COMMUNITY
ENTERPRISE
GROWTH
PLAN

The Dormant Assets Scheme

The Dormant Assets Scheme unlocks money from forgotten bank and building society accounts and will soon include further assets from the insurance and pensions, investment and wealth management, and the securities sectors.

The next wave of dormant assets will unlock over £740m worth of new funding for England.

Earlier this year, the government announced that social investment will continue to be one of the four areas on which dormant assets can be spent.

What is the Community Enterprise Growth Plan?

In seeking to harness the potential of Dormant Assets funds, a group of leading social enterprise, voluntary sector and social investment organisations have mapped out the Community Enterprise Growth Plan.

The plan would use new Dormant Assets to deliver three types of proven interventions:

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

2. **Investing in non-profit community lenders** to enable them to lend to the vital micro-businesses and community enterprises that struggle to access lending from mainstream banking.

3. **Providing tailored business support** including advice to start-ups **and innovative incentives like match trading** to encourage small enterprises to grow in more challenging areas.

This support would be targeted at places affected by long-term economic decline and those serving communities that have not benefited from this type of investment in the past – for example, providing start-up funding for a new social investment fund for black-led enterprises.

Example: *Veterans at Ease*

Based in Gateshead, Veterans at Ease is a leading Military Mental Health Charity. The charity provides free therapy and support by trained therapists (all of whom have suffered themselves, been through treatment and then gone on to qualify).

Social investor Key Fund gave the initial grant and loan investment to open its first charity shop in Whitley Bay in 2018, supporting the charity to grow and expand its trading income and boost its resilience. This soon grew to five charity shops in the North East, two with therapy centres on the premises.

During Covid, the charity experienced a 180% uplift in demand and in 2021 Key Fund gave a further £100k investment to expand into Norfolk and Tees Valley, where they are on track to open five more shops. Turnover will be £400,000 this year, with a projected £1m turnover by the end of 2023. They currently employ 31 full and part-time staff. See full case study

How does social investment work?

- **Social investment gives people and communities access to finance**, by helping charities and social enterprises to diversify their income streams and increase their resilience. The investment is repayable, often with interest, and is typically used to develop new or existing activities that generate income – such as trading activities or contracts for delivering public services. This may take the form of support for growing their business, providing working capital for contract delivery, or buying assets.

- **Social investment enables both social and financial returns** and is **recycled and highly leveraged –** as the money invested is repaid and recycled, it enables funds to be used again and again to support trading charities and social enterprises. And by bringing additional private capital into social investment deals, we are harnessing the private sector to fund solutions to persistent policy problems such as unemployment or housing.

- **The social investment market is growing year on year.** Following the pioneering investment of dormant asset funds over the last decade and the work of dormant asset spend organisations and others, social investment in the UK has grown tenfold to more than **£7.9 billion invested into charities and social enterprises**, creating a well-established market that is growing more than twice as fast as mainstream capital markets.

How would the Community Enterprise Growth Plan work?

- The plan would use new Dormant Assets funding to invest in community enterprises – the community-based businesses, social enterprises and trading charities taking entrepreneurial approaches to tackling social problems.
- An investment of £500m over ten years would unlock at least the same amount of private capital, doubling the amount available to communities, and multiplying its impact - as the use of loans to enterprises allows it to be recycled and go even further.
- The plan – backed by business organisations, social investors, enterprises and charities - uses existing systems to allow new Dormant Assets to begin flowing quickly and deliver results within this Parliament, building on 10 years of experience of investment in community enterprises.

What benefits would the Community Enterprise Growth Plan bring to local communities?

- The Community Enterprise Growth Plan is a proposal to create jobs, boost growth and address regional inequalities by unlocking new investment for community enterprises, particularly in communities affected by long-term economic decline.
- This approach provides a hand-up, not a handout. By giving local entrepreneurs access to the finance and support they need to grow their business models – often in places where standard forms of investment are hard to secure - it enables them to boost the local economy, get more people into work and help people struggling with the cost of living.
- An analysis undertaken by the Social Investment Forum found that 43% of social investment deals have gone to Levelling Up Priority 1 Areas. The plan would accelerate this even further with a specific focus on growing enterprise in places and communities that have not benefitted from this type of investment in the past, channelling new investment into communities across England that have struggled to attract it – and delivering Levelling Up without any call on the taxpayer.

- It would boost entrepreneurship and enterprise by empowering those who want to take new, business-led approaches to solving social problems – whether that's by running community transport, supporting young people to develop new skills, improving arts and leisure facilities, or helping those with long-term health conditions find employment.
- It would create new customers and new trading activity – generating more finance in the local economy and freeing up public and philanthropic funds so that they can be focused on the biggest challenges.

Example: ***Fair for You***

Fair for You was established in 2015 to provide an alternative to high-cost lenders. Social investment played a key role in growing the organisation's social impact. In November 2017 Fair For You received investment from Big Issue Invest and Social Investment Scotland as part of a larger £3 million round of financing, and prior to that received catalytic loans from a group of charitable foundations.

"Because what we were doing was so new, we wouldn't have had access to commercial investors when we were starting out; the social investment space was where we could really sell the value of what we were doing."

See full case study and Video

Visit: https://www.communityenterprise.uk/

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