

# **Explanatory Memorandum to the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010**

This Explanatory Memorandum has been prepared by the Heritage Department and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 24.1.

## **Minister's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010.

Alun Ffred Jones AM  
Minister for Heritage  
04 March 2010

## **1. Description**

- 1.1. This Order restricts the distribution of dormant account money for meeting Welsh expenditure under the Dormant Bank and Building Society Accounts Act 2008 (the Act) to that which protects or enhances the environment or that which meets the needs of people who have not attained the age of 26 years.

## **2. Matters of special interest to the Constitutional Affairs Committee**

- 2.1. There are no matters of special interest to the Constitutional Affairs Committee.

## **3. Legislative background**

- 3.1 The Act extends to the whole of the United Kingdom. Sections 18 to 21 of the Act contain specific provisions for England, Wales, Scotland and Northern Ireland respectively. The power of the Welsh Ministers to make this Order is contained in section 19(1) of the Act. In accordance with section 19(3) of the Act this Order is subject to the affirmative resolution procedure.

## **4. Purpose and intended effect of the legislation**

- 4.1 The Act set up a framework for a scheme under which money in dormant bank and building society accounts can be distributed for the benefit of the community, whilst ensuring the right of owners to reclaim their money is protected.
- 4.2 Section 19(1) of the Act provides that Welsh Ministers may, by Order made by statutory instrument, restrict the purposes for which, or the kinds of person to which, a distribution of dormant account money for meeting Welsh expenditure may be made. This Order restricts the distribution of dormant account money for meeting Welsh expenditure under the Act to that which protects or enhances the environment or that which meets the needs of people who have not attained the age of 26 years.
- 4.3 It is proposed that the Order will come into force on 21 April 2010. It is anticipated that dormant account money for meeting Welsh expenditure will be distributed in 2011.
- 4.4 HM Treasury estimate that £14 million of dormant account money will initially be available for meeting Welsh expenditure, with a smaller figure, generated by newly dormant accounts, available in future years.
- 4.5. The distribution of dormant account money for meeting Welsh expenditure on the environment is intended to focus on small scale interventions to empower people and communities to play their part in supporting the Welsh Assembly

Government's Climate Change Strategy. The programme aims to help generate the small successes which community groups can build on and to incentivise more people to take action.

- 4.6. The distribution of dormant account money for meeting Welsh expenditure on people who have not attained the age of 26 years is intended to focus on assisting young people who are not in education, employment or training (NEET), and early intervention projects aimed at children at risk of becoming NEET. There will be scope to encourage projects which also contribute to related strategies, for example, child poverty, youth offending, Extending Entitlement and 14 to 19 Learning Pathways.

## **5 Consultation**

- 5.1. In accordance with section 19(2) of the Act the Welsh Ministers consulted the Big Lottery Fund and other appropriate persons before making this Order.
- 5.2. In August 2008, a consultation was launched to gather views on the proposed areas for the distribution of dormant account money for meeting Welsh expenditure. The proposed areas were 'children and young people' and 'climate change'. The consultation ended on 14 November 2008. A summary of the responses to the consultation is set out in paragraphs 5.3 to 5.6.
- 5.3. The diverse nature of the responses to the questions on young people meant that over half the priorities categorized did not lend themselves to broader patterns or themes. This showed that respondents had 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.
- 5.4. Three distinct priorities emerged from the responses to the questions on climate change:
- i. Community based projects
  - ii. Awareness raising and education measures
  - iii. Developing networks to co-ordinate climate change measures locally.
- 5.5. Grant funding was identified as a popular distribution method for dormant account money, but over half of respondents favoured using a mixture of distribution mechanisms. There was little desire to use loans.
- 5.6. Overall, there was no clear preference for taking either a strategic or demand led approach to distributing dormant account money. Those who only responded to the climate change questions were overwhelmingly in favour of a demand led approach whereas those responding to the questions on young people showed a slight preference towards strategic funding. A quarter of the references recorded from respondents favoured an award partner approach, but this was almost exclusive to those who answered only the climate change questions.

5.7. The written element of the consultation was complemented by four consultation events. Participants were invited to take part in a workshop that looked at either the young people or climate change areas before joining together to discuss issues around distribution mechanisms and strategic or demand led approaches. The events were held in Cardiff, Neath, Rhyl and Newtown between September and November 2008.

5.8. A full consultation report is attached at Annex A.

## **6. Regulatory Impact Assessment (RIA)**

6.1. No Regulatory Impact Assessment has been produced for this Order as no impact on the private or voluntary sectors is foreseen.

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

### **1. Introduction**

1.1 In August 2008, the Big Lottery Fund (BIG) launched a consultation on behalf of the Welsh Assembly Government to gather views on its proposed investment areas for dormant accounts money in Wales. The areas are Children and Young People and Climate Change. The consultation ended on 14 November 2008. BIG has since analysed those responses, and this report presents the overarching findings from the 55 responses that were received.

1.2 The report covers the following:

- Executive summary
- The methodology used in the analysis
- A breakdown of respondents by investment area and sector
- Analysis of the responses to the young people and climate change questions
- Analysis of responses to the questions focusing on distributing dormant accounts fund.

1.3 The quality of the responses submitted was variable. The non-specific nature of some responses has made it challenging to codify the information provided. To provide an overarching picture of the responses given to each question a series of coding frameworks have been developed. These frameworks have been developed by grouping comments together under broader headings to allow the responses to be quantified. These can be found in Appendix B. The analysis in the body of this report relates to these coding frameworks.

1.4 For further information about the consultation and its findings, please contact Rob Roffe, Policy and Public Affairs Manager, at:  
[Robert.roffe@biglotteryfund.org.uk](mailto:Robert.roffe@biglotteryfund.org.uk)

### **2. Executive Summary of findings**

#### **2.1 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.

## 2.2 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.

2.3 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.

## 2.4 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.

## 2.5 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.

2.6 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.

## **3. Methodology**

3.1 The consultation was framed around 'open' questions that were designed to encourage respondents to express their ideas freely. To quantify the information provided, a coding framework was developed for each question posed.<sup>1</sup> The coding frameworks allow the large amount of text provided by respondents to be sorted and reduced to a manageable level.

3.2 For each question, sets of common categories have been developed into which information has been grouped. Each response has then been measured against these categories and the number of references made to each category has been recorded. This assists the analysis and makes it easier to make comparisons and identify patterns in the responses.

3.3 The coding framework aims to capture all of the themes and ideas identified in the responses. The diversity of the responses has resulted in some questions having

a significant number of categories. It is important not to make coding categories too broad and lose the detail of responses under broad headings. Broader trends are drawn out and discussed as part of the analysis for each question.

3.4 The framework for each question can be found in Appendix B. Each is presented as a table that lists:

- The coding categories

(Coding frameworks were not developed for the questions asking respondents to provide examples of good practice in each investment area. A selection of examples will be presented for each question instead).

- The number of references made against each coding category
- The percentage of references made against each coding category.

3.5 Some respondents have chosen not to follow the questions provided and have instead opted to submit a general narrative in which they express their views. In these instances, the information contained within their responses has been analysed to fit the questions that it relates to. It has then been coded against the relevant coding framework.

#### **4. Breakdown of respondents by investment area and sector**

4.1 BIG received 55 responses to the consultation.

- 36 Responded to the questions on the Young People investment area
- 19 Responded to the questions on the Climate Change investment area
- 41 responses were from organisations in the voluntary and community sector (VCS)
- 5 responses were from statutory organizations
- 6 responses were submitted anonymously

4.2 A full list of the respondents can be found below.

#### **5. Responses to the questions on supporting young people**

5.1 *Which specific areas of need should be targeted within this investment area so that the money makes the most impact?* (Framework 1, Appendix B)

- 31 per cent of references have supported measures that target the learning and employment agenda for young people. Although developing life skills and encouraging economic activity are coded separately to ensure that the detail of respondents' specific preferences

are not lost, they are part of the wider learning and employment agenda.

- 18.9 per cent of references indicate support for measures that target vulnerable or disabled children, if support for measures aimed at supporting disabled and vulnerable children is taken collectively.
- These are the only clear trends that can be identified from the responses. Although they account for almost 50 per cent of the priority areas identified by respondents, the remaining 50 per cent represents a wide range of respondents' priorities and cannot be refined into broader trends or themes.

### *5.2 How can the four policy aims identified above contribute to addressing need within this investment area? (Framework 2, Appendix B)*

- Although there is considerable overlap with the previous question, the responses to this one are even more diverse. It is difficult to identify areas that can be aggregated up into larger categories to identify broader trends.
- The following categories are the exception, and can again be combined under the heading of learning and employment:
  - Development of economic skills and life skills
  - Young People Not in Education Employment or Training (NEETs)
  - Reducing the need for economic migration by creating local economic growth
  - Making links with the private sector re: employability
- Taken collectively, these demonstrate that 20 per cent of references favour interventions designed to support learning and employment.
- Although less significant, there was again notable support for measures designed to target vulnerable people (10.8 per cent). Additionally, there is notable support for building the capacity of existing initiatives that work with children and young people.
- These three trends only account for 42 per cent of the areas addressed by the respondents, with the remainder representing a broad range of themes that cannot be refined into broader themes or trends.

### *5.3 Please provide examples of good practice that can help achieve the aims of the investment area.*

- A coding framework has not been developed for this question. The uniqueness of individual projects would be lost if an attempt was made to try to categorize their activities, and it would have resulted in a substantial list of categories that could not be meaningfully quantified.
- Instead, a selection of case studies has been presented in Appendix C as an illustration of existing good practice.

## **6. Responses to the questions on tackling climate change**

### *6.1 Which specific areas of need should be targeted within this investment area so that the money makes the most impact? (Framework 3, Appendix B)*

- There is a clear trend towards supporting community level interventions to tackle climate change. If community level interventions and local renewable energy generation are combined, then almost a third of the investment priorities referred to by respondents are aimed at local initiatives to tackle climate change.
- There is some support for targeting awareness raising and education, with over 10 per cent of references addressing this issue.
- Building local partnerships and networks to co-ordinate climate change activities and supporting existing projects to become more environmentally aware can be taken collectively as measures that would build the capacity of organisations to 'go green'. This equates to 16 per cent of the references made by respondents.
- These three trends account for over two-thirds (67 per cent) of the preferred priorities of the respondents.

### *6.2 How can the policy aim identified above contribute to addressing need within this investment area? (Framework 4, Appendix B)*

- The overlap between this and the previous question has resulted in respondents identifying similar themes.
- Again, there is a clear trend towards community level action, with a combined total of 32 per cent of references favouring local community projects and local energy generation.
- Awareness raising and education again scores significantly with 18.2 per cent, a higher rate than in the previous question. This is complemented with modest support for expert advice, consultancy and advocacy for communities. These two categories can be aggregated into a larger trend towards awareness raising and support for green activities. Taken collectively, they account for 29.6 per cent of references.

- These two trends account for almost 62 per cent of the total number of references made by respondents.
- 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.

### *6.3 Please provide examples of good practice that can help achieve the aims of the investment area.*

A coding framework has not been developed for this question. The uniqueness of individual projects would be lost if an attempt was made to try to categorize their activities, and it would have resulted in a substantial list of categories that could not be meaningfully quantified. Instead, a selection of case studies has been presented in Appendix C as an illustration of existing good practice.

## **7. Responses to questions on distributing funds from dormant accounts**

### *7.1 Which of the above distribution mechanisms do you think is the most appropriate for distributing these funds? Please say why. (Framework 5, Appendix B)*

- There is a clear preference towards grant funding with almost three quarters of references (74.5%) in favour of using them as a distribution mechanism.
- However, only around a quarter of references favour grants as the only approach, with 51 per cent favouring some form of funding mix. This pattern is common to both the young people and climate change respondents.
- Only 11.6 percent favour using endowments as the sole distribution method. However, 46.5 per cent of references indicate a willingness to use endowments as part of a diverse distribution package.
- There is clearly no appetite for loans or contracts alone as a way of distributing the funding.
- There is limited support amongst those who only responded to the climate change questions for either endowments or contracts.

## **8. Responses to questions on strategic and demand led approaches**

### *8.1 Taking into account the pros and cons of the strategic and demand-led approaches outlined above, which approach do you think would be the most effective method for distributing this money? Please say why. (Framework 6, Appendix B)*

- Overall, there is no clear preference between a demand led and strategic approach, with both enjoying similar levels of support.

- There is a slight preference for a strategic approach from those who responded to the questions on children and young people.
- Almost a quarter of respondents favour an award partner approach, but this support almost exclusively comes from those who answered the climate change questions. There is little appetite for an award partner approach from those who responded to the children and young people questions.
- There is notable support for making Environment Wales an award partner from those who answered the climate change questions.
- There is overwhelming support for a demand led approach amongst those who responded to the climate change questions, and limited support for a strategic approach.

## **9. An overview of the consultation events**

9.1 During the consultation period, four consultation events were held. Participants were invited to take part in a workshop that looked at either the young people or climate change investment areas before joining together to discuss issues around distribution mechanisms and strategic or demand led approaches. The events were held in Cardiff, Neath, Rhyl and Newtown between September and November 2008.

9.2 A substantive number of the issues raised at the events mirror the issues raised in the written responses that have been analysed above. Although it is impossible to quantify group discussions, a diverse range of views were expressed in relation to the Young People's investment area. Similarly, discussions around the climate change investment area were more focused and covered similar views.

9.3 Rather than revisit all of the issues that have already been captured through the written responses, this section focuses on some of the additional key themes that were raised by participants, as well as other notable points that they raised.

### **9.4 Supporting young people**

- These messages resonated across all the events:
  - The areas covered by the policy aims were broad, and that it may not be possible to address everything with the limited pot of money that was likely to be available.
  - There was a strong desire that dormant accounts money should not be used to 'reinvent the wheel' and that existing projects working with children and young people should be able to access the funding to support them in their ongoing work.
  - There was considerable discussion on the topic of addressing the needs of young people who are NEET. There was a focus on both early interventions to prevent young people from becoming NEET, as well as remedial activity for those who already were.

- Participants were supportive of measures designed to promote health and well being, a message that was not picked up through the written responses to the consultation.
- Participants in Cardiff raised the possibility of matching dormant accounts money with EU funding through the Wales European Funding Office, but this would require a strong focus on promoting economic activity amongst young people and focusing on NEETs.
- There was discussion around the 0-25 year age range at the Neath event. Participants felt that the range was too broad, but they could not agree on what the age range should be.

### 9.5 Tackling climate change

- The views expressed at the consultation events closely mirrored those that have been captured through the analysis of the consultation responses.
- Respondents at the Neath event discussed the potential of using the money to establish 'green' social enterprises based around local recycling and energy generation schemes.
- The potential for using the money to conduct research into the impact of communities on climate change was fiercely debated in Cardiff, with respondents polarized as to whether or not this should be funded by the Welsh Assembly Government.
- At the Cardiff event, participants suggested that the climate change spending area needed to be attached to a particular aim or outcome in order to give it greater focus and a benchmark to measure its success against. They suggested using local carbon footprints as a barometer against progress.

### 9.6 Distributing funds from dormant accounts

- Generally, participants asked that the eventual application process was simple. There were a variety of opinions as to whether the money should have a demand led or strategic focus, and this mirrors the findings from the written responses.
- Participants in Cardiff questioned the suitability of endowments in the current economic climate as this could potentially restrict their ability to generate a healthy return. They were equally concerned by the prospect of using loans, particularly the ability of organisations to pay them back.

- Across all the events, several participants suggested that there should be scope for involving young people in the decision-making process when allocating funding to young people's projects.
- The definition of strategic was challenged at more than one event, with some arguing that the funding should be demand led to enable communities to meet their own local strategic priorities. It was felt that strategic was often only ever seen in a national context.

## Respondents to the Dormant Accounts Consultation

This table does not include the six responses that were submitted anonymously.

Action for Children	Voluntary
Amman Valley Railway	Voluntary
Awel Aman Tawe	Voluntary
Bobath	Voluntary
BTCV (British Trust for Conservation Volunteers)	Voluntary
Business in the Community	Voluntary
Bwrdd Yr Iaith Gymraeg	Statutory
Canolfan Amgylcheddol Moelyci Environmental Centre	Voluntary
CAT (Centre for Alternative Technology)	Voluntary
Community Foundation in Wales	Voluntary
Community Housing Cymru	Voluntary
Community Transport Association UK	Voluntary
ContinYou Cymru	Voluntary
CRAFT (Ceredigion Recycling and Furniture Team) Aberystwyth	Voluntary
Cwm Harry Land Trust	Voluntary
CWVYS (Council for Wales of Voluntary Youth Services)	Voluntary
Ecodyfi	Voluntary
Energy Saving Trust	Voluntary
Environment Agency Wales	Statutory
Wildlife Trusts Wales	Voluntary
Environment Wales	Statutory
Fairbridge Cymru	Voluntary
Film Agency Wales	Voluntary
Interlink	Voluntary
Keep Wales Tidy	Voluntary
Llamau	Voluntary
Monmouthshire Rural Development Partnership	Voluntary
National Childminding Association	Voluntary
National Federations of Women's Institutes	Voluntary
National Trust Wales	Voluntary
Neath Port Talbot CVS (Council for Voluntary Services)	Voluntary
North Wales Wildlife Trusts	Voluntary
PAVS (Pembrokeshire Association of Voluntary Services)	Voluntary

Pheonix	Voluntary
Play Right	Voluntary
Play Wales	Voluntary
Powys County Borough Council Youth Service	Statutory
RSPB (Royal Society for the Protection of Birds) Cymru	Voluntary