

DSC Consultation Submission

Dormant Assets

October 2022

Jay Kennedy

Director of Policy and Research

Directory of Social Change

1 Old Hall Street

Liverpool

07989 187 537

What are Dormant Assets?

Dormant assets are financial assets like money in bank accounts, stocks and shares in companies, pension funds, or even insurance policies, whose owners (or heirs) have not claimed them or are unknown. [UK legislation passed in 2008 set up a scheme](#) whereby the financial services industry could channel funds trapped in dormant bank accounts to support social causes, distributed by the National Lottery Community Fund. In the years since, this has provided nearly a billion pounds to charities, social enterprises and community groups, whilst safeguarding the rights of the original owners in case they eventually turn up.

After years of policy development, new [legislation passed this year expands the scheme](#) beyond bank accounts, to include other types of financial assets. Potentially this could unlock a further £880m of funding. All beneficiaries of dormant assets funding need to be social or environmental causes.

Why is this consultation important?

The original legislation which created the scheme specified youth, financial inclusion and social investment as the areas to receive support. After passing the new Act, the government is reviewing these areas and considering whether to add to or change them. Following much campaigning during the passage of the Act last year, the government agreed to consult on the way assets are distributed prior to making decisions. This consultation closes on 9 October 2022.

Over 600 organisations, including DSC, are part of the Community Wealth Fund Alliance, which wants to see the new tranche of funding used to support a Community Wealth Fund. This would be ‘an independent endowment, designed and distributed to provide support and funding to reinvigorate social infrastructure in ‘left behind’ neighbourhoods’.

Key to the Community Wealth Fund idea is that funding is long-term (10-15 years), supports neighbourhoods that need the most support, and is community-led. During the passage of the 2022 Act, the Alliance campaigned to include the Community Wealth Fund as an option in this consultation. Note that this consultation applies to England only, as devolved administrations have other schemes set up to use their portions of dormant assets funding.

Especially at a time when communities, charities and the people they serve are facing so many challenges, it’s important to take full advantage of opportunities like this which have been years in the making. [Have your say here – it only takes a few minutes](#). Please do it today! The [Alliance has also put together guidance to help](#).

Below we reproduce DSC’s responses to the consultation, which we submitted online.

DSC’s interest in the consultation

The Directory of Social Change has a vision of an independent voluntary sector at the heart of social change. We believe that the activities of charities and other voluntary organisations

are crucial to the health of our society. Through our publications, courses and conferences, we come in contact with thousands of organisations each year. The majority are small to medium-sized, rely on volunteers and are constantly struggling to maintain and improve the services they provide. DSC has a long track record of policy work and research on funding for the voluntary sector and has responded to several past consultations on dormant assets.

DSC's response to consultation questions

The online consultation asks questions about the causes currently benefiting from the scheme and asks for input about new causes that should potentially benefit. DSC responded to the following questions in the consultation, which are repeated below along with our answers for reference. Please note we have not reproduced all the questions submitted on the form (hence the question numbering will be out of sequence).

Section 3: Social Investment

Q18. To what extent do you agree or disagree with the following statement?

“Social investment wholesalers should remain a cause of the Dormant Assets Scheme in England”

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree*

Q19. Please explain the reasons for the answer you have given.

An inordinate amount of funding has already been channeled into the development of the social investment market via this scheme. It has created a complex array of institutions, programmes and products that require expensive overheads to maintain. Only recently has the focus shifted to where it should have been in the first place, on making funding more accessible (as with Access) rather than on inventing new investment types with little practical application. If the market is not pump primed for these types of investments so far, when will it be? How much more capital needs to be put in, to achieve what?

Section 4: Community Wealth Fund

Q20. To what extent do you agree or disagree with the following statement?

“Community wealth funds should become a cause of the Dormant Assets Scheme in England”.

- Strongly agree*
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Q21. Please explain the reasons for the answer you have given.

The next tranche of Dormant Assets funding needs to be used to give people more control over what happens in their areas. Community Wealth Funds are a great way to make that possible by putting capital - whether financial or asset-based - in the hands of people who can determine their own priorities and make their own decisions. That kind of opportunity is sorely needed, and often absent, in our society today.

The long-term approach is the right one, and a necessary counter-balance to the short-term nature of much funding from central and local government. Crucially, Community Wealth Fund funding should be light-touch from centralised policy makers and government Ministers - it needs to genuinely put control in the hands of people, not be determined by government departments or the policy agenda of particular governments.

DSC believes that endowing local grant-making organisations can be a great way to empower local voluntary action and that this should be fully considered in how community wealth funds are set up.

Section 6: Public Sector Equality Duty

Q31. Do you have any comments about the potential positive and/or negative impacts that the options on the broad purposes of the Dormant Assets Scheme in England outlined in this consultation may have on individuals with a protected characteristic under the Equality Act 2010?

Q32. Please explain what you think these impacts (both positive and/or negative) would be.

As the pandemic showed, there is a clear need both for funding to tackle many types of inequality and to redress the lack of access to funding that marginalised groups face. However, other respondents will be more expert in making the case for how this should be done.

Q33. In your view, is there anything that could be done to mitigate any negative impacts?

By including a Community Wealth Fund as one of the recipient causes for funds, this has the potential to mitigate negative impacts, but it depends on how the scheme is designed, how funds are distributed, and where.

Further comment on scheme criteria

One of the 'essential criteria' listed by the government in this consultation is that any potential causes to receive support will have the 'Ability to align with key government policy priorities, including securing voluntary industry support. We disagree that government policy priorities should be a key criterion. Government policy will shift between and within administrations. The strength of the Community Wealth Fund option is that it potentially

gives power to people to make their own decisions and improve their own areas, rather than having to work within parameters, policies and definitions set by central government.

Further information and links

Learn more about the Community Wealth Fund:

[Briefing from the Community Wealth Fund Alliance](#)

A simple guide from the Community Wealth Fund Alliance:

[Guide-to-completing-the-consultation-questionnaire.pdf \(communitywealthfund.org.uk\)](#)

Online version of the consultation:

[Consultation on the English portion of dormant assets funding - GOV.UK \(www.gov.uk\)](#)

Download a document version of the consultation:

[Dormant Assets Spend Consultation - Questionnaire.odt \(live.com\)](#)