

A Community Wealth Fund for Cornwall?

Throughout last year a small working group met under the aegis of Cornwall Independent Poverty Forum to design a Community Wealth fund for Cornwall. This is a proposed £10 million investment fund which will be used to invest in local businesses, community enterprises and university startups in a way that accelerates the transition to a green economy.

As the name suggests this would be *community* owned with a governing board composed of VCSE reps, elected councillors and members of the public chosen by democratic lottery. They would lay down long term strategy, leaving the day to day operation of the fund in the hands of a small team of investment experts. Proceeds from the funds would be recycled back into the local economy and community and the aim would be to grow the fund over time. In designing this proposal we were helped by the Institute for Innovation and Public Purpose, UCL as well as some input from Cornwall Council.

I don't want to dwell too much on the details. After all, this is still an idea on paper and [you can see the full sixty page proposal here](#). It was received positively by Cornwall Council but it will only gain real life when we have funding and that will not happen until well after the election. Instead, what I want to do is set out *why* we designed this proposal, and *how* this approach might help address the democratic deficit and regional inequalities that see power and wealth hoarded in London and the South East.

Why we did this

Over the past couple of years, there has been much excitement in Cornwall about prospects for a 'Cornish economic renaissance' based on lithium mining, offshore wind energy and the relocation of hi-tech firms centred around Newquay Spaceport. Hundreds of millions of pounds is flowing into the south west, and Wales, not just Cornwall, with the promise of well paid jobs.

While this is welcome there is a downside: Inward investment sometimes operates more like a suction pump rather than a waterhose. In the short term

money flows in; in the longer term jobs, profits and the wealth flow out - and not just out of Cornwall but out of the UK, leaving marginalised communities largely untouched.

Take wind energy: all the big wind energy corporations operating off the South West coast are foreign owned and a quick straw poll revealed that three out of the four corporations have connections to tax havens. Not only will profits go to headquarters domiciled in other countries but tax avoidance deprives the UK and other countries of much needed revenue for public services.

If we look at prospects for mining in Cornwall, two companies - Cornish Lithium and Cornish Metals - are 'Cornish' in name only. A key investor in Cornish Lithium is Energy & Minerals Group (EMG), a US private equity firm, while its largest investor is [TechMet](#), a Dublin-based company. Ireland is a [tax haven](#). Cornish Metals is a Canadian mineral exploration company whose mineral rights are owned by its subsidiary Cornish Minerals Limited located in [Bermuda](#), [another tax haven](#).

This extraction of wealth and profit happens at every scale. A small innovative Cornish company started in 2011 was later acquired by a multi-national corporation which turns out to be majority owned by an Italian-based private equity company. That company was obliged to pay \$845 million 'to settle a tax dispute' linked to the transfer of its legal headquarters to the Netherlands, a top EU tax haven. This did not stop the British government offering help under its Covid Corporate Financing Facility.

Cornwall's dilemma is mirrored at the national level. Foreign ownership of British firms has risen from [10 per cent in 1990 to over 55 per cent in 2020](#). Water, without which no human existence is possible, is a mere commodity in the hands of rapacious shareholders: [70% of English water industry is in foreign ownership](#). The Royal Mail, a landmark British institution, [is up for sale to a Czech billionaire](#).

The domination of our economy by large overseas corporations, many with questionable tax practices, is on a scale not found in other countries who tend to rule out foreign takeovers of strategically important assets such as energy. So

the next time Rachel Reeves trumpets the slogan 'Britain is open for business', please remember this fact.

In the face of such a tidal outflow of wealth and profit, one community wealth fund with a few million quid is hardly going to dent the coffers of the super rich, but several or several hundred might. That implies fundamental systemic change which reverses the concentration of wealth and profit in off-shore jurisdictions and London and the South East and instead, spread wealth and power across communities.

Whether our efforts succeed or fail, they point a way forward; the community wealth fund prefigures the kind of economy and society we one day hope to live in.

Addressing a pervading sense of powerlessness

A community wealth fund is bottom up rather than top down and is as much about addressing the democratic deficit as it is about ownership of wealth. By contrast the proposed £7.3 billion National Wealth Fund is top down and in no way addresses the sense that we are 'done to' rather than 'done with'. As with all Westminster-led initiatives, it does little to address the pervading sense of powerlessness. Even if it is successful (and we hope it is) It reinforces the message to local people and communities that they are not in charge of their own destiny but must instead be grateful to a London-centric political class to remedy the wrongs that it itself has inflicted on the rest of the country for decades.

However successful a future Labour government is in building a more inclusive economy, we should not be grateful. Rather we should insist on an ending to rule by Westminster and the restoration of power where it rightly belongs - with local people and communities. The community wealth fund is an attempt to address both issues. We hope that in sharing this initiative our efforts will drive forward other and better initiatives and galvanise a much needed conversation on what an inclusive economy and decentralised state might look like.

Gavin Barker, Trustee, Cornwall Independent Poverty Forum
Chair of working group, community wealth fund for Cornwall

