



Northern Ireland  
Assembly

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**COMMITTEE FOR  
FINANCE AND PERSONNEL**

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**OFFICIAL REPORT  
(Hansard)**

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**Dormant Accounts Scheme: Initial  
briefing on consultation responses**

9 December 2009

**NORTHERN IRELAND ASSEMBLY**

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responses**

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**Members present for all or part of the proceedings:**

Ms Jennifer McCann (Chairperson)  
Dr Stephen Farry  
Mr Simon Hamilton  
Mr Mitchel McLaughlin  
Mr Declan O'Loan  
Mr Ian Paisley Jnr  
Ms Dawn Purvis

**Witnesses:**

Mr Michael Daly        )        Department of Finance and Personnel  
Ms Brenda Shearer     )

**The Chairperson (Ms J McCann)**

I welcome Mr Michael Daly and Ms Brenda Shearer from the central expenditure division in central finance group. The session will be recorded and published in the Hansard report, so if anyone has a mobile phone, they should switch it off. If the witnesses would like to give an overview, members will then ask questions.

**Mr Michael Daly (Department of Finance and Personnel):**

Thank you. The paper that we have submitted to the Committee is fairly self-explanatory. I will not go into the background of dormant accounts, as Committee members will be well aware of it. The public consultation was completed around the end of October, although I think that a few

responses were received after that time. In total we received 127 responses. There was quite a flurry at the end of that period; in fact some responses were hand delivered to us in Rathgael House to make sure that we received them. There was quite a lot of interest in the consultation.

Quite a lot of work has been done in the past month by Brenda and her small team to analyse the nature of the responses. It was not easy, because responses sometimes took the form of letters, and we had to do our best to try to analyse those and fit them to the particular questions. There were also a lot of overlaps in the responses that were given, and not all respondents dealt with every question.

I hope that the paper provides a summary of the position to date. We have not discussed any of the responses with the Minister yet. That is the next step. We will be meeting with him next week, and he will consider the results of the public consultation between now and the end of January 2010. At that point we will assist him in bringing forward his recommendations, first to the First Minister and deputy First Minister for their endorsement and then to the Executive. Following that, an Order will be brought to the Assembly with the priorities for Northern Ireland, and that will be subject to affirmative resolution. Other than that, I am happy to take any questions from the Committee.

**The Chairperson:**

I am looking at the briefing, and it does not actually set out any proposals. The Committee has been asked to give our views on the matter. Members can ask questions, but in order to give our view on it, it might be helpful if we could see some proposals first.

**Mr Daly:**

We have not discussed the matter with the Minister, and I do not know where he will want to go with it. Most respondents felt that the fund should be targeted towards helping children and young people. There was also strong representation from faith-based groups that have ethical or moral objections to accessing lottery funding. An equally strong set of responses said that such groups should not be prioritised and that funding should be open to all. However, if you are asking me to pick out a single theme or group that came out on top from all the responses, it would be children and young people.

**The Chairperson:**

That is no problem. Members can give views individually here, and those can be noted. However, the Committee will need more time to look at the issue.

**Mr Hamilton:**

The number of responses is the most impressive thing about the consultation. We are used to receiving two or three responses on significant issues. This issue is important, but the quantity of money involved is quite small. It has garnered a lot of public interest.

By listing the areas in which respondents said money should be spent, there is a risk that we will see those as competing interests. In many respects, they are not in competition, and, indeed, they can be complementary. I understand why the Department received such a high number of responses from faith-based groups, for example. They are unable to access lottery funding for their work, and they see the dormant accounts scheme as an opportunity to get funding. Those faith-based groups do not want funding for evangelising but to support their outreach work, which makes their interests complementary to categories such as supporting children and young people, working with the elderly, volunteering, and combating social exclusion. Therefore, their work is not exclusive but complements other categories.

**Mr Daly:**

Some 47 responses recommended that faith-based groups should benefit from the fund. However, rather than recommending faith-based groups exclusively, a big proportion of those same respondents also said that children and young people would benefit. Some Churches said that they could benefit from funding because of the state of their buildings. Others pointed out that the various programmes that the Church runs could be improved through extra funding. Other organisations also suggested that, rather than doing something new, the funding could be used to improve existing programmes.

**Mr Hamilton:**

The groups that spend the money could be faith based, non-faith based, community based or whatever. Is the Department of a mind to narrow the areas of expenditure to a handful, or will they all be retained? The only suggestion that does not strike me as sensible is for the fund to be used for major infrastructure work; the fund is not large enough to lend itself to that. All the other suggestions are reasonably sensible and would gain a lot of support. However, there would

be issues with having, for example, 20 small categories of expenditure. Are you thinking of narrowing the areas of expenditure to three or four?

**Mr Daly:**

The experience in other Administrations has been to focus on two or three areas. The money involved in the fund may be £10 million or £20 million in the first year, but it could tail off to a few hundred-thousand pounds each year thereafter. That is not a lot of money, and, as you mentioned, it would not fund a lot of major infrastructure work, for example.

A number of respondents touched on the importance of supporting only sustainable projects that will not die immediately after being given funding. The Minister will have his own views, but other Administrations have tried to narrow the fund down to a few priority areas of focus. That also makes the disbursement of funds a lot more straightforward.

**Mr Hamilton:**

We need to learn the lesson of groups that become almost dependent on this type of funding rather than viewing it as complementary or supplementary to other funding sources.

**Mr McLaughlin:**

It is important that people have a realistic view of the funding. The initial sum will be significant, but, over time, it will settle down and have a limited ability to impact.

At an early stage, it was indicated that the funds that could be released under the measure would be applied in the locale in which the money had been deposited. Has that position changed?

**Mr Daly:**

You may be referring to the proposal that, as an alternative to the main scheme, smaller institutions that had assets of less than £7 billion could transfer unclaimed assets to local charities in their areas.

**Ms Brenda Shearer (Department of Finance and Personnel):**

The only institutions in Northern Ireland to which the alternative scheme might apply are the Progressive Building Society and the City of Derry Building Society. The assets of the other

institutions across the rest of the UK are centralised.

**Mr McLaughlin:**

The amount that comes here will, therefore, be a proportion of the money that is realised across the region?

**Ms Shearer:**

Yes, that is correct.

**Mr Daly:**

We do not know how much money will become available. The suggestion that there will be £10 million to £20 million is a guess, and it must be remembered that a parallel process — the reunification programme — will try to return funds to their owners. That is a key priority for the Government. Even if a sum between £10 million and £20 million was released in the first year, it would not necessarily be spent in the first year. The money would go into the pot, and it could be spread out over a long period.

**Mr McLaughlin:**

The ethical issues that the scheme flags up may be more complex than had been intended. Groups would determine whether they wanted such funding, as they do already with Big Lottery funding, but careful account must be taken of an equality issue that might emerge where there are identified needs. Has any assessment been made on that when considering the allocation of the funds?

**Mr Daly:**

Are you referring to an assessment of equality considerations?

**Mr McLaughlin:**

I refer to equality considerations and to unmet needs that arise from genuinely held views on interfacing with the Big Lottery fund. I do not know how widespread such views are.

**Mr Daly:**

A number of respondents made the point that they would have difficulties with accessing Big Lottery funding, even if it were separately administered and branded. A number of organisations

were content to accept such funding provided the money was clearly distinct from lottery funding and that the branding made it clear that it did not come from gambling. Some work is required to be absolutely clear on that.

We have not yet done any work, other than initial screening, on section 75 considerations. We cannot carry out an assessment under section 75 until we know what the priorities are. The scheme will then be subject to that process.

**Mr McLaughlin:**

My point was on the collateral effect, but a distinction can be made to satisfy the moral reservations that people have about engaging with the Big Lottery. The money is distinct and is not derived from gambling. That can be explained, and it will overcome that objection. Until now, some groups have not engaged with Big Lottery funding. Social issues are being addressed by that funding, and it plays an important role. Some groups do without that funding, and I accept that they do so voluntarily. Are any deprivation, poverty or social-needs issues being left unaddressed as a result of those groups being unwilling to accept money that derives from gambling? If so, could money from the scheme be applied to those groups?

**Mr Daly:**

We do not have any information on that. Many of the responses tried to make the case that money from the scheme should be ring-fenced for such groups or that they should have priority. If the Minister and the Executive are minded to take that route, careful consideration of the legal context will be needed.

**Mr McLaughlin:**

I would not be impressed with that approach. Nevertheless, I am keen to be as fair as possible to people who have genuinely held views and, as a consequence, may not have accessed funding that has been available for several years and that other groups have been availing themselves of. Is there an opportunity, even with our limited resources, to address some of those needs? We should, at least, ask that question. Based on the evidence before us, I do not support the argument for ring-fencing. I do not want to take that direction. However, an unmet need might exist.

**Mr Daly:**

The ethical issues that arise from lottery funding have been recognised from the start. The then

Finance Minister secured the major concession to brand dormant account money separately in Northern Ireland. When the current Finance Minister launched the scheme, he flagged up that issue. That is why the question was included in the consultation. I am sure that the Minister and the Executive will do what they can to address the matter. However, as Mr McLaughlin acknowledges, there are issues about the legal framework within which we must work.

**Ms Purvis:**

There does not seem to be much creativity in the thinking on the issue. Is that because of the design of the response questionnaire? You have the responses; I have not seen them. However, I had expected more new thinking and new ideas to emerge.

**Ms Shearer:**

Most people flagged up current projects for which they do not receive statutory support or which they fund themselves. Little creativity came through. Many people face cuts because of the recession and, perhaps, they seek to address those through the scheme. They say that we do not necessarily need new schemes because good schemes exist, and we need to add to those rather than to start from scratch.

**Ms Purvis:**

Additionality is mentioned. I am keen on that, because many of the groups that are mentioned should be included in Departments' programmes and should receive statutory funding. The level of responses about children and young people probably has a lot to do with the fact that the Executive children's fund is coming to an end and many groups no longer have access to that pot of funding.

I have concerns about sustainability. The scheme will be front-loaded, and, therefore, any groups or organisations that receive funding must eventually become self-sustainable or find other funding. I am concerned about that. You said that you hope to narrow the focus, perhaps, to four areas. Is there a plan for further consultation? Groups that deal with children and young people, older people or social economy enterprises might be entitled to apply to the fund; are you planning any further consultation with those sectors? That could cause creativity to emerge.

**Ms Shearer:**

Further consultation might be required under section 75. We would set priorities at Executive

level, and DFP would issue directions to narrow groups down. However, the responses from the older people's groups and young person's groups show that they want to be involved in the application process and the process of choosing which groups receive funding.

**Mr Daly:**

That process will be with the Big Lottery. As I said earlier, the next stage is for our Minister to bring proposals for the priorities to the Executive with the endorsement of OFMDFM. Thereafter, the Committee and the Assembly will scrutinise the proposals. As Brenda said, those groups have indicated that they want to be involved in the process of allocating funds rather than establishing priorities.

**Mr O'Loan:**

The fact that there is a great deal of interest in the scheme means that it must be designed carefully. There should be an opportunity for a further public consultation once the scheme's priorities are drafted, even if it targets only the original respondents to allow them to comment on the next stage of design. The narrowing down of the large list of priorities that has been established must be done for administrative reasons, as you have indicated. There is no point in creating false expectations; the sum of money involved could be quite small, and there is no point in having a scheme that is 50 times oversubscribed. That will be no good to anyone.

I am interested in the ethical issue of the involvement of faith-based organisations. I have been sympathetic to that issue for a long time, but I am not convinced that this scheme is the remedy. It is such a big issue that I doubt that the resources will be available to the scheme to adequately address the situation. Heritage buildings grants can be extremely large, and it is fundamentally unfair that groups that have a perfectly justified ethical reason for not using lottery funding have no access to other compensatory funding sources. That is unfair, and a remedy is long overdue. I doubt that the scheme has the resources to do that; if that element were to be introduced into the scheme, it should not be allowed to dominate it. It should only be a small element of the scheme.

Given that the first allocation will be much bigger than future allocations, by all expectations, could there be a different set of priorities for the first allocation than for future ones?

**Mr Daly:**

The first allocation will be the first transfer of funding into a pot for the devolved Administrations, but it does not have to be spent as a first allocation. It can be profiled out over a number of years if it makes more sense to do that.

**Mr McLaughlin:**

It would probably be a strategic deployment.

**The Chairperson:**

Question 3 in the consultation document asked:

“Do you think disadvantaged areas in particular should be targeted?”

Seventy per cent of the respondents said that they were against targeting the fund at areas of deprivation. Did those respondents base their answer on the issue of sustainability because it was a one-off payment? You said that that would not necessarily be the case, but the pot of money has to be distributed and any future allocation will not be as big. Is it because the funds would be targeted at the 36 neighbourhood renewal areas? Did people feel that enough Government money was going into those areas already?

I am concerned, because the document shows that most people felt that supporting children and young people was a priority. Certain children and young people need more support than others, and any money that is spent must be justified on the basis of objective need. The two questions almost contradict each other. I want to flag up my concern that disadvantaged areas might be defined as being the 36 neighbourhood renewal areas, and I can understand that you are looking for clarity and focus. There might be a perception that enough money is already going into those areas, despite the fact that allocations have to be made on the basis of objective need. How can you marry those approaches?

**Ms Shearer:**

Many people thought that using the 36 neighbourhood renewal areas was too narrow a scope. Many of the representatives of the Churches said that they sit on the periphery of those disadvantaged areas but provide services in them and that sticking to the 36 neighbourhood renewal areas would exclude them. There was a feeling that the disadvantage that exists in other

urban and rural areas need to be recognised. It was not that the respondents did not recognise disadvantage per se but that there was a problem with using the neighbourhood renewal areas as an indicator.

**The Chairperson:**

That needs to be clarified, rather than left as it is.

**Mr McLaughlin:**

One group in Derry decided against making a submission on the basis that those funds represented a potential threat in that they would be almost a displacement of the contracts that the group had accessed up to that point and would simply complicate the picture. The scheme would not provide additionality by allowing, for example, resources to be deployed, particularly when there are pressures. They thought that the status quo was more risk free.

**The Chairperson:**

I thank Michael and Brenda for attending the Committee. The Committee will send its response to you. Thank you.