



Department for
Digital, Culture,
Media & Sport

THE DORMANT ASSETS SCHEME

**An overview of the UK's Dormant
Assets Scheme and upcoming
consultation on English priorities**



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OVERVIEW: THE DORMANT ASSETS SCHEME

Since 2011, the Dormant Assets Scheme has released **over £800 million** to social and environmental causes across the UK. This includes £44 million that was allocated in England last year to help tackle youth unemployment, support communities in deprived areas, and give people in need access to finance.



The Scheme was established by the **2008 Dormant Bank and Building Societies Act**. It has now been expanded through the **2022 Dormant Assets Act**, bringing assets in the insurance and pensions, investment and wealth management, and securities sectors into scope.



Led by industry and backed by government, the Scheme is UK-wide and has **consumer protection** at its heart, with the priority of reuniting people with their assets. When this is not possible, participants can voluntarily transfer proceeds from dormant assets to Reclaim Fund Ltd.



The Scheme supports the **Environmental, Social, and Governance strategies of responsible businesses**, enabling them to contribute to communities at a time of real need. Participating in a nation-wide Scheme allows this impact to be amplified and sustainable.



Reclaim Fund Ltd. retains enough to meet any customer reclaims and distributes the rest to **social and environmental initiatives** across the UK via **The National Lottery Community Fund**. Distribution must meet the **additionality principle**, meaning that money cannot be used as a substitute for government funds.

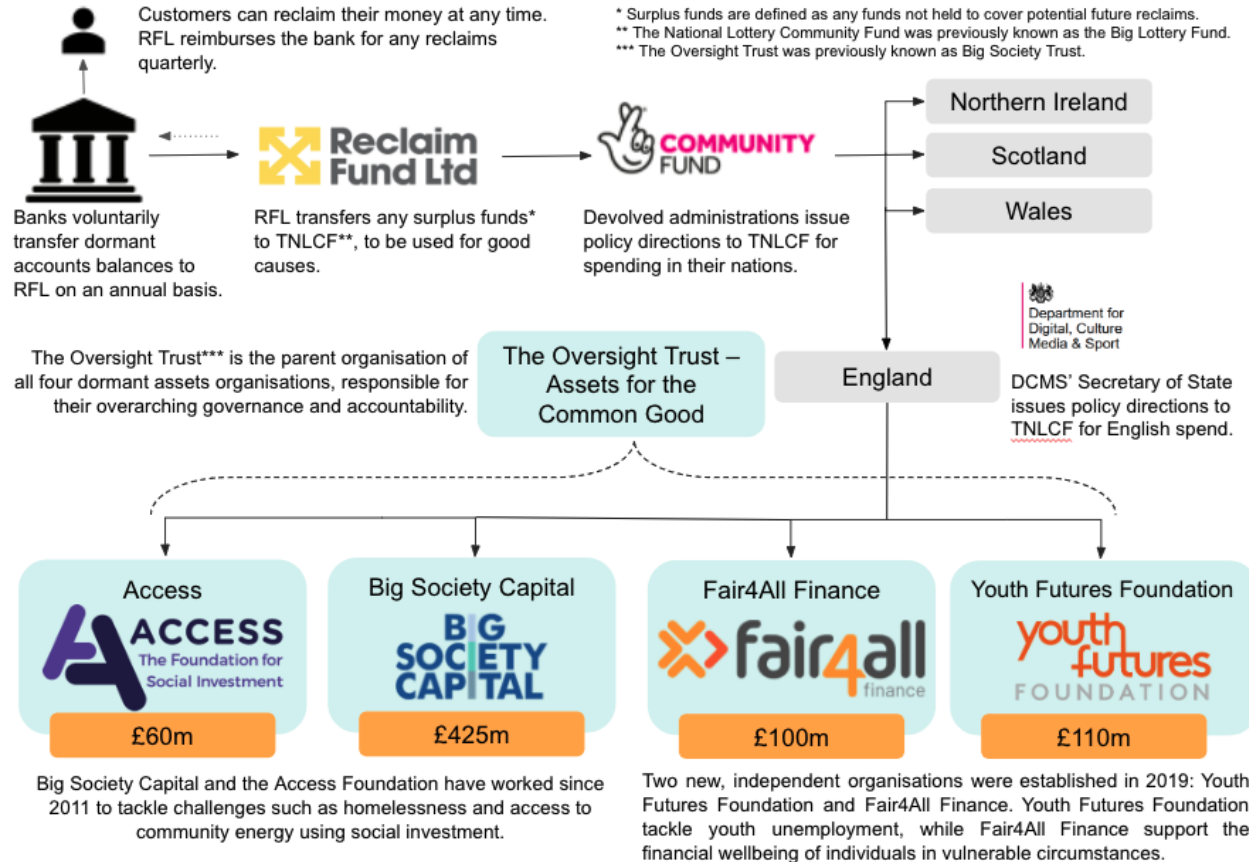


In England, funding is currently restricted to **youth, financial inclusion, and social investment**. It goes to four independent organisations (Big Society Capital, Access, Fair4All Finance, and Youth Futures Foundation), whose governance is overseen by an independent body called The Oversight Trust. **We are about to consult on the future social and/or environmental purposes of the England portion.**



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OPERATION OF THE SCHEME TO DATE





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IMPACT: SOCIAL INVESTMENT

Social investment is the use of **repayable finance** to help an organisation achieve a **social or environmental purpose**. Dormant assets has supported an **eighth-fold growth** in the market: £830m in 2011 to £6.4bn in 2020.

**BIG
SOCIAL
CAPITAL**



Greater Manchester Homes Partnership, through an outcomes-based contract, have worked with **447 rough sleepers**, and over 300 have sustained accommodation for six months or more.

- ★ World's first social investment wholesaler
- ★ 2,000+ social enterprises and charities have received BSC capital
- ★ 43% of investments are in the most deprived 20% of communities
- ★ Grown social property funds from zero to £2bn in 2018

ACCESS
The Foundation for
Social Investment



Ebikebrum, a community cycle café and shop, secured **£83k** from the Growth Fund, to expand its community activities and purchase new equipment, to deliver healthy lifestyle activities and cycling programmes in deprived communities in Birmingham.

- ★ **Blended finance: part grant, part loan**
- ★ **Improved access to social investment**
- ★ **Charities and social enterprises more financially resilient and self-reliant**
- ★ **71 Covid-19 recovery loans leveraging £15.6m of repayable finance**



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IMPACT: YOUTH & FINANCIAL INCLUSION

In 2018, DCMS announced two new programmes of work would receive dormant assets money in England: **tackling youth unemployment and problem debt**. New organisations were independently established and began to receive funding in December 2019. To date, **£110m has been allocated to Youth Futures Foundation** and **£100m to Fair4All Finance**.



South Manchester Credit Union are appointed lender for the No Interest Loan Scheme pilot, a receiver of F4AF's Covid recovery support.

- ★ Works to improve access to fair, affordable, and appropriate financial products and services
- ★ Affordable Credit Scale-up Programme: £22.5m directed to 10 community finance providers, to deliver an additional £450–700m+
- ★ Partnered with Fair For You to provide affordable loans to tackle furniture poverty: £13.4m to c. 40,000 customers in 2020
- ★ Working with HM Treasury on a No Interest Loan Scheme pilot



Recent ministerial visit to **Drive Forward Foundation**, which supports young people coming out of the care system into sustainable employment as well as training and education communities in Birmingham.

- ★ Immediate and long-term benefits to young people who are NEET (not in employment, education or training)
- ★ Supported 18,000 young people from marginalised backgrounds in getting good jobs
- ★ £18.7m to over 140 organisations to build evidence base to inform youth employment policy
- ★ 200+ members of the Youth Employment Group, co-chaired by YFF



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Expanding the Scheme provides the opportunity for more businesses to participate in this industry-led Scheme and to grow its impact on important social and environmental challenges across the UK.

SCHEME EXPANSION



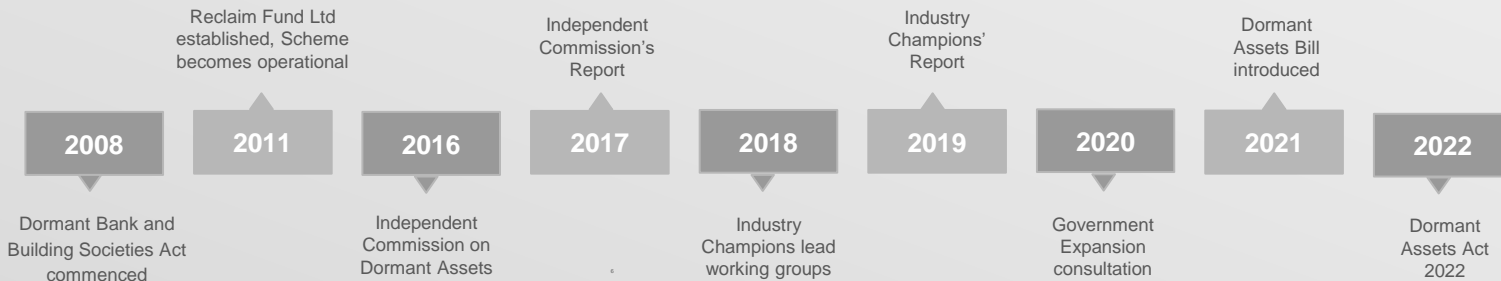
Following years of close industry engagement and a public consultation, the government has expanded the Scheme to include dormant assets from the **insurance and pensions, investment and wealth management, and securities** sectors, alongside dormant assets in the **banking** sector.



The Dormant Assets Act 2022 received Royal Assent on 24th February 2022. This expansion has the potential to unlock around a further £880m for social and environmental initiatives over the coming years.



The 2022 Act also enables the **social and environmental focus of funds in England to be set through secondary legislation**, so that over time the Scheme is able to respond more flexibly to changing social and environmental needs. 83.9% of funds (circa £738m of the £880m) are apportioned to England.





The consultation is on the high-level causes for distribution in England, not on specific funding delivery mechanisms

SCOPE OF THE CONSULTATION

In scope:



The **broad social or environmental purposes** for dormant assets funding in England (e.g. “the development of individuals’ ability to manage their finances or the improvement of access to personal financial services”)

Out of scope:



Specific **models or mechanisms** to deliver the funding



Organisations who should receive the funding



Quantum of funding to be released for specific causes



A **bidding process** for organisations to access funding

No decisions have been made on any specific delivery models or delivery partners - these decisions can only be taken once we have determined, following the consultation, what overarching purposes the English portion will have.

- (4) In carrying out the first public consultation under subsection (3)(a) the Secretary of State must invite views as to whether the permitted distributions should be, or include, any one or more of the following—
- (a) distributions for the purpose of the provision of services, facilities or opportunities to meet the needs of young people;
 - (b) distributions for the purpose of the development of individuals’ ability to manage their finances or the improvement of access to personal financial services;
 - (c) distributions to social investment wholesalers (within the meaning of section 18);
 - (d) distributions to community wealth funds.

The 2022 Act requires us to consult on the current three causes (**youth, financial inclusion & social investment**) as well as **community wealth funds**.



OPTIONS

YOUTH

- **Impact to date on youth unemployment** and implications if removed
- **Opportunities for further impact:** amplify current impact local clubs and activities, youth partnerships, outward bounds sector.

FINANCIAL INCLUSION

- **Impact to date on increasing access to affordable credit** and alternatives and implications if removed
- **Opportunities for further impact:** scale up affordable credit, tackling appliance poverty, accessible insurance

SOCIAL INVESTMENT

- **Impact to date in growing the UK's social investment sector** and implications if removed
- **Opportunities to further develop blended finance market** to support civil society organisations in more deprived communities

COMMUNITY WEALTH FUNDS

- **Long-term, patient pots of funding to hyper-local areas** with high levels of deprivation and low social capital.
- **Local decision-making** on how to spend funding awards in order to build capacity

ANY OTHER SOCIAL AND/OR ENVIRONMENTAL CAUSES

- **Open response** for other social and/or environmental causes
- **An overarching set of principles** provides parameters for responses, including the principle of additionality
- **Out of scope** includes political activism, activities of an exclusively religious nature, paid for lobbying, gifts, etc.



NEXT STEPS & DEPENDENCIES



Participation: There is ongoing work to ensure that participation in the expanded Scheme is both possible (e.g. relevant tax legislation and regulatory changes are made) and encouraged (e.g. through a robust industry engagement strategy). This is essential for the Scheme's success.



Consultation: We have committed to consulting widely, taking care to welcome the voices of local communities, current and prospective participants, and relevant parliamentarians. We aim to launch the consultation in mid-July and will seek views in writing and through multiple consultation events, **including industry roundtables**.



Government response: We aim to publish a government response setting out the broad purposes of the English portion three months after the consultation closes.



Secondary legislation: Any changes to the current restrictions on the English portion will need to be set through an Order, laid before Parliament and subject to the draft affirmative procedure.



Policy directions: Once secondary legislation is laid, DCMS Secretary of State can then issue broad policy directions to TNLCF providing further instructions over the English portion.



The consultation is your opportunity to shape the direction of the Dormant Assets Scheme in England over the years to come!

WHY PARTICIPATE IN THE CONSULTATION?

- ✓ **Have your say in how to spend almost £1bn**, making sure your voice is heard on in the broad social or environmental purposes for dormant assets funding in England
- ✓ Amplify the Scheme's work to **contribute to our communities** at a time of real need
- ✓ Ensure the Scheme can contribute to and align with **your company's Environmental, Social, and Governance (ESG) strategy**
- ✓ **Kickstart your internal conversations** about becoming a participant in the Scheme
- ✓ **Provide your views in a way that suits you**, from submitting an individual response to contributing to a joint sector response

As the consultation has **no set government position**, we welcome all those with an interest in the Scheme to have their say. We will consider every response submitted, taking into account where a response has been submitted on behalf of multiple stakeholders.*



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DORMANT ASSETS TEAM