Consultation on the English portion of dormant assets funding: Plunkett Foundation response (October 2022)

Who are the Plunkett Foundation?

Plunkett Foundation is a national charity with a vision for resilient, thriving and inclusive rural communities. To achieve this, we support people in rural areas to set up and run a wide range of businesses which are genuinely owned by local communities, whereby members have equal and democratic control. We represent community businesses in rural and urban areas throughout the UK, from shops and pubs through to woodlands, farms and fisheries.

Through our support for community businesses, we have a specific mission to create innovative, impactful and inclusive spaces. We achieve this by helping community businesses to:

- Provide a wider range of services and amenities that communities value and need
- Stimulate the local economy through localised supply chains
- Boost opportunities for employment, training and volunteering
- Benefit people who are most disadvantaged and excluded in today's society
- Offset climate change through delivery of environmentally sustainable initiatives
- Harness digital technologies to enhance business performance
- Promote equality, diversity and inclusion by creating safe and welcoming spaces for all.

What is the Plunkett view on the Dormant Assets consultation?

Plunkett Foundation believes that the funding available from dormant assets presents a potentially transformative opportunity to support significant growth in the number of community-owned businesses, amongst other social and environment causes.

Our full response to each question is set out in this document and our priorities are summarised below:

- The latest release of Dormant Assets presents an opportunity to provide vital revenue support for the current infrastructure that is supporting community, social and environmental action.
- The funding could be used to expand the Community Ownership Fund.

- Plunkett supports the Community Enterprise Growth Plan, which has been proposed by a network of organisations proposing that further funding should be made available to support social investment activity (building on the success of previous Dormant Asset endowments).
- Supporting social investment should also include dedicated funding to support community shares and Plunkett endorses the response to the consultation submitted by the Community Shares Unit.
- Plunkett are also long-standing supporters of the Community Wealth Fund alliance, which calls for dedicated funding to support community wealth building in previously under represented areas. However Plunkett believes that more needs to be done to rural proof the approach and ensure that the hidden deprivation that exists in rural communities could also be address through community wealth building approaches.

Consultation response submitted by:

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Plunkett Foundation responses to consultation questions:

Section 1 - Youth

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: the provision of services, facilities, or opportunities to meet the needs of young people (referred to as "youth" for simplicity).

Questions

14. To what extent do you agree or disagree with the following statement?

"Youth should continue to remain a cause of the Dormant Assets Scheme in England". *(select only one)*

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

15. Please explain the reasons for the answer you have given.

Plunkett Foundation is supportive of a proportion of the Dormant Assets Scheme being used to support youth social action, particularly where it benefits those young people living in rural communities.

Young people living in rural areas are often disadvantaged by a lack of services, employment and social opportunities. In a survey of more than 1,000 young people living in rural areas carried out in 2021 by CPRE, the Countryside Charity found that just 43% of them planned to remain there in the long term. Furthermore, only 1 in 5 (18%) thought that the future looked bright.

The report demonstrated how rural depopulation is on the rise, with young people reporting that they felt driven out of rural areas by a lack of affordable housing, along with poor digital connectivity and public transport limiting their employment and social opportunities.

Local residents can be empowered to address some of these challenges and community-owned businesses, such as those supported by the Plunkett Foundation are starting to create local opportunities – particularly in relation to jobs, training and volunteering. We ask that the Dormant Assets Scheme considers how it can support this network of businesses to increase its work with young people.

Often community-owned businesses are created as a replacement for the last remaining business in a rural area and provide the only place to meet, host social activities and help people feel less isolated, lonely and enjoy improved wellbeing. Connecting communities is therefore important, as a community business will often serve more than just one area. Rural transport needs an overhaul to make sure that the journeys on offer also connect up the services that young people need; including health, social, education, employment, retail etc. at the times when people need them most.

Plunkett already commits to supporting community businesses to create opportunities for youth social action, with an ambition of enabling community-owned, community-run ventures to provide valuable life skills and work experience to help rural young people flourish. Any financial support from the Dormant Assets Scheme that is released to support young people, should focus on empowering and putting young people in control of the actions required to make their lives better.

Section 2 - Financial inclusion

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: the development of individuals' ability to manage their finances or the improvement of access to personal financial services (referred to as "financial inclusion" for simplicity).

For more information, please refer to chapter 4 of the consultation document.

Questions

16. To what extent do you agree or disagree with the following statement?
"Financial inclusion should remain a cause of the Dormant Assets Scheme in England".
(select only one)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

17. Please explain the reasons for the answer you have given.

Plunkett Foundation does not have a specific view in relation to the use of the Dormant Assets Scheme to support financial inclusion.

Section 3 - Social investment

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: funding for social investment wholesalers to support civil society organisations (referred to as "social investment" for simplicity).

Social investment wholesalers are defined as bodies that exist to assist or enable other bodies to give financial support to third sector organisations. Third sector organisations are defined as organisations that exist wholly or mainly to provide benefits for society or the environment.

For more information, please refer to chapter 5 of the consultation document.

Questions

18. To what extent do you agree or disagree with the following statement?

    "Social investment wholesalers should remain a cause of the Dormant Assets Scheme in England". *(select only one)*

    - Strongly agree
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree

19. Please explain the reasons for the answer you have given.

For many of the community-owned businesses that have been supported by Plunkett Foundation, social investment has been an important source of finance driving sector growth over the past 20 years.

In the 2002 Plunkett Foundation was working with just 96 community-owned businesses and today that number stands at just shy of 800. Furthermore the businesses that Plunkett works with have shown remarkable resilience during that time, with a long-term success rate (for businesses trading for over 5 years) standing at 94%. In comparison to the ONS statistic for small and medium sized enterprises (SMEs) which have a 44% long-term success rate it shows that community-owned businesses are social projects which benefit multiple generations.

Plunkett Foundation predominantly supports communities to take control of assets and businesses that have been run as private enterprises previously. Often these businesses have closed due to market failure, therefore it is vital that communities consider the long-term viability of the asset once it is under community ownership.

Through encouraging community businesses to utilise social investment and embed repayable finance in their business plan, at any early point in their development and also to develop and enhance businesses longer term, it often encourages a commercial mind set amongst the community projects supported by Plunkett. The support provided by Plunkett reduces the risk of a community-owned business become a liability for the local area longer term.

Making a case for community shares:

The predominant form of social investment utilised by Plunkett Foundation members is community shares, with over £18m being raised by Plunkett-supported community businesses in the past 5 years alone. Given the importance of this form of finance to community businesses Plunkett is proud to be a member of the Community Shares Unit, alongside Locality and Cooperatives UK to promote best practice and to attract new investment to support this form of social investment in the long term.

Plunkett believes that community shares not only offer an opportunity to raise significant finance for projects but also promotes an opportunity to create a broad membership base and democratic control for community businesses supported.

Plunkett champions the FCA registered Community Benefit Society as the preferred legal form. This set up encourages supporters of a project to become members of a society on the basis of one member, one vote – irrespective of how much finance they are able to invest in the business.

Across the wider community shares sector, over £200m has been raised in community shares in the last decade, from over 125,000 people. This is a growing movement with a demonstrable nationwide appeal.

There is a compelling case to use Dormant Assets to back social investment products like community shares, by providing wholesale investment into the market. A £40m Dormant Assets wholesale facility to the community shares marketplace would fill a gap for patient institutional investment into community backed projects over the next decade.

Patient institutional matched equity investment in community share offers through the likes of the Community Shares Unit's Booster Fund would incentivise local investment from individuals. To date for every £1 the Booster Fund has invested, this has levered in over £3 of private investment from individuals in communities, as well as additional loan and grant finance on top.

Community shares is one form of social finance that can work in less advantaged areas. This is especially true when an institutional investor like the Booster Fund backs a share offer with matched equity, so for every £1 they raise, Booster will match that on the same terms up to an agreed limit. To date, the Booster Fund has invested 40% of our equity in the 30% least affluent areas. With more capital we can catalyse more community driven and owned projects like this.

Community shares are the one form of social investment that generates real broad community ownership, a sense of renewed pride in communities and a genuine method of enabling community power, as investors become voting members of the society with a stake and voice in future success.

Community shares are shown to be a resilient form of finance; 92% of societies who have raised money through community shares are still trading. It would ideally complement the Community Ownership Fund and its requirement for match funding, the Levelling Up agenda and any new community wealth funds.

If Dormant Assets are going to into social investment, then priority should be given to products like community shares that:

- Can visibly demonstrate community support for a project, with residents putting their own money in
- Lever in private investment from individuals in communities, which can be matched with other grant and loan investment
- Are flexible and long-term patient investments
- Are affordable, working to interest rates and timescales set by communities rather than investors
- Are inclusive and enable community power, community shares investors become engaged members of a community business that matters to them

Utilising blended finance

Alongside the huge success of utilising community shares to support social action, many communities supported by Plunkett Foundation have relied on blended finance to realise their project ambitions. Groups have utilised loan finance, from social lenders and grant funding to bring a variety of assets into community-ownership.

Plunkett Foundation supports a proposal for a Community Enterprise Growth Plan to be a beneficiary of the Dormant Assets Scheme. A full proposal has been submitted to this consultation by the Community Enterprise Growth Plan Coalition.

This plan would use new dormant assets to deliver three proven interventions that reinforce each other:

1) ***Extending the availability of small, flexible affordable loans to smaller community enterprises through blended finance – through a mixture of grants and loans which has proved highly effective, particularly for enterprises in the most deprived communities.***

Since its creation in 2015, Access – the Foundation for Social Investment has expanded the reach of social investment, enabling smaller charities and social enterprises, often based in the most deprived communities in England, to access the finance they need.

Supporting these organisations often requires a combination of grant and social investment – or “blended” finance. Without some grant in the system, social investment itself can’t always support these organisations because of the financial risks and costs involved.

A recent independent review, commissioned by DCMS and conducted by NPC, has highlighted how blended finance has enabled “organisations in some of the poorest areas to grow and increase their impact—either through reaching more people or through improving their impact.”

The reach of blended finance is reinforced by a number of other reviews, the Adebowale Commission on Social Investment concluded that a lack of subsidy in social investment would ‘leave a significant hole in the marketplace, particularly for the smallest social enterprises and those operating in the most deprived communities.’

This follows similar conclusions of the Oversight Trust in 2021 which found that the ongoing provision of blended capital and enterprise development through Access is ‘essential to the charity and social enterprise sector’s impact in the most deprived communities.’

One example of a blended finance programme is the Growth Fund. Half of the Growth Fund invested in the most deprived 30% of neighbourhoods - four times that of the wider social investment market.

- Independent evaluation showed that recipient organisations in the Growth Fund increased revenue by 43% in the three years following social investment and staff numbers increased by 50% on average.

- A quarter of all investments under the Growth Fund have been made into the most deprived 10% of neighbourhoods (IMD 1): four times that of the wider social investment market. Half of all Growth fund investments have been in the most deprived 30% of neighbourhoods (IMD 1-3).

- 26% used the investment to scale up their existing activities such as buying new premises, equipment or employing more staff. 10% used the investment to cover shortfalls in cash.

Investment from dormant assets would be used to provide the grant subsidy that would sit alongside repayable finance. The repayable finance part of the blend is a sustainable source of capital, partly as a result of how dormant assets money has been used over the last decade to establish and grow the social investment market.

By its nature, the grant element of the blend requires an ongoing supply of subsidy. There is a clear role now for dormant assets to maintain market infrastructure and ensure impact is not lost over the next decade.

Investment from dormant assets should also support start-up funding for a £50m black-led social investment fund as recommended by the recent Adebowale Commission on Social Investment, supporting enterprises that have been historically under-invested in and therefore less able to deal with external shocks.

This would help to tackle barriers of access for Black-led social enterprises and others which have been underserved and put power and resources into those communities which have experienced disadvantage.

This would take the form of a Black-led and focused social investment intermediary, overseen by Black social investors, intermediaries and social enterprises with the express remit of widening the pool of finance to Black-led social enterprises.

2) ***Improving access to finance for promising community enterprises and small businesses that struggle to access lending from mainstream banking by investing in non-profit community lenders***

A recent analysis by Aston University indicates there are around 230,000 existing small businesses each year that are unable to get the bank finance they need to grow, innovate and create new jobs in their local communities. Further analysis by Responsible Finance has estimated that between 50,000 and 60,000 of these businesses could support debt at a reasonable level of risk if debt were provided affordably and flexibly.

These would-be borrowers are often micro-businesses and small community enterprises that play a vital role in a local community's economic and social fabric. Non-profit community lending organisations Community Development Finance Institutions (CDFIs) already play an important role in filling this shortfall:

- Enterprise lenders focussed on viable businesses with a social impact: CDFIs are community focused lenders which operate as non-profit social enterprises. Their objective is to support foster enterprise in deprived areas and among disadvantaged groups.

- Creating additionality: over 90% of CDFI borrowers have previously been turned down by mainstream lenders. CDFI lending creates high levels of measurable economic additionality.

- Leveraging in private investment: lending through the Recovery Loan Scheme enables CDFIs to leverage up to £4 of private investment for each £1 of dormant assets. Supported by new dormant assets, commercial banks have indicated their interest in providing CDFI lenders with £100mns of private investment.

- Tackling spatial inequality where finance is harder to access: being locally based CDFIs are rooted in place; 93% of CDFI lending is outside of London and the South East, compared to 68% of all SME loans and overdrafts. On average 50% of CDFI lending is to the 35% most deprived areas – almost double that of traditional lenders. CDFIs tackle head-on the issue of spatial inequalities in access to finance identified in the Levelling Up White Paper and which is currently a subject of specific review by the Levelling Up Advisory Group.

- Meeting the needs of disadvantaged groups: CDFIs lend disproportionately to women and ethnically led businesses, tackling major issues of inequality raised by the Alison Rose Review and research by The Centre for Research in Ethnic Minority Entrepreneurship at Aston. Both of these reviews raised access to finance as a major barrier to entrepreneurship for particular demographics.

- Improving outcomes through pre and post application support: CDFIs provide more than 30,000 hours each year of pre- and post-loan support to customers, which improves their investment readiness and chances of succeeding in the long-term. Around 90% of CDFI borrowers successfully repay their loans and go on to grow their businesses.

- Providing taxpayers with value for money: CDFI lending supported by loan guarantees and tax reliefs generates a Benefit-cost ratio (BCR) of over £6 for each £1 of taxpayer support.

- Recycling dormant assets: under the current Community Enterprise Investment Facility (CIEF) CDFIs are on track to repay all the dormant asset investments plus 4% interest and deliver outstanding social impact. Investment of dormant assets into CDFIs is creating impact now and will continue to do so long into the future.

Historically enterprise lending CDFIs have attracted a modest level of dormant assets (around £30mn). With a renewed Government focus on the broader role of enterprise in levelling up and supporting communities, this new round of dormant asset distributions presents an opportunity to provide a greater level of support for the CDFI sector.

CDFIs report that the major constraint on their capacity to increase lending is not demand for borrowing, but their ability to raise capital to lend. And they are already lending at close to capacity. The key to unlocking significant additional lending capacity is to use dormant assets as first-loss capital in combination with higher levels of private investment. Mainstream commercial banks are increasingly recognising the value of CDFIs and stand ready to support them with higher levels of match funding.

3) *Introducing match trading to enhance the reach of dormant assets in levelling up areas and providing associated business support to catalyse growth*

Social investment and blended finance have created routes for many social enterprises to grow and scale. However, for other small or early-stage enterprises working in challenging markets, a third category of social investment is needed: match trading - incentivised grants that encourage trading activity. Unlike traditional grant funding, which can create grant reliance, Match Trading, when coupled with enterprise support, catalyses enterprise growth and creates an on-ramp for accessing blended finance and other forms of social investment.

- Incentivising trading growth: Match trading, pioneered by the School for Social Entrepreneurs, incentivises social entrepreneurs to acquire customers and grow through trading. Coupled with enterprise learning programmes, match trading grants help leaders to realise their strengths and create financially resilient enterprises that are better placed to drive social and economic change in communities.

- Improving enterprise resilience: Match Trading matches actual growth in trading income £ for £ with a grant. For every additional pound an organisation generates through trading activity, they are rewarded with grant funds to match (up to a predetermined cap e.g. £10k).

    - Social enterprises receiving Match Trading grants, alongside enterprise learning programmes, typically increase their income from trading by 64% within a year, and this uplift is sustained in subsequent years.

    - Match Trading grants drive a 9.5% increase in traded income as a proportion of total revenue.

- Reaching levelling up places: Over one third of social enterprises supported by SSE are based in the 20% most deprived areas of the UK. Social enterprise leaders supported by SSE are 66% women, 16% disabled and 20% racially minoritised people. Over two thirds have lived experience of the issue they are tackling through their enterprise.

- Growing capabilities: Practical support increases business skills and confidence and enhances investment outcomes. Forms of support include enterprise learning programmes, business advice services for social impact start-ups, support to access investment, mentoring for early-stage entrepreneurs and targeted grant support for social entrepreneurs from disadvantaged backgrounds.

All three interventions are complementary and proven, multiplying their respective impacts while building on existing infrastructure so there are no expensive set-up costs. Additionally, the impact will be highly measurable through data including that around job creation, the quality of those jobs (measured against the Taylor Review's 6 high-level indicators) and organisational resilience. In addition, addressing ambitions set out in the Levelling Up White Paper to encourage enterprise and empower local communities.

Section 4 - Community wealth funds

This section seeks views on the proposal that community wealth funds start receiving support from the Dormant Assets Scheme in England.

Community wealth funds are defined in the Dormant Assets Act 2022 as funds which give long term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure.

For more information, please refer to chapter 6 of the consultation document.

Questions

20. To what extent do you agree or disagree with the following statement?

    "Community wealth funds should become a cause of the Dormant Assets Scheme in England". *(select only one)*

    - Strongly agree
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree

21. Please explain the reasons for the answer you have given.

Plunkett Foundation supports community-owned businesses to create inclusive, innovative and impactful spaces. The concept of Community Wealth Funds, backing community-led action at a hyper-local level over a prolonged period of time is therefore something that Plunkett supports.

Plunkett Foundation fully supports the view that communities should be trusted and empowered to make the decisions which will deliver social, economic and environmental impact in their local area. Too many recent funding programmes delivered by Government, such as the Levelling Up Fund, Community Ownership Fund and Community Renewal Funds have been delivered centrally. Furthermore the Brexit replacement funds such as UK Shared Prosperity Fund and the Rural Prosperity Fund are also being delivered at a local authority level rather than at community level. Whilst all these funding programmes are welcome and will benefit a range of community-ownership projects the Community Wealth Fund approach, focused on empowering communities through provision of self-controlled budgets, over a longer term would be very powerful.

Two pieces of research completed by Plunkett Foundation in 2022; one reviewing why there are less community-owned pubs in urban areas and the second identifying hot and cold spots for community-ownership projects UK-wide, highlighted that community-owned businesses are being successfully established in areas of deprivation. The research highlights that being located in a deprived community is therefore not necessarily a barrier to establishing a community-owned business. However a lack of local community and social capital can often make it more challenging to initially get the project started in the first place, and build momentum thereafter. The research showed that groups in these areas often required longer term support to achieve their ambition of bringing an asset in to community control. The 10 year timescales proposed for Community Wealth Fund areas would therefore be a powerful intervention in these areas.

Plunkett supports the need to utilise Community Wealth Funds in identified ‘left behind’ communities, but also requests that further work is completed to address the hidden needs that often exist in rural areas.

A very current and real crisis being experienced in rural areas is that the cost of living in the countryside is often higher than it is for those living in urban areas. For example, the

ONS estimates that rural households are currently paying £27 a week more on transport and £4 a week more on food than people in urban areas. Residents are also often found living in hard to heat, hard to treat properties further increasing their household costs at this time. Individuals are at risk of being 'left behind' in rural areas, often because they appear to live in a more statistically affluent rural area. Community-owned businesses are adept at addressing local needs, with the projects being directed with local interests at the core of their activity and therefore should be supported to grow in number so as to address greater levels of local need.

Understanding how the 'left behind' communities were identified, using the Indices of Multiple Deprivation as the predominant data source, Plunkett Foundation believes that more needs to be done to incorporate other metrics which may more accurately reflect the needs of those living in the countryside. Recent research completed by Pragmatix Advisory, on behalf of the Rural Services Network shows that the metrics used to illustrate deprivation do not sufficiently account for disadvantage in rural economies within regions, often linked to limited local employment prospects, poor transport networks and weak connectivity. In order to make sure that rural communities, or geographies could be eligible for a Community Wealth Fund like support interventions we would support the recommendations made by Pragmatix (specifically in relation to measuring Levelling Up) to use additional metrics to better identify those areas most in need of levelling up at a local level. These metrics include:

- Proportion of households in fuel poverty
- Work place-based incomes
- House price relative to local earnings
- Ratio, and rates of seasonal employment
- Frequency of public transport services to access key service
- Distance to Further Education provider and the range of courses available
- Referral for treatment waiting times, rates of delayed discharge and levels of self-harm amongst younger people
- Percentage of premises with super-fast broadband

It is not just in relation to levelling up that Community Wealth Funds could be a powerful resource. Plunkett recognises that community-owned businesses play a significant role in terms of local commerce; through job creation, volunteering and training opportunities and also through working with and trading with an extensive network of local and national suppliers. As economic growth is a clear priority for Government, there is an opportunity to use the Dormant Assets Scheme to support smaller businesses in rural areas and their contribution to productivity and growth.

Rural businesses in England account for around 16% of the nation's economic output and whilst the assumption might be that many of these businesses are related to agriculture and farming this is not the case. A multi-industry rural economy is a key component to sustaining the countryside through job creation, retention of services and enriching people's lives through social interaction. The small but growing network of community-owned businesses are therefore playing a key role. Furthermore given the resilience of this form of business, with groups supported by Plunkett Foundation having a 94% long-term success rate they are not reliant on ongoing investment in order to survive.

Given that community businesses are owned by local residents, run by local residents for the benefits of local residents their operations are very much influenced by local priorities and delivering impactful solutions to identified need. A Community Wealth Fund approach to supporting and growing a network of these businesses in defined rural geographies would be transformative for the sector.

22. Community wealth funds are defined in the Dormant Assets Act 2022 as funds which give long-term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure.

    Do you agree with the definition of community wealth funds as being suitable for the Dormant Assets Scheme?

    - Yes [Skip to the next section]
    - No [Continue to Q23]
    - Don't know or don't want to comment [Skip to the next section]

23. Please explain the reasons for the answer you have given.

    (open answer)

Section 5 - Alternative causes

This section invites suggestions of **other broad social or environmental cause(s)** that could be considered in the Dormant Assets Scheme in England, apart from the four causes presented in previous sections (youth, financial inclusion, social investment, and community wealth funds).

Please note that this consultation is aimed at informing decisions on prescribing causes in secondary legislation; therefore, **any additional cause(s) suggested should be kept as broad as possible**. In addition, specific delivery mechanisms and specific releases of funding are out of scope of the consultation and **it is not a bidding process for organisations to access funding**. When responding to this section, we recommend that your response considers the **essential and desirable criteria** that will be used when assessing responses, which are summarised in the table below.

Essential criteria	1. Being a social or environmental initiative 2. Having sufficient scope to fund initiatives that would not otherwise be funded by government (the additionality principle) 3. Ensuring that a portion of the £738 million must have a meaningful impact 4. Targeting sustained, high impact change 5. Having the ability to attribute and measure the impact achieved 6. Being able to align with key government policy priorities, including securing industry support 7. Having nationwide impact across England, particularly in disadvantaged areas 8. Being capable of weathering uncertain funding flows
Desirable criteria	1. Contributing positively to good community relations and integration 2. Having the ability to leverage in other sources of funding 3. Using existing organisations and/or systems of delivery, governance and accountability

For more information on the criteria that will be used for assessing causes, please refer to chapter 2 of the consultation document.

Questions

24. Would you like to suggest other cause(s) you think should receive funds from the Dormant Assets Scheme?

    (We welcome suggestions of broad causes not currently considered by the Scheme. Please note that any suggestions will be assessed according to the essential and desirable criteria.)

- Yes [Continue to Q25]
- No [Skip to Q29]

25. Please specify the alternative cause that you consider to be most important.

    [textbox with a 100-character limit]

Revenue support to provide long-term security for social & environmental action organisations.

26. Please rank the causes below by order of importance – 1 being the most important to you.

    (options showing in randomised rows to avoid response bias)

    - Social investment wholesalers (1)
    - The alternative cause that you consider to be most important (specified in your previous answer) (2)
    - Community wealth funds (3)
    - Youth (4)
    - Financial inclusion (5)

27. Please explain why the alternative cause that you consider to be most important should receive funds from the Dormant Assets Scheme.

Our proposed alternative (or additional) cause of "*Revenue support to provide long-term security for social & environmental action organisations*" is intended to be complementary to all other proposed causes supported under the scheme, through investing in the current and existing infrastructure.

The central principles of the Dormant Assets Scheme are focussed on delivering impact through creating access to services and growing social, economic and environmental impact through financial prudence and capital investments. It has been a powerful source of support for the sector, with the funding available reaching a wide range of community organisations. However it is also creating a vulnerability for infrastructure organisations that are established to support local action.

Organisations supporting social and environmental action are currently competing for depleted and limited revenue funding opportunities to support, enable and grow community-led, grassroots, local-action projects. In response to closing businesses and the loss of other key services community-owned solutions are being investigated by more community-led projects than ever before. Plunkett Foundation alone has seen a 26% increase in demand for support and advice services since the beginning of 2020. This is putting undue pressures on the limited budgets and resources currently available.

With multiple Government-led initiatives investing capital funding into new community-led projects and campaigns, without adequately resourcing the revenue support it is putting organisations at risk as they are not able to meet the demand. There is an opportunity to use a proportion of the Dormant Assets Scheme to invest in the long-term future of the support infrastructure which promotes, advances and enables community and social action UK-wide. For example this could be in the form of an endowment for multiple organisations, offering security to their operations and empowering them to focus on impact and service delivery over a longer period of time.

The community-owned businesses supported by Plunkett Foundation have a long term track record of being self-sufficient once open. As set out in response to this consultation many utilise social investment in the start-up phases, but longer term the ambition is for these enterprises to trade on commercial terms whilst delivering demonstrable community and social impact. It is a form of business that addresses local need and supports the most vulnerable and isolated residents in any given community, it is therefore imperative that more groups are supported to realise the opportunities that community-owned businesses can offer.

Having long-term security would enable infrastructure bodies to support new groups to establish a greater number of community-owned businesses as well as offer advisory support to existing enterprises, to support business growth and diversification.

An example of the importance of having advisory support available, alongside investment is the successful More than a Pub programme run by Plunkett Foundation with funding from Power to Change and the Ministry for Housing, Communities and Local Government (now Department for Levelling Up, Housing and Communities), which ended in 2021.

Delivered in partnership with social lenders Cooperative and Community Finance and Key Fund, with the support of a steering group which included The British Beer and Pub Association, CAMRA, Pub is the Hub, Locality, Cooperative and Mutual Solutions and The Bevy Community Pub, the programme fundamentally changed the landscape for community-owned pubs.

The community pubs supported by the MTAP programme are ‘more than a pub’ – they provide lunch clubs for older or isolated people, hot meals for schools, meeting places for charities, clubs and celebrations, and they help their neighbourhoods and local economy to thrive. MTAP delivered resources, guidance, training and support to 313 community groups in England on their journey of community ownership. Operating over 5 years, across two phases (2016-2018 and 2018-2021), it directly led to the creation of 60 new community-owned pubs, which more than doubled the number of community pubs UK-wide. The programme has helped to develop a substantial pipeline of interested groups looking at community-ownership of their pub (including Scotland and Wales).

When supported by Plunkett through an adviser or a bursary, the chances of community pub groups successfully reaching trading status increased from 1 in 10 to 1 in 3. For groups that received funding through a loan and grant package, 100% went on to start trading as a community pub.

28. Please suggest any other cause you think should receive funds from the Dormant Assets Scheme.

Expansion of the Community Ownership Fund

When the Government announced the launch of the £150m Community Ownership Fund in 2021 it met a gap in the market and addressed calls made by Plunkett Foundation and multiple other partners over a long period of time. It has provided an opportunity for community-ownership projects UK-wide, to access significant capital resource and limited revenue funding to support locally-led projects.

30% of the current grant beneficiaries have benefited from advice and support from Plunkett Foundation, with over 40% of projects also being supported in rural areas. This is a positive statement of support for the sector. Furthermore the design of the fund very much replicates a tried and tested approach which has supported sector growth to address market failure over the past 20 years. Grant funding, matched with social investment and other forms of fundraising. The frustration with the design of the fund however is the inflexibility to support more deprived areas requiring a higher level of grant investment (above the current £250k ceiling - £1m for sporting assets) to realise their project ambitions.

We propose that the Dormant Assets Scheme presents an opportunity to expand support for community-ownership and address some of the design flaws in the current programme. An increased budget would provide the opportunity to support higher-level of grants, offer a greater mix of capital and revenue funding to communities and support community organisations to take ownership of an even more local spaces and buildings.

Analysis commissioned by Power To Change estimated there were 1366 assets with the potential of moving into community ownership over the next five years. This is a conservative estimate based on data and qualitative insight from key community sector organisations, so should be considered the lower end of the potential pool of community assets that a well-structured and promoted fund could unlock. However, this suggests considerably larger demand than the current Community Ownership Fund could meet.

The Community Power Group, which includes contributions from Plunkett Foundation, submitted to the 2020 spending review the suggestion that doubling the Community Ownership Fund to £300m would lead to 1,300 additional assets being brought into community ownership over a 4-year period. Based on evidence from existing asset transfers it is estimated that the support provided by the Fund would create at least 5,000 jobs and 30,000 volunteering opportunities.

We therefore believe dormant assets should be used to increase the Community Ownership Fund to over £300m. This would expand the scope of the current fund to: bring into scope a larger number of projects, provide larger grants of up to £2m, target additional support for disadvantaged areas, support refurbishment costs to maximise impact of existing community assets, improve energy efficiency, and protect community assets put at risk by the cost of living crisis.

This would be complementary to:

- The Community Wealth Fund, which would support locally defined priorities, which will often be based around protecting, improving and taking ownership of local places and spaces.

- The Community Enterprise Growth Plan, which will provide blended social investment to support the community enterprise business models which are crucial to sustaining community ownership of assets.