



Development Trusts NI (DTNI)
Response to NI Assembly Finance Committee – 16th May 2024

FAO Peter Hall on behalf of the NI Assembly Finance Committee

Peter. Below for your consideration and presentation to the NI Assembly Finance Committee.

Your correspondence on behalf of the Finance Committee notes.

'The Committee is seeking the views of stakeholders on the application of the Budget envelope, including the Centrally Held and various 'earmarked' items. The Committee is keen to receive stakeholders' comments on the strategic direction the Executive has taken regarding the Budget, ... and ... its implications and impacts,'.

Our comments can be read generally in response to the strategic direction the Executive has taken including our consideration going forward in the immediate term and in availing of emerging opportunities through in-year funding allocations.

1. Summary

1.1: The Minister for Finance notes the resource DEL provided by the Treasury is £14.5b, ... after funding existing departmental baselines, and providing funding for earmarked items, the Executive had some £958 million available for allocation to general departmental pressures.

- *DTNI believes that the Department of Finance should utilise its powers to determine how some of this resource can be made available to deliver a community wealth building approach to economic development in NI. This includes addressing the **development support** requirements that VCSE organisations face in respect of long term sustainability and progress towards financial autonomy.*

1.2: The Capital DEL stands at £2.1b, with £238.2 earmarked for projects that will support the construction industry, unlock economic benefits inc. City Growth Deals & Peace Plus match funding. £1.76 billion has been provided to departments as a general allocation within which individual Ministers may prioritise their spending.

- *DTNI believes that the Department of Finance should set aside a dedicated **capital fund** for civic organisations from the general allocation made available to government departments. DoF should take account of the needs of VCSE organisations as illustrated by the degree of interest and return to the sector from the Community Ownership Fund in NI.*

- The department should also reflect on how the £28m allocation of round 3 Levelling Up funding for NI might be repurposed to meet the capital needs of civic organisations within the lifetime of the Assembly’s mandate.

1.3: In addition, departments have been provided with £40.9m of Financial Transactions Capital with £21.3 million FTC available to allocate. This funding may only be used or loans to, or equity investment in, private sector entities. All departments are asked to consider proposals to utilise the funding available.

- *DTNI believe that the Department of Finance should direct the central government departments of Communities and Economy and the Executive Office to make FTC, (equity and loans) available under the terms of its use to voluntary, community and social enterprise organisations.*
Qualification on ‘private sector entities’ is needed to ensure FTC applicability for VCSE organisations.

1.4: Considering the Department of Finance budget as set out by Minister Archibald we consider there is scope within the allocations proposed (DEL Resource & Capital) to support strategic investment in the work of civic organisations (voluntary, community and social enterprises (charities and community businesses)) working across Northern Ireland (NI).

1.5: Three financial interventions are necessary to advance the sustainable development of the voluntary, community and social enterprise sector in NI and to sustain and enhance its service functions which in turn assist in the delivery of the Programme for Government. These are.

- 1) A **Development Fund** (to strengthen capacity and capability)
- 2) A **Revenue Fund** (to facilitate service delivery and financial autonomy)
- 3) A **Capital Fund** (to develop the physical infrastructure of civic organisations)

2. Community Wealth Building

2.1: In terms of critical policy response and investment we refer you to DTNI’s [Next Steps in Community Wealth Building](#) (CWB), its five key [CWB reports](#) and the report of the Independent Panel on Community Wealth Building [‘Recommendations to advance Community Wealth Building in Northern Ireland’](#). The detail outlined in the respective reports and in the draft CWB paper on [‘Capacity and Capability: Skills, Knowledge and Learning’](#) present the evidence in support of the three financial interventions.

2.2: We request that the committee make note of the recommendations from the independent panel. In developing an enabling infrastructure for long term community wealth building in NI it states.

Create, staff, and resource a cross-departmental CWB Unit within the Northern Ireland Executive to promote, embed, and coordinate CWB across government.

2.3: This enabling infrastructure will support delivery of CWB as an explicit goal of the next programme for government. A CWB unit needs to be purposefully resourced to deliver its agenda and to work across the Executive and all government departments. Specifically, a CWB Unit requires access to decision making within both the Department of Finance which has the power to mandate other departments to specific policy agendas and the Department for the Economy which holds the policy levers to rewire the economy.

2.4: The CWB Unit would in turn, convene and invest in an independent civic ‘Delivering Change Unit’, which would.

- Design and guide the preparation of CWB Action Plans for key public anchor institutions and in each of Northern Ireland’s eleven local council areas.
- Support a more planned approach to local investment and economic development, and over the long term ensure that the economic development remit of local councils is aligned with a CWB approach.
- Provide awareness-raising and capacity building across local government, arms-length bodies, public companies, and the third sector.
- Provide technical implementation expertise in all five pillars of CWB practice.
- Encourage promotion, replication, and scaling of best practice in CWB, both domestic and international.

2.5: Building wealth across NI and in local communities is a development priority for DTNI as the network for community development trusts and for local community anchor organisations working across our cities, towns, villages and rural communities.

2.6: The IAP on CWB sets out 26 key recommendations. The following should be considered by the Finance Committee and the Department of Finance.

Rec 2. Establish a CWB/social enterprise fund

Rec 3. Review and realign existing financial levers to support the social economy

Rec 6. Experiment with spatial interventions within an area-based framework

Rec 7. Explore the potential for a public investment bank as an intermediary for social and green lending

Rec 8. Establish a CWB Pilot Programme Fund

Rec 9. Conduct an audit of underutilised financial instruments and repurpose them for CWB ends

Rec 10. Strengthen the role of community finance as a key partner to distribute and diversify funding and financing away from government

Rec 14. Put the Real Living Wage on a statutory basis

Rec 18. Develop a capital and revenue-based funding programme to support asset transfer

Rec 19. Develop a dedicated programme on Community-led Housing

The IAP CWB report states that these recommendations, and DTNI concurs.

‘... present a mix of both “quick wins”—things that are actionable in the short term for immediate benefit, while inspiring and showing the art of the possible— as well as bold forward thinking to position Northern Ireland, with all of its assets and potential, as a leader in Community Wealth Building and an international model for delivering an equitable and resilient economy...’.

3. Community Ownership

3.1: We ask that the Finance Committee reflect on the operation of the Department for Levelling Up, Housing and Communities 'Community Ownership Fund' in NI. For the purposes of this response and the figures below, we are working on averages and assumptions and the approach taken by the Commission on Community Ownership in its report '[Unleashing Community Ownership](#)'.

- To date, 31 organisations have been offered a total of £8.1m to 31 in NI, giving an average allocation per project of £261,290 **capital investment support**.
- Assuming all projects availed of the revenue grant available (£50,000) where applicants sought the average amount of funding (£250,000), then a further £1,550,000m has been made available as **revenue investment support** to VCSE organisations.
- If we consider the pre-application support made available through DTNI as the lead **development investment support** provider in NI (not counting for the support of the Architectural Heritage Fund) at on average 8 days per organisation for 40 groups roughly £200,000 of professional development support has been made available.

3.2: In addition to the above there have been an estimated 120 expressions of interest¹ to date. Assuming all of these were supported to submit a business case for investment at the NI average² there is a possible ask for £31,354,800. Representing 80% of the capital ask a further £6,270,960 would be needed as match funding at 20%.

3.3: DTNI has supported 41 projects to date, averaging 30 per annum. There are – at the time of writing³ – 17 projects being assessed for possible investment with a further 4 being supported at present to submit a business case in the final call.

3.4: Our more conservative estimates suggest that a 5 year NI COF programme would require investment to target support for a further 112 projects, serving targets of 21, 28, 28, 21, 14 years 1 to 5. Assuming we cap the average amount being asked and maintain the 80/20 investment/match split from the current programme, an NI COF would require.

- **Capital** **£28,000,000 (80%) & £5,600,000 (20%)**
- **Revenue** **£5,600,000**
- **Development** **£500,000**

3.5: We consider there is a need for a capital and revenue investment fund in the region of £40m to meet a possible pipeline of projects going forward. If the NI Executive is to pick up where COF leaves off and deliver support through to the end of the current mandate then a programme fund of £16m will be needed, excluding partner management and delivery costs.

3.6: There is no provision within the department of finance budget which recognises the continued need for this form of investment. It does however speak to continued earmarked commitments including those associated with the City and Region Deals which have not unfortunately directly benefitted social sector organisations. Levelling Up funding provided additional sub-regional investment opportunity for local communities, but the complex application criteria meant that this was primarily availed of by local government.

¹ Conservative estimate

² Many projects come in under £250,000 and are for a mixture of asset purchase and small capital refurbishment works. However, many applications come in at circa £1,000,000 and the application to COF is only part of a wider capital investment requirement. Several are in the millions.

³ 19th May 2024

3.7: DTNI recommends that the Finance Committee take account of the **capital, revenue and development** support needs within the VCSE sector and recommend that the Minister looks again at her budget proposal to consider how this need might be met.

3.8: The Department for Finance needs to recognise and respond to this level of demand and outline how this can be addressed within the current budget envelope. Outside of Peace Plus, and Dormant Assets which we understand still has not been given a policy direction, there is little existing investment available. Though we note that many of the earmarked investments, such as for sports infrastructure picks up on some of the demand that DTNI has been seeing through COF from green field sports groups.

3.9: The recent report of the Commission on Community Ownership, 'Unleashing Community Ownership' presents a series of generic recommendations that are directly relevant to the interest and experience of communities across NI in Community Ownership. The report speaks to the untapped potential of community ownership and its contribution to public service, place based renewal and economic development. This includes.

- A. **Increase community access to assets** and make the process of acquisition (private and public assets) simpler. The department has a direct responsibility in this regard as its executive agency Land and Property Services stewards the public estate. The department can legislate and introduce a community rights and empowerment act to advance this pillar of CWB, the socially just use of land and property assets. To facilitate this agenda the department of finance should.
- B. Support **communities to acquire assets** by, reshaping the Westminster Community Ownership Fund to better reflect the unique circumstances in NI including earmarking funding for areas of higher need. Utilise the remaining mandate of the NI Assembly to maintain interest and build momentum generated by the DLUHC COF and design an NI successor fund utilising the flex within the existing budget presented to do so.
- C. Move to a **place-based funding model**, which we believe is actively being considered as a policy and programme response to Neighbourhood Renewal. Place-based or spatial investment should align across government departments and utilising resource and capital budgets to deliver social and economic change. This includes maximising investments held specifically for sub-sectors where communities operate such as health & social care, music, sport and heritage. It also necessitates consideration to mandate new lending providers including in an NI context the Irish League and Ulster Federation of Credit Unions as well as the British Business Bank and new means to incentivise private capital (Social Investment Tax Relief and Enterprise Investment Scheme). The finance pillar on CWB should be read as a complement to the recommendations from Unleashing Community Ownership.
- D. Seek to **maximise the incremental benefits of public funding**. That is seeing public funding as the base level investment and exploring layering other sources of public, quasi-public and private capital to maximise the funding available to support and deliver community ownership.

Capital DEL.

Communities:	Capital. 133.4
	FTC. 29.8
Economy:	Capital. 221.9
	FTC. 3.7
NIE:	Capital. 10.5
	FTC. 7.3

Departmental Total:	Capital DEL.	£2,087.4
	FTC.	£40.9

Resource DEL.

Communities:	Resource. £714.7
Economy:	Resource. £761.1
NIE:	Resource. £81.8

Departmental Total: Resource. £14,440