The Marshall Plan for Civic Life

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Discussion paper:
Financing a decade of civic renewal

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About this paper

There is now a broad consensus among practitioners, funders, and policymakers that Britain is paying the costs for a decades-long depletion of civic life. A great deal of excellent work has begun to reverse this decline, but a key question remains unanswered: how do we fund the work of civic renewal at the scale that is needed?

The Marshall Plan for Civic Life is a landmark programme of research and deliberation, convened by Kinship Works and Demos, to answer this question - identifying viable financing mechanisms, and developing an overall funding architecture. The initial work has been supported by This Day and the Joseph Rowntree Foundation but we are building a coalition - adding partners and modules to deepen our understanding of the problem and possible solutions.

In this opening Discussion Paper, we share initial reflections on a range of financial mechanisms that look promising. The paper is intended to stimulate discussion and we would welcome feedback. This will be followed in Autumn 2026 with a broader paper, describing a potential architecture and supporting philosophy for a Civic Marshall Plan, alongside an estimate of the scale of the funding gap that needs to be filled.

With thanks to the people who shaped this work, most of all Polly Mackenzie, who led the thinking on this Paper at a formative stage, elevating the argument to be more ambitious and compelling. Thanks also to the attendees of a webinar and roundtable, both held in July 2026, who provided valuable feedback to help shape this Paper and our future work. The teams at Kinship Works and Demos look forward to further collaboration and input as the work develops.

Introduction: A new deal for civic renewal

There is now a broad and growing consensus that decades of civic depletion in Britain must be reversed. The infrastructure, associations, clubs, mutual networks and local relationships through which community life functions have eroded, and the consequences are increasingly well documented. We see rising loneliness, worsening mental and physical health, and a deepening disconnection from democratic life, with many of these pressures falling on public services.

The good news is that we are now at least a decade into pioneering efforts to restore civic life, from Grimsby to Hastings to Plymouth. Methods and models have been developed, backed by an increasingly mature and well-connected network of local leaders and practitioners. Foundations have begun to support community power and community-led regeneration. The UK government's Pride in Place programme and a growing emphasis on neighbourhood-led approaches across Whitehall - now bolstered by a new administration - point in the same direction. And there is recognition that our civic capacity is the hidden wealth of nations.

For all of this agreement, a key question has remained largely unanswered: how do we fund the work of civic renewal at the scale that is needed?

Civic renewal cannot, of course, be reduced to a question of money alone. Civic life is shaped by many factors: the distribution of power - over assets, decisions, and imagination - and the time people have to contribute. We also note that places have varied capacity to absorb and deploy funding, especially after years of cuts.

Nonetheless, a key enabler of civic renewal is funding; we will not restore civic life with today's fragmented, short-term, and insufficient patchwork of financing mechanisms. Reversing decades of decline in civic life will require sustained, multi-billion pound investment over a decade and more - not just another cycle of one-off programmes and funding pots.

One response is to argue that the state should step in, with funding through general taxation - not least because investment in civic capacity will return savings to public services. There is some truth to this. Stronger communities can absorb work that would otherwise fall to the state, while preventative or catalytic investment can avoid costly crises, and can support productivity, growing the size of the pie.

State funding, however, is inevitably constrained. These are tight times for the public finances, and there is little public appetite for higher taxes. Meanwhile, 'spend to save' arguments have proven difficult to land in a system in which upfront spending is clear and immediate, while savings are often diffuse, long-term, and difficult to capture from departmental budgets across multiple spending cycles.

But there are bigger reasons too, for favouring a diverse funding settlement for civic life. Anyone working in the civic sphere will know well that the design of funding can be a significant constraint on the way work can be done. Centralised funding can feed dependency and standardisation, and often comes with burdensome reporting requirements. By contrast, distributed funding mechanisms can be more pluralistic and also more resilient.

As investment in civic renewal grows, there is a risk that money has a distorting effect, choking off precisely the kind of local innovation, community ownership, and feelings of pride and agency that we need. As we fund this work more adequately, it becomes ever more important to find financing mechanisms that match the spirit of the work itself, fostering cultures of ownership and belonging. Distributed funding models - membership fees, local endowments, community-owned assets - can provide revenue while also building resources that are even scarcer, like agency and hope.

These are design challenges. They set us the task of developing a broad and varied settlement, bringing in a range of mechanisms, even as these are made coherent by an overall architecture. The potential is not just to find the money for civic renewal but to develop a financial settlement that forms a new deal between state, citizen, civic sphere and private sector - each with a stake in the work of national renewal, and each invested in the best outcome for communities.

In the Marshall Plan for Civic Life we will explore what this new settlement could look like. Which funding models are fiscally and politically viable at scale? How would different mechanisms shape behaviour and culture? And which models are resilient enough to survive political, economic and social shocks?

The Discussion Paper

In this paper we begin by sharing an initial survey of the financing mechanisms we think most worth exploring. We have developed this list not as a final answer, but to provoke discussion and invite challenge.

We have grouped the mechanisms into four quadrants - public contributions, state spending and tax instruments, philanthropy, and investment and value capture. Under each, we share some early reflections on viable mechanisms, judged against a set of design principles, and a series of questions we plan to explore.

To situate the discussion, we start with some context on the original Marshall Plan, exploring its main characteristics and design features. We then turn to the principles guiding our search, before moving through the mechanisms themselves.

Future plans

This paper will be followed by further outputs in autumn 2026. We will develop an estimate of the size of the funding gap - how much money would these mechanisms combined need to raise in order to drive a meaningful process of civic renewal?

We are also developing a broader paper exploring the overall architecture for a Civic Marshall Plan. What is the overall philosophy for investment? And how could funding be structured to create a suitable political economy, inspire the right behaviours, and build resilience? The aim here is to describe not just a practical structure for funding, but an underpinning logic for how all actors - state, citizens, private sector, civil society - collaborate on civic renewal. This is the foundation for a new deal: a way for people to come together to rebuild civic life in Britain, from the ground up.

1. What was the Marshall Plan?

The Marshall Plan - formally the European Recovery Programme - ran from 1948 to 1952, providing approximately $13 billion in American capital (equivalent to around $150 billion today) to help rebuild Western European economies after the Second World War. It combined scale with savvy design, creating a financing architecture and incentive structure that kick-started a sustained economic recovery.

The problem addressed by the Marshall Plan was not just that Europe needed money. It was also that Europe was stuck in a coordination failure: productive capacity existed but could not restart because no one actor could move before the others. Trade networks had broken down, deepening mutual distrust between nations. This was blocking the co-operative effort on which recovery would depend.

External capital, deployed with conditions, helped to solve this problem. American capital functioned as leverage, prompting a different kind of system behaviour: European nations cooperating, planning together, and rebuilding the institutional, physical, and relational infrastructure of a sustainable, growing market economy. The investment paid off: estimates suggest that a total investment of 4% of US GDP, over four years, helped prompt a 35% increase in European industrial output.[1]

Six defining features

As we develop a Marshall Plan for civic life, we can learn from certain qualities of the original. The original Marshall Plan had six features in particular that made it more than a simple transfer of resources, each of which has an analogue for civic renewal.

1. A theory of recovery, not just of need

The Marshall Plan was not justified primarily on the basis of European suffering, though that was real. It was argued for on the basis that a recovered European economy would be in everyone's interests, including America's.

[1] Eichengreen, Barry (2008). *The European Economy Since 1945: Coordinated Capitalism and Beyond*. Princeton University Press

A strong Europe would reduce the appeal of communism, proving the vitality of democratic capitalism, and would rebuild valuable trade partners. The investment rested on a theory of return to the investor, as well as a case rooted in moral values.

For a civic Marshall Plan, we can build a similar justification. Investment in civic life generates a return, including for government - reducing future demand on public services and supporting economic growth. This complements the moral case for investment - we need a vibrant civic sphere because it is central to the good life.

2. Designed for catch-up, and then sustainability

The Marshall Plan ran for four years and was designed, from the start, as a sprint, cranking the starter handle on the European economies. It aimed to restore European economies to self-sustaining growth, and specifically targeted the formation of self-sustaining systems - most notably the European Payments Union, which restored a working means of exchange between European economies. Support was in-kind as well as financial: through a technical assistance programme, the Plan shared know-how, for example via productivity missions. The question George Marshall and colleagues were asking was not 'how do we fund Europe?' but 'how do we help Europe become more institutionally and economically sustainable?'

A civic Marshall Plan can have a similar orientation. Although there will be an ongoing role for significant public investment in civic life - this is part of the function of taxes - the goal ultimately is to build a settlement that is more self-sustaining and resilient. This means shifting civic life from a condition of permanent fragility - a hand-to-mouth existence, in which public services spend large sums on crisis response while civic actors pick up the pieces - to one of resilience and self-renewal, underpinned by a new deal.

3. Building coordination and trust, not zero-sum competition

The Marshall Plan required European nations to work together. For example, it led to the formation of the Organisation for European Economic Cooperation, and required European economies to produce joint recovery plans, share data, and open trade. The money was conditional on cooperation, and this conditionality was arguably as important as the money itself: it created the institutional and relational conditions needed to restore growth, and laid the foundations for later integration.

For civic renewal, there is a similar need to build coordination, trust, and relationships. The best civic work has achieved this locally, with institutions setting aside their own interests in pursuit of a shared vision for the future. A Marshall Plan for Civic Life could encourage place-based coalitions and other collaborative models. The goal is to build shared infrastructure and healthy ecosystems, not to foster zero-sum competition and fragmentation.

4. Turning outside capital into local power and wealth

One of the least discussed but most important features of the Marshall Plan was the counterpart fund mechanism. American dollars were used to import goods into European countries, and the local proceeds were deposited into national counterpart funds, to be released for investment with American agreement. Outside capital thereby catalysed domestic wealth and power that outlasted the American investment, leaving European economies with enduring assets.

In recent years there has been growing recognition of the need to build community wealth and power. A Civic Marshall Plan could be designed to support this, for example by backing place-based endowments and community-owned assets - capital that remains owned by a community long after the initial investment.

5. Multi-layered governance

The Marshall Plan operated across three levels: there was strategic direction from America, the OEEC acted as a multilateral coordination body in Europe, and much of the work was implemented by national governments. No single body controlled or coordinated all of the activity funded by the Plan. The architecture was designed this way on purpose - avoiding top-down imposition, but also avoiding fragmented localism. Solutions emerged through negotiation rather than top down direction. These governance structures were enduring, and even compounding - the OEEC evolved into the OECD, while the European Coal and Steel Community, established in the Plan's final years, paved the way for the EU. This seeding of institutions and governance has proven one of the most powerful legacies of the Plan.

The governance of civic renewal is hard to get right, and it shapes outcomes profoundly. Civic renewal cannot be treated as a programme to be run from the centre, or even from local government. But equally, a fragmented series of local efforts will duplicate work, fail to share learning, and will not move at the pace required. The design challenge is to create multi-layered governance of the kind Elinor Ostrom and colleagues called 'polycentric - it looks messy on paper, but it allows a healthy debate, collaboration, and competition for solutions to take place.

6. Going big, and achieving critical momentum

The Marshall Plan achieved, in a period of concentrated effort, what had not happened in the preceding three years of drift. The intensity of the intervention was a design feature. It created salience and urgency, focused the energy of leaders and institutions, and showed results soon enough to maintain political support.

A Civic Marshall Plan could learn from this. While the work of civic renewal is necessarily long-term, and cannot be rushed, there may be a case for a determined, even radical, period of sprint investment. This argues for at least some aspects of a Civic Marshall Plan being deliberately ambitious and time-bound - a way to galvanise effort and get local leaders and institutions aligned.

2. Design principles and key distinctions

Principles

Before we describe the funding mechanisms we plan to explore, we set out a series of design principles and some key distinctions that we have in mind.

One of the central insights from our wider work on civic renewal at Kinship Works and Demos is that the nature of funding matters as much as its quantity. Funding can be provided in a way that actively supports the goals of civic renewal, or in a way that disempowers, breeds insecurity, and ties people up in time-consuming reporting requirements. For many people working in this space, the latter has been the more common experience.

As we have researched promising financial mechanisms, we have kept a number of principles in mind. We see these as criteria that could later be used to assess the different mechanisms. We favour funding mechanisms characterised by:

- **Funding pluralism** – drawing on multiple independent funding streams so that no single political decision, funder or market shock can unravel the settlement.
- **Local anchoring** – generating and retaining resources within and between communities, strengthening civic organisations' orientation towards the people they serve.
- **Ownership** – building contribution, co-ownership and local decision-making into the structure of funding, rather than producing passive beneficiaries.
- **Equity** – working deliberately against existing inequalities and directing the greatest support towards communities where civic life is most depleted.
- **Long-termism** – providing stable and predictable support, reducing insecurity and the burden of repeated funding applications.
- **Narrative coherence** – making the connection between contribution and civic purpose explicit, visible and traceable.
- **Institutional pluralism** – protecting diversity of civic form and avoiding standardised requirements that produce institutional monoculture.

- **Resilience** — enabling funding, assets and institutions to withstand political, fiscal, economic, demographic and organisational change.

We note that there are tensions between some of these principles. For example, locally generated resources might foster a greater sense of ownership, but will naturally advantage more prosperous places. Much of the challenge of designing a funding settlement will lie in striking the right balance or, where possible, in dissolving these tensions altogether - for example, by matching local contributions with money from a more redistributive source.

As we move through the mechanisms, we can keep these principles in mind, considering not only which mechanisms score best against each principle, but also where a quality might instead be built into a mechanism's design.

Key distinctions

Finally, there are a number of other important qualities or distinctions that are relevant to the choice and design of a mechanism.

Time horizon

A central lesson from the original Marshall Plan is that catch-up and sustainability are different tasks, calling for different kinds of funding. Reversing decades of civic depletion requires a concentrated, time-limited effort to rebuild what has been lost; keeping civic life healthy thereafter requires a steady, ongoing source of support. In assessing each mechanism, we therefore distinguish between:

- **Catch-up investment** - a concentrated, time-limited injection of funding to reverse the deficit accumulated over decades of decline, and to build up the assets, institutions and capacity on which a thriving civic life depends.
- **Enduring investment** - the sustainable, ongoing funding needed to keep civic life healthy. How to fund this stewardship - whether through revolving capital, ongoing revenue, or some combination - is one of the most urgent questions facing people leading this work in communities.

Clearly, catch-up investment can be financed by one-off sources, such as spend-down endowments or time-limited injections of capital from sources like dormant assets. Enduring investment, by contrast, has to be sustainable: ongoing unrestricted income, for example, from a large number of small, regular membership payments.

We might also hope for different behavioural effects from the two types of funding. Enduring investment could build over time to foster a general culture of agency and active citizenship - for example, through people paying club or membership fees. Catch-up investment, meanwhile, can be designed to do more than simply fund activity: it can be made conditional on coordination, on the formation of local institutions, or on the establishment of civic compacts or community governance arrangements, so that it leaves durable infrastructure behind once the sprint is over.

Capital versus Revenue

Overlaid on time horizons is the distinction between capital and revenue funding. Both are needed, but each is quite different. Capital funding is one-off investment in lasting assets - buildings, land, endowments, technology - while revenue funding meets the ongoing running costs of civic life, from salaries and activities to the upkeep of those assets. Capital can also help to rebuild community wealth, for example through the ownership of physical assets like buildings or land, some of which could in turn generate revenue. Enduring revenue funding will then be needed to maintain such infrastructure and keep it in good use. Some funding mechanisms are likely to be better suited to capital, others to revenue; a healthy settlement will need a balance of the two.

Scope

A word, finally, on the scope of this work. As we set out at our launch, the Marshall Plan for Civic Life is an ambitious project, so we need to limit our focus. We are concerned mainly with direct efforts to rehabilitate civic and community life. This includes work to reactivate civic agency, as well as investment in civic infrastructure - from civic buildings to community governance - and the clubs, associations, and volunteer networks that act as the capillaries through which civic life flows, not least faith institutions, which play a vital role. We are not addressing the wider question of how civil society as a whole is funded, important though that question is. For example, direct funding for service delivery by charities is out of scope, although we are interested in related questions, such as the way procurement can be used to build up civic capacity.

In drawing this boundary, we are mindful that direct funding for service delivery is a central - often the central - concern for many charities and civic organisations. At a minimum, we will take care not to set the two in opposition, or to rob Peter to pay Paul. We will also explore how direct funding for service delivery can itself support civic renewal - for example, through in-sourcing and partnering in local places in ways that build civic capacity rather than depleting it. More generally, we will try throughout to distinguish genuinely new money from money that is merely redirected, and to stay alert to the risk that a new source of funding for civic life could draw much-needed funds away from other vital activity.

Lastly, we are conscious that civic life depends on time as much as money. The economic and social value of formal volunteering in the England has been estimated at £24.7 billion a year, and informal volunteering and neighbourly help add a great deal more.[1] Although time and money are closely related, there may be independent steps that could be taken to support greater investment of time, and we are exploring how to bring this into the scope of the work.

[1] Department for Culture, Media and Sport (2025) *Estimating the economic and social value of volunteering*. London: Department for Culture, Media and Sport. Available at: (https://www.gov.uk/government/publications/estimating-the-economic-and-social-value-of-volunteering/estimating-the-economic-and-social-value-of-volunteering) (Accessed: 7 July 2026).

3. Potential funding mechanisms

In this section of the paper we survey a range of funding mechanisms that could support a decade and more of civic renewal. We describe each mechanism and assess it against the design principles. Each mechanism carries drawbacks, whether risks or behavioural distortions. Our goal is not to pretend these downsides can be avoided, but to be clear-eyed about them, and to design and combine mechanisms in order to strike the right overall balance.

Our assessments are offered as a starting point for discussion and are not intended to be definitive judgements. We would welcome views.

We have arranged the mechanisms into four broad categories, reflecting the source of the money and the logic by which it flows. We picture these as four quadrants of an overall financial settlement, seeing them as jigsaw pieces that connect together to make up the whole. The four quadrants are:

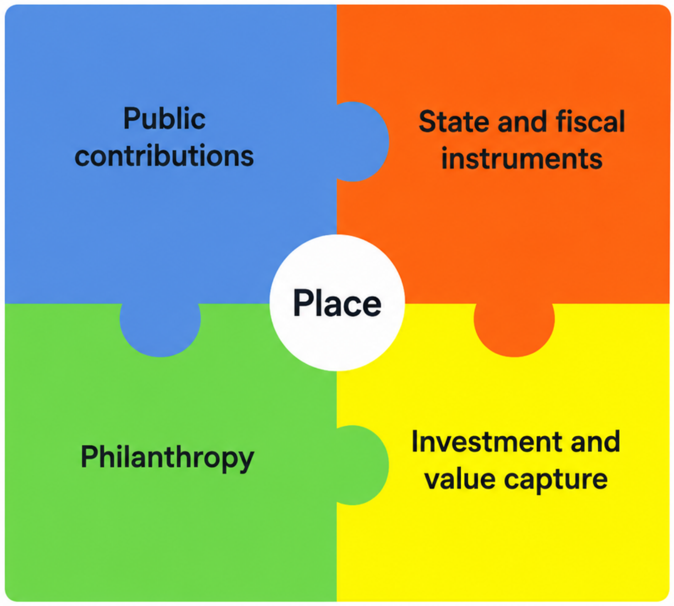
A. **Public contributions** - mass, voluntary contributions by individuals. This quadrant covers membership and subscription models, community shares and co-operative ownership, crowdfunding, and civic dividends from goods and services.

B. **State and fiscal instruments** - the use of tax, levies, reliefs, and statutory powers to raise or channel resources towards civic life. This quadrant covers hypothecated business levies, tax reliefs and payroll giving, direct taxation and repurposed funding, and dormant assets.

C. **Philanthropy** - giving from accumulated and surplus wealth, by foundations, businesses and individuals. This quadrant covers foundation philanthropy and corporate giving, major individual giving, and legacies.

D. **Investment and value capture** - repayable and return-seeking capital, together with mechanisms that redirect or capture existing economic value, often locally. This quadrant covers impact investment and social lending, place-based value capture (such as business improvement districts and developer contributions), procurement and anchor institutions, and local government pension funds.

Figure 1: The four quadrants of a financial settlement



The four pieces interlock as a single settlement; place runs through all four

We recognise that there is significant overlap between these quadrants; indeed, it is beneficial if funding mechanisms interact with and reinforce each other. Our initial work suggests that some of the most promising opportunities might lie at these boundaries. For example:

- Legislation was passed to use dormant assets to capitalise Better Society Capital, a wholesaler that then built the market for social investment.
- Government match-funding has been used to support public contributions, for example to grow the market for community shares.
- Payroll giving likewise sits on the line between state instruments and public contribution.
- Foundation philanthropy is often more powerful when used as first-loss or blended finance, lowering risk for repayable investment.

A successful settlement will therefore not treat the quadrants as silos, but will look actively for complements, where one mechanism can unlock or amplify another.

Figure 1 also reflects the role place can play in all four quadrants; it is often in a place that these mechanisms come together most powerfully. In some cases, a financing mechanism will itself be inherently place-based; consider business improvement districts, for example, or community shares, which are typically used to buy or renovate local assets such as pubs, shops and renewable energy schemes. In other cases, mechanisms could be made place-based by design. A levy on infrastructure, such as data centres or wind turbines, could be channelled to the communities that permit these developments; payroll-giving could be directed to the place where people work; social investment could be pooled into place-based funds. We are interested in place-based mechanisms because they can do more than raise money; they can enhance the pride and loyalty people feel towards the work of civic renewal in their own areas. However, we are also acutely aware of the risks to equity of more localised approaches to funding.

Finally, for each mechanism we identify some key questions that we would like to explore. We would be grateful for feedback on these. Do any feel especially important? Are there lines of inquiry we have missed?

Part 1: Public contributions

The first category of funding mechanisms we plan to explore relates to mass, voluntary contributions by individuals. This typically entails large numbers of people giving small amounts of money, often but not always over a sustained period of time.

This category is distinct from higher-value, lower volume voluntary contributions (e.g. high-net-worth individuals and foundations), and from mandatory mechanisms like taxation. In some cases people receive a financial return, as with community share issues; in others they receive a service in kind. But the contribution is usually motivated at least partly by altruism and a sense of moral purpose.

i. Membership and subscriptions

Voluntary subscriptions are one of the most historically durable forms of funding for civic activity in Britain. There is a long history of Friendly Societies, Working Men's and Women's Clubs, trades unions, and continued strength in organisations like the National Trust and the Royal Society for the Protection of Birds (RSPB), which derive a substantial share of their income from member subscriptions.

Over the last century there has been a significant decline in membership organisations. Working Men's Clubs have fallen from 4,000 clubs with 3.5 million members at their peak to around 1,800 clubs today, with under a million members; this decline is part of the story of civic depletion.

However, where the value proposition is clear, the model remains viable. The National Trust's 5.35 million members generate over £300 million annually; the RSPB's 1.2 million members generate £54 million. In recent years there have been signs of a resurgence in '21st century social clubs', with growing momentum behind this movement. There is also innovation; for example, see the model of 'social supermarkets', which offer members discounted food, and free food for those who need it, while also becoming a hub for volunteering and mutuality.[1]

Measured against our design principles, membership models are strongest on:

- **Ownership** - members experience themselves as co-owners of the institution they fund
- **Local anchoring** - income is generated from within the community the organisation serves
- **Resilience** (to political change) - income does not depend on government, and so is insulated from shifts in administration

They are weakest on:

- **Equity** - membership income skews towards more affluent and better-connected communities, and so risks widening rather than narrowing geographic inequalities
- **Resilience** (to demographic change) - income depends on continually renewing a base of supporters, and can erode as supporters age or churn

Key questions:

- Could the conditions behind the revival of "21st-century social clubs" be understood and deliberately fostered at scale?
- Are there ways to uncouple membership from ability to pay - through time, sliding scales, or match-funding - without hollowing out the ownership that membership builds?
- What design features - voting rights, local branches, active roles - keep membership a genuine vehicle for agency as it scales?

[1] See Whitley Bay Big Local https://www.northtyneside.gov.uk/help-and-support-north-tyneside/cost-living/food-support-venues/whitley-bay-big-local

ii. Co-operative ownership and community shares

Community shares - withdrawable share capital issued by co-operative and community benefit societies - allow members of the public to invest directly in local enterprises, becoming co-owners with equal voting rights. Since 2012, the market has raised over £210 million from more than 130,000 investors across approximately 540 community businesses. Community share offers were previously supported through the Community Shares Booster Fund; an evaluation found that every £1 of public investment leveraged £9.30 from community investors.

In recent years there has been innovation in this space. For example, at least 16 local authorities now offer Local Climate Bonds, mobilising over £18 million of investment - though these function as a form of municipal borrowing rather than community ownership, since lenders do not acquire a stake or a say.[2] Community contributions can also be supported by digital platforms, which can incorporate participatory budgeting - local people decide how the money is spent - and can be encouraged by match funding.[3] We caveat these points about ownership with a note of caution raised in our recent roundtable: most civic organisations operate from buildings leased from local authorities, so reform of the leasing system to reduce perverse incentives is also an important area to explore.

Measured against our design principles, co-operative and community share models score strongest on:

- **Ownership** - investors are co-owners, with equal voting rights and a direct stake in the enterprise they fund.
- **Local anchoring** - capital is raised from, and invested in, the community itself.
- **Resilience** - democratic governance structures and statutory asset locks keep community assets in community hands, protecting them from being sold away from their purpose.

They score weakest on:

- **Equity** - the bootstrap problem means community shares can only capitalise enterprises that already exist or are nascent, so the most depleted communities, which lack such enterprises to begin with, are least able to use the mechanism.

Key questions:

- Are there ways to scale the community shares market - e.g. via shared templates, a wholesale institution, routes to liquidity - without diluting community control?
- What would it take to raise the capacity of communities - e.g. finding viable assets and developing local expertise - so that disadvantaged communities can participate more fully in community shares?

[2] https://www.greenfinanceinstitute.com/products-solutions/lcbs/
[3] https://journal.platoniq.net/en/wilder-journal-1/deep-dives/democratic-funding/

- Could a standing match-funding facility, weighted towards depleted places, help to address equity concerns?
- Are there opportunities to reform local authority leasing - lease lengths, sub-market lets, protection from asset sell-offs - to protect access to community space?

iii. Civic dividends from goods and services

A civic dividend attaches a small contribution to the sale of a good or service, or takes a share of profits, turning everyday transactions into a revenue stream for community and civic work. The contribution can be mandatory or voluntary, based on a fraction of a penny per transaction or a rounded-up sum. The underlying logic is that civic funding is raised quietly, at scale, via ordinary economic activity.

The most familiar example in Britain is the National Lottery, which shows the scale this model can reach. Since 1994 the Lottery has raised more than £53 billion for good causes, funding over 680,000 projects, with around 23p of every £1 spent on a ticket flowing to good causes. The slice most relevant to civic life is the National Lottery Community Fund (NLCF), which for many years has provided over £500 million a year to communities, making it the largest single source of community funding in the UK. Crucially, the NLCF distributes equitably, investing most in places and communities experiencing poverty, disadvantage and discrimination. We note the recently announced review of National Lottery funding as a valuable opportunity to refresh how this funding can best support the work of civic renewal.

The same logic can be applied to other products and services. One example is the carrier bag charge, a small mandatory levy on a high-volume product that the government estimated would raise around £730 million for good causes in its first decade. What makes the carrier bag charge instructive is not just its scale but the local participatory approaches often used by retailers to distribute money. Many retailers direct the proceeds to projects in their local community, while Tesco, Sainsbury's and the Co-operative Group seek input from customers and staff on which causes to support.

A third variation is the point-of-sale donation, where customers are invited to round up a purchase or add a small sum at the till. This can be facilitated by platforms embedded in payment terminals, payslips and online checkouts. In France, checkout microdonation has enabled more than €50 million to be collected since 2010, much of it through the social enterprise microDON's L'ARRONDI scheme, and similar operators have emerged across Europe, including Pennies in the UK and Ireland, Deutschland Rundet Auf in Germany and Worldcoo in Spain and Italy. The model is largest in the United States, where point-of-sale donations grew from $389 million in 2012 to $605 million in 2020.

Measured against our design principles, civic dividends on goods and services score strongest on:

- **Funding pluralism** - they reach across the whole population through everyday transactions, turning very large numbers of tiny contributions into a meaningful aggregate, and can sit alongside other mechanisms rather than crowding them out.
- **Narrative coherence** - in their place-based and participatory forms, they draw a clear and visible line between a small contribution and a local benefit, especially where contributors vote on the projects their money supports.
- **Resilience** - if proceeds flow through independent distributors rather than the Exchequer, as with the Lottery's good-causes model, the revenue is insulated from government budgets and spending cycles.

They score weakest on:

- **Equity** - flat charges and round-ups are regressive, falling proportionately harder on lower incomes; and where proceeds track consumer spending, they risk flowing to the more prosperous places with the greatest retail footfall, unless deliberately redistributed.
- **Long-termism** - a levy attached to a behaviour we want to discourage erodes its own base over time, since the carrier bag charge succeeds precisely by shrinking the thing it taxes; voluntary round-ups, meanwhile, are irregular, modest and vulnerable to donor fatigue.
- **Ownership** - in their simplest form a charge or round-up does little to build participation or agency, unless deliberately paired with a participatory layer such as local voting on how the money is spent.

Key questions:

- What opportunities are there to make National Lottery money go further, via the vehicle of the recently announced review of Lottery funding?
- Which contemporary harms - digital platforms, gambling, pollution - could sustainably fund community renewal on a "polluter repairs" logic?
- Could a civic dividend or point-of-sale round-up mechanism be scaled to the national level? Could this also integrate a participatory layer, such as local voting on projects, to foster a sense of ownership?

Part 2: State spending and tax instruments

The second category of financing mechanisms we plan to explore relate to the spending and taxation powers of the state. This typically entails the state raising revenue through taxes or levies, forgoing revenue through tax reliefs, or directing existing public spending, for example to doubly disadvantaged communities.

This category is distinct from voluntary contributions, being generally compulsory and broad-based rather than voluntary, and distinct from philanthropy in that funds are raised and allocated through public institutions. State action can be a powerful complement to public contributions; for example, the state can use tax policy to encourage individual giving (e.g. payroll giving). The state can also complement the category of social investment, helping to build new impact-oriented financial markets.

i. Hypothecated business levies

Hypothecated levies are mandatory charges on firms, ring-fenced for civic purposes. On the basis of our early work so far, this is one of the models we find most promising internationally. For example, Brazil's Sistema S - established in the 1940s and given constitutional protection in 1988 - uses sector-specific payroll levies (typically 1-2.5%) to direct revenue into an ecosystem of local innovation and civic actors. Revenue flows to independent institutions governed by business confederations. SENAC, one of the constituent institutions, operates in more than 3,000 of Brazil's 5,570 municipalities. The model has proved remarkably durable - over seventy years of political change, including military dictatorship and democratic transition.

The UK's Apprenticeship Levy works on a different principle: 'use it or lose it'. It raised £4.1 billion in 2024-25. In practice, it has been significantly underused by firms, with over £3.3 billion in unspent levy funds returned to the Treasury between 2019 and 2022. Many firms argued that the governance structures required to deploy the money were not in place when the money arrived, a reminder that deployment capacity, rather than money alone, is sometimes the binding constraint.

The UK's system of Infrastructure Charges are another model: they are paid by organisations providing new water connections as a way to fund underlying infrastructure.[4]

Measured against our design principles, hypothecated business levies score strongest on:

- **Equity** - because a levy reaches all geographies and is not dependent on local wealth, it could be designed to direct resources towards the places where civic life is most depleted, rather than tracking existing capacity.
- **Long-termism** - hypothecated levies have proven remarkably enduring, even in tight fiscal environments; ring-fenced charges to fund regulators and consumer advocates have survived where general taxation is endlessly contested and vulnerable to in-year raids.
- **Resilience** - if constitutionally protected or governed independently of government, as in Brazil's Sistema S, levy income can prove remarkably durable, surviving changes of administration, as the Brazilian model has for over seventy years.

They score weakest on:

- **Local anchoring** - revenue does not naturally stay in the places it is raised; unless the governance is explicitly designed to channel funds to place-based institutions, a levy risks operating as another national pot.
- **Ownership** - a compulsory charge does little in itself to foster participation or agency, and the connection between payment and civic benefit will be weak unless it is made deliberately explicit and traceable.

Key questions:

- What can be learned from Brazil's Sistema S about building a UK civic levy durable enough to survive over decades?
- How could a civic levy be designed so that local deployment capacity is built in, avoiding the fate of the Apprenticeship Levy, much of which went unspent by employers?
- On what principle should a civic levy be designed - polluter-pays, geography, or ability to pay - and how does that shape both its fairness and its narrative?

ii. Tax reliefs and payroll giving

UK charitable tax reliefs total approximately £6.7 billion annually, covering Gift Aid, business rates relief, inheritance tax, and several smaller mechanisms. Several of these mechanisms are significantly underused. For example, payroll giving, which allows employees to donate pre-tax from gross pay, has declined to £131 million annually despite 30 million PAYE workers being eligible. Only around 4,000 employers offer schemes, with over

[4] https://www.ofwat.gov.uk/regulated-companies/markets/nav-market/getting-a-new-appointment/infrastructure-charges/

45,000 eligible to do so.

A key downside of tax reliefs is deadweight cost; they forgo tax revenues in order to incentivise behaviour that might have happened anyway. A further limitation of the current architecture is that it is designed for registered charities. Many civic organisations - residents' associations, informal community groups, community interest companies, social enterprises - are ineligible for the most valuable reliefs. Extending CASC-style reliefs to a new category of community civic organisation could be one way of increasing giving to a broader range of civic institutions.

One option to explore is relief on Capital Gains Tax to boost investment in civic infrastructure. For example, there is currently a push from the UK venture capital and private equity industries to allow exiting founders to defer or reduce their CGT if they recycle investment gains back into qualifying UK-based scale-up businesses or growth funds. This could be adapted to allow tax relief or deferral where there is investment in local community infrastructure or organisations.

Measured against our design principles, tax reliefs and payroll giving score strongest on:

- **Long-termism** - reliefs are a stable, structural feature of the tax system rather than a discretionary grant, providing a predictable backdrop that giving and investment can build on year after year.
- **Equity** (if not place-based) - a national relief is geographically blind, available to donors and investors anywhere, and so need not itself widen the gap between richer and poorer places.
- **Narrative coherence** (especially if place-based) - mechanisms like payroll giving and CGT relief could be designed to emphasise the appeal of giving back to community; this would be sharper if giving was tied to the places people live and work, thought this would have downsides for equity.

They score weakest on:

- **Equity** (if place-based) - reliefs work least well precisely where they are needed most; in communities where civic institutions are thin, the culture of giving is weak, and many earnings sit below tax thresholds, there is little behaviour to incentivise and little tax to forgo.
- **Institutional pluralism** - the current architecture is calibrated to registered charities, leaving residents' associations, community groups, social enterprises, and other civic forms ineligible for the most valuable reliefs, so the mechanism tends to reinforce a single institutional model rather than support a diversity of them.
- **Ownership** - relief lowers the cost of giving or investing, but does little in itself to build participation, co-ownership, or agency.

Key questions:

- How could payroll giving be revived, particularly among younger workers, and how could it be linked to place-based civic giving?
- What is the case for extending the CASC model to community civic organisations (e.g. extending the most valuable reliefs to residents' associations and community groups), and what legislation would this require?
- Could a relief that rewards reinvestment, like proposed capital gains deferrals, be adapted to channel private capital into community assets?

iii. Direct taxation

Previous programmes to invest in neighbourhood renewal have often been funded by general taxation. This is true of the UK government's main current investment in community-led renewal, the Pride in Place Programme.

Given pressure on the public finances, the behavioural and cultural effects we are hoping to encourage, and the need for resilient funding, there is a risk in relying too heavily on direct taxation. As we set out at the start of this paper, money raised and allocated centrally tends to orient civic organisations towards Whitehall rather than their communities, and can be reversed with the stroke of a pen. Nonetheless, direct taxation can form a vital part of an overall settlement.

For these reasons, we are interested in creative approaches to state investment. For example, we would like to explore:

- Ways to open up existing funding streams that currently undervalue civic work. UK Research and Innovation funding, for example, is largely directed towards universities and formal research institutions, and is hard for community practitioners to access, even when they are carrying out research-grade work. Could UKRI funding be made more readily available to those doing this work in and with communities?
- Ways the government could create a preventative investment fund that supports the kinds of civic work that are likely to reduce demand on public services. This could build on the lessons from Greater Manchester's Live Well initiative, investing in community-based support for health and wellbeing (though Live Well also relies heavily on grant funding, which underlines the need for the durable financial base this paper explores).
- Ways to give citizens a degree of discretion over a small portion of their tax contributions, directed towards civic work. For example:
  - The model of 'percentage tax designation' is widely used in Europe. It allows taxpayers to direct a small portion of their income tax liability to a recipient of their choice. Italy pioneered the model with the 'otto per mille' (0.8 per cent of the tax bill), under which taxpayers assign the sum to a recognised religion or

a state-run social-assistance fund; a later variant, the 'cinque per mille' (2006), extended designation to third-sector and civic organisations. Many central and eastern European countries then adopted civic-designation versions. Slovakia lets taxpayers reallocate 2 per cent of their income tax contributions, rising to 3 per cent for those who have volunteered for 40+ hours in the previous year. Across five countries with this scheme in place, around 17 million of 40 million total taxpayers have made use of it.

- Japan's 'Hometown Tax' allows people to redirect part of their residence tax to a local government of their choice, such as the place they were born. It was initially designed to reduce fiscal disparities between Tokyo and rural areas and has become an enduring mechanism for fiscal redistribution, regional economic development, and citizen engagement. The system incentivises participation by offering donors a tax deduction and a return gift from the recipient municipality, typically reflecting local specialities like seafood, wagyu beef, sake, or traditional crafts.[5]

Measured against our design principles, direct taxation scores strongest on:

- **Equity** - general taxation is the most redistributive source available, able to direct resources to the most depleted places regardless of their local wealth or capacity, in a way that locally-generated funding cannot
- **Funding pluralism** (if designed as catalytic) - used as match-funding and made contingent on co-investment, state money can crowd in philanthropic and social capital and strengthen the wider plural settlement, rather than dominating it

They score weakest on:

- **Resilience** - funding from general taxation is exposed to political change and the spending cycle, and can be cut or reversed by a decision in Whitehall.
- **Ownership** - centrally raised and centrally allocated funding tends to produce passive beneficiaries oriented towards funders rather than active civic actors, unless its design deliberately devolves control, as percentage tax designation does by handing citizens a say over where their money goes.
- **Long-termism** - subject to spending reviews and in-year raids, direct taxation struggles to offer the predictable, multi-year horizon that civic organisations need to plan and build.

Key questions:

- How could fiscal devolution enable more locally-determined investment in civic life, while guarding against regressive effects?

[5] OECD (2025) 'Japan: Hometown tax donation programme (Furusato Nozei)', in *Shrinking Smartly and Sustainably: Compendium of Good Practices*. Paris: OECD Publishing. Available at: https://www.oecd.org/content/dam/oecd/en/about/projects/cfe/shrinking-smartly-and-sustainably--compendium-of-good-practices-/multi-level-governance-and-finance/JAPAN-Hometown-tax-donation-programme.pdf (Accessed: 9 July 2026).

- Where could existing public funding streams, such as UKRI, be repurposed or opened up to better support civic work, and what rule changes would this require?
- What would a preventative civic investment fund look like in practice, and how could its savings be evidenced and captured across departmental boundaries?
- Could a percentage tax designation scheme work in the UK context, and how could it be designed to favour smaller and place-based civic organisations?
- How can direct state investment be designed to catalyse rather than crowd out other funding - for example through match-funding, or by making investment contingent on local collaboration and institutional reform?

iv. Dormant assets

The UK Dormant Assets Scheme has released over £1 billion to social and environmental causes since 2011. The government's 2025 strategy allocated £440 million for England over the period to 2028, including £87.5 million for a new Community Wealth Fund - matched by a further £87.5 million from the National Lottery to create a £175 million fund. Better Society Capital, capitalised with £425 million from dormant accounts plus £200 million from high-street banks, has leveraged its initial investment into £4 billion in total committed capital across the social impact investment market.

Dormant assets represent one of the few sources of genuinely additional one-off capital - money that can be deployed for asset-building without creating ongoing fiscal commitments. This makes them well-suited to a time-limited injection of funds - for example, to back community wealth-building. The question is whether the current architecture for disbursing dormant funds is well-suited to the work of civic renewal, or whether something more focused (e.g. a vehicle to support revolving capital for community assets) would go further.

The Better Society Capital model is instructive: dormant assets were used to capitalise a wholesaler, which then leveraged private capital to grow the market. The model has its critics; some argue that intermediation reduced the volume and duration of money reaching frontline social organisations, with loan terms now shorter than under predecessor schemes. A question for civic renewal is whether a wholesaler model could be designed for civic infrastructure to avoid these pitfalls.

Measured against our design principles, dormant assets score strongest on:

- **Resilience** - as a one-off release of latent private capital rather than a claim on the Exchequer, dormant asset funding sits outside the spending cycle and is insulated from the annual fiscal pressures that expose general taxation.
- **Pluralism** - a modest pool of dormant capital can be used to catalyse a larger and more varied market,

leveraging private and philanthropic co-investment, supporting a broad diversity of work.

- **Long-termism** - because it carries no ongoing fiscal commitment, dormant asset capital is well suited to patient, asset-building deployment, including endowments and community-owned assets that generate value over the long term.

They score weakest on:

- **Ownership** - dormant assets are a pool of capital distributed by central bodies; in themselves they do little to build participation or agency, unless deliberately deployed to seed community-owned assets and locally-governed institutions.
- **Equity** - the risk is that capital flows to organisations and places who can best absorb it, rather than to those that most need it; without deliberate targeting, these mechanisms are likely to widen gaps in capacity.

Key questions:

- How could this scarce one-off capital be used to greatest long-term effect - seeding endowments, community assets or a concentrated civic sprint?
- Is there a case for a civic infrastructure wholesaler - analogous to Better Society Capital - that could use dormant asset capital to leverage a much larger pool of investment?

Part 3: Philanthropy

This third category covers grant-making by foundations, large gifts from especially wealthy individuals, major voluntary contributions from businesses, and legacies left in wills. These approaches are all about directing accumulated and surplus wealth to civic causes, whether via institutions or directly from wealthy individuals.

i. Foundation philanthropy and corporate giving

UK foundations distributed £8.24 billion in grants in 2023-24, while the largest 10 foundations combined hold over £50 billion in assets. UK Community Foundations, a network of around 50 accredited place-based community foundations, manages over £1 billion in assets and distributed £175 million in 2022-23. As well as being a significant source of funding, foundation spending has the potential to be patient, mission-driven, and free from the kind of restrictive reporting requirements that often attach to state funding and distort the behaviour of those receiving it.

One key design challenge is how to move away from discrete, fragmented pots of programmatic funding to a larger, more strategic long-term commitment. The LocalMotion programme - in which five foundations have committed £18.4 million to community-led change across six places to 2031 - hints at the potential for coordination,though it remains small relative to the size of the challenge. In the Marshall Plan we want to explore what a larger-scale foundation coalition could look like: for example, could the UK's ten largest foundations commit jointly to a decade-long investment in civic renewal? And could this be accompanied by a shared infrastructure for learning and field-building?

Finally, business has a substantial part to play in rebuilding civic life, and corporate giving is one route by which it could do so. This tradition is diminished but recoverable: the PerCent Club, launched by Business in the Community in the 1980s, asked members to give at least 0.5% of UK pre-tax profits to community causes, and by the early 2000s over half of the FTSE 100 had signed up - a culture that has since dissipated. We would like to explore how to revive these norms, alongside other routes such as the community funds established by regulated monopolies like National Grid around major works.

Measured against our design principles, coordinated foundation philanthropy scores strongest on:

- **Long-termism** - foundations can give from endowed capital rather than annual budgets; in theory, they can therefore offer the kind of patient, mission-driven, multi-year funding civic organisations need.
- **Institutional pluralism** - foundation funding tends to be less constrained by the eligibility rules and standardised compliance requirements that shape statutory funding that attach to statutory funding and shape what recipients can do with it; foundations are free to back a diversity of civic forms, including the emerging, informal, and unconventional work that neither the state nor the market readily funds.
- **Resilience** - foundation capital sits outside the Exchequer and is at least partially insulated from political change and the fiscal cycle, so a committed coalition could sustain a decade-long investment.

They score weakest on:

- **Ownership** - grant funding can orient organisations towards their funders rather than their communities, producing grantees rather than co-owners, unless foundations deliberately use their capital to seed community-owned assets and locally-governed institutions.
- **Local anchoring** - most foundation funding by value flows from large national institutions, and grant relationships rarely leave behind a permanent legacy in institutions or assets. This could be corrected with thoughtful design choices.

Key questions:

- What would a genuinely coordinated, decade-long foundation compact look like, and what currently stops foundations committing at that scale?
- How can foundations use their freedom to model better funding practice - long-term, unrestricted, trust-based - that other funders can then follow?
- Are there ways to use foundation capital to endow communities - building local institutions and assets rather than just offering programmatic grants?

ii. Major individual giving

Some of the most enduring institutions of civic life were built by the gifts of wealthy individuals. The most celebrated example is Andrew Carnegie, the Scottish-American steel magnate who gave away $350 million - close to nine-tenths of the fortune he had built in railways and steel, and who is best remembered for funding 2,509 libraries built between 1883 and 1929, of which 660 were in the United Kingdom and Ireland. Carnegie gave according to a clear philosophy, set out in his 1889 essay 'Wealth', later published in Britain as 'The Gospel of Wealth', which concluded that 'the man who dies thus rich dies disgraced', and arguing that the wealthy had a duty to return their fortunes to the communities that had made them. The model has a contemporary echo in the Giving Pledge, through which billionaires including Bill Gates and Warren Buffett have promised to give away at least half of their wealth during their lifetimes or in their wills.

The concentration of wealth over the past three decades has made this tradition newly relevant. The number of UK billionaires has risen from 15 in 1990 to 157 in 2026, while the 350 richest individuals and families now hold combined wealth of £784 billion - around a quarter of UK GDP, and more than the annual output of Belgium or Ireland. The UK's 50 richest families hold more wealth than the poorest half of the population combined. Ultra-high-net-worth individuals - the wealth management industry's term for people worth more than $30 million (roughly £24 million) - command resources on a scale that dwarfs most public and philanthropic budgets, and their ranks have grown faster than any other group.

This points to a possible financing mechanism: encouraging today's wealthy to follow Carnegie's example and invest a meaningful share of their fortunes in the civic life of the places they came from or now call home. Several routes are available: targeted fiscal incentives, such as reliefs tied to investment in community assets; challenge grants and match funding for major gifts; public recognition and the kinds of place-based commemoration that motivated Victorian philanthropists; and structured giving vehicles that channel wealth into endowments and community-owned assets, generating value for a place long beyond the original gift. We would also like to explore the role of donor advised funds, an opaque and fast-growing pool of philanthropic capital. The question of legacies, discussed below, is closely related.

Measured against our design principles, major individual giving scores strongest on:

- **Resilience** - like other forms of philanthropy, it draws on private wealth that sits outside the Exchequer and the spending cycle, and at the very top end it can supply capital at a scale few other mechanisms can match.
- **Narrative coherence** - a wealthy individual endowing a visible civic asset in a place, in the Carnegie tradition, can be among the most resonant and traceable forms of giving, tapping into a sense of civic pride and belonging.
- **Long-termism** - major gifts can endow lasting institutions, as Carnegie's libraries, many still standing and in use more than a century later, attest, this is patient capital, well suited to building enduring assets.

They score weakest on:

- **Ownership** - gifts from the wealthy tend to produce, at best, grateful recipients, as opposed to active co-owners; there is a risk of paternalism, in which things are done to communities rather than with them; even Carnegie's libraries drew criticism in their day - condemned by some as a form of social control, and resented by steelworkers who thought the money would have been better spent on their wages.
- **Equity** - giving flows where donors choose, which need not be where civic life is most depleted, and may favour prestige causes and already-prosperous places; more fundamentally, a settlement that leans on the discretion of a few very wealthy individuals sits in tension with an egalitarian and democratic vision of civic renewal.
- **Pluralism** - a single major donor can dominate and shape a field in their own image, as Carnegie did through the standardised "Carnegie formula" for his libraries; this is the opposite of the varied, locally distinctive settlement we have argued for in this paper.

Key questions:

- Is there scope for a contemporary Gospel of Wealth for British civic life - a collective commitment by the UK's wealthiest individuals to national civic renewal? Could this be accompanied by a place-based counterpart to the Giving Pledge?

- How could we spread place-based giving by the very wealthy, so that people are encouraged not to hoard their fortunes, but to give back to the places where they were born, or where they made their money? Could such gifts also be designed to build community agency - for example, by seeding a network of community-controlled endowments rather than simply being distributed as short-term programmatic funding?
- What fiscal incentives, recognition, or matching mechanisms would most effectively encourage major donors to invest in civic life, and in the most depleted places rather than the most prestigious?
- Given the tension between relying on concentrated private wealth and pursuing an egalitarian civic vision, what is the right relationship between encouraging major giving and the wider questions of wealth taxation and inheritance raised elsewhere in this paper?

iii. Legacies and the great wealth transfer

Legacy giving can be supported by a range of methods - tax incentives, digital platforms, public information campaigns - to enable and encourage people to leave money in their wills to civic causes. This is becoming ever-more relevant, as we move towards a vast intergenerational transfer of wealth as an unusually asset-rich generation passes on its estates. This could represent a significant source of capital for civic projects, both from estates left by will and from the much smaller pool of estates that pass to the Crown because no entitled relative can be traced.

Tax incentives could be designed to encourage a greater proportion of legacies to flow into community assets, rather than passing to private beneficiaries, for example by extending the existing inheritance tax reliefs. Special attention could be paid to the laws of *bona vacantia*: rather than passing to the Crown, such estates could be directed into local civic infrastructure and community endowments. Scotland offers a precedent: since March 2024 the King's and Lord Treasurer's Remembrancer has run an Ownerless Property Transfer Scheme, under which ownerless land and buildings can be transferred to community groups, councils and public bodies for public use at nominal value. That scheme covers ownerless property rather than unclaimed estates, which fall under the separate rule of ultimus haeres - but it establishes the principle that ownerless assets can be routed to community use.

Measured against our design principles, legacies score strongest on:

- **Resilience** - legacy income is drawn from private estates rather than public budgets, and comes from a large number of small sources rather than a few large ones, so it is relatively resilient.
- **Narrative coherence** - leaving money to one's local community in a will is an intuitive and resonant act, with a clear and traceable connection between the gift and its civic purpose - particularly if legacies were directed locally.

They score weakest on:

- **Equity** - legacy giving depends on the distribution of accumulated wealth, which is highly uneven across places; without careful design, place-based legacy mechanisms could widen the civic divide.
- **Ownership** - legacies in themselves do little to build participation and agency, and can foster a culture of paternalism.

Key questions:

- Could even a small share of the coming wealth transfer be channelled into civic renewal, through reliefs, will-writing defaults, or public campaigns?
- Could estates that currently pass to the Crown for want of a traceable heir instead default into local community endowments, or civic infrastructure funds? What could England and Wales learn from Scotland's Ownerless Property Transfer Scheme?
- Are there ways to make legacy giving far easier and more meaningful, fostering a sense of intergenerational stewardship of place?

Part 4: Investment and value capture

The fourth category of financing mechanisms relates to investment and the capture of economic value in particular places. This typically entails deploying repayable or return-seeking capital, or redirecting and capturing value that already exists locally.

Unlike a grant or a gift, the money here is generally recycled, leveraged or reinvested rather than spent once. The boundary is not clean, however: some mechanisms sit in both categories at once, most obviously community shares, which combine investment with participation and community ownership.

What distinguishes this category from philanthropy and public contributions is that the capital is expected to earn a return or to recirculate. This category is particularly complementary to state and fiscal instruments, since the state can help to build new markets and reduce risk for investors via guarantees or blended finance.

i. Impact investment and social lending

The UK social impact investment market reached £11.2 billion by the end of 2024 - thirteen-fold growth since 2011. But over half flows into social and affordable housing, with civic infrastructure receiving only a small share. One key constraint is investment readiness: civic organisations typically lack the financial capacity, governance structures, and track record to access social investment, and the returns on civic assets are generally lower and less predictable than on housing.

Impact investment can provide recyclable capital to civic organisations that are sufficiently mature to borrow but not yet able to access mainstream finance. Community Development Finance Institutions (CDFIs) lent £119 million to 371 social enterprises in 2023, out of £287 million lent in total. However, the investment readiness gap means that much of the most depleted civic landscape cannot yet access CDFI lending. We would like to explore these questions of investment readiness as well as ways to scale the impact investment market for civic purposes.

Finally, we are interested in the potential for place-based funds, such as the model being pursued in the Greater Manchester Good Growth Fund. This is an evergreen public investment fund of nearly £2 billion, assembled from the city region's integrated settlement, investment from the Greater Manchester Pension Fund, and borrowing against future growth in retained business rates, and backed by up to £500 million from the UK's National Wealth Fund.

Measured against our design principles, impact investment and social lending score strongest on:

- **Funding pluralism** - because the capital is repayable and recyclable rather than spent once, it can leverage private and institutional money into the settlement and add a substantial stream without requiring new taxation or additional philanthropy; blended models, in particular, can crowd in capital that would otherwise stay on the sidelines, though as noted above, this potential is currently concentrated in housing and largely inaccessible to civic organisations below a certain scale.
- **Long-termism** - repayable, recyclable capital lends itself to patient, asset-building deployment; a single pool can fund one civic asset, be repaid, and fund the next, supporting the kind of durable infrastructure and community wealth that revenue grants cannot.
- **Resilience** - as private, market-based capital sitting outside the Exchequer, social investment is insulated from the spending cycle and changes of government, and could sustain civic investment through fiscal pressures that expose funding from general taxation.

They score weakest on:

- **Equity** (although mitigated by blending with grant financing) - investment readiness can map onto existing capacity, so capital flows to organisations and places that already have professional staff, balance sheets and track record - which is rarely where civic life is most depleted. This can be mitigated by pairing investment with first-loss grant capital and by deliberately targeting investment at doubly disadvantaged areas.

- **Local anchoring** (unless governed through place-based funds) - social investment has traditionally been thematic and often national, flowing to the best deals rather than being rooted in a place. This is beginning to shift as place-based instruments emerge, which often include investment in the kind of relational infrastructure that is needed to achieve transformation.

Key questions:

- What investment readiness infrastructure - training, governance support, financial management capacity - is needed to enable a larger share of civic organisations to access social investment?
- Can blended finance models - combining grant first-loss capital with repayable investment - reduce the risk threshold for investing in civic infrastructure sufficiently to attract institutional capital?
- What role could Community Investment Tax Relief play in incentivising private investment into civic infrastructure, and how could its limitations be addressed - in particular its restriction to investment routed through accredited CDFIs, alongside persistent problems of awareness and complexity?
- Could the National Wealth Fund and other national institutions work with mayoral combined authorities to spread the 'good growth fund' model, and could such funds include financing mechanisms for civic infrastructure?

ii. Place-based procurement

UK public procurement totals £434 billion annually. The Public Services (Social Value) Act 2012 requires contracting authorities to consider social value when commissioning public services, and since 2021 central government has applied a minimum 10% weighting for social value in procurement evaluations. The Preston Model demonstrated that redirecting anchor institution procurement towards local suppliers can produce significant local economic benefit without new public expenditure.

Procurement is distinctive because it redirects existing expenditure. For civic renewal, these kind of revenue can help to build a market of local community enterprises, and can also then support the ongoing sustainability of the local civic sphere, creating strong local supply chains; this is a central goal of many of the growing number of anchor institutions. The limitation is that procurement spending is unevenly distributed, tending to favour places with large public institutions and to bypass rural areas without them.

Beyond public bodies, there is the question of how to encourage private developers to procure from and invest in the communities in which they build. In the United States, community benefit agreements have sought to give communities a say in the procurement decisions of developers, boosting local hiring, local suppliers, and community priorities as a condition of development. A British equivalent could turn development itself into a route to building local civic and economic capacity.

Finally, the role of developers links to a wider question about extractive economic models. Our discussions so far have surfaced a familiar pattern: a new housing development is carefully planned, and then its shopfronts fill with betting shops, small casinos, and payday lenders that channel money out of the local economy. Power to Change finds that for every £1 spent with a community business, 56p stays in the local economy, compared with 40p for a large private sector firm.[6] Meanwhile, Britain has over 10,000 gambling premises - more than the eight biggest supermarkets combined - and these are ten times more common in poor areas than rich ones.[7] A successful Civic Marshall Plan would get beyond offsetting these extractive forces to actively foster self-sustaining local economies.

Measured against our design principles, place-based procurement scores strongest on:

- **Local anchoring** - directs spending towards local suppliers and community enterprises, keeping economic value circulating within the places it is spent rather than leaking out.
- **Institutional pluralism** - sustained local purchasing can support a wider and more varied base of suppliers than a market dominated by a few national contractors.
- **Long-termism** - embedded as an anchor institution strategy, local procurement can become a permanent feature of a local economy rather than a time-limited grant, offering community enterprises a predictable market.

They score weakest on:

- **Equity** - reflects the distribution of public spending, so the places with the largest hospitals, universities and councils may benefit most, while communities with few anchor institutions could miss out.
- **Ownership** - procurement builds local economic capacity, but does not in itself give communities a stake in or a say over the institutions spending the money, unless that voice is deliberately designed in, as community benefit agreements attempt to do.

Key questions:

- How can the Social Value Act be strengthened and compliance improved, particularly in NHS procurement

[6] Power to Change (via The National Lottery Community Fund) (no date) *Community business: Power to Change* [impact case study].
[7] Evans, J. and Cross, K. (2021) *The Geography of Gambling Premises in Great Britain*. Bristol: Personal Finance Research Centre, University of Bristol (supported by the Standard Life Foundation).

where uptake has been uneven?

- Where uncertainty about the rules deters local bodies from pursuing place-based procurement, what legal clarification would give them confidence to act?
- How can Community Wealth Building approaches, as developed in Preston and increasingly adopted by other local authorities, be systematised and scaled, including by developing shared procurement frameworks that smaller organisations can access?
- How could developers be encouraged to procure from and invest in local communities, learning from the use of Community Benefit Agreements in the United States to give communities a say in development?
- What role can Local Government Pension Funds (LGPS), which held around £402 billion in assets across England and Wales at March 2025, play in place-based investment, and how can the investment readiness gap for local civic assets be addressed?

iii. Place-based value capture

These mechanisms capture value generated within a defined geographic area and reinvest it locally. Examples include Business Improvement Districts, developer contributions through the Community Infrastructure Levy, and Section 106, and tax increment financing. These approaches could each be adapted to support civic infrastructure. In England and Wales, developer contributions generate an estimated £5.5 billion a year, and an accumulated £9 billion sits unspent in council accounts.

One promising idea that has been piloted is the Community Improvement District, a model that extends the philosophy of BIDs to civic renewal, especially with a view to securing the future of high streets. Power to Change piloted the model in seven town centres and high streets and has published associated guidance.[8] We would like to explore what it would take to spread this model.

Measured against our design principles, place-based value capture scores strongest on:

- **Local anchoring** - captures value generated in a place and recycles it locally, keeping resources in the local economy rather than extracting them to a distant shareholder or funder.
- **Narrative coherence** - the link between contribution and benefit is direct and traceable; people can see the value a development has returned to their area.

It scores weakest on:

[8] Power to Change (2023a) *Community Improvement Districts Pilot Programme: final report*. London: Power to Change. Swade, K. and Dobson, J. (2023) *Creating high streets of the future through Community Improvement Districts: practical guidance*. London: Power to Change.

- **Equity** - some forms of value capture track existing economic geography, so areas with the most development and the highest land values have the most to capture, while the places with least development - often those where civic infrastructure is weakest - can raise the least.

Key questions:

- How could unspent developer contributions be redirected towards civic infrastructure, and what governance reforms would be needed to enable local authorities and communities to deploy this capital effectively?
- What is the case for giving Community Improvement Districts a statutory basis? What design changes would stop CIDs reproducing the distributional problems of BIDs?

Summary

A preliminary assessment of mechanisms against the design principles

Design principles **P1** Funding pluralism · **P2** Locally anchoring · **P3** Ownership · **P4** Equity · **P5** Long-termism · **P6** Narrative coherence · **P7** Institutional pluralism · **P8** Resilience

Key ✓ strong fit with the principle · ✗ weak fit or tension with the principle · ✓/✗ fit depends on design (e.g. whether place-based) · – not explicitly assessed against this principle in the paper

Table: Preliminary assessment of financing mechanisms against the eight design principles

Quadrant	Financing mechanism	P1	P2	P3	P4	P5	P6	P7	P8	Key questions
A. Public contributions	**Membership and subscriptions**	–	✓	✓	✗	–	–	–	✓	• Could the conditions behind the revival of "21st-century social clubs" be understood and deliberately fostered at scale? • Are there ways to uncouple membership from ability to pay - through time, sliding scales, or match-funding - without hollowing out the ownership that membership builds? • What design features - voting rights, local branches, active roles - keep membership a genuine vehicle for agency as it scales?

Quadrant	Financing mechanism	P1	P2	P3	P4	P5	P6	P7	P8	Key questions
	Co-operative ownership and community shares	–	✓	✓	✗	–	–	–	✓	• Are there ways to scale the community shares market - e.g. via shared templates, a wholesale institution, routes to liquidity - without diluting community control? • What would it take to raise the capacity of communities - e.g. finding viable assets and developing local expertise - so that disadvantaged communities can participate more fully in community shares? • Could a standing match-funding facility, weighted towards depleted places, help to address equity concerns? • Are there opportunities to reform local authority leasing - lease lengths, sub-market lets, protection from asset sell-offs - to protect access to community space?
	Civic dividends from goods and services	✓	–	✗	✗	✗	✓	–	✓	• What opportunities are there to make National Lottery money go further, via the vehicle of the recently announced review of Lottery funding? • Which contemporary harms - digital platforms, gambling, pollution - could sustainably fund community renewal on a "polluter repairs" logic? • Could a civic dividend or point-of-sale round-up mechanism be scaled to the national level? Could this also integrate a participatory layer, such as local voting on projects, to foster a sense of ownership?
B. State spending and tax instruments	**Hypothecated business levies**	–	✗	✗	✓	✓	–	–	✓	• What can be learned from Brazil's Sistema S about building a UK civic levy durable enough to survive over decades? • How could a civic levy be designed so that local deployment capacity is built in, avoiding the fate of the Apprenticeship Levy, much of which went unspent by employers? • On what principle should a civic levy be designed - polluter-pays, geography, or ability to pay - and how does that shape both its fairness and its narrative?

Quadrant	Financing mechanism	P1	P2	P3	P4	P5	P6	P7	P8	Key questions
	Tax reliefs and payroll giving	–	–	✗	✓/✗	✓	✓	✗	–	• How could payroll giving be revived, particularly among younger workers, and how could it be linked to place-based civic giving? • What is the case for extending the CASC model to community civic organisations (e.g. extending the most valuable reliefs to residents' associations and community groups), and what legislation would this require? • Could a relief that rewards reinvestment, like proposed capital gains deferrals, be adapted to channel private capital into community assets?
	Direct taxation	✓	–	✗	✓	✗	–	–	✗	• How could fiscal devolution enable more locally-determined investment in civic life, while guarding against regressive effects? • Where could existing public funding streams, such as UKRI, be repurposed or opened up to better support civic work, and what rule changes would this require? • What would a preventative civic investment fund look like in practice, and how could its savings be evidenced and captured across departmental boundaries? • Could a percentage tax designation scheme work in the UK context, and how could it be designed to favour smaller and place-based civic organisations? • How can direct state investment be designed to catalyse rather than crowd out other funding - for example through match-funding, or by making investment contingent on local collaboration and institutional reform?
	Dormant assets	✓	–	✗	✗	✓	–	–	✓	• How could this scarce one-off capital be used to greatest long-term effect - seeding endowments, community assets or a concentrated civic sprint? • Is there a case for a civic infrastructure wholesaler - analogous to Better Society Capital - that could use dormant asset capital to leverage a much larger pool of investment?

Quadrant	Financing mechanism	P1	P2	P3	P4	P5	P6	P7	P8	Key questions
C. Philanthropy	**Foundation philanthropy and corporate giving**	–	✗	✗	–	✓	–	✓	✓	• What would a genuinely coordinated, decade-long foundation compact look like, and what currently stops foundations committing at that scale? • How can foundations use their freedom to model better funding practice - long-term, unrestricted, trust-based - that other funders can then follow? • Are there ways to use foundation capital to endow communities - building local institutions and assets rather than just offering programmatic grants?
	Major individual giving	✗	–	✗	✗	✓	✓	✗	✓	• Is there scope for a contemporary Gospel of Wealth for British civic life - a collective commitment by the UK's wealthiest individuals to national civic renewal? Could this be accompanied by a place-based counterpart to the Giving Pledge? • How could we spread place-based giving by the very wealthy, so that people are encouraged not to hoard their fortunes, but to give back to the places where they were born, or where they made their money? Could such gifts also be designed to build community agency - for example, by seeding a network of community-controlled endowments rather than simply being distributed as short-term programmatic funding? • What fiscal incentives, recognition, or matching mechanisms would most effectively encourage major donors to invest in civic life, and in the most depleted places rather than the most prestigious? • Given the tension between relying on concentrated private wealth and pursuing an egalitarian civic vision, what is the right relationship between encouraging major giving and the wider questions of wealth taxation and inheritance raised elsewhere in this paper?

Quadrant	Financing mechanism	P1	P2	P3	P4	P5	P6	P7	P8	Key questions
	Legacies and the great wealth transfer	–	–	✗	✗	–	✓	–	✓	• Could even a small share of the coming wealth transfer be channelled into civic renewal, through reliefs, will-writing defaults, or public campaigns? • Could estates that currently pass to the Crown for want of a traceable heir instead default into local community endowments, or civic infrastructure funds? What could England and Wales learn from Scotland's Ownerless Property Transfer Scheme? • Are there ways to make legacy giving far easier and more meaningful, fostering a sense of intergenerational stewardship of place?
D. Investment and value capture	**Impact investment and social lending**	✓	✗	–	✗	✓	–	–	✓	• What investment readiness infrastructure - training, governance support, financial management capacity - is needed to enable a larger share of civic organisations to access social investment? • Can blended finance models - combining grant first-loss capital with repayable investment - reduce the risk threshold for investing in civic infrastructure sufficiently to attract institutional capital? • What role could Community Investment Tax Relief play in incentivising private investment into civic infrastructure, and how could its limitations be addressed - in particular its restriction to investment routed through accredited CDFIs, alongside persistent problems of awareness and complexity? • Could the National Wealth Fund and other national institutions work with mayoral combined authorities to spread the 'good growth fund' model, and could such funds include financing mechanisms for civic infrastructure?

Quadrant	Financing mechanism	P1	P2	P3	P4	P5	P6	P7	P8	Key questions
	Place-based procurement	–	✓	✗	✗	✓	–	✓	–	• How can the Social Value Act be strengthened and compliance improved, particularly in NHS procurement where uptake has been uneven? • Where uncertainty about the rules deters local bodies from pursuing place-based procurement, what legal clarification would give them confidence to act? • How can Community Wealth Building approaches, as developed in Preston and increasingly adopted by other local authorities, be systematised and scaled, including by developing shared procurement frameworks that smaller organisations can access? • How could developers be encouraged to procure from and invest in local communities, learning from the use of Community Benefit Agreements in the United States to give communities a say in development? • What role can Local Government Pension Funds (LGPS), which held around £402 billion in assets across England and Wales at March 2025, play in place-based investment, and how can the investment readiness gap for local civic assets be addressed?
	Place-based value capture	–	✓	–	✗	–	✓	–	–	• How could unspent developer contributions be redirected towards civic infrastructure, and what governance reforms would be needed to enable local authorities and communities to deploy this capital effectively? • What is the case for giving Community Improvement Districts a statutory basis? What design changes would stop CIDs reproducing the distributional problems of BIDs?

Conclusion and questions

In this paper we have opened a conversation about a funding settlement for civic renewal, surveying a series of viable funding mechanisms. We have offered a preliminary assessment of these mechanisms against design principles, informed by our understanding of the needs of the work and inspired by the example of the original Marshall Plan. The key takeaway is that the quality of funding matters as much as the quantity; a settlement can be fragile and bureaucratic, or resilient and generative of pride, agency, and community.

Looking across the range of options, three conclusions stand out:

- This is doable. The challenge is, to a large degree, one of coordination - of generating a sufficient head of steam, a cultural and political moment, to galvanise the relevant actors behind a shared effort.
- There is clearly no single answer, and no combination of two or three will suffice. No single mechanism scores well against all principles, and each has its own strengths and limits. A durable settlement will need to draw on all four quadrants. This would represent a new deal - a joint and reciprocal commitment between the state, citizens, civil society and markets to invest in the future of communities.
- Design matters. Some mechanisms naturally pose risks to equity or to community ownership, but could be thoughtfully designed, or combined with other mechanisms, to offset this. The art of a civic funding settlement lies at least partly in this creative design work.
- Equity is the hardest principle to satisfy, and the one most often at risk. The mechanisms that root funding in a place and build ownership - membership, community shares, place-based value capture, local procurement - also tend to track existing wealth. This tension runs through the settlement, and may point to a distinctive role for the state and other large funders: to act as the equalising layer that match-funds and underwrites local efforts.
- Ownership rarely comes for free. With the exception of membership and community shares, most mechanisms score weakly on ownership unless they are deliberately designed to build participation and agency. This makes us think agency should be conceived as a central design challenge for the Plan.
- The most promising opportunities often lie at the boundaries between quadrants. Combining mechanisms can balance out strengths and weaknesses, and generate positive spirals: blended grant funding can extend the reach of impact investment; state match-funding can make community shares more equitable. A settlement designed with an eye to the whole - a new deal between the quadrants - achieves more than the sum

of its parts.

We would love to know whether these reflections resonate, and what other observations strike you.

Closing questions

This paper is not intended to be definitive. It is a starting point to frame and prompt discussion, and we would welcome challenge and feedback. As we have worked through these mechanisms, a number of larger questions have come into focus - questions that go beyond any single mechanism, and that the wider programme will explore. We share these questions below, and will take many of them up in a forthcoming paper, planned for autumn 2026. In that paper we will estimate the size of the funding gap and say more about the overall architecture - how could a funding settlement be arranged in terms of its institutions and governance?

Key questions for the overall settlement:

1. **Protecting community power and preventing capture.** A large injection of money brings many risks, including that the agenda is captured by a professional class, bureaucratising much of what makes civic work special. How do we guard against this? What design choices - endowments, long-term commitments, light-touch reporting - could best support community power?
2. **Funding, legitimacy, and governance.** How does funding relate to legitimacy, governance and decision-making? Which sources of legitimacy and authority should sit behind a civic funding settlement?
3. **Interactions between mechanisms.** What are the most promising interactions between the mechanisms and quadrants - for example, where state match-funding crowds in public contributions, or dormant assets leverage private investment - and how could a settlement be designed to maximise them?
4. **Funding and delivery.** How should funding and delivery fit together? We know that funding can inhibit the very qualities civic renewal depends on, but we have also learned, through Big Local and the work of funders such as Power to Change and the National Lottery Community Fund, how to provide an enabling infrastructure for civic renewal - supporting the work, while leaving space for local discretion and agency. What kind of support could be funded or provided as part of an overall settlement? How do we invest in field-building and infrastructure?
5. **Resilience to political change.** What constitutional or governance protections could make a civic funding settlement resilient to political change, while not undercutting democratic legitimacy? Are there international precedents we can learn from?
6. **Defining success.** What does success look like? What indicators of civic health could be used to monitor progress, and to adapt investment as the Plan develops? What kind of data, learning, and evidence infra-

structure could be built as part of an overall settlement?

7. **Phasing.** What do we know about the most effective phasing of investment? For example, is there value in frontloading particular kinds of investment, such as in civic infrastructure and community assets, generating future returns?
8. **Collective action.** Where are the main collective action problems in the system, and what architectures for collaboration would enable the key actors (e.g. foundations, government, businesses) to move forward together?

About the Marshall Plan for Civic Life

The Marshall Plan for Civic Life is a programme of research and deliberation led by Kinship Works and Demos to identify viable mechanisms to fund a decade of civic renewal in Britain. The work is being launched with seed funding from the Joseph Rowntree Foundation and This Day, and is designed to grow over time - adding modules, partners, and deeper analysis as the intellectual work develops. If you would like to contribute to or support the programme, please contact the authors.

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