

Policy paper

# Government Response to Danny Kruger MP's Report: 'Levelling Up Our Communities: Proposals for a New Social Covenant'

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## Ministerial Foreward

In June 2020, the Prime Minister commissioned Danny Kruger MP - now the Parliamentary Private Secretary to the Secretary of State for the Department of Levelling Up, Housing and Communities - to develop proposals to sustain the monumental community response to COVID-19 and set out how civil society can contribute to levelling up. We welcome Mr Kruger's ['Levelling Up Our Communities: Proposals for a New Social Covenant'](#) report and recommendations which provide a significant contribution to our thinking on the role of civil society in relation to levelling up. We've carefully considered the recommendations and we are already making progress on the majority of the 20 principal recommendations. This government response is published alongside the Levelling Up White Paper which sets out the government's wider approach to driving levelling up.

We are grateful for the vital work of civil society in the national effort against COVID-19. We have seen the significant power of the voluntary sector in supporting people in their local communities, complementing the delivery of public services. This support from the voluntary sector has demonstrated the values of generosity, public spirit and neighbourliness through difficult times. To ensure that charities, social enterprises and other civil society organisations were able to continue their vital work during the pandemic and beyond, the government announced a £750 million package of support for Britain's civil society sector in 2020. This package of support ensured that charities, social enterprises and other civil society organisations were

able to continue their vital work during the coronavirus pandemic and beyond.

Mr Kruger set out his ambition that the government would facilitate an open conversation with volunteers, charities, businesses, local councils and others as we move forward. We are fully committed to open conversations with these groups to explore what we have learned from the COVID-19 pandemic, and to also understand pre-existing community challenges.

The Prime Minister and I want to thank the many individuals and groups involved in the consultation process for their contributions. Mr Kruger and his team received over five hundred written submissions and conducted dozens of online conversations with the civil society sector, all of which have informed his report.

Civil society has a huge role to play in levelling up our communities. I look forward to working with charities, social enterprises, faith groups and other civil society organisations to realise this potential and identify ways to improve outcomes in deprived areas.

Nigel Huddleston MP

**Minister for Sport, Tourism, Heritage and Civil Society**

# Power

## Recommendation 1

New official measures to understand and track the economic and social contribution of civil society.

### Government response

Government recognises that there is an important role for civil society in levelling up. Data to fully track and understand the economic, social and wellbeing value of civil society - and its activities - is central to our ability to advance this role for the benefit of our communities and civil society itself.

Our efforts to understand the sector over the course of the COVID-19 pandemic have highlighted the need for more robust, timely and detailed data to monitor the sector's health and resilience. Going forward, this data is vital to our efforts to pre-empt opportunities and challenges to sector health and resilience.

The Department for Digital, Culture, Media & Sport (DCMS) is undertaking a project to improve evidence and data. We are working with the sector to explore how to accurately estimate the economic, social and wellbeing contribution of non-profit activity. DCMS will work with the Office for National Statistics (ONS) to bring together economic data on the value of the social economy - a civil society 'satellite account' - so that our estimates more fully reflect the scope of the sector. We also recognise the importance of social value and work is underway to explore a framework to measure the social value of the sector.

## Recommendation 2

Comprehensive and comparable data from government and civil society about what funding goes where, and what outcomes are delivered.

## **Government response**

We agree that government and civil society would benefit from better data. One aim of DCMS's data and evidence improvement project, set out above, is to help government, and partners outside government, to use improved intelligence to deliver positive outcomes for communities.

Enabling civil society to play a major role in levelling up all parts of the country will require a much clearer understanding of 'who is doing what and where', alongside a fuller picture of the issues facing civil society in different communities. In support of this, DCMS is supporting the Charity Commission to revise how charities are classified and displayed on the charity register, focussing in particular on what charities deliver and how they deliver it.

At present, data about the sector is held by multiple departments. In line with our [National Data Strategy](#), the government is committed to improving the sharing and linkage of data between departments in order to develop a deeper and more comprehensive view of the work being done by civil society.

By working with a range of government departments, sector stakeholders and public sector partners, we are developing routes to support long term improvements and intelligence across the sector, and exploring options to close any remaining data gaps.

## **Recommendation 3**

Negotiation with Big Tech firms to finance and co-design new, non-proprietary digital infrastructure for communities.

Big Tech should be persuaded to provide, for free, the wiring of our social infrastructure.

## **Government response**

We understand that data can create a greater understanding of disparities in our society, and inform more targeted policy interventions. Better access to data means that organisations have more evidence to inform and evaluate decisions, as well as to learn more about the environments in which they operate.

Government is committed to unlocking the power of data as set out in the National Data Strategy. To ensure that a diverse range of perspectives continue to inform the implementation of the strategy, we have created a new [National Data Strategy Forum](#) with the aim to unlock the power of data for all.

We recognise the opportunity for a broad range of industry stakeholders to work with government to overcome the data challenges mentioned in the Kruger report. Government is committed to collaborating across sectors to explore what more can be done collaboratively to support participation in the data economy, and harness the power of data to support all parts of the UK to level up, in particular through positive civil society outcomes. Conversations should not stop at data sharing, and must also explore wider opportunities to put in place the data infrastructure of the future.

## Recommendation 4

A new commitment to ‘social value’ commissioning, considering the whole of government accounts rather than a single budget. Government should legislate that the whole purpose of public spending is to deliver value for society.

### Government response

Government is committed to the strengthening of social value commissioning within the public sector.

The public sector spends around £290 billion per year and the government wants to send a clear message to public sector commercial teams that this must both support government priorities and achieve broader social value. To achieve this, central government must explicitly evaluate social value in all procurement using the [Social Value Model](#) with effect from January 2021.

In addition, from June 2021 contracting authorities must consider three national strategic priorities for public procurement, alongside local priorities, within their procurement activity as set out in the [National Procurement Policy Statement](#). These are:

- creating new businesses, new jobs and new skills
- tackling climate change and reducing waste

- improving supplier diversity, innovation and resilience

Furthermore, the government proposes taking a broad view of value for money to include the improvement of social welfare or wellbeing, this is captured in the “[Transforming Public Procurement](#)” green paper, and reflected in changes to Her Majesty’s Treasury’s Green Book.

As government is using policy mechanisms and the Transforming Public Procurement Bill to ensure that public spending delivers wider value for society, we will not be introducing direct legislation.

## **Recommendation 5**

A Community Power Act, creating the ‘Community Right to Serve’ by which community groups can challenge for a role in the design and delivery of public services.

### **Government response**

Government Response We welcome the aims of this recommendation. Local community organisations and town and parish councils often have a close understanding of what their communities require and can design and deliver services which best meet those needs. Citizen involvement in the design and delivery of local services can create new thinking and new solutions to local challenges. The government is committed to making sure that communities have a greater say in the decisions that matter most to them in their local area, including in how local services are delivered.

The Levelling Up White Paper outlines the government’s plan for community empowerment including a commitment to pilot new models for community partnership that can help make local power a reality. Government will pilot new models for partnerships to empower local people to shape the place they live, influence local services and take control of community spaces. Government will learn through experimentation and doing, rigorously evaluating the impact of these pilots. If successful, these initiatives could be scaled nationally.

One model the Government will test is Community Covenants. This would be an agreement between councils, public bodies and the communities they serve. They will undertake an evaluation of local

community life and needs, set out key local priorities to meet these needs, and then co-create a shared approach to address local challenges, enhance places and improve public services. A Covenant approach would see local authorities and communities work together to take a holistic look at the health of local civic and community life, set out a driving ambition for their area, and share power and resources to achieve this.

The UK Government will now begin testing with partners in local government and civil society to design an approach with a view to embedding evaluation in order to inform a future scalable approach.

## **Recommendation 6**

Community Improvement Districts or ‘pop-up parishes’ with time-limited freedoms and flexibilities to deliver community-led change.

### **Government response**

The government is committed to supporting communities to have the power to shape their local area and to work together to improve their neighbourhoods. Throughout the pandemic, we have seen the capacity of community-led action demonstrated like never before.

The Levelling Up White Paper outlines the UK Government’s plans to support the strengthening of local institutions and empower local communities to organise and build local structures and businesses. This includes removing barriers to community organisation, reviewing the neighbourhood governance needed to help community leadership take root and thrive, including the role and functions of parish councils.

We will consider what can be done to make it easier for local people and community bodies to come together to set local priorities. This will include a further exploration of the models of pop-up parishes and community improvement districts which have been recommended by the Kruger Review.

## Recommendation 7

A new national institution to help local places and organisations improve performance and exercise greater responsibility; and to build an index of social infrastructure that can inform both national and local policy making

### Government response

As set out above, government is currently undertaking a project to improve data and evidence, which will increase transparency for charities and social enterprises. We recognise the importance of appropriate evidence to target local community-led intervention and believe research at a hyper local level will be central to informing policy work within levelling up areas including on volunteering and social infrastructure.

We will outline what we know about what works to help communities get stronger, so that communities and the organisations that support them can make informed decisions about where to focus their efforts. DCMS will partner with the Department for Levelling Up, Housing and Communities (DLUHC) to shape this work.

## Recommendation 8

A Volunteer Passport system to match the supply of and demand for volunteers, with options to: join a new National Volunteer Reserve to help with future emergencies and with environmental projects; deliver ongoing mutual aid to people in crisis; fulfil formal public service roles such as magistrates or charity trustees

### Government response

Government believes that volunteering is critical to a vibrant and resilient civil society: it provides opportunities for civic participation, fosters a sense of belonging and builds pride in place. The government is targeting barriers to volunteering through the Volunteering Futures Fund, which launched in November 2021. The £7m fund will pilot creative solutions to remove barriers to volunteering and improve accessibility in arts, culture, sports, civil society, youth and heritage sectors. The fund will help a diverse range

of people access the benefits that volunteering can bring. There will be a strong focus on young people, those experiencing loneliness, those with disabilities and those from ethnic minority backgrounds. We expect the outcomes of the Volunteering Futures Fund will help us to understand whether broader system infrastructure changes are needed.

DCMS is also funding the Voluntary and Community Sector Emergencies Partnership (VCSEP) to coordinate the voluntary sector's COVID-19 response and preparedness for other emergencies. This partnership will help ensure volunteers are deployed appropriately from over 200 organisations in future emergencies.

DCMS research shows there is limited need or demand from the VCSE sector for a national volunteering passport system. It found that many organisations had reservations about the value of a national passport, suggesting this would not be a solution to current barriers to volunteering such as work commitments, caring commitments, and people doing other things in their spare time.

A national passport system would also duplicate aspects of other systems already in place. For example, the [DBS Update Service](#) already enables people to take their DBS checks from one volunteer role to another. In addition, place-based “passporting” systems are being developed by some healthcare organisations in the North West of England. This approach ensures that the passport works for all organisations in a local area, something a national one-size-fits all system would not.

We recognise that there are a number of promising VCSE led pilots for youth-specific Volunteer Passports, including the Youth Card. Government will remain close to the development of these initiatives. We also regularly engage with the devolved administrations, the VCSE sector, and wider civil society, such as universities, as part of our work to continually improve our understanding of volunteering and the voluntary sector more generally, helping to identify where government can make the most meaningful, value-for-money, and impactful interventions.

# People

## Recommendation 9

Service opportunities for young people, funded through the Kickstart programme, to work on a variety of social and environmental projects (including youth card proposals and future of NCS)

### Government response

The National Citizen Service (NCS) Trust, a DCMS Arm's Length Body, is currently piloting a 'Year of Service' programme. This is an employability initiative offering young people a nine to 12 month paid service placement in the UK's local communities wherever the need is greatest (for example, delivering COVID-19 vaccinations, helping pupils catch up on missed education or tackling climate change through home insulation).

The pilot of this new programme has supported almost 300 young people into socially impactful jobs. The pilot has drawn funding from the government's Kickstart programme to contribute to wages for six months of the placement. As of the end of January 2022, 278 young people had started roles through the programme. DCMS and NCS Trust will use the evidence around impact and value for money when considering further policy options.

## Recommendation 10

A new deal with faith communities, by which government supports a greater role for faith groups in meeting social challenges.

### Government response

The government recognises the significant contribution of faith groups and the increase in scale and innovation of their work during the pandemic and beyond. On 9 September 2021, the government announced the Faith New Deal Pilot Fund. Funding is available through a competitive grant programme for faith groups working on community projects in collaboration with local agencies

and philanthropy. The fund aims to strengthen engagement between faith groups, national and local government through supporting faith-based initiatives addressing social issues. The fund will serve as a statement of intent to work constructively with faith groups and its delivery will inform a 'Faith Compact' to encourage national and local government to look for opportunities to partner with faith groups. Innovation is a key criterion for applications and each applicant will need to demonstrate they are innovative within their partnerships, new projects and/or expansion to pre-existing projects. The pilot will help determine how the future plans for the Faith New Deal will evolve. In addition, Colin Bloom, the independent Faith Engagement Adviser, has been appointed to lead a review into how the government should engage with faith groups in England. We look forward to seeing his recommendations on how we can further enhance government engagement with our faith groups.

## Recommendation 11

An annual 'Neighbour Day' bank holiday to celebrate communities' work together; and greater use of the honours system to recognise the work of communities as well as individuals.

### Government response

Government agrees that the Honours system, [The Queen's Award for Voluntary Service](#) (recognising local volunteer groups) and [Points of Light](#) (a daily award recognising individual volunteers) are appropriate ways to recognise exceptional contributions by volunteers to their local communities. The teams who deliver these awards already work closely with other government departments to seek out local heroes across all policy areas and communities.

The Queen's Award was adapted in 2021 this year, recognising groups that responded to COVID-19 and outstanding community responses to the pandemic. Following this success, proposals are under consideration for celebrating the Platinum Jubilee through the award in order to provide extra recognition for outstanding volunteering.

The Honours System works closely with stakeholders, other government departments and communities to honour individuals and organisations that make exceptional contributions to society.

Recognising over 2,000 people each year who go above and beyond for their community. This includes recognising individuals, charities and groups who deliver meaningful change locally in tackling crime, supporting their community, improving the local environment and delivering integration. The Prime Minister prioritises reflecting the extraordinary contributions made across every part of the UK, with a focus on parts of the country that are often overlooked. Therefore, the Government will continue to encourage nominations from underrepresented areas across the United Kingdom.

While we appreciate the importance of celebrating communities working together, we do not have any plans to introduce a new annual 'Neighbour Day' bank holiday.

## Places

### Recommendation 12

Planning rules to promote the creation of social capital through good design, the recognition of the need for gathering places, and community ownership of public assets.

#### Government response

We agree that planning has a role to play in creating social capital through good design and in the need for gathering places. However, as planning specifically refers to the way in which land is used, it is not the most appropriate tool to secure community ownership of assets. The Levelling Up White Paper commits to working with partners to co-develop a strategy to empower communities in disadvantaged places. The strategy will set clear policies to restore social capital, and empower communities to take control of the future of their neighbourhood, including by identifying the facilities and support that is most important to them.

DLUHC has recently announced measures which set a vision for a planning system that puts beautiful, high quality and life-enhancing places at its heart. To support local authorities to ensure that local area design is based on genuine community involvement and considers local context, DLUHC published the [National Model Design Code](#). Alongside this, the [National Planning Policy Framework](#) sets out that local authorities should plan positively for the provision and use of shared spaces and community facilities.. Local authorities should also guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs.

The government has set an expectation that councils produce local design codes to shape the design of new neighbourhoods to meet communities' aspirations; widen the accessibility of neighbourhood planning, encourage more accessible hybrid models for planning committees in England; and look to pilot the radical empowerment of communities in planning. The ability to have a meaningful say on individual planning applications will be retained, and the Government will explore ways this can be improved through the use of digital technologies.

The government has made available £34.5m of support for neighbourhood planning groups and aims to increase the take up of neighbourhood planning in urban and deprived areas. This includes providing communities in these areas with direct additional support for neighbourhood planning, increasing the grant available to neighbourhood planning groups in urban and deprived areas from £10,000 to £18,000 and giving them increased access to additional technical planning support packages. We are committed to retaining neighbourhood plans in the reformed planning system, and propose that they will play an important role in bringing forward design guides and codes to ensure development reflects the needs of communities.

The government recognises that community ownership of assets can boost local connections, participation and pride of place, and bolster community resilience. In July 2021, the £150m [Community Ownership Fund](#) opened for applications. Through the fund, the government is supporting communities across the United Kingdom to own and manage the local facilities, community assets and amenities that are most important to them. Community groups can bid for up to £250,000 of matched-funding to help them buy or take over local community

assets or amenities at risk of being lost, to run as community-owned businesses. In exceptional cases, up to £1m of matched-funding is available to help establish a community-owned sports club or help buy a sports ground at risk of loss to the community.

The government will enhance the offer in the Community Ownership Fund, learning lessons from the first bidding round, considering how to build capacity in communities to develop sustainable businesses, and targeting this to maximise the impact of the fund. The government will also consider how the existing Community Asset Transfer and Asset of Community Value Schemes can be enhanced, and consult on options to further support community ownership.

## **Recommendation 13**

Policy to support independent social infrastructure, including professional ‘connectors’ charged with linking local services together, and physical hubs to co-locate services and enable gathering.

### **Government response**

The Levelling Up White Paper sets out our plans to develop a new Strategy for Community Spaces & Relationships. We will engage and collaborate with communities, local government and civil society to co-develop the strategy. It will bring together new and existing policies and programmes from across government and civil society to focus on how we can collectively strengthen the community and neighbourhood infrastructure needed to build social capital and enable all neighbourhoods to thrive.

Supporting families and children across the country to get the best start in life is crucial to the government’s ambition to level up. As part of this the government has committed to championing family hubs. Family hubs bring together local services for children of all ages, with a great Start for Life offer at their core.

In October 2021, the Treasury announced a further £82m for Family Hubs in addition to the £39.5m already committed. This was accompanied by £200m to expand the Supporting Families programme, as part of a wider £500m package of support to deliver more early help for families. This will see DLUHC working closely with the Department for Education (DfE) and the Department of Health and

Social Care (DHSC) to deliver early help to even more families and prevent high-cost statutory interventions such as children going into care. This collaborative work is underpinned by the cross-government Shared Outcomes Fund that tests innovative ways of working across the public sector to address complex policy challenges.

The body of the Kruger Report recommends that the government considers further investment in Community Organisers. We have a long history of supporting Community Organisers, having funded the training of over 10,000 during the past two spending review periods. There is now a well established network of Community Organisers. The programme covers a £4.5 million investment for local partnerships to develop social action approaches that address issues and priorities which matter to people in their community. We will continue to support some networks of Community Organisers through the Place-Based Social Action programme. In line with the direction of the department following its strategic review, we will not be funding further expansion of this but will ensure that past investment is leveraged in future policy development.

## **Recommendation 14**

A new focus on the modern local library, often community-managed, delivering business start-up support and digital inclusion for local communities.

### **Government response**

The government recognises that libraries are vibrant community hubs, providing digital access and business support. We continue to champion the vital role of libraries in our communities and library services' contribution across government and to key partner organisations; working closely with Arts Council England as the development agency for libraries and with Libraries Connected, the sector support body.

We are pleased that the Kruger report supported the [Libraries Deliver: Ambition](#) recommendation that public service commissioners should think “libraries first” when commissioning local services. This encourages those running public services to regard libraries as their first choice when considering how to deliver information and services into communities. For example, libraries have a long-standing role in

supporting digital inclusion. This has been highlighted during COVID-19 when exemptions under national restrictions recognised libraries as an essential local service. This meant the public continued to have access to digital resources; and that library staff and volunteers were designated as critical workers delivering essential services. DCMS will continue to work across government to explore further opportunities for libraries to support wider digital inclusion initiatives.

We also recognise and support libraries' role in building greater prosperity. The government has invested £13 million to expand the British Library's Business and Intellectual Property Centre (BIPC) network. There are now 20 regional centres, and over 90 local centres, bringing high quality business support to even more communities. The [2019 evaluation of BIPCs](#) found that of users who went on to start a new business, 55% were women, 31% from a black, Asian or ethnic minority background and 17% had a disability.

Libraries use volunteers to support their services. There are nearly four times as many volunteers as there are full-time staff in the sector. We believe that the involvement of volunteers in supporting paid staff in running public libraries can be valuable in building upon available services and ensuring close collaboration between public libraries and the community. However, we would like to see councils investing in their library networks, employing skilled and experienced staff, rather than moving to provision focussed on volunteer-run community managed libraries.

The Kruger report suggests a Libraries Commissioner to build on the previous work of the Libraries Taskforce, and champion the role of the library in local communities. Given the work already underway with sector bodies as detailed above we do not consider that a Libraries Commissioner role is required at this point.

## **Recommendation 15**

Policy to make it easier to start and run a charity, and create a modern version of the local Council for Voluntary Service (CVS)

The government is committed to removing unnecessary red tape for charities, whilst maintaining important safeguards. We are currently taking forward recommendations by the Law Commission to streamline the regulatory framework through the May 2021 Charities

Bill. The Bill, prepared by the Law Commission, makes a number of de-regulatory simplifications for charities looking to restructure, as part of recovery from the pandemic.

There is little evidence to show that there are significant barriers to starting a charity. There are already over 170,000 registered charities in England and Wales and in 2019/20, the Charity Commission received over 8,300 applications to register a new charity. Establishing a charity is relatively straightforward, and there is no charge for registering with the Charity Commission. We recognise that working with an existing charity can be a more effective way of helping people than setting up a new one, for example, by ensuring similar charities are not competing for limited resources.

We acknowledge the role of local civil society infrastructure organisations like the Council for Voluntary Services. As announced in the Levelling Up White Paper, the government will develop a Strategy for Community Spaces and Relationships. This will consider how to build strong local support systems, including the representative community leadership and the institutions that support front line civil society groups.

## **Recommendation 16**

A 'match trade' scheme to support social enterprises, which play a crucial role in economic and social development in disadvantaged communities.

### **Government response**

The government is committed to developing the innovative and impactful work of social enterprises across the UK. Social enterprises have played a significant role in the national effort against coronavirus, from supporting community health services to helping young people into work. Social enterprises have an outstanding track record of employing local people, particularly those who may have struggled to get or hold down a job, and of keeping their profits in the local community.

As referenced in the Levelling Up White Paper, the Government will consider how best to encourage social organisations and entrepreneurship to flourish in left-behind places across the UK,

building on existing support, building evidence on what social enterprises need to do to thrive in disadvantaged places, and encouraging the next generation of social entrepreneurs. The option for a 'match trade' scheme - grant funding that matches an increase in trading income pound-for-pound - will be further explored, more specifically how it could be deployed in disadvantaged places.

Government continues to collaborate with internal and external partners on how to grow the social investment market and help encourage those VCSE organisations that are able to take on repayable finance to do so, in turn enabling them to become more sustainable and resilient. Government will continue to work with partners to broaden this market and test innovative models.

## **Recommendation 17**

Options to boost philanthropy, including civic crowdfunding, and social investment.

### **Government response**

We agree that the UK is well-placed to be a global leader on philanthropy and social investment. The UK has a strong wealth management sector, trusted regulation, and unique incentives. Government's support for commercial organisations and social investors has the potential to create a world-leading environment that maximises the flow of capital into the UK.

We agree there is potential in unlocking further capital from retail, private and institutional investors to support inclusive and sustainable economic growth. To drive this, DCMS is a cornerstone funder of the Impact Investing Institute, which works to accelerate the growth and effectiveness of the impact investing market. Focusing on unlocking the potential for institutional investors to explore place-based impact investing, the Institute is partnering with DCMS on its [Place-Based Impact Investing](#) programme. The programme has gained traction among other types of major investors, including Lloyds Banking Group, who are working with the Institute to explore how UK financial institutions can apply a place-based lens to investment and their role in promoting regional regeneration.

Whilst not all proposals from the report are being implemented at this time, there is scope for further innovation, and so the government continues to consider opportunities for philanthropy, civic crowdfunding and social investment to play a greater role in delivering levelling up.

## **Recommendation 18**

A new £500m Community Recovery Fund, financed by the allocation of the dormant National Fund, for charities and community groups supporting the transition from the 'response' to the 'recovery' phase.

### **Government response**

The High Court has determined that the National Fund be applied in reduction of the National Debt through a cy prè scheme. The National Fund's original charitable purpose of entirely paying off the National Debt cannot realistically be achieved. Under charity law, where a charity's purpose cannot be met, it can be varied by the Charity Commission or the court under a cy prè scheme to a similar charitable purpose, taking into account the original donor's intentions.

In this case, the Attorney General argued that the National Fund should be paid towards the National Debt, as being the closest purpose to Fund's original purpose, and taking into account the donor's original intention. The High Court considered the arguments and published its decision in January 2022, concluding that it was appropriate for the National Fund to be applied in reduction of the National Debt in accordance with the cy-près scheme put forward by the Attorney General.

## **Recommendation 19**

Consult on the use of the £2bn+ which will shortly be available from new dormant assets

### **Government response**

We agree that dormant assets are a unique form of public money, and that their use should be properly consulted on with the public. Our industry stakeholders estimate that £880 million could be unlocked for

good causes over the course of several years through the scheme's expansion. This will be achieved through the Dormant Assets Bill, which is currently making its way through Parliament. Additionally, the Bill introduces a measure that, if passed, will enable us to launch a full public consultation on the social or environmental focus of the English portion of the funds, which could be as soon as this summer.

As the Kruger report recognises, the current beneficiaries of the scheme - young people, financial inclusion and social investment - remain critical priorities for the government, but we will welcome views on this from the public and industry participants.

The scheme will continue to reserve a proportion of the dormant assets it receives in order to protect rightful owners' ability to reclaim the amount owed to them at any time.

## **Recommendation 20**

Review the National Lottery Community Fund, which is now 25 years old, with a view to a more local and community-led distribution model.

### **Government response**

The government supports the National Lottery Community Fund's focus on supporting local organisations and levelling up the country by building stronger communities, and will renew the policy directions of the Fund in 2022 to ensure this work continues.

The Fund is the largest single funder of the charity sector. It funds activity in every parliamentary constituency in the UK and 90% of council wards. It is a key funder of local social infrastructure, funding over 1,000 community centres or physical spaces over the past three years. The Fund prioritises communities that need levelling up, with the majority of funding going to UK communities in the lowest 30% in terms of their social capital. Over the last five years, 86% of grants from the Fund's own funding were up to £10,000, making it accessible to local organisations of all sizes.

We expect to consult publicly on new government policy directions for the National Lottery Community Fund in 2022, to explore how to bring an even sharper focus on investments in the places and people most in need.