Dormant Assets 2024-2028

Proposed Investment Approach

Introduction

About Access – the Foundation for Social Investment

Charities and social enterprises often struggle to access finance from mainstream lenders like banks. Social investment plays a vital role in ensuring these organisations have access to the capital they need to deliver long-lasting, tangible economic and social benefits in their communities.

Access targets those most in need of patient and flexible investment through:

- Funding enterprise development and blended finance in England
- Sharing knowledge and data and translating it into practical insight that others can use
- Mobilising others who share our goal of making capital work for communities

How Access has been funded to date and how our money has been allocated into programmes in the period 2015-2024, is represented in the diagrams on this page of our website. You can also find more detail about exactly how that funding has been deployed to charities and social enterprises in that period via an interactive dashboard which is updated every quarter.

About Dormant Assets 2024-2028

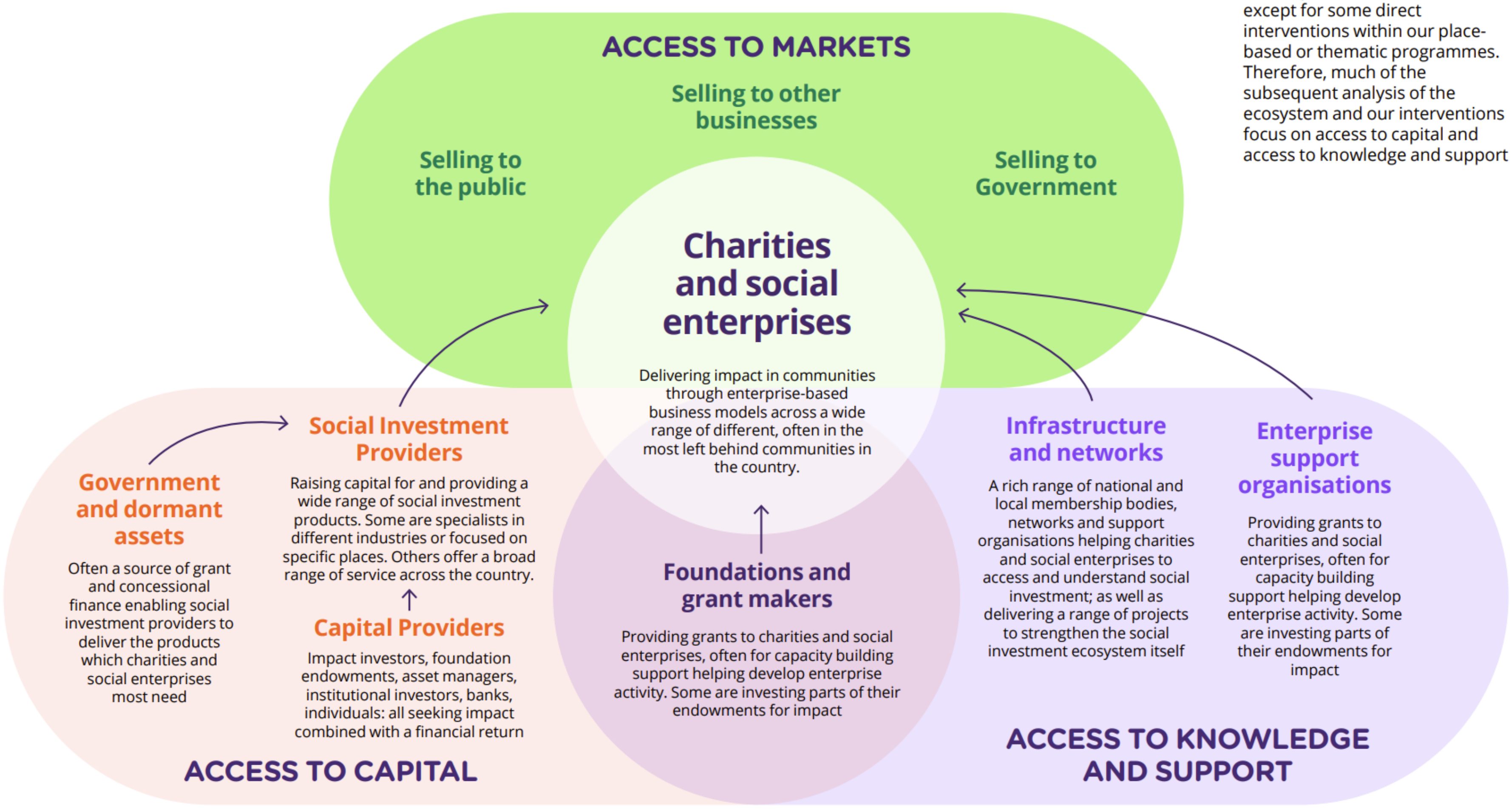
The Dormant Asset scheme sees unclaimed financial assets dormant within financial institutions repurposed for a range of uses, one of which is social investment. £87.5 million will be allocated to social investment from the 2024-2028 release, which will be used to support the delivery of the Community Enterprise Growth Plan (CEGP), including £12.5 million reaching organisations that support youth outcomes

Access has previously received various awards from the Dormant Assets scheme in the period 2018-2023, totalling £83m, and much of what is outlined in this document reflects the experience gained during that period and will represent a continuation of many things that we have already been doing. However, the next phase will be guided by Access's 2025-2028 Strategy, and in particular our Vision for the social investment ecosystem (see overleaf) and our Theory of Change (see appendix). This Strategy has in turn been influenced by the development of the Community Enterprise Growth Plan (CEGP) which was produced following consultation with the social investment/social enterprise sector in 2023. Disbursals from the 2024-2028 award to Access from the Dormant Assets scheme will go to partners who can demonstrate how they will contribute to this strategy. The activity delivered overall is expected to make a strong contribution to the aspirations of the CEGP, but will not deliver everything which that plan calls for.

(For reference) from Access Strategy 2025-2028: **Our Vision for the Ecosystem**

The investment ecosystem for charities and social enterprises

It does not make sense to picture the investment ecosystem without the markets in which charities and social enterprises operate. However directly influencing the dynamics on these markets is mostly out of the scope of Access's work, except for some direct interventions within our place-based or thematic programmes. Therefore, much of the subsequent analysis of the ecosystem and our interventions focus on access to capital and access to knowledge and support



Access expects to commit all c.£87.5m by 2029, and we would also expect the majority of that amount to have been deployed to charities and social enterprises by that time, however the nature of fund structures and the needs of co-investors means that deployment may continue over a longer timeframe in some instances.

Finance will only be deployed to charities and social enterprises which have an asset lock, are based in England, and deliver all (or the vast majority) of their impact in England.

How to read this document

This document aims to both provide information about Access' current thinking and to act as a consultation mechanism where organisations would like to provide feedback as we further develop our plans. It is aimed primarily at those with some knowledge of the social investment sector, and whilst we have tried to avoid too much jargon, some words or phrases may be unclear or may need some explanation about how we are defining the terms used. We have tried to help with this by adding some explanation boxes for certain phrases (highlighted in ***this way***), and also by adding a general glossary at the end.

It is important to note that Access does not provide finance directly to charities and social enterprises. All of our resource flows to our funding partners who run funds and programmes to provide that finance. Charities and social enterprises are welcome to comment on our proposals but should be aware that we will not be a direct source of funding to them. Those interested in accessing information or guidance on social investment or enterprise finance should visit www.goodfinance.org.uk

Not all sections will be relevant to all readers. The Executive Summary of Contents starting on the following page, which also summarises some of the key proposals we are currently putting forward, may help to guide which elements are likely to be most appropriate for you to read.

Executive Summary of Contents

The rest of the document covers the following sections. Key proposals contained within each section are summarised here.

<u>Introduction (pp6-8)</u>
Covers some more of the background detail to the document and provides information on how to get involved in the consultation process

<u>What we plan to resource (pp9-23)</u>
Covers information on the different "Areas" of activity that we are planning to resource during the period, what things are of particular interest to us at the current time, and what requirements we are likely to have on spend. It also sets out (at the beginning of the section) our intention to take a "single pot" approach, which will allow applicants to make a single proposal, even if they might be interested in different strands.

- Proposes that regardless of proposal type and the activity Area(s) to be covered there will generally be a single, rolling application process into an overall single pot
- Sets out three different Areas of activity:
    - Provision of finance (blended finance and enterprise grants)
    - Provision of support and technical assistance
    - Social investment infrastructure and Eco-system development
- Proposes a requirement for match funding (co-investment) for any request for subsidy for provision of finance (regardless of type)
- Clarifies our eligibility criteria
- States an intention for Access to continue to prioritise underserved organisations and communities, and the smaller end of the social investment market (turnover and investment size)
- Sets out our position on progressing place-based and thematic (sectoral) proposals, including how we will deliver on our mandate for at least £12.5m to support charities and social enterprises supporting youth outcomes.

<u>How we plan to allocate the available resource (pp24-26)</u>
Outlines how we imagine the funding available is likely to be spread between different Areas of activity and across different years – although given the "single-pot" process these proposed allocations are assumed to be indicative rather than firmly fixed.

- Proposes that funding will be committed gradually across the four years, although somewhat frontloaded
- Proposes that of £72m available to distribute (after allocation to Pathway and other costs) by Access:
    - £63m is used for provision of finance for charities and social enterprises (£41m for blended social investment, £14m for enterprise grants, and £8m for investment readiness grants)
    - £4m is used for enterprise capacity building (provision of support and technical assistance)
    - £5m is used to support infrastructure and ecosystem development

- Sets out the range of awards that we might expect to make to individual applicants/ partners
- Provides an indication of the maximum overall amount that we might expect to put towards new (to Access) place-based initiatives

Who we will fund (pp27-28)
Provides some indications on the requirements we will have for partnering with Access and applying for funding from us. It demonstrates that we are open to both working with existing partners and new entrants, setting out the things that we'll expect from those we work with.

- Explains that the majority of funding is expected to flow to those with established track record of delivery in the UK social investment sector
- Sets out our expectation that applicants with more limited track record must be able to demonstrate how they can occupy an important niche in that sector
- Sets out our requirement that any partner must be able to commit to addressing issues of equity, diversity and inclusion, both organisationally and in terms of supporting the charities and social enterprises they work with
- Sets out our intended approach on collaborative/partnership proposals
- Explains some other technical requirements that aspiring applicants should know

How we will progress applications and make decisions (pp29-31)
For those interested in applying for and deploying dormant asset funds from Access, this section outlines our current thinking in terms of how we will invite and receive applications. It also provides an indication of likely decision making criteria and timelines.

- Sets out four types/stages of application, designed to avoid applicants spending a long time on a complex proposal before getting a decision or feedback
- Proposes that we set aside some funding to provide development grants for applicants putting together later stage proposals, in certain circumstances
- Explains our aspiration to take a "co-development" approach with applicants wherever appropriate
- Sets out some key proposed assessment criteria which will guide our decisions

How we want to work with partners (pp32-33)
Finally we have a section where we outline the kind of ways in which we would hope to work with partners, explaining our intentions around trust-based and flexible awards, and our planned approach to communications and contact points with Access. It also explains our permissions and restrictions on the use of any fund surpluses that might arise over time, following the use of Access subsidy

Introduction: About this document

This document sets out Access' current intentions on the application of c.£87.5m of Dormant Asset funding as confirmed in the recently published Dormant Asset Strategy. Our final stated approach will be published after that point, following this period of consultation on specific elements of these plans. It is also dependent on a final mandate from DCMS, yet to be negotiated/agreed, which Access will need to work to.

What is presented in the document is the result of Access listening carefully to feedback during previous periods of consultation, workshops and meetings as the Community Enterprise Growth Plan (CEGP) was developed during 2023 and 2024. We thank partners and stakeholders for their contributions to the thinking behind this document, and we hope that you can see the things that we have discussed reflected in our plans. We'd also like to thank you for your patience, as announcements regarding the Dormant Asset scheme have taken longer than we had hoped for.

It is important to note therefore that we are not revisiting a consultation on the overall aspirations and strategic objectives of the CEGP, or indeed on Access' overall agreed strategy and vision, but rather some more specific details on **what** funding we plan to provide, **how** and **who to**. Throughout the document, we have tried to identify elements which we consider to already be largely fixed, as opposed to those where we are proposing something that we do not feel has been consulted on and is more open to further discussion.

However our allocation of c.£87.5m over four years is somewhat less than we had aspired to, and less than the ambitions established in the CEGP. This has inevitably restricted our options in what we can set out at this point, and we are sure that the resource available will not be able to realise all of the aspirations that partners (existing and new) will have. We expect interest in this resource to be high and (as ever) to face some tough choices, therefore it is worth flagging that we expect the bar to be high in terms of the alignment with the aspirations set out in the final policy document (when published) which applicants will need to demonstrate.

The document is in different sections and is numbered throughout. This is designed to enable written replies on our plans to be easier, as respondents can (if they wish) quote paragraph numbers that they want to support, oppose, or raise a particular point on.

The details

£87.5m has been allocated to Access in the Dormant Asset Strategy, but this document refers to plans for allocations of £72m. The remainder of the funds (£15.5m) are being set aside in advance for the following purposes:

- £12m to be provided to Pathway, the new Black and Minoritised-led Wholesaler, as proposed elsewhere including by the Adebowale Commission. Access has made an interim decision that we will propose 14% of any Dormant Asset award should be ringfenced for Pathway, reflecting the proportion of UK social enterprises which are led by people from black and ethnically minoritised backgrounds. As discussed later in this document, this does not mean that Access and its own delivery partners will cease targeting diverse-led organisations or let up on the progress that has been made in this area in recent years.

- £3.5m to be retained by Access to cover its own fund management costs - £875k (1.0% of total funds) p.a. for 4 years. We do not expect that this will quite cover all of our costs, but we do expect to generate some bank interest on funds held before deployment which should cover any difference. We will strive to continue to keep Access as small as practicable, and any excess interest that may be generated would be used to top up external deployment, adding to the £72m.

In addition Access will ensure that at least £12.5m of the £87.5m will be utilised to support organisations delivering outcomes for young people. Recognising that this is a broad theme and many interventions will support these outcomes our intention is not to treat this as a programmatic carve-out but rather deliver against it as a cross-cutting theme. This is explained in a little more detail in 5.18.

How to respond to this document

Written feedback is encouraged whether via the response template or a free form response (via email etc). Respondents may wish to note:

- We'd like no more than one response per organisation
- Please do feel that it is safe to be honest in your responses, particularly where you might disagree with us. Although we will not be able to accommodate all views, this is a genuine consultation and strong view of criticism of our approach will not be held against any respondent.
- We would encourage succinct indication of where you agree and disagree (with reasonings). We are not hoping for very lengthy explanations or accompanying organisational narrative at this stage
- Use of the numbering in the document may help organise your response
- Any lack of mention of a particular point/number will be taken as neutral/general contentment. There is no need to comment on every single point
- However, we would encourage respondents to identify things they most strongly agree with, as well as things they wish to question. If respondents do not identify things they are in particularly strong agreement with, we will not be able to take those views into account when weighing against any responses which argue for a different approach
- Any general comments in addition to the specific numbered points is of course welcomed, and we are imagining that some respondents may wish to take the opportunity to flag where their own organisational interest may lie

In addition to receiving written comments, we are also planning two open webinars (Wed 18 and Mon 23 June, both 14.00-15.00) where we will talk through the approach outlined in the document and take (anonymously) any questions that there might be.

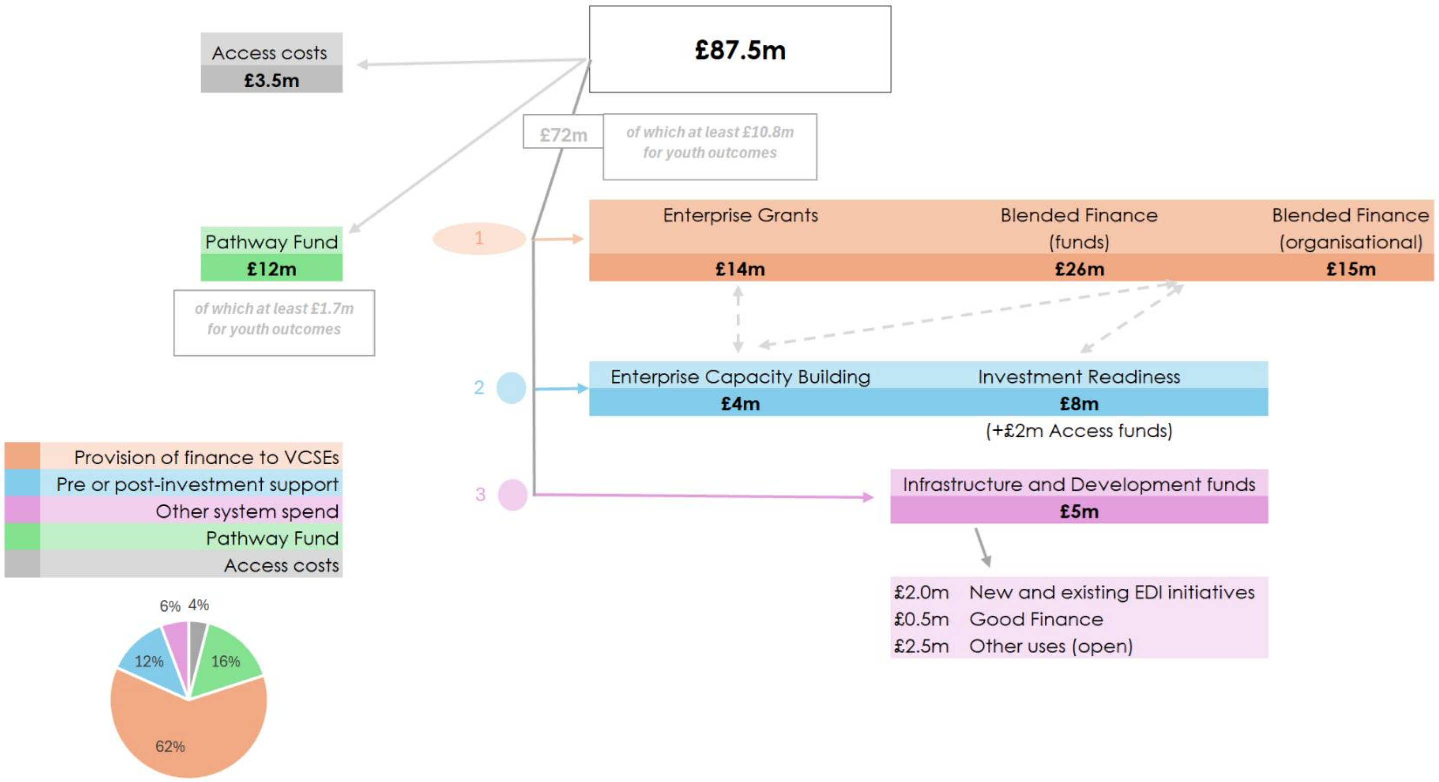
Finally we are open to individual conversations (on-line or in-person meetings, or phone calls) alongside or instead of a written response. We would welcome this from any type of respondent, whether a likely applicant for funding or not. Let us know if that is your preference, and we will facilitate this where possible, although if demand for this option is very high, we cannot guarantee being able to schedule a conversation in every case due to the small size of the Access team.

What will happen next

We expect this consultation period to run until **noon on 15 July 2025**, while we finalise arrangements for the release of the Dormant Asset funding to Access. By mid-late August we hope to:

- Publish a summary of the responses to the consultation, and our responses to those, outlining the rationale for any final decisions we have made
- Publish a final Investment Policy and Application Process
- Open the Application Process – at present proposed to be an open-ended/rolling process

What we plan to resource



Single pot approach

1.1 Although we identify above and in subsequent sections the different Areas of activity we expect to distribute funds into, we propose to operate a single £72m pot for applications rather than the individual programmatic approach we have had in the past. We have approximate target allocations for each of these different Areas (see 6.3-6.10 for further detail) but they wouldn't be fixed budgets.

1.2 We may however from time to time still want to pursue particular themes which might better lend themselves to a specific call for proposals. In these instances we may decide to set specific timescales for applications, and amend the process somewhat.

1.3 Other than any instances imagined in 1.2 there would therefore be a unified application process. Where applicants are interested in multiple Areas of activity (see next sections), the choice would be theirs as to whether to submit a combined proposal across all, or to submit multiple standalone proposals, perhaps at different times.

1.4 Given the limited resource available we know that we will not be able to do everything, to address every gap and need for subsidy, or to support all geographies/sectors. Given this, it might feel counter-intuitive for us to propose a more open process rather than narrowing our focus to specify limited activity priorities, but we feel it may have advantages.

1.5 Potential advantages that we see are:

- Partners should be able to submit more coherent and unified proposals which play to their own strengths and strategy
- Collectively we may be able to respond more quickly to changing market conditions and gaps, or to new opportunities
- New entrants may find it easier to see where they can play a role, compared to previous narrower approaches which may have felt exclusionary and designed for existing social investment sector players
- We hope to better join up the current silos of enterprise grants and blended finance, and enable new products to emerge where evidence shows they are needed
- We may avoid narrow programmatic silos of activity emerging which we struggle to join up later

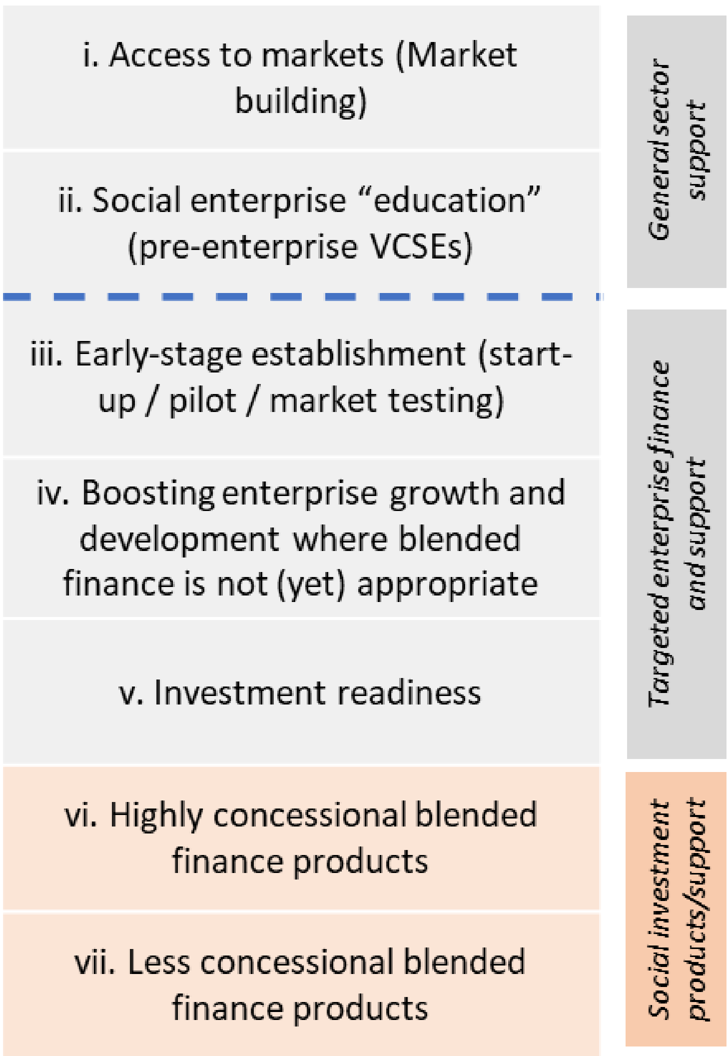
1.6 Potential drawbacks that we are aware of are as follows:

- Partners may feel less clear about what Access might see as priorities at different times, and therefore what would make a strong proposal
- Partners may find it less clear what parameters to put on their proposals, compared to previous programmatic approaches where we have provided certain guidelines, restrictions, and minimum/maximum limits etc
- It may be more difficult to compare and contrast (or benchmark) different proposals, given the likely variety of approaches
- There may be some danger of competitive and overlapping proposals, and a less coherent picture overall
- Despite the intention to be more inclusive, there may be a danger that the more open process feels more opaque and exclusionary

We will try to mitigate these as far as possible with our processes (see later section)

Area One – Provision of Finance to VCSEs

2.1 We wish to ensure that Dormant Asset finance can be used to facilitate a broader spectrum of enterprise growth needs for charities and social enterprises than it has in the past. The different points of intervention that we could be open to supporting are reflected in the diagram below, and the vast majority of such interventions will involve the provision of different types of finance to charities and social enterprises, as opposed to associated capacity-building support, which is set out in a later section.



As reflected in the section on capacity-building (Area Two, below), we don't imagine allowing subsidy to be used for non-finance interventions above the dotted blue line, except where it is essential to the delivery of unified market development proposals (e.g. sector, place)

2.2 This diagram is not intended to assume a linear enterprise journey and it is not assumed that organisations will need to be on a particular trajectory to receive support. Rather it is simply intended to ensure that more charities and social enterprises have access to the right finance for their needs at the right time for them

2.3 Access has an established track record of using Dormant Assets to support blended social investment solutions, and we have a strong evidence base to show that this has been working well. It also remains Access' core mission. Therefore, despite the broader spread of enterprise finance referenced in the diagram above, and as imagined in the Community Enterprise Growth Plan (CEGP), we intend that funds will still flow disproportionately to the bottom two categories (vi-vii), as reflected in the next section on allocations (see 6.8). We heard a clear overall steer on this point amongst partners throughout the consultation on the CEGP.

Enterprise Grants

2.4 Access is interested in extending the amount of ***enterprise grant-making*** in England, to complement the provision of repayable social investment. This is because we recognise that the business models of many organisations are too emergent, too uncertain or too risky to make strong repayable investment propositions. Providing investment in the form of non-repayable finance may be the answer in many such cases, and may also boost future investibility, although that outcome would not always be expected to be an explicit aim.

Enterprise Grant-Making

Defined in a [recent report](#) as:

> *"An approach which encourages and supports charities and social enterprises to increase or maintain their income from enterprise activities, including selling services or goods. This is largely through using funding conditions and/or incentives to encourage enterprise behaviour, often accompanied by capacity building."*

That report identified that only £2.6m p.a. of UK grants could be clearly identified as meeting this definition, though anything from £22m to £115m per annum could be identified as supporting enterprise activity in a wider sense

2.5 We would assume that any financial support for early-stage establishment (iii) and slightly later stage enterprise grant-making (iv) will be at the smaller end (perhaps £40k max per enterprise grant). For some purposes (eg testing a brand new enterprise idea) we might generally expect smaller still.

2.6 Any non-repayable or extremely ***concessional finance*** provided at these two stages (iii and iv) should still be seen as "investment". Awards should be assessed and approved with an ***investment mindset***. Finance can still be speculative and may be expected to be so, but the financial projections and the potential to grow revenues, build resilience and sustain impact should be assessed with equivalent rigour to a social investor considering providing a fully repayable product.

Concessional Finance

Financial products for VCSEs which are repayable, at least in part, but are on less than full market terms in some way. When we refer to "extremely" concessional, we would mean where there is highly patient and/or contingent repayment (eg "repayable grant") or where the amount repaid would be much less than the original amount of finance (eg a 50/50 grant/loan product)

Investment Mindset

Keeping in mind the same aspects of assessment that an investor would, such as:

- *the potential for growth in both income streams and social impact*
- *the extent to which the business model proposed is likely to sustain genuine profitability*
- *the extent to which the plans for growth are believable*
- *the extent to which the team behind the plan have the capacity and capability to deliver business growth*

2.7 Furthermore we would not expect to facilitate many, if any, enterprise grant products at stage (iv) if they are simple unrestricted revenue grants. Rather we would expect most to be in some way incentivised or directly linked to enterprise growth and performance.

2.8 As set out in a later section (3.11), the provision of grants for investment readiness support will continue to be managed through a separate process (Reach Fund) whereby a range of social investment organisations can refer charities and social enterprises into a single portal. It might be an option to extend this same approach to (earlier stage) enterprise grant and support provision, either replicating the approach in a separate structure, or unified within Reach Fund.

Such an approach might involve some or all enterprise grant provision being distributed through a central channel/funding partner, with other funders, social investors and/or support providers being able to signpost in potential applicants which they feel would be suitable for that type of support or funding (rather than repayable investment). This might have some of the advantages and efficiencies gained in the Reach Fund, but it could be at the expense of variety of product and providers. Access does **not** currently intend to do this but we welcome views.

2.9 If, as a result of this consultation, Access did decide to extend the principles and processes of the Reach Fund to the provision of enterprise grant-making, we ask for views as to whether this should be:

a) a single route through which all, or at least the vast majority, of such provision should be delivered, or

b) an option just for some, with other partners having the ability to deliver their own enterprise grant finance where they wish to do so, or

c) an alternative approach to that outlined above, which we may not have considered (please specify)

Blended Finance – Fund Investments

2.10 The key technical principles through which we will assess applications for subsidy for blended finance funds (in addition to strategic contribution and justification) are that it:

- Must be solving for a particular problem which would otherwise prevent the flow of investment (usually investee risk, product affordability or fund viability)
- Should be structured to be the amount needed to solve that problem(s) and to support fund manager viability (see 5.12 for a further statement on our aspirations for this), but not be significantly in excess of what is needed to achieve those things
- Must sit alongside other co-investment in fund construction, where that co-investment would not otherwise be able to serve charities and social enterprises without the presence of the subsidy

2.11 We expect to continue to deliver the majority of our blended finance subsidy into specifically modelled fund propositions (the alternative being set out in 2.15-2.18). Whilst in many cases we hope that awards could be broader, more unified and longer lasting than previous programme-by-programme disbursements (which have typically supported fixed deployment periods of around 2-3 years), we still expect to make awards against clear and agreed fund parameters.

2.12 In these cases we would continue to use the typology of Access grant (A-C) which existing partners will be familiar with. The table below outlines the main fund viability problems which subsidy typically solves. This list of potential fund problems to be addressed is not exhaustive, but subsidy solutions will usually still fall into one of these categories/types:

Problem	Subsidy solution	Type
Fund model will generate insufficient income to cover delivery fees, whether for the lead partner or any associated delivery partners	Grant to directly cover part of the scheduled operating costs (fund management fees or associated delivery costs*) of a fund. Access will continue to need to balance our desire to ensure that partners are building their businesses by being recompensed properly for their delivery, with our need to ensure fair and competitive fee structuring and compliance with ***Subsidy Control*** requirements (see 8.14)	A
Level of expected fund losses are too great or too uncertain to allow co-investors to invest capital in the expectation of capital preservation and a target return	Grant to be drawn and invested as repayable finance (usually blended together with other ***co-investment*** and invested collectively). The grant element will usually act as first loss coverage, so that fund defaults erode that element, ensuring that the fund accumulation which does occur is sufficient to meet repayments to other investors	B (i)
	Grant to be held back as a guarantee against investments being made with capital from other sources. Fulfilling broadly the same risk mitigation function as Grant type B(i) (loss coverage) but where grant is not directly blended and invested, but (for example) is drawn on wherever fund default levels will prevent the fund from being able to meet repayments to other investors	B (ii)
Products to charities and social enterprises will be unaffordable given their projected income growth and ability to repay	As per B(i) above, grant to be drawn and invested as repayable finance alongside other commercial capital but (given the zero cost of capital into a fund from the grant element, and the impact of reducing the risk to a co-investor) interest/ expected return rates can be kept lower than would otherwise need to be the case	B (i)
	Grant to be drawn and on-deployed to charities and social enterprises as the direct grant element of a blended product or alongside it in some way – usually to solve a gap between the organisation's need for capital, and its ability to repay.	C

** requests for coverage of associated fund costs (eg technical assistance, other infrastructure costs) would be considered to be a request for "Grant A" but would be assessed against the allocations and terms set out in different Areas (see Areas Two and Three below)*

Subsidy Control

Refers to the law (Subsidy Control Act 2022) which controls when, and to what extent, public money can be used to provide subsidy to a company or organisation to support the development of their business. Finance flowing from the Dormant Asset scheme is considered public money for this purpose.

Co-investment

*As set out later in 2.20-2.22, Access usually requires that its grant awards into funds will be matched with finance from other funders/capital investors. We might variously refer to this as **co-investment** or **co-funding**, and the matching money that our funding is helping to secure we will often refer to as **leverage**.*

2.13 We are open to proposals which request an ability to apply an award flexibly across grant types depending on developing circumstances. For example where an initial fund model predicts what amounts of different grant types will be needed, but where delivery over time proves that more of one type is actually needed and less of another. However we might expect to see strong processes, controls and track record of delivery in order to be able to support such requests. Any proposal which requests an ability to flex upwards the amount of subsidy that could be applied as Grant A is likely to lead to significant Subsidy Control scrutiny.

2.14 Other proposed uses of grant which for some reason do not fit neatly into the categorisations outlined in the table above will be considered but as with all proposals will need a strong explanation and justification.

Blended Finance – Organisational Investments

2.15 We are also open to considering more flexible and long-term investments into an organisation's overall social investment activity, rather than into a specific fund proposition. This might involve a larger single award to cover a range of uses, possibly directly onto the balance sheet of a partner rather than into a fund structure directly. However, we expect to do this in a relatively small number of cases.

2.16 Such investments (2.15) would be designed to underpin the longer-term resilience of a social investor, and would provide greater latitude in the planning, profiling and responsiveness of various aspects of future fund activity. Intended outcomes, parameters and co-investment would still be agreed at outset, but these might be less constrained by pre-existing fund structures and with more expectation of flexibility. In turn, Access might expect the opportunity – from time to time - to discuss with such partners how such flexibility might be used to meet any new needs or priorities that Access (or the wider market) might identify.

2.17 Whilst each case will be judged on its merits when this more flexible supply of subsidy is requested, we expect that those supported will strongly meet most or all of the following criteria:

- Demonstrable experience as a social investor
- Close alignment with Access' mission in all areas of the business to be invested in

- Strong track record of delivering in accordance with original projections and agreed mandates
- Strong track record of responsive communication and provision of management information

2.18 Although such investments would seek to maximise flexibility and longevity, as a registered charity and in utilising public funds, Access will operate within the principles of both charity law and Subsidy Control regulations. Entirely unrestricted grants are unlikely to be an option for the method of supplying such funding.

Expectations for all types of finance provision

2.19 Regardless of the type of provision, we would expect applicants to demonstrate how they will be integrated into the social investment ecosystem as a whole. This is not just about demonstrating an ability to provide finance with an "investment mindset" (as set out earlier in 2.6), but also about demonstrating a strong understanding of the rest of the social investment sector and connections with it. This might (for example) be demonstrated through partnership proposals/delivery methods, endorsement of a proposal from others in the market, or historic evidence of delivery.

2.20 Regardless of the type of finance provision to be offered, Access will not expect to be the only provider of funding. Co-financing will be expected in all cases - both for more enterprise grant-focused and more blended finance-focused proposals.

2.21 In the case of enterprise grant-focused activity we will aim for co-financing of at least £1 for every £1 of Access funding overall. We imagine that there may be more of a spread of approaches in terms of how co-financing comes about than is usually the case with blended finance proposals:

- Applicants may approach other funders themselves, as well as applying to Access
- Another funder wanting to effect change in their own market may approach Access to leverage their own funds and find a partner(s) to deliver an enterprise-grant making programme
- Access may approach another funder to try to leverage its funds directly

2.22 In previous Blended Finance programmes leverage on any individual fund supported has ranged widely from £0.65 to £6.33 of additional financing for every £ of Access grant, with an overall average of £1.42. These provide us with some historic benchmarks against which proposed co-financing in proposals will be viewed, and we will be hoping for at least £1.00 for every £ of Access grant in almost all proposals, and at least £1.50 for every £ overall across the whole £72m, but we will remain mindful of the range of different factors that dictate what is possible in any individual case.

Area Two – Provision of Support

(Technical Assistance, Capacity Building and Demand Development)

3.1 The Community Enterprise Growth Plan included an aspiration to boost the availability and coordination of non-finance activity which can support enterprise understanding and growth. Our understanding of the breadth of stages at which such activity can be applied is reflected by the diagram set alongside sections 2.1-2.2 above (set out as stages a-g). As such we see the value of such support both pre- and post-investment.

3.2 However the limited resource available at this time means that this is an area we expect to be able to support to a proportionally lesser extent than set out as the full aspiration for the CEGP.

3.3 As such we expect any activity in this area to be strongly integrated into the social investment sector as a whole and for any successful delivery partner to have a strong understanding of that market (as articulated in 2.19 above). This might be demonstrated by the direct integration of elements of capacity building into a broader proposal (ie activity also in Areas One and/or Three), or otherwise by strong practical links to other providers of finance and/or support elsewhere.

3.4 Experience and feedback has consistently confirmed to us that two key facets of impactful capacity building are (a) the building of financial literacy and stronger understanding of business models, and (b) opportunities for charities and social enterprises to connect and learn directly from their peers. We will be particularly interested in proposals that will deliver either or both of these elements.

3.5 Some partners have recently reported a need to support some charity and social enterprise leaders with personal support at critical points in the development of their organisations, whether related to personal circumstances restricting their ability to engage with business development, or related to personal strain and danger of burn-out. Such spend could be considered eligible under this strand, particularly for otherwise marginalised individuals, although if approved it might be expected to be on the basis of being very selectively applied rather than made widely available.

3.6 At this point we would expect at most a small proportion of the resource in this Area to support activity which is entirely standalone, and not integrated into a broader proposal covering another Area or Areas of activity.

3.7 Also we do not expect to support much "pre-enterprise start up" activity (ie stages (i) and (ii) in the diagram on page 11), and only within proposals with a strong need and justification for vertical, whole-market solutions (usually sectoral or place-based).

3.8 Additionally we imagine that any activity supported in this Area (whether integrated or standalone) is likely to be strongly targeted in order to deliver clear value for money in terms of either its efficiency, its support for underserved or underdeveloped parts of the market, or both. A successful proposal is likely to have demonstrated a clear gap, track record and an understanding of what works.

3.9 As with Provision of Finance activity (see 2.20), we expect in most if not all cases to see co-financing of activity in this Area, ideally at least £ for £ of any Access award. This may be another reason why it is more likely that such activity is likely to be part of an integrated solution than being standalone.

3.10 Where activity is funded in this Area we will also be keen to see how it can be applied in such a way that it helps to sustain and further build the market of social investment support providers. It is felt by many that this market is still patchy, underdeveloped and lacking in diversity, and whilst activity in this Area may be more modest than might have been originally imagined in the CEGP, it would be preferable to ensure that spend in this Area is designed in a way which can make some contribution to these issues (eg building stronger technical knowledge of social investment amongst advisors, improving connections between the network of social investors and advisors).

Investment Readiness

3.11 Financial support for investment readiness will be provided differently from other types of support, in that there will continue to be a single route for its general provision (***Reach Fund***). We have consistently heard that the Reach Fund operates very effectively for investors, investees and advisors alike, and have decided to continue with the same model, even though it may remain something of an outlier from the more unified (single pot) approach we are proposing to adopt in general.

Reach Fund

Reach Fund was Access's first grant fund, for investment readiness activity, launched in 2016. It has been managed for Access since inception by Social Investment Business, with an average grant size of £13k. Whilst applications for grants come in directly from charities and social enterprises, they can only apply in partnership with a social investor, registered as an "Access Point", which has declared a potential interest in investing in them

3.12 We would remain open to approaches requesting the ability to build investment readiness grants/support more directly into proposals that cover other Areas of activity, but we would expect strong justification for not utilising a system (Reach Fund) which has proven to deliver efficacy and value for money.

Area Three – Social Investment Infrastructure and Ecosystem Development

4.1 Access has always recognised the importance of a healthy ecosystem and infrastructure as a precondition of the delivery of our aspirations. In the first years of our life we funded the Connect Fund (delivered by Barrow Cadbury Trust) from our endowment, which supported a large number of local, regional and national projects which aimed to improve the connectivity or effectiveness of organisations and partnerships which acted to support the social investment sector in some way. Voluntary and community sector infrastructure is undervalued and underfunded, at both a local and national level, and Access was keen to support some of this vital work. However the scale of need and possibility far outweighed the resource we were able to make available. And we would expect that in the future the resource we put into such work will need to be even more targeted, funding the most strategically important interventions.

4.2 The CEGP identified that an element of Dormant Asset finance should now flow to activity which boosts the collective strength of the social investment ecosystem, and we will be open to supporting a (relatively small) number of key projects in the areas of:

- Data quality and standardisation
- Systems and Tools
- Learning and dissemination
- Equality, Diversity and Inclusion (EDI) activity
- Policy work
- Partnerships and Collaboration
- Research and Development

4.3 We expect to ringfence a modest amount of funding for the valued Good Finance website and its associated activity.

4.4 Beyond this ringfencing the remainder of finance in this Area will be available to support other key developments in the ecosystem.

4.5 We will consider both integrated projects (combined proposals also covering another Area or Areas of activity) and standalone projects. We imagine that integrated projects may be most appropriate where new capacity and infrastructure is needed to be built in order to deliver new approaches or reach.

4.6 We will consider both individual projects (which may primarily support the development and/or resilience of an individual partner) and collective projects (which may provide shared solutions intended to benefit multiple partners or the entire ecosystem). In both cases the justification for how activity will be in some way transformational and will contribute to our vision of the future ecosystem will need to be strong, but particularly so in the case of individual projects.

4.7 Projects claiming to provide benefits for multiple partners or the entire ecosystem will be expected to be able to demonstrate wider endorsement. We are interested in whether respondents to this consultation would see a role for the Social Investment Forum in endorsing or even approving certain types of projects under this Area.

4.8 Unlike with other Areas of spend we might not expect co-financing to be possible in all cases in this Area, however we will not wish to be the only funder in every situation and depending on the nature of a proposal this may be a consideration.

Parameters and areas of interest

Here we set out our initial thinking about parameters and priorities, which we intend to clarify in an Investment Policy before launching for applications. This will be a key section that should hopefully guide applicants more clearly on Access' overall priorities and help people to see whether and where they can contribute to our aspirations.

Definite parameters – Eligibility of Investees/Beneficiaries

5.1 Access operates an eligibility definition of charities and social enterprises (CSEs) that can benefit from the flow of Dormant Asset finance and this will not change, although we may update the language of the definition to provide further clarity. There are two key elements of eligibility:

5.2 Firstly CSEs should be based in England and their activity should be wholly directed to deliver impact in England. This can create grey areas with organisations who might deliver some benefit in other parts of the UK, and we would not intend for such organisations to be excluded where the vast majority of work and impact is in England.

5.3 Secondly CSEs should be primarily not-for-private-profit. Charities, CICs (of any type) and Community Benefit Societies are automatically eligible, but other companies must have in place as a minimum the equivalent mission and asset locks, and the dividend cap, of a CIC.

5.4 This second element of eligibility has created something of a grey area in relation to certain types of cooperatives (including Worker Co-ops and Stakeholder Co-ops). We intend to work with the cooperative movement to move towards greater clarity in this regard prior to publication of the final Investment Policy

Definite parameters – Other

5.5 Any application for an award under any Area will be required to explain how EDI (equity, diversity and inclusion) principles and issues of reach into underserved markets have been considered in design and planned delivery. Much progress has been made in this area already by many partners. Where specific solutions are proposed we will expect to see genuine action and progress, not just lip service, and this will lead to specific requirements or KPIs in some but not all cases. Access may wish to stay more closely up to date with partners on this than we have in the past, and we will be committed to providing help and support wherever we can.

5.6 Any application for an award will be required to demonstrate that it meets a principle of Additionality. This requirement is placed on Access and all other distributors of Dormant Assets and is intended to ensure that the flow of this precious source of finance does not displace funding that either was previously, or should be, provided by any other public body. Awards made with resources from the Dormant Assets scheme should be additional to statutory funding, not a replacement for it. We accept that this can be a difficult thing to demonstrate a counterfactual for, and we will work with partners to ensure a pragmatic joint understanding is reached about how this important principle is met.

5.7 There are other fixed requirements in addition to specific funded activity, which will be in place for any partner (for example in relation to their own processes), but these are outlined in a later section (Who we will fund).

Proposed parameters

5.8 Access has an aspiration to encourage growth in the amount of concessional finance available for social investment beyond Dormant Asset finance (whether into enterprise grant making or blended finance). This aspiration, coupled with the more limited resources available compared to the intentions of the CEGP, may mean that Access decides to widen Additionality considerations (see 5.6 above) to explore why Dormant Asset finance is a necessary source of funding compared to any other potential source, not just from public bodies

5.9 Access remains of the view that our mandate to grow reach and access to social investment means that our limited resource is likely to continue to be best applied in large part towards finance at the smaller end of the social investment market, and towards smaller charities and social enterprises. Our various programmes to date have supported charities and social enterprises with a median turnover of around £200k, with finance provided to them being of median sizes ranging between around £70k on our unsecured debt programmes to between £150k and £250k on other mixed programmes. We expect these metrics to remain broadly similar overall in the future, before taking inflation into account.

5.10 However we understand that investments of all types and sizes can face viability issues and need subsidy, most notably Community Asset projects, and we therefore do not intend to set any specific upper limit on what partners can propose to us to use an award to offer in terms of products. This is not to say that awards will be agreed that have unlimited product ranges - any application will still need to be clear about its own proposed range and maximum investment size.

5.11 Nevertheless we would not expect overall investment packages/products of £1m or more to make up more than a very small proportion of the overall portfolio of the deals that our finance has facilitated across the whole of our Dormant Asset spend.

Priorities and aspects of particular interest

5.12 In all of the awards we make to delivery partners we will be interested not only in the flow of finance or support that is being provided to charities and social enterprises but also in how the award is helping to support the development and resilience of the partner(s) themselves. We see our finance as "building", not just "buying".

5.13 We are open to supporting any type of financial product, and in all cases will expect to see clear market demand-based justification for whatever is proposed. However we remain particularly interested in products which have some of the following features:

- Small scale finance, including micro finance
- High risk but unsecured finance
- Finance which is patient and flexible, reflecting equity-like features
- Products which bridge the wide divide which persists between entirely non-repayable (grant) products and those that are fully (or almost fully) repayable.

5.14 We will remain committed to continually pushing ourselves and the social investment sector on reaching underserved communities and organisations. Although the breadth of different approaches needed means that we would not propose to have blanket targets or requirements, all proposals will be reviewed on the contribution they would make to this aspiration. Access intends to also continually improve our own understanding and evidence of where cold spots are, and our approach to assessing success in this area, to ensure that we are considering a broad range of indicators (eg rurality, cold spots in geographic or sectoral terms, alternative measures of deprivation, socio-economic background of leaders, intersectionality) alongside the metrics that partners will be familiar with Access mostly focusing on to date (diversity of leadership, Index of Multiple Deprivation).

5.15 Furthermore we remain interested in supporting initiatives which can demonstrate that they can go beyond surface issues of equalities and inclusion (representational) and tackle these issues at a more systemic level. This could include, for example, investing in organisations which aim to tackle the root causes of inequality (***equality transformative***, not just equality mitigating), and structures exploring and delivering participatory investing.

Equality Transformative

The Equality Impact Investing Project published a typology of equality impact investing aims (see p.32 of that document) in 2019. It draws a distinction between organisations which aim to address and ameliorate some of the effects of inequality (mitigating) with those who are actively trying to dismantle that inequality at a structural or policy level (transformative)

5.16 Access recognises the benefits that more localised social investment solutions can bring, having supported such solutions through both our general blended finance programmes and our Local Access programme. We therefore remain very open to supporting ***place-based approaches*** which build such local systemic capacity. However, with the limited resources available to us we would not expect to support a large number of such initiatives, and it should be acknowledged that there is not yet sufficient capital available in the market to sustain a widespread network. Any activity supported of this type is therefore likely to be limited and will expect some or all of the following features:

- Significant momentum and previous groundwork
- Strong multi-sector partnerships in place
- Availability of matching resource, ideally local public sector buy-in
- Ability to impact in a localised setting on gaps and underserved elements of the market (geographic cold spots, diverse communities, areas of high deprivation etc)
- Ability to deliver "end to end" solutions, drawing together local skills, access to markets and growth opportunities, and investment solutions

Place-based approaches

Access is conscious that this is a phrase that can mean different things in different contexts. Where we use this phrase we refer to activity that is focused on the variety and specificity of needs in a particular locality, and which is driven by and mainly led by people of that place. In terms of footprint, for our purposes a locality will be defined as a local authority area (or smaller), or at its widest as a combined authority area.

5.17 We remain welcoming of thematic and/or sectoral initiatives where these are proposed as we understand the value of social investment activity delivered by specialists who understand impact and business models in particular areas. We do not generally intend to solicit proposals in any particular area, and in general Access remains focused on ensuring the supply of finance and support wherever it is needed, rather than having specific impact aspirations. There are two specific exceptions to this however, outlined below (5.18-5.20)

5.18 As outlined in the government's Dormant Assets Strategy, the Social Investment spend area will ensure that at least £12.5m of our £87.5m spend reaches organisations that support youth outcomes. Access will therefore ask all applicants to identify the extent to which they expect to contribute towards these outcomes, and will closely monitor this over time, to ensure that we meet that requirement. Recognising that this is a broad theme and many interventions will support these outcomes we do not currently imagine addressing this through a discrete sub-programme. Rather we believe that increasing outcomes for young people will best be addressed through supporting partners from the single pot, some of which may be specialists targeting such outcomes, others which may be providing finance more generically but expect to support such groups within a broader portfolio. We are open to alternative suggestions on this approach however.

5.19 The second proposed exception is that we expect to encourage proposals within the area of green finance, specifically addressing nature-based markets, which Access feels is an area both currently underserved by subsidy (particularly at the smaller scale) and in need of a stronger social economy response. We would not assume however that this would represent a specific strand of programmatic activity and would expect to address this through the "single pot" approach. We have no fixed plans or timelines for this area at present and would welcome further conversations about what role Access can play here.

5.20 In addition to that focus on green finance, we will welcome proposals which can identify wider Just Transition contributions.

5.21 Finally, a note on "innovation". Access feels that the social investment market needs to continue to evolve and we hope that this next flow of Dormant Asset finance will support many new innovations, and address persistent gaps and new opportunities alike. However the social investment sector is also already delivering much that is efficient and of high quality, and proposals to continue provision which is demonstrably essential and working well will not in any way be penalised for a relative lack of innovation.

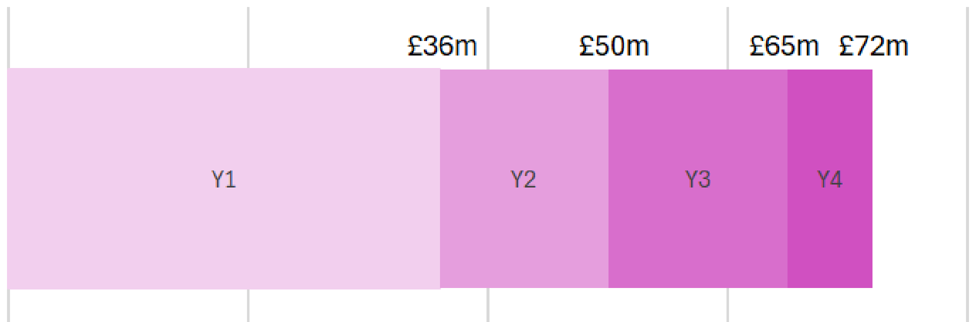
How we intend to allocate the available resource

Allocations over time

6.1 Resource will need to be available throughout the four year period to avoid an inability to support or extend initiatives that might be identified later on. Resource will therefore be staggered and allocations held back for each year in the period. As well as being necessary to ensure future opportunities are not lost, a further benefit should be that applicants could be reassured that resource will be available at the point they are ready and need it, rather than feeling the pressure to put together a proposal in haste and at the wrong time for fear of "missing out". We will however expect and encourage potential partners to come to us early to discuss a potential future application. This will help us to assess the nature of the future pipeline as we make initial allocations.

6.2 We do expect a greater level of demand early on, given the pent-up demand likely to have been generated by the delay in the confirmation of an allocation, and given also that slightly different uses of Dormant Asset finance are being proposed/allowed. However at the same time some of our partners have received awards of finance from the previous Dormant Assets scheme which are still live, and may not intend to apply until later years.

6.3 An approximate gradual commitment of resource that Access would propose to make over the four years is therefore:



- Anticipated up to 50% (£36m) committed by the end of the first year following launch
- Cumulative up to 70% (£50m) anticipated to be committed by the end of the second year
- Cumulative up to 90% (£65m) anticipated committed by the end of the third year
- Full allocation (£72m) committed by the end of the fourth year

6.4 Note that figures quoted would reflect the approvals and firm commitments made into funds or proposals, and do not necessarily reflect when finance will actually be drawn and then deployed by partners, which would be expected to be throughout the four years and (in many cases) beyond

6.5 This spread across years will also be (more loosely) applied in conjunction with the proposed allocation of resource by spend Area (see 6.7-6.10 below) – eg an anticipated amount of up to 50% of the allocation into each individual spend Area committed by the end of the first year

6.6 We particularly welcome views as to whether this approach to staggering commitments will be helpful to partners, to allow for real time planning, or whether it will lead to uncertainty and anxiety about "first come first served".

Allocations between Areas

6.7 Indicative allocations between the different spend Areas set out further above are proposed to be as follows (noting that these will be rough guidelines within the "single pot", not fixed allocations):

- £63m into Provision of Finance (Area One)
- £4m into Technical Assistance, Demand Development and Capacity Building (Area Two)
- £5m into Social Investment Infrastructure and Ecosystem Development (Area Three)

6.8 The £63m into Provision of Finance (Area One) would itself have indicative allocations of:

- £26m into specific blended finance funds and solutions delivering social investment products
- £15m into longer term and more flexible blended finance organisational investments
- £14m into non-blended finance (different types of Enterprise grants etc)
- £8m into Investment Readiness funding (NB budget in total to be £10m over four years, but £2m is already pre-funded by Access existing funds). A reminder here that this funding will largely be distributed differently and programmatically (see 3.11)

6.9 The £5m into Social Investment Infrastructure and Ecosystem Development would itself have indicative allocations of:

- £2.0m into new and existing EDI initiatives
- £0.5m into Good Finance (not open for general applications, see 4.3)
- The balance of up to £2.5m into a range of other uses in this Area

6.10 Across these various strands, Access will need to ensure that a minimum of £10.8m/15% of the £72m is used to support youth outcomes, as outlined in 5.18.

Other Allocation notes

6.11 In terms of allocations between different partners, we might not expect to make any awards under £250k (except in Area Three), nor any (in total to any one partner) over £10m. To give some further indication of typical sizes, in terms of awards that Access has made to date into specific fund activity, very few have been agreed at over £4m and thus far these have been considered very significant in our terms. Our average award in the period 2018-2023 was £1.8m, with a median of £1.5m. Whilst we are not fixed on any particular numbers at this point these historical figures may provide some helpful insight, although it should also be noted that we are aware that many of our previous award sizes have not been sufficient to build resilience in our partners, so these should not be considered benchmarks as such.

6.12 We are conscious of the potential for our limited resource to drive the social investment sector towards sub-scale initiatives, particularly in terms of fund viability. We will aim to balance achieving the correct scale in each case with a need for plurality of provision and equitable resourcing. In this context we would welcome and be encouraging of partnership proposals wherever these can achieve economies of delivery and avoid duplicating infrastructure whilst being beneficial to all partners involved

6.13 We do not propose to establish other indicative allocations in relation to other aspects, for example generic vs sectoral vs place-based solutions.

6.14 However given the emerging level of interest in new place-based social economy development and social investment funds, it may be worth setting out that we do not at this stage imagine being able to support new initiatives of this type with much more than around (in aggregate) 10% (£7.2m) of the available resource, across the various Areas of activity outlined. Please refer back to 5.16 for the further intentions we would have about targeting any such spend. Note that quoting this figure does not signal an intention to set aside any specific amount for, or definitely support any, such initiatives.

6.15 Similarly we do not have an indicative allocation in mind at this stage for any possible green finance programme solutions as outlined in 5.19.

Who we will fund

Types of organisations

7.1 We are open to working with delivery partners of any legal form. Those with a not-for-profit structure, particularly those with a mission which clearly relates to Access' own mission, may find it easier to demonstrate natural alignment with our aspirations, and may be more likely to receive awards with elements of flexibility built in. However, our assessment processes will not disadvantage for-profit providers. This does not represent any change from the way in which Access has operated to date.

Existing partners or new entrants?

7.2 We want and expect to see the social investment sector grow further, and we retain an aspiration to support the sector to keep filling gaps and developing new types of provision. We will therefore remain open to new entrants (whether new to social investment entirely, or just new as a partner to Access specifically) and we fully expect to support some further diversification of supply in the coming years.

7.3 However this needs to be balanced against the fact that the social investment sector currently has a reasonable diversity of suppliers but a lack of available capital (both concessional and commercial), and many existing providers are sub-scale and/or not yet fully resilient. Over time, growth in the supplier base will need to be matched by a growth in capital supply (and also some growth in demand).

7.4 We therefore would expect the majority of our resource to flow to organisations already with substantial track record in the wider social investment sector.

7.5 Those without substantial prior track record in social investment should be aware that the limited amount of Dormant Asset funds flowing to Access, coupled with the relatively open and "single pot" approach we are hoping to take, leads us to expect that we may have significant competition for available resources. Those who are successful will generally be those who can demonstrate that they understand and can occupy an important niche (perhaps targeting a still underserved market) in the existing social investment ecosystem.

Expectations on partners and proposals

7.6 All applicants to Access will need to demonstrate a commitment to Equality, Diversity and Inclusion (EDI) within their own organisations. If an applicant is not already a signatory to the Diversity Forum Manifesto at the point of application, signing up will be a condition of approval and will need to be actioned before any Grant Agreement (or similar) is signed. We will also expect that the commitment is a commitment to evidencing ongoing action and progress, not just to being a signatory!

7.7 Similarly all applicants will need to set out their approach to ensuring that provision is as inclusive as possible and, wherever appropriate, that it will achieve reach into underserved parts of the market. In most cases we would expect to agree an approach which includes at least some targets/KPIs.

7.8 Specifically in the case of racial equity, the existence of Pathway and potential new intermediaries does not mean that Access and its partners will cease striving for reach and diversity through our own flows of resources.

7.9 Given the expected high competition for resources, applicants should understand that, if approved, they will be held to key aspects of their proposed solution/ approach. Access wishes to remain a flexible and understanding funder, particularly during times of ongoing uncertainty, and with regard to certain elements partners can expect some flexibility. However, to be fair to all applicants, fundamental changes to mandate, approach or financials may not be possible post-approval. We will therefore expect, and reiterate in guidance at the time, that proposals should be evidence-based and realistic, and should contain key deliverables that partners will be happy to be held to.

7.10 We will be happy to continue receiving either singular or collaborative/ partnership proposals and as outlined in 6.12 we do see an increasingly important role for partnership proposals. Where proposals are submitted in partnership, the lead partner should be aware that we will expect to have direct contact (before and after any approval) with all partners involved.

7.11 Partners will be strongly encouraged to contribute to the overall health of the ecosystem in a variety of ways, engaging in peer activity such as the Social Investment Forum or Access's own Partner Network Meetings, participating in relevant evaluation and learning activity (Access aims to co-design and co-manage this with partners), and also committing to transparency and open-source sharing wherever possible.

7.12 All partners will need to support Access in its collection of high-quality beneficiary data. Access relies on its partners to provide timely and accurate reporting data in a standardised form which we can then aggregate and transparently publish. This data submission cycle happens quarterly, with partners having a month following the end of a quarter to make a monitoring submission. Applicants should be aware of this requirement.

7.13 All applicants will need to demonstrate an ability to comply with the Subsidy Control Act 2022.

7.14 All applicants will need to demonstrate high standards in relation to bullying, harassment and safeguarding protections, both internally and in their scrutiny of beneficiaries.

How we will progress applications and make decisions

Proposed Application Stages

8.1 Access aspires to work quite differently with partners in the future (see 8.5-8.7 below) compared to our approach in the past. We would expect to have early, regular and honest conversations with potential applicants about their plans and about what aspects of their work are likely to be most aligned with Access' strategy. Therefore while we set out some different types of application immediately below, we would not expect applicants to necessarily progress through the first three types in ordered stages, and many will decide or be encouraged to skip stages.

8.2 We propose four formal types of application to our Investment Committee:

- **Initial enquiry**. A brief outline of a concept
- **Stage 1**. A relatively short application covering market demand, proposed solution, track record and key financials
- **Stage 2**. A longer application covering the same areas but in more detail/with more evidence, and addressing any gaps identified in an earlier submission Accompanied also by a suitable financial model (where appropriate)
- **Top-ups**. A more straightforward process for existing approved schemes (whether from the 2024-2028 allocation or previous Access programme approvals) facing high demand who wish to seek additional resource to extend broadly similar activity

8.3 The purpose of the stages is to allow for feedback and to ensure that applicants have a chance to get an indication of likely support or rejection before undertaking too much work. We expect that the vast majority of proposals (80-90%+) invited by the Investment Committee to submit a Stage 2 application will ultimately be successful.

8.4 We have heard from partners in the past that the development of proposals which piece together finance from Access with capital available from elsewhere can be time-consuming and costly, particularly in navigating and aligning different requirements. We recognise the extent of the work that we are asking applicants to undertake, particularly if in conjunction with some co-development activity with Access (see immediately below). Therefore we will be open to providing development grants to go towards the costs of putting proposals together. These would normally only be expected to be available to those invited by the Investment Committee to prepare a Stage 2 proposal, and would be expected to be limited to a maximum of 1% of the eventual anticipated award.

Co-Development Approach

8.5 As outlined further in the next section (How we want to work with partners) we will aspire to closer, more flexible and more trusting relationships with our partners. We propose to take more of a "co-development" approach with applicants as they work up proposals. This would involve our staff team working more closely with partners and is aimed to ensure that we better understand the strategic aspirations of applicants, and enable the development of proposals which play more to the strengths of partners whilst still finding alignment with the aspirations of the CEGP.

8.6 This proposed approach could happen during any or all of the four stages outlined above, but would not necessarily be applied in every single case, and would not be imposed on applicants if they were not welcoming of it.

8.7 We know that this kind of approach by funders can be implemented well, or can be done badly. We are talking to others with experience in this area to ensure that we achieve the former. We would welcome receiving examples of good practice from respondents.

Decision Making

8.8 All successful proposals will need to demonstrate how they will contribute to the aspirations set out in Access' 2025-2028 strategy (see also Appendix) and where the applicant feels they fit in our future vision for the ecosystem (see page 2). Beyond this fundamental requirement some of the other aspects of a proposal are set out in 8.13.

8.9 All final decisions relating to Dormant Asset finance will be made by Access's investment committee. Details of the committee's current membership are available on our website here.

8.10 Deadline dates for submission of proposals (ahead of each Investment Committee) will be provided, and will be the last date on which Access will be able to assess and process a proposal for that particular meeting. However, we will encourage early conversations with the staff team and early sharing of drafts. Proposals which arrive unannounced on the deadline and/or are felt to need further work before being submitted to the Committee are likely to be held back for a later meeting.

8.11 We understand that putting together complex proposals with multiple funding partners is difficult and can sometimes require rapid consideration and response, and at other times can be subject to delays. We will endeavour to be as flexible and responsive as possible as a result, and may be able to arrange for consideration and decisions between formal Committee meetings in some circumstances.

8.12 In relation to co-financing in particular, we know that sometimes our finance needs to be committed first in order to secure other investment, so that at each stage it may be difficult for partners to demonstrate clear commitments. We will not expect all co-investment to be in place in order to make a decision ourselves, even at Stage 2. Depending on the stage of application we will expect a different level of progress update in relation to co-financing. When published, the Investment Policy will provide further guidance about this.

8.13 The final Investment Policy will set out the indicators that all proposals will be assessed against. This is not set yet, but is likely to include the features below. As proposals will be of very different types from each other, not all assessment criteria will be applicable in every case.

- Existing track record/impact, and the strength of evidence supporting this
- Contribution to/alignment with social investment ecosystem
- Efficiency of delivery methods
- Market/demand development potential
- Contribution that the award would make to the resilience/strategy of applicant(s)
- Level of leverage/co-investment
- Contribution to priorities and aspects of particular interest (see 5.12-5.20 above)
- How EDI (equity, diversity and inclusion) principles and issues of reach into underserved markets have been considered in design and planned delivery (see 5.5 above)

8.14 Value for money will be assessed in a variety of ways, relating to both the above indicators and also the costs/fees that an application builds in for themselves and any partner(s). Access is keen that all partners are paid properly for the vital work that they do, and that our awards are building resilience in the market, as well as delivering beneficiary outcomes. However costs will need to be reasonable in order to avoid Subsidy Control issues, and Access will need to reassure itself that costs/fees are assessed and benchmarked as competitive (or if that cannot be ascertained, that costs are full cost recovery only). As a charity itself, Access will particularly scrutinise the potential for any private benefit, to ensure that any such benefit is reasonable and/or incidental. We will continue to develop benchmarks throughout the application processes, building on metrics that we already have from previous competitive programme rounds, to assist with such assessments.

How we want to work with partners

Trust and Flexibility

9.1 We will continue to aspire to be a funder that operates on principles of trust and flexibility. We see ourselves as a conduit for expert partners delivering high-quality products and services, and intend as far as possible to avoid placing burdens and restrictions that will get in the way of those partners doing their jobs. This is how we have traditionally seen our role and we hope to move further in that direction.

9.2 We therefore aim to take a relationship-based approach which allows for dialogue at all stages from application through to delivery through to learning and evaluation. Given that delivery in many cases will span several years, we should expect that things will need to change and adapt and we intend to be open to this, through a discursive approach.

9.3 However there will always be fundamental restrictions which flow either from the nature of Dormant Asset funding, or from the strategic aspirations of the Community Enterprise Growth Plan and the related ways in which partners have set out a clear contribution to those. We aim to consistently be as clear as possible about the things that are most important to us to be delivered against versus those where we will be more content to see adaptation, and to strive to improve our legal processes to provide a better balance of protection of our mandate versus flexibility for our partners.

9.4 We know that none of this is as easy as it sounds, and are very conscious of the power imbalance that inevitably remains between funder and applicant. We would hope that all partners will recognise our aspirations in this regard and will feel able to challenge us if they think we are falling short. We aim to put in place processes that will enable partners to feel comfortable to do this.

Potential for ***residual funds***

9.5 As a key role of Access is to provide investment into funds or activities with no expectation of return to us (our grant is often to cover risk of losses), there is usually some potential for excess returns to build up in blended finance funds, meaning that with the benefit of hindsight Access grant may have been provided to a greater extent than strictly needed to have delivered a viable proposition.

Residual funds

It is always unpredictable how investment funds will perform. Sometimes a fund will return insufficient income to repay investors what they are expecting in full. If a fund overperforms it may cover all of its costs and repay all of its investors their maximum return, and still have fund income left over. We refer to this as "residual funds" and sometimes as "residual grant".

9.6 We expect and accept this, though the potential for this to occur will be discussed with partners and assessed. Where there is high potential for very significant funds to recycle or be residual, we will expect to be clear what the benefit of this will be and what the justification is for the amount of Access grant.

9.7 In most if not all cases we will expect to provide for partners to be allowed to automatically retain and repurpose any residual funds, with some limited restrictions as follows.

9.8 All retained funds will remain with a requirement to utilise them in accordance with Access's (broad) charitable objects. For partners which are not-for-profit and with a mission very closely aligned to Access this may be the only restriction.

9.9 Partners which are for-profit will have further restrictions to avoid more than incidental private benefit from accruing from the further use of residual funds.

9.10 Partners which have broader missions which are not in all aspects fully aligned with Access's mission will be required to further restrict residual funds for further relevant social investment activity (usually broadly defined).

Communication

9.11 We aim to be as accessible and responsive as possible to all of our partners, equally. In due course we may look to publish targeted response times, but our aim will always be to exceed expectations in this regard.

9.12 We aim to provide partners with a single key point of contact within Access, regardless of how many different funds or projects we are working on together. Whilst things inevitably do sometimes change over time, our aim is to provide as much consistency in the key contact relationship as we can.

9.13 We aim to provide maximum clarity and transparency in all of our communications with all partners, recognising that this is not always as simple as it sounds, when dealing with often complex and rapidly changing situations.

9.14 Again we would hope that partners will feel able to challenge us wherever they feel that our aspirations in relation to communication and relationship management is falling short.

Support

9.15 Access aspires to remain a small team to ensure that as little of the Dormant Asset funding is absorbed by our role as possible, and the maximum benefit flows to our partners and then onto charities and social enterprises. We also see our partners as the experts in what they do, not Access. We therefore do not usually presume that we would be a source of advice or guidance to our partners, however we are willing to provide that if partners ever feel that we can assist.

9.16 We do however recognise that we hold a convening power that individual partners and investors may not, and this is a responsibility that we take seriously. We will continue to look for opportunities to connect and convene to support collective learning and market development opportunities.

9.16 We are also mindful that one area where partners can look to Access for a lead is in helping to facilitate conversations with possible co-investors. In this next phase we intend to invest in our own capacity and connections in this regard, and hope to be able to be more effective in this area of support than we have been to date. We welcome further views about how we could best go about this.

GLOSSARY

Asset lock	A legal mechanism whereby the assets of an organisation are restricted for a particular purpose and cannot be applied for private gain
Blended Finance/ Blended Social Investment	Refers to where different sources of capital combine together in a single fund, usually a mix of concessional capital and private (commercial) capital
Capacity-building	A type of Technical Assistance, usually at the "pre-investment" stage. Builds the capability of an organisation to grow and take on more finance
Capital	Money that is invested into a fund, usually with an expectation of that money coming back along with a financial return
CIC	Community Interest Company. A legal structure option for a social enterprise. Comes with an asset lock restriction
Co-investment/ Co-financing	See description box under section 2.12
Commitment	Used to refer to where Access has fully approved a grant to a partner/fund manager
Community Benefit Society	A not-for-profit legal structure based on cooperative principles of one-member-one-vote. Is the structure usually used for raising money through community shares
Concessional capital	A type of capital invested into a fund where the provider is not necessarily expecting a market return. Sometimes may not be repayable at all
DCMS	Department of Culture Media and Sport (responsible for overseeing the Dormant Asset scheme)
Enterprise Grants	See description box under section 2.4
Incentivised (Grants)	A type of enterprise grant which positively incentivises the organisation receiving it to work hard to grow the proposed income streams. An example of this type of grant making is Match Trading
Investment Readiness	Being ready with a credible plan and structure to take on social investment. Can apply both to an investment proposal and the organisation behind it.
Just Transition	A transition to a sustainable economy which is fair to all communities and workers
Leverage	The amount of co-investment secured by a fund or scheme alongside each £ of Access grant
Micro Finance	Very small scale finance, usually in the form of loans, and typically used to start up new small businesses. In Access' terms we would consider investment of less than £20,000 to be micro finance
Participatory Investing	A process whereby those likely to be affected by investment (organisations seeking finance and the communities served) are involved in decisions about who is approved for investment and who isn't
Place-based	See description box under section 5.16
Social Investor	An organisation which provides repayable investment to charities and social enterprises

Technical Assistance (TA)	Non-financial support (such as consultancy, legal or technical advice) which helps an organisation to be stronger and better placed to take on investment and/or pay it back. Might be provided at different stages, pre-investment, during the investment process, or post-investment
Trust-based	An approach to grant making which aims to address the traditional power imbalances of funding structures, by providing more flexible grants and building relationships with grantees based on transparency, dialogue and mutual learning
Underserved	Organisations or communities which have traditionally not received a proportionate share of the social investment that has been delivered
Wholesaler	A funder who doesn't provide money directly to charities and social enterprises, but provides finance into funds that do

Appendix – from Access Strategy (2025-2028) – our **Theory of Change**