



Llywodraeth Cymru
Welsh Government

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Welsh Government
Consultation Document

Future spending purposes for dormant assets funding in Wales

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Action required: Responses by 28 February 2024

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

Overview

The Welsh Government is consulting on the future spending purposes for dormant assets funding in Wales. It is proposing four potential options to consider: children and young people, the climate and nature emergencies, financial inclusion and community action. It is unlikely to be able to fund all four options and will need to prioritise.

The consultation sets out the background to the current Dormant Accounts Scheme, provides some context to each of the four potential purposes and offers the opportunity for respondents to provide alternative suggestions.

How to respond

To respond to this consultation please complete the online form which can be accessed here: <https://www.gov.wales/future-spending-purposes-dormant-assets-funding-wales>

Alternatively, respondents may use the separate response form provided which can be sent via e-mail to dormantassetsfunding@gov.wales or by post to the address below. The closing date for responses is 28 February 2024.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

For further information:

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Culture, Sport and Tourism Division
Welsh Government
Cathays Park
Cardiff
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Email: dormantassetsfunding@gov.wales

This document is also available in Welsh: <https://www.llyw.cymru/dibenion-gwariant-y-dyfodol-ar-gyfer-arian-asedau-segur-yng-nghymru>

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Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. The lawful basis for processing information in this data collection exercise is our public task; that is, exercising our official authority to undertake the core role and functions of the Welsh Government. (Art 6(1)(e))

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. It will also be seen by National Lottery Community Fund staff for the purposes of managing the consultation and analysing responses. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. It may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell the Welsh Government this in writing when you send your response. It will then redact them before publishing.

You should also be aware of the Welsh Government's responsibilities under Freedom of Information legislation and that it may be under a legal obligation to disclose some information.

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For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the UK GDPR, please see contact details below:

Data Protection Officer:
Welsh Government
Cathays Park
Cardiff
CF10 3NQ
Email: dataprotectionofficer@gov.wales

The contact details for the Information
Commissioner's Office are:

Wycliffe House
Water Lane
Wilmslow
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Tel: 0303 123 1113
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Ministerial foreword

A dormant asset is a financial product, such as a bank account, that the customer has not used for many years, and which the provider has been unable to reunite them with, despite efforts based on industry best practice. The Dormant Bank and Building Society Accounts Act 2008 (the 2008 Act) set up the framework for a scheme under which money in dormant bank and building society accounts could be distributed for the benefit of the community.

The Welsh Government works closely with the National Lottery Community Fund (TNLCF) to distribute the Welsh portion of this funding, which has totalled £28 million since the scheme was established.

Last year, the Dormant Assets Act 2022 expanded the definition of a 'dormant asset' to include assets from the insurance, wealth management, securities and pensions sectors. It brings an estimated £3.7 billion of additional assets into the scope of the Dormant Assets Scheme (DAS) and it is estimated that the expansion could release a further £880 million for good causes across the UK. After nearly 10 years of operation, this is to be welcomed.

With the expansion of the DAS, the time is right to revisit our priorities for the use of dormant assets in Wales. The Welsh Government is inviting views on four potential future causes. As well as welcoming views on maintaining the current priority of **children and young people**, and amending the current priority relating to climate change to include the nature emergency, the Welsh Government is also seeking views on **financial inclusion** and **community action**. It is unlikely that the Welsh Government will be able to fund all four purposes and your views will be crucial in helping it to prioritise.

To date, the DAS has supported five funding programmes in Wales, with the National Lottery Community Fund distributing funds to support young people to access training, education and employment opportunities, and to take action on climate change. It has made a real difference across Wales and is continuing to do so through the Sustainable Steps Wales programme, with community groups being supported to take environmental action and improve their own environmental performance. It has also awarded a series of grants to support communities that are not usually engaged in climate action to help tackle the climate emergency and inspire others.

The Welsh Government and its National Lottery Community Fund partners want the scheme to continue to make a real difference to people and communities across Wales. We look forward to hearing your views on how the expanded DAS can best address the social and environmental challenges that Wales faces.

Dawn Bowden MS, Deputy Minister for Arts, Sport & Tourism

1. Introduction

1.1 The Dormant Assets Scheme

The Dormant Assets Scheme (DAS) supports financial companies to voluntarily direct funds from dormant assets to good causes, while making sure that owners can be reunited with their funds at any time. It enables large sums of money that would otherwise sit untouched in forgotten accounts to be spent on social and environmental causes. The scheme is administered by the Reclaim Fund Ltd (RFL). It has received over £1.6 billion of dormant assets to date and decides how much of that should be retained to meet any reclaims from the rightful owners of those accounts. The portion allocated to Wales is determined by the Barnett Formula.

1.2 The TNLCF is responsible for distributing any surplus to good causes across the UK while the Welsh Government directs TNLCF on how to spend the Welsh portion through policy directions (the current directions can be found at Annex A). The current spending purposes were agreed in 2010 and the recent passing of the Dormant Assets Act 2022 could potentially result in more money being made available for good causes in Wales. Consequently, a review of the current purposes is timely and this resulting consultation is being conducted by TNLCF on behalf of the Welsh Government. It invites views from communities, third sector organisations and any interested individuals on the spending purposes for dormant assets funding in Wales. The Welsh Government is inviting specific views on four potential purposes:

- children and young people;
- climate and nature emergencies;
- financial inclusion; and
- community action.

1.3 Why these proposed purposes?

In addition to the Dormant Bank and Building Society Accounts Act 2008 which provides that the spending purposes for dormant assets to be either social or environmental in scope, the Welsh Government also determined that the proposed purposes for the consultation must also be:

- evidence based;
- able to measure impact;
- resilient to uncertain funding flows;
- additional to government funding; and
- aligned to government priorities.

1.4 It also felt that the spending purposes should prioritise support for longer term issues, support communities and have the potential to support those experiencing poverty. As Wales continues its recovery from the wide-ranging implications of the COVID-19 pandemic against the backdrop of increasing pressures on the cost of living and the global challenge of the climate and nature emergencies, it felt that these purposes were particularly relevant.

1.5 The Additionality Principle

The Dormant Assets Act (2022) stipulates that money for good causes arising from dormant assets 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 services it supports. This is known as the additionality principle.

1.6 In practice, this means that TNLCF must maximise the benefits that dormant assets funding brings to communities by only funding projects, or parts of projects, that would otherwise not be funded by government at a national, regional or local level. While it does not prevent the money being used to add value to public services by supporting additional activities that improve outcomes for beneficiaries, it does prevent funds from being used to support public sector obligations that any tier of government must provide by law, as well as established discretionary services.

1.7 The Welsh Government must take this into account when determining the spending purposes and TNLCF will address additionality when designing future funding initiatives. To account for the additionality principle, respondents to this consultation who may wish to suggest proposals for future funding should bear in mind that when the Welsh Government comes to make a decision on future spending purposes it will need to ensure that those purposes **do not**:

- duplicate or fund services that either a tier of government or public body is required to deliver to meet its statutory (legal) duties;
- replace established funding from either a tier of government or public body that has been withdrawn or is in danger of being withdrawn; or
- subsidise a service delivered by a third party on a contract basis for either a tier of government or a public body.

1.8 About this consultation

The responses that are received will inform the Welsh Government's decision on what purposes should be prescribed in the future policy directions that it issues to TNLCF. As such, this consultation focuses on the 'what' rather than the 'how'. At this stage the Welsh Government is not seeking views on how dormant assets money should be distributed across Wales, such as through grant programmes, trusts or endowments. This can only be decided once the Welsh Government has determined what the overarching spending purposes will be. Any decision on how to distribute funding will sit with TNLCF and will be determined at a later date as part of its standard funding development process, which will include further consultation with relevant stakeholders.

1.9 Good cause money from dormant assets will be gradually released by the Reclaim Fund over a number of years. While it will be significant, it is unlikely that a large sum will be released straight away. Funds will be released gradually through TNLCF, and TNLCF has existing dormant assets

programmes that it must deliver. As such, the spending purposes being proposed in this consultation are focused on longer term priorities rather than short term needs. The Welsh Government asks that those responding to the consultation consider this when preparing their responses.

- 1.10 If the Welsh Government and TNLCF are to maximise the impact of dormant assets in Wales it is unlikely that all four proposed spending purposes can be supported. The Welsh Government will use the consultation to help identify which of the priorities are the most important to respondents to inform the final decision on which spending purposes to include. Section 7 invites respondents to highlight their preferences.
- 1.11 This consultation document explains how dormant assets funding has been distributed in Wales to date, before inviting views on the current spending purposes for Wales - children and young people and climate change. It then invites views on whether financial inclusion and supporting community action could also be considered.

2. The Dormant Assets Scheme in Wales

2.1 The 2008 Act provides that the TNLCF shall distribute dormant assets money for expenditure that has a social or environmental purpose. Section 19 of the 2008 Act provides that the Welsh Ministers may by Order make provision restricting the purposes, or kinds of persons to which a distribution of money (dormant assets) is made for meeting Welsh expenditure. The Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010, SI 2010/1317 sets out the current prescribed restrictions for the distribution of dormant account money for meeting Welsh expenditure. These are:

- expenditure on or connected with the protection or enhancement of the environment, or
- expenditure on or connected with the provision of services, facilities or opportunities to meet the needs of people who have not attained the age of 26 years.

2.2 TNLCF is required under Section 22 of the 2008 Act to comply with any directions given to it by the Welsh Government, in relation to the portion of dormant assets expenditure. Under these arrangements, the Welsh Government can issue TNLCF with detailed policy directions on the current prescribed restrictions, and the current directions indicate that the TNLCF should make the funds available for the following causes:

- supporting children and young people to reach their full potential by working through the third sector to promote social inclusion and eliminate barriers to personal development and employment; and
- tackling climate change and promoting wider sustainable development through focused community-based activity.

2.3 To date, the DAS has unlocked £28 million for social and environmental causes in Wales. These funds are distributed in line with the additionality principle and the table below highlights how dormant assets have been used in Wales to date.

PROGRAMME	VALUE	DETAILS
Renew Wales	£2.6m over 10 years	Since 2012, 630 groups across Wales have had advice, training, mentoring and technical support on a very wide range of issues including energy, gardening, waste, community buildings, enterprise, transport, conservation, organisational governance and management, funding and finance, and awareness-raising. The scheme is drawing to a close now and will be replaced by an updated scheme (see below).

Engage to Change	£11.5m over 6 years	<p>This programme breaks down barriers, supporting young people with learning disabilities and young autistic people into employment. Since 2016 Engage to Change's intensive support has enabled:</p> <ul style="list-style-type: none"> • 1,079 young people to develop new skills • 428 young people to have paid placements • 367 young people to secure employment after their work placement • 281 young people to sustain that employment for 13 weeks or more.
Create Your Space	£2.1m DA Scheme and £5.7m National Lottery Funding	<p>The Create Your Space grant programme revitalised woodlands, parks, waterways and under-used community areas and improved biodiversity, encouraged active travel and increased access to natural spaces.</p> <p>The Ynysybwl Regeneration Trust's Vision for Our Valley Project re-imagined Ynysybwl as a green, sustainable and networked valley with an emphasis on community owned assets, businesses and activities.</p> <p>Create Your Space funding encouraged the use of outdoor spaces through improvement of existing forestry pathways, and the promotion and raising of awareness of the existing environment and its biodiversity.</p>
Symud Ymlaen	£4.8m over 4 years	<p>Run by Llamau in partnership with CBSA (Wales), Gisda, SOVA and the Construction Youth Trust, this project enabled young care leavers and youth offenders to enter into paid work placements and provided support to the client and the employer during this time. The project operated between 2013 and 2017 and delivered:</p> <ul style="list-style-type: none"> • 1,038 new training accreditations • 427 young people improving their knowledge and skills • 180 experienced work placements.

2.4 In addition to these legacy programmes, TNLCF is currently delivering the **Sustainable Steps Wales** Programme using dormant assets, which has three components:

- [Sustainable Steps Wales – Mentoring](#) is building on the success of the Renew Wales project. Development Trusts Association Wales has

received a grant of £2.2m to provide a Wales-wide mentoring service which launched in February 2023 to help community groups take climate action and improve their own environmental performance.

- [Sustainable Steps Wales - Egin Grants](#) (£3.75m) has been launched in tandem with the Mentoring Service to provide support to the communities receiving support from the Egin Service. They can apply for a grant of up to £15,000 to put their plans into action. The first award has been made with more expected over the coming months.
- [Sustainable Steps Wales - Action Grants](#) awarded £3.6 million to 15 organisations to support communities to address climate change and live in a more sustainable way. The programme will prioritise support for communities in Wales which are not usually engaged in climate change to help tackle the climate emergency and inspire others.

2.5 A further programme is also in development to launch in January 2024. It will focus on supporting young people across Wales to reach their potential so they can thrive in the green economy. It will have a particular focus on young people who are either disabled or from ethnically diverse backgrounds and will support green careers, upskilling, improving knowledge, addressing youth unemployment, and contributing to reaching net zero. £10.2m has been provisionally allocated to this programme.

2.6 TNLCF has approached this current round of dormant asset funding by developing funding initiatives that address both of the current spending purposes, while also incorporating community action into tackling climate change. It serves to highlight that both the existing and proposed spending purposes are not necessarily mutually exclusive, and that it is possible to award funding in a way that can meet several priorities simultaneously.

3. Children and young people

Current spending purpose: Supporting children and young people to reach their full potential by working through the third sector to promote social inclusion and eliminate barriers to personal development and employment.

- 3.1 The current purpose emphasises personal development and employment. TNLCF has subsequently focussed on funding that adds value to existing Welsh Government youth employment initiatives like the [Young Person's Guarantee](#), with a focus on those furthest away from the job market. For example, Engage to Change supports young people with learning disabilities and young autistic people into employment while Symud Ymlaen enabled young care leavers and young people who had offended to enter into paid work placements.
- 3.2 While this is important, recent TNLCF research has also highlighted other inter-related challenges facing children and young people that create barriers and cause social exclusion that require longer-term action to ensure that today's young people can go on to become thriving adults. The Welsh Government's [Children and Young People's Plan](#) highlights the actions that it is already taking to tackle those challenges, but there are arguably areas other than employment and training where money from dormant assets could be used to add value. They include:
- 3.3 **Mental health** - One in six children and young people have a diagnosable mental health problem, and many more struggle with challenges like bullying and bereavement. It is the issue most commonly raised with the Children's Commissioner for Wales.¹ The COVID-19 pandemic had a disproportionate impact on the mental health and emotional well-being of children and young people, with nearly a quarter of secondary school learners reporting high levels of mental health symptoms in the years following COVID-19.
- 3.4 **Barriers to play and leisure activities** - Play is essential in a child's life as it provides opportunities for social interaction, learning, physical activity, stress reduction and promotes wellbeing. Children's right to play is enshrined in Article 31 of the United Nations Convention on the Rights of the Child (UNCRC). The Welsh Government formally adopted the United Nations Convention on the Rights of the Child in 2004, and is committed to making the principles of the UNCRC a reality for all children and young people.² Children and young people have cited barriers such as a lack of local provision, the costs associated with structured activities, transport costs and a lack of availability. These barriers are exacerbated for those who are disabled or who are from low-income families.³

¹ [Mental health for all - Children's Commissioner for Wales's Blog and newsletters](#)

² [Wales: a Play Friendly Country \(Statutory Guidance\)](#)

³ [Ambitions for Wales Survey 2022 – Children's Commissioner for Wales](#)

3.5 **Learning disabilities** – a learning disability is a reduced intellectual ability and difficulty with everyday activities such as household tasks, socialising or managing money that affects someone for their whole life.⁴ Children and young people with a learning disability often need support as they can take longer to learn and often need extra support to develop new skills and interact with other people. Other than support with training and employment, young people with learning disabilities may need extra help with things like housing, independent living, education, and their general health and wellbeing. The Welsh Government’s [Learning Disability Action Plan 2022-2026](#) outlines the actions that it is taking to support those with learning disabilities.

Questions

1. To what extent do you agree that money from the Dormant Assets Scheme in Wales should continue to be spent on supporting children and young people?

Strongly agree Agree Disagree Strongly disagree
No opinion

2. Are there any specific issues affecting children and young people that you think it is particularly important for dormant assets funds in Wales to address?

⁴ [What is a learning disability? - Mencap](#)

4. Climate and nature emergencies

Current spending purpose: Tackling climate change and promoting wider sustainable development through focused community-based activity.

Proposed spending purpose: Tackling the climate and nature emergencies through focused community-based activity.

4.1 Climate change

In 2022 Wales recorded a new daily maximum temperature record of 37.1C. Worryingly, UK climate projections show that even under a medium future emissions scenario a year like 2022, currently the UK's warmest on record, could be the norm by the middle of the century and relatively cool by the end of the century.⁵

4.2 As a result of climate change, the UK climate projections expect the UK will see:⁶

- warmer and wetter winters
- hotter and drier summers
- more frequent and intense weather extremes.

The impacts of these changes are severe and include flooding, risk to water supplies, drought, food insecurity and loss of biodiversity.⁷

4.3 Wales has statutory targets to reduce greenhouse gas emissions and reach net zero by 2050.⁸ The Welsh Government has published action plans for tackling and adapting to the effects of climate change:

- [Net Zero Wales](#) sets out how Wales will cut emissions between 2021 and 2025. The Welsh Government publishes a decarbonisation action plan every five years, with the next one due by the end of 2026.
- [Prosperity for all: A climate conscious Wales](#) is a five-year plan to address the risks arising from climate change.

4.4 To date, dormant assets funding has contributed to national efforts to reduce waste, improve air quality, and reduce carbon emissions. Both Renew Wales, and its successor Sustainable Steps 2, have added value to the agenda by focusing specifically upon smaller community groups which would otherwise not receive the advice that they needed to make small but important changes to reduce their own carbon footprints. These programmes have sought to provide organisations and community groups across Wales with the practical advice that they need to make positive environmental changes. By focussing on organisations that have traditionally not involved themselves in

⁵ [2022 provisionally warmest year on record for UK - Met Office](#)

⁶ [UK Climate Projections \(UKCP\) - Met Office](#)

⁷ [Effects of climate change - Met Office](#)

⁸ [Climate change targets and carbon budgets | GOV.WALES](#)

environmental action, Sustainable Steps is reaching groups and communities who would otherwise not engage in playing a role in tackling the climate and nature emergencies.

- 4.5 TNLCF's forthcoming programme to support young people to reach potential and to thrive in a future green economy will complement existing apprenticeship schemes. This will have a specific focus on upskilling, improving knowledge, addressing youth unemployment, and developing the skills that are needed to succeed in the green economy of the future.
- 4.6 [Climate Action Wales: Public engagement strategy 2023 to 2026](#) sets out a framework and guiding principles for how the Welsh Government will collaborate with others to engage people in decision-making and action necessary to tackle climate change. It adopts a '5 Es' model, including:
- **Engage** – Involving people in policy decision-making about how to tackle climate change. The Welsh Government has already committed in Net Zero Wales to a two-way dialogue on climate change, particularly with people and communities most likely to be affected by future policy decisions. This ensures fairness around the way in which changes are implemented.
 - **Enable** – Providing people with the support they need to make green choices. At present many of these choices are too expensive, inconvenient, and unappealing – or simply not the default or norm we are used to. Barriers will need to be understood and addressed quickly and at multiple levels. Different solutions will be needed for different regions of Wales, making a place-based approach essential.
- 4.7 The nature emergency
The Welsh Government declared a nature emergency in 2021. 17% of 3,902 species studied in Wales are at risk of extinction, with many others in decline. The climate and nature emergencies are closely linked and has been caused by the things we as humans do, such as releasing harmful carbon emissions, destroying natural habitats and using up too many natural resources.
- 4.8 Weather and temperature changes make it harder for many animals and plants to survive, and when species disappear, it impacts on our health and wellbeing, as we depend on ecosystems for resources such as the air we breathe, food and clean water. Taking action now means we can take better care of our planet and make sure it's a healthy place for us and future generations. But to make a change, we need to protect habitats, reduce pollution, stop climate change and use our resources wisely. We need to look after our ecosystems – communities of plants, animals, organisms and nature living and interacting with each other.

Questions

3. To what extent do you believe that money from the Dormant Assets Scheme in Wales should continue to be spent on tackling climate change and also used to tackle the nature emergency?

Strongly agree Agree Disagree Strongly disagree
No opinion

4. Are there any other specific environmental issues that you think it is particularly important for dormant assets funds in Wales to address?

5. Financial inclusion

Proposed purpose: Promote financial inclusion to reduce financial exclusion, improve financial wellbeing and help create a more equal society.

- 5.1 Promoting financial inclusion is integral to the Welsh Government’s ambition to put social justice at the heart of government. It is vital in reducing financial exclusion, improving financial wellbeing and creating a more equal society. Unfortunately, a substantial number of people in Wales face financial difficulty every day and many are vulnerable to the effects of variations in income, unforeseen costs and problem debt. The COVID-19 pandemic, changes to the market and increasing cost of living pressures have all served to increase financial exclusion. Across the UK, the number of people with low financial resilience increased by nearly 30 percent during the pandemic, it intensified problem debt for people on the lowest incomes and many do not have the resilience to withstand everyday financial shocks.
- 5.2 This highlights a pressing need for fair and affordable credit for those who cannot access mainstream finance, an ability to manage income shocks through improving savings habits and the need to build financial resilience in Wales by maximising income. However, this increase in need has not yet been matched by the availability or take up of the relevant products and services that people need to address these financial challenges, and it is often those on the lowest incomes who suffer the most. Whilst much work has been done in the affordable credit space and the advice services arena, there is a need to mainstream income maximisation tools into existing platforms and to improve referral pathways to ensure that everyone who is currently engaging with these providers are supported as fully and holistically as possible.
- 5.3 The Money and Pensions Service, the Welsh Government and key stakeholders across Wales have developed a [Delivery Plan for Wales](#) as part of a UK Strategy for Financial Wellbeing. It is the successor to the Welsh Government Financial Inclusion Delivery Plan and is for all organisations that have an interest in improving the financial wellbeing of people across Wales. It offers a framework to help organisations to work together on impactful financial wellbeing activities that will help the most vulnerable. It is targeted at a range of sectors including employers, lifelong learning, creditors and financial services, policy makers and, significantly, organisations focused on individual and community wellbeing.
- 5.4 This latter sector consists predominantly of third sector organisations like community finance providers including credit unions, Community Development Financial Institutions (CDFIs), community and special interest groups, charities, housing associations and advice agencies. There is considerable scope for using dormant assets to support financial inclusion activities delivered by this stakeholder group.

- 5.5 Having already implemented a number of crisis response measures in response to the COVID-19 pandemic, the Delivery Plan for Wales is now focussing on activities that support recovery from the pandemic and that mitigate ongoing cost of living pressures, while maintaining a focus on achieving longer term ambitions. It is advocating action across a number of themes where dormant assets could help to make a difference. These are some of the suggestions as to how money from dormant assets could be used to make a difference in this area:
- 5.6 **Nation of Savers** – There is a need to re-engage people in the habit of saving. Different people have different needs throughout their lives, and understanding what motivates them to save at moments in their lives that matter is where the opportunities lie. There may be an opportunity to target ‘lapsed’ savers, loosely defined as people who have had the savings habit and can be re-engaged in the process of saving. Following the COVID-19 pandemic, people on the lowest incomes are much more likely to have had to run down their savings due to income variability and other pressures.
- 5.7 **Credit Counts** – Moving people away from using high cost credit in an unsustainable or problematic way is at the centre of the financial inclusion agenda. People on low incomes are twice as likely as those on higher incomes to use credit, particularly credit cards, to pay for food and other essentials. People on lower incomes also pay too much for the credit they use and are more likely to have poor credit records that makes them unattractive to mainstream lenders. This can drive them towards high cost, short-term, inappropriate and illegal credit, which is often marketed in a way that understates the actual cost of repayments. Many people do not manage credit sustainably, which again leads to repeat use of credit for essentials.
- 5.8 **Better Debt Advice** – COVID-19 significantly elevated the number of people seeking debt advice, often for the first time. The action plan’s goal of 60,000 people accessing better advice can only be achieved through the coming together of a variety of stakeholder workstreams and is not just restricted to the financial sector. People need holistic support to identify and address the underlying causes of financial problems, including non-debt specific issues. Innovation and new delivery approaches, particularly approaches that promote early access to impartial information and advice, must be rolled out to reach as many of those who need support as possible.

Questions

5. Do you believe that money from the Dormant Assets Scheme in Wales should also be used to support measures to promote financial inclusion?

Strongly agree Agree Disagree Strongly disagree
 No opinion

6. Are there any specific issues relating to financial inclusion that you think it is particularly important for dormant assets funds in Wales to address?

6. Community Action

Proposed purpose: Develop social capital to encourage a Wales of cohesive communities where people can take action and do the things that matter to them.

- 6.1 Communities are the backbone of Wales. At their best, they provide us with our sense of belonging and identity, and within them everyone can work together to address common problems and improve collective wellbeing. Ideally, they have the facilities, amenities and resources that are central to a supportive community environment.
- 6.2 Community action is the action that people undertake within their communities to improve the community and the well-being of individuals. Community action is varied in nature and can include activities such as communal gardens, community social activities such as a village show, social enterprises such as a community café or support networks such as sports or social clubs. The common factor is that the activity is voluntary in nature and delivers public benefits that improve the ability of the community to support individual well-being.
- 6.3 Unfortunately, not all communities have an equal share of the physical and human capital that they need to thrive. Physical capital, such as the buildings or facilities, are necessary to allow communities to thrive, as is human capital, the individual skills or experience that drive community action. In recently published research, the Building Communities Trust has mapped and ranked communities across the whole of Wales for the presence of civic assets, levels of community engagement, and their connectivity in relation to jobs, transport and IT infrastructure. It has shown that communities with fewer places to meet, that are less engaged and with poorer connectivity experience significantly different outcomes compared to communities that possess more of these assets.⁹
- 6.4 While the COVID-19 pandemic highlighted the impact of this inequality, it also demonstrated the vital role of voluntary and community groups within communities. Research conducted by Public Health Wales illustrates the importance of co-ordinated approaches that value, understand and acknowledge the important role of the voluntary and community sector in working with citizens to co-design and co-deliver sustainable, well-resourced voluntary community support that connects with existing public services.¹⁰
- 6.5 It can be argued that this social capital is integral to creating the supportive community environment that communities need to adapt and thrive. Social capital is measured by tangible assets such as buildings, or intangible assets such as the extent to which people feel safe in a community and trust their neighbours. Such assets are key features of a cohesive community, alongside

⁹ [Resilient Communities: meeting the challenge of being at the margins – Building Communities Trust](#)

the presence of strong, locally-based institutions and community-led voluntary organisations, often referred to as ‘community anchor organisations’. Such organisations understand local communities and have a long-term commitment to the area they serve. If we are to support the aspiration of the Well-being of Future Generations Act to create a Wales of cohesive communities, then support to develop social capital is critical.

- 6.6 Research from the Future Generations Commissioner highlights the importance of building this capital by empowering communities to do the things that are important to them.¹¹ Unlocking the skills, lived experience, energy and commitment of those living in communities is critical to building social capital, and too often public services can create barriers to communities doing things for themselves by disincentivising entrepreneurial community spirit.
- 6.7 Dormant assets funding could be used to address the inequality that exists between communities in Wales, be they communities of place or communities of interest, by supporting the development of social capital where it is needed through a mixture of place-based approaches, community development and support for anchor organisations.

Questions

7. Do you believe that money from the Dormant Assets Scheme in Wales should also be used to support measures to promote community action?

Strongly agree Agree Disagree Strongly disagree
No opinion

8. Are there any specific issues relating to community action that you think it is particularly important for dormant assets funds in Wales to address?

¹¹ [A Journey to a Wales of Cohesive Communities – Future Generations Commissioner for Wales](#)

7. Preferences

- 7.1 As stated in section one, while this consultation document lists four potential spending purposes, the Welsh Government is unlikely to adopt all four. While each is important, we would welcome your views as to which of the four purposes you feel are more important.
- 7.2 If you would like to include any further information or ideas relating to the use of dormant assets in Wales, the Welsh Government would also be interested in hearing these views. It understands that you may have alternative suggestions as to how dormant assets funding could be used in Wales, but it is important to note the limitations on the available funding and the need to prioritise.
- 7.3 Should you wish to make alternative suggestions, they should meet the criteria specified by the Welsh Government in section one:
- evidence based;
 - able to measure impact;
 - resilient to uncertain funding flows;
 - additional to government funding; and
 - aligned to government priorities.
- 7.4 All of the responses that the Welsh Government receives will help to inform decisions on the broad focus of the Welsh priorities for dormant assets. As already stated, the Welsh Government is interested in the purposes for which the money should be used, not the way in which the money should be released or distributed by TNLCF.

Questions

9. Please rank the four proposed spending purposes in order of importance and relevance to you.

Children and young people o

Climate change/nature emergency o

Financial inclusion o

Community action o

10. If you would like to suggest other potential spending purposes for the Dormant Assets Scheme in Wales please outline them here in line with the criteria specified in paragraph 7.3.

8. Welsh Language

- 8.1 This consultation is concerned with the spending purposes for dormant assets funding in Wales. As such, it does not affect the provision of services through the medium of Welsh, or the ability of people to communicate in the Welsh language. The Welsh Government would, however, expect any support offered through the Dormant Assets Scheme in Wales to be delivered in line with TNLCF's Welsh Language Standards.
- 8.2 We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating Welsh less favourably than English.

Questions

11. What, in your opinion, would be the likely effects of the dormant assets spending purposes on the Welsh language? The Welsh Government is particularly interested in any likely effects on opportunities to use the Welsh language and on not treating Welsh less favourably than English.

- Do you think that there are opportunities to promote any positive effects?
- Do you think that there are opportunities to mitigate any adverse effects?

12. In your opinion, could the dormant assets spending purposes be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating Welsh less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating Welsh less favourably than English?

9. Other issues

- 9.1 The Welsh Government has asked numerous questions as part of this consultation, but it may well be that you wish to raise other issues, too.

Questions

13. Do you have any other comments on our proposals or any related issues which we have not specifically addressed?

Consultation Response Form

Your name:	
Organisation (if applicable):	
Email / telephone number:	
Your address:	

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here

Children and young people

1	To what extent do you believe that money from the Dormant Assets Scheme in Wales should continue to be spent on supporting children and young people? Strongly agree <input type="checkbox"/> Agree <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly disagree <input type="checkbox"/> No opinion <input type="checkbox"/>
2	Are there any specific issues affecting children and young people that you think it is particularly important for dormant assets funds in Wales to address?

Climate change

3	To what extent do you believe that money from the Dormant Assets Scheme in Wales should continue to be spent on tackling climate change and also used to tackle the nature emergency? Strongly agree <input type="checkbox"/> Agree <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly disagree <input type="checkbox"/> No opinion <input type="checkbox"/>
4	Are there any other specific environmental issues that you think it is particularly important for dormant assets funds in Wales to address?

Financial inclusion

5	<p>Do you believe that money from the Dormant Assets Scheme in Wales should also be used to support measures to promote financial inclusion?</p> <p>Strongly agree <input type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly disagree <input type="radio"/> No opinion <input type="radio"/></p>
6	<p>Are there any specific issues relating to financial inclusion that you think it is particularly important for dormant assets funds in Wales to address?</p>

Community Action

7	<p>Do you believe that money from the Dormant Assets Scheme in Wales should also be used to support measures to promote community action?</p> <p>Strongly agree <input type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly disagree <input type="radio"/> No opinion <input type="radio"/></p>
8	<p>Are there any specific issues relating to community action that you think it is particularly important for dormant assets funds in Wales to address?</p>

Preferences

9	<p>Please rank the four proposed spending purposes in order of importance and relevance to you.</p> <p>Children and young people <input type="radio"/></p> <p>Climate change/ nature emergency <input type="radio"/></p> <p>Financial inclusion <input type="radio"/></p> <p>Community action <input type="radio"/></p>
10	<p>Would you like to suggest other cause(s) that you think should receive funds from the Dormant Assets Scheme in Wales?</p>

Welsh Language

11	<p>What, in your opinion, would be the likely effects of the dormant assets spending purposes on the Welsh language? The Welsh Government is particularly interested in any likely effects on opportunities to use the Welsh language and on not treating Welsh less favourably than English.</p> <ul style="list-style-type: none">• Do you think that there are opportunities to promote any positive effects?• Do you think that there are opportunities to mitigate any adverse effects?
12	<p>In your opinion, could the dormant assets spending purposes be formulated or changed so as to:</p> <ul style="list-style-type: none">• have positive effects or more positive effects on using the Welsh language and on not treating Welsh less favourably than English; or• mitigate any negative effects on using the Welsh language and on not treating Welsh less favourably than English?

Other issues

13	<p>We have asked a number of specific questions. Do you have any other comments on our proposals or any related issues which we have not specifically addressed?</p>

Annex A

Directions given to the big lottery fund under section 22 of the dormant bank and building society accounts act 2008 in relation to welsh expenditure

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 (operating as the National Lottery Community Fund and subsequently referred to as “the Fund”), hereby give the following directions to the Fund:

General Directions

1. In deciding to whom it distributes money from dormant accounts in relation to Welsh funds, for what purpose and under what conditions, the Fund must comply with the following:
 - A. To have regard to the principles of the Wellbeing of Future Generations (Wales) Act 2015, particularly:
 - improving the social, economic, environmental and cultural wellbeing of Wales
 - encouraging public bodies to think more about the long term, work better with people, communities and each other
 - preventing problems and taking a more joined up-approach
 - the five ways of working: long-term; prevention; integration; collaboration; involvement
 - the seven wellbeing goals.
 - B. Ensure money is distributed to projects promoting public and social good and not intended primarily for private gain.
 - C. Ensure money is distributed to projects that make sustainable improvements to the quality of life of local communities.
 - D. Ensure that the Fund distributes money to a wide range of projects that are primarily delivered by the third sector. This should include local, regional and national organisations, including social enterprises. Exceptionally, money can 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.
 - E. Balance the encouragement of innovation with managing risk.
 - F. **Promote and support the Welsh language, reflecting the bilingual nature of Wales by:**
 - working to the principle of not treating the Welsh language less favourably than English in all the Fund’s activities in Wales

- operating in accordance with our Welsh Language Standards and Welsh Language Scheme, in partnership with the Welsh Language Commissioner.
- G.** Set time limits on the periods in which grants are payable, whether for capital or revenue expenditure.
- H.** Ensure that applicants demonstrate the financial viability of the project for the period of the grant.
- I.** Ensure the Fund works with other organisations where this is an effective way of delivering elements of dormant accounts funding in Wales.
- J.** Ensure the Fund has the necessary information to make decisions on each application, including independent expert advice where required.
- K.** Include a condition in all awards that recipients acknowledge dormant accounts funding and use agreed Dormant Accounts Scheme branding.
- L.** Adopt an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.
- M.** In distributing dormant account money, the Fund must 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

2. The Fund must comply with the following specific directions in determining the persons to whom it makes grants and for what purpose.
- A.** The Fund must act in accordance with the prescribed restrictions laid down in the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010, and in accordance with the following themes:
- Supporting children and young people to reach their full potential by working through the third sector to promote social inclusion and eliminate barriers to personal development and employment.
 - Tackling climate change and promoting wider sustainable development through focused community-based activity.
- B.** The Fund must take account of the wider benefits that applications may offer, particularly their potential to attract funding from other sources (e.g. match funding) and the contribution that they can make to Welsh Government policies and strategies.

Glossary of terms

Additionality principle	The principle that money raised from dormant assets should only be spent on projects that would not otherwise be funded by government spending.
Dormant account & dormant asset	An identifiable and attributable item, valued as a monetary amount or able to be valued as such, which a participant is unable to reunite with its owner despite reasonable efforts.
Dormant Assets Scheme	A scheme allowing banks and building societies to pay dormant assets to the Reclaim Fund which then puts this money towards funding good causes.
Good cause	A socially useful organisation or activity that is not managed for profit.
National Lottery Community Fund	The National Lottery Community Fund distributes over £600m a year to communities across the UK, raised by players of The National Lottery . It also distributes the funds raised through the Dormant Assets Scheme.
Policy directions	Legal instructions issued by the Welsh Government to the National Lottery Community Fund on how the good cause money raised from dormant assets should be spent in Wales.
Reclaim Fund Ltd	Reclaim Fund Ltd (RFL) is the operator of the UK Dormant Assets Scheme. Authorised and regulated by the Financial Conduct Authority (FCA), RFL makes it possible for money in dormant financial assets to help social and environmental initiatives across the UK. It transfers money to be spent on good causes to the National Lottery Community Fund.
Spending purposes	The broad purposes for which a distribution of dormant assets money for meeting Welsh expenditure may be made. Currently, this is young people and climate change.