

The Dormant Assets Scheme: Turning £44m of unused money into support for Community Action

This briefing paper explores the potential of turning unused money from the Dormant Assets Scheme (DAS) into support for community action in the short-term and developing a Community Wealth Fund (CWF) for Wales in the long-term.

The Dormant Assets Scheme

The DAS uses money in dormant accounts, shares, insurance, and pension funds that has been inactive for at least 15 years, to support good causes. UK Parliament passed the [Dormant Assets Act in 2022](#), agreeing the release of £880 million from dormant assets to be used for “good causes”. We estimate this to be approximately £44m for Wales, over a 10-15 year period. Due to the expansion of the scheme, the Welsh Government is currently consulting on the spending priorities for this money.



Restrictions on the funding

The funding **cannot** be used to undercut or substitute government spending and must be distributed to projects that are unlikely to be funded by government or the public sector.

Possible uses for the funding

There is a clear desire for the funding to “continue to make a real difference to people and communities across Wales.”¹ The consultation focuses on the future spending purposes for the DAS in Wales. It seeks views on four potential options: **children and young people, the climate and nature emergencies, financial inclusion, and community action**. The consultation seeks to understand if there are options that people across Wales wish to prioritise. Given the nature of this funding, it is critical that as well as considering the preferred spending purposes, Welsh Government also considers the difference that the funding could make to each of the spending purposes.

Why use the funding to support community action

Community action has been recognised as playing a pivotal role during the COVID-19 pandemic and throughout the ongoing cost-of-living crisis.² Communities have put actions in place to support local people, due to their understanding of local need and the sense of ownership that they have for their local area. Often these initiatives are those that would not have been provided by or funded by government or the public sector but have nevertheless proved crucial in helping people during extremely difficult times.

Community action encompasses a wide range of different activities. It includes sport, leisure activities and amenities, religious activity, managing local facilities, enhancing green spaces and woodlands, as well as providing material and emotional support to friends and neighbours, and much, much more. Many community activities and organisations create jobs and provide wider economic benefits. Although varied in nature, most community action is supported by volunteers, for the benefit of community and individual wellbeing. It also revolves around the activities people want

¹ Welsh Government, Ministerial Foreword, [Consultation document](#).

² People and Work, [Community Responses to Covid; what's been going on?](#), 2021

to do together, based around the premise of communities actively helping themselves. These are initiatives that people feel **need to be provided** both locally and independently from the state.

The presence of community action is not uniform across Wales. Sustainable community action relies upon a mixture of people – commonly volunteers who offer their unpaid time and skills for the benefit of their community – and places, such as buildings, facilities and spaces where communities can meet, socialise and provide support, which varies from place to place. [Research](#) published by BCT in 2023 demonstrates that communities with fewer places to meet, that are less engaged and have poorer connectivity, experience significantly different outcomes compared to communities that possess more of these assets.³ To reduce this stark difference in socio-economic outcomes, **long-term funding for community action is not only desirable, it is necessary.**

Resourcing for community action is inconsistent; user fees, trading income and local fundraising are all important factors. Some slightly larger organisations are successful in raising money from independent funders. However, much of this funding is insecure, short-term in nature and focused on specific outputs, rather than giving groups and organisations the freedom to do what **they know will work best in and for their communities.**

While the approaches and scale are different, the goals of community action and the broad policy ambitions of the Welsh Government are similar in terms of mitigating poverty, promoting healthier lives, maintaining or improving the quality of the local environment, and building stronger local economies. Using the DAS to fund community action would contribute towards these overall policy ambitions, as well as providing a mechanism to fulfil the aims of the emerging Communities Policy. It also provides a tangible expression of the ‘Five Ways of Working’ underpinning the Wellbeing of Future Generations (Wales) Act 2015.

Using the DAS to fund **community action could maximise the benefits from this substantial but finite funding stream** which is anticipated to be irregular in nature. Community action, by definition, is wide ranging and varied. It can reasonably encompass strands of activity focused on children and young people, or on the climate and nature emergencies for example. Community action is also flexible enough to include place-based and interest-based activities, or even a combination of them.

Why now?

With most government department budgets facing significant reductions, using the DAS to invest in community action, would mean that local groups can continue to provide complementary support to the public sector when both their services, as well as many citizens, are under severe pressure. Community action often includes more informal ‘light touch’ activities with a recognised positive impact on community and individual wellbeing.

The DAS should be used to develop a package of long-term, flexible funding aimed at supporting community organisations and action. In turn, this provides a mechanism to support the emerging Communities Policy, which has the vision of thriving, empowered and connected communities. Using the DAS to fund community action may also streamline the development of a Community Wealth Fund (CWF) for Wales, a vision with wide-ranging and cross-party support.

What is a Community Wealth Fund?

BCT, and many other community groups and organisations want to see the DAS to be used to create a new funding model, which we’ve referred to previously as a **Community Wealth Fund**. We use this

³BCT, [Resilient Communities: meeting the challenge of being at the margins](#), 2023.

term to describe **a package of long-term, flexible funding aimed at supporting community organisations and action.**

A model based on these principles would give community groups and organisations the security to plan and deliver sustainable community activities across the nation. It would also align closely with the Well-being of Future Generations (Wales) Act 2015 and, given the way in which community groups and organisations have responded to the Cost-of-Living crisis, the development of a package of long-term, flexible funding is critical, to enable community action to continue and expand.

Support for a Community Wealth Fund in Wales



Both the [BCT](#) and [WCVA](#) manifestos for the 2021 Senedd elections proposed a CWF for Wales. The proposals were informed by numerous discussions and events held with communities and third sector organisations across Wales since late 2019.

In the run up to the Senedd elections, both Plaid Cymru and the Welsh Conservatives [expressed support](#) for a CWF, while the Fifth Senedd’s Local Government, Equality and Communities Committee [recommended](#) Welsh Government introduce a CWF as part of its voluntary sector COVID-19 response – to which the

previous Welsh Government [agreed](#) in principle.

Since 2022 BCT has facilitated a working group with a wide range of community focused organisations, to develop thinking about how a CWF could work in Wales. The group wishes to see the DAS money used to support community action in the short-term and to develop a community wealth fund for Wales in the longer-term. **This consultation represents a once-in-a-generation opportunity to secure substantial funding for community action benefitting people and communities across the nation, both now and in the future.**

