

The Rt Hon Michelle Donelan MP
Secretary of State for Digital, Culture, Media and Sport

Copied to Stuart Andrew, Parliamentary Under-Secretary

Sent by email

1st February 2023

Dear Secretary of State,

We are writing to you about the potential to use **£40 million of Dormant Assets funding for community shares** to help grow successful community businesses and level up the UK.

Community shares are a unique form of co-operative crowdfunding and a standout success story in UK social investment. They are a rare form of patient, flexible equity investment and are proven to enhance the resilience, performance and social impact of community businesses.

Our three organisations (Locality, Plunkett Foundation, Co-operatives UK) are partners in the Community Shares Unit. The unit was originally set up in 2012 with government backing. Since then, we have seen £210m raised in community shares from over 130,000 individuals in communities across the UK. Communities have taken ownership of important local assets like community pubs, shops, swimming pools, community hubs and many more. In rural areas, where the community shares model has been widely utilised, the resulting community-owned assets are often the only remaining facility providing services for their community and surrounding areas.

More recently we have helped to grow this market through our Booster Fund¹, which provides grants and matched equity investment. This unique

¹ <https://www.uk.coop/support-your-co-op/community-shares/support/booster-fund/apply>

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form of social investment has helped the community shares model to reach less affluent communities (40% of our investments have gone to the 30% least affluent communities).

We use this 'institutional investment' to invest alongside individual community investors. We have to date backed 63 community share offers, investing along 16,078 investors. To date we have seen £3 raised from individual private investors, for every £1 we invest. We believe this fantastic combination of private, social and public investment in communities, will be critical to the success of Levelling Up.

While we have invested £3.4m to date, what we and the social investment sector really needs is reliable and steady access to wholesale capital.

This has started to take shape in the form of Access the Foundation for Social Investment, who we have started to work with through their Flexible Finance for Recovery Programme. However, there is an opportunity to do lots more. We therefore **back proposals to use some of the Dormant Assets for social investment**, and to concentrate on **how to target that investment into local projects that communities back, such as those using community shares**.

We are not alone in making these calls. The Department for Digital, Culture, Media and Sport commissioned report 'Review of grant subsidy for blended finance to support civil society'² by NPC noted the need for continued government support for blended finance and cited match investment for community shares (like our Booster Fund) as an innovative model for designing how future Dormant Assets funding is used.

The Adebowale Commission report on social investment 'Reclaiming the Future Reforming Social Investment for the Next Decade'³ outlined the potential for reform to use social investment to better target the needs of front-line organisations and improve its reach into more diverse communities. It also cited the need to focus on the 'enterprise centric frontier' end of the market, supporting areas like community shares through a social investment wholesaler.

Our view is a **£40m wholesale investment into the community shares** market over the next decade would:

- Enable growth of community owned assets, including extending the reach to less affluent areas including levelling up areas
- Unlock and lever in significant private capital, based on current rates this could be double or triple the investment
- Support a resilient and democratic business model for community ownership, where individual investors become equal joint owners

² <https://www.thinknpc.org/resource-hub/review-of-grant-subsidy-for-blended-finance-to-support-civil-society/>

³ <https://www.socialenterprise.org.uk/app/uploads/2022/07/Reclaiming-the-Future-Commission-on-Social-Investment-Report.pdf>

regardless of their investment. This contributes towards thriving local economies and a renewed sense of pride in place.

We would be happy provide further information or meet to discuss how this vision can be brought to life and make the most of the Dormant Assets opportunity.

Regards



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CO-OPERATIVES UK

locality
the power of community

Plunkett
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