POLICY WORKING PAPER

Community Trusts for Regeneration, Compensation, and Capability:

A Post-Automation Local Governance Architecture for EU Economies

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EU Policy Alignment

This paper engages directly with: the European Social Fund+ (ESF+) active labour market policy framework; the Just Transition Fund (JTF) and Just Transition Mechanism; the European Pillar of Social Rights (Principle 4: Active Support to Employment; Principle 14: Minimum Income); the ERDF cohesion policy framework for regional economic development; and Horizon Europe research priorities on future of work, institutional innovation, and post-industrial economic governance.

Companion Documents

This paper is part of a suite of integrated policy frameworks:

1. Adaptive Transport in Transforming Economies: A Structural Policy Framework for the EU
2. Role-Synchronised Modular Transport: A Technical Policy Brief
3. Repairing the Missing Middle: Community Trusts and Nodular Transport as Integrated Local Governance Architecture (synthesis paper)
4. The Engagement Credit Economy: A Post-Labour Participation Framework (companion)

Executive Summary

The Governance Gap

Automation and platform-mediated optimisation are producing structural transformations in labour markets across EU Member States that existing institutional frameworks have proven unable to manage. Welfare systems were designed for cyclical unemployment — temporary displacement resolved by market reabsorption. Active labour market policies assume that retraining and job matching can restore labour market attachment. Both assumptions fail when displacement is structural: when automation substitutes entire task categories, when platform consolidation permanently eliminates local intermediaries, and when the communities most affected lack the institutional capacity to manage their own transitions.

The result is a widening governance gap. Markets optimise efficiently. Welfare systems individualise loss. But no institution assumes responsibility for managing the transition between the two — for preserving local productive capacity, maintaining community skills and assets, remunerating necessary activity that markets no longer price, and compensating for structural displacement as a systemic outcome rather than individual misfortune.

This paper proposes Community Trusts as a new institutional architecture specifically designed to occupy this governance gap: asset-holding, locally governed, publicly accountable institutions positioned between state administration and market provision. They represent neither state expansion nor privatisation, but the repair of a missing middle layer of public economic infrastructure.

What Community Trusts Do

Function	Description	EU Policy Hook
Community Initiative Programmes (CIPs)	Remunerated, role-structured, asset-linked productive activities that preserve skills, maintain infrastructure, and deliver socially necessary but market-underprovided functions	ESF+ active labour market policy; European Pillar of Social Rights Principle 4

Function	Description	EU Policy Hook
Local Compensatory Bodies (LCBs)	Administer structural displacement compensation — payments beginning at 70% of previous earnings — recognising automation-driven job loss as a systemic outcome, not individual failure, and carrying no behavioural conditionality	ESF+ / JTF transition support; Social Pillar Principle 14
Asset Holding and Stewardship	Accumulate physical, financial, and intangible assets held in trust for public benefit, preventing the perpetual reset cycle of grant-dependent project-based regeneration	ERDF capital investment; cohesion policy regional development
Horizontal Capability Pooling	Voluntary federation of specialist functions across Trust networks — procurement, training, expertise — addressing regional inequality without hierarchical redistribution	JTF territorial coordination; S3 smart specialisation

Six Non-Negotiable Design Principles

Principle	Policy Meaning
Regeneration, not volunteering	All civic work is remunerated, role-structured, and institutionally governed. No unpaid labour, no charity framing.
Compensation, not moralized welfare	Structural displacement is a system-level outcome deserving institutional response, not individual remediation or behavioural conditionality.
Local governance with national guarantees	Operational authority is local; baseline standards, funding legitimacy, and safeguards are nationally and EU-defined.
Asset holding over project churn	Institutional capacity accumulates through durable ownership, not perpetual grant cycles that reset community capacity with every funding round.
Market complementarity, not competition	Trusts operate where markets fail or are absent, withdrawing when private provision becomes viable. No crowding-out; no permanent monopoly.
Horizontal pooling, not centralisation	Regional inequality is addressed through voluntary mutualization, not hierarchical redistribution. Subsidiarity is a design principle, not a constraint.

Policy Recommendations

Rec.	Recommendation	Lead Actor	Timeframe
R1	Establish Community Trusts as an eligible institutional form under ESF+ operational programmes, with explicit recognition of CIPs as active labour market policy	EC DG EMPL / Member States	2026–2028
R2	Create a dedicated Just Transition Fund stream for Community Trust establishment in territories facing automation-driven structural displacement	EC DG REGIO / JTM	2026–2029

Rec.	Recommendation	Lead Actor	Timeframe
R3	Develop EU guidance on Local Compensatory Body design, setting minimum standards for structural displacement compensation independent of behavioural conditionality	EC DG EMPL / EPSCO	2027–2030
R4	Reform ESF+ evaluation criteria to include participation continuity, dignity preservation, and local productive capacity retention alongside job-entry rates and activation metrics	EC DG EMPL	2027–2030
R5	Fund Horizon Europe research on Community Trust governance models, revenue recapture mechanisms, and cross-national scaling pathways in diverse EU institutional contexts	EC DG RTD / CINEA	2026–2029
R6	Integrate Automated Delivery and Platform Charge frameworks into EU digital single market and digital services taxation discussions as a locally-administered revenue instrument for Trust funding	EC DG TAXUD / DIGIT	2027–2031

1. EU Policy Context: The Structural Displacement Problem

The European Commission's own analyses acknowledge that automation and digitalisation are transforming EU labour markets at an accelerating pace. The 2020 Skills Agenda for Europe and the 2021 Action Plan implementing the European Pillar of Social Rights both recognise that employment transitions are becoming more frequent, more disruptive, and more geographically concentrated. The Commission's 2021 Impact Assessment for the Just Transition Fund explicitly identifies communities dependent on fossil-fuel-intensive industries as facing structural displacement — displacement that cannot be resolved through conventional activation or retraining.

What the existing EU policy architecture has not yet adequately addressed is the governance architecture required to manage these transitions locally. JTF territorial plans specify investment priorities but assume that implementing institutions exist or can be created rapidly. ESF+ funding reaches individuals but lacks mechanisms for community-level capacity retention. ERDF capital investment creates physical assets but cannot sustain the operational and governance infrastructure needed to keep those assets productive through economic transitions.

Community Trusts are designed to fill precisely this institutional gap. They are not an alternative to ESF+, JTF, or ERDF. They are the local institutional architecture within which those funding streams become coherent, durable, and self-reinforcing rather than fragmented, episodic, and reset with every programming period.

> **The Just Transition Gap**
> The Just Transition Fund was established on the recognition that structural economic transformation requires more than project-level investment. Yet Territorial Just

> Transition Plans continue to fund programmes rather than institutions. The result is a pattern familiar from previous rounds of structural funding: investment in training, equipment, and facilities that generates measurable outputs during the programme period and limited durable capacity thereafter.
>
> Community Trusts address this by providing the institutional form that JTF investment requires but currently lacks — a locally governed, asset-holding body that can receive capital investment, deploy it through CIPs, hold the resulting assets across programming periods, and sustain operations through revenue recapture rather than perpetual grant dependence.

2. Theoretical Foundations: Why Existing Instruments Fail

2.1 Active Labour Market Policies

The EU's ESF+ operational programmes allocate substantial resources to active labour market policies: retraining, job-search assistance, placement support, and vocational education. Meta-analytic evidence from Card, Kluve, and Weber (2018) demonstrates that these interventions produce modest, short-lived employment effects under conditions of frictional unemployment — job loss where labour market demand exists and matching failures are the primary barrier. Under conditions of structural unemployment — where automation has eliminated task categories or platform consolidation has permanently removed local intermediary roles — ALMPs fail entirely. They address the wrong problem. They assume labour market demand that does not exist.

The displacement affecting Central and Eastern European manufacturing communities, Southern European service sectors, and Western European logistics industries is structural, not frictional. Retraining a warehouse worker whose sortation role has been automated for a different logistics role that is itself subject to imminent automation does not address the underlying structural change. It defers it, at cost to the individual and the public system, while the community's productive capacity continues to erode.

2.2 Social Insurance and Unconditional Transfers

Expanded social insurance and unconditional basic income proposals correctly identify that income decoupled from employment is a precondition for dignified participation in post-industrial economies. The European Pillar of Social Rights Principle 14 establishes minimum income as a social right, and several Member States have piloted unconditional transfer mechanisms. However, as critics including Streeck (2014) and Tcherneva (2018) note, income support alone cannot address the erosion of productive capacity, social participation structures, or local economic ecosystems that structural displacement produces. Communities do not merely need income. They need institutions capable of organising, remunerating, and giving meaning to local productive activity.

2.3 The Missing Middle

Between state administration and market provision, a layer of institutions once existed that performed the functions both now fail to perform. Municipal services, cooperative utilities, local public works bodies, and stable civic employment structures managed local economic transitions, maintained community assets, and sustained productive capacity through economic cycles. Their erosion — through privatisation, funding withdrawal, and the general hollowing out of intermediate institutions — has left communities oscillating between overburdened welfare systems and hyper-optimised markets with no institutional buffer between them.

Ostrom's (1990) foundational work on common-pool resource governance demonstrates that neither state bureaucracy nor private markets effectively manage shared resources and collective goods — that community-based institutions with clear boundaries, monitoring mechanisms, and graduated responses are required. Community Trusts apply this institutional logic to the post-automation governance problem: they are the form that Ostrom's insight takes when applied to structural labour displacement and community economic regeneration.

3. Community Trust Architecture: Operational Specification

3.1 Institutional Form and Legal Status

Community Trusts are established as independent public-interest bodies with asset-holding capacity, legal personality, and statutory mandates. Their legal form draws on elements of public corporations, charitable trusts, and common-pool resource institutions while avoiding the limitations of each. Unlike grant-dependent programmes or temporary pilot initiatives, Trusts possess institutional permanence and fiscal independence.

Each Trust operates at arm's length from political cycles, with legal protections against mission drift, asset liquidation, and political capture — analogous to central bank independence or judicial autonomy in their relationship to elected government. Unlike purely technocratic bodies, however, Trusts remain democratically accountable through local governance structures and transparent reporting requirements. Central government's role is constitutional rather than managerial: mandating Trust establishment, providing baseline funding, defining non-negotiable safeguards, and ensuring equal legal standing across regions.

3.2 Governance Structure

Board Component	Composition	Function
Community representatives	Minimum 35% of board; elected or appointed through transparent local processes	Democratic accountability for both operational decisions and strategic direction; direct community voice on CIP design and LCB eligibility criteria
Workforce/participant representatives	Minimum 20% of board; drawn from CIP	Prevent exploitation of CIP participants; ensure role structures and remuneration

Board Component	Composition	Function
	participants and Trust workers	remain adequate; flag operational failure before it becomes systemic
Professional expertise	Minimum 25% of board; finance, law, infrastructure, environment, workforce development	Technical competence in asset management, financial governance, programme design, and compliance; prevent governance failure through incompetence
National/EU observers	Non-executive; no voting rights	Standards compliance monitoring; conduit for co-financing reporting; early warning of systemic risk without operational interference

No single stakeholder group holds majority control. Supermajority requirements apply for asset disposals, compensation eligibility changes, and service reductions. Fixed terms with staggered rotation ensure continuity while preventing entrenchment.

3.3 Community Initiative Programmes: Design Requirements

CIPs operationalise the regeneration function. They are distinguished from conventional employment programmes, volunteer schemes, and workfare arrangements by four non-negotiable characteristics: remuneration proportional to role responsibility and scope; formal role differentiation preventing informal hierarchies and exploitation; asset linkage ensuring CIP outputs contribute to durable community capacity; and institutional governance through the Trust board with transparent accountability.

The framework distinguishes Key Roles — positions essential to programme design, continuity, and accountability with sustained responsibility and decision-making authority — from Contributory Roles, which are time-bounded, task-specific, and without ultimate programme responsibility. Both are remunerated. Key Roles receive formal appointment, training, institutional support, and direct board accountability.

Key Role	Function	Policy Equivalent
Scout	Identifies latent local needs, underused assets, dormant skills, and early degradation signals before they require crisis intervention	Local intelligence function; equivalent to community needs assessment in social services
Programme Builder	Translates identified needs into operational initiatives with defined scope, role structures, timelines, and budgets	Programme design function; equivalent to project development in community development finance
Liaison Officer	Manages interfaces between CIPs and external systems: local authorities, pooled frameworks, commercial contractors, regional services	Stakeholder management and coordination; equivalent to partnership management in structural funds implementation

3.4 Local Compensatory Bodies: Structural Displacement Compensation

Local Compensatory Bodies represent the most significant institutional innovation in the framework. They administer compensation for displacement caused by automation, platform substitution, or systemic optimisation — displacement that is structural and system-level rather than individual and frictional. Eligibility is determined by structural criteria, not individual circumstances: documented automation of routine tasks with no equivalent labour demand; platform consolidation eliminating local intermediaries; or sectoral structural decline in industries facing optimisation trends.

> **LCB Compensation Structure**
>
> Compensation begins at 70% of previous earnings, declining to 50% over 24 months. Payments are offset by income from CIP participation or market employment — compensation supplements rather than replaces earned income. Critically, payments carry no behavioural conditionality. Compensation is recognised as systemic obligation, not welfare subject to activation requirements. This distinction is constitutive: it shifts the implicit diagnosis from individual failure to collective responsibility, with direct implications for the dignity and long-term civic engagement of recipients.

This approach is consistent with the European Pillar of Social Rights Principle 14, which establishes the right to adequate minimum resources ensuring a life in dignity, while avoiding the activation-centred conditionality that ESF+ operational programmes currently impose. The LCB model treats displacement compensation as a social insurance function rather than a welfare function — analogous in its logic to short-time work schemes (Kurzarbeit) but applicable to permanent structural displacement rather than cyclical downturns.

3.5 Asset Holding and Fiscal Architecture

Durable regeneration requires asset accumulation. Community Trusts hold four asset categories: physical assets (tools, equipment, vehicles, facilities, land-use rights); financial assets (reserves, surpluses, pooled contributions); intangible assets (operational knowledge, methodologies, data, training curricula); and conditional commercial rights (rights to contract or commercialise local resources within defined limits). All assets are held in trust for public benefit and cannot be sold for operating expenses, distributed to private parties, or used as collateral for speculative investment.

Revenue is generated through four streams: direct baseline funding from central government on multi-year cycles; Automated Delivery and Platform Charges (ADPCs) applied to platform-mediated transactions and automated logistics in sectors with significant displacement effects; employment displacement levies on employers demonstrating automation-driven workforce reduction; and asset income from Trust-held property and productive assets. Fiscal discipline is maintained through three-year balanced budget requirements, debt limits tied to asset values, mandatory reserves, and independent financial audit.

> **Automated Delivery and Platform Charges — Policy Rationale**
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> ADPCs apply Pigouvian taxation principles to optimisation externalities. When platforms and automated systems capture efficiency gains while externalising labour displacement

costs locally, ADPCs create a direct revenue linkage between the source of displacement and the institutions managing its consequences. Charges are levied on activity volume, not profit, ensuring consistent revenue regardless of corporate tax optimisation strategies.

This instrument is compatible with EU digital single market frameworks and complements the EU's ongoing work on digital services taxation. It does not require new EU legislation where designed within existing Member State tax competences, and can be piloted at regional level before national or EU-level adoption. The companion paper on Engagement Credits develops this revenue architecture further in the context of post-labour participation infrastructure.

4. Market Interfaces and Non-Competition Principles

4.1 Market Complementarity in Practice

Community Trusts are prohibited from undercutting market prices through subsidy, displacing existing viable private businesses, or using public funding to gain competitive advantage. Commercial activity is permitted only where markets are absent, have failed, or cannot justify entry. Trusts must withdraw when private provision becomes economically sustainable. These are not aspirational guidelines — they are legal requirements embedded in the Trust's statutory mandate, enforceable by the national oversight body.

This principle directly addresses the State aid concerns that have historically complicated EU co-financing of local economic development institutions. Community Trust activities in market-absent or market-failed domains do not constitute State aid as defined under TFEU Article 107, as they do not confer competitive advantage or distort trade between Member States. The EU State aid framework's public service compensation rules (Altmark criteria) provide a clear pathway for CIP activities that constitute services of general economic interest.

4.2 Transparent Subcontracting

The only permitted interface between Community Trusts and private enterprise is transparent subcontracting: published agreements defining scope, duration, pricing, cost structure, performance criteria, and termination conditions. All contracts are time-limited with explicit sunset clauses. Renewal requires public justification. This single permitted interface prevents mission drift, maintains accountability, enables commercial interaction without privatisation risk, and preserves competitive neutrality. It is directly compatible with EU public procurement principles under Directive 2014/24/EU.

5. Anticipated Outcomes and Evidence Base

5.1 Economic Effects

Community Trusts produce three anticipated macroeconomic effects at local level. First, demand stabilisation: by maintaining income flows through compensation and CIP remuneration during displacement transitions, Trusts prevent the demand collapse that typically accompanies structural displacement in regional economies — the small business closures, service withdrawals, and tax base erosion that compound initial displacement into sustained decline. Second, reduced emergency spending: front-loaded transition stability reduces reliance on crisis interventions — emergency housing, escalating social service caseloads, mental health provision — that characterise reactive welfare systems. Heckman's (2006) evidence on early-stage investment returns provides the methodological basis for quantifying this fiscal offset. Third, preserved productive capacity: continuous skill deployment through CIPs prevents the permanent capacity loss that occurs when communities experience prolonged displacement without institutional response.

5.2 Social and Political Effects

Four social mechanisms underpin the framework's legitimacy claims. Dignity preservation: recognising structural displacement as systemic rather than individual failure, and providing compensation without behavioural conditionality, maintains self-worth and civic engagement during transitions. Social participation continuity: remunerated CIP involvement prevents the social isolation and civic disengagement associated with prolonged unemployment, documented extensively in Wilson (1996) and subsequent European evidence. Institutional trust restoration: visible, locally governed responses to disruption strengthen civic legitimacy and reduce the political polarisation that structural displacement otherwise generates. And reduced resistance to technological change itself: by providing institutional mechanisms for managing transitions, Community Trusts reduce the zero-sum framing of automation as threat rather than opportunity.

5.3 EU-Level Fiscal Implications

Effect	Mechanism	EU Fiscal Implication
Reduced emergency social spending	Front-loaded stability reduces crisis intervention demand	Lower draw on EU solidarity instruments; reduced pressure on national social insurance systems
Preserved tax base	Demand stabilisation sustains local business activity and employment	Protects national tax revenues that fund EU own resources contributions
Asset accumulation	Trust-held assets compound over programming periods	Structural funds investment generates permanent community capital rather than programme-period outputs only
Reduced ALMP inefficiency	CIPs replace failed retraining programmes with productive participation	Better ESF+ value-for-money; measureable participation outcomes replacing unverifiable 'employability' metrics

Effect	Mechanism	EU Fiscal Implication
Platform revenue recapture	ADPCs generate local funding from platform-mediated economic activity	Partially internalises digital economy externalities without requiring EU-level harmonisation

6. Policy Recommendations

R1 — Community Trusts as ESF+ Eligible Institutional Form

The European Commission should establish Community Trusts — or equivalent locally governed, asset-holding, publicly accountable institutions — as an eligible institutional form under ESF+ operational programmes. This requires: recognition of CIPs as an active labour market policy category meeting ESF+ co-financing requirements; minimum standards for Trust governance (multi-stakeholder board, asset protection, market complementarity); and ESF+ reporting frameworks that include participation continuity and dignity preservation indicators alongside job-entry rates.

Responsible actor: EC DG EMPL / Member States. Timeframe: 2026–2028.

R2 — Dedicated JTF Stream for Community Trust Establishment

The Just Transition Fund should create a dedicated stream for Community Trust establishment in territories included in Territorial Just Transition Plans. This stream should cover: institutional establishment costs (governance, legal formation, initial staffing); capital investment in Trust-held assets; and a minimum three-year operational baseline enabling institutional viability before revenue recapture mechanisms become operational. JTF investment in Community Trusts should be treated as infrastructure investment — subject to asset-holding requirements — not as programme spending.

Responsible actor: EC DG REGIO / JTM. Timeframe: 2026–2029.

R3 — EU Guidance on Structural Displacement Compensation

The European Commission should develop EU-level guidance on Local Compensatory Body design, establishing minimum standards for structural displacement compensation that: distinguish structural from frictional unemployment using documented criteria; provide compensation rates adequate to prevent demand collapse without creating permanent dependency; carry no behavioural conditionality beyond the structural eligibility determination; and operate alongside rather than instead of existing social insurance entitlements. This guidance should inform Member State ESF+ operational programme design without requiring legislative harmonisation.

Responsible actor: EC DG EMPL / EPSCO Council configuration. Timeframe: 2027–2030.

R4 — Reform ESF+ Evaluation Criteria

ESF+ operational programme evaluation criteria should be revised to include participation continuity (sustained engagement with productive activity over 12+ months), local productive capacity retention (skill deployment rate in affected communities), and dignity indicators (self-reported contribution recognition) alongside existing job-entry and qualification metrics. This reform should be piloted in current programming period through supplementary conditionality in JTF territories before full integration in post-2027 ESF+ regulations.

Responsible actor: EC DG EMPL. Timeframe: 2027–2030.

R5 — Horizon Europe Research Programme

A Horizon Europe research programme should fund comparative analysis of Community Trust governance models across diverse EU institutional contexts: federal versus unitary states; corporatist versus liberal market economies; urbanising versus depopulating regions; and various degrees of existing cooperative and mutual aid institutional infrastructure. Research should address governance optimisation, revenue recapture mechanism design, horizontal pooling architectures, and long-term effects on human capital, social cohesion, and community economic adaptability.

Responsible actor: EC DG RTD / CINEA. Timeframe: 2026–2029.

R6 — Automated Delivery and Platform Charge Guidance

The European Commission should incorporate Community Trust revenue architecture — specifically Automated Delivery and Platform Charges levied on platform-mediated transactions in sectors with documented displacement effects — into its ongoing work on digital economy taxation and the digital single market. Guidance should address charge design (activity volume basis; sectoral scope; threshold structures), State aid compatibility, and administrative arrangements enabling Community Trusts to act as local revenue managers. Pilot implementation in two to three Member States is recommended before EU-level guidance is finalised.

Responsible actor: EC DG TAXUD / DG DIGIT. Timeframe: 2027–2031.

7. Implementation Pathway

Immediate Actions (2026)

1. Submit Community Trust framework to EC DG EMPL and DG REGIO for cross-directorate assessment (R1, R2)

2. Engage ESF+ managing authorities in 2–3 Member States (Slovakia, Czech Republic, Poland recommended as JTF-eligible with documented structural displacement) to pilot CIP eligibility within existing operational programmes (R1)
3. Commission scoping study on LCB design and minimum standards, drawing on existing short-time work scheme governance models (R3)
4. Apply to Horizon Europe open calls for comparative research on post-industrial governance institutions (R5)

Short Term (2026–2028)

5. Establish minimum 3 Community Trust pilots in JTF territories under existing ESF+/JTF co-financing, with independent evaluation against R4 criteria
6. Publish EU guidance on CIP design and governance requirements for ESF+ co-financing eligibility (R1)
7. Pilot ADPC mechanism in one Member State with EC State aid compatibility pre-clearance (R6)

Medium Term (2028–2032)

8. Integrate Community Trust institutional form into post-2027 cohesion policy regulations (R1, R2)
9. Introduce structural displacement compensation standards into ESF+ operational programme guidance (R3)
10. Reform ESF+ evaluation criteria in post-2027 regulations to include participation continuity indicators (R4)
11. Publish Horizon Europe research findings; develop EU-wide scaling guidance (R5)

Long Term (2032 Onwards)

12. Full integration of Community Trust architecture into EU cohesion, employment, and just transition policy
13. Harmonised EU framework for structural displacement compensation across Member States
14. ADPC revenue instruments operational in majority of Member States
15. Horizontal pooling networks functioning across JTF territories

8. Monitoring and Evaluation Framework

Dimension	Indicator	Method	Frequency
Participation	No. of CIP participants by role type; Key Role share; average duration	CIP records	Monthly
Remuneration	CIP remuneration rate vs. local market wage; Key Role vs. Contributory Role differential	Payroll records	Quarterly
Displacement	No. of LCB compensation cases; structural eligibility determination rate; median compensation duration	LCB records	Monthly
Re-entry	Share of LCB recipients entering market employment within 24 months; share remaining in CIP by choice	LCB / labour market admin data	Annual
Assets	Asset value trend; deferred maintenance ratio; asset income as share of operations	Annual audit	Annual
Fiscal	3-year budget balance; ADPC share of operational costs; emergency spending reduction in host community	Financial audit / local authority data	Annual
Social	Dignity self-report (5-point scale); social participation rate; civic engagement indicators	Annual survey	Annual
Governance	Board diversity compliance; conflict-of-interest declaration rate; complaint resolution time	Governance records	Annual

9. Conclusion

Community Trusts are not a novel experiment in community development. They are the institutional repair of a layer that post-industrial economies have allowed to erode — the locally governed, asset-holding, publicly accountable middle layer between state administration and market provision. Their erosion has left communities facing structural displacement with two institutions: welfare systems that individualise loss, and labour markets that have stopped producing the roles that once justified those welfare systems' logic.

The EU has the funding instruments, the policy commitments, and the institutional architecture to support Community Trust establishment across Member States facing structural displacement. What it has lacked is the integrating framework — the specification of Community Trusts as the institutional form that makes JTF, ESF+, and cohesion policy investment durable rather than episodic. This paper provides that framework.

The fundamental question is not whether to manage structural displacement. Unmanaged, it produces the political fragmentation, institutional delegitimation, and resistance to technological change that impose far greater costs on EU economies and societies than the institutional investment required to manage it. The question is whether the institutional will exists to build the missing middle before those costs become irreversible.

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