What are Dormant Assets?

A dormant asset is a financial product, such as a bank account, which has not been used for many years, and which the provider has been unable to reunite with its owner despite efforts aligned with industry best practice. The Dormant Assets Scheme allows businesses to transfer funds voluntarily from dormant assets. They can decide if they want to join and how much they transfer.

The Scheme has so far enabled over £800m to be released to support social and environmental initiatives across the UK. The money is split between England, Scotland, Wales and Northern Ireland, and each nation makes its own decisions on how the money is spent. The work funded by the Scheme aims to tackle some of society’s most pressing challenges, providing long-term, flexible funding that enables expert organisations to focus on creating positive systemic change to important issues such as youth unemployment, problem debt, and climate change.[[1]](#footnote-2)

In response to coronavirus, the release of £150m of dormant assets funding was announced in May 2020 to expand an affordable credit scheme to help people struggling with debt and support the charity and voluntary sector across the UK as it continues to play a vital role during the pandemic.

The 2022 Dormant Assets Act received Royal Assent in February 2022, in which the Government will be releasing £880m. Following a consultation period this summer, they will decide what causes should benefit in England to help level up opportunities for young people and communities across the country.

Who would get the money and where would it go?

The Community Wealth Fund Alliance (CWFA)– made of 560 civil society, public and private sector organisations – are calling on the dormant assets to be used to invest in communities long-term, giving neighbourhoods control over how the money is spent.[[2]](#footnote-3)

A consensus across the CWFA is already emerging around how these dormant or ‘trapped’ funds could be used most effectively for the benefit of society. They have been focusing on [left behind communities](https://www.appg-leftbehindneighbourhoods.org.uk/) “Some communities not only have severe socio-economic challenges, they also lack social infrastructure – defined as places and spaces to meet, digital and physical connectivity, and an active and engaged community.”[[3]](#footnote-4)

The Proposal for a [Community Wealth Fund](https://communitywealthfund.org.uk/about-us/) aims to meet the ambitions of the Civil Society Strategy by:

* creating substantial place-based investment programmes
* introducing a new model of investment bringing together finance from a range of sources to raise social and economic outcomes
* developing new approaches in communities that have not benefited from growth and where there is a lack of capacity and capability to access investment. [[4]](#footnote-5)

[Local Trust](https://localtrust.org.uk/about/) published research on ‘[Left behind? Understanding communities on the edge’](https://localtrust.org.uk/insights/research/left-behind-understanding-communities-on-the-edge/) where they combine multiple national data sources to create a statistically-robust ‘community needs’ index for the first time, helping policy makers target investment in social infrastructure.[[5]](#footnote-6)

The caveat to this is that London (and other city centres) are largely missing due having more social infrastructure. Only two of London’s neighbourhoods are on this list. London often conjures up an image where the ‘streets are paved with gold’ but it is well documented that many of London’s communities are the poorest in the country. “Proximity to economic success does not mean that you have access to it.” - Manny Hothi, Chief Executive at Trust for London.

The capital records the highest level of air pollution in the country[[6]](#footnote-7) and in 2021 [Trust for London’s poverty profile](https://www.trustforlondon.org.uk/data/) documented that 27% of Londoners are living in poverty, after housing costs and 76% of children in poverty are in working families.[[7]](#footnote-8)

Centre for London have developed a [Levelling up London: borough by borough data breakdown](https://www.centreforlondon.org/publication/levelling-up-london-borough-stats/) to show the statistics on poverty, living costs, education and more in each borough. London has some of the highest poverty, highest pollution, and largest working class community in all of the UK. Their CEO Nick Bowes said- “It is essential that levelling up the country – a laudable aim and one which Londoners support – does not mean ignoring the city’s own substantial levelling up challenges or that London is levelled down. Too much of the current rhetoric sidelines the scale of the challenges within London and if left unaddressed this will put further strain on the public purse.”

Other groups looking to be part of the consultation are Social Enterprise UK and Big Society Capital who are among nine organisations promoting the [Community Enterprise Growth Plan](https://www.communityenterprise.uk/), described as a “once-in-a-decade opportunity” to help accelerate the growth of social enterprise in disadvantaged communities.[[8]](#footnote-9) They are asking the government to give some of the funds to support enterprise and trading activities by VSEs by:

* Helping charities and social enterprises to access suitable and affordable finance through blending grants and loans, and making finance more accessible, especially in the places and communities in most need of investment.
* Start-up funding for a £50m Black-led social investment fund as recommended by the recent  [Commission on Social Investment](https://www.socialenterprise.org.uk/press-releases/lord-victor-adebowale-sets-up-commission-on-social-investment/) by Lord Victor Adebowale to tackle the current inequality of social investment in Black-led social enterprises.
* Supporting a vibrant network of non-profit lenders (Community Development Financial Institutions or CDFIs) that can offer affordable finance to community businesses and small enterprises in disadvantaged areas that are unable to access mainstream lending.
* Providing tailored business support and incentives for purpose-driven enterprises to grow through trading in the form of match trading initiatives coupled with learning.

Where did the last round of funds go?

In England, expenditure was ring fenced for initiatives focused on youth, financial inclusion or social investment. To date over £650m has been allocated to these three causes, split across four different organisations:

Over £425 million has been used to establish [Big Society Capital](https://bigsocietycapital.com/), the world’s first social investment wholesaler, with the aim of growing the social investment market in the UK.

* + £2.5 billion of capital from Big Society Capital and their co-investors is being used to support over 1,500 social enterprises and charities across the country.
  + 43% of investments are in the most deprived 20% of communities.

£110 million has been provided to [Youth Futures Foundation](https://youthfuturesfoundation.org/) to break down the barriers to work for young people across England, with a focus on responding to the findings of the Racial Disparity Audit.

* + Since 2019, Youth Futures Foundation has worked to develop a targeted programme of work to generate change at a systemic level, bringing immediate and long-term benefits to young people who are not in employment, education or training.
  + This programme has supported nearly 18,000 young people from marginalised backgrounds to get good jobs, and committed £18.7 million to over 140 organisations to build the evidence base of what works to inform youth employment policy.

£100 million has been provided to [Fair4All Finance](https://fair4allfinance.org.uk/) to increase the financial resilience and wellbeing of people in vulnerable circumstances through improving the availability of fair and accessible financial products and services.

* + It has provided over £15 million in financial support to the community finance sector, including £12 million of equity investments in community finance providers and £3.6 million in coronavirus grants, alongside other financial support for people in vulnerable circumstances.
  + Their Affordable Credit Scale up Programme is designed to support sustainable growth of community finance organisations through a combination of investments, grants and capacity and capability development. To date Fair4All Finance has committed £22.5 million to 10 community finance providers to support the shared ambition to deliver an additional £450 million - £700 million in affordable lending by 2025 so that more people have access to alternatives to high-cost credit.

£60 million has been provided to [Access – The Foundation for Social Investment](https://access-socialinvestment.org.uk/).

* + It has invested £50 million of blended finance through the Growth Fund into social enterprises creating impact in local communities (often in more deprived regions).
  + This fund has invested more than half of its capital in the most deprived 30% of neighbourhoods in England, and a quarter in the most deprived 10% of neighbourhoods.
  + The Growth Fund now represents over one quarter of the entire social investment market by deals done and over two thirds of the market for deals done below £150,000 investment size. It will have invested in almost 800 organisations when it closes in 2022.

Further reading:

Local Trust, Community Wealth Fund - <https://localtrust.org.uk/news-and-stories/news/community-wealth-fund-news-release/>

Community Enterprise Growth Plan - <https://www.communityenterprise.uk/>

APPG, Left Behind Neighborhoods - <https://www.appg-leftbehindneighbourhoods.org.uk/>

Community Wealth Fund - <https://communitywealthfund.org.uk/about-us/>

Fair 4 All Finance - <https://fair4allfinance.org.uk/>

Centre for London, Levelling up London - <https://www.centreforlondon.org/publication/levelling-up-london-borough-stats/>

1. <https://www.gov.uk/government/publications/the-dormant-accounts-scheme> [↑](#footnote-ref-2)
2. <https://localtrust.org.uk/news-and-stories/news/community-wealth-fund-news-release/> [↑](#footnote-ref-3)
3. <https://communitywealthfund.org.uk/about-us/> [↑](#footnote-ref-4)
4. <https://localtrust.org.uk/news-and-stories/news/community-wealth-fund-news-release/> [↑](#footnote-ref-5)
5. <https://localtrust.org.uk/insights/research/left-behind-understanding-communities-on-the-edge/> [↑](#footnote-ref-6)
6. <https://www.trustforlondon.org.uk/news/london-inequalities-infect-the-air-we-breathe/> [↑](#footnote-ref-7)
7. <https://www.trustforlondon.org.uk/data/> [↑](#footnote-ref-8)
8. <https://www.pioneerspost.com/news-views/20220609/dormant-assets-could-unlock-1bn-boost-social-enterprise-and-level-communities> [↑](#footnote-ref-9)