



Department
for Culture,
Media & Sport

Dormant Assets Parliamentary Review

For the period from February 2022 to February 2025

**12 February 2025
HC 669**

Department for Culture, Media and Sport

Dormant Assets Parliamentary Review

For the period from February 2022 to February 2025

Presented to Parliament pursuant to Section 30 of the Dormant
Assets Act 2022

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TABLE OF CONTENTS

1. Executive Summary	3
1.1 The Dormant Assets Act 2022	3
1.2 Key Findings	3
2. Background	5
2.1 The Dormant Assets Scheme	5
2.2. Additionality Principle	5
2.3 Scheme Expansion	6
2.4 England Expenditure	6
3. Overview of Parliamentary Review 2025	8
3.1. Scope	8
3.2 Process	8
3.3 Call for Evidence	8
3.4 Additional Information	8
4. Operation of the Dormant Assets Scheme	10
4.1 Introduction	10
4.2 Transfers and reclaims	10
4.3 Responses to the Call for Evidence	10
4.4 Summary Findings	11
5. Effectiveness of steps taken to reunite assets with their owners	12
5.1 Introduction	12
5.2 Responses to the Call for Evidence	14
5.3 Summary Findings	14
6. Use of the powers to further expand the Dormant Assets Scheme	16
6.1 Introduction	16
6.2 Current expansion	16
6.3 Responses to the Call for Evidence	17
6.4 Future expansion	17
6.5 Responses to the Call for Evidence	17
6.6 Summary findings	18
7. Information about uses made by an authorised reclaim fund for its financial resources	19
7.1 Introduction	19
7.2 Reserving requirement	19
7.3 Investment policy and operations	20
7.4 Processing reclaims	20
8. Information about uses made of dormant assets money for meeting English expenditure	21
8.1 Introduction	21
8.2 Named causes	21

8.3 Policy and practice in relation to the additionality principle	22
8.4 Responses to the Call for Evidence & Public Sector Equality Duty	22
8.5 Summary findings	23
Annex A - Breakdown of RFL's data	24
Annex B - Directions issued by the DCMS Secretary of State during the review period	25
Annex C - Policy and practice in relation to additionality	29
DCMS's policy and practice in relation to additionality - published on gov.uk	29
TNLCF's policy and practice in relation to additionality	29
Extracts from TNLCF latest Annual Report and Accounts reporting on additionality	31
Annex D - Call for Evidence published questionnaire	32

1. Executive Summary

1.1 The Dormant Assets Act 2022

The Dormant Assets Act 2022¹ (2022 Act) takes forward government's commitment to expand the Dormant Assets Scheme by enabling an authorised reclaim fund (Reclaim Fund Ltd, or RFL) to accept certain dormant assets in the insurance and pensions, investment and wealth management, and securities sectors, alongside the banking sector.

Section 30 of the 2022 Act requires the Secretary of State to carry out periodic reviews of the Dormant Assets Scheme and the Alternative Scheme, and lay the results and conclusions in a report before Parliament. This is the first of these reviews and covers the period from 24 February 2022 (the date on which the 2022 Act received Royal Assent) to 12 February 2025, with subsequent reports to be laid every five years thereafter.

The review considered:

- the operation of the Scheme and the Alternative Scheme;
- the effectiveness of steps taken to reunite assets with their owners; and
- the use of the power under Section 19 to further expand the Scheme during and after the review period.

The review also included information about the use made by an authorised reclaim fund of its financial resources, the uses of dormant assets money in England, and the policy and practice relating to the additionality principle.

DCMS ran a four-week Call for Evidence process that closed in October 2024 and received 18 responses. The government is grateful to all those who took the time to respond.

1.2 Key Findings

- **The Dormant Assets Scheme continues to deliver operational value to industry participants**, as evidenced by the ongoing transfers of funding from the banking sector and securing participation from two firms from the insurance and pensions sector.
- **The Dormant Assets Scheme continues to prioritise customer protection**, as evidenced by the extensive efforts undertaken by participating firms to reunite customers with their assets. Comprehensive industry guidance is available to support firms to develop tracing, verification and reunification (TVR) strategies, and this guidance is widely adopted by participants.
- **Progress to fully operationalise Scheme expansion has been slower than originally anticipated.** The insurance and pensions and securities sectors are now fully operational, which means that firms in these sectors can now transfer assets into the Scheme. There were, however, a number of technical and regulatory barriers that have prevented the inclusion of eligible assets from the investment and wealth management sector until now. This included the Financial Conduct Authority (FCA) consulting on and enacting changes to their regulatory rules, and a voluntary requirement (VREQ) that prohibited RFL from accepting dormant investment assets. DCMS has been working closely with HM Treasury (HMT), the FCA, RFL and trusted industry stakeholders to address these barriers. With the FCA rules published in August 2024 and the VREQ lifted in January 2025, the major hurdles have now been

¹ <https://www.legislation.gov.uk/ukpga/2022/5/contents>

overcome and the Scheme will soon be ready to welcome its first investment participants.

As mandated by the 2022 Act's requirement to carry out periodic reviews, the next report will be laid in Parliament by February 2030.

2. Background

2.1 The Dormant Assets Scheme

The UK Dormant Assets Scheme (the Scheme) was established by the Dormant Bank and Building Society Accounts Act 2008 (the 2008 Act). The Scheme is a unique and well-established partnership between government and the financial services industry (industry) with the aim of reuniting people with their financial assets. Where this is not possible, the Scheme enables responsible businesses to voluntarily channel funds from dormant assets to social and environmental causes across the UK, while ensuring owners' rights are protected.

Dormant assets are not Exchequer money but rather a unique type of funding. They originate from members of the public: individuals who own financial assets held by private sector firms, and who the firm has not been able to reunite with their dormant money. These firms voluntarily participate in the Scheme, transferring the money to RFL, an HMT arm's-length body and the Scheme's administrator. Firms can decide whether or not to participate, how often, and how many of the eligible dormant assets they hold to transfer. That is why the Scheme's success is dependent on their ongoing support.

In return, RFL takes on the liability the firm would otherwise have to repay an owner if they come forward later to reclaim their money from the firm. RFL therefore retains a prudent proportion of funds to reimburse participants for any such reclaims, and transfers the surplus to The National Lottery Community Fund (TNLCF), which is the named distributor of all dormant assets funding. TNLCF apportions the money between the four UK nations ahead of distributing it to good causes, in line with legislation and any policy directions given to it by relevant Ministers. The Secretary of State for DCMS issues these policy directions to TNLCF for the English portion.

In addition to the Main Scheme, the 2008 Act provides for an Alternative Scheme that is available to banks and building societies with balance sheets below £7 billion. This Scheme enables smaller organisations to transfer dormant assets funds to RFL and nominate a local or relevant charity to receive the amount not reserved for reclaims. This recognises the close ties that these organisations often hold with specific local areas. The Alternative Scheme welcomed its first participant in 2019.

The Dormant Assets Scheme is underpinned by the following principles:

1. **Reunification first:** Customer protection is at the heart of the Scheme. Participants' first priority is to trace, verify and reunify customers with their assets - known as TVR. Only then can funds be transferred into the Scheme.
2. **Full restitution:** Dormant assets remain the property of their owners and can be reclaimed at any time. The Scheme must match what the business would have paid the owner if their assets had not been transferred into the Scheme.
3. **Voluntary participation:** Firms can decide whether or not to participate, how often, and how many of the eligible dormant assets they hold to transfer.

2.2. Additionality Principle

Dormant assets funding must be spent on social or environmental initiatives, and is subject to the additionality principle. The principle means that this unique type of money cannot be used to substitute, duplicate or replace government funding.

The 2022 Act specifies that dormant assets funding should be used in line with the principle of additionality, which it defines as "the principle that dormant assets money should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by a government department, the Welsh Ministers, the Scottish Ministers or a Northern Ireland department"; and by requiring the DCMS Secretary of State to periodically report to Parliament on how the money has been spent in England in accordance with the additionality principle. The Act also requires TNLCF to report on its policy and practice relating to this requirement when distributing funds.

2.3 Scheme Expansion

In 2016, after five years of operation, the Dormant Assets Scheme was reaching a steady state. Building on its success, the Independent Commission on Dormant Assets (the Commission) was established to consider the feasibility of expanding the Scheme across the financial services sector and including a wider range of assets beyond bank and building society accounts. Following the Commission's report in 2017², which made recommendations to government, the financial services industry and regulators, four senior industry leaders were asked to build on the Commission's recommendations and produce a detailed, technical blueprint for Scheme expansion.³ Published in 2018, their recommendations helped inform the next phase of Scheme expansion.

In 2020, government launched a public consultation to gather an even wider set of views on the proposed approach to expanding the Scheme into three new sectors: insurance and pensions, investment and wealth management, and securities. There were 89 responses to the consultation, representing more than 500 organisations and individuals, which fed into the drafting of the Dormant Assets Act 2022. On 24 February 2022, the Dormant Assets Act received Royal Assent and came into force on 6 June 2022.

Passing primary legislation was the first step in a long and complex process, led by DCMS, HMT, RFL and the FCA, to determine and facilitate the necessary regulatory and operational changes needed for businesses from these new sectors to participate in the Scheme. In parallel to this, industry leaders and RFL undertook extensive work to build the awareness of the Scheme in these new sectors and developed guidance to support businesses' successful onboarding.

2.4 England Expenditure

To date, funding in England has been allocated to four named causes: youth, financial inclusion, social investment wholesalers, and community wealth funds, and has been delivered by four independent, expert organisations: Better Society Capital, Access - The Foundation for Social Investment, Fair4All Finance and Youth Futures Foundation.

Following a public consultation in 2022 that saw over 3,300 people, organisations, and industry stakeholders have their say, government confirmed that community wealth funds would become a fourth cause for funding in England⁴. These causes were subsequently enshrined in secondary legislation in November 2023. The government wants to ensure that the programmes it supports are designed and delivered to be as impactful as possible over the

² <https://www.gov.uk/government/publications/dormant-assets-commission-final-report-to-government>

³ www.gov.uk/Government/publications/the-dormant-assets-Scheme-a-blueprint-for-expansion

⁴ <https://www.gov.uk/government/consultations/consultation-on-the-english-portion-of-dormant-assets-funding>

long-term while protecting the integrity of the Scheme. It therefore does not intend to review the named causes regularly, and a further public consultation would be required in order to make any changes to them. Chapter 8 of this report provides further details about government's distribution of funding, as well as its policy and practice regarding the additionality principle.

3. Overview of Parliamentary Review 2025

3.1. Scope

Section 30 of the 2022 Act requires the Secretary of State to carry out periodic reviews of the Dormant Assets Scheme and the Alternative Scheme and lay the results and conclusions in a report before Parliament⁵. This is the first review since the Dormant Assets Scheme was expanded in 2022. Section 30 provides that the review must consider:

- the operation of the Scheme and Alternative Scheme during the review period, including how many institutions have made transfers, how much money has been transferred, and the effectiveness of arrangements with participants to meet repayment claims;
- the effectiveness of the steps taken during the review period by institutions holding or providing eligible dormant assets to reunite them with their owners; and
- the use of the powers conferred by Section 19 to further extend the Dormant Assets Scheme during and after the reporting period.

As well as information on the findings of the review, the report laid before Parliament must also include information about the use made by an authorised reclaim fund of its financial resources, the uses of dormant assets money in England, and reporting on the policy and practice regarding the additionality principle.

3.2 Process

The 2022 Act requires the Secretary of State to seek views from “anyone with an interest in any aspect of the review” and for these to be included in the report. To fulfil this requirement, DCMS ran a public Call for Evidence, in addition to gathering evidence from additional sources.

3.3 Call for Evidence

A four-week Call for Evidence, published on GOV.UK, ran from 24 September to 22 October 2024 and received eighteen responses⁶. These came from a range of organisations, including some that have been closely involved with the Dormant Assets Scheme during its lifetime. To comply with data protection regulations, all data received has been anonymised.

The Call for Evidence sought feedback on the Scheme’s operations since the 2022 Act received Royal Assent in February 2022. This included questions on the operations of the Scheme in that period, including steps taken by participants to reunite assets with their owners, and its phased expansion. It also provided respondents with the opportunity to share any additional views and comments about the Dormant Assets Scheme. Responses were analysed and are reflected in chapters three to eight of this report.

⁵ The Alternative Scheme is defined in Section 2 of the Dormant Bank and Building Society Accounts Act 2008

⁶ Call for Evidence published questionnaire at Annex D

3.4 Additional Information

In addition to views gathered through the Call for Evidence, this report incorporates quantitative data received from RFL on the quantum of funding received from participating firms, transferred to TNCLF, and reclaimed by customers. DCMS also consulted UK Finance, the Building Societies Association, the Association of British Insurers, the Investment Association and RFL to supplement its analysis of the TVR efforts encouraged by the Scheme. DCMS directly contacted key stakeholders, including:

- Access - the Foundation for Social Investment
- Association of British Insurers
- Better Society Capital
- Building Societies Association
- Citizens Advice Bureau
- Fair4All Finance
- Financial Conduct Authority
- Financial Ombudsman Service
- HM Treasury
- Ministry of Housing, Communities and Local Government
- Reclaim Fund Ltd
- The National Lottery Community Fund
- The Oversight Trust
- UK Finance
- Youth Futures Foundation

4. Operation of the Dormant Assets Scheme

4.1 Introduction

Once an asset has been classified as dormant and cannot be reunited with its owner, it can be transferred to RFL, the Scheme's administrator. RFL is legally obliged to retain a portion of the funds it receives in order to repay owners who come forward to reclaim their money from participating firms. The surplus is transferred to TNLCF to be distributed to social and environmental causes across the UK.

This Chapter reviews the operation of the Dormant Assets and Alternative Schemes, as outlined in Section 30 of the 2022 Act. This includes reviewing the number of institutions that have made transfers, amounts transferred, and the effectiveness of the arrangements made between institutions and RFL for meeting customer reclaims.

4.2 Transfers and reclaims

This section is informed by RFL's records from 24 February 2022 to 10 January 2025. Please note that some of these include unaudited data (see Annex A for breakdown of audited and unaudited data). During this period, 2022 – 2025:

- **35 institutions transferred dormant assets to either the Main or Alternative Scheme:**
 - 26 made transfers to the Main Scheme, of which six were responsible for 90.09% of the total value transferred;
 - Nine building societies made transfers to the Alternative Scheme over the review period (note that the Alternative Scheme was not expanded by the 2022 Act and so is only open to smaller banks and building societies).
- **£543.6⁷ million was transferred in total across both Schemes, of which £2.2 million was transferred into the Alternative Scheme:**
 - In the Main Scheme, £519.7 million was received from banking sector participants and £21.7 million was received from participants in the insurance and pensions sector. To date, no transfers have been recorded from participants in either the securities or investment and wealth management sectors.
 - RFL processed requests for 59,708 reclaims totalling £58.9 million over the review period. This includes 58,838 reclaims in the Main Scheme (£58.5 million), split between banking firms (£58.2 million) and insurance and pensions firms (£0.4 million). There were 870 reclaims in the Alternative Scheme, totalling £0.4 million.

4.3 Responses to the Call for Evidence

The Call for Evidence asked respondents to provide views on the process of transferring dormant assets to RFL, and working with RFL to process customer reclaims. We received responses from 18 stakeholders, 13 (72%) of which were individuals responding on behalf of an organisation, and five (28%) were individual respondents.

⁷ Sums do not total due to rounding.

A majority of representative responses, eight out of 13 (62%), were organisations that hold dormant assets: five representing the banking sector, one representing the investment and wealth management sector, one representing the insurance and pensions sector, and one representing both the investment and wealth management and banking sectors.⁸

Of the eight respondents representing firms holding dormant assets, six (75%) had transferred all or portions of these into the Dormant Assets Scheme over the review period: five into the Main Scheme and one into the Alternative Scheme. This broadly reflects the general historic distribution of transfer between the Main and Alternative Scheme. All five Main Scheme participants described the process of transferring dormant assets to RFL as 'very easy' or 'easy.'

Four participants responded to the question on their experience of working with RFL to process reclaims; one described it as 'very easy', the other three described it as 'easy'. Two of those respondents said that there is a significant level of paperwork required by RFL to process reclaims, hence describing the process as 'easy' rather than 'very easy'; however, one noted that discussions with RFL are open and honest and acknowledged that RFL are working to replace the current paperwork process with an online solution, while the other said that they understood the need for the level of information required and were happy with the process.

4.4 Summary Findings

This Chapter has reviewed the operation of the Dormant Assets Scheme and Alternative Scheme over the review period using statistical and qualitative data. Responses to the Call for Evidence indicates that the operation and process to transfer dormant assets into the Scheme is 'easy', although this view should be read in the context of the small sample size.

One of the Scheme's key benefits is providing participating firms with a proven mechanism for dealing with their dormant assets. Positive feedback on the ease of transfers into the Scheme is corroborated by the fact that participants in the banking sector continue to transfer on an ongoing basis, with no significant obstacles recorded thus far. Responses on the experience of working with RFL to process customer reclaims indicate that although the paperwork required is significant, participants recognise both the necessity of the additional information and RFL's ongoing efforts to digitise the process, and that their experience of working with RFL is positive overall. It is important to acknowledge that the original ambition for the Scheme to bring in around £400 million in transfers has been significantly exceeded, which demonstrates the successful operation of the Scheme to date, and helped to pave the way for its expansion.

⁸ Note for the purpose of the Call for Evidence analysis, the respondent representing a firm in both the investment and wealth management sector and banking sector has been included in the banking cohort.

5. Effectiveness of steps taken to reunite assets with their owners

5.1 Introduction

Customer protection is at the heart of the Dormant Assets Scheme. Firms should take serious and proportionate efforts to reunite assets with their rightful owners. Only if these efforts prove unsuccessful can money be transferred to the Scheme. Section 30 of the 2022 Act requires the Secretary of State to review the effectiveness of tracing, verification and reunification (TVR) steps undertaken by Scheme participants.

Regardless of whether they participate in the Scheme or not, there is a regulatory expectation for financial services firms to prioritise customer protection, with extensive guidance provided by the FCA Handbook⁹. Several sectors within the financial services industry already have guiding frameworks or principles for managing “gone-away” customers. This is particularly important in light of the recently-introduced Consumer Duty, which sets “higher standards for consumer protection across financial services, and requires firms to put their customers’ needs first.”¹⁰ In response to rising regulatory, corporate and consumer expectations, there has been a steady increase in the uptake and popularity of different tracking and reconnection services, further helping consumers reunite with their assets.

Every year, RFL asks participants in the Main and Alternative Schemes to complete a voluntary, self-certification questionnaire, which gathers information about their end-to-end experience with the Scheme, including TVR practices. For participants in their first year entering the Scheme, RFL has developed a specific self-certification, which includes additional questions on TVR practices.

As TVR practices continue to evolve, DCMS officials have worked closely with RFL to review current TVR guidance, requirements, and practices available in each of the Scheme’s eligible sectors. Our analysis is supplemented by information provided to RFL by UK Finance, the Building Societies Association, the Association of British Insurers (ABI), and the Investment Association (IA). As all but three of the 35 firms that participated in the Scheme during the review period are current members of one of these four trade associations, their input has offered invaluable insights for the review.

5.1.1 Banks and Building Societies

Since 2011, the banking sector has largely used the “ten core pledges” as a guide to reunification efforts.¹¹ In 2021, after extensive collaboration with the sector, UK Finance and the Building Societies Association jointly updated the TVR guidance for their members, reaffirming the ten pledges and providing further examples of good practices. Additionally, UK Finance, the Building Societies Association, and National Savings & Investments have pooled their tracing services into one free service available for the general public called ‘My Lost Account’. This service is regarded as a vital TVR tool for the sector, particularly given safeguarding concerns with repeatedly sending banking information to an address that may be outdated.

⁹ <https://www.handbook.fca.org.uk/handbook>

¹⁰ <https://www.fca.org.uk/publications/policy-statements/ps22-9-new-consumer-duty>

¹¹ <https://www.mylostaccount.org.uk/pledges>

Nearly all firms (30 of 35) that have transferred dormant assets into the Scheme since 2022, are members of either UK Finance or the Building Societies Association, including all six of the firms that have transferred the vast majority of dormant assets into the Scheme. Insights on TVR practices from RFL's 2023 data, collected through voluntary self-certification questionnaires,¹² indicates that all but one of the top fifteen by value responding participants reported that customers could reclaim at a branch. Almost all participants offered online methods, call centres and postal mail, and several made specific reference to the 'My Lost Account' service. RFL data also indicates that several of the larger participants conducted annual reviews of their policies and processes for identifying dormant asset accounts and ensuring customer identification is properly validated.

5.1.2 Insurance and Pensions

The ABI, the leading trade body representing insurance companies in the UK, provides extensive guidance to all its members to support their TVR efforts. The ABI Framework for the Management of 'Gone-Away' Customers in the Life and Pensions Market (the Framework) is designed to help firms develop, maintain and improve their own strategy and procedures for dealing with 'gone-away' customers.¹³ This Framework sets out principles, supported by illustrative examples of activities and practices, for firms to consider when making decisions on how best to manage and prevent more customers becoming 'gone-away'. To encourage ongoing refinement and improvement, the ABI also leads a Gone-Away Working Group that convenes quarterly to support knowledge-sharing between firms. Importantly, the ABI developed a bespoke guide for firms interested in joining the Dormant Assets Scheme, covering what products or asset types are in scope and the steps participants need to take to reunite assets with their owners.¹⁴

The TVR resources and guidance developed by the ABI are widely adopted by its members. For instance, many firms in the sector have adopted the recommended approach of screening customers every six months, which exceeds the FCA Handbook's recommendation of doing so every nine months. Other recommendations include, but are not limited to, firms employing 'data hooks', or including previously known addresses in correspondence with customers to reassure them of the letters' authenticity. Some firms also take a proactive approach of updating the customer's information when they have evidence that data has changed (for example, where a customer holds another policy with the firm).

To date, there are two insurance and pensions sector participants in the Scheme, one of which is a current ABI member. However, both undertake comparable TVR practices, according to qualitative data provided by RFL. For instance, one participating firm from the sector developed a Claims Management Framework, along with standing up a Customer Tracing Team, to ensure that existing TVR policies are "fair and reasonable" before transferring assets to RFL. In addition, the firm has undertaken a digitisation project to fully integrate Scheme participation into their regular operations.

5.1.3 Investment and Wealth Management

The IA, the sector's leading trade body, made a commitment to the Commission on Dormant Assets to encourage its members to undertake regular checks of gone-away clients, and

¹² Self-certification questionnaire data for 2024 was not available at the time this report was published.

¹³ <https://www.abi.org.uk/globalassets/files/publications/public/Its/abi-framework-for-the-management-of-gone-away-customers-in-the-life-and-pensions-market.pdf>

¹⁴ https://www.abi.org.uk/globalassets/files/publications/public/Its/2024/abi-guide-to-prepare-for-dormant-assets_february-2024.pdf

create and implement processes to address this on an ongoing basis. The IA's 'Principles for Maintaining Active Client Relationships', provides commentary on the steps that firms should consider taking to maintain the accuracy of direct customer contact details and to avoid dormant assets.¹⁵ The IA's Unclaimed Assets Portal also allows individuals to search the list of current dormant investment and register their details in case of a future match¹⁶. As the Scheme opens to the sector, RFL and government will work closely with the IA and industry stakeholders to ensure that prospective firms have access to the resources and guidance they need for effective TVR processes.

5.1.4 Securities

Unlike firms in the aforementioned sectors, the securities sector is unique as there is neither a trade body nor a membership organisation representing all publicly listed firms. Consequently, there is no existing "sector" guidance of which DCMS is aware. Although there are no participating firms from the securities sector yet, RFL will work with prospective firms to ensure that they have taken the necessary steps to reunite customers with their assets before transferring these into the Scheme. RFL continues to engage with the sector with a view to making them aware that the scheme is now fully open.

5.2 Responses to the Call for Evidence

Respondents were asked to describe the steps taken by their organisation to reunite owners with their assets, before transferring these into the Dormant Assets Scheme. There were eight responses representing organisations that hold dormant assets. Six respondents stated that their organisation used available guidance and industry best practice, including four who specifically referenced the guidance provided by either UK Finance, the Building Society Association, or the ABI. Respondents also noted that the most common method used to trace gone-away customers was contacting them via email or mail.

Respondents were also asked to assess the effectiveness of the steps taken to reunite assets with owners. Five out of eight respondents described their organisation's reunification efforts as either 'effective' or 'very effective'; with the remainder responding neutrally. No respondents selected the 'ineffective' or 'very ineffective' option. Importantly, when asked to describe any obstacles in successfully reuniting assets with their owners, all six respondents unanimously identified the quality of customer data they held as being the greatest hurdle.

The Call for Evidence also sought views on participating firms' experience of working with RFL in processing customer reclaims. Of the eight respondents representing organisations that held dormant assets, half represented an organisation that has managed a customer reclaim over the review period. All four noted that their experience of working with RFL to process these reclaims was either 'easy' or 'very easy'.

5.3 Summary Findings

This Chapter has reviewed the effectiveness of TVR steps undertaken by firms within eligible sectors. It notes that, in addition to the guidance provided within the FCA's Handbook¹⁷, trade

¹⁵ <https://www.theia.org/sites/default/files/2022-04/IA%20Principles%20for%20Maintaining%20Active%20Client%20Relationships.pdf>

¹⁶ <https://www.theia.org/unclaimedassets>

¹⁷ <https://www.handbook.fca.org.uk/handbook>

bodies are supplementing this with additional support. 75% of respondents to the Call for Evidence said that the organisation they represent had used trade body guidance to enhance TVR practices and over 60% view their organisation's reunification efforts as effective. These insights, coupled with data from RFL noting that the top fifteen participants in the Scheme had an average reclaim rate of 3.5%, suggest that the Scheme continues to encourage firms to undertake extensive measures and adopt innovative practices to reunite customers with their assets, although the quality of customer data remains a hurdle for firms in making successful TVR efforts. Positive feedback from firms on working with RFL to process reclaims also indicates that sector firms, RFL, and trade bodies are collaborating effectively to support TVR efforts.

6. Use of the powers to further expand the Dormant Assets Scheme

6.1 Introduction

The Dormant Assets Act 2022 expanded the Scheme to include assets from the insurance and pensions, investment and wealth management, and securities sectors, alongside the original banking sector. Scheme expansion is being implemented in phases since legislation was passed in 2022 and is expected to release approximately £880 million across the UK over time.

Section 19 of the 2022 Act provides a power to the Secretary of State or HMT to bring additional asset classes in scope of the Scheme. This might include ones which have already been proposed for inclusion but whose suitability needs further evaluation, new ones, or ones where dormancy has not yet been identified as an issue. The power also enables the Secretary of State or HMT to amend the current asset classes so that they can cover new types of assets, and make consequential amendments.

This Chapter reviews the Secretary of State's use of these powers. It also details both the current and future state of expansion, which is supplemented by Call for Evidence analysis.

6.2 Current expansion

Operationalising Scheme expansion has been slower than anticipated due to the complex nature of the assets within these new sectors. Significant variations in market practices mean that each sector has its own definition of dormancy. Different asset classes also have varying TVR practices and reclaim rates, and some have fluctuating values and other particular characteristics which add to the complexity and means that the process of opening the Scheme to transfers cannot be a standardised process across sectors and asset classes. Given the diverse nature of assets across sectors, it has been important to take the time to ensure that the inclusion of new assets takes proper account of their individual complexity.

Furthermore, each sector requires comprehensive regulatory and procedural changes before becoming operational. To be eligible to join the Scheme, firms must ensure they have appropriate processes and systems in place to provide specific data to RFL regarding transfers. This process is time-consuming and can be costly for firms. Additionally, each sector must adhere to specific regulations, some of which have required FCA rule changes.

For the investment and wealth management sector in particular, these regulatory and technical hurdles have taken time to resolve, and a voluntary requirement (VREQ) has been in place that prevented RFL from accepting investment assets. RFL has been working closely with the FCA to identify and implement pragmatic solutions that allow the inclusion of these assets while prioritising consumer protection. We therefore expect that the Scheme will be open to transfers of assets from all of the expansion sectors in early 2025.

Based on the complexity described above and the time required to ensure that the inclusion of new assets takes proper consideration of their particular characteristics, the Secretary of State has not yet exercised their power under Section 19 of the 2022 Act to bring additional asset classes in scope of the Scheme since the Act was passed.

DCMS will review the potential for the Secretary of State to exercise this power; however, fully opening the Scheme to all current sectors remains the priority, alongside increased participation in the Scheme across all current sectors, before any move to expand the Scheme to new asset classes. DCMS is working closely with trusted senior industry stakeholders, RFL and HMT to develop a participation strategy to increase participation in the current open sectors.

6.3 Responses to the Call for Evidence

Respondents to the Call for Evidence were asked to evaluate the overall effectiveness of the Scheme's phased expansion implementation. Out of eighteen respondents, ten described the phased implementation as 'very effective' or 'effective', three provided a neutral response and five did not provide a view. No respondents described the phased implementation as 'ineffective' or 'very ineffective'.

Also in response to this question, three respondents noted that the implementation has been effectively managed and communicated, despite the length of time taken to operationalise the new sectors and grow participation. In particular, one respondent stated that while sector participation has been slow, government has successfully balanced the interests of all stakeholders to reach a consensus over the use of funding. Similarly, another respondent acknowledged this expansion as a significant milestone for unlocking funds over time, emphasising that a phased approach has been essential given the operational challenges experienced during this expansion. One respondent hoped to see an increased rate of participation in the Scheme following the successful phased implementation, and offered support to DCMS in using their networks to engage firms.

6.4 Future expansion

The 2022 Act provides a power to the Secretary of State or HMT to bring additional asset classes in scope of the Scheme, and as such, the Call for Evidence sought respondents' views on which asset classes should be considered for future expansion.

6.5 Responses to the Call for Evidence

Nine responses were received for this question, four of which did not make suggestions for new assets to consider for inclusion. The other five respondents made varied suggestions for asset classes that should be considered for future inclusion into the scope of the Scheme, including: residential housing; depository receipts; shares of listed companies; and solicitor client accounts. Some, such as proceeds from shares of listed companies, are already in scope, provided they meet legal eligibility criteria. Others, such as solicitor client accounts, are not, but could be considered as part of work on any future expansion. One respondent suggested that given the complexity in the financial services sectors, government could look for 'low-hanging fruit' across a wider range of sectors, to which end they suggest government may wish to revisit assets that were previously considered by the Commission on Dormant Assets such as oyster cards, gift cards and Child Trust Funds¹⁸.

Respondents also suggested revisiting: Home Office and Ministry of Housing, Communities and Local Government calls for the Scheme to include proceeds from crime and dormant

¹⁸ <https://www.gov.uk/government/publications/dormant-assets-commission-final-report-to-government>

tenancy deposits; previous government commitments to include investment platforms; and industry interest in including insurance brokers and enabling mutual firms to contribute non-mutual assets. One respondent indicated a desire for greater clarity on government plans for future expansion to new assets to allow sector organisations to plan ahead.

6.6 Summary findings

This Chapter has assessed the use of power by the Secretary of State or HMT to bring additional asset classes in scope of the Scheme.

Feedback from stakeholders on the effectiveness of the phased implementation of expansion, although limited, was broadly positive, although several respondents acknowledged the slow timescale of implementation and hoped for increased levels of participation now that the key barriers have been resolved. The responses suggest that stakeholders prefer a considered approach which takes the time to effectively address the operational challenges involved in expanding to new sectors, and prioritises consumer protection.

Revisiting the findings of the Commission on Dormant Assets will be a key first step in considering other assets and scope their feasibility for future inclusion in the Scheme. DCMS will work in close collaboration with HMT, RFL, and industry to identify the most readily accessible pools of potentially dormant assets across a range of sectors, which will include revisiting the Commission's findings alongside all suggestions for the inclusion of new assets made through this review. However, before any further expansion of the Scheme is undertaken, DCMS would need to work with our partners to undertake a significant and in-depth scoping exercise to assess the feasibility, risks, and value of the inclusion of any new potential assets.

7. Information about uses made by an authorised reclaim fund for its financial resources

7.1 Introduction

The 2022 Act requires us to provide information about RFL's key operations, including reserving requirements and investment policy. As the Scheme's administrator, RFL is responsible for receiving dormant assets funds from participants and managing the proportion of funds that it reserves to meet customer reclaims. RFL maintains strict policies in order to manage risk and ensure the Scheme's operations function as intended.

7.2 Reserving requirement

RFL has been regulated by the FCA since 2011. At the Scheme's inception, the FCA (then known as the Financial Services Authority) set an Internal Capital Guidance (ICG) for RFL that imposed a reclaim provision requirement to safeguard RFL's solvency and therefore the rights of consumers.

The ICG required RFL to hold sufficient funds for base reclaims, stress events, and its operations over the lifetime of the balances. The ICG also prevented RFL from distributing more than 60% of the dormant assets it received to TNLCF.

The establishment of an authorised reclaim fund was a new endeavour in 2011, and there was little data or precedent on which to build a reserving policy that would ensure that RFL could meet its statutory obligations. RFL's reserving approach was, therefore, deliberately prudent while it built both a capital base and experience with managing dormant assets. Separate from the ICG, RFL also developed its own actuarial reclaim risk model, reviewed annually, that helps the business measure reclaim risks and estimate stress scenarios to support reserving decisions. In line with the ICG's requirements, RFL has built £74 million of capital and reserves 40% of the dormant assets it receives to meet customer reclaims. RFL has remained within the anticipated tolerances and reserves policy since the ICG was set in 2011.

RFL has been working with the FCA on a proposal to adjust an element of the ICG that prevented RFL from transferring the interest earned on its reserves to TNLCF. The FCA has now removed the ICG, as it deems RFL and HMT to be best placed to decide on resource requirements.

This is a live development, and RFL is currently examining the implications of this decision for its capital strategy. As part of this, it is considering its experience with reclaim rates for dormant bank and building society accounts and whether a segmented reserving approach to sectors may be appropriate in the future.

RFL's reserving policy is a matter for its Board to determine, overseen by HMT as its shareholder. Any changes to it would take time to consider and approve. RFL continues to be guided by its obligation to fund reclaims in perpetuity and under a range of scenarios. It must take account of reclaim behaviours across participants, periods of dormancy, and reclaim values – and stress events such as technological breakthroughs could significantly affect the amount of reclaims, and thus reserves required. It remains essential that RFL does not distribute excessive funds to TNLCF: insufficient funds to cover future reclaims would necessitate either a reduction in future distributions or, in a worst-case scenario, insolvency.

The latter would trigger the use of the Treasury Loan facility, which would be highly undesirable.

7.3 Investment policy and operations

RFL maintains a highly liquid and secure investment policy. From the portion of assets reversed, half is invested in high credit quality government and corporate bonds. The other half is held in cash with the Bank of England, earning the base interest rate. RFL's Board owns and approves the organisation's investment strategy and risk appetite. The Investment Risk Appetite is discussed annually, following recommendations by the Audit and Risk Committee as well as the Investment Committee. RFL has the ability to use incoming transfers from participants to defray its costs, although to date, returns from its investment income, earned on the proportion of dormant assets that are reserved, sufficiently cover its operational costs. Operational expenses were c. £4.6 million in the financial year 22/23 and £4.4 million in the financial year 23/24. The largest contributors were professional services, and total wages costs. Professional services accounted for 27.6% and 31.5% in 22/23 and 23/24 respectively, whilst total wage costs accounted for 28.8% in 22/23 and 26.9% in 23/24. RFL remains prudent when spending, in order to ensure investments can fully cover operational costs¹⁹.

7.4 Processing reclaims

RFL is required to process reclaims within ten working days, a requirement that has not been breached to date. This obligation is outlined in the Transfer and Agency Agreement signed between each participant and RFL. The average processing time over the period has been seven working days, with no significant variation in the handling of reclaims across the different sectors.

¹⁹ <https://www.reclaimfund.co.uk/annual-report-accounts>

8. Information about uses made of dormant assets money for meeting English expenditure

8.1 Introduction

This Chapter outlines the uses made of dormant assets for meeting English expenditure and the policy and practice regarding the additionality principle, as directed in Section 30. This includes examining the causes that can receive dormant assets funding. It also reviews stakeholders' perceptions of the funds impact to date through analysing Call for Evidence responses.

8.2 Named causes

The 2022 Act introduced a clause that amends the approach in the 2008 Act for distributing dormant assets money in England and aligns it with the model used in Scotland, Wales and Northern Ireland. It enables the Secretary of State to make secondary legislation determining the types of social and environmental purposes for which funding can be distributed in England. Before making an order, the Secretary of State is required to consult with TNLCF and the public on the social or environmental purposes of the English portion of funds. Any draft order must be approved by both Houses of Parliament before it can be made.

This power was exercised during the review period and following a public consultation in 2022 on the spend causes in England, government confirmed that youth, financial inclusion and social investment would remain, and community wealth funds would be added as the fourth named cause²⁰. These have subsequently been enshrined in secondary legislation, specifically as:

- distributions for the purpose of the provision of services, facilities, or opportunities to meet the needs of young people;
- distributions for the purpose of the development of individuals' ability to manage their finances or the improvement of access to personal financial services;
- distributions to social investment wholesalers; and
- distributions to community wealth funds.

To date, the DCMS Secretary of State has issued policy directions to instruct TNLCF to distribute set amounts to four independent spend organisations: Youth Futures Foundation, Fair4All Finance, Better Society Capital and Access: the Foundation for Social Investment, which have been set up with the express purpose of delivering dormant assets funding for youth, financial inclusion and social investment. Government ran a consultation on the design of the community wealth fund that closed in October 2023 and will publish its response in due course²¹. This will include confirmation of the organisation that will deliver the community wealth fund.

The directions issued by the Secretary of State during the review period regarding the distribution of dormant assets funding in England are outlined in Annex B.

TNLCF has agreed funding with each spend organisation in order to distribute funds, which are then drawn down on the basis of need. There is no time limit to draw down funding, which

²⁰ <https://www.gov.uk/government/consultations/consultation-on-the-english-portion-of-dormant-assets-funding/consultation-on-the-english-portion-of-dormant-assets-funding#chap6>

²¹ <https://www.gov.uk/government/consultations/technical-consultation-on-a-community-wealth-fund-in-england>

enables each organisation to take a long-term view of the challenges they exist to tackle. Spend organisations are subject to standard impact reporting requirements and are reviewed regularly by the Oversight Trust, an independent organisation. Between February 2022 and 10 January 2025, a total of £325.6 million has been approved for transfer to TNLCF. This includes £143.4 million approved in 2024.

Since February 2022, DCMS has instructed TNLCF to allocate £91.35 million of dormant assets funding in England. This consisted of:

- £76 million in February 2023 to help support initiatives addressing the rising cost in living, including:
 - £23 million to Access - The Foundation for Social Investment;
 - £8 million to Big Society Capital (now Better Society Capital); and
 - £45 million to Fair4All Finance.
- £15.35 million in September 2023 to Youth Futures Foundation.

Additionally, in November 2024, DCMS announced that the next £350 million tranche of dormant assets funding in England, expected to be received over 2024-28, would be split equally between the four causes²²:

- £87.5 million for the provision of services, facilities or opportunities to meet the needs of young people;
- £87.5 million for the development of individuals' ability to manage their finances or the improvement of access to personal financial services;
- £87.5 million for social investment wholesalers (£12.5 million of which will reach organisations that support improved youth outcomes); and
- £87.5 million for community wealth funds.

8.3 Policy and practice in relation to the additionality principle

Dormant assets funding is distributed in line with the additionality principle, whereby it cannot be used to substitute, duplicate or replace government funding. The Government published its policy on the additionality principle in the 2022 consultation on the future purposes of dormant assets funding in England²¹. In summary, the DCMS Secretary of State must consider how any policy directions issued to TNLCF on dormant assets funding adhere to the principle of additionality, and both DCMS and TNLCF must ensure that the principle is upheld in practice when funding is delivered. Further details of DCMS and TNLCF's policy and practice on additionality can be found in Annex C.

8.4 Responses to the Call for Evidence & Public Sector Equality Duty

The Public Sector Equality Duty (PSED) is a duty on public bodies to consider how their policies or decisions affect people who are protected under the Equality Act 2010. This Call for Evidence sought views on the potential impacts – both positive and negative – that the operation and expansion of the Dormant Assets Scheme could have on individuals with a protected characteristic under the Equality Act 2010. Respondents were asked to share their view on how the Scheme's operation and expansion may affect those individuals. Excluding five respondents who did not know and two who did not provide a view, eight of the remaining eleven responses (73%) perceived the Scheme as having a positive impact, with no respondents indicating any negative impacts. Furthermore, among these eleven responses,

²² <https://www.gov.uk/government/news/dormant-assets-scheme-allocating-350-million-for-england>

five elaborated, all noting that the Scheme unlocks funds to support causes that benefit society.

8.5 Summary findings

The Call for Evidence data suggests that, while not all stakeholders draw a link between the Scheme and its impact on individuals with different protected characteristics, those who did recognised the Scheme's ability to impact positively on individuals with those characteristics.

The Call for Evidence enabled respondents to provide additional information for which they did not have the opportunity to include in the prior survey questions and there were nine responses to this. One key comment shared amongst the majority of these was that the Scheme may benefit from government improving transparency and communication. Methods were suggested by different respondents including making relevant information publicly available, closer collaboration with spend organisations to optimise distribution decisions as well as better impact reporting. DCMS is undertaking work to strengthen the evidence base around the Scheme's performance and impact in order to inform decision-making and drive meaningful change, ensuring that the Scheme's impact is clearly visible and communicated both across government and publicly in the most effective and compelling way.

1. Annex A - Breakdown of RFL's data

The data in the tables below breaks down the statistics between the audited data, between 24 February 2022 to 31 March 2024 and the unaudited data from 1 April 2025 to 10 January 2025. This information is held by RFL and was provided to DCMS on 13 January 2025.

Breakdown per institutions

	Number of institutions making transfers		
	Audited data 24 February 2022 to 31 March 2024	Unaudited data 1 April 2024 to 10 January 2025	Review period* 24 February 2022 to 10 January 2025
Main Scheme	22	17	26
Alternative Scheme	5	5	9

*Many of the institutions that made transfers in the audited period also made transfers in the unaudited period, hence the full review period's figures are not a straight sum.

Breakdown of value transferred

To note: Figures may not total due to rounding.

Total Value transferred into Scheme	Audited data 24 February 2022 to 31 March 2024	Unaudited data 1 April 2024 to 10 January 2025
Main Scheme:		
Banks and building societies	£364.9 million	£154.8 million
Insurance and pensions firms	£21.4 million	£0.3 million
Total Main Scheme transfers	£386.3 million	£155.1 million
Total Alternative Scheme transfers	£939,000	£1.3 million

Breakdown of reclaims

	Number of customers' reclaims processed	
	Audited data 24 February 2022 to 31 March 2024	Unaudited data 1 April 2024 to 10 January 2025
Main Scheme	40,116 reclaims totalling £39.7 million	18,722 reclaims totalling £18.8 million
Alternative Scheme	570 reclaims totalling £290k	300 reclaims totalling £132k

2. Annex B - Directions issued by the DCMS Secretary of State during the review period

2023

The Rt Hon Lucy Frazer KC MP

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND (OPERATING AS THE NATIONAL LOTTERY COMMUNITY FUND) UNDER SECTION 22(3) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 AS AMENDED BY THE DORMANT ASSETS ACT 2022

The Secretary of State for Culture, Media and Sport in exercise of the powers conferred on her by section 22(3) of the Dormant Bank and Building Society Accounts Act 2008 (“the Act”) (c.31) and having consulted The National Lottery Community Fund (“the Fund”) pursuant to section 22(7) of that Act, hereby gives the following directions to the Fund.

1. All Spending Directions to date are withdrawn with immediate effect and are replaced with this Spending Direction.

Previous allocations

2. The Fund has previously been directed to distribute the following amounts from the English portion of dormant account money under the scheme, and is required to continue to do so until these commitments are met in full:
 - Under the terms of a Memorandum of Understanding between DCMS and the Fund agreed on 17 October 2018, the Fund distributed £1.144m in total in the form of non-repayable grants to youth-focussed voluntary organisations in targeted locations through the Youth Capacity Fund, such grants having been agreed by the Fund and DCMS. The Fund managed these grants until their completion;
 - £110m (of which £68.433m was distributed by March 2023) to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited;
 - £100.4m (of which £51.468m was distributed by March 2023) to meet expenditure on or connected to (i) the development of individuals’ ability to manage their finances, or (ii) the improvement of access to personal financial services, in accordance with s18(1)(b) of the Act, delivered by Fair4All Finance Limited; and
 - £435.591m (of which £435.591m was distributed by March 2023) in the form of non-repayable grants to The Oversight Trust – Assets for the Common Good (“**Oversight Trust**”), formerly Big Society Trust, to invest in Big Society Capital and to meet the initial funding requirement of Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18 (1)(c) of the Act.
 - £50m (of which £30m was distributed by March 2023) in the form of non-repayable grants to Access - the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18(1)(c) of the Act.

New allocations

3. The Fund is now required to distribute further sums from the English portion of dormant account money as follows:
 - £23m in the form of non-repayable grants to Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18(1)(c) of the Act;
 - £8m in the form of non-repayable grants to The Oversight Trust to invest in Big Society Capital, acting as a social investment wholesaler in accordance with section 18(1)(c) of the Act; and
 - £45m to meet expenditure on or connected to (i) the development of individuals' ability to manage their finances, or (ii) the improvement of access to personal financial services, in accordance with s18(1)(b) of the Act, delivered by Fair4All Finance Limited.

Additionality

4. The Fund will consider how the relevant terms and conditions involving any direct arrangements with these organisations can ensure that:
 - the funds are used only for projects, or aspects of projects, for which funds would be unlikely to be made available by a Government department.

The Oversight Trust

5. The Fund will also continue to distribute up to £500k per annum from the English portion of dormant account money, in the form of a grant, to The Oversight Trust on an ongoing basis (unless and until further directions are issued by the Secretary of State for Culture, Media & Sport to amend or supersede this direction).
6. The Oversight Trust will only use this funding to assist other bodies which are within the sole or majority legal control of The Oversight Trust and which distribute dormant account money for meeting expenditure that has a social or environmental purpose. £1.827m had been distributed to The Oversight Trust for these purposes by March 2023.
 - Such other bodies must, in addition, either (i) be a social investment wholesaler; or (ii) use the dormant account money in the performance of their functions which:
 - i. meet expenditure on or are connected with the provision of services, facilities or opportunities to meet the needs of young people; or
 - ii. meet expenditure on or are connected with (a) the development of individuals' ability to manage their finances, or (b) the improvement of access to personal financial services.

No other payments

The Fund is directed to make no other payments of the English portion of dormant account money until further Directions are issued by the Secretary of State under the Act.

2023

The Rt Hon Lucy Frazer KC MP

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND (OPERATING AS THE NATIONAL LOTTERY COMMUNITY FUND) UNDER SECTION 22(3) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 AS AMENDED BY THE DORMANT ASSETS ACT 2022

The Secretary of State for Culture, Media and Sport in exercise of the powers conferred on her by section 22(3) of the Dormant Bank and Building Society Accounts Act 2008 (“the Act”) (c.31) and having consulted The National Lottery Community Fund (“the Fund”) pursuant to section 22(7) of that Act, hereby gives the following directions to the Fund.

1. All Spending Directions to date are withdrawn with immediate effect and are replaced with this Spending Direction.

Previous allocations

2. The Fund has previously been directed to distribute the following amounts from the English portion of dormant assets money under the scheme, and is required to continue to do so until these commitments are met in full:
 - Under the terms of a Memorandum of Understanding between DCMS and the Fund agreed on 17 October 2018, the Fund distributed £1.144m in total in the form of non-repayable grants to youth-focussed voluntary organisations in targeted locations through the Youth Capacity Fund, such grants having been agreed by the Fund and DCMS. The Fund managed these grants until their completion;
 - £110m (of which £68.433m was distributed by September 2023) to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18A(4)(a) of the Act, delivered by Youth Futures Foundation Limited;
 - £145.4m (of which £51.468m was distributed by September 2023) to meet expenditure on or connected to (i) the development of individuals’ ability to manage their finances, or (ii) the improvement of access to personal financial services, in accordance with s18A(4)(b) of the Act, delivered by Fair4All Finance Limited; and
 - £443.591m (of which £443.591m was distributed by September 2023) in the form of non-repayable grants to The Oversight Trust – Assets for the Common Good (“**Oversight Trust**”), formerly Big Society Trust, to invest in Big Society Capital and to meet the initial funding requirement of Access – the Foundation for Social Investment, acting as a social investment wholesaler.²³
 - £73m (of which £30m was distributed by September 2023) in the form of non-repayable grants to Access - the Foundation for Social Investment, acting as a social investment wholesaler.

New allocations

3. The Fund is now required to distribute further sums from the English portion of dormant assets money as follows:

²³ “Social investment wholesaler” means a body that exists to assist or enable other bodies to give financial or other support to third sector organisations; “third sector organisation” means an organisation that exists wholly or mainly to provide benefits for society or the environment.

- £15.35m to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18A(4)(a) of the Act, delivered by Youth Futures Foundation Limited.

Additionality

4. The Fund will consider how the relevant terms and conditions involving any direct arrangements with these organisations can ensure that:
 - the funds are used only for projects, or aspects of projects, for which funds would be unlikely to be made available by a Government department.

The Oversight Trust

5. The Fund will also continue to distribute up to £500k per annum from the English portion of dormant assets money, in the form of a grant, to The Oversight Trust on an ongoing basis (unless and until further directions are issued by the Secretary of State for Culture, Media & Sport to amend or supersede this direction).
6. The Oversight Trust will only use this funding to assist other bodies which are within the sole or majority legal control of The Oversight Trust and which distribute dormant assets money for meeting expenditure that has a social or environmental purpose. £1.827m had been distributed to The Oversight Trust for these purposes by September 2023.
 - Such other bodies must, in addition, either (i) be a social investment wholesaler; or (ii) use the dormant assets money in the performance of their functions which:
 - i. meet expenditure on or are connected with the provision of services, facilities or opportunities to meet the needs of young people; or
 - ii. meet expenditure on or are connected with (a) the development of individuals' ability to manage their finances, or (b) the improvement of access to personal financial services.

No other payments

The Fund is directed to make no other payments of the English portion of dormant assets money until further Directions are issued by the Secretary of State under the Act.

3. Annex C - Policy and practice in relation to additionality

DCMS's policy and practice in relation to additionality - published on gov.uk

Policy

In considering whether to issue any policy directions to TNLCF, in exercise of the powers conferred by section 22(3) of the 2008 Act, the DCMS Secretary of State considers the following:

1. **The principle is upheld:** Dormant assets funding should not be used to substitute, prop up, or duplicate statutory funding obligations of central or local Government; nor replace a service that was previously funded by the Government on a like-for-like basis.
2. **The principle does not preclude complementary initiatives:** The principle of additionality does not prevent working alongside the Government. Dormant assets funding can complement and add value in areas of mutual policy interest, but must be a distinct project or aspect of the project.
3. **The application of the principle is transparent:** The Secretary of State should ensure any policies or practices are appropriately included in periodic reports to Parliament, in line with section 30(7) of the 2022 Act.

Practice

In order to give due regard to the principle of additionality, the Government:

1. Requires TNLCF to consider how the relevant terms and conditions of any arrangements with distributing organisations can ensure that the principle is upheld.
2. Maintains effective relationships with TNLCF and any other relevant stakeholders to provide clear sight of mutual policy areas that the Government is funding directly, in order to support them to develop initiatives that abide by the principle;
3. Encourages all organisations in the Dormant Assets Scheme's ecosystem in England to embed the principle into their strategy and programmes.

TNLCF's policy and practice in relation to additionality

Please note that the remainder of Annex C represents the internal literature published by TNLCF or provided by TNLCF to spend organisations and the Oversight Trust

Written guidance on Additionality provided by TNLCF to Spending Organisations and OT on 17 March 2022

ADDITIONALITY PRINCIPLE: GUIDANCE FOR OPERATING COMPANIES DISTRIBUTING DORMANT ASSETS FUNDING (OpCos)

DCMS Spending Directions issued to The National Lottery Community Fund in December 2021 require the Fund to include a provision on the Additionality principle in its Funding agreements with OpCos. This note provides high-level guidance on how OpCos might operationalise that provision. The note is not legal advice and is not intended to be prescriptive.

Policy on Additionality

This could be a one-page policy that *could* include the following:

1. That your organisation is required by its principal funder, The National Lottery Community Fund, to have a policy on Additionality.
2. That Additionality is an important principle of your funding.
3. A recognition that there is no legal definition of additionality but that there are certain core public sector statutory obligations which the Government legally has to provide.
4. The definition of the “Additionality Principle” as defined in your Agreement with TNLCF.
5. Your funding (or any funding decisions you delegate to another organisation) should not substitute or duplicate statutory funding obligations of central or local government, as it should be used to not prop up government spending on public services. This is to ensure that your funding of projects is distinct from and additional to Government funding.
6. A presumption that your funding will not replace a service that was previously funded by central or local Government on a ‘like-for-like’ basis.
7. Your funding can complement and add value to Government funding in any areas of mutual policy interest; the need to have due regard to the Additionality Principle does not preclude working alongside the Government.
8. When having regard to the Additionality principle in relation to each of your funding distributions, your organisation will have regard to the principles in the policy.
9. Your organisation will include a brief statement in its Annual Report and Accounts stating that its distributions of Funding have had regard to the Additionality Principle.

Practice on Additionality

Practice on Additionality could include the following:

That there will be several points at which the Additionality Principle as described in your policy will be considered by your organisation, which could include:

- during programme design, at which point central and local statutory responsibilities existing at that time and government funding will be considered and a broader horizon-scan will be undertaken to ensure that funds are used in a way which is distinct from but which may complement Government funding.
- during assessment (and, where relevant, peer review) of applications to a funding programme by staff who have knowledge of funding within the sector.
- At funding decision-making meetings.

That there will be staff awareness training on the organisation’s Additionality policy and practice.

Statement on Additionality in Annual Report and Accounts

A brief statement could include:

1. That your organisation is required by its principal funder, The National Lottery Community Fund, to have a policy on Additionality.
2. The definition of the “Additionality Principle”.
3. That Additionality is an important principle of your funding.
4. That all awards or other distributions of Funding made in the relevant financial year were made by your organisation having had due regard to the Additionality Principle as set out in your policy.

Extracts from TNLCF latest Annual Report and Accounts reporting on additionality

The National Lottery Community Fund - Annual Report and Accounts 2023-24²⁴

All DCMS and Devolved Governments' Spending Directions, including on Dormant Assets money are included in TNLCF's Annual Report & Accounts from pages 162 to 169 .

TNLCF sets out its policy in relation to the Additionality principle for both its national lottery and dormant assets funding in the Performance Report section of its Annual Report and Accounts. This states:

“In addition to our work distributing good causes money, the Fund is responsible for distributing monies released from dormant bank accounts and related assets under the provisions of the Dormant Bank and Building Society Accounts Act 2008, amended by the Dormant Assets Act 2022....

Our funding is required to follow the additionality principle – that is, our funding must be distinct from government – it can complement but must not substitute for government spending programmes.”

²⁴ <https://www.gov.uk/government/publications/the-national-lottery-community-fund-annual-report-and-accounts-2023-to-2024>

4. Annex D - Call for Evidence published questionnaire

Questions for respondents

1. Are you happy for your response to be quoted on an anonymous basis? (*select only one*)
 - Yes - I am happy for my response to be quoted on an anonymous basis
 - No - I do not want my response to be quoted

2. Are you responding as an individual or on behalf of an organisation? (*select only one*)
 - Individual
 - Organisation
 - Joint response on behalf of multiple organisations

3. What is the name of your organisation? (*If representing multiple organisations, please list them here*)

4. Does your organisation manage or hold dormant assets that could be transferred into the Dormant Assets Scheme (according to the Dormant Assets Act 2008 and 2022)? (*select only one*)
 - Yes
 - No
 - Don't know

5. In which eligible sector(s) does your organisation operate? (*select all that apply*)
 - Bank and building societies
 - Insurance and pensions
 - Investment and wealth management
 - Securities (i.e. traded public companies)
 - Not applicable

6. Has your organisation ever transferred dormant assets into the Dormant Assets Scheme? (*select only one*)
 - Yes
 - No
 - Don't know

7. Which Scheme has your organisation transferred dormant assets into? (*select only one*)
 - Main Scheme
 - Alternative Scheme
 - Don't know

8. Has your organisation transferred dormant assets funding to either the Main or Alternative Scheme since February 2022? (*select only one*)
 - Yes
 - No

- Don't know

Reuniting assets with their owners

Dormant assets remain the property of their owners and can be reclaimed at any time.

Businesses' first priority is to reunite owners with their assets. This includes trying to locate people who might have moved house – for example, via Royal Mail, email, telephone, a tracing service, or a credit reference agency. It can also happen when customers change their name without updating their details or buy a new financial product and forget about the ones they already own. If an asset has been classified as dormant and reunification efforts have been unsuccessful, the business can transfer the money to RFL.

9. In order to trace, verify and reunite assets with their owners, does your organisation follow any industry guidance, or engage with any of the following organisations? *(select all that apply)*

- UK Finance
- Building Societies Association
- Association of British Insurers (ABI)
- Investment Association (IA)
- Other *(please specify)*
- No

10. Please describe the steps your organisation has taken to reunite owners with their assets, before transferring these into the Dormant Assets Scheme?

11. Please describe the obstacles, if any, your organisation has experienced in successfully reuniting assets with their owners.

12. To what extent do you feel the steps your organisation takes have been effective at reuniting assets with owners, where possible, ahead of transferring into the Dormant Assets Scheme? *(select only one)*

- Very effective
- Effective
- Neither effective nor ineffective
- Ineffective
- Very ineffective
- Don't know

13. Have you personally been reunited with a lost asset from a financial services organisation? *(select only one)*

- Yes
- No
- Don't know

14. What is the name of the financial services organisation?

15. To what extent do you feel the steps taken to reunite you with your assets have been effective? (*select only one*)

- Very effective
- Effective
- Neither effective nor ineffective
- Ineffective
- Very ineffective
- Don't know

16. Please explain your answer, including what changes, if any, could be made to improve the process?

Operation of the Dormant Assets Scheme and Alternative Scheme

Once an asset has been classified as dormant and cannot be reunited with its owner, it can be transferred to the Scheme's administrator, RFL. RFL manages the funds, retaining a percentage in order to meet any reclaims, and transfers the surplus to TNLCF to be distributed to social and environmental causes across the UK.

Alongside the main Dormant Assets Scheme, there is an Alternative Scheme that enables smaller banks or building societies, with balance sheets of less than £7 billion, to transfer dormant assets funds to RFL and nominate a local or relevant charity to receive the amount not reserved for reclaims.

17. How would you describe the process of transferring the dormant assets held by your organisation to RFL? (*select only one*)

- Very easy
- Easy
- Neither easy nor difficult
- Difficult
- Very difficult
- Don't know

18. Has a customer of your organisation ever reclaimed an asset that had been transferred to RFL? (*select only one*)

- Yes
- No
- Don't know

19. Please describe the process your organisation put in place to manage any customer reclaims and to be reimbursed by RFL?

20. How would you describe your experience of working with RFL to process customer reclaims? (*select only one*)

- Very easy
- Easy
- Neither easy nor difficult

- Difficult
- Very difficult
- Don't know

21. Please explain your answer, including what changes, if any, could be made to improve any of the processes discussed above in Q17 - Q20?

Phased expansion of the Dormant Assets Scheme

The Dormant Assets Act 2022 expanded the Scheme to include assets from the insurance and pensions; investment and wealth management; and securities sectors, alongside the original banking sector. This is being implemented in phases since legislation was passed in 2022, with the Scheme currently open to participants from the banking, insurance and pensions, and securities sectors.

22. How would you describe the phased implementation of the expansion of the Dormant Assets Scheme? *(select only one)*

- Very effective
- Effective
- Neither effective nor ineffective
- Ineffective
- Very ineffective
- Don't know

23. Please explain your answer.

The Dormant Assets Act 2022 also provides a power to bring additional asset classes in scope of the main Scheme. This might include ones which have already been proposed for inclusion but whose suitability needs further exploration, new ones, or ones where dormancy has not yet been identified as an issue. Before this power is exercised, further work must be undertaken to identify these and facilitate their inclusion.

24. Are there additional asset classes that the Government should consider to bring into scope of the Scheme?

Public Sector Equality Duty

The Public Sector Equality Duty (PSED) is a duty on public bodies to consider how their policies or decisions affect people who are protected under the Equality Act 2010. This Call for Evidence will seek views on the potential impacts – both positive and negative – that the operation and expansion of the Dormant Assets Scheme could have on individuals with a protected characteristic under the Equality Act 2010.

25. What potential impacts do you think the operation and expansion of the Dormant Assets Scheme may have on individuals with a protected characteristic under the Equality Act 2010? *(select only one)*

- Positive
- Negative

- Mix of positive and negative
- No impacts
- Don't know

26. Please explain what you think these impacts would be.

27. In your view, is there anything that could be done to mitigate any negative impacts?
Please explain your answer.

28. Do you have any further comments on the operation or expansion of the Dormant Assets Scheme?

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