

**Dormant Accounts Scheme for Wales:
Draft Policy aims agreed by Cabinet in December 2007 as a potential
basis for the policy directions to Big Lottery Fund**

The Welsh Assembly Government Cabinet suggested five policy aims that would potentially form the basis of the final policy directions to the Big Lottery Fund in Wales, i.e. more detailed themes within each spending area. The five policy aims were:

For supporting young people

- involving young people in social, cultural and sporting activities within communities
- equipping young people with the skills and competences they need to fulfil their potential within the community in relation to employability and wider benefits;
- providing support services to re-engage young people with the wider community;
- promoting actions to combat social exclusion, especially homelessness and financial exclusion with the aim of delivering long-term sustainability.

For tackling climate change

- community action to achieve clean, healthy and sustainable local environments.

REPORT TO WELSH ASSEMBLY GOVERNMENT

OUTCOME OF CONSULTATION ON PROPOSED INVESTMENT AREAS FOR A
DORMANT ACCOUNTS SCHEME IN WALES

1. Executive Summary of findings

1.1 Supporting young people

The diverse nature of the responses to the questions focussed on young people meant that over half the priorities categorized did not lend themselves to broader patterns or themes. This shows that respondents have a wide range of competing priorities under the young people's agenda. However, providing support to the young people's learning and employment agenda was a priority for many respondents, as was support for vulnerable young people.

1.2 Tackling climate change

Three distinct trends have emerged from the responses to the climate change questions:

- Community based projects
- Awareness raising and education measures
- Developing networks to co-ordinate climate change measures locally.

1.3 Four of the responses received to climate change questions explicitly supported the views expressed by Environment Wales in their response. This may suggest that Environment Wales lobbied these organisations during the consultation process.

1.4 Distributing funds from dormant accounts

Grant funding is identified as a popular distribution method for dormant accounts, but over half of respondents favour using a mixture of distribution mechanisms. There is little desire to use loans.

1.5 A strategic or demand led approach?

Overall, there is no clear preference for taking either a strategic or demand led approach to distributing dormant accounts money. Those who only responded to the climate change questions are overwhelmingly in favour of a demand led approach whereas those responding to the questions on young people show a slight preference towards strategic funding.

1.6 A quarter of the references recorded from respondents favoured an award partner approach, but this is almost exclusive to those who answered only the climate change questions.

Extracts from Dormant Bank and Building Societies Accounts Act 2008

Section 19

Distribution of money for meeting Welsh expenditure

(1) The Welsh Ministers may by order made by statutory instrument make provision restricting the purposes for which, or the kinds of person to which, a distribution of dormant account money for meeting Welsh expenditure may be made.

(2) Before making an order under this section the Welsh Ministers shall consult the Big Lottery Fund and such other persons (if any) as they think appropriate.

(3) An order under this section may not be made unless a draft of the statutory instrument containing it has been laid before, and approved by a resolution of, the National Assembly for Wales.

Powers of Secretary of State or appropriate national authority

Section 22

Directions to Big Lottery Fund

(1) In exercising any of its functions under this Act the Big Lottery Fund shall comply with any direction given to it under this section.

(2) Subject to subsection (5), the power to give a direction under this section is exercisable by the Secretary of State.

(3) A direction under this section may, in particular—

(a) specify matters to be taken into account in determining the persons to whom the Fund distributes money;

(b) specify purposes for which (or matters to be taken into account in determining the purposes for which) the Fund may or may not distribute money;

(c) relate to the process used to determine what payments to make;

(d) relate to—

(i) the terms and conditions on which the Fund makes grants or loans, or

(ii) other arrangements under section 16(3).

- (4) A direction under this section may, in particular—
- (a) relate to arrangements under section 25;
 - (b) relate to the management and control of money received by the Fund;
 - (c) relate to the employment of staff;
 - (d) relate to the form of accounts or methods and principles for the preparation of accounts;
 - (e) in so far as it relates to a matter specified in paragraphs (a) to (d)—
 - (i) relate to the persons to whom or the terms on which the Fund delegates functions;
 - (ii) require the Fund to obtain the Secretary of State's consent before taking action of a specified kind;
 - (iii) require the Fund to provide information to the Secretary of State.

- (5) A direction under this section may not be given by the Secretary of State in relation to Welsh, Scottish or Northern Ireland expenditure, but—
- (a) may be given by the Welsh Ministers in relation to Welsh expenditure;
 - (b) may be given by the Scottish Ministers in relation to Scottish expenditure;
 - (c) may be given by the Department of Finance and Personnel in Northern Ireland in relation to Northern Ireland expenditure.

This subsection does not apply to a direction given by virtue only of subsection (4).

- (6) A direction under this section may not be inconsistent with —
- (a) section 16(1), or
 - (b) section 18 or an order under section 19, 20 or 21 (whichever is applicable).

(7) Any minister, ministers or department proposing to give a direction under this section must consult the Big Lottery Fund before doing so.

(8) The power of the Fund to appoint staff under paragraph 6 of Schedule 4A to the National Lottery etc. Act 1993 (c. 39), or to make payments under paragraph 18 of that Schedule (remuneration etc), has effect subject to any directions under subsection (4)(c).

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND UNDER SECTION 22 OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008
(DRAFT)

The Welsh Ministers, in exercise of the powers conferred on them by section 22 of the Dormant Bank and Building Society Accounts Act 2008 and having consulted the Big Lottery Fund (“the Fund”), hereby give the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the Dormant Bank and Building Society Accounts Act 2008.

General Directions

2. In exercising any of its functions in relation to the use of dormant account money in Wales, the Fund shall take into account the following matters in determining to whom the Fund may make grants, the purposes for which the Fund may make grants, the process used to determine what payments to make and the terms and conditions on which the Fund makes grants:
 - A. The need to ensure that money is distributed under section 16 for projects which promote the public good and which are not intended primarily for private gain.
 - B. The need to ensure that money is distributed under section 16 to projects which make real and sustainable improvements to the quality of life of local communities.
 - C. The need to ensure that money is distributed primarily to ‘third sector’ organisations, i.e. organisations that exist wholly or mainly to provide benefits for society or the environment. Exceptionally, money may be distributed to local authorities or other statutory bodies where a project involves a partnership or consortium, and the statutory body is acting in a coordinating capacity.
 - D. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
 - E. The need to promote and support the Welsh language and reflect the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages.
 - F. The need to further the objectives of sustainable development.

- G. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- H. The need:
 - i). in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - ii). where capital funding is sought:
 - a). for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - b). to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
 - iii). in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the award, taking into account the size and nature of the project, and for the dormant accounts funding to be used to assist progress towards viability wherever possible.
- I. The desirability of working with other organisations, where this is an effective means of delivering elements of its strategic plan (see para' 4).
- J. The need to ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- K. The need to include a condition in all grants to acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Accounts Scheme for Wales.
- L. The need to involve the public in making policies, setting priorities and in making grants.
- M. The need to ensure an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.
- N. The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategic plan, achieves over time a distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, and social enterprises.
- O. The need to have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales.

Specific directions: Spending Purposes and Sub-themes

3. In exercising any of its functions in relation to Welsh dormant accounts money, as apportioned under section 17 of the Act, the Fund shall also take into account the following *specific priorities* in determining to whom it makes grants, and the purposes for which it makes grants:
- A. The need to ensure that the Fund distributes the dormant accounts money in accordance with the 'spending purposes' for the Scheme, as laid down in the [*insert title of statutory instrument...Order 2009*]:
- 'Supporting children and young people to achieve their full potential working through the third sector to promote social inclusion'; and
 - 'Tackling climate change and promoting wider sustainable development through focused community-based activity'.
- B. The need, in distributing the money to meet the spending purposes, for the Fund to also ensure that every grant made meets one or more of the sub-themes for the Scheme, as listed under (i) and (ii) below:

Supporting children and young people

- (i) Equipping young people with the skills and competences they need to fulfil their potential in relation to employability and wider benefits; in particular by addressing the needs of young people who are NEET (Not in Education, Employment or Training).

Tackling climate change and promoting wider sustainable development

- (ii) Developing a community led, and inclusive approach to address the causes of climate change and /or build resilience to its impacts, with the aim of encouraging behaviour change and with the potential to be rolled out to other parts of Wales.

The need in distributing the money, for the Fund to take account of the wider benefits that applications may offer, in terms of:

- (i) their potential to make the resources go further, by means of contributions from other sources, e.g. match funding
- (ii) their contribution to relevant Welsh Assembly Government policies and strategies, including:
- the Skills and Employment Strategy and Action Plan; 'Reducing the proportion of young people not in education, employment or training in Wales: Delivering Skills that Work for Wales' (The NEETs Plan); 'A Fair Future for Our Children': the child poverty strategy; the 14-19 'Learning Pathways' framework for young people's learning provision ; the 'Extending Entitlement' policy for youth support services; the All

Wales Youth Offending Strategy; the 'Reach the Heights' career opportunities initiative.

- 'One Wales: One Planet', the Sustainable Development Scheme for Wales; The Climate Change Strategy.

Strategic Plan

4. As provided for under Part 1 of Schedule 3 of the Act, the Fund shall prepare and adopt a strategic plan for the Dormant Accounts Scheme for Wales, to clarify the Fund's policies for the distribution of the dormant accounts money, and for how applications will be prioritised.

Dormant Accounts Scheme for Wales: Outline timetable for launch of the Scheme

<u>Event / purpose</u>	<u>Target Date</u>
Scrutiny of proposed spending purposes' and other elements of the Scheme by National Assembly Communities and Culture committee	2 December 2009
Draft Order* (Statutory Instrument) considered by National Assembly Subordinate Legislation Committee	February / March
Plenary debate – National Assembly to approve the draft Order (Statutory Instrument)	April 2010
Minister for Heritage makes the Order	April 2010
Minister for Heritage issues Policy Directions to Big Lottery Fund	May 2010
Big Lottery Fund initiates 'project Development Phase'	May 2010
Big Lottery Fund invites application for funding	September 2010
Promotional event to launch the Dormant Accounts Scheme for Wales	November 2010
Big Lottery Fund announces first grants under the Scheme	December 2010 / January 2011

Progress summary on the proposed Dormant Accounts distribution schemes for England, Scotland and Northern Ireland

England

In England the spending priorities are set out in the Act itself (section 18), following a public consultation in 2007. The priorities are

- (i) the provision of services, facilities or opportunities to meet the needs of young people;
- (ii) the development of individuals' ability to manage their finances or the improvement of access to personal financial services; or
- (iii) Expenditure made to a "social investment wholesaler" (a body that enables other bodies to give financial assistance to third sector organisations).

The provision of youth services is likely to focus on youth centres, with investment in new build and in upgrading of existing facilities.

The financial capability element is likely to involve developing the availability of affordable credit through lenders such as credit unions. There may also be investment in improved Money Guidance. Currently the FSA is running two 'pathfinder' projects; if successful, money guidance services may be rolled out across England, via partnerships involving local authorities and third sector agencies such as Citizens Advice and Age Concern.

The Office of the Third Sector (Cabinet Office) has recently been consulting on the proposals for a Social Investment Wholesale Bank for England – a public consultation closed on 7 October.

Scotland

The Scottish Government Cabinet agreed its priorities for the Scheme in August 2009. The overall priority is identified as "*third sector organisations, contributing to the development of strong resilient communities*". It has identified four main 'areas of investment', and also aims to create an endowed trust to provide a longer term investment approach for at least part of the money. The Scottish Government hopes to put forward a draft Order for approval by the Scottish Parliament by December.

A 'significant proportion' of the first year funding will be reserved for the endowed trust. This will focus on "cold-spots" where public sector and other funders receive proportionately fewer community-initiated applications for projects. The trust would provide long-term investments of up to 10 years, recognising the lead time to build capacity and confidence in these types of areas.

The 4 themes for the remaining grant funded element of the Scheme are:

- (i) Opportunities for Children and Young People
- (ii) Addressing Health Inequalities through increased Activity

- (iii) Strengthening Inter-generational Connection
- (iv) Creating Community-based Employment opportunities.

Northern Ireland

In Northern Ireland the spending priorities have yet to be determined; the Department of Finance and Personnel has recently carried out a public consultation to gather views on what the main priorities should be. This ran from 6 August to 29 October 2009. Following analysis of the consultation responses, the Executive will consider a paper setting out proposals for the spending priorities, before seeking the agreement of the Northern Ireland Assembly. The consultation sought views on a series of general questions, including:

- Are there particular areas or issues that would benefit from these funds?
- Are there particular groups of individuals or organisations that should be specifically targeted?
- Should 'disadvantaged' i.e. Neighbourhood Renewal areas be targeted?
- How best can the Administration accommodate organisations that on moral or ethical grounds have not sought funding from the lottery?
- How should the funds be delivered? Should they be for revenue and/or capital purposes? Should loans be offered? Should funding be delivered over a short or longer time frame? What size of grants? Should an endowment be created or supported, etc.
- Could the Scheme be used as an opportunity to promote partnership working with others in government or the larger community?