardised or fixed questions set by the institution carrying out the consultation. These may not address the key issues or concerns of local citizens. Instead of using a 'consultation' approach which ticks boxes, we should move towards more dynamic forms of accountability.

Citizens Audits are one method that could help to achieve this. Citizen Audits are panels or meetings made up of local citizens to review the performance of public bodies. In Liverpool, for example, they have been used to bring local council officers into direct contact with local residents to discuss the performance of local services.<sup>69</sup> The Audits provide a direct opportunity for citizens to share their experiences. However, although informal meetings are a useful first step, to truly give communities power they need to have the ability to instigate their own investigations and consultation, not simply relying on public bodies to consult them.

<sup>67</sup> <https://www.civilsociety.co.uk/news/commission-for-the-compact-to-be-scraped-according-to-the-telegraph.html>

<sup>68</sup> <https://www.gov.uk/government/organisations/office-for-local-government>

<sup>69</sup> [https://demos.co.uk/wp-content/uploads/2023/12/NESTA-UK-Options-2040-Report\\_07.12.23.pdf](https://demos.co.uk/wp-content/uploads/2023/12/NESTA-UK-Options-2040-Report_07.12.23.pdf)

**We propose that citizens should be able to create a Citizens Audit to review the performance of any public body.** The threshold for triggering a Citizens Audit should be tailored to the size of the body being reviewed (e.g. reviewing the performance of a local hospital trust may only need a few hundred citizens whereas triggering an audit on a local authority may require several thousand).

The Citizens Audit would be funded through a grant from central government, provided through an independent office (e.g. the Community Power Commissioner) to maintain its independence, as well as access to the time and expertise of public officials from non-affected public bodies. The Audit would be appointed through sortition, like jury service, with local people given the ability to review the performance of a local public institution, meet with relevant officials, request necessary information and make recommendations. Public bodies subject to a Citizens Audit would need to implement its recommendations unless they are able to cite reasonable practical objections to why that cannot be done. Citizens should be able to escalate their concerns to a higher authority (e.g. the Community Power Commissioner) if the public bodies frustrate or refuse to cooperate with a legitimate Citizens Audit.

The ability of citizens to convene audits and develop their own recommendations would give local people an additional power over local institutions and enable them to have their voices heard. It would mark a decisive break with consultation culture and show that we trust citizens to act in the best interests of their local areas.

Accountability comes in a variety of forms. Increasing the independence of communities economically and giving them delivery power will increase their ability to hold institutions to account as they can provide alternative approaches and make their own decisions. Where power resides with the public bodies communities need to have the ability to challenge decisions.

The centre has a critical role to play in ensuring that communities are able to utilise the rights and resources that they require. A Community Power Commissioner would provide a central point of contact for every citizen and community. However, we also need to do more to empower citizens to take control over local decisions and to challenge local actors. Audit or other forms of direct participation in decision making and review can help to break the consultation culture that has eroded trust in our democratic processes

# CONCLUSION

If we want to increase the power of communities we need to bring a fresh philosophy and bold proposals that can enable citizens to create visions for their own areas and give them the resources to put their aspirations into practice. Importantly, we must not confuse devolving power to political institutions with community power. Citizens, individually and collectively, also need to be able to strengthen their own power and not simply rely on state actors.

To do this, **government needs to build the foundational power of our communities.** This means strengthening and building the institutions that enable citizens to exercise their creative and economic power, to deliver their ideas and hold public and private sectors accountable. Without foundational power, we will severely restrict the ability of citizens to take back control over their local areas.

At its heart, foundational power is a mixed approach, not relying on any one type of organisation, one approach to community power or funding source but a range of different approaches and sources of resources.

Communities need to be directly strengthened through giving them greater economic resources, such as through community businesses, so that they can develop their own institutions. However, communities still need to be able to draw on the power of the public and private sectors and not be isolated from them. Foundational power is pragmatic, recognising the potential of local people but also the limitations, and does not seek to put unrealistic expectations on the ability of citizens to achieve change on their own.

This Green Paper has sought to bring a fresh perspective and a blend of ideas, drawing on the expertise and recommendations of other organisations, as well as contributing new proposals to stimulate the debate.

If we want to achieve a society where citizens are able to take back control, then we must put in place strong foundations.

**This Green Paper is a contribution to the national conversation on how we can do that.**

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