

Dormant Assets Public Bill Committee

A joint submission from Big Society Capital, Fair4All Finance, Access - the Foundation for Social Investment, and Youth Futures Foundation

Summary

- Comprising Big Society Capital, Fair4All Finance, Youth Futures Foundation, and Access - the Foundation for Social Investment, we are a group of organisations which use dormant asset funding to tackle entrenched social challenges through long-term, sustainable investment.
- We have a proven track record in delivering on our objectives. Our members deliver outcomes across the entire country and deliver investment to deprived communities where it is needed the most. Through our governance structure our work is subject to the highest level of transparency and accountability.
- We are supportive of the current Dormant Assets Bill as drafted and support the expansion of the dormant assets scheme. Within this expanded pool of funds, it is vital that there is continued commitment to providing long-term sustainable investment to financial inclusion, youth employment services and access to social investment.
- It is our view that decisions on funding for the expanded scheme should be kept as broad as possible for the purposes of the bill, with the subsequent consultation period providing the appropriate forum for debate around where these new funds are allocated.

1. About us

- 1.1 We are a group of organisations which use dormant asset funding to tackle entrenched social challenges through long-term, sustainable investment. Over the past decade, we have invested around £480 million in charities, social enterprises and community organisations.
 - 1.2 Though our four members focus on different social issues, such as youth employment services and financial inclusion, we have the shared goal of tackling these entrenched social challenges head on through using dormant assets to provide long-term funding solutions.
- **Fair4All Finance** exists to increase the financial wellbeing of customers in vulnerable circumstances through increasing access to fair, affordable and appropriate financial products and services
 - **Youth Futures Foundation** exists to improve employment outcomes for young people from marginalised backgrounds by identifying what works and why, investing in evidence generation and innovation, and igniting a movement for change
 - **Big Society Capital** exists to improve the lives of people in the UK through investment with a sustainable return
 - **Access - the Foundation for Social Investment** works to ensure charities and social enterprises can access the finance they need to sustain or grow their impact.
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1.3 All four are overseen by the Oversight Trust ensuring that the four organisations stay “on mission” by fulfilling their objectives, maintaining sound governance and demonstrating impact as they pursue their goals.

2. Our view on the Dormant Assets Bill

2.1 We are supportive of the bill as originally drafted and agree with its aims to expand the dormant assets scheme. However, it is vital that there is a continued commitment to protecting funding for our causes. We use dormant assets funding to tackle entrenched social problems and inequalities, which require long-term solutions and sustainable investment.

2.2 We would ask, therefore, that that the bill is not amended in any way that could prevent this. We believe that decisions on funding should be kept as broad as possible for the purposes of the bill.

2.3 We support the government’s decision to remove the provisions in the Bill relating to community wealth funds (subsections (2) and (4) of Clause 29, that were added to the Bill at Report stage in the Lords). It is our view that decisions on funding for the expanded scheme should be kept as broad as possible for the purposes of the bill, with the subsequent consultation period providing the appropriate forum for debate around where these funds are allocated.

3. Why funding should remain in place for our four organisations and their causes

3.1 Since the creation of the scheme, dormant assets have been used to support projects relating to youth employment services, financial inclusion and social investment and have delivered continued and tangible benefits across the country. These programmes have a proven track record of delivery and a well-established oversight mechanism that ensures value for money, getting vital support and investment to the people and communities that need it most.

We have a proven track record of delivery:

3.2 We have a proven track record in delivering on our objectives in addressing the entrenched social challenges relating to social investment, financial inclusion and youth employment services.

3.3 We deliver value for money on dormant assets funding, and know how to deploy this funding in the most effective and timely way:

- [Big Society Capital](#) turned an initial £425m received through dormant assets into £2bn in social investment. The whole social investment market has grown nearly eight-fold from £833 million in 2011 to £6.6 billion in 2020. Included in this is the £46 million Growth Fund (a partnership between BSC, Access and the National Lottery Community Fund) which has dramatically increased the availability of small, simple, affordable loans to charities and social enterprises. With this track record, we know where dormant assets funding can be used most effectively and in a timely manner.
- Fair4All Finance has committed £22.5m to date through its Affordable Credit Scale-Up Programme to support the sustainable growth of community finance providers, such as credit unions and CDFIs. These investments will deliver an additional £450m-£700m+ in affordable lending by 2025, providing a vital alternative to high-cost and illegal moneylending.

3.4 Our members have been able to respond quickly and effectively to the new challenges arising because of the pandemic, while remaining focused on their longer-term strategic goals.

- In 2020 Youth Futures Foundation provided £15.3m in funding for its schemes across the UK, while Big Society Capital played a crucial role in providing finance options for charities and social enterprises during the pandemic through its Resilience and Recovery Loan Fund - committing £25m to 80 charities and social enterprises who have been a fundamental lifeline for many of the millions who were furloughed, made redundant, or isolated from their regular social networks and support during the pandemic.
- Access's £6 million emergency lending programme gave 70 grants to enable organisations to take on loans during COVID that wouldn't have otherwise been viable, leveraging £15.5m of investment into the sector and now is building a £22 million programme aimed at creating more sources of patient and flexible repayable finance for charities and social enterprises during the recovery phase of the pandemic.

Our role in tackling entrenched, long-term social challenges:

3.5 We use dormant assets funding to tackle entrenched social problems and inequalities, which require a long-term approach to tackling them - for people who are not served well by current systems in society.

3.6 In many cases, these entrenched social challenges, such as youth unemployment, financial exclusion and levels of personal debt, have been exacerbated by the pandemic. To address these issues, long term stability is needed in the funding of our work.

3.7 We address these entrenched social problems by helping to tackle the root causes early on, and our work identified and facilitates innovative ways of doing this.

3.8 For example, Youth Futures Foundation works with organisations that support young people at risk of becoming homeless, and with organisations that help provide young people aged 14-24 to learn trade and employability skills. With investors, Big Society Capital has generated £80.4m of additional funding for social and affordable housing funds, helping those at risk of sleeping rough during the pandemic and beyond.

We deliver outcomes across the country:

3.9 We use dormant assets funding to target investment to where it is most needed and in the most deprived areas in the country. Our work is outcomes-focused and, as such, can be measured and evaluated.

3.10 Our members know how to use dormant asset funding to target support most effectively to the regions and the groups that need it most. This targeting is informed by evidence-based measures such as indexes of deprivation, to ensure that the money is being used in the most effective way.

3.11 For example, Access funds social investment programmes across England, this includes.

- The £46 million Growth Fund which aims to increase the availability of small, simple, affordable loans. A quarter of all investments 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). A 2019 evaluation showed that Growth Fund loans are reaching the right organisations (more than half have a turnover of less than £250k); at the right sizes (median investment size is £50k); for the right purposes (to support the development of trading activity). 79% of organisations in the Growth Fund have either increased or sustained their financial resilience, often while operating in highly challenging markets.
- The £9 million Reach Fund which is a cost-effective investment readiness programme that is proven to make charities and social enterprises more resilient by getting investment deals over the line. Just under half of all Reach grants went to organisations in the most deprived 30% of neighbourhoods (IMD 1-3). For every pound spent on the Reach fund, organisations involved were able to generate £7.
- Place-based approaches in Bradford; Bristol; Gainsborough; Greater Manchester (Bolton, Oldham, Stockport and Wigan); Hartlepool, Redcar & Cleveland; and Southwark in London.

3.12 Big Society Capital established the Community Investment Enterprise Facility that provides CDFIs with the capital to help them lend to small businesses operating in disadvantaged areas. This fund has currently enabled £60m of funding, supporting hundreds of SMEs across the country.

3.13 In November 2021, Youth Futures Foundation launched Connected Futures, a £6.1 million fund that is designed to join up services for young people at a local level. They have also made multi-million pound commitments to two place-based initiatives in the North of

England that are soon to be announced.

- 3.14 Currently there are over 5,000 social enterprises, charities and social purpose organisations are now using social impact investment, and 82% are based outside of London.

Our work is subject to the highest level of transparency and accountability:

- 3.15 Dormant Assets recipient organisations are overseen by [the Oversight Trust](#), which ensures that we stay on mission by fulfilling our objectives, maintaining sound governance and demonstrating impact as we pursue our goals.
- 3.16 The existing mechanism for funding projects through the Oversight Trust Group provides clear transparency and accountability for the use of funding dormant assets funding.
- 3.17 Under the current arrangement, there is a thorough, open and transparent auditing system in place to ensure value for money for the scheme. This is maintained through our group's governance arrangement, which ensures that each organisation remains true to its mission in its use of funding. Our group also commissions independent reviews on at least a quadrennial basis of each organisation to examine the effectiveness in delivering against their respective mission.

Contact details

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