

DCMS consultation on the English portion of dormant assets funding

IA Response

[Submitted via DCMS' online form on 7 October 2022.]

This first section is a summary of the questionnaire content, for IA members only, and cannot be included in the response.

Executive Summary

- Many IA member firms have shown firm interest in participating in the expanded Dormant Assets scheme once it becomes available to our sector. As participation is voluntary, these firms will inevitably want to ensure that the causes supported by the money are (a) relevant to the asset management industry and (b) can put the funding to effective use in an impactful manner. Indeed, many firms will be redirecting money into the scheme from existing charitable routes for client money assets, and want to ensure that these causes align with their existing corporate and ESG-related strategies and broader values.
- It is our strong view that financial education for primary school children should be prioritised. Financial education is, of course, a part of HM Government responsibilities and features in the secondary school curriculum. However, research shows that early-stage intervention has a meaningful impact on children and forms good habits and behaviours, even at ages as early as 3-7¹. Children and young people who do not receive age-appropriate financial education can be seen to be at greater risk of poor outcomes later on, which require greater support.
- It is therefore both more impactful and cost-effective to provide equal access to financial education across England at an earlier age to prevent the longer-term societal issues of adults in poor money management and debt cycles. Many IA member firms are keen to support financial education causes through participation in the scheme which in turn is indirectly beneficial for enhancing the client proposition over the longer term for firms.
- Until that is achieved, we also advocate for financial inclusion to be a priority area, helping people in vulnerable circumstances access the support they need to manage their way out of their situation.
- Finally, we must ensure that the expanded scheme provides equitable and proportionate settlement to the selected causes according to the prioritisation afforded through this consultation process.

The full response, utilising the DCMS questionnaire format, follows:]

¹ Money & Pensions Service: [Developing Financial Capability in Children and Young People](#)

Consultation on the English portion of dormant assets funding: consultation questionnaire

Introduction

This consultation seeks the public's and industry participants' views on what the broad purposes of the Dormant Assets Scheme in England should be. This Scheme enables responsible businesses to voluntarily channel funds from dormant financial assets to good causes, while ensuring owners' rights are protected.

The consultation invites views and suggestions on:

- 1) The current three causes supported by the Scheme and whether they should continue to benefit from its support. These causes are:
 - the provision of services, facilities, or opportunities to meet the needs of young people,
 - the development of individuals' ability to manage their finances or the improvement of access to personal financial services.
 - funding for social investment wholesalers to support civil society organisations.
- 2) Community wealth funds and whether they should start benefiting from the Scheme's support. Community wealth funds are defined as funds which give long term financial support (whether directly or indirectly) for the provision of local amenities or other community infrastructure.
- 3) Any other social or environmental causes that should be considered for the English portion of the Scheme.

In addition to considering whether to name specific purposes in secondary legislation, the Secretary of State may also consider whether to make an order that provides that there are to be no specific purposes. In that scenario, any dormant assets funding could be distributed for any social or environmental purpose (subject to complying with any policy directions given to TNLCF by the Secretary of State).

For more information, please refer to the consultation document.

This survey does not need to be completed in one session, as you can save a draft response and return to the survey later. You also do not have to answer every question should you not wish to.

The consultation will be active for 12 weeks, closing at 23:45 on Sunday 9 October 2022. Once the consultation has closed, all responses will be reviewed and a government response will be published providing an overview of the views and suggestions made.

Questions on respondents

1. Are you responding as an individual or on behalf of an organisation? (*select only one*)
 - Individual [skip to Q10]
 - Organisation [continue to Q2]
2. What is the name of your organisation?

The Investment Association. We're the trade body and industry voice for UK investment managers. Many of our 250 members are likely to participate in the scheme.
3. What type of organisation do you work for? (*select only one*)
 - Academic think-tank
 - Business or private sector
 - Civil society (charity etc.)
 - Public sector body
 - Other [textbox with a 50-character limit]
4. Is your organisation a current or prospective participant of the Dormant Assets Scheme? (*select only one*)
 - Yes [continue to Q5]
 - No [skip to Q6]
5. In which sector(s) does your organisation operate? [Regardless of the answer, then skip to Q7]
 - Banks and building societies
 - Insurance and pensions
 - Investment and wealth management
 - Securities
7. Does your organisation operate in England? (*select only one*)
 - Yes [Continue to Q8]
 - No [Skip to Q9]
8. Where does your organisation operate? (*select only one*)

[Regardless of the answer, then skip to Q13]

 - Multiple English regions
 - East Midlands
 - East of England
 - London
 - North East
 - North West
 - South East
 - South West
 - West Midlands
 - Yorkshire and the Humber

13. Do you want your response to be treated as confidential or do you agree for your answers to be quoted on an anonymised basis? *(select only one)*

- I want my response to be confidential
- I agree for my answers to be quoted on an anonymised basis

Section 1 - Youth

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: the provision of services, facilities, or opportunities to meet the needs of young people (referred to as “youth” for simplicity).

For more information, please refer to [chapter 3 of the consultation document](#).

Questions

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

“Youth should continue to remain a cause of the Dormant Assets Scheme in England”.

(select only one)

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

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

It is important that we invest in the young people across England, especially from disadvantaged backgrounds, to provide them with equal opportunities to progress, reduce the attainment gap and reinstate some of the options lost to the pandemic period.

Section 2 - Financial inclusion

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: the development of individuals’ ability to manage their finances or the improvement of access to personal financial services (referred to as “financial inclusion” for simplicity).

For more information, please refer to [chapter 4 of the consultation document](#).

Questions

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

“Financial inclusion should remain a cause of the Dormant Assets Scheme in England”.

(select only one)

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

- Strongly disagree

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

We must continue to invest in a fairer financial services sector that supports people in vulnerable circumstances, whether that is through the provision of basic financial services or empowering people to be more confident in managing their finances. Fair4AllFinance estimate that a quarter of UK adults have low financial resilience, a proportion that increased with the pandemic and is likely to grow given the acute economic pressures on household bills in the immediate term. Through expanding the provision of affordable credit, increasing services to wider groups of customers, and developing new products to service gaps in the market, the work of financial inclusion can build a more resilient UK for the future.

Section 3 - Social investment

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: funding for social investment wholesalers to support civil society organisations (referred to as “social investment” for simplicity).

Social investment wholesalers are defined as bodies that exist to assist or enable other bodies to give financial support to third sector organisations. Third sector organisations are defined as organisations that exist wholly or mainly to provide benefits for society or the environment.

For more information, please refer to [chapter 5 of the consultation document](#).

Questions

18. 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”. (*select only one*)

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

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

The social investment agenda is extremely important, with evidence suggesting that those working in the most deprived 30% of communities across England have seen direct benefit from the scheme so far. Collaborations between charities, social enterprises and investors have created stronger, sustainable social economies in disadvantaged areas. This work must continue.

However, given the large amounts of funding previously provided to this cause relative to the others, we suggest that future funding be allocated proportionately with a view to produce a more equitable settlement across the causes.

Section 4 - Community wealth funds

This section seeks views on the proposal that community wealth funds start receiving support from the Dormant Assets Scheme in England.

Community wealth funds are defined in the Dormant Assets Act 2022 as funds which give long term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure.

For more information, please refer to [chapter 6 of the consultation document](#).

Questions

20. 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”. (*select only one*)

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

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

CWFs offer the ability to provide local communities with the ability to make targeted investment to drive improvements and make their areas more investible for the commercial sector. Local communities are best placed to determine how best to regenerate their areas and community involvement should drive buy-in and greater chances of successful development. This cause could help tackle some of the underlying issues that the other causes seek to rectify.

22. Community wealth funds are defined in the Dormant Assets Act 2022 as funds which give long-term financial support (whether directly or indirectly) for the provision of local amenities or other social infrastructure.

Do you agree with the definition of community wealth funds as being suitable for the Dormant Assets Scheme?

- **Yes [Skip to the next section]**
- No [Continue to Q23]
- Don't know or don't want to comment [Skip to the next section]

Section 5 - Alternative causes

This section invites suggestions of **other broad social or environmental cause(s)** that could be considered in the Dormant Assets Scheme in England, apart from the four causes presented in previous sections (youth, financial inclusion, social investment, and community wealth funds).

Please note that this consultation is aimed at informing decisions on prescribing causes in secondary legislation; therefore, **any additional cause(s) suggested should be kept as broad as possible**. In addition, specific delivery mechanisms and specific releases of funding are out of scope of the consultation and **it is not a bidding process for organisations to access funding**.

When responding to this section, we recommend that your response considers the **essential and desirable criteria** that will be used when assessing responses, which are summarised in the table below.

Essential criteria	<ol style="list-style-type: none"> 1. Being a social or environmental initiative 2. Having sufficient scope to fund initiatives that would not otherwise be funded by government (the additionality principle) 3. Ensuring that a portion of the £738 million must have a meaningful impact 4. Targeting sustained, high impact change 5. Having the ability to attribute and measure the impact achieved 6. Being able to align with key government policy priorities, including securing industry support 7. Having nationwide impact across England, particularly in disadvantaged areas 8. Being capable of weathering uncertain funding flows
Desirable criteria	<ol style="list-style-type: none"> 1. Contributing positively to good community relations and integration 2. Having the ability to leverage in other sources of funding 3. Using existing organisations and/or systems of delivery, governance and accountability

For more information on the criteria that will be used for assessing causes, please refer to [chapter 2 of the consultation document](#).

Questions

24. Would you like to suggest other cause(s) you think should receive funds from the Dormant Assets Scheme?

(We welcome suggestions of broad causes not currently considered by the Scheme. Please note that any suggestions will be assessed according to the essential and desirable criteria.)

- Yes [Continue to Q25]
- No [Skip to Q29]

25. Please specify the alternative cause that you consider to be most important.

Financial education for primary school children

26. Please rank the causes below by order of importance – 1 being the most important to you. (options showing in randomised rows to avoid response bias)

1. The alternative cause that you consider to be most important (specified in your previous answer)
2. Financial inclusion
3. Youth
4. Social investment wholesalers
5. Community wealth funds

27. Please explain why the alternative cause that you consider to be most important should receive funds from the Dormant Assets Scheme.

It is our strong view that financial education should be prioritised. Financial education is of course a part of HM Government responsibilities and features in the secondary school curriculum. However, research shows that early-stage intervention has a meaningful impact on children and forms good habits and behaviours, even at ages as early as 3-7. Children and young people who do not receive age-appropriate financial education can be seen to be at greater risk of poor outcomes later on. A particular

benefit of financial education at primary school level is also that it often draws in families and others in the community (much more so than with secondary school age children).

Providing meaningful and equal access to financial education across England can help prevent the longer-term societal issues of adults in poor money management and debt cycles. It will be important to educate on the need for a mix of financial services (bank, insurance, pension and investment products) to reflect the wider spread of dormant assets that the scheme will release for the purpose, and provide more financial security for the individual over the long term.

Regardless, it is a key area which potential participants from the Investment & Wealth Management sector want to see included in the new funding settlement and is highly likely to drive engagement and subsequent participation in the scheme across all parts of the financial services industry, particularly as it is directly relevant to many firms' focus on sustainability and social considerations. It is highly likely that existing financial education activities would continue to be supported by members, and so any new funds made available via the Scheme would make an additional impact. Initiatives such as these can also help shape policymaking and develop materials – in the event, for example, of financial education in primary schools being included as part of the national curriculum and funding being made available for this from Government.

28. Please suggest any other cause you think should receive funds from the Dormant Assets Scheme.

N/A

29. Please rank the causes below by order of importance – 1 being the most important to you (*options showing in randomised rows to avoid response bias*)

N/A

30. Do you have any comments on whether secondary legislation should prescribe specific purposes?

No