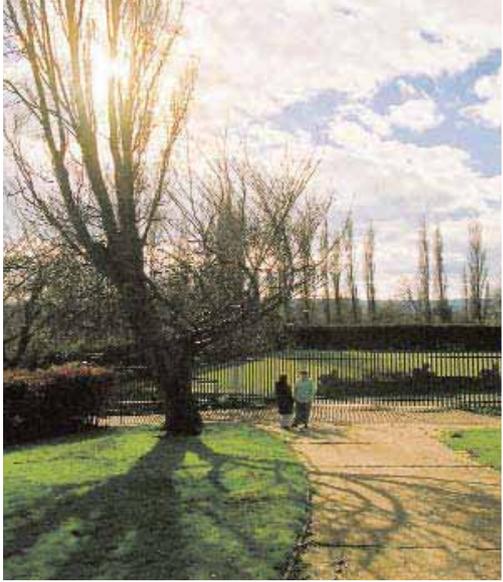
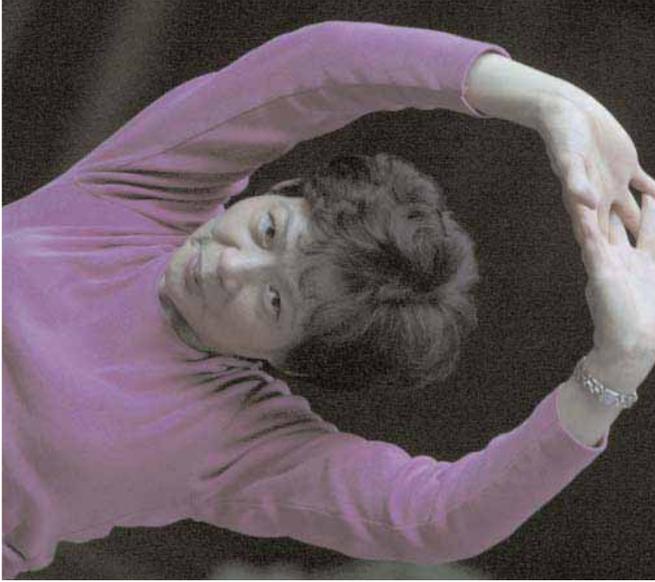
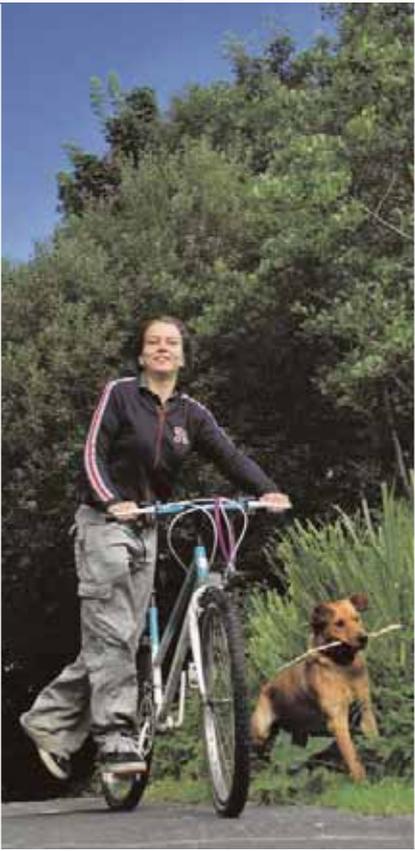




Community Fund Annual Report and Accounts

For the financial year ended 31 March 2005



December, 2005

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| Code | © Big Lottery Fund, 2005 |
| Design | Graphicsi.com |
| Print | Belmont Press |
| Copies | Further copies are available by telephoning: 0845 4 10 20 30 quoting the references given above: Or email us on enquiries@biglotteryfund.org.uk Textphone 0845 0390204 8am to 6pm Monday to Friday. Also available on request in Braille, on audio-cassette, on disc, in large print, in Welsh and community languages |
| We care about the environment | The Big Lottery Fund seeks to minimise its negative environmental impact and only uses proper sustainable resources |
| Our equal opportunities commitment | The Big Lottery Fund is committed to valuing diversity and promoting equality of opportunity, both as a grant maker and employer. The Big Lottery Fund will aim to adopt an inclusive approach to ensure grant applications and recipients, stakeholders, job applicants and employees are treated fairly. It is the responsibility of all staff and Board members to uphold and implement our equality policy Big Lottery Fund is the joint operating name of the New Opportunities Fund and the National Lottery Charities Board (which made grants under the name of the Community Fund) |

 Awarding funds from
The National Lottery™

Community Fund

ANNUAL REPORT AND ACCOUNTS

For the financial year ended 31 March 2005

ANNUAL REPORT PRESENTED IN COMPLIANCE WITH SECTION 34(3) OF THE NATIONAL LOTTERY etc ACT 1993 (AS AMENDED BY THE NATIONAL LOTTERY ACT 1998) BY THE SECRETARY OF STATE FOR THE DEPARTMENT FOR CULTURE, MEDIA AND SPORT.

THESE ACCOUNTS HAVE BEEN PREPARED PURSUANT TO SECTION 39(1) OF THE NATIONAL LOTTERY etc ACT. (AS AMENDED BY THE NATIONAL LOTTERY ACT 1998) AND PRESENTED BY THE COMPTROLLER AND AUDITOR GENERAL.

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 15 DECEMBER 2005.

LAI D BEFORE THE SCOTTISH PARLIAMENT BY THE SCOTTISH MINISTERS ON 15 DECEMBER 2005.

Community Fund

ANNUAL REPORT AND ACCOUNTS

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Introduction

Chair's and Chief Executive's report

The annual report 2004/05 celebrates the successful administrative merger of the New Opportunities Fund and the Community Fund, which became the Big Lottery Fund on 1 June 2004. A tremendous amount has been achieved since the merger.

The Big Lottery Fund has set up a new governance structure including a co-terminous Board, developed a new mission and values, completed the assimilation of existing staff to the interim structure, and implemented coherent policies and strategies to further align our resources to support the delivery of our new business. In January 2005, the Millennium Commission co-located with the Big Lottery Fund in London, as a first step towards, eventually, passing its responsibilities to us.

Against this backdrop, we have kept the work of the legacy organisations on track by maintaining high quality services to our applicants, grant-holders, key partners and stakeholders. During 2004/05, we have committed £749 million of funding through various UK-wide grant programmes (£550 million from the New Opportunities Fund and £199 million from the Community Fund). Among the existing programmes reported in section two, we launched the Young People's Fund in September 2004 to promote the well-being and personal development of young people across the UK.

In addition, the Big Lottery Fund conducted two major UK-wide consultations with our stakeholders and the wider public between June 2004 and January 2005. The first focused on what kind of funder we should be and how we should fund, and the second on the themes, outcomes and priorities that will shape our future work. As a result, an initial policy framework was announced in March 2005 to support the delivery of new grant programmes worth approximately £2.3 billion for 2006-09.

We would like to express our thanks to the Board, Committee members and staff who have contributed to these achievements. They have laid a solid foundation for the Big Lottery Fund to become a new, different and better funder, bringing real improvements to communities and the lives of people most in need.

Sir Clive Booth
Chair

Stephen Dunmore
Chief Executive

Section one

Performance against 2004/2005 corporate objectives

The Big Lottery Fund Corporate Plan 2004/05 sets out the corporate objectives and related performance indicators. They are summarised below, with details of the performance levels that have been achieved.

1 To create a merged organisation from the Community Fund and the New Opportunities Fund working to a co-terminous Board to create Big Lottery Fund (subject to legislation) by:

a) Inducting all Board members within three months of joining.

Performance Indicator

Induct new Chair and Board members and develop induction programme.

End of year report

The new Chair and Board members were inducted within three months of joining by an induction programme/packs.

b) Preparing a Board forward plan and governance structure by May 2004.

Performance Indicator

Integrate the Community Fund and the New Opportunities Fund Boards into the new co-terminous Board. Prepare Board forward plan and governance structure.

End of year report

The new co-terminous Board was formed with a Board Forward Plan prepared in June 2004. The new Committee structure, Committee Chairs and membership were agreed by the Board in July 2004.

c) Preparing the ground for the Big Lottery Fund through administrative merger by March 2005.

Performance Indicator

Agree structure and assimilate staff into new structure.

End of year report

The administrative merger of the Community Fund and the New Opportunities Fund was completed on 1 June 2004 with the launch of the Big Lottery Fund (subject to legislation). Most directorate structures were reviewed and agreed with the assimilation of existing staff and recruitment of new staff to fill vacant positions. The England and Operations restructuring will continue in 2005/06.

Create timetabled project plan for integrating Millennium Commission under a service level agreement to the Big Lottery Fund by January 2005.

The Big Lottery Fund and the Millennium Commission entered into a Service Level Agreement in January 2005. The Millennium Commission moved into Plough Place of the Big Lottery Fund.

d) Delivering integrated communications strategy for Big Lottery Fund by March 2005.**Performance Indicator**

Develop integrated communications strategy for Big Lottery Fund.

End of year report

An interim communications strategy was approved by the Board in June 2004. The communication strategy will be finalised in 2005/06.

e) Developing vision, values and strategic plan by January 2005.**Performance Indicator**

Develop vision, values and corporate business plan 2005/06. Prepare an action plan for the production of a strategic plan.

End of year report

The Big Lottery Fund's vision and values were developed and agreed by the Board in June 2004 with a further update in March 2005. An outline framework and proposed milestones for the strategic planning process were also agreed. In March 2005, the Board approved the Business Plan 2005/06.

f) Integrating corporate procedures by March 2005.**Performance Indicator**

Set up, co-ordinate and manage new project teams working on integration of corporate procedures and programme development.

End of year report

The Management Boards were set up in June 2004 to co-ordinate and manage project teams working on integration of corporate procedures. Integration work is in progress.

g) Reviewing progress against corporate objectives every three months.**Performance Indicator**

Put in place systems to ensure that directorates report on their plans every three months, and prepare a report for the Senior Management Team.

Co-ordinate and prepare 2003/04 Annual Report and Accounts for the Community Fund and the New Opportunities Fund.

End of year report

The Business Plan 2004/05 was agreed in May 2004 with quarterly progress reports submitted to the Senior Management Team and the Board.

The Annual Report and Accounts for the Community Fund and the New Opportunities Fund 2003/04 were laid in Parliament in October 2004.

Section one

h) Developing and delivering a consultation and briefing plan by October 2004.

Performance Indicator

Develop and deliver a consultation and briefing plan.

End of year report

A consultation and briefing plan was developed in April 2004 with two major public consultations completed by January 2005.

i) Developing and introducing a transparent Staff Change Policy by April 2005.

Performance Indicator

Develop and introduce a Staff Change Policy.

End of year report

The Staff Change Policy was first agreed in the first quarter and it was further updated and agreed in March 2005.

2 To deliver the grant making targets set out in the Policy Directions and priority area targets by:

a) Meeting target commitment for all existing priorities/programmes.

Performance Indicator

Meet agreed commitment targets and develop contingency plans to ensure all funds are committed by the required date.

End of year report

Met commitment targets in this reporting period.

b) Meeting published timescales for assessment and decision-making.

Performance Indicator

Meet the agreed timescales for assessment and decision-making.

End of year report

Met published timescales for assessment and decision making in this reporting period.

c) Setting and meeting targets for grant management.

Performance Indicator

Meet all grant management targets.

End of year report

Partly met the targets for grant management in this reporting period.

3 To make continuous improvement in being a good funder and to share the lessons we have learned by:

a) Developing a policy framework, including equality and sustainable development, to support grant programme delivery by March 2005.

Performance Indicator

Developing programme options/framework for Board and ensure internal and external consultation on programme options.

End of year report

A policy framework was agreed by the Board in March 2005. Sustainable development was not included in this policy framework but it will be developed in 2005/06. Public consultations have already been reported in key performance measure 1h above.

b) Developing funding delivery models for all future grant making and identifying operational implications by October 2004.

Performance Indicator

Develop project team to look into early development of delivery models taking an early look at procedural and system requirements.

End of year report

Programme Development Toolkit Project was approved by the Grant Management Board in January 2005 and a Programme Development Project Team was subsequently set up. The Team will continue to review and develop range of delivery models for new programmes in 2005/06.

c) Continuing to develop and deliver post award relationship strategies for all relevant grant programmes (applies to NOF programmes).

Performance Indicator

Provide a framework of delivery options and evaluation/costing for Board.

End of year report

The post award relationship management strategies (PARMS) were completed for the relevant programmes in this reporting period.

d) Completing strategy on outcome funding by March 2005.

Performance Indicator

Consider outcome funding models in context of Big Lottery Fund programmes.

End of year report

Outcome funding models were subsumed into the broader consideration of development of a new funding programme framework in this reporting period.

Section one

e) Completing and evaluating GM04 pilot by August 2004 and make decision on rolling out by October 2004.

Performance Indicator

Complete and evaluate GM04 pilot and, if successful, implement process across open grant programmes.

End of year report

The final external evaluation of the GM04 pilot was completed in the third quarter and the report was presented to the Project Board. The findings of the report will be fed into the delivery mechanisms for new programmes of the Programme Development Toolkit Project.

f) Agreeing an integrated research and evaluation strategy and beginning its application by March 2005.

Performance Indicator

Produce a research and evaluation strategy for Big Lottery Fund.

End of year report

The draft research and evaluation strategy was completed. The research and evaluation strategy will be finalised in 2005/06.

g) Progressing work on joint distributor working through relevant forums throughout the year.

Performance Indicator

Progress joint working with other Lottery distributors through relevant forum.

End of year report

The Chief Executive and relevant staff regularly attended Lottery Forum meetings in all four countries in this reporting period.

4 To be accountable and financially efficient by:

a) Achieving efficiency savings of at least 10 per cent over 2003/04 on corporate business unit costs (excluding grant making activities):

Performance Indicator

Review resources over the course of the year to contribute to overall savings of at least 10 per cent.

End of year report

The Big Lottery Fund has achieved a saving of 9.6 per cent.

b) Reducing National Lottery Distribution Fund (NLDF) balances to between £575 million and £625 million (New Opportunities Fund) and £50 million and £100 million (Community Fund), by developing relevant targets and strategies for all programmes:

Performance Indicator

Provide monthly cashflow details to inform Senior Management Team of progress against NLDF targets.

End of year report

NLDF balances reduced to £691 million (NOF) and £174 million (CF). (Please refer to Section eight for more information.)

c) Ensuring a single risk strategy is in place by December 2004.

Performance Indicator

Agree a corporate risk strategy.

End of year report

A corporate risk register was produced in September 2004. A single risk strategy will be produced in 2005/06.

Section one

d) Ensuring systems and procedures are accountable, are based on an internal control framework and meet legal requirements, including the Welsh Language Act and Section 75 of the Northern Ireland Act.

Performance Indicator

Developing strategies for Freedom of Information and Data Protection Acts, covering all relevant areas of the Big Lottery Fund's business.

Implement joint audit plan as agreed by Audit Committee in March 2004.

Revise Welsh language scheme.

Produce Annual Report on Section 75 for the Equality Commission.

End of year report

An action plan was developed during the first quarter to enable the Fund to address requirements under the Freedom of Information and Data Protection Acts. Training was provided for staff throughout 2004/05. Corporate Information Adviser was appointed in January 2005.

The joint audit plan was implemented and self-assessment of the internal controls was undertaken in this reporting period.

The Welsh Language Board agreed to accept the scheme as a voluntary one in this reporting period.

The Annual Report on Section 75 for the Equality Commission was produced in August 2004.

5 To learn from our experiences and those of others to make continuous improvements in the way our organisation works by:

a) Reviewing each area of the business to identify relevant best practice to inform future corporate development by March 2005.

Performance Indicator

Support all project teams across the organisation to ensure a consistent approach to project management, providing staff with the necessary training, processes, documents, tools and techniques.

End of year report

Programme and project management team supported project teams as required to enable delivery within required timescales. A new programme development framework, designed to reflect good practice in project management, was agreed by the Management Boards in developing new funding programmes. Training on-going.

b) Identifying an appropriate organisational performance management model that will meet business needs by September 2004.

Performance Indicator

Researching performance management models and making recommendations to Senior Management Team to inform 2005/06 planning.

End of year report

The Balanced Scorecard was agreed to be the performance management model to inform strategic business planning for the 2006/09 Strategic Plan. It was also agreed the 2005/06 business planning be conducted on a similar basis to the 2004/05.

c) Developing and implementing a customer care policy by December 2004.

Performance Indicator

Review the way both Community Fund and New Opportunities Fund survey their customers and agree how and when the Big Lottery Fund should survey.

Standardise a customer charter and complaints system with the other distributors.

End of year report

Review of surveys conducted by both Community Fund and New Opportunities Fund was completed in September 2004.

Common Charter and Complaints Process was agreed by all distributors in March to be launched on 1 April 2005.

Section one

6 To make continuous improvement in being a good employer (people objective) by:

a) Developing HR policies that fit with business need and promote equality of opportunity by March 2005.

Performance Indicator

Develop and implement a harmonised set of HR polices, processes, procedures and terms and conditions.

End of year report

A harmonised set of HR processes and terms and conditions was agreed in March 2005.

b) Conducting a comprehensive staff satisfaction survey by March 2005 and develop an action plan to address issues arising.

Performance Indicator

Undertake a staff survey regarding the whole range of issues that will affect the Big Lottery Fund and develop an action plan to address any issues arising.

End of year report

A decision has been made to defer the staff survey until the completion of the Structural Review.

c) Developing a harmonised set of monitoring systems and addressing any outstanding issues from current action plans.

Performance Indicator

Develop a harmonised set of monitoring systems and addressing any outstanding issues from current action plans.

End of year report

The review of Community Fund and New Opportunities Fund approach to existing HR equality monitoring systems was completed in this reporting period. The findings will be adopted in 2005/06. Outstanding issues in current equality action plans will also be reviewed against the findings in 2005/06.



Section two

Grant programmes and awards

Strategic grants

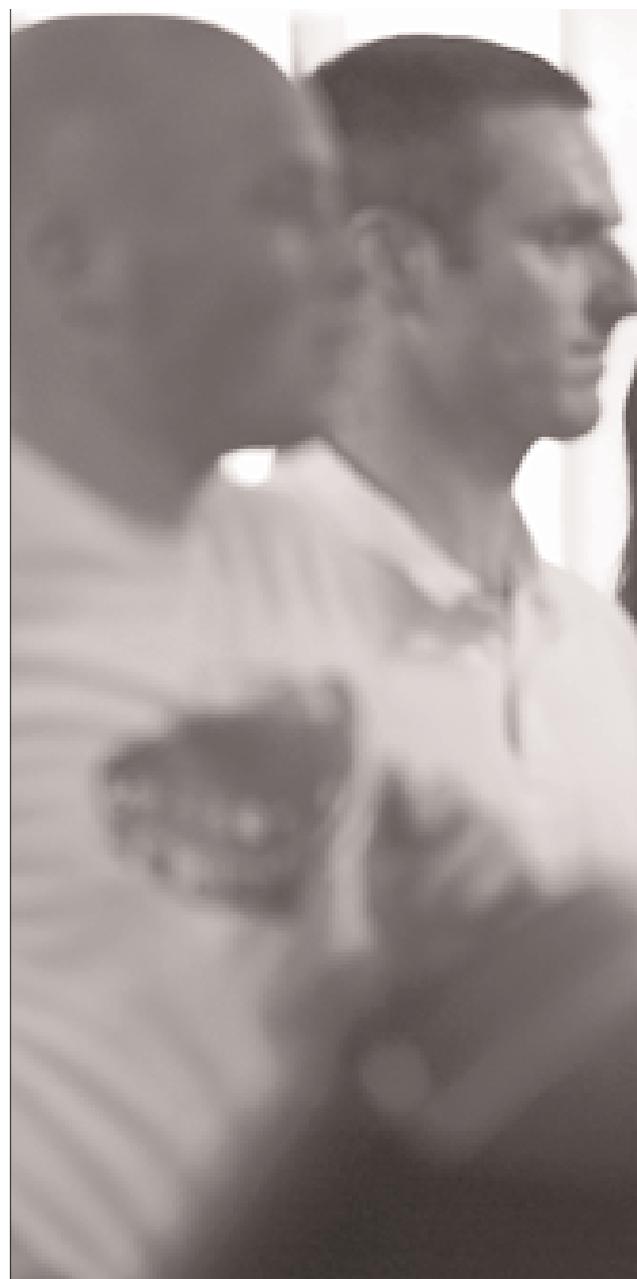
60 grants awarded worth over £18 million.

This programme, which encourages national organisations to apply for projects that influence policy and practice, has proved very popular with the sector.

Voice for the Child in Care were awarded a grant of £300,834 to use their previously researched “Blueprint” on improvements to the care system and young people’s involvement and participation in it. The “Blueprint” will be used to influence the Children’s Bill and its subsequent policy and practice guidance and funding and will therefore make a significant impact on the lives of young people in care over the whole of the UK.

SCOPE were awarded £363,522 to increase the incidence and quality of disabled children being represented in children’s books (in pictures and in storylines), providing positive role models and thereby raising the self-esteem and inclusion in society of disabled children and their families. This will be achieved through influencing publishers and organisations involved in producing and distributing children’s books. It will also provide a resource of pictures and stories to publishers and more than 5,000 organisations working with disabled children.

The partnership with Carnegie (UK) Trust, to take forward the Countryside Communities initiative to improve the lives of people living and working in some of our poorest rural areas, was further strengthened this year. Carnegie (UK) Trust became an award partner and will now distribute £2.2 million on our behalf. This action research programme on community rural development will contribute to the Trust’s Rural Commission and help inform wider influencing of rural policy, practice and funding. The opportunities for learning between the two organisations should be significant.



Research grants

28 grants awarded worth approximately £5.7 million.

The aim of our Research grants programme is to make medical and social research accessible to voluntary groups and their beneficiaries and to build bridges between the voluntary sector and researchers. All our grants are made directly to voluntary sector organisations, most of which work in partnership with universities. Adopting a ‘voluntary sector led’ approach the programme, which has been running for more than three years now, makes a unique contribution to the UK research funding landscape.

Of the 28 grants awarded, a number of grants focus on major changes in the roles young people play in their local communities. The Birmingham Association of Youth Clubs was given £178,000 to test how research can be used to involve young people in local decision-making.



New research to look at the changing role of young fathers by CHILDREN 1ST (Royal Scottish Society for Prevention of Cruelty to Children) has been backed with £158,000.

We gave a grant worth £195,000 to the Mental Health Foundation/Foundation for People with Learning Disabilities for a new project called 'What About Us?'. This project looks at the experiences of young people with learning disabilities in mainstream schools and colleges and the project team hopes to improve practices and provide guidance to improve emotional well-being.

As well as making grants we have run a number of successful communication and outreach events including a series of country workshops to work out strategies to enable small and medium sized voluntary organisations to use research and to build effective partnerships with research centres.

International grants

27 grants awarded worth approximately £11.4 million.

In the year that the Commission on Africa focused Britain's attention on the scale of poverty experienced by millions of people in Africa, our International grants programme continued to target funding at those who need it most. This year, 65 per cent of our £11.4 million budget went towards projects in Africa. These will help to increase access to education, improve health, provide water and alternative livelihoods, and protect the rights of those who are most disadvantaged. The remaining funds were targeted at poor communities in Asia, Eastern Europe and Latin America.

Examples of projects we have awarded this year include a grant of £759,119 to Health Unlimited to improve health among pastoral communities in Ethiopia. Health care facilities in the area are limited and do not take into account people's nomadic lifestyle. Only six per cent of all births are attended by skilled health staff, and one in five children die before the age of five. The project will improve immunisation coverage to under fives and the health of mothers by supporting mobile clinics and training health workers.

Sense International were awarded a grant of £390,553 to help deafblind children in India. Many are extremely disadvantaged, being kept in makeshift cages or tied to objects while their parents are at work. The project will work with the children, their parents, teachers and government officials to bring these children into mainstream education.

Section two

With the creation of the Big Lottery Fund, we held a consultation on the future of the International grants programme. Many British charities with an international development interest took part. In December 2004, Big Lottery Fund announced that it would continue running an International grants programme. Since then we have consulted further on what the programme should deliver and how it should be delivered.

The Board were moved by the scale of the Asian Tsunami disaster in December 2004 and announced an additional £12 million fund for long term reconstruction initiatives in the worst hit areas. As the region moves from the emergency phase to longer-term recovery, we are working closely with British charities active there to target this money as effectively as possible.

Wales

355 grants awarded worth approximately £10.6 million.

One of the biggest challenges for us this year has been tackling the constant high demand for our money. Effective targeting, joint working and good communications have helped potential applicants understand our policies and procedures better and influenced their decisions on whether to apply or not.

As the **fairshare** initiative draws to an end targets were met in three areas. Performance in Caerphilly was especially encouraging as a result of the establishment of a three-way agreement between Community Fund, the local CVC and the local authority culminating in a doubling of funding in the county. The use of outline pre-application forms was beneficial to potential applicants and enabled staff to target their outreach work effectively.



Joint working has been the key focus of our work this year. A new staff structure was implemented to merge the work of Community Fund and New Opportunities Fund staff resulting in one team, committed to establishing the Big Lottery Fund as an effective Lottery funder in Wales.

Our continuing involvement with other Lottery funders and Camelot resulted in a series of joint funding events around Wales, leading to a week long celebration of the 10th birthday of the National Lottery in November. We administered the Awards for All Wales programme, and its continued popularity with applicants was evident in the number of applications received.

We maintained our close relationship with the voluntary sector and worked closely with our stakeholders to ensure information about the closure of the popular voluntary and community sector grants programme was circulated properly and with as much notice as possible. The Director of Wales spoke at the WCVA conference and took the opportunity to promote our consultation exercise on the future of our funding. We worked with the Welsh Language Board to develop a new Welsh Language Scheme building on the strength of both previous schemes. This will be formally adopted once legislation is complete.



Circus Eruption, Swansea, received a grant of £73,307. The project encourages children of all abilities to interact and overcome negative perceptions. Through the means of circus skills and games it encourages integration between young people of all abilities, supporting each other to overcome various challenges and teach new things.

Scotland

479 grants awarded worth approximately £18.8 million.

This was a big year in any sense of the word, as the Community Fund prepared for merger with the New Opportunities Fund, expecting legislation to create a new Lottery distributor. The Culture Secretary's ambition that the new distributor would be "greater than the sum of its parts" set the scene for the branding of a new distributor as the Big Lottery Fund.

Staff and public consultation endorsed the idea of "big" and throughout the year the new name lent itself to a range of treatments – big ambitions, big ideas, a big say in setting priorities for new programmes, in the words of our first joint publication these are indeed "Big Times."

While we merged the administrative systems of the two organisations to bring about some cost savings, and make it easier for applicants to access Lottery funding, it was business as usual for the funding programmes which kept their separate identities.

The Community Fund programme continued to focus on the priorities set by its strategic plan in 2002: funding projects which benefited people disadvantaged by social and economic change, disabled people and their carers, and black and minority ethnic communities. Our simplified outline proposal form was popular with applicants and our grants budget was fully committed.

One very successful project that received funding was Capability Scotland's Chatability project. Chatability is Scotland's first secure chat room specifically aimed at disabled children and young people. In the summer of 2004, Capability Scotland received £39,500 from the Community Fund to establish a virtual place for disabled youngsters to meet new friends, swap news and share ideas.

Both organisations brought out the best of Lottery funded projects to celebrate the 10th birthday of the National Lottery on 6 November 2004. Celebrations focussed on a big event at the Glasgow Science Centre, and more than 180 projects all over Scotland threw open their doors free of charge, held celebration parties, or sporting tournaments to show what Lottery funding had done for Scotland.

With the New Opportunities Fund, the Community Fund moved into new premises on Clydeside in mid-December and since then the Community Fund programme (renamed Developing Communities) has moved into its final phase, after 10 years as the biggest independent funder of the voluntary sector in Scotland. On the threshold of a new year, we look backwards and forwards at the same time, and recognise that we have left behind a big legacy.

Section two

Northern Ireland

283 grants awarded worth approximately £6.8 million.

The Office for Northern Ireland celebrated its 10th birthday this year and during an exciting transition period we began to develop new programmes.

We want those programmes to build on the achievements of the Voluntary and Community Sector programme and help us realise our ambition of involving individuals and communities in bringing about positive social change.

Following the launch of the Big Lottery Fund in June 2004 we carried out a Northern Ireland wide consultation to gather views on how we should fund the priorities of our customers and stakeholders. Responding to your views in the consultation we will make changes in the way we do business including developing new approaches to funding. In February 2005, we began further consultation to help us to develop new programmes and we have started to make the changes to pave the way for this.

Caring Breaks Limited secured a grant of £96,771 to provide vital respite for families in south and east Belfast and carers of adults with severe learning disabilities. The grant is ensuring that the organisation can offer respite to even more carers safe in the knowledge that their son or daughter is being well cared for and involved in a range of activities to build their skills and confidence.

We have continued to keep equality high on the agenda as we have worked to shape the equality agenda for Big Lottery Fund in Northern Ireland. We have made clear our commitment to promote equality of opportunity and good relations and will continue to work towards mainstreaming equality as we develop new policies and programmes in line with our duties under Section 75 of the Northern Ireland Act 1998.



North East

297 grants awarded worth approximately £8.7 million.

When people think of the North East, the traditional picture is one of coalmines and heavy industry. The reality today is that the North East has a diverse mix of urban, semi-rural and rural communities. Although some of our communities are among the most disadvantaged in the UK, with significant areas of deprivation, there is also substantial regeneration and new opportunities. However, there is a strong commitment to ensure greater social inclusion and regeneration of deprived rural and urban communities, and the voluntary and community sector is very active in the region. Our response to this has been to fund a wide range of projects, including community buildings, debt advice schemes, basic skills training, and disabled people's activities, amounting to £8.7 million benefiting people in the North East.



We have met or exceeded all but one of our regional priority targets (children and young people, older people and their carers, disabled people and their carers, people disadvantaged by economic and social change and refugees and asylum seekers). We have not met our target for black and minority ethnic communities (BME). To help address this funding priority, we continue to provide one-to-one pre-application advice and support to potential applicants from BME groups.

The three-year **fairshare** initiative ended in March 2005, and we met our targets in those areas (Stockton and Darlington) ahead of schedule.

During the year we worked closely with helper agencies, offering support through advice surgeries, and outreach events.

One of the awards made during the year was to Age Concern Metropolitan Gateshead. The grant was made for the Good Companions project, a scheme which supports older people to cope with living on their own. Good Companions offers a range of services such as home visiting, telephone calls and programmes of social events. The grant of £113,000, to run over three years, has paid for the salaries of two members of staff.

North East consultation events were held in Middlesbrough and Newcastle in June, with additional events held for our local priority groups. We also hosted a key regional stakeholder consultation event in September.

To celebrate the Lottery's 10th Anniversary, we held a successful joint-distributor event at the Metro Centre, Gateshead to showcase the activities and involvement of some of our grant-holders.

We made one of the first awards under Young People's Fund Grants to Organisations programme, to a creative community arts project working with disadvantaged young women.

North West

516 grants awarded worth approximately £22 million.

The North West region, with 6.9 million people, has the second largest population of England's regions and is three times more densely populated than the European average. It is a mix of urban, semi-rural and rural communities, large areas of deprivation and a number of regeneration hot spots.

The region has the greatest number of areas which fall into England's most deprived 20 per cent (Indices of Multiple Deprivation 2004), and the conurbations of Manchester and Liverpool have consistently higher levels of multiple deprivation than most other areas in England.

The voluntary sector in the region has lots of local, community based groups supported by local infrastructure organisations, many of whom have been our partners during the year, working with us to provide advice and support to groups applying for Lottery grants.

A highlight of the year has been exceeding all of our priority beneficiary group targets and geographical targets. Under the **fairshare** initiative, the NW region had the most **fairshare** geographical areas in the country – 17 local authority areas.

Section two

During the year we have taken great pride in the level of customer service provided to applicants. All the applications we assessed in the year met the turnaround response times. We also improved the way in which we offered pre-application support to potential applicants. We gave groups the opportunity to find out whether their project was likely to meet our funding policies at an early stage – to help them decide whether to proceed with a full application.

Grants which have made significant progress with their projects and outcomes during this year include:

- ▶ Age Concern Barrow and District which received £167,975 to help run the Building Bridges Scheme, which will provide crafts classes, reminiscence sessions, literacy programmes and a photography project for over 55s. It also provides a new mixed age fashion show and gardening project in schools and colleges to improve relations between two separate parts of the community.
- ▶ £194,374 went to Diversity in Barrier Breaking Communications. This project uses broadcasting facilities such as sound systems, live recording studios, mixing decks, and IT skills to provide training for disabled and disaffected young people. The project has been praised for its unique approach and won a Learn Direct special award at the National Training Awards.

Yorkshire and the Humber

396 grants awarded worth approximately £15 million.

The Yorkshire and Humber region combines both rural and urban communities with diverse needs and traditions. In 2004–5 the Voluntary and Community sector programme of the Big Lottery Fund awarded grants to many projects which respond to the different needs of local communities and involve people in planning and delivering services.

The **fairshare** initiative – designed to increase Lottery money going to some parts of the region which had previously not received their fair share of Lottery funding – ended for the Voluntary and Community sector programme in March 2005. We had a target of £18.6 million to award to four local authority areas over three years. We were delighted to meet the targets for each of these areas – Doncaster, Rotherham, Wakefield and Kirklees.

We were able to meet our **fairshare** targets by working in partnership with many other funders and agencies to provide support services to local groups to help them to work up successful projects. We are confident the funding provided to local agencies to support smaller groups and the funding networks created as part of this programme will have a lasting benefit, over and above the excellent work of the local projects.

We ran two specific initiatives connected with **fairshare**. First, a joint funding scheme with European funders objective, one in Doncaster and one in Rotherham. This meant that in some of the most disadvantaged small communities we were able to double the value of our investment by match funding projects which also received European funds. By working with objective one we were able to simplify the application process and provide a faster decision on funding. Secondly, a local panel in three wards within Wakefield district meant that local people had an opportunity to comment on the need for projects in their area.

We have continued to fund much good work throughout the region, including many projects which have benefited children and young people. An example of one of these projects which our regional committee was pleased to fund this year is Sheffield Chinese Community Centre, who were awarded £117,606 to develop and expand their children's play scheme, which provides a range of activities for children aged 5–14 with the aim of improving their confidence and social skills.



East Midlands

349 grants awarded worth approximately £9.8 million.

The East Midlands has about 36,000 voluntary sector groups in a region that has some of the most deprived wards in the country, mainly in urban areas and the former coalfields in the north and rural communities of Lincolnshire. The challenge in a culturally diverse region with a substantially older population than any other in the UK has been to ensure we target our resources effectively.

The regional team have continued their proactive approach, supporting applicants in our target areas offering one to one support and advice as well as providing training for funding advisers and helper agencies. Our BME outreach officer has worked closely with groups across the East Midlands with some of those that had previously found it hard to attract funding and is now seeing some success. Together with regional partners VOICE East Midlands and Lloyds TSB we have developed a project that supports BME organisations to gain charitable status and in doing so increase their access to funding and the capacity of their organisation.

fairshare in Ashfield and Bolsover continued to be an enormous success with all targets exceeded by the end of 2005. The partnership approach to raising the capacity of local groups in these areas has proved to be extremely popular and has contributed to the success of this initiative not just in financial terms but also in the relationships that continue to thrive beyond the end of the programme.

We gained confidence in our ability to meet the needs of our customers through listening to people and providing face to face support and advice during the **fairshare** initiative. We continue to provide similar support to the communities of West Lindsey and Boston which are our Countryside Communities target areas. We have taken part in many local events with dedicated support officers available to meet with groups and other stakeholders. As a result we have made excellent progress against our targets with Boston already receiving 97 per cent and West Lindsey 85 per cent of the total five-year target.

Home Start Boston was one of the groups to benefit from this support and were successful in gaining an award of £199,766 to expand their volunteer home visiting service. The grant over three years has funded six part-time staff who run the project to support families under stress in the Borough of Boston.

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West Midlands

501 grants awarded worth approximately £14.7 million.

To enhance our customer service during the year we encouraged groups thinking of applying for a grant to complete and return a short outline proposal form. By learning about their plans at an early stage, we were able to provide feedback, comments and suggestions and also signpost groups to local sources of information, advice and support. We were also able to provide realistic guidance on their prospects for receiving funding bearing in mind the strong competitions for funds. Many applicants took on board our comments and guidance and, as a result, were much stronger.

We continued to deliver monthly briefings at our regional office throughout the year and followed through our outreach work in the **fairshare** areas of Dudley, North Solihull and Walsall, as well as in our priority geographic areas of Tamworth, Newcastle under Lyme and Cannock Chase. In Autumn 2004, we also ran a series of briefings across the region for our local authority and voluntary sector key contacts to launch the Young People's Fund Grants to Organisations programme. We combined this with the second phase of Big Lottery Fund consultation, on our proposed themes and outcomes.

Our regional committee holds at least two of its meetings each year at projects that have received funding from us. In Summer 2004, they met at The Hub, a community building in Birmingham, shortly after it opened following a major refurbishment. The Hub also hosted our regional Big Lunch in November, where a wide range of projects got together to celebrate the National Lottery's 10th birthday.

Also as part of the National Lottery 10th birthday celebrations we were pleased to support the Guru Nanak Community Centre in their successful attempt to break the world record for creating the largest onion bhaji. Three of our staff volunteered to help with the world record attempt, which provided valuable media interest and publicity for the newly refurbished community centre in West Bromwich.

Eastern

353 grants awarded worth approximately £9.9 million.

The Eastern region is an area of real contrast. We have everything from busy, multicultural communities such as Watford and Luton to rural tranquility in areas such as North Norfolk, and everything in between. The region is an area of rapid housing growth and many new communities are being built, which tend to have a higher number of young families, and we have large coastal areas favoured by people who have retired. Regardless of the demographics, or the diversity of the region, what we have is a range of strong communities. In some rural areas, the communities may have changed little over the years, while in newer communities, people are getting together for the first time to work for a common goal. With diverse communities you get diverse solutions to community needs and in the Eastern region we are proud of the diversity of the projects we have funded.

For example, we funded Kickstart in North Norfolk. The project lends young people scooters, without which they wouldn't be able to attend interviews or get to work. In Bedfordshire we funded Leighton-Linslade and District Citizens Advice Bureau. Our money is being used for a money adviser to help people who desperately need to reduce their debts.



Our main aim is to help those at greatest disadvantage and we work closely with local communities to make sure that our funding does this.

fairshare in Enfield and Waltham Forest continues to be a great success. Although the VCS part of the initiative came to an end in March 2005, the legacy of the grants made under it will continue. We are currently evaluating the early stages of the scheme so we can begin to understand what impact it has had.

Our funding priorities for 2004/5 remained the same, although we did make the isolated older people priority more targeted so that we only fund projects that work with specific groups of older people, for instance those with learning difficulties, where service provision is low. This ensures that our funding continues to help those most in need.

One of our smaller grants will put towards the cost of refurbishing a playground area that is currently in a state of disrepair. The £26,975 grant to Avenue House Estate Management will help transform the area into a space that can be used by both disabled and able-bodied children. Dual-purpose equipment will be installed enabling children with a wide range of disabilities to use the playground safely. This is the only public playground of its kind in the area and it is anticipated that thousands of children will benefit from the refurbishment. It will help children with physical, mental and learning disabilities in their development and will help combat the isolation they often experience due to accessibility issues. Avenue House Estate Management said: "This playground is hugely popular and its closure for safety reasons was a real blow to the community. But we are taking this opportunity to install dual use equipment that allows children with a wide range of disabilities, as well as able-bodied children, to enjoy the playground."

Disabled people and their carers was again one of the priorities in the region this year and we have given over £3 million to projects meeting their needs. We funded some excellent projects, for example, the Disability Resource Centre, which serves Bedfordshire and Luton. They provide information and advocacy to those with mobility and disability needs and lobby transport companies to integrate public and community transport. We also funded Harlow Stroke Support Group to provide support, advice and activities for people who have had strokes.

We are proud of the many lives that our grants will have helped this year and we are grateful for the enormous effort put in by the organisations, volunteers and the participants in those projects.

London

532 grants awarded worth approximately £20 million.

The London regional office covers the 32 London boroughs, serving about seven million people. London is ethnically, culturally, economically and socially diverse and has three of the five most deprived boroughs in England.

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The grant holder support programme completed its first year with positive feedback from the groups involved. Under a consortia led by Black Training and Enterprise Group, 30 grant holders received a combination of one to one support and group training and learning sessions to develop the key competencies needed to run their projects successfully.

The second strand, delivered by Community Action Network, focuses on working with grant holders to develop strategic financial plans, helping them to become more sustainable in the longer term.

We are involved in various London-based initiatives, including the London Lottery Forum, London Funders Group, Local Authority Network and the Lead Funder Project. The knowledge and experience of those involved in these groups enables us to share best practice and influence key stakeholders.

South East

449 grants awarded worth approximately £14 million.

The South East is vibrant, diverse, complex and big. It is one of the most prosperous regions in the UK – and the 20th largest economy in the world, yet has pockets of severe deprivation. It has 79 per cent employment, yet 372,000 households are classed as 'poor' – the highest figure outside London. And, it has 44,000 voluntary and community sector organisations to serve 8 million people. So, our aim was straightforward. We had found ways to use our funding to make it benefit as many people as possible. We did this by raising standards and the quality of applications and setting tough targets.

We believed that higher quality applications would come by training and spending time with applicants, making sure that as many as possible were properly prepared so that they could make their application as good as possible.



A record 550 potential applicants attended 38 face-to-face meetings and briefing sessions to learn about topics such as eligibility and funding policies and to hear top tips about making a good application. Following briefing sessions and outreach events, which we prioritised to projects meeting our regional funding priorities, we continued to support applicants through our telephone helpline.

This region-wide programme of pre-application support was combined with other activities to help launch and establish Big Lottery Fund. We joined forces with the South East Racial Equality Network (SEREN) to stage two special awareness days in the region. Applicants and potential applicants who face the most social exclusion were encouraged to share their community aspirations, helping us to help them. Most also took part in discussions to feed their views into our UK-wide consultation.

Tough targets were met in our quest to bring about improvements to people's lives. The regional committee has and will continue to drive up spending on people who are most in need.



Successes during the year include £141,565 to Portsmouth Council for Community Service, helping set up the city's first ever shop mobility scheme; £95,104 to Aylesbury Vale Carer's Association, helping them to support young carers; and £104,436 to extend and refurbish the community hall in Alford, Surrey. Almost 80 per cent of our budget went to projects that directly met our funding priorities.

South West

433 grants awarded worth approximately £11 million.

The South West region has had the challenge in managing the large gap between the high level of demand for grants, and one of the smaller grants budgets of the England regions. This year the pressure was even greater. We managed applicants' expectations by investing in outreach, development and pre-application advice, and encouraging more modest bids.

Because of this approach, we were able to make more grants this year, benefiting more communities. Over the year we made 433 grants, and achieved a success rate of 28 per cent – larger than we predicted.

Through our development work, and with the other Lottery distributors in the South West, we succeeded in removing some of the 'cold spots' where there was a mismatch between need and the level of grant funding.

We were especially pleased to dramatically increase our funding for projects supporting older people, whose population in this region is a higher proportion than elsewhere in the UK. This year saw us meet our three-year funding targets in our **fairshare** areas, and we were able to make an impact in addressing rural isolation across the region.

One of our larger grants, £177,000, went to Age Concern to improve the planning and delivery of services for older people in the South West. This is already helping Age Concern to work in partnership across the South West, influencing both policy and delivery of services for older people. This is particularly important as by 2020 there will be an estimated 20 per cent more older people in the region.

Young people in the South West are often forced to move away from their home communities because of poor transport links, lower wages, and high housing costs. A £53,222 grant to North Tamar Community Transport Association secures an important and increasingly popular service for young people in this part of rural Devon. It means they will continue to be able to use low powered scooters to get training and to get to work. The whole community feels proud of this initiative, which also provides local volunteering opportunities.

With the current voluntary and community sector funding programmes coming to an end, we hope our investment over the years in supporting priority groups to improve their funding chances will benefit them in the new funding era.

Section two

fairshare

In 2002, the Community Fund and the New Opportunities Fund launched the **fairshare** initiative. Its task was to make Lottery funding more readily available to disadvantaged communities in 77 deprived areas across the UK, chosen because they had not had their fair share of Lottery funding in the past and are areas which are high on the index of Multiple Deprivation.

Thirty-seven of these 77 areas had not received their fair share from the Community Fund and these became priority areas for the three years April 2002–March 2005. The others were supported through the New Opportunities Fund **fairshare** endowment described below. Published funding targets were given for each of these areas, and a team of grants, outreach and development staff was tasked with increasing support to applicants in these areas.

From the beginning, we were committed not only to making grants to **fairshare** areas but also investing in the long-term sustainability of projects to leave a lasting legacy. By working with communities and developing partnerships with key stakeholders in each area, we were able to identify barriers and build local capacity to access funding not just from us but from other funders.

In total, we have invested nearly £85million in the **fairshare** communities in the three years since the launch of the initiative. We have worked hard to make our funding more accessible and have worked with communities to develop the skills necessary for a sustainable future. We have succeeded in achieving 92 per cent of the targets set, ensuring that each **fairshare** area now has at least equal to the average amount of funding per person as other areas.

As our priorities now refocus, the legacy of our investment continues to build momentum. The development of Fair Share Trusts by the New Opportunities Fund across the whole 77 **fairshare** areas will build on the optimism and enthusiasm generated within the **fairshare** areas and the legacy of the trust we have gained with local communities will continue to support our work in the future.

Just one grant that has received funding this year is Dudley Asian Women's Centre – Kaash Project, which received £59,777. This project has used its **fairshare** award to employ a project worker for three years to reach and involve disengaged and vulnerable Asian women in Dudley. The project worker has trained 15–20 volunteers per year to provide befriending, translating and interpreting services, a youth project and training and self-development events. Single mums and the girls group have been a particular focus. Some individuals who have used this service have been motivated to undertake training and gained new qualifications.



Section two

Countryside Communities

Countryside Communities is a joint initiative between Community Fund and the Countryside Agency. Its aim is to ensure that some of England's rural areas receive their 'fair share' of funding.

Eight areas were chosen to benefit from Countryside Communities, based on both deprivation indices and low levels of funding. The areas are: Shepway (Kent); Dover (Kent); King's Lynn and West Norfolk; North Norfolk; Fenland (Cambridgeshire); Boston (Lincolnshire); West Lindsey (Lincolnshire); and Sedgemoor (Somerset).

In each of these areas, our outreach and development staff have spent time working with communities to encourage successful applications. As well as providing one-to-one support for potential applicants, they have also played a significant role in brokering partnerships with other funders to help ensure more successful and sustainable projects. They are also using local intelligence to build a clearer picture of the areas, which will help us work more strategically in the future.

By end March 2005, spend across the eight Countryside Communities areas had reached £6.9 million – 49 per cent of the five-year target at the half-way point of the programme. However, some areas had performed markedly better than others – with Boston reaching 97 per cent of its target, but Dover reaching just 29 per cent.





A Countryside Communities grant of £283,542 helped Aylesham Neighbourhood Project to expand and provide a bigger range of support services to families with young children. A typical week at the project, which serves a cluster of former mining villages near Dover, will see crechès, parent and toddler groups, parenting courses, a group for parents and young children with disabilities, healthy eating, cookery courses and lunch clubs. The project also reaches out to families through home visits. Seventy families with young children are now using these services regularly and we expect this to keep rising.

The main part of the Countryside Communities programme had been due to run until October 2007. We have made a public commitment to spend this money in the eight areas and we will honour this commitment. However, the closure of the Voluntary and Community Sector programme on 31 May 2005, means that work will be on hold in these areas until a new programme is launched.

A strategic grant of £2.2 million under the Countryside Communities programme will be delivered by our award partner, the Carnegie UK Trust. Carnegie is running a 'Rural Action Research' programme, which aims to pilot practical and cost-effective community led solutions in rural areas. Carnegie aims to ensure that the experiences of these Action Research projects will help to shape and influence rural policy, through links to the Carnegie Commission for Rural Community Development. The programme will run for up to three years, with approximately £750,000 per year from the Big Lottery Fund and £250,000 funding from the Carnegie UK Trust.

Section two

Awards for All England

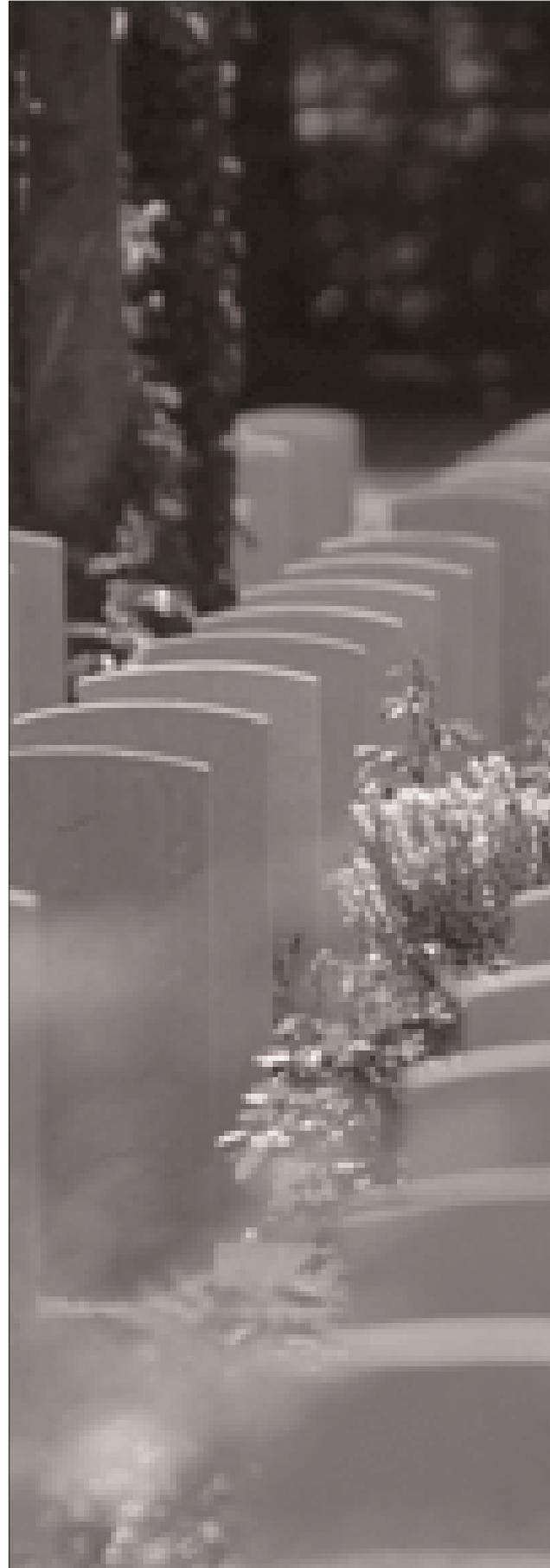
Awards for All England is a Lottery grants scheme aimed at local communities. We award grants of between £500 and £5,000 in a simple and straightforward way. Since we started in 1998, we have awarded more than 70,000 grants – that is more than a third of all Lottery grants ever made. And we are doing it faster as well, with our average turnaround time for processing applications down to six weeks.

In 2004/05, we handed out 9,000 grants worth nearly £36 million in England. The money for Awards for All comes from four Lottery distributors: Arts Council England, the Big Lottery Fund, Heritage Lottery Fund and Sport England. We fund projects for people to take part in art, sport, heritage and community activities, as well as projects that promote education, the environment and health in the local community.

This year we also ran two of the schemes that commemorated the 60th anniversary of the end of the Second World War. Through the Heroes Return programme we funded the costs of more than 14,000 veterans to return to the places where they saw active service. And we funded more than 1,750 projects through Home Front Recall to allow people of all ages to remember those people who helped to win the war on the home front.

Awards for All has also begun piloting micro-grants – even smaller awards of between £50 and £500 – in three England regions. We have been looking at different ways of making micro grants, some involving local people making decisions on grants. The pilots ended in summer 2005 and we are going to publish an evaluation of them in the autumn to decide if we should extend them to the whole country.

And there are more changes ahead. Awards for All has been so successful that we are now looking to raise the upper limit of our awards to £10,000 in early 2006.





Section three

Where the money went

In 2004/05, we awarded 5,058 grants totalling £198,873,208. We received 11,623 grant applications asking for £813,512,768. By March 2005, the total amount we have awarded since 1995 was £3,018,253,815 to 66,384 projects.

| Office/Programme | Number of Grants | Amount Awarded |
|------------------------------|------------------|---------------------|
| Strategic Grants | 60 | £18,711,695 |
| Research | 28 | £5,728,087 |
| International | 27 | £11,497,830 |
| Wales | 355 | £10,658,560 |
| Scotland | 479 | £18,826,618 |
| Northern Ireland | 283 | £6,867,549 |
| Total England offices | | |
| North East | 297 | £8,736,070 |
| North West | 516 | £22,199,123 |
| Yorkshire and the Humber | 396 | £15,059,745 |
| East Midlands | 349 | £9,802,862 |
| West Midlands | 501 | £14,731,077 |
| Eastern | 353 | £9,902,512 |
| London | 532 | £20,516,948 |
| South East | 449 | £14,366,202 |
| South West | 433 | £11,268,330 |
| Total | 5,058 | £198,873,208 |

Helping people in need

Our Strategic Plan says that we aim to increase the focus of our grant-making on helping the most disadvantaged people in the UK and improving their quality of life. The following pages give summary information about how the new grants we made this year do just that. We have only counted grants from our Large and Medium grants programmes in these figures.

Our priority groups

To help us increase our focus on people in need our Strategic Plan identifies a number of priority groups. This enables us to measure and monitor the funding going to these groups.

In all, we have made 1,094 grants worth £132 million to benefit people in our priority groups this year. (Grants awarded under our International, Research and Award for All England programmes do not count toward corporate priorities.) The breakdowns below give an idea of the total amounts we have committed to each group and the type of work funded.

Some of the grants benefited people in more than one group – for example grants to assist disabled children – so they appear more than once in the breakdown. The figures cannot therefore simply be added together to get the totals on page 32.

People living in areas disadvantaged by social or economic change, whether urban or rural, including areas of declining local industry, areas of poverty isolated by surrounding affluence, areas affected by migration.

| | Amount Awarded |
|---|-----------------------|
| All | £43,013,114 |
| Helping people disadvantaged by rural isolation | £8,337,265 |
| Helping people living in deprived urban areas | £17,740,816 |
| Supporting village halls | £3,324,468 |
| Providing advice, information and counselling | £9,843,304 |

Children and young people

| | Amount Awarded |
|--|-----------------------|
| All | £34,127,521 |
| Helping children living with disabilities | £4,312,563 |
| Scouts, guides and other uniformed groups | £633,982 |
| Home start | £2,471,248 |
| Providing childcare, crèche or play facilities | £6,959,709 |

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Disabled people and their carers

| | Amount Awarded |
|--|-----------------------|
| All | £42,930,040 |
| Improving access to employment | £4,557,059 |
| Improving access to community facilities | £33,721 |
| Support for independent living | £6,938,161 |

Black and minority ethnic communities (BME)

| | Amount Awarded |
|---|-----------------------|
| All | £23,870,737 |
| Helping BME children and young people | £6,971,363 |
| Helping older BME people | £3,629,108 |
| Helping BME disabled people | £6,536,595 |
| Combating the effects of racism | £2,820,137 |
| Building the capacity of the BME voluntary sector | £3,574,928 |

Refugees and asylum seekers

Supporting the organisations that help refugees and asylum seekers and the wider communities that receive them.

| | Amount Awarded |
|---|-----------------------|
| All | £10,263,622 |
| Helping refugee and asylum seeker children | £2,645,349 |
| Helping communities and asylum seekers | £5,538,440 |
| Providing advice, information and counselling | £4,347,954 |

Other disadvantaged people

What about those kinds of need that don't fall easily within some of our priority groups, or is it common to many of them? Some figures for other types of grant are given below:

| | Amount Awarded |
|--|-----------------------|
| Helping lone parents | £5,031,989 |
| Helping homeless people | £6,042,276 |
| Helping families of prisoners and ex-offenders | £1,262,460 |
| Helping people on low incomes | £13,424,686 |
| Helping people who are unemployed | £7,965,295 |
| Tackling substance abuse | £3,472,999 |
| Supporting victims of crime | £2,194,370 |
| Supporting victims of abuse | £4,014,574 |

People we are already supporting

We ask organisations that hold grants to supply us with a report at the end of the year of their project. We collate this information to ensure we have comprehensive information on the number of people that the projects we fund are helping, and the kinds of change that the projects are working towards.

The figures given below are a summary from the reports provided by all organisations that were due to report to us during 2004/2005. The figures show the numbers of people that they had helped during their previous year of funding.

| Beneficiary type | Beneficiaries |
|---|----------------------|
| Black and Minority Ethnic communities | 212,540 |
| Children and Young People | 759,104 |
| Disabled People and their Carers | 871,931 |
| Older People and their Carers | 439,406 |
| People in areas disadvantaged by economic/social change | 839,577 |
| Refugees and Asylum Seekers | 106,276 |

Section three

Grant spend targets for priority beneficiary groups

By the end of March 2004, the three-year targets for children and young people had already been effectively met. As a result, targets for 2004/05 were effectively to maintain spend at levels which would ensure that spend on other priorities were met over the three-year period.

| Performance indicator | End of three year report | End of year report |
|---|---|---|
| Target expressed as a percentage of total grant expenditure during 2002-2005: | Actual figures achieved in 2002-2005 were: | Actual figures achieved in 2002-2005 were: |
| children and young people: 15% | children and young people: 19% | children and young people: 17% |
| older people and their carers: 19% | older people and their carers: 12% | older people and their carers: 11% |
| disabled people and their carers: 20% | disabled people and their carers: 22% | disabled people and their carers: 22% |
| people living in areas disadvantaged by social and economic change: 19% | people living in areas disadvantaged by social and economic change: 22% | people living in areas disadvantaged by social and economic change: 22% |
| refugees and asylum seekers: 4% | refugees and asylum seekers: 5% | refugees and asylum seekers: 5% |
| black and minority ethnic communities: 12% | black and minority ethnic communities: 11% | black and minority ethnic communities: 12% |

Section four

Big Lottery Fund- looking ahead

In this section we look ahead to a number of developments affecting our funding and the way we are organised to deliver it.

The Big Lottery Fund conducted two major UK-wide consultations with its stakeholders and the wider public in June 2004 and January 2005. Since March 2005, the Board has been making decisions about its future grant programmes.

The March announcement in England included the following:

- ▶ £155 million to develop and improve play facilities and activities.
 - ▶ £354 million to enhance rural and urban environments which communities are better able to access and enjoy, including £90 million to fund parks.
 - ▶ £163 million to projects promoting well-being, including tackling mental health issues, improving physical activity and preventing alcohol abuse (this sum includes £45 million to projects promoting healthy eating for children and their communities).
 - ▶ £155 million to help develop the voluntary sector by providing funding advice workers, resource centres and support to areas which have little or no voluntary and community sector capacity. In addition, the funding will help organisations to share learning and get involved in local partnerships and strategies and will promote good governance in the sector.
- ▶ £160 million to Awards for All.
 - ▶ £140 million to a Transformational grants programme supporting large capital projects across the whole of the UK.
 - ▶ £60 million for projects which help people in need overseas, again as a UK-wide programme.

We are working up the first new programmes expected to open for applications in early 2006. Consultations and liaison with key organisations and partners will continue as the programmes are developed. The aim is to be an intelligent funder, adopting a variety of different delivery methods and ensuring that accessibility and support for applicants and recipients is at the heart of our approach.

Similar announcements are to be made later in 2005 setting out the new grant programmes in Scotland, Wales and Northern Ireland.

We have also announced a series of measures for new programmes which will help communities access funding. We will:

- adopt a mixed portfolio approach to funding with no less than one third of income distributed through a demand-led, lightly prescribed, accessible funding stream, including the expanded Awards for All scheme
- introduce more flexibility in the length of funding
- adopt the principle of full cost recovery by allowing all legitimate overhead costs to be recovered by voluntary and community organisations

Section four

- ensure that 60–70 per cent of our funding will go to voluntary and community organisations
- strengthen our regional offices to increase the emphasis on policy development, outreach, partnerships and external relations
- establish two operational centres for England in Newcastle and Birmingham to make it easier to access funding and to ensure a strong, unified funding policy
- make efficiency savings of 10–20 per cent on running costs to be ploughed back into funding of projects.

Public involvement is an important development for us and new ways are being piloted to involve people in deciding where money for good causes should go. Under the Young People's Fund we have recruited young people to sit on national and regional Committees to help make funding decisions. We have conducted extensive consultation on new programmes, including commissioning research into how Lottery players think Lottery money should be spent. We are also exploring how we can encourage wide-scale public involvement in deciding which projects will be funded under our Transformational grants programme.

We are committed to evaluation and learning, sharing good practice and influencing policy nationally and locally.

Where appropriate, we will work in partnership and complement Government priorities and programmes to achieve maximum impact. Our commitment to helping people and communities in need has been reaffirmed. We recognise this will continue to mean making tough choices to support projects which improve the lives of people in need, even if that means funding projects which are unpopular in some quarters. At the same time, we will support popular causes and be proud to do so.

Most important of all, the Big Lottery Fund will be neither the Community Fund nor the New Opportunities Fund. It will be a new and different funder concerned not with who we give the money to (whether specific sectors or organisations) but what we fund and who benefits from it.

Section five

Customer care

During 2004/2005 the Big Lottery Fund developed a new Customer Service Charter. We developed this in conjunction with seven other Lottery distributors to give more consistency to the way Lottery distributors work. You can complain if we fail to meet the standards that are set out in the charter.

We are currently developing ways to monitor and report on our success in meeting these standards. A new survey to monitor how well you think the Big Lottery Fund is performing will be developed for 2005/06.

This year nine members of staff began a seven-month course to obtain a BTEC qualification in Customer Care. These members of staff will act as customer care champions, spreading good practice throughout the organisation.

To complement the existing customer service email address, a dedicated customer service phone line has been set up for your complaints and comments about our service.

Complaints

There are three stages to our complaints procedure: Stage one is where we invite customers to contact the person or department that they are unhappy with. We try to resolve the complaints as quickly as possible this way.

If the customers remain unhappy they may proceed to stage two, where the customer care and quality adviser will arrange for the Chief Executive to reply.

Stage three – if the customers are still not satisfied then they may refer their complaints to our Independent Complaints Reviewer (ICR). The ICR is not part of our organisation and their investigations and recommendations are impartial and unbiased.

Stage One Complaints

During 2004/2005, the Big Lottery Fund recorded 44 stage one complaints, although on more detailed inspection many of these were simply requests for further clarification or complaints about organisations we have funded rather than the service that the Big Lottery Fund itself has provided.

We believe that many complaints remain unrecorded, as they are quickly resolved on the telephone or as an integral part of the assessment process. We are reviewing the way we record this data to provide more accurate information in the future.

Stage Two Complaints

During 2004/2005, the Big Lottery Fund received 15 stage two complaints, ie those that had been unsatisfactorily resolved at officer level and so were reviewed by the Chief Executive.

Stage Two Complaints

| Total | Upheld | Partially Upheld | Not Upheld |
|-------|--------|------------------|------------|
| 15 | 3 | 3 | 9 |

Upheld:

Incorrect information had been given out about an application outcome and we identified this was because the on-screen information available to the member of staff taking the call was laid out poorly. A checking procedure has been put in place to prevent this happening again.

There were two complaints about the abrupt closure of a programme. We apologised for this and explained the circumstances.

Section five

Partially Upheld:

We apologised for not replying to a letter, but did not accept that we had not informed the organisation of changes to the programme.

In another case, we apologised for poor communication and failure to give acceptable customer care, but did not accept that this had affected the outcome of the assessment.

In the final case, we apologised for realising belatedly that an organisation was ineligible to apply for funding, thus resulting in wasted work for the applicant. We try very hard to avoid such mistakes, but unfortunately they do occasionally happen. Procedures have now been tightened to try to prevent it happening again.

Not Upheld:

These were primarily from disappointed applicants who felt we had failed to assess their applications properly. These were either unsubstantiated or because the applicants misunderstood the application process. In these cases we offered further clarification of the reasons for rejection.

In one case, it was alleged we had given out personal information. However we could find no evidence that we had ever possessed the information in question so the complaint was not upheld.

Independent Complaints Reviewer

I referred in my report for last year to a complaint made by a university which had been the research partner of a voluntary organisation whose grant had been terminated. The financial consequences, including part repayment of grant, fell on the university not its partner. In recognition of the shortcomings, I found in the Fund's handling of the case, it increased its original offer of compensation but this was not accepted by the university who argued for double that amount. To break the impasse, I offered to provide a further report recommending a basis for determining the appropriate compensation. This offer was accepted by both parties and they later accepted my recommendation for compensation of about £25,000.

The other complaint I dealt with related to an application for a grant to build a new community sports hall. The complaint also originates from the last reporting period of 2003/04. It raised issues about the dividing line between projects that are primarily community-related and those which are primarily sports-related and the adequacy of Fund guidance to applicants about that. I found that the Fund's decision that the project was primarily sports-related (and hence for Sport England to consider) was not based on an adequate understanding and assessment of the application and recommended that the Fund should reconsider it. I also recommended that it should be considered in a different Region.

I found that the Fund should have advised the applicant when it made an earlier application of its concerns over the scale of the sports content and recommended that the Fund should re-imburse the identifiable additional costs (£1,175) the applicant had incurred in preparing a subsequent application.

I also found inexcusable delays at senior management level in responding to the complaint and that the responses made were incomplete; and poor record. The Fund accepted my findings and recommendations, including those of more general application to improve handling of complaints and applications potentially involving more than one Lottery Distributor.

During the course of the year the Fund invited my help in its review of complaints procedures and handling in preparation for the adoption of common procedures across all National Lottery Distributors then being developed by the Lottery Forum. I was also very pleased to be appointed by the Forum, along with Sir David Yardley, to act as Independent Complaints Reviewers for all the Lottery Distributors from the start of 2005/6.

Clive Wilson, Independent Complaints Reviewer

Freedom of Information

The Freedom of Information Act 2000 came into force on 1 January 2005. The Act gives individuals the right to request any information held by the Big Lottery Fund, subject to exemptions. This information must then be provided within 20 working days.

Between 1 January 2005 and 31 March 2005, the Big Lottery Fund received 45 requests, responding in an average of just over nine working days. Some information has been exempt from release and there have been no appeals against decisions.

Requests have come from a variety of sources including journalists, grant applicants and members of the public interested in projects.

The Big Lottery Fund will continue to be open and transparent and encourage publication of its records through its Publication Schemes.

Section six

Equalities

We are committed to ensuring that equality is at the heart of our business both as a grant-maker and as a UK-wide employer. The values that underpin our work include a number that highlight this approach. They are Fairness, Accessibility and Involving people. We aim to create a culture where these values are realised. We have also agreed a set of principles to help us understand how we might put equality into practice. These principles are promoting accessibility, valuing community diversity, promoting participation, promoting equality of opportunity, promoting inclusive communities and contributing to the reduction of disadvantage and exclusion.

The needs of disabled people have been a focus for us as an employer. To this end we are seeking to become a holder of the Disability Symbol quality mark. Achievement of this mark will demonstrate that we are positive about disability. It will be a visible sign that we are taking steps to employ and develop disabled people.

We believe it is important to listen to the views of people external to the organisation when shaping our business. Our Equality Forum includes advisers expert in and representing a broad range of equality issues. We also believe that strong leadership is essential. For this reason our Forum also includes members of our Board.

We have been working hard to build equality issues into all of our new programmes and policies. This process is called mainstreaming. We recognise that this is a long-term process. It requires our staff to consider what impacts our policies and programmes might have on people from different backgrounds. Our staff then must consider whether those impacts are fair and equitable. If not, they then need to consider what changes may need to be made to remove or reduce them.

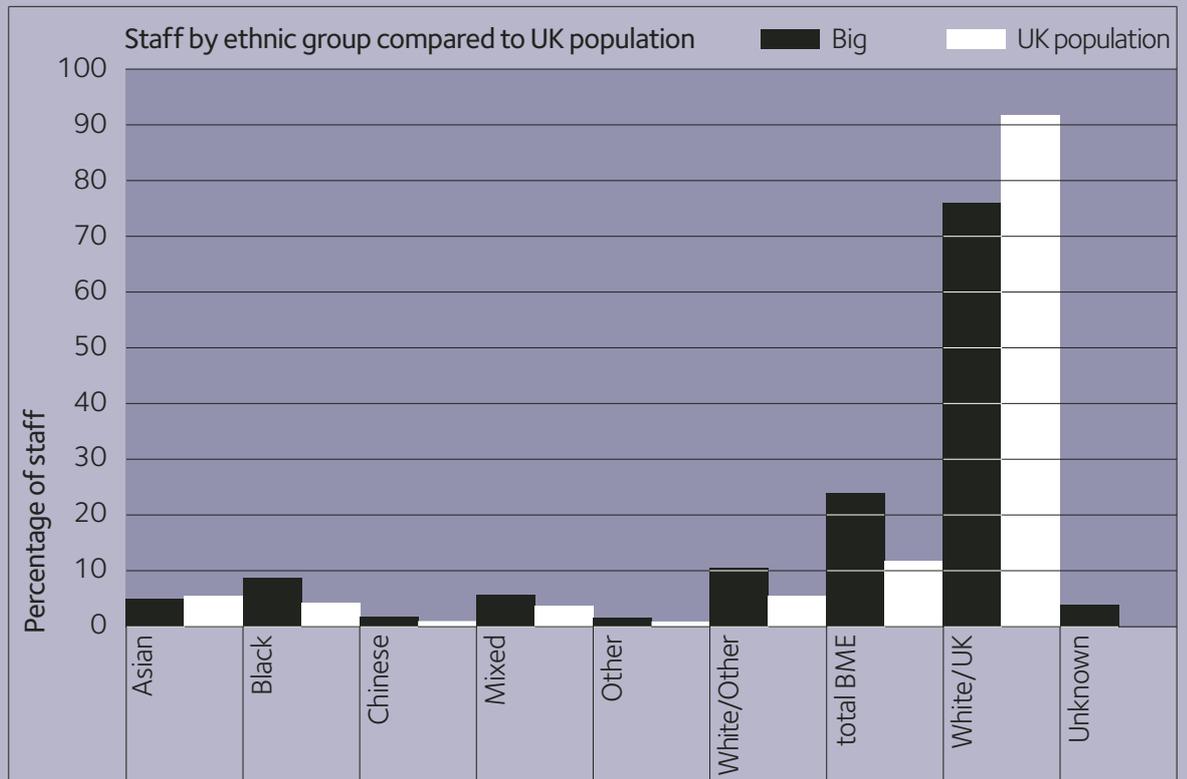
We also recognise the importance of using the views and experiences of those affected by our business to inform our judgements.

We have established a dedicated project team to drive our equality mainstreaming work forward. This team has been tasked with developing systems and support to enable our staff to make equality mainstreaming an everyday reality. To support their efforts, we have integrated equality into our business planning and reporting arrangements. We have also agreed an approach to measuring our equality performance in the future. This approach includes the requirement that all staff produce a personal equality objectives linked to their job and our strategic objectives. Their performance in meeting this objective will be measured as part of the performance appraisal process.

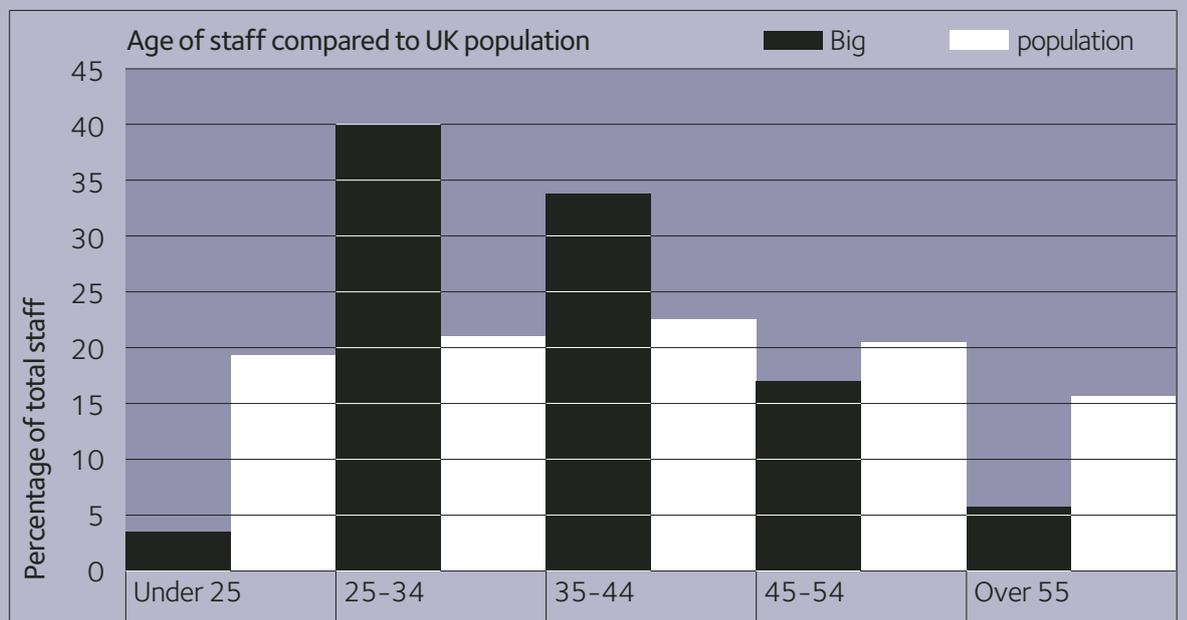
Our equality mainstreaming work also enables us to comply with our duties under Section 75 of the Northern Ireland Act 1998 (see report on the work of the Office for Northern Ireland). We have also continued to make progress in meeting requirements under the Race Relations Amendment Act 2000. Key findings and planned action from employment data collected during the previous year are presented overleaf.

We will continue to monitor relevant equality statistics and develop policies and programmes that will widen access to our funds and address inequalities within our practices.

Equalities Statistics



UK population relates to economically active data



Section six

Staff composition by gender

| | BIG | Civil Service | UK Population |
|--------------|-------|---------------|---------------|
| Male Staff | 32.3% | 47.7% | 56.1% |
| Female Staff | 67.7% | 52.3% | 43.9% |

UK population relates to economically active data

Staff composition by disability

| | BIG | Civil Service | UK Population |
|--------------------------|-------|---------------|---------------|
| Staff with disability | 2.5% | 3.6% | 12.2% |
| Staff with no disability | 97.5% | 96.4% | 87.8% |

UK population relates to economically active data

Welsh Language scheme

In accordance with the Welsh Language Act 1993 we have a published Welsh Language Scheme, approved by the Welsh Language Board, which details how we provide an equitable service to English and Welsh speaking members of the public. We recognise that enabling people to engage with the organisation through their preferred language is a matter of equality of opportunity and good practice.

Staff at the Wales office monitor the implementation of the Welsh Language Scheme and the Director for Wales submits an annual report to the Welsh Language Board on our performance against the published targets.

Notable achievements during 2004/05 were:

- ▶ Welsh Language applications were assessed and monitored by bilingual officers to ensure equality within the grant making process.

- ▶ Additional material regarding grants awarded in Wales was published bilingually on our website to enhance the service to users.
- ▶ No complaints were received regarding our Welsh Language provision.
- ▶ The new Big Lottery Fund website was launched in both English and Welsh on June 1st 2004.

Staff from the Community Fund and New Opportunities Fund have been working in close partnership with the Welsh Language Board before and after the merger to form the Big Lottery Fund on the process and development of a new Welsh Language Scheme for the Big Lottery Fund. The new scheme will build on the strengths and experiences gained from the previous Welsh Language Schemes.

Section seven

Register of interests

We require all Big Lottery Fund Board and Committee members and staff to declare any relevant interests under our Code of Conduct. The Board and Committee Members declarations of interest are held by the Board Secretariat. They are available for public inspection by writing to the Chief Executive of the Big Lottery Fund.

Board members' declarations of interest are posted on the Big Lottery Fund website.

Transparency and accountability

We are covered by the procedures of the Parliamentary Ombudsman. We also operate the Government's Code on Access of Information.

Section eight

Financial review

The Community Fund's results for the year to 31 March 2005 and the financial position at the year end are set out in the annual accounts in section eleven.

The Community Fund receives 16.7 per cent of the money raised through the National Lottery for the good causes. The Community Fund received £226 million in Lottery income and £6 million in investment income during the year. This is invested in the National Lottery Distribution Fund. Over its lifetime the Community Fund has received £2.9 billion from the Lottery. The Community Fund's Board do not have control over the investment of Funds; stewardship is with the Secretary of State for Culture, Media and Sport. Further details are provided in note 11 to the annual accounts. Note 18 to the annual accounts sets out why the Board considers that the Fund is not exposed to significant interest rate risks.

During 2004/05, the Community Fund made new grant offers totalling £199 million. At the year end there were £329 million hard grant commitments for offers accepted and awaiting payment with a further £37 million soft commitments for awards awaiting acceptance. Over its lifetime, the Community Fund has awarded £3 billion grants. Full details about grant programmes and awards made are set out elsewhere in this Annual report.

A total of £253 million was paid to grant recipients during 2004/05. Payments are made to grant recipients on the basis of claims received from recipients for capital expenditure and on the basis of profiled requirements for revenue payments.

In accordance with its policy, the Community Fund's balance in the NLDF has continued to decline from £213 million at the beginning of the financial year to £174 million at the year end. However, the Fund is committed to pay grants of £365 million an over commitment position of £191 million representing approximately 11 months of predicted income.

The long-term target NLDF balance is between three to six months of predicted annual income (currently £52 - £104 million) (see note 1.3). The target balance reported in last year's annual accounts for 31 March 2005 was £115 million. This target was not achieved through:

- the receipt of £19 million more income than predicted
- £4 million less expenditure on operating costs than forecast
- £39 million less grant payments than expected
- offset by an increase in bank balances of £3 million.

The shortfall in grant payments is due to several reasons including an increase in capital projects, more large grants being awarded and optimism on behalf of the Fund regarding the speed of drawdown by grant recipients.

During the financial year under review the Community Fund's operating costs were £32 million. Note 7 to the annual accounts reports the financial performance indicator. This expenditure is an increase of £3.4 million on last year, which reflects one-off costs arising from the administrative merger with the New Opportunities Fund.

The Community Fund made a surplus for the year of £29 million. The surplus is added to the cumulative net deficit from previous years and the Community Fund now has a deficit on retained reserves of £148 million. This financial position was approved by the Community Fund's Board and endorsed by the Department for Culture, Media and Sport after taking into consideration the cash flow requirement of grant awards, a number of which are to fund three to five year projects. Cashflow projections are set out in Note 18 to the accounts.

Section nine

Contact us

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Scotland

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Glasgow
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Tel: 0141 242 1400

Wales Cardiff

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Cardiff
CF10 3JN
Tel: 029 2067 8200

Wales Newtown

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Newtown
Powys
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Tel: 01686 611700

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North West

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South East

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GU1 4BN
Tel: 01483 462900

South West

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Devon
EX4 4EQ
Tel: 01392 849700

West Midlands

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Birmingham
B3 3NL
Tel: 0121 200 3500

Yorkshire & Humber

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34 St. Pauls Street
Leeds
West Yorkshire
LS1 2AT
Tel: 0113 290 2902

Section ten

Board and Committee Members

The Board is responsible for developing and implementing the Fund's programme of grants in the context of the Policy Directions; for delivering the targets specified for initiatives in those directions; for ensuring, with the advice of the Chief Executive, that the highest standards of public accountability are observed and for providing high quality services to applicants and grant recipients.

The following Community Fund Board members served between 1 April 2004 and 31 May 2004 until the co-terminous Board for the New Opportunities Fund and the Community Fund came into being on 1 June 2004.

Lady Diana Brittan DBE

Chair
Chair Policy Committee
Chair Strategic Grants Committee

Dame Valerie Strachan DCB

Vice Chair
Chair Resources Committee

Elaine Appelbee MBE

England Member

Steven Burkeman

England Member

Paul Cavanagh

Northern Ireland Member

Jeff Carroll

Chair Wales Committee

Douglas Graham

Scotland member
Chair Audit Committee

Kay Hampton

Scotland Member
Chair Scotland Committee

Taha Idris

Wales Member

Professor James Kearney OBE

(Professor Kearney passed away in late 2004)
Northern Ireland Member
Chair Northern Ireland Committee

Sheila Jane Malley

Northern Ireland Member

Richard Martineau

England Member

Carol Tongue

England Member

Libby Watkins

Wales Member

Benjamin Whitaker CBE

England Member

Section ten

Big Lottery Fund Board Members from 1 June 2004



Sir Clive Booth
Chair
Joint Chair Big Lottery
Forum/Millennium Commission
Committee
Chair Remuneration Committee



Tom Davies
Wales Member
Chair New Opportunities for P E &
Sport Wales Committee



Dame Valerie Strachan DCB
Vice Chair
Chair Strategic Grants Committee



Roland Doven MBE
General Member
Chair Equality Forum



Dr Samuel Burnside
Northern Ireland Member
Chair Active Lifestyles Northern
Ireland Committee



Professor Breidge Gadd CBE
Northern Ireland Member
Chair New Opportunities for P E &
Sport Northern Ireland Committee
Chair Voluntary and Community
Funding Programme Northern Ireland



David Campbell CBE
Scotland Member
Chair New Opportunities for P E &
Sport Scotland Committee
Chair Scottish Land Fund Committee



John Gartside OBE
England Member



Paul Cavanagh
Northern Ireland Member
Chair Young People's Fund Northern
Ireland Committee



Douglas Graham
Scotland Member
Chair Active Futures Scotland
Committee
Chair Audit and Risk Committee



Taha Idris
Wales Member
Chair Mentro Allan Wales Committee



Huw Vaughan Thomas
Wales Member
Chair Voluntary and Community
Funding Programme, Wales
Committee
Chair Young People's Fund Wales
Committee



Dugald Mackie
General Member
Chair New Opportunities for P E &
Sport England Committee
Chair Resources Committee



Diana Whitworth
General Member



John Naylor OBE
Scotland Member
Chair Developing Communities
Scotland Committee
Chair Evaluation and Learning Panel
Chair Young People's Fund
Scotland Committee



Esther O'Callaghan
General Member
Chair Young People's Fund England
Committee



Anna Southall
General Member

Section eleven

Community Fund Annual Accounts for the financial year ended 31 March 2005

Foreword to the Accounts

The Community Fund was established by the National Lottery etc Act 1993 to make National Lottery grants to charitable, benevolent or philanthropic organisations. The Community Fund is a UK-wide non-departmental public body, regulated in accordance with the Management Statement, Financial and Policy Directions issued by the Secretary of State for Culture, Media and Sport.

In February 2003, the Secretary of State for Culture, Media and Sport asked the Community Fund (the operating name of the National Lottery Charities Board) and the New Opportunities Fund to come together to create a new lottery distributor, building on the strengths of both existing bodies. In November 2003, Stephen Dunmore was appointed Chief Executive of both bodies and started to put together a joint management team to lead the new distributor. This administrative merger has continued during 2004/05 and on 1 June 2004 the Big Lottery Fund was launched with a new chair and Board. The Big Lottery Fund is the joint operating name for the Community Fund and New Opportunities Fund; both bodies remain separate statutory entities until new legislation is approved by Parliament.

The Governing Board of the Community Fund prior to 1 June 2004 consisted of 16 members and the Chair, all of who were appointed by the Secretary of State for Culture, Media and Sport. At 31 May 2004 all members of the Governing Board resigned. A new co-terminus Chair and Board for the Big Lottery Fund was appointed on 1 and 15 June 2004. Names of all the members of the Board are contained elsewhere in this publication. A register of Board members interests is maintained and is open to the public. Access to the register is obtained in writing to the Chief Executive.

Results for the year

The Community Fund made a surplus for the year of £29 million. This is added to the cumulative net deficit from previous years and the Community Fund now has a deficit on retained reserves of £148 million. This financial position was approved by the Community Fund's Board and endorsed by the Department for Culture, Media and Sport after taking into consideration the cash flow requirement of grant awards, a number of which are to fund three to five year projects. Cashflow projections are set out in Note 18 to the accounts.

A full financial review for the year is included in the Annual Report.

Review of activities and future developments

The principal activity of the Community Fund is to give grants mainly to help meet the needs of those at greatest disadvantage in society and also to improve the quality of life in the community. During 2004/2005 the Community Fund continued to make awards, pay out grants and monitor grant recipients compliance with terms and conditions of grant.

The Community Fund also continued to administer the Awards for All schemes in England, Scotland, Wales and Northern Ireland on behalf of other Lottery Distributors and carried out grant assessment and management of the out of school hours childcare and childcare programmes on behalf of the New Opportunities Fund. During this year the Community Fund entered into agreements with the New Opportunities Fund to undertake grant assessment and management of certain elements of the Young People's Fund. The Community Fund also entered into an agreement with New Opportunities Fund and Heritage Lottery Fund to undertake grant assessment and management of the Home Front Recall programme.

In 2004/05, the assimilation of the corporate functions and Country Offices of the New Opportunities Fund and Community Fund was completed. Plans for the assimilation of grant making operations were developed and will be implemented during 2005/06. Additionally the Big Lottery Fund has considered its future accommodation requirements and the number of properties it will occupy will be rationalised over the next three to four years.

In the next financial year, the Community Fund operating as the Big Lottery Fund will deliver the Fund's final awards on its current grant programmes; the community and voluntary sector demand led programmes will close to applications in May and June 2005 (dependant on programme and country) and final awards will be made towards the end of the financial year. During 2005/06, the Community Fund will be working on the delivery of new programmes in the context of revised Policy Directions issued by the Secretary of State. Future developments for the Big Lottery Fund are set out in the Chair's foreword to the annual report.

Fixed assets

The movements in fixed assets during the year are set out in Note 9 to the accounts. During the year fixed asset additions amounted to £0.2 million (2003/04 £0.4 million) which relate to the refurbishment of offices in Glasgow.

Post balance sheet events

There have been no significant events having a financial impact on these annual accounts between 31 March 2005 and the signing of these financial statements.

Employees, equal opportunities and consultation

As an employer, the Community Fund is committed to equal opportunities. This is described in further detail in the Annual Report.

The arrangements for pay and conditions have been based on best practice in the public sector and the Community Fund has established a range of employment policies that demonstrate its commitment to be a fair employer. The Board appreciates the importance of staff training and development and comprehensive arrangements have also been established. These arrangements and policies are all currently being reviewed in conjunction with those of the New Opportunities Fund in order to establish common terms and conditions for all Big Lottery Fund staff. To encourage communication and good relations between the Board, management and staff at all levels the Amicus trade union has been recognised.

Section eleven

The nature of operations of the Community Fund means that a number of staff work closely with the senior management team and the Board, for example, through the development and evaluation of programmes. Some members of staff attend meetings of the Board, which enables them to be aware of the thinking about the development of the Community Fund and its operations. Additionally, staff are consulted on the corporate plan and the revision of the strategic plan. The senior management of the Community Fund, through cascaded group meetings and their accessibility, ensures that matters of concern to staff are readily addressed.

Statement of payment policy and practice

The Community Fund aims to pay all its creditors within 30 days of receipt of an invoice, unless alternative terms and conditions have been negotiated. This is in accordance with the Better Payment Practice Guide. In the year under review 88 per cent (2003/2004 89 per cent) of all creditors were paid within thirty days of receipt of an invoice.

Euro

The Community Fund has assessed the impact of the Euro on its operations. The introduction of the Euro is not expected to have a material effect on the Community Fund's operations or its relationships with customers and suppliers.

Auditors

Under the National Lottery etc Act 1993, the Community Fund is required to have its annual accounts examined and certified by the Comptroller and Auditor General. Hence the National Audit Office undertakes the external audit of the Community Fund.



Stephen Dunmore
Chief Executive and
Accounting Officer of
the Community Fund

29 November 2005



Sir Clive Booth
Chair of the
Community Fund

Statement of Board's and Chief Executive's responsibilities

Under Section 39(1) of the National Lottery etc. Act 1993, the Community Fund is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for the Department for Culture, Media and Sport with the consent of the Treasury.

The financial statements are prepared on an accruals basis and must show a true and fair view of the Community Fund's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Board Members are required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Community Fund will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of the Community Fund as the Accounting Officer for the Community Fund. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non Departmental Public Bodies' Accounting Officers' memorandum issued by the Treasury and published in Government Accounting, and in the Financial Directions issued by the Secretary of State for the Department for Culture, Media and Sport under s26(3) of the Act.

Delegated responsibilities

The Community Fund has entered into joint schemes, as defined in the National Lottery Act 1998, to provide funding alongside other bodies to achieve the outcomes defined by the relevant Joint Scheme Order. In these schemes, the Community Fund's Accounting Officer is responsible for: ensuring that Lottery funds allocated by the Community Fund are applied in accordance with the Community Fund's legal powers; the economic, efficient and effective use of Lottery funding allocated by the Community Fund to the programme; satisfying himself that the systems used for operating the programme are robust and fit for purpose and agreeing the mechanism for allocating the administrative costs of the programme between the participating Lottery Bodies.

Section eleven

The Fund is participating in the following joint schemes.

- ▶ Awards for All, England, a scheme administered by the Community Fund on behalf of Community Fund, Arts Council of England, Heritage Lottery Fund, New Opportunities Fund and Sport England.
- ▶ Home Front Recall, part of the veterans programmes. A scheme administered by the Community Fund on behalf of Community Fund, Heritage Lottery Fund and New Opportunities Fund.
- ▶ Living landmarks, part of Transformational Grants initiative. A scheme administered by the Community Fund on behalf of Community Fund and New Opportunities Fund.

Stephen Dunmore

Chief Executive

29 November 2005

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Community Fund's aims and objectives while:

- safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned through Government Accounting
- ensuring compliance with the requirements of the Community Fund's Management Statement, Policy Directions, Financial Directions and Statement of Financial Requirements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Community Fund's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ended 31 March 2005 and up to the date of the approval of the annual report and accounts and accords with Treasury guidance.

The main elements of the Community Fund's control framework are set out below.

Control environment

- ▶ The Department of Culture, Media and Sport has designated me, the Chief Executive of the Community Fund, as Accounting Officer. I hold a separate letter of engagement to this effect that clearly sets out my responsibility and accountability for maintaining a sound system of internal control within the Fund. I am also the Chief Executive and Accounting Officer of the New Opportunities Fund.
- ▶ Following the Secretary of State for Culture, Media and Sport's announcement to integrate the New Opportunities Fund and the Community Fund to form the Big Lottery Fund, an administrative Joint Committee of Both Boards was established to oversee aspects of the integration prior to the establishment of the co-terminus Board on 1 June 2004. This committee was composed of members from both legacy boards, supported by 2 independent members. Whilst actual responsibility for Community Fund matters remained with the Board of the Community Fund, a number of decisions were delegated to Community Fund members on the Joint Committee. Further information on transition arrangements is set out below.
- ▶ A Senior Management Team, with clear terms of reference and defined membership, which meets at least every month to consider the plans and operations of the Community Fund and compliance with the Management Statement.
- ▶ A Board which meets at least every two months to consider the strategic direction of the Community Fund. The Board comprises a Chair and 16 non executive members and is attended by the members of the Senior Management Team.
- ▶ The Audit Committee, replaced from 1 June 2004 by the Audit and Risk Committee, whose terms of reference require the Committee to approve the internal audit programme, to endorse the risk register and to scrutinise the outcome of reports by internal and external audit. The Chair of the Committee reports to the Board on the matters discussed by the Committee.
- ▶ The Resources Committee, whose terms of reference require the Committee to approve the annual budget and to receive regular financial reports to challenge and oversee expenditure.
- ▶ A published corporate plan that sets out the Community Fund's objectives and performance measures. 2004/05 was identified as a transitional year in which the Community Fund and New Opportunities Fund would work as one administrative body and lay the foundations for the Big Lottery Fund.
- ▶ Quarterly performance management reports to the Senior Management Team reporting progress in achieving these corporate objectives, performance and service delivery targets. These targets have generally been met, as detailed in the Annual Report. Where targets have not been met action is being taken to improve efficiency and effectiveness.
- ▶ Monthly financial summary reports to the Senior Management Team and quarterly reports to the Resources Committee, reporting progress against financial targets, including grant commitment budgets, NLDF balance targets and operating cost budgets.

Section eleven

- ▶ A fraud policy, whereby suspected frauds are dealt with by liaison with Police and other agencies where appropriate. A number of cases are currently under investigation. Throughout the investigation, whether or not fraud is proven, we review procedures and processes to learn lessons and improve systems of internal control, fraud prevention and detection where necessary.
- ▶ A wide range of policies dealing, inter alia, with control issues for corporate governance, financial management, project management, health and safety, training and development, information technology and risk management. During this year many of these policies and procedures have been reviewed and reissued to reflect integrated processes.
- ▶ A wide range of controls to ensure grant assessment and monitoring activity is adequately managed and that losses of Lottery grant are minimised. These controls include written procedures for grant assessment and grant management tasks, defined management supervisory tasks, clear delegations for decision making and a training programme including fraud awareness training.
- ▶ A project management framework, with defined responsibilities including project sponsor, for developing new programmes.
- ▶ An internal communications process that ensures that all staff are informed about key decisions on a timely basis through appropriate media, including the use of letters from me, cascaded briefings by line managers and presentations by myself and Directors.
- ▶ An external communications strategy that ensures that stakeholders, Parliamentarians, press and members of the public receive appropriate and reliable information. This approach was a contributory factor to ensuring that the Community Fund was prepared for the implementation of the Freedom of Information Act on 1 January 2005.
- ▶ An Internal Audit Unit that operates to standards defined in the Government internal Audit manual. The work of internal audit is informed by the corporate risk register and an analysis of the risk to which the Community Fund is exposed. The annual internal audit plans are based on this analysis and are approved by me and endorsed by the Audit and Risk Committee (Audit Committee prior to 1 June 2004). The Head of Internal Audit meets regularly with me, and on an annual basis meets with the Audit and Risk Committee with no Officers present. The Head of Internal Audit provides me with periodic progress reports building to an annual report on internal audit activity, including the findings of follow up reviews, in the Community Fund. This annual report includes her opinion on the adequacy and effectiveness of the systems that they have reviewed. This has been reviewed by the Audit and Risk Committee.

Integration with the New Opportunities Fund

- ▶ The administrative merger of Community Fund and New Opportunities Fund took effect from 1 April 2004. I was appointed as Chief Executive and Accounting Officer for both organisations from 1 December 2003, and by April 2004 had appointed my Senior Management Team except for the Director for Scotland. The full team was in post from August 2004 and has led the assimilation of corporate and operational functions.

By the end of the financial year the staff and processes within Scotland, Wales and Northern Ireland and all corporate functions (including Policy, Communications, Governance, Finance, Human Resources and Information Systems) have been fully integrated or there is a clear action plan on how to complete the integration.

- ▶ A project board, chaired by me, comprising Senior Management Team members with Corporate responsibilities, has been established to oversee the structural review (an in depth review of the internal management structures and physical location of the grant making and regional representation roles of the organisation within England). The main policy decisions have been approved and this project board will now oversee the implementation of the agreed plans particularly with regard to the assimilation of grant making and regional stakeholder management.

Risk management Capacity to handle risk

The main element of the Community Fund's risk management framework during 2004/05 was quarterly reviews of the risks faced by the organisation undertaken by both the Senior Management Team and Audit and Risk Committee. These reviews have been effective in ensuring that the risk register and our responses relevant and up to date. The quarterly review of the risk register by each Director on an individual basis, collectively through Senior Management Team and through focused discussion of the top 10 risks with the Audit and Risk Committee, validates the contents of the corporate risk register and confirms the risk appetite of the Community Fund.

Risk management principles, including consideration of risk and recommendation for appropriate mitigation, are formally built into corporate planning, grant assessment, grant management, new programme development and project management activities. Guidance on risk management has been provided to relevant staff in previous years identifying that risk and its management is a fundamental part of their role, encompassing good management practice and common sense.

The risk management policy for the Big Lottery Fund is currently being developed, based on the policies and experience of the Community Fund and New Opportunities Fund, and will be submitted to the Audit and Risk Committee in September and the Board in November. It will then be launched across the organisation to ensure that all staff are reminded of effective risk management practices. A staff Risk Management Handbook is being developed to support this.

Risk and control framework

Following on from previous work by Board members, management and staff, the Community Fund has identified the specific risks in achieving its objectives. In April 2004, an exercise was carried out to combine the risk registers of the Community Fund and New Opportunities Fund to form one corporate risk register for the Big Lottery Fund.

The potential impact of each risk and the likelihood of it being recognised has been assessed and appropriate controls to mitigate these risks have been determined. This has all been recorded in the corporate risk register. Each quarter all Directors reviewed the risk register and fed in their comments and changes. The Senior Management Team collectively discussed the risk register prior to reports, focusing on the top 10 risks and any changes, being presented to Audit and Risk Committee.

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Additionally, as detailed above, risk management is an integral part of our business planning process:

- the commissioning instructions and templates for the business planning process require all managers to consider the risks associated with the objectives they have identified
- all projects, including new programme development, comply with the organisation's project management framework, which requires development and regular review of individual project risk registers
- grant assessment and grant management manuals set out the requirement for each grant to be allocated a risk rating determined by consideration of specific criteria – this risk rating informs decision making and the level of intervention in grant management.
- people risks, particularly the loss of key staff due to uncertainties around integration; a common set of terms and conditions has been negotiated with the Trade Unions and staff change, relocation and retention policies have all been reviewed
- reputational risk including the possibility of public criticism as a result of unpopular funding decisions
- technological risks, in particular the management of the transition from part of the IT service provided by an outsourced supplier back in house
- the integration process; management and control frameworks have been put in place to ensure that the integration of functions is properly managed and controlled.

During this year the risk priorities have included:

- financial risk including consideration of external and internal fraud; a coordinated approach to fraud prevention detection and investigation has been developed
- political risk and in particular the development of the England and Country programmes all with their own requirements and timetables
- grant making risk including consideration of outcomes, achievement of targets and monitoring of third party service providers
- legal and regulatory risk including compliance with new and existing legislation
- organisational risk including integration of disaster recovery and prompt response to problems

Review of effectiveness of the system of internal control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, the executive managers within the Community Fund who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Community Fund's Board and Audit and Risk Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place. Details of significant internal control issues are set out below.

Multiple applications

In September 2004, a large multiple application fraud affecting a number of the Community Fund's grant making programmes was identified. In particular the Awards for All England and medium grants programmes appear to have been targeted. The Awards for All England programme is a Joint Scheme administered by the Community Fund on behalf of other Lottery Distributors. A special investigation was set up using expertise from appropriate external agencies including the Police and the Charity Commission. I have kept all interested parties informed, including our sponsor Department and the Accounting Officers of Lottery Distributors who contribute to the Joint Scheme, of the progress of the investigation, control weaknesses identified and remedial action taken to improve systems.

A full investigation is continuing which requires the examination of a large number of grants, many of which have then been found not to be fraudulent. At the date of signing these accounts grants amounting to £1.7 million have been examined in detail and cleared from the investigation. Payments made during 2004/05 of £770,000 (£165,000 on Awards for All and £605,000 on other programmes) and payments of £3.7 million (£840,000 on Awards for All and £2.8 million on other programmes) made in earlier years are subject to further investigation. This is considered to be the maximum amount of irregular payments, which is expected to reduce further as the investigation progresses. The Community Fund has made grant awards in excess of £2,405 million over the same period that this fraud is suspected to have been perpetrated.

On completion of this investigation I, and where relevant the Awards for All partners, will consider whether recoveries are possible and appropriate. Any remaining losses will then be formally written off and reported to HM Treasury.

Risk management

Internal audit identified that there were some significant actions that need to be addressed to ensure that risk management is fully implemented and embedded throughout the integrated organisation. An action plan has been agreed with Internal Audit to ensure that a more systematic and formal approach to risk management will be developed and rolled out to all relevant staff by 31 March 2006.

Compliance

The Community Fund has implemented procedures throughout the organisation to ensure that the requirements of the Financial Directions are followed. The Internal Audit Unit checks on a sample basis that all offices and departments are following the agreed procedures and ensures that the procedures are properly documented and disseminated.

The Community Fund maintains a Register of Interests for all Board and Committee Members and all Fund staff that is open to public inspection. A process to deal with conflicts of interest is in place for decision making committee meetings and procedures exist to prevent any member of staff from assessing a grant application from an organisation with which they are connected.

Losses of Lottery grant have been appropriately handled and where necessary notified to the Department.

It is my opinion that the Community Fund has made sufficient arrangements to ensure compliance with the requirements of our Management Statement, Policy and Financial Directions.

Stephen Dunmore
Chief Executive and
Accounting Officer of
the Community Fund

Sir Clive Booth
Chair of the
Community Fund

29 November 2005

Section eleven

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the financial statements on pages 73 to 93 under the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 76 to 79.

Respective responsibilities of the Community Fund, the Chief Executive and Auditor

As described on pages 55 and 56, the Community Fund and Chief Executive are responsible for the preparation of the financial statements in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. The Community Fund and Chief Executive are also responsible for the preparation of the Foreword and other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Community Fund has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 56 to 61 reflects the Community Fund's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Community Fund's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Community Fund and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Community Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion on the truth and fairness of the account and qualified opinion on the regularity of expenditure

As disclosed by the Community Fund in the Statement of Internal Control, the account includes expenditure of £770,000 in respect of payments made to suspected fraudulent grant applicants in the 2004/05 financial year. This expenditure is not in accordance with Parliamentary intention and is not in conformity with the authorities governing it.

In my opinion:

1. The financial statements give a true and fair view of the state of affairs of the Community Fund at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and directions made thereunder by the Secretary of State for Culture, Media and Sport; and
2. Except for the potentially fraudulent grant payments made as referred to above, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Details of these matters are set out in my report on pages 64 to 72.

John Bourn National Audit Office
Comptroller and 157-197 Buckingham
Auditor General Palace Road
Victoria
2 December 2005 London SW1W 9SP

Report on discovery of irregular grant applications

Purpose of Report

1. In their Annual Report, the Community Fund, now operating under the name Big Lottery Fund, have reported that in September 2004 they first identified a number of irregularities in certain grant applications. The Fund, the police and the Charity Commission initiated extensive investigations into the potentially fraudulent applications by a number of community groups some of whom were also registered as charities. Where appropriate, the Fund also suspended payment of grant where an application had been approved but payment had not yet been made. 19 arrests have been made by the police and the investigations continue into the nature and extent of the potential fraud.

2. The Fund considers the grant payments involved to be "at risk" even though fraud has yet to be proven as irregularities with the applications (eg improper use of names and addresses) and supporting documentation have been found or recipients have otherwise not complied with the requirements of the Fund.

3. In addition to the grants paid that are directly part of the police investigation (accounting for approximately £1.4 million), the Fund have reviewed all grant applications and identified other cases that could be linked to the applications that gave rise to the original cause for concern or are suspect for some other reason. These are also considered by the Fund to be "at risk".

4. Subsequently the Fund have since identified that some £1.7 million of these grants have been correctly made and their best estimate of the total grants now at risk across their activities since 1999 is £4.5 million. During the same period the Fund has paid some £2.4 billion to grant applicants. Of these grants at risk, £770,000 relates to grants paid in the 2004-05 financial year, 0.3% of grants paid of some £253 million. A further £1.6 million of grants at risk funded by other lottery distributors have been disclosed separately in their accounts and notified to Parliament on 13 July 2005 in a written statement¹.

Qualification of Audit Opinion

5. In forming my opinion on the Community Fund's 2004-05 accounts I am required to confirm whether, in all material respects, the income and expenditure of the Fund have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them that is, they are "regular". In doing so I have regard to Treasury authorities, as well as the Fund's financial directions. In respect of the payments made by the Fund on the basis of potentially fraudulent applications amounting to £770,000, this expenditure is not in accordance with Parliamentary intention, and my audit opinion has been qualified in this respect.

6. The purpose of my report is to explain the reasons for my qualification, note actions taken to date and make interim recommendations.

¹ Written ministerial statement, Hansard 13 July 2005.

Background

7. The Community Fund distributes lottery funds to the voluntary and charitable sector through a number of grant schemes details of which are shown in Table 1. Grant programmes include strategic, international and research programmes and cover the whole of the United Kingdom².

Table 1: Main grant schemes operated by the Community Fund

| Programme | Grant payments 2004-05 ('000s) | Programme description |
|------------------------------------|---|---|
| Awards for All (A4A) £500-£5000 | £13,604 (This is the Community Fund contribution to the programme) | Funding arrangements differ for each country. For example in England Awards for All is a joint programme that was set up with contributions from other lottery distributors to distribute a large number of small grants so that small, local groups can set up their own new activities or expand their work in the areas identified by the Fund. In 2004-05 some 12,000 grant payments were made. |
| Main programme: grants over £5,000 | £203,887 | Grant applications are assessed against regional priorities and can run for up to three years for current or capital projects. |
| Strategic grants £60k+ | £18,712 | This programme provides large grants to groups that operate in 2 or more regions or countries in the UK. |
| International Grants £500-£500k | £11,498 | This programme funds projects that tackle the causes of poverty and deprivation. Supports overseas projects run by voluntary organisations based in the UK. |
| Research Grants | £5,728 | This programme aims to fund high quality medical and social research led by the voluntary sector. |
| Total | £253,429 | |

² Except for Awards for All, these programmes are now closed to applications as the Big Lottery Fund prepares to launch new programmes.

8. The vast majority of grant payments for which irregularities have been detected were made under the Awards for All England programme. A small number of grant awards made under other Awards for All programmes and Community Fund programmes have subsequently also been identified as being at risk. As the average size of grant for the latter is higher the amounts "at risk" are also higher.

Awards for All

9. The Awards for All programme is a lottery grants scheme which the Fund have aimed at local communities. Similar programmes are operated by the Community Fund for each of England, Wales, Scotland and Northern Ireland although the funding arrangements differ for each country. The published aims of Awards for All are to:

- extend access and participation by encouraging more people to become actively involved in local groups and projects, and by supporting activities that aim to be open and accessible to everyone who wishes to take part
- increase skill and creativity by supporting activities which help to develop people and organisations, encourage talent and raise standards, and
- improve the quality of life by supporting local projects that improve people's opportunities, welfare, environment or local facilities, for example through voluntary action, self-help projects, local projects or events.

10. The Community Fund administer the Awards for All programme on behalf of a consortium of lottery distributors. Funding for the England programme is also provided by the New Opportunities Fund, the Heritage Lottery Fund, Sport England, the Millennium Commission (from 1999 to 2000 only) and Arts Council England. The Accounting Officers share responsibility for the programme and each funder contributes an agreed percentage to a "joint pot". While the day-to-day running of the scheme is the responsibility of the Community Fund's Programme Director, important decisions about the scheme require the approval of each Accounting Officer including for example whether to write-off particular payments which can inevitably lead to delay.

11. Awards for All provides grants from £500 to £5,000 and has grown rapidly. Since the programme commenced in 1999 over 83,000 awards have been made for some £294 million. In 2004-05 some 12,000 grants were made totalling £46 million of which the Fund's share was £13.6 million.

12. The grant funding paid under the Awards for All scheme is not reported within a single set of financial statements unlike for other grant schemes. Instead grants paid are reported within the accounts of each of the funders. While there may be good reasons for a grant scheme to be funded from a variety of sources, for example to assist a particular group, a single reporting framework would assist in clarity in accounting for the funds spent. In some cases this is done already. For example, Sport England produce a separate memorandum account for their Spaces for Sports and Arts.

The level of potential losses

13. The Fund was first alerted to suspicious applications by a vigilant member of staff. Following the identification of the initial cases of suspected fraud involving multiple applications, the Fund conducted a data-mining exercise on its grants database system to identify all possible grant awards and payments related to the original cases. From this exercise the Fund have identified grants where fraud may be present. Some of these cases are subject to police investigation while others have been identified simply because they share similar characteristics. In order to ascertain whether these grants were used for the purpose intended, the Fund would need to visit the grant recipient to establish their legitimacy. The Fund hold the view that for a number of cases especially where the amount of grant is less than £5,000 that this may not be practical or represent the best use of their resources. In some cases a visit is not currently possible because of the continuing police investigation. Nevertheless where they consider appropriate the Fund have engaged in a programme of follow-up visits which is continuing.

14. In the course of the investigation, a number of other suspect grants have also been identified in the main grants programme of the Community Fund. The number of grants at risk is small, but as these grants are much larger than Awards for All grants, a larger amount is at risk. These grants are all being investigated and some have already been cleared from the investigation. The remainder will continue to be considered "at risk" until the Fund's investigations are complete.

15. Table 2 gives details of those grants over which the Accounting Officer has insufficient evidence over the regularity of these payments broken down by year and between Awards for All and other grant programmes. The total value represents the maximum extent of the potential loss. Over the same period the losses amount to 0.18 per cent of grants paid.

Table Two: Estimate of possible losses by year and grant scheme against total grants paid

| Scheme: | Awards for All | | Other Grant Programmes | | Total | | Total grants paid | |
|------------------------|----------------|------------------|------------------------|------------------|--------------|------------------|-------------------|----------------------|
| | No of grants | Amounts paid (£) | No of grants | Amounts paid (£) | No of grants | Amounts paid (£) | No of grants | Amounts paid (£) |
| Prior to 31 March 2000 | 32 | 82,016 | 10 | 608,287 | 42 | 690,303 | 28,029 | 789,605,805 |
| 31/3/2001 | 37 | 123,082 | 4 | 357,026 | 41 | 480,108 | 15,725 | 380,280,143 |
| 31/3/2002 | 73 | 220,986 | 9 | 506,905 | 82 | 727,891 | 14,715 | 362,235,025 |
| 31/3/2003 | 114 | 177,320 | 8 | 625,254 | 122 | 802,574 | 15,378 | 328,575,065 |
| 31/3/2004 | 211 | 236,615 | 10 | 737,350 | 221 | 973,965 | 13,939 | 290,977,233 |
| 31/3/2005 | 139 | 164,797 | 7 | 604,794 | 146 | 769,591 | 11,261 | 253,428,869 |
| Total | 606 | 1,004,816 | 48 | 3,439,616 | 654 | 4,444,432 | 99,047 | 2,405,102,140 |

Note:

(1) Potential losses totalling £1.6 million sustained by other distributors under the A4A scheme have been disclosed separately in their accounts.

(2) "Other grant programmes" can include grants payable over several years. Numbers of grants are shown against the year in which their first payments were made.

Existing control mechanisms

Awards for All

16. The programme and the systems of control set up to support applications, assessment and monitoring were designed by the Community Fund to provide easy access for applicants. Their key objectives were to place the minimum possible burden on grant applicants consistent with protecting the public money involved and ensure the Community Fund could pay out grants to successful applicants as quickly as possible. This approach was taken with the knowledge of the other funders and the sponsoring Department to encourage a wide cross-section of the voluntary and community sector, such as small community self-help groups, to apply for grant funding. Many of the successful grant applicants had not previously obtained grant funding and their size could mean that they possessed only rudimentary systems of monitoring and reporting.

17. Grants are available from £500 up to £5,000 and the Fund have an objective to pay grants to successful applicants within 6 weeks of their application. The grant application form was simplified as far as possible and had to be signed by the applicant and by one referee. If the application for funding fell within the Fund's criteria and the form was otherwise correctly completed (including the signing of an undertaking that the funds would be used as stated) then funding was provided. The key obligation on grant recipients was to use the funds in the way they stated in their application and then report on the outcomes.

18. The Fund established a range of controls to give assurance that grants would be used as intended. At the assessment stage these included:

- identification of high risk grants, by applying criteria such as the previous experience and degree of organisation of the applicant
- documentary evidence (for example bank statements, budget plans) being required to support the application, and
- random allocation of grant applications to awards officers to reduce the opportunities for collusion.

19. Further controls were applied after the grant was paid including sample checking of:

- grant recipients being asked for receipts for some purchases
- referees being asked for reports on project progress, and
- grant recipients being subject to a visit to gain assurance both about the particular grant and the control framework.

The proportion of grants sampled in these ways was higher for those identified as high risk, with some controls being applied to all high-risk grants.

20. A key control to provide the Accounting Officer with assurance over the regularity of the grant payments made was to obtain an "end of grant" report from the recipient of their activity and the use they have made of their grant. This is not subject to audit or other independent scrutiny but should have been authenticated, for example, by trustees if the beneficiary was a charity.

Other grant programmes

21. Other grant programmes are funded exclusively by the Community Fund. For these programmes funds are paid over in instalments and dependent on the provision of information supporting the need for continued payment. This gives the Community Fund the ability to withhold later grant payments if submission of an annual report or other requirement is not met. This is the key control by which the Community Fund tracks how the recipient is spending their grant.

22. Other controls include:

- a progress report is required every year and at the end of the project
- all high risk grants and a significant proportion of other projects are visited during the management stage as well as all second grants to organisations that were not visited for the first grant (in 2004-05 there were around 1,650 visits to grant applicants and recipients), and
- invoices for all capital items over £10,000 and vehicles are requested.

Inadequacies in the control system

23 On Awards for All, where the vast majority of multiple applications were received, the risk of multiple application fraud had been identified but management believed that any frauds were more likely to be one-off instances and took the decision that controls were sufficient in view of the need to keep the administration requirements for such low-value grants to a minimum. Targeting of the Fund from large-scale criminal activity had not been identified as a threat.

24. The suspected frauds were not detected earlier because the Fund's systems did not include adequate checks to identify instances where more than one application was being received from the same applicant. This resulted in multiple applications remaining undetected. In addition, the control system in place meant that the Accounting Officer did not have sufficient prima facie evidence to confirm that grants to a significant number of related cases were regular in order for them to be excluded from the amount identified to be at risk.

25. In 2003, the Fund's internal audit team conducted a review of the controls in place around the Awards for All programme and did identify the risk of receiving multiple applications but it was considered slight and acceptable in the context of the scheme. The summary internal audit report and associated recommendations that no immediate action was required was brought to the attention of the Audit Committee. The particular risk of multiple applications was not specifically mentioned as the risk was felt by management and internal audit to be low. The recommendation for a further review was adopted by management and this was being planned at the time the suspected fraud was discovered.

26. Key evidence to give assurance that grants have been spent properly is a report from the grant recipient. However grant recipients did not always provide this information despite continued requests from the Fund. The Fund had little leverage to exert pressure on uncooperative grant applicants as they had already received their grant. The Fund could prevent further applications for grants from non-compliant recipients but otherwise would normally judge that the grant purposes had been achieved. While this was seen as an internal administrative matter staff might not have appreciated that without such evidence the Accounting Officer had no assurance on the regularity of the Fund's expenditure.

27. At the same time supporting controls have not been sufficiently robust. Key issues are that:

- controls were designed on the assumption that applicants were fundamentally honest. Application forms and other documentary evidence including end of grant reports contained false information. In some cases the supporting documentation that was requested to substantiate the regularity of applications (e.g. bank statements and budget plans) could have been reviewed more thoroughly which might have revealed suspect applications more quickly. Bank statements, for example, which were used to confirm bank account details could also have been used to query details of large cash withdrawals
- the requirement for easy access to the Awards for All programme meant that the controls used were intended to support quick turnaround of applications and the need for reduced bureaucracy for relatively small grants. Potentially there was a conflict between payment of grant quickly and the more thorough checks required if a grant was assessed as high risk (with the greater likelihood of a visit for example). There could therefore be a perverse incentive not to operate the controls as intended, and
- audit findings, which identified cases to management where there appeared to be control failings in administrative procedures, were not seen as potentially damaging to the whole system of control but regarded as one-off instances which resulted in reminders to staff to apply controls procedures properly.

Action taken in response to the identification of possible fraud and control weaknesses

28. The Fund has reviewed its grant making systems and has put a number of additional controls in place to combat the identified risk of multiple application fraud. Action taken includes:

- improved data analysis tools and flags to alert staff to suspicious applications. These alert staff to suspicious applications, which are then investigated. The Fund believes that these tools are an effective control, which provide a high probability of detecting any further attempts at fraud similar to that suspected
- mandatory revised checklists for all staff to follow in assessing grant applications
- fraud awareness training
- the transfer of the Grant investigations team to a position independent of grant operations and an increase in size from 2 to 8 staff, and
- confirmation of relevant information from applicants' banks.

29. A cross-departmental group to consider the implications of fraud and controls over small grants has also been established. Membership includes the Department for Culture Media and Sport and the Big Lottery Fund and the group is led by Treasury.

30. The Big Lottery Fund are in the process of reviewing its grant-making systems prior to launching its new programmes. Once the new programmes have been developed, they intend to use their internal auditors to conduct a review of the effectiveness of these systems in preventing and detecting fraud.

31. With regard to the files that are being investigated by the Community Fund in connection with the fraud, the Fund is making an assessment on a case-by-case basis of whether the grant should be withdrawn. Recovery of amounts already paid out will take place where there are assets to recover.

Interim recommendations

32. The full lessons to be learned can only be publicised once the police and legal processes have been completed. However in the interim, the National Audit Office has drawn on their experience of good practice in other grant schemes and recommends that:

- more explicit consideration should be given to the risk of fraud that may exist within programmes intended to be easy to access and the extent to which controls should be put in place to combat this. There needs to be a common understanding that there is a trade-off between ease of access and the level of control that can be exercised. Controls should be reviewed to target the key data and assurances (including on regularity) required by the Accounting Officer to carry out their duties. I welcome the establishment of a cross-departmental group by Treasury to look at this issue
- any failures in internal control that are discovered must be carefully considered in case they highlight a failing that could be systemic rather than one-off failure

- the Audit Committee should review the process for bringing risks identified by internal audit to their attention and ensure that summarisation of Internal Audit reports does not lead to significant audit findings being excluded from their overview. In all cases, full audit reports need to be available to Audit Committee members who need to be content that the summaries produced are accurate and meet their needs

Looking beyond this to wider issues, in their role as sponsor department:

- the Department for Culture, Media and Sport should consider whether accountability for joint grant programmes could be given greater clarity. For example the Department should appoint a lead Accounting Officer for significant grant schemes who can take all decisions relating to the scheme rather than as in the case of Awards for All where accountability is still shared, and
- because there is inconsistency in the way individual grant programmes are reported in the annual accounts of lottery distributors, the Department for Culture Media and Sport should consider with the Distributors whether all similar joint programmes could be reported separately rather than, as for Awards for All, each distributor reporting their share of grants paid.

John Bourn National Audit Office
 Comptroller and 157-197 Buckingham
 Auditor General Palace Road
 Victoria
 2 December 2005 London SW1W 9SP

Income and expenditure account for the year ended 31 March 2005

| | Note | Year ended 31 March 2005 £'000 | Year ended 31 March 2004 £'000 |
|---|------|---|---|
| Income | | | |
| Proceeds from the National Lottery | 11 | 226,074 | 216,474 |
| Investment income from the National Lottery Distribution Fund | 11 | 5,927 | 8,505 |
| Decrease/(increase) on loss on revaluation of investment | | 1,990 | (1,098) |
| Bank interest receivable | | 508 | 369 |
| Recoveries of grant | | 3,364 | 2,607 |
| Other income | | 5,698 | 5,047 |
| Total Income | | 243,561 | 231,904 |
| Expenditure | | | |
| In support of initiatives | | | |
| Grant commitments made | 14 | 199,321 | 272,294 |
| Less lapsed or revoked commitments | 14 | (17,090) | (14,648) |
| | | 182,231 | 257,646 |
| Administration costs | | | |
| Employee remuneration costs | 2 | 16,431 | 17,495 |
| Board member remuneration costs | 3 | 142 | 113 |
| Other operating charges | 4 | 12,062 | 9,858 |
| Merger costs | 6 | 2,534 | |
| Depreciation | 9 | 654 | 967 |
| | 5 | 31,823 | 28,433 |
| Total expenditure | | 214,054 | 286,079 |
| Surplus/(Deficit) before taxation | | 29,507 | (54,175) |
| Taxation | 8 | (125) | (81) |
| Surplus/(Deficit) for the period | | 29,382 | (54,256) |
| Retained deficit | | | |
| Brought forward at 1 April 2004 | | (177,322) | (123,066) |
| Surplus/(Deficit) for the period | | 29,382 | (54,256) |
| Retained deficit at 31 March 2005 | | (147,940) | (177,322) |

The Community Fund has no recognised gains and losses other than those above and consequently no separate statement of total recognised gains and losses has been presented. There are no discontinued activities.

The notes on pages 76 to 93 form part of these accounts.

Balance sheet as at 31 March 2005

| | Note | Year ended 31 March 2005 £'000 | Year ended 31 March 2004 £'000 |
|--|------|---|---|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 664 | 1,258 |
| Current assets | | | |
| Debtors and prepayments | 10 | 3,221 | 4,045 |
| Cash at bank and in hand | | 9,866 | 6,458 |
| Investment balance in National Lottery Distribution Fund | 11 | 174,460 | 213,250 |
| | | <u>187,547</u> | <u>223,753</u> |
| Creditors: amounts falling due within one year | | | |
| Creditors | 12 | (6,023) | (1,841) |
| Grants committed for payment | 14 | (169,049) | (235,524) |
| | | <u>(175,072)</u> | <u>(237,365)</u> |
| Net current assets/(liabilities) | | <u>12,475</u> | <u>(13,612)</u> |
| Total assets less current liabilities | | <u>13,139</u> | <u>(12,354)</u> |
| Creditors: amounts falling due after one year | | | |
| Creditors | 12 | (183) | (286) |
| Grants committed for payment | 14 | (159,612) | (164,336) |
| Provisions for liabilities and charges | 13 | (1,284) | (346) |
| Total net (liabilities) | | <u>(147,940)</u> | <u>(177,322)</u> |
| Represented by: | | | |
| Retained deficit | | <u>(147,940)</u> | <u>(177,322)</u> |

Signed on behalf of the Community Fund Board.

Stephen Dunmore

Chief Executive and Accounting Officer
of the Community Fund
29 November 2005

Sir Clive Booth

Chair of the Community Fund
29 November 2005

The notes on pages 76 to 93 form part of these accounts.

Cash flow statement to 31 March 2005

| | Note | Year ended 31 March 2005 £'000 | Year ended 31 March 2004 £'0 |
|--|------|---|---------------------------------------|
| Operating activities | | | |
| Funds drawn down from the National Lottery Distribution Fund | 11 | 272,781 | 310,182 |
| Other income | | 4,974 | 4,138 |
| Recoveries of grant and cash from other sources | | 3,364 | 2,607 |
| Payments to suppliers | | (8,412) | (10,212) |
| Payments to and on behalf of employees | | (16,128) | (16,024) |
| Payments to grant recipients | | (253,430) | (290,977) |
| Net cash flow from operating activities | 17 | <u>3,149</u> | <u>(286)</u> |
| Returns on investments and servicing of finance | | | |
| Bank interest received | | 508 | 369 |
| Capital expenditure | | | |
| Payments to acquire tangible fixed assets | | (169) | (448) |
| Taxation | | | |
| Tax paid on interest received | | (80) | (89) |
| Increase/(Decrease) in cash | | <u>3,408</u> | <u>(454)</u> |
| Change in funds resulting from cashflow | | | |
| Cash at 31 March 2005 | | 9,866 | 6,458 |
| Less cash at 1 April 2004 | | (6,458) | (6,912) |
| Movement | | <u>3,408</u> | <u>(454)</u> |

The notes on pages 76 to 93 form part of these accounts.

Notes on the accounts

1 Statement of accounting policies

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost. The accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of Treasury in accordance with Section 39(2) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998).*

While the Community Fund's Accounts Directions require the inclusion of Fixed Assets at their value to the business by reference to current costs, for 2004/05 the Community Fund does not believe that these values are materially different to the historic costs shown in the Balance Sheet. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act and Accounting Standards issued by the Accounting Standards Board insofar as they are appropriate.

1.2 Going concern

The annual accounts have been prepared on a going concern basis. The grant commitments for future years have been entered into after consideration of the cash requirements of grant recipients (these can extend over three to five years) and after taking account of income forecasts provided by the Department of Culture Media and Sport. In taking this view of future income the Board assume as a matter of public policy, the continued operation of the Lottery and the maintenance of Community Fund's percentage of the National Lottery Distribution Fund as set out in sections 21 to 23 of the Act, as amended by the National Lottery Act 1998.

1.3 National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Community Fund is as shown in the accounts and, at the Balance Sheet date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the Community Fund in respect of current and future commitments.

The Community Fund aims to keep NLDF balances at a prudent level that will maximise the value distributed as grants, providing the Community Fund continues to have sufficient assurance that this will neither compromise existing commitments nor unreasonably constrain its ability to make future commitments.

* A copy of the Accounts Directions issued by the Department of Culture, Media and Sport on 10 June 2002 is available on written request to the Community Fund, 1 Plough Place, London EC4A 1DE

The Community Fund has agreed that from 2005/06 the long-term NLDF target is to keep balances in the range of three to six months of annual income. This is considered to be the lowest prudent level for the NLDF to ensure commitments can be met after due consideration of the uncertainties of forecasting income over the next three years. The targets for three years are as follows:

- by 31 March 2005 and NLDF balance of £115 million
- by 31 March 2006 and NLDF balance of £140 million
- by 31 March 2007 and NLDF balance of £111 million.

These targets are based on income predictions provided by DCMS and allow for the impact of the proposed Olympic Lottery and reflect expenditure on current and expected Policy Directions.

1.4 Fixed assets

Fixed assets are capitalised in the Balance Sheet at their historic cost value rather than by reference to current costs, as these are not considered to be materially different. Items costing less than £2,000 are written off to the Income and Expenditure Account in the year of purchase. The Community Fund does not capitalise software development costs.

Depreciation is provided at rates calculated to write off the valuation of the assets on a straight line basis over their estimated useful lives as follows:

| | |
|-----------------------|--|
| Fixtures and fittings | The lower of four years or remaining life of the lease where appropriate |
| Office equipment | Four years |
| IT equipment | Three years |

1.5 Pension fund

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge on the PCSPS. The Community Fund pays a charge for each employee calculated on an accruing basis. Pension benefits are provided through the PCSPS. From 1 October 2002, staff who are members of the scheme can be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus).

Notes on the accounts

New entrants after 1 October 2002 may choose between membership of the premium scheme or can join a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account). The differences between the schemes can be found on the www.civilservice-pensions.gov.uk website.

For a small number of staff the Community Fund makes contributions of 15 per cent of salary in respect of the private and personal pension scheme of their choice. From 1996/97, following Treasury advice the contribution rate for new personal pension schemes was reduced to three per cent.

1.6 Operating leases

The costs of operating leases held by the Community Fund are charged to the Income and Expenditure Account in the period to which they relate on a straight-line basis. The benefits of rent-free periods on all new leaseholds entered into are apportioned over the period to the first rent review on a straight-line basis.

1.7 Grant commitments Grant offers and commitments

The Accounts Direction issued by the Department for Culture, Media and Sport requires a distinction to be made between soft commitments and hard commitments.

Hard commitments are defined as the grant sum payable over the life of a scheme on which the Community Fund has a written contractual agreement with the applicant. Hard commitments are charged to the income and expenditure in the year that the contracts are signed. Hard commitments are shown on the Balance Sheet as a creditor, the balance being reduced as payments to grant recipients are released.

Soft commitments are defined as an agreement in principle by the Community Fund to fund a scheme and an offer of grant made to the applicant, which the applicant has yet to formally accept. These are shown as a note to the accounts but are not treated as part of the Income and Expenditure Account.

Grants repaid and recovered

The Community Fund's conditions of grant permit the recovery and repayment of grants paid. This can arise when the grant holder fails to comply with the terms and conditions or where the actual expenditure by a grantee falls below a grant that has been paid based on estimated costs.

Grant transfers

Grant transfers are required when existing grant recipients change their constitution during the year. As the new organisation is a new legal entity this requires the old grant to be revoked and a new grant to be applied for and awarded.

1.8 Third party assets

The Community Fund holds as custodian certain assets belonging to third parties. These assets represent bank balances of £3.5 million held on behalf of other Lottery Distributors to fund awards made under the Awards for All schemes and the Home Front Recall grant programme administered by the Community Fund. These are not recognised in the accounts since the Community Fund has no direct beneficial interest in them.

1.9 Grant management – joint schemes

Where the Community Fund has entered into a joint scheme, as defined in the National Lottery Act 1998, hard commitments made through the joint scheme are accounted for on the basis of the Community Fund's share in the scheme.

Administration costs are included in the Income and Expenditure Account at the amount incurred by the Community Fund.

1.10 Allocation of income and costs

Income and costs incurred by the Big Lottery Fund are allocated between the New Opportunities Fund and Community Fund. Income and costs attributable to a specific Fund are allocated directly. Joint costs are apportioned to each Fund based on an appropriate allocation methodology for example based on income share; staff numbers.

1.11 Notional cost of capital

From 1 April 2002, HM Treasury removed the requirement for a notional cost of capital charge to be calculated on assets funded by the Lottery.

2 Staff numbers and cost

Employee costs, excluding Board members, were as follows:

| | Year ended 31 March 2005 £'000 | Yearended 31 March 2004 £'000 |
|-----------------------|--------------------------------------|-------------------------------------|
| Wages & salaries | 13,037 | 13,728 |
| Social security costs | 1,013 | 1,079 |
| Pension costs | 1,592 | 1,737 |
| Agency staff | 789 | 951 |
| | <u>16,431</u> | <u>17,495</u> |

In 2003/04's, annual accounts agency staff were disclosed as part of other operating charges. Comparative figures have been amended to reflect the inclusion of these costs as staff costs.

Recoveries of £62,403 representing staff seconded out to other organisations are included in other income.

The average number of employees (including temporary staff) working for the Community Fund during the year was made up as follows:

| | Year ended 31 March 2005 Average no. of employees | Yearended 31 March 2004 Average no. of employees |
|--------------------------------|--|---|
| Planning and Performance | 20 | 19 |
| Finance and Corporate Services | 44 | 59 |
| Policy and External Relations | 20 | 20 |
| Operations | 283 | 269 |
| Country offices | 64 | 64 |
| Other distributors * | 104 | 87 |
| | <u>535</u> | <u>518</u> |

*The Community Fund employs staff to process applications and manage grants on behalf of other Lottery distributors under the Awards for All, Home Front Recall schemes and the New Opportunities Fund's Childcare programme.

Notes on the accounts

The salary and pension entitlement of the senior management of the Community Fund was as follows:

| | Salary, including performance bonus, at 31 March 2005 | Real increase in pension at 60 | Total accrued pension at 60 as at 31 March 2005 | Cash equivalent transfer value (CETV) at 31 March 2005 (or date of leaving) | Real increase in CETV after adjustment for inflation and changes in market investment factors |
|---|---|--------------------------------------|---|--|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| <i>2004 comparatives shown in brackets</i> | | | | | |
| Stephen Dunmore (Chief Executive) from 1 December 2003 | 65-70' (19) | 0 | 0 | 0 (0) | 0 |
| Mark Cooke (Director of Finance and Corporate Services) from 14 June 2004 | Disclosed in the New Opportunities Fund's accounts | | | | |
| Ceri Doyle (Director, Wales) from 29 March 2004 | Disclosed in the New Opportunities Fund's accounts | | | | |
| Dharmendra Kanani (Director Scotland) from 28 August 2004 | 45-50 | 0 | 0 | 4 | 2 |
| Adrienne Kelbie (Director, Scotland to 9 May 2004, Director of Operations) | 90-95 (80-85) | 2.5-5.0 plus 7.5-10.0 lump sum | 10-15 plus 30-35 lump sum | 98 (65) | 28 |
| Gerald Oppenheim (Director, Planning and Performance) | 90-95 (85-90) | 0-2.5 plus 2.5-5.0 lump sum | 30-35 plus 95-97.5 lump sum | 511 (467) | 15 |
| Vanessa Potter (Director, Policy and External Relations) from 1 January 2004 | Disclosed in the New Opportunities Fund's accounts | | | | |
| Walter Rader (Director, Northern Ireland) from 1 December 2003 | Disclosed in the New Opportunities Fund's accounts | | | | |

¹As from 1 December 2003 the Chief Executive's salary is apportioned equally between the Community Fund and the New Opportunities Fund. Pension benefits are retained through his New Opportunities Fund contract.

The current Chief Executive was appointed from 1 December 2003 to the role of joint Chief Executive of the Community Fund and New Opportunities Fund. His remuneration, including all pension entitlements, for the part of his service contract with the New Opportunities Fund is disclosed in that organisation's accounts. The Chief Executive's contract expires one day after both the Big Lottery Fund is created in law and the appointment of the Chief Executive of the Big Lottery Fund. The Chief Executive is subject to the New Opportunities Fund's standard terms and conditions of employment.

During the year Directors were appointed to the Senior Management Team of the Big Lottery Fund, the joint management team for the Community Fund and New Opportunities Fund. Directors employed by the Community Fund are on permanent employment contracts, which allow for them to provide services to the New Opportunities Fund, and which are subject to the Community Fund's standard terms and conditions of employment.

The Directors of Finance and Corporate Services, Wales, Policy and External Relations and Northern Ireland are employed by the New Opportunities Fund under contracts that allow for them to provide services to the Community Fund. Their remuneration is disclosed in that organisation's accounts.

Pension benefits are provided through the Principal Civil Service Pension Scheme. Further pension disclosures are made in note 20. Column 4 of the above table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period.

Column 5 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines prescribed by the Institute and Faculty of Actuaries.

Notes on the accounts

3 Board member information

The Chair of the Community Fund's Board is a part-time appointment, two days per week.

Diana Brittan stepped down as Chair of the Community Fund on 31 May 2004. Lady Brittan's remuneration includes payment in lieu of notice.

Sir Clive Booth became the Chair of the Big Lottery Fund from 1 June 2004.

| | Year ended 31 March 2005 £ | Year ended 31 March 2004 £ |
|-------------------------------------|----------------------------------|----------------------------------|
| Diana Brittan to 31 May 2004 | 33,064 | 30,699 |
| Sir Clive Booth from 1 June 2004 | 20,319 | – |

All Board members are appointed for three years, in the first instance by the Secretary of State. The Secretary of State invited all Board members to remain in office until the Board of the Big Lottery Fund was appointed on 1 June 2004. In some cases this took them beyond their current term of office.

All Board members are entitled to receive remuneration for the time spent on the activities of the Community Fund. For Board members appointed to the Big Lottery Fund 50 per cent of their time is deemed to be spent on Community Fund activities. These activities, for which Board members can claim a daily rate fee of £198 (2003/04 £194), mainly consist of meetings in Community Fund's offices. No Board member received contributions to pension. Total emoluments paid to Board members to 31 March 2005 was £88,821 (2003/04 £82,505), analysed as follows:

| | Year ended 31 March 2005 £'000 | Yearended 31 March 2004 £'000 |
|---|--------------------------------------|-------------------------------------|
| Elaine Appelbee to 31 May 2004 | 0.4 | 2.5 |
| Steven Burkeman to 31 May 2004 | 1.5 | – |
| Dr Samuel Burnside from 15 June 2004 | 5.5 | – |
| David Campbell from 1 June 2004 | 4.4 | – |
| Jeff Carroll to 31 May 2004 | 2.1 | 9.5 |
| Paul Cavanagh | 3.0 | 3.2 |
| Tom Davies from 15 June 2004 | 3.5 | – |
| Roland Doven from 1 June 2004 | 2.2 | – |
| Professor Briedge Gadd from 15 June 2004 | 4.8 | – |
| John Gartside from 1 June 2004 | 2.5 | – |
| Douglas Graham | 7.2 | – |
| Kay Hampton to 31 May 2004 | 1.6 | 9.5 |
| Taha Idris | 4.5 | 4.0 |
| Professor James Kearney to 31 May 2004 | 3.1 | 9.5 |
| Dugald Mackie from 1 June 2004 | 2.7 | – |
| Sheila Jane Malley to 31 May 2004 | 3.6 | 4.8 |
| Richard Martineau to 31 May 2004 | 4.7 | 10.2 |
| John Naylor from 1 June 2004 | 4.9 | – |
| Esther O'Callaghan from 1 June 2004 | 1.9 | – |
| Anna Southall from 1 June 2004 | 2.4 | – |
| Dame Valerie Strachan (Deputy Chair) | 11.0 | 18.5 |
| Carol Tongue to 31 May 2004 | 1.0 | 4.0 |
| Huw Vaughan Thomas from 15 June 2004 | 2.5 | – |
| Elisabeth Watkins to 31 May 2004 | – | – |
| Benjamin Whitaker to 31 May 2004 | 3.7 | 5.8 |
| Diana Whitworth from 1 June 2004 | 4.1 | – |
| Lorne MacLeod to 31 March 2003 | – | 0.2 |
| James Strachan to 31 March 2003 | – | 0.8 |

The Community Fund reimburse the travel and subsistence expenses of Board members and meet the tax liability on these expenses.

4 Other operating charges

Included in other operating charges are:

| | Year ended 31 March 2005 | | Year ended 31 March 2004 | |
|----------------------------|-----------------------------|---------------|-----------------------------|--------------|
| | £'000 | | £'000 | |
| Travel and expenses | | | | |
| Staff | 688 | | 861 | |
| Board members | 78 | 766 | 70 | 931 |
| Auditors remuneration | | 43 | | 41 |
| Operating lease payments | | 1,521 | | 1,286 |
| Other costs | | 9,732 | | 7,600 |
| | | <u>12,062</u> | | <u>9,858</u> |

5 Total operating expenses

Analysis of operating expenditure:

| | Year ended 31 March 2005 | | Year ended 31 March 2004 | |
|----------------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | £'000 | | £'000 | |
| Effective grant making | 25,313 | 79% | 22,664 | 80% |
| Governance and administration | 5,305 | 17% | 4,382 | 15% |
| Supporting the voluntary sector | 1,205 | 4% | 1,387 | 5% |
| Total administrative expenditure | <u>31,823</u> | <u>100%</u> | <u>28,433</u> | <u>100%</u> |

Effective grant making is the work required to run the Community Fund's grant programmes and decision-making processes. Including costs of the regional and country offices, assessing applications, reviewing programme areas and priorities, managing and monitoring awards, the regional and country committees and IT systems needed to support grant making.

Governance and administration is the work required to run the Community Fund as a legal entity. This includes the costs of the Board and non-grant making Committees, Chief Executive's office, internal audit and some aspects of the corporate service departments.

Supporting the voluntary sector includes the work of initiatives linked to the strategic priorities aimed at developing stronger links between grant holders working in certain areas and increasing the impact of the Community Fund in ways such as fair share or outreach, and the work of development officers.

Notes on the accounts

6 Merger cost

Included in merger costs are:

| | Year ended 31 March 2005 £'000 |
|----------------------|--------------------------------------|
| Consultation | 277 |
| IT changes | 11 |
| Termination payments | 1,282 |
| Professional fees | 45 |
| Property Costs | 883 |
| Other | 36 |
| | 2,534 |

7 Financial performance indicator

The Community Fund aims to keep operating costs below 10 per cent of income. This indicator is calculated on a net basis ie excluding income and expenses relating to activities recharged at full cost to other distributors. This target continues to be achieved over the lifetime of the Community Fund; net operating costs are 7.6 per cent of income (2003/04 7.3 per cent). The increase in this indicator is due to one of merger costs. In previous years the Community Fund has also considered net operating expenses as a percentage of income received in the year. Using this basis the financial performance indicator is 11.0 per cent (2003/04 10.0 per cent).

8 Corporation tax

The Community Fund pays corporation tax on bank interest received at an effective rate of 22 per cent (prior year 22 per cent). The tax payable is £125,206 (prior year £80,752). Monies held and invested by the National Lottery Distribution Fund on the Community Fund's behalf are not taxable.

9 Tangible fixed assets

| | Office equipment £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|-------------------------|------------------------------|--------------------------------|-----------------------------------|----------------|
| At cost | | | | |
| At 1 April 2004 | 426 | 956 | 5,199 | 6,581 |
| Additions | 4 | 39 | 126 | 169 |
| Disposals | - | - | (3,246) | (3,246) |
| At 31 March 2005 | 430 | 995 | 2,079 | 3,504 |
| Depreciation | | | | |
| At 1 April 2004 | 367 | 788 | 4,168 | 5,323 |
| Charge for the year | 46 | 106 | 502 | 654 |
| Disposal | - | - | (3,137) | (3,137) |
| At 31 March 2005 | 413 | 894 | 1,533 | 2,840 |
| Net book value | | | | |
| At 31 March 2005 | 17 | 101 | 546 | 664 |
| At 31 March 2004 | 59 | 168 | 1,031 | 1,258 |

10 Debtors and prepayments

| | At 31 March 2005 £'000 | At 31 March 2004 £'000 |
|----------------|------------------------------|------------------------------|
| Debtors | 604 | 774 |
| Accrued income | 2,005 | 546 |
| Prepayments | 612 | 2,725 |
| | <u>3,221</u> | <u>4,045</u> |

Included in the amounts above are the following balances payable by other Government bodies:

| | At 31 March 2005 £'000 | At 31 March 2004 £'000 |
|--|------------------------------|------------------------------|
| Amounts due from other Government bodies | 2,040 | 2,507 |
| Amounts due from Local Authorities | 67 | 85 |

Notes on the accounts

11 Balance held by the National Lottery Distribution Fund

| | £'000 | £'000 |
|--|------------------|-----------------------|
| Cost as at 1 April 2004 | 214,348 | |
| Adjusted for movement on unrealised losses brought forward | <u>1,550</u> | |
| Cost as at 1 April 2004 restated | | 215,898 |
| Distribution from the National Lottery | 226,074 | |
| Investment income earned | 5,927 | |
| Cash drawn down | <u>(272,781)</u> | |
| Net decrease in balance | | (40,780) |
| Cost at 31 March 2005 | | <u>175,118</u> |
| Unrealised loss on investment | | (658) |
| Market value at 31 March 2005 | | <u><u>174,460</u></u> |

At 31 March 2005, the market value of the Community Fund's balance held by the National Lottery Distribution Fund (NLDF) was £174,459,663 (2003/04 £213,249,970).

The funds held in the National Lottery Distribution Fund are managed by the Commissioners for the reduction of national debt (formerly known as the National Debt Commissioners). The Community Fund received 16.7 per cent of the moneys paid by Camelot Group Plc to the National Lottery Distribution Fund after deduction of expenses payable to the consolidated fund for the costs of the Secretary of State for the Department for Culture, Media and Sport in exercising her functions under the Act, the costs of the regulator (the National Lottery Commission) and the costs of the investor (Commissioners for the reduction of national debt). The National Lottery Distribution Fund investment account is revalued before each transaction, either receipt or draw down, and interest apportioned according to a formula based on the balance held by the body as a ratio of the total balance.

12 Creditors: amounts falling due within one year

| | At 31 March 2005 £'000 | At 31 March 2004 £'000 |
|---------------------------------------|---------------------------|---------------------------|
| Trade creditors | 716 | 486 |
| Other creditors | 453 | 627 |
| Amounts due to New Opportunities Fund | 3,601 | – |
| Accruals and deferred income | 1,128 | 648 |
| Corporation tax | 125 | 80 |
| | <u>6,023</u> | <u>1,841</u> |

Included in the amounts above are the following balances payable to other Government bodies:

| | At 31 March 2005 £'000 | At 31 March 2004 £'000 |
|--|---------------------------|---------------------------|
| Amounts due to other Government bodies | 3,653 | 80 |
| Amounts due to Local Authorities | 276 | 87 |

Creditors: amounts falling due in more than one year

| | At 31 March 2005 £'000 | At 31 March 2004 £'000 |
|-----------------|---------------------------|---------------------------|
| Deferred income | <u>183</u> | <u>286</u> |

13 Provisions for liabilities and charges

| | Unavoidable lease payments | Early retirement contributions | Redundancy provisions | Total provisions |
|------------------------------------|-------------------------------|--------------------------------------|--------------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Brought forward at 1 April 2004 | 298 | 48 | – | 346 |
| Charged to expenditure in the year | 385 | 460 | 456 | 1,301 |
| Payments made | (298) | (65) | (–) | (363) |
| Carried forward at 31 March 2005 | 385 | 443 | 456 | 1,284 |

During the financial year the Community fund vacated its Highlander House premises in Glasgow and Vauxhall premises in London, the decision was also taken to move from Baron House, Newcastle. On all these properties the lease requires the Community Fund to rectify dilapidations. The 2004/05 provision represents dilapidations and unavoidable lease costs on these properties. The provision in 2003/04 represented dilapidations on St Vincent's House and unavoidable lease costs on the vacation of the Community Fund's Hildon House, Belfast office. These costs were settled during 2004/05.

As part of re structuring arising from the administrative merger with the New Opportunities Fund:

- ▶ Certain eligible staff have agreed to take early retirement. As a result of these agreements the Community Fund is contracted to meet certain pension contributions until the statutory retirement date of these individuals. An estimate of future contributions has been provided for staff who had finalised early retirement agreements prior to 31 March 2005.
- ▶ Certain posts have been identified as no longer required. A provision has been made for the estimated redundancy costs of those staff which the Community Fund has entered into consultation with prior to 31 March 2005 but for which settlement was not paid by that date. Redundancy payments are made in accordance with contractual arrangements and terms set out in the Civil Service Pension (CSP) arrangements.

Notes on the accounts

14 Grant commitments

| | At 31 March 2005 £'000 | At 31 March 2004 £'000 |
|-------------------------------------|------------------------------|------------------------------|
| Hard Commitments | | |
| Hard commitments brought forward | 399,859 | 433,191 |
| Hard commitments made | 199,321 | 272,294 |
| Lapsed and revoked hard commitments | (17,090) | (14,648) |
| Hard commitments met | <u>(253,429)</u> | <u>(290,977)</u> |
| Net movement in hard commitments | <u>(71,198)</u> | <u>(33,331)</u> |
| Hard commitments carried forward | <u>328,661</u> | <u>399,860</u> |

Ageing of hard commitments

| | At 31 March 2005 £'000 | | At 31 March 2004 £'000 | |
|---------------------------------|------------------------------|---------|------------------------------|---------|
| Due for payment within one year | 169,049 | | 235,524 | |
| Due for payment during : | | | | |
| 2006/07 (2005/06) | 104,207 | | 126,965 | |
| 2007/08 (2006/07) | 40,727 | | 35,813 | |
| 2008/09 (2007/08) | 12,350 | | 1,265 | |
| 2009/10 (2008/09) | 2,328 | 159,612 | 293 | 164,336 |
| Total commitments | <u>328,661</u> | | <u>399,860</u> | |

Hard commitments made and lapsed and revoked hard commitments include £12,352,258 of grant transfers (2003/04 £8,452,019) see note 1.7.

15 Soft Commitments

| | At 31 March 2005 £'000 | At 31 March 2004 |
|--|------------------------------|---------------------|
| Soft Commitments | | |
| Soft commitments brought forward | 38,149 | 48,105 |
| Soft commitments made | 198,873 | 262,200 |
| Lapsed and revoked soft commitments | (1,189) | 138 |
| Soft commitments transferred to hard commitments | (199,321) | (272,294) |
| Soft commitments carried forward | <u>36,512</u> | <u>38,149</u> |

16 Joint schemes

Included within hard commitments £10.6 million (2003/04 £9.9 million) of new grant commitments and £179,043 (2003/04 £49,000) of grant commitments carried forward at 31 March representing the Community Fund's contribution to the Awards for All, England joint scheme. During 2004/05 the Community Fund contributed £10.9 million to the total funding of £37.8 million. This scheme is administered by the Community Fund on behalf of all parties to the agreement.

Included within hard commitments £0.8 million (2003/04 £-million) of new grant commitments and £190,882 (2003/04 £-) of grant commitments carried forward at 31 March representing the Community Fund's contribution to the Home Front Recall joint scheme. The Community Fund will contribute £1 million to the total funding of £6.8 million. This scheme is administered by the Community Fund on behalf of all parties to the agreement.

17 Reconciliation of income and expenditure to net cash inflow from operating activities

| | Year ended 31 March 2005 £'000 | Year ended 31 March 2004 £'000 |
|--|--------------------------------------|--------------------------------------|
| Surplus/(Deficit) before tax | 29,507 | (54,175) |
| Depreciation of fixed assets | 654 | 967 |
| Loss on disposal of fixed assets | 109 | 4 |
| Interest income | (508) | (369) |
| Net Surplus/(cost) from operating activities | <u>29,762</u> | <u>(53,573)</u> |
| Decrease in debtors | 824 | 21 |
| Decrease in NLDF balance | 38,790 | 86,301 |
| Increase in creditors | 4,034 | 114 |
| Increase in provisions | 938 | 182 |
| (Decrease) in provision for grant commitments | (71,199) | (33,331) |
| Net cash inflow/ (outflow) from operating activities | <u><u>3,149</u></u> | <u><u>(286)</u></u> |

At 31 March 2005, the Community Fund had net liabilities of £147.9 million and soft commitments of £36.5 million. Although the Community Fund has made commitments in excess of its assets, the Board does not consider that the Community Fund is exposed to significant liquidity risks as many of these commitments will not be paid until after the next financial year end. This is because the Community Fund will only allow grant holders to draw down monies once they have proved their need to receive the next tranche of grant funding allocated to them. Due to the timing differences between the date the grant holder accepts the Community Fund's grant offer, and the date the grant holder draws down these monies, the Community Fund is encouraged by the Department for Culture, Media and Sport to over-commit the available funds.

| | £'000 |
|---------------------------------------|----------------|
| Liquid assets at 31 March 2005 | |
| Market value of NLDF investments | 174,460 |
| Cash | 9,866 |
| | <u>184,326</u> |

18 Financial risks

The Community Fund is required to disclose the effect of financial instruments during the period in creating or changing the risks the Community Fund faces in undertaking its role.

Liquidity risks

In the year ended 31 March 2005, £226.1 million (93 per cent) of the Community Fund's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the National Lottery Distribution Fund £7.9 million (three per cent), and from bank interest and other income £9.6 million (four per cent).

Forecast cashflows during 2005/2006

| | |
|----------------------------------|------------------|
| Income from the National Lottery | 216,000 |
| Other income | 9,000 |
| Administration cost payments | (22,000) |
| Grant payments | <u>(237,000)</u> |

Forecast liquid assets at 31 March 2006 150,326

Notes on the accounts

The income forecast assumptions are based upon guidance provided by the Department for Culture, Media and Sport. The forecast grant payments are based upon estimated grant draw down profiles submitted by grant recipients at the time of award.

Interest rate risks

The financial assets of the Community Fund are invested in the NLDF, which invests in a narrow band of low risk assets such as government bonds and cash. The Board has no control over the investment of funds in the NLDF. At the Balance Sheet date the market value of investment in the NLDF was £174.5 million. In the year the average return on these investments was 4.5 per cent.

Cash balances which are drawn down from the Community Fund to pay grant commitments and operating costs are held in instant access variable rate bank accounts which on average carried an interest rate of 2.9 per cent in the year. The cash balance at the year-end was £9.9 million. The Board considers that the Community Fund is not exposed to significant interest rate risks on its cash balances.

Foreign currency risk

The Community Fund is not exposed to any foreign exchange risks.

19 Financial commitments

Commitments under operating leases

At 31 March 2005, the Community Fund had the following annual commitments under operating leases.

| | Leased cars | Land and buildings | As at 31 March 2005 | As at 31 March 2004 |
|-------------------------------|-------------|--------------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Expiring in less than 1 year | 10 | 90 | 100 | 609 |
| Expiring in 1-5 years | – | 900 | 900 | 690 |
| Expiring in more than 5 years | – | 626 | 626 | 473 |
| | <u>10</u> | <u>1,616</u> | <u>1,626</u> | <u>1,772</u> |

Financial commitments

The amount contracted with Logica CMG Plc at 31 March 2005 but not provided for was £nil (prior year £195,755). This was a contract for the ongoing support of the Community Fund's grant making system.

The amount contracted with the Office of Government Commerce at 31 March 2005 but not provided for was £411,000 (prior year £180,000). This was a contract for providing a Wide Area Network service to the Big Lottery Fund.

20 Pension scheme

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants from 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between three per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Notes on the accounts

For 2004/2005, employers' contributions of £1,592,000 were payable to the PCS (2003/2004 £1,737,000) at one of four rates in the range 12 – 18.5 per cent of pensionable pay, based on salary bands (as shown below). Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates for 2005/06 have increased based on recommendations from the Government Actuary.

| Bands | Year ended 31 March 2005 |
|-------------------|-----------------------------|
| £17,500 and under | 12% |
| £17,501-£36,000 | 13.5% |
| £36,001-£62,000 | 16.5% |
| £62,001 and over | 18.5% |

| Bands | Year ended 31 March 2004 |
|-------------------|-----------------------------|
| £17,000 and under | 12% |
| £17,001-£35,000 | 13.5% |
| £35,001-£60,500 | 16.5% |
| £60,500 and over | 18.5% |

21 Special payments and losses

Special payments occur where a grant has been made inadvertently to an organisation that is ineligible under the law but where the grant is within the broad intention of statutory legislation. All these awards were spent on project objectives in accordance with the grant terms and conditions. In the financial year to 31 March 2005, special payments totalled £490,159 (prior year £1,337,868).

| | Year ended 31 March 2005 £000 |
|---|-------------------------------------|
| Nottingham Foundation for Music and Media | 107 |
| Foothold Crochan Ltd | 236 |
| Amounts less than £100,000 | 147 |
| | <u>490</u> |

Losses occur where there is no evidence that the project objectives were met. In the financial year to 31 March 2005 losses totalled £1,242,325 (prior year £1,679,544).

Those over £100,000 were as follows:

| | Year ended 31 March 2005 £000 |
|----------------------------|-------------------------------------|
| International Youth House | 111 |
| Care Frica | 131 |
| Amounts less than £100,000 | 1,000 |
| | <u>1,242</u> |

22. Related party transactions

The Community Fund is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). The DCMS is considered to be a related party. During the year, the Community Fund has had various material transactions with the DCMS and other bodies for which the DCMS is regarded as the sponsor Department: the New Opportunities Fund, Heritage Lottery Fund, the Arts Council of England, Sport England.

In addition, the Community Fund has a number of transactions with Government Departments and bodies that regard other Government departments as their sponsor department.

- ▶ The Sports Councils in Scotland, Wales and Northern Ireland
- ▶ The Arts Councils in Scotland, Wales and Northern Ireland.

The Community Fund abides by the Cabinet Office code of practice for Board Members of public bodies. As a matter of policy and procedure, the Community Fund maintains a register of interests in grant applications made to the Community Fund and commercial relationships with the Community Fund for Board Members, for chairs and members of its Regional Awards Committees, and for all staff. Where any committee decisions are taken which would reasonably be seen as giving rise to a conflict of interest, principally over grants to voluntary bodies, the chair of the meeting ensures at the outset that disclosure is made and the committee member withdraws for the duration of any discussion of the relevant item. The Community Fund's procedures also ensure that grant officers are not engaged on processing applications in which they would have an interest.

A number of Board members have declared interests with voluntary and charitable bodies with which the Community fund has non material business interests.

Section twelve

Statutory background

The Community Fund – the operating name of the National Lottery Charities Board – was established as a non-departmental public body by the National Lottery etc Act 1993, as amended by the National Lottery Act 1998, which came into force on 2 September 1998. The Act specifies the share of income from National Lottery Distribution Fund to be received and it regulates the appointment of committees for grant making. The Secretary of State for Culture, Media and Sport is given power under the Act to give Directions as to matters to be taken into account in grant making and the conditions under which the money is distributed. The Secretary of State for Culture, Media and Sport issued Policy Directions and Financial Directions in 1995. These were both revised in February 1999 and the Financial Directions were further revised in August 2002. The Community Fund has complied with these Directions throughout the financial year 2004–05 in every material aspect.

Financial Directions

National Lottery etc Act 1993 (as amended by the National Lottery Act 1998).

Financial Directions to be issued to the National Lottery Charities Board (the legal name of the Community Fund) under Section 26(3), (3A) & (4).

- i. The National Lottery Charities Board (“the Board”) shall comply with the requirements contained within the Statement of Financial Requirements attached as an Annex to these Directions when carrying out its functions under section 25 of the National Lottery etc. Act 1993 (“the Act”) as amended by the National Lottery Act 1998 (“the 1998 Act”). Wherever specified in that Annex, the Board must attain the consent of the Secretary of State for Culture, Media and Sport before carrying out certain activities.
- ii. The Board shall devise and abide by a procedure for handling potential conflicts of interest, which may arise in the evaluation of an application by the Board, or individual members of the Board. This procedure, together with a statement confirming the arrangements that have been applied, should be provided to the Secretary of State for Culture, Media and Sport (“the Secretary of State”) before the distribution of any funds under section 25 of the Act, and thereafter at the beginning of every financial year.

Signed by the authority of the Secretary of State for Cultural, Media and Sport, ACB Ramsay, a Group Head in the Department of Culture, Media and Sport.

ACB Ramsay

Director of Creative Industries, Broadcasting and Gambling

The Directions have been complied with as follows:

- i. We have implemented procedures throughout the organisation to ensure the requirements of the Statement of Financial Requirements are followed. We maintain an internal audit service to check on a sampling basis that all officers and departments are following the agreed procedures, and to ensure that these procedures are properly documented and disseminated. The full Statement of Financial Requirements can be obtained from the Big Lottery Fund’s Director of Planning and Performance.

- ii. We maintain a register of interests for all Board members, Regional Committee members in England, co-opted members in Scotland, Wales and Northern Ireland and all staff. Where any committee decisions are taken which would possibly give rise to conflict of interest, the Chair of the meeting ensures that disclosure is made and the committee member leaves the room while the item in question is discussed. Procedures are also in place to prevent any member of staff from assessing an application from an organisation they are connected with. The application of these procedures has been notified each year to the Secretary of State for Culture, Media and Sport.

Policy Directions

The Community Fund is a non-departmental public body and therefore operates under Policy Directions issued by its sponsor department, the Department of Culture, Media and Sport. The Policy Directions set out the principles with which the Community Fund must comply. They are revised from time to time; the current Directions were issued in February 1999.

There are ten Directions. These are set out below with a note about our compliance with them.

A. The need to ensure that money is distributed only for charitable (whether or not charitable in law), benevolent or philanthropic purposes.

All the awards made by the Community Fund go to charitable, philanthropic or benevolent organisations, which are checked for eligibility. These include charities that are registered with the Charity Commission in England and Wales and those recognised as charitable for tax purposes by the Inland Revenue in Scotland and Northern Ireland.

Philanthropic and benevolent organisations must have the attributes of charity to meet the legal test, i.e., they must have nothing which is against the concept of charity, and they must act from a sense of altruism, for the public benefit and not for private or mutual benefit.

B. The need to ensure that the Board, in the policies that it adopts from time to time and taking into account its assessment of needs and any priorities it might have identified in its strategy, and taking reasonable steps to publicise widely the availability of grants, achieves over time the distribution of money:

- i. to a reasonably wide spread of recipients, including small organisations and those organisations operating purely at local level;
- and
- ii. across a reasonably wide range of charitable (whether or not charitable in law), benevolent and philanthropic activity.

We take all reasonable steps to publicise our grant programmes. We have separate application forms covering our Large Grants Programme and Medium Grants Programme (for projects up to £60,000), which are designed to enable a wide spread of potential applicants to submit grant applications. The Community Fund's contribution to the Awards for All Programme is designed to ensure that smaller organisations, as well as local ones, have the opportunity to apply for one-off grants of up to £5,000 in a simple way. Development and publicity work helps to ensure that we support a wide range of activity within our defined programmes and strategy.

Section twelve

C. The need to have regard from the outset to:

- i. the interests of the UK as a whole;
- ii. the interest of the different parts of the UK; and
- iii. the relative population size of, and appropriate socio-economic factors applicable to, the different parts of the UK; and, in addition, to consider the interests of organisations with a base in the UK and working overseas, and to distribute grants in the light of these considerations.

Grant-making Committees ensure that the interests of the different parts of the UK, the UK as a whole, and organisations based in the UK and working overseas are represented in our grant making. The Country Committees for Scotland, Wales and Northern Ireland and the nine Regional Committees in England deal with grants in their areas. Since Autumn 2002 the Strategic Grants Committee has made grants under the Strategic Grants Programme for projects which benefit more than two English regions and up to all four countries of the UK, for research and international grants. Prior to that the England Committee made England-wide grants and the former UK Committee was responsible for UK-wide, research and international grant-making.

The budget for grant making is allocated between the UK countries and the nine England regions on the basis of population weighted by socio-economic factors that take account of need in the different countries and regions. There are separate allocations for the Strategic Grants Committee Programmes.

D. The needs of children and young people.

During 2004-05, we made grants worth £82,258,967 which benefited children and young people, through all our grants programmes.

E. The need to further the objectives of sustainable development.

Sustainable development is an important factor in our grant making and its principles have been applied in many ways through our grant programmes and practices. The Big Lottery Fund is committed to building on the previous work of its legacy organisations and developing its approaches to sustainable development in its funding and in the way it does its work. The Sustainable Development Commission has recently undertaken a piece of research on behalf of Big Lottery Fund to assess the level to which sustainable development has been incorporated into application, assessment and evaluation processes of Community Fund, New Opportunities Fund and Big Lottery Fund to ascertain areas of good practice and opportunities for improvement. This will inform the development of our future programmes and policies.

F. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

Grants are generally made for up to three years (five years in the case of projects overseas). Organisations receiving grants have been able to reapply for a development grant for up to another three years, although these applicants are assessed in competition with new projects. In exceptional cases, grants have been made for a third three-year period. All existing Community Fund grant programmes closed for applications on 31 May 2005.

G. The need:

- i. in all cases for applicants to demonstrate the financial viability of the project for the period of the grant;
- ii. where capital funding is sought, for a clear business plan incorporating provisions beyond the period of the grant for associated running and maintenance costs;

and

- iii. in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.

These matters are covered in our assessment procedures and guidance to applicants.

H. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy.

Through the Big Lottery Fund arrangements, the Community Fund works in co-operation with the other distribution bodies on a number of common issues, ensuring that we continue to improve our policies and procedures in line with the proposals set out in the Secretary of State's July 2003 Decision Document on Lottery funding.

I. The need to ensure that its powers to solicit applications under Section 25(2A) (of the National Lottery Etc. Act 1993, as amended) are used in connection with the pursuit of strategic objectives.

The Community Fund's second Strategic Plan was laid in Parliament on 15 April 2002. This sets out priorities for grant making and how these are applied in each country of the UK and each England region. Solicitation powers available to the Community Fund will be used if required by the Strategic Plan for grant making and in furtherance of research needs.

J. The need to ensure it has such information as it considers necessary to make decisions on each application, including independent experts' advice where required.

The grant application forms for all Community Fund programmes collect information from the applicants and their projects, which are then assessed in accordance with our guidance and procedures in order for decisions to be made. We seek expert advice where needed (for example on medical and wider social research) to support our decision making. We also take advice from other advisors if grant applications so require (for example, expert financial advice).

Gerald Oppenheim, director of planning and performance

Big Lottery Fund, July 2005

Section thirteen

List of grants from £100,000 to £250,000

Our policy directions require us to list all grants made over £100,000:

East Midlands

| | |
|---|---------|
| Nottingham Women's Counselling Project | 100,513 |
| Community Concern Erewash | 102,181 |
| Hallmark Community Housing Association Limited | 104,449 |
| Relate Derby & Southern Derbyshire | 104,743 |
| Citizen Advocacy Lincolnshire Link | 105,113 |
| Ashwood Community Resource | 107,675 |
| Ollerton and Boughton Scout and Guide Group | 111,793 |
| Refugee Housing Association Limited | 113,931 |
| Lincoln Community Development Worker Project | 117,350 |
| Age Concern Leicester | 122,979 |
| South Leicestershire Citizens Advice Bureau | 127,554 |
| Hope For The Homeless | 131,497 |
| Age Concern Regional Support Services (East Midlands) | 131,717 |
| Leicester Money Advice Disability Direct | 132,223 |
| Daylight Centre Fellowship | 132,279 |
| Daylight Centre Fellowship | 135,325 |
| South Leicestershire Council for Voluntary Service | 136,281 |
| Lutterworth Volunteer Bureau | 136,463 |
| West Lindsey Citizens Advice Bureau | 138,968 |
| BTCV | 145,304 |
| Citizens Advice Broxtowe | 148,930 |
| Fiskerton-cum-Morton Sports and Gala Association | 150,000 |
| Swineshead Pre-School Playgroup | 150,000 |
| Voluntary Action Hinkley and Bosworth | 157,545 |
| Derby Rape Crisis | 159,160 |
| Friary Drop-In Limited | 165,941 |
| Worksop United Church | 170,000 |
| Rumbles Catering Project Ltd | 172,337 |
| Fiskerton Village Hall | 175,000 |

| | |
|---|---------|
| Home-Start Boston | 199,766 |
| Jacksdale Miners' Welfare Institute | 220,195 |
| The Old Post Regeneration Association Limited | 225,170 |

Eastern

| | |
|--|---------|
| S N A P Special Needs And Parents | 101,350 |
| Norfolk & Norwich Association For Mental Health | 107,092 |
| The Disability Resource Centre | 107,652 |
| Alcohol Services For The Community (ASC) | 110,818 |
| Cambridge Ethnic Community Forum | 111,037 |
| Wayland Partnership Development Trust | 111,746 |
| Community Development Agency for Hertfordshire | 112,551 |
| Cambridge Independent Advice Centre | 115,301 |
| The Samaritans of Basildon And Thurrock | 118,970 |
| Suffolk Refugee Support Forum | 121,089 |
| Bloodmoor Hill Community Association | 121,793 |
| Home-Start Maldon District | 126,000 |
| All Saints' Centre For Employment and New Directions Ltd | 132,580 |
| Childrens Legal Centre | 134,161 |
| Suffolk Association Of Voluntary Organisations | 135,763 |
| Ipswich Housing Group | 140,393 |
| African Caribbean Arena | 141,200 |
| Waveney Young Peoples' Project | 147,352 |
| Royal Mencap Society | 147,405 |
| The Parochial Church Council, The Parish of Pitsea with Nevendon | 147,584 |
| The Pavis Foundation for Visually Impaired People | 153,059 |
| Lowestoft & District Volunteer Bureau | 154,799 |
| Care Network | 159,025 |
| Brandon & Mildenhall Citizens Advice Bureau | 165,374 |
| Dial Basildon | 171,337 |

| | | | |
|---|---------|---|---------|
| St Lukes Hospice (Basildon & District) Limited | 179,531 | Somali Advice And Resource Centre (London & the South East) | 143,368 |
| Centre For African Families Positive Health | 186,925 | The Action Trust For Blind And Disabled People | 144,841 |
| British Red Cross Society | 192,986 | St James' House | 146,630 |
| Community Connections | 207,661 | Greenwich Action Committee Against Racist Attacks | 149,613 |
| The Royal Philanthropic Society incorporating The Rainer Foundation | 224,230 | Islington Age Concern | 149,732 |
| Blackwater Charitable Housing Association Ltd | 247,670 | The Women's Therapy Centre | 153,002 |
| London | | The Migrant's Resource Centre | 153,442 |
| St. Dunstan's Parochial Church Council | 100,000 | Asian Women Lone Parents' Association | 154,234 |
| Hackney Chinese Community Services | 100,928 | ADVANCE (Advocacy & Non Violence Community Education) | 155,287 |
| London Advice Services Alliance Company Limited | 103,000 | London 21 Sustainability Network | 155,530 |
| Dulwich Helpline | 103,616 | The London Magistrates Courts Support and Information Service | 157,223 |
| The Religious Sisters of Charity Charitable Trust | 107,800 | Waltham Forest Volunteer Centre | 158,644 |
| Enfield Voluntary Action | 107,894 | Kurdish Association for Refugees | 164,139 |
| Kiran Asian Women's Aid | 112,486 | Lambeth Women's Aid Limited | 164,421 |
| Croydon Somali Community Association | 113,243 | Westminster Befriend a Family One-to-One | 166,346 |
| Kingsgate Community Association | 117,641 | Islington Carers Forum | 166,982 |
| Islington Age Concern | 118,088 | Matchbox Theatre Trust | 167,591 |
| African Youth League | 119,025 | Feltham Community Chaplaincy Trust | 172,043 |
| FPWP Hibiscus Ltd | 122,092 | Spitalfields Crypt Trust | 175,027 |
| Bede House Association | 122,670 | Action Acton Limited | 178,021 |
| Thames View Community Project | 125,567 | Home-Start Haringey | 178,209 |
| New Economics Foundation | 127,078 | The Salmon Youth Centre In Bermondsey | 181,518 |
| Weavers Adventure Playground Association | 127,253 | HIV/AIDS Association of Zambia | 182,292 |
| Africa Educational Trust | 128,414 | South West London Law Centres | 183,121 |
| Mosaic Clubhouse | 129,116 | Naz Project London | 183,409 |
| Core Arts | 129,336 | Home-Start Enfield | 185,753 |
| Waterloo Community Counselling | 129,383 | Evelyn Oldfield Unit | 186,191 |
| Family Support Group | 130,400 | The Big Fish Theatre Company Ltd | 187,046 |
| M O S A C Mothers Of Sexually Abused Children | 137,083 | Women's Health and Family Services | 190,576 |
| WinVisible | 140,573 | The Methodist Church in Tower Hamlets | 192,921 |
| The Trojans Scheme | 142,551 | The Consortium Of Bengali Associations | 195,059 |

Section thirteen

| | | | |
|---|---------|---|---------|
| Newham Community Renewal Programme Ltd | 195,255 | Alzheimer's Disease Society (Sunderland Branch) | 111,117 |
| Haringey Association Of Voluntary And Community Organisations | 195,665 | Age Concern Metropolitan Gateshead Ltd | 113,551 |
| Orpington Shopmobility Association | 199,153 | Advocacy and Information Foundation | 117,592 |
| Barnet Refugee Service | 208,246 | Council Of Voluntary Service For Easington District | 118,229 |
| Women's Resource Centre | 209,217 | Royal National Institute for Deaf People | 118,229 |
| Havering Citizens Advice Bureau | 210,161 | Age Concern Darlington | 119,091 |
| Thornhill Neighbourhood Project | 221,209 | Hemlington Detached Youth Work Project Ltd | 120,000 |
| Enfield Women's Aid | 222,753 | Gay Advice Darlington | 121,704 |
| South Bromley Forum | 228,579 | Newcastle Society For Blind People | 122,264 |
| Enfield Children & Young Persons Service | 231,984 | Red Hall Community Association | 123,000 |
| Local Employment Access Projects | 232,250 | Gateshead Carers Association | 123,295 |
| New Avenues Youth and Community Project | 233,243 | Newcastle Upon Tyne Y M C A | 129,427 |
| Asylum Support Appeals Project | 235,147 | St Simons Community Project | 129,840 |
| Confederation of Indian Organisations (UK) | 237,137 | Mobex North East | 131,919 |
| Finsbury Park Homeless Families Project | 237,239 | St Cuthberts Care | 133,425 |
| Bright Red Dot Foundation | 242,332 | Sherburn Road Community Action Partnership | 136,146 |
| Terrence Higgins Trust | 243,029 | Down's Syndrome North East | 136,395 |
| Disability Alliance-Educational and Research Association | 243,347 | St Josephs' Emmaus Centre | 140,795 |
| Broadway Homelessness and Support | 243,373 | Search Project | 143,889 |
| FareShare | 243,646 | Speaking Up Groups in County Durham | 144,180 |
| Education Action International | 247,323 | Monkchester Nursery Family Centre | 150,545 |
| Afiya Trust | 247,938 | Alzheimer's Society - Teesside Branch | 150,569 |
| Trinity at Bowes Methodist Church | 250,000 | Horden Youth and Community Centre | 152,116 |
| North East | | Norcare Limited | 154,205 |
| ME North East | 100,242 | Bridge Women's Education & Support Centre | 155,531 |
| Sunderland Headlight | 100,487 | Teesside Homeless Action Group | 173,488 |
| Firthmoor and District Community Association | 101,078 | Blyth Young Peoples Centre | 190,167 |
| Tynedale Voluntary Action | 102,101 | Newcastle-Upon-Tyne Council For Voluntary Service | 195,406 |
| Advocacy in Gateshead and South Tyneside | 103,539 | St Martin's Centre Partnership | 200,000 |
| Wansbeck Council For Voluntary Service | 104,966 | The Regional Refugee Forum North East | 205,124 |
| Baseline | 105,000 | | |

North West

| | | | |
|--|---------|---|---------|
| Wirral Multicultural Organisation | 105,494 | Age Concern Barrow And District | 167,975 |
| Hyndburn and Ribble Valley CVS | 105,970 | Merseyside Diabetes Support Group | 169,817 |
| Age Concern Lancashire | 112,577 | Burnley District Citizens Advice Centre | 173,759 |
| St Mark's Community Initiative | 121,222 | Youth Federation for Cheshire, Halton, Warrington and Wirral | 175,805 |
| Porchfield Community Association | 121,734 | Freehold Community Group | 177,709 |
| Simeon Centre Counselling Service | 126,238 | Ethnic Minority Benevolent Association | 177,921 |
| Alzheimer's Society Knowsley Borough Branch | 127,997 | Walton Lea Project | 179,266 |
| The Gatehouse Publishing Charity Limited | 130,104 | Home Start South Liverpool | 188,486 |
| Tameside Blind Association | 132,848 | Relate Bolton and Wigan | 192,101 |
| Oldham Disability Alliance | 133,080 | Diversity in Barrier-Breaking Communications | 194,374 |
| Merseyside Employment Law | 134,521 | Wigan and Leigh Young People's Counselling Project | 202,402 |
| St. Peter's Community Partnership | 141,944 | Salford Council For Voluntary Service | 205,914 |
| West Kirby and District Citizens Advice Bureau Limited | 143,798 | Citizens Advice Service In The Borough Of Wigan | 206,319 |
| Cumbria Youth Alliance | 148,221 | Cumbria Community Foundation | 206,612 |
| Wigan And Leigh Council For Voluntary Service | 149,375 | North Liverpool Regeneration Company Limited | 209,014 |
| Community Care Options | 149,423 | Bolton Association and Network of Drop Ins | 211,558 |
| Ingol and Tanterton Action Group | 149,904 | The Methodist Church | 216,093 |
| BASIC | 154,516 | Sefton Carers Centre | 216,705 |
| Victim Support and Witness Service – Greater Manchester Limited | 155,148 | Halton Voluntary Action | 217,352 |
| Scope | 155,266 | Age Concern South Lakeland | 224,510 |
| Sefton O.P.E.R.A | 155,273 | NCH | 228,607 |
| Oakhill District Guide Association | 156,584 | Advice and Community Resource Centre | 231,132 |
| Venture Arts Limited | 157,922 | Emmaus Bolton | 232,000 |
| Community Gardening (Ribble Valley and Hyndburn) | 157,962 | Liverpool Personal Service Society (Incorporated) | 235,996 |
| Employment Opportunities for People with Disabilities | 158,932 | St Ambrose Young Families Project | 242,224 |
| The Chester and Ellesmere Port Independent Advocacy Service | 159,421 | Henshaw's Society for Blind People | 246,057 |
| Macclesfield And District Disability Information Bureau | 161,108 | Voluntary Action Tameside | 249,558 |
| Halton Autistic Family Support (HAFS) Group | 162,201 | | |
| East Lancashire Deaf Society Limited | 165,159 | South East | |
| | | Sherborne St John Village Hall | 100,000 |
| | | The Lodge Hill Trust | 100,000 |
| | | Age Concern Cowplain | 100,000 |
| | | Home-Start WeyWater | 100,116 |

Section thirteen

| | | | |
|--|---------|---|---------|
| Alfold Hall | 104,436 | It's Your Choice | 158,162 |
| Home- Start Canterbury and Coastal | 105,602 | Brighton Housing Trust | 166,851 |
| Home-Start Winchester and Districts | 109,891 | Reading Mental Health | |
| Thanet Early Years Project | 111,397 | Resource Centre | 167,329 |
| New Romney Counselling | | Kent Refugee Action Network | 167,620 |
| Services Limited | 114,908 | The Lifetrain Trust | 168,484 |
| Disablement Information and | | Home-Start (Slough) | 173,530 |
| Advice Line, North West Kent | 117,573 | NCH | 191,416 |
| The Carers Centre for Brighton | | Girls Friendly Society in England & Wales | 192,827 |
| and Hove Limited | 118,926 | Bucks Disability Information Network | 196,501 |
| The Christian Housing Trust | 119,552 | Shorncliffe Community Centre | 200,000 |
| Furniture Now | 121,050 | Dartford Swanley and District | |
| Mid-Sussex Body Positive | 122,917 | Mencap Society | 200,000 |
| The Clive Project | 123,519 | West Sussex Association For The Blind | 200,451 |
| Money Advice And Community | | The Mary Hare Grammar School | |
| Support Service | 124,648 | for the Deaf | 211,000 |
| aMAZE Brighton and Hove | 128,003 | Women's Support Service | 211,588 |
| Chiltern Racial Equality Council | 131,538 | Age Concern Milton Keynes | 225,000 |
| Royal National Institute for Deaf People | 132,121 | Age Concern (Eastbourne Number 2) | |
| Hastings And Rother Citizens | | Limited | 225,422 |
| Advice Bureau | 132,801 | St Richard Of Chichester, Christian | |
| Maidstone and North West | | Care Association Limited | 229,368 |
| Kent Crossroads Caring for Carers | 133,758 | Kent Community Housing Trust | 229,747 |
| Barton Community Association | 134,136 | Home-Start Shepway | 248,943 |
| Victim Support Oxfordshire and | | | |
| Buckinghamshire Limited | 135,054 | South West | |
| Thanet Mediation Sevice | 135,988 | Cheltenham Housing Aid Centre | 103,810 |
| Kent Association For The Blind | 136,404 | YMCA Cornwall | 109,562 |
| Banbury Citizens Advice Bureau | 138,005 | Community Council For Somerset | 110,038 |
| Buckingham, Winslow and District | | Home-Start Torridge | 110,475 |
| Citizens Advice Bureau | 138,306 | Home Start Bournemouth | 113,036 |
| Mid & South East Kent Council For | | Include to Inform | 113,286 |
| Voluntary Service Limited | 139,438 | Sheltered Work Opportunities Project | 119,015 |
| Portsmouth Council Of | | Headway Devon | 121,075 |
| Community Service | 141,565 | Gay & Lesbian Friend Helpline | |
| Crawley Ethnic Minority Partnership | 142,168 | Gloucester | 121,426 |
| Smarden New Village Hall Committee | 150,000 | Cornwall Women's Refuge Trust | 122,925 |
| Alton Citizens Advice Bureau | 151,665 | Ottervale One To One | 124,391 |
| Cranstoun Drug Services | 153,245 | South Mead Development Trust | 124,771 |
| The Royal Philanthropic Society | | ACTA Community Theatre | 125,000 |
| incorporating The Rainer Foundation | 153,486 | | |

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|---|---------|---|---------|
| North Bristol Advice Centre | 125,896 | | |
| Exeter Community Initiatives | 129,785 | | |
| Student and Refugees Together | 131,434 | | |
| One25 Limited | 133,068 | | |
| The Clivey Project | 133,273 | | |
| The Dreadnought Centre | 134,936 | | |
| Somewhere To Go Ltd | 136,831 | | |
| East Cornwall Council For Voluntary Service Ltd | 137,777 | | |
| Living Options Devon | 138,418 | | |
| Mind in Taunton and West Somerset | 146,643 | | |
| Project 58 | 148,332 | | |
| Community Council Of Devon | 149,780 | | |
| South West Forum | 150,000 | | |
| Fernheath Play Association | 150,000 | | |
| Young People Cornwall | 150,000 | | |
| Bournemouth Forum - Independent Speaking Up Group | 152,642 | | |
| Community Action | 153,499 | | |
| Age Concern Wiltshire | 156,201 | | |
| Brake Farm Ltd | 159,254 | | |
| Newlyn Trinity Methodist Church | 160,000 | | |
| GLOFYSH Limited | 160,801 | | |
| Academy of Circus Arts and Physical Theatre | 164,857 | | |
| Moorland Hall & Recreation Ground Committee | 170,000 | | |
| Somerset Community Food Projects Network | 171,323 | | |
| North Somerset Citizens Advice Bureau | 175,843 | | |
| Torrige Voluntary Services | 175,933 | | |
| Age Concern Regional Support Services (South West Region) | 177,000 | | |
| Age Concern Bristol | 180,548 | | |
| Bournemouth Council for Voluntary Service | 187,268 | | |
| Penwith Community Development Trust | 189,873 | | |
| Greater Bristol Foundation | 250,000 | | |
| | | West Midlands | |
| | | King's Community Church Project | 100,000 |
| | | Age Concern Malvern and District | 100,783 |
| | | Bridle Gate Project | 101,765 |
| | | The Manna House (Tamworth) Company | 104,819 |
| | | Frank F. Harrison Community Association | 105,366 |
| | | Age Concern Bromyard & District | 106,057 |
| | | Mediation and Community Support | 108,656 |
| | | British Red Cross Society | 109,071 |
| | | Heartland Older People's Forum | 109,392 |
| | | Leebotwood Village Hall | 110,266 |
| | | Minorities of Europe | 112,925 |
| | | Mid Staffs Mind Ltd | 113,583 |
| | | Terrence Higgins Trust | 118,399 |
| | | National Energy Action | 119,056 |
| | | Changes (12 Step Programme To Mental Health) | 122,212 |
| | | Darlaston Methodist Church | 124,463 |
| | | WEAD | 125,757 |
| | | Halesowen/Dudley Yemeni Community Association | 130,165 |
| | | Offchurch Village Hall Foundation | 130,500 |
| | | Kairos Women Working Together | 130,968 |
| | | Herefordshire Voluntary Action | 132,611 |
| | | Oswestry Youth Cafe Ltd | 133,187 |
| | | Burntwood And District Citizens Advice Bureau | 134,683 |
| | | Lichfield and District Council for Voluntary Services | 135,401 |
| | | Crimestoppers Trust | 138,995 |
| | | Little Comberton Village Hall Trust | 140,000 |
| | | Headway (West Midlands) Limited | 140,000 |
| | | Church Links | 140,025 |
| | | Foleshill Multi Cultural Open Forum | 141,985 |
| | | The Stoke on Trent and District Gingerbread Centre | 145,541 |
| | | Rugeley & District Citizens Advice Bureau | 146,543 |

Section thirteen

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| Walsall Disability Information And Advice Line | 147,013 | Yorkshire and the Humber | |
| Age Concern Dudley | 148,745 | Hessle Road Network | 103,218 |
| Royal National Institute of the Blind | 155,388 | Doncaster Advocacy | 103,793 |
| Bangladeshi Islamic Centre | 155,660 | Bentley Association For Supportive Help | 106,457 |
| The John White Community Centre Limited | 160,000 | Thirsk Clock | 106,691 |
| North Worcestershire DIAL | 164,978 | Conisbrough & Denaby Development Trust | 115,594 |
| Crisis Point | 165,224 | St Augustine's Centre Management Committee | 116,003 |
| Dudley Caribbean and Friends Association | 166,179 | Sheffield Chinese Community Centre | 117,606 |
| The Lisieux Trust | 166,698 | Age Concern Rotherham | 120,344 |
| Women's Help Centre Limited | 167,915 | Voluntary Action Wakefield District | 123,092 |
| Mid Staffordshire Mencap | 168,271 | Home Start Barnsley | 126,133 |
| Age Concern Solihull | 172,277 | Hull Play Resource Centre Scrapstore | 133,522 |
| Guideposts Trust Limited | 173,211 | Dinnington Area Regeneration Trust Ltd | 133,977 |
| Relate Coventry | 173,924 | Whitby and District Disablement Action Group | 134,246 |
| Saltley and Nechells Law Centre Limited | 176,884 | Scope | 134,264 |
| The North Staffordshire Dyslexia Association | 179,677 | Doncaster Women's Aid | 134,468 |
| The Haven Wolverhampton | 181,799 | FACE Advice Centre | 134,782 |
| Worcestershire Association of Carers | 182,654 | Community Awareness Programme | 139,254 |
| Walsall Community Church | 185,050 | Swinton Lock Activity Centre | 141,510 |
| Preston On Wye Village Hall | 186,000 | Friend to Friend | 143,642 |
| Stafford Women's Aid Group | 189,765 | Alzheimer's Society | 144,407 |
| Asylum Support and Immigration Resource Team | 192,025 | Armley Prison Visitors' Centre | 146,170 |
| Disabled Peoples Network Solihull | 192,359 | Crosby Community Association | 146,362 |
| Dudley Racial Equality Council | 194,377 | Scarborough and District Citizens Advice Bureau | 147,059 |
| Saint George's House Charity | 196,880 | Refugee New Arrivals Project | 147,867 |
| Hateley Heath Initiative | 196,967 | People in Action (Leeds) | 149,902 |
| Welcome | 197,773 | Home-Start North Lincolnshire | 153,640 |
| Rural Emotional Support Team | 198,000 | Green Team | 156,605 |
| Asian Deaf Group | 199,968 | Pontefract Miners Recreational Charity | 159,218 |
| Dudley Asian Women's Centre | 202,878 | Hull Women's Centre | 163,667 |
| South Shropshire Youth Forum | 211,772 | Sharrow Citizens Advice Bureau | 164,695 |
| | | Hickleton Youth Project | 166,625 |
| | | Westcliff Neighbourhood Drop In Centre | 175,301 |
| | | People Matters (Leeds) Ltd | 177,779 |

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| Bradford Talking Magazines Ltd | 178,035 | Association | 139,070 |
| The Huddersfield Chinese Community Centre | 180,409 | Northern Ireland Anti Poverty Network | 140,435 |
| Wakefield and District Play Forum | 182,154 | Community Evaluation Northern Ireland | 144,275 |
| Wakefield and District Play Forum | 184,568 | Down's Syndrome Association | 147,656 |
| Foxhill and Parson Cross Advice Service | 187,626 | The Northern Ireland Cancer Fund for Children | 150,000 |
| Wath upon Dearne Community Partnership | 188,238 | The National Deaf Children's Society | 151,131 |
| North Doncaster Development Trust | 191,938 | Pomeroy Resource Group | 165,873 |
| Cultures United in Kirklees | 199,378 | Northern Ireland Attention Deficit Disorder | 178,826 |
| Resourcing the Community | 199,721 | Bryson House | 247,240 |
| RedDoles Playground Committee | 199,867 | | |
| Wakefield Tenants and Residents Federation Ltd | 199,906 | Scotland | |
| Doncaster Alcohol Services | 204,245 | Volunteer Centre Edinburgh | 100,772 |
| The Scarman Trust | 205,328 | South Lanarkshire Volunteering Enterprise | 102,914 |
| Royds Community Association | 223,626 | Circles Network | 104,052 |
| York People First 2000 | 243,798 | Enable Scotland | 106,388 |
| Northern Ireland | | Annandale and Eskdale Council for Voluntary Service | 106,782 |
| Mediation Northern Ireland | 100,000 | NCH | 107,007 |
| Parents Advice Centre | 106,376 | Castlemilk Community Forum | 107,216 |
| Lough Shore Youth Forum | 108,112 | East Ayrshire Council For Voluntary Organisations | 111,702 |
| The Womens Tec (Training, Enterprise & Childcare Centre) | 108,389 | Drumchapel Caravan Users Group Project | 113,473 |
| Cloney Rural Development Association | 110,000 | S.I.S.G Enterprises Ltd | 114,413 |
| Naiscoil Mhaol Iosa | 119,451 | Rhinn's Playground Association | 114,994 |
| Northern Ireland Rape Crisis Association | 119,538 | Multi Ethnic Aberdeen Limited | 116,529 |
| Northern Ireland Council for Voluntary Action | 120,320 | Cearns Community Development Project | 119,926 |
| The Senior Citizens Consortium Sperrin Lakeland | 120,944 | Childcare Choices Flexible Services | 120,474 |
| Lifestart Foundation Limited | 123,565 | L.A.M.H. Recycle Ltd | 121,765 |
| The Gransha Hall Management Committee | 125,000 | West Alness Residents Association | 122,134 |
| Dunluce Family Centre Ltd. | 126,305 | Parkinsons Self Help Group (Motherwell Area) | 123,172 |
| Mulholland Aftercare Services Ltd | 127,471 | I.S.E.A. (Scotland) | 124,027 |
| Mourne Stimulus LTD | 129,724 | Turning Point Scotland | 125,137 |
| Cruse Bereavement Care | 134,372 | Common Wheel | 126,413 |
| Gortnaghey Community Association | 136,132 | Argyll and Bute Volunteer Centre | 129,901 |
| Northern Ireland Muslim Family | | The Blast Drug Project | 129,994 |

Section thirteen

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| Motherwell & Wishaw Citizens Advice Bureau | 130,106 | Northwest Economic Network | 180,395 |
| Renfrewshire Carers Centre | 130,273 | Whitecrook Community Group | 181,000 |
| Positive Voice | 132,687 | Abrohill Regeneration Forum | 181,000 |
| Scottish Council on Deafness | 138,617 | Petersburn Development Trust | 181,500 |
| The Inclusion Group | 139,563 | CVS Hamilton / East Kilbride Ltd | 182,634 |
| Council of Management of Kilchrenan Village Hall | 140,700 | Centre For Independent Living In Glasgow | 187,235 |
| Camphill Blair Drummond Trust Ltd | 140,717 | Alcohol and Drugs Support South West Scotland | 187,500 |
| Glasgow Homelessness Network | 142,110 | Argyll and Bute Citizens Advice Bureau | 189,472 |
| IntoWork Ltd | 142,742 | Community Can Cycle | 189,763 |
| Senior Action Group Edinburgh | 143,506 | Scottish Huntington's Association | 190,624 |
| 25% ME Group | 143,978 | Skillnet Edinburgh | 191,626 |
| Community Led Action and Support Project, Stevenston | 144,066 | Hutton Village Hall | 195,000 |
| Greater Easterhouse Money Advice Project | 145,000 | The Child Brain Injury Trust | 196,218 |
| (Dundee) Hearing Voices Network | 147,006 | Foula Electricity Trust | 198,905 |
| Greater Easterhouse Alcohol Awareness Project | 149,643 | Raasay Community Association | 201,000 |
| Interest Link Borders | 149,703 | Stepping Stones | 211,210 |
| Clydesdale Community Initiatives | 151,068 | Ayr Shopmobility Ltd | 211,305 |
| Reach Community Health Project | 151,689 | Bridgeton Community Learning Campus Ltd | 220,000 |
| Motherwell & Wishaw Citizens Advice Bureau | 154,496 | Equal Futures | 242,803 |
| Equal Say Ltd | 157,987 | Dystrophic Epidermolysis Bullosa Research Association | 248,049 |
| Renfrewshire Carers Centre | 160,483 | Wales | |
| Playplus (Stirling) Limited | 162,410 | DIAL Swansea Neath Port Talbot | 100,956 |
| Momentum Scotland | 166,887 | Newport Mind | 106,792 |
| Epilepsy Action Scotland | 167,129 | Llamau Limited | 109,741 |
| North Ayr Resource Centre | 167,803 | Manic Depression Fellowship Wales | 111,321 |
| Aberdeen Day Project Limited | 170,250 | Mental Health Advocacy in Pembrokeshire | 113,452 |
| The Lighthouse Foundation | 170,757 | Glyndwr Women's Aid | 114,089 |
| Princess Royal Trust Lanarkshire Carers Centre | 171,000 | Rhymney Valley Young at Hearts | 119,057 |
| Integrating Toryglen Community | 172,879 | BTCV Cymru | 127,523 |
| Gorbals Initiative | 174,366 | 'Yellow' Wales | 128,324 |
| The Parents Support and Education Centre | 174,635 | ForUs - A Forum for Users of Mental Health Services in Caerffili County Borough | 128,597 |
| Community Orchard Ltd | 179,431 | Daffodils | 131,516 |
| | | Royal National Institute of the Blind | 137,458 |

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| Royal National Institute for Deaf People | 137,608 | The Who Cares? Trust | 171,324 |
| Welsh Initiative for Supported Employment | 152,652 | Chance (UK) Limited | 177,283 |
| Bangor Homestart | 156,536 | British Epilepsy Association | 179,805 |
| Canolfan Ceiriog Centre Cyf | 162,220 | The Royal Air Forces Association | 188,000 |
| Groundwork Bridgend and Neath Port Talbot | 166,494 | Oxfam | 189,618 |
| Boys' and Girls' Clubs of Wales | 166,626 | Brain and Spine Foundation | 196,147 |
| Vision Enhancement Services Ltd | 167,033 | Kidscape | 198,748 |
| Flintshire Local Voluntary Council | 176,641 | Furniture Recycling Network | 200,000 |
| Age Concern North Wales Central | 176,996 | Talking Newspaper Association of the United Kingdom | 203,634 |
| New Sandfields Sustainable Regeneration Ltd | 177,788 | National Association for Providers of Activities for Older People | 209,383 |
| Merthyr Tydfil Crossroads – Caring for Carers | 180,033 | Alzheimer's Society | 215,457 |
| Gwent Council On Alcohol And Drug Misuse | 182,595 | Respond | 223,219 |
| The Women's Workshop, Cardiff Training Centre | 185,614 | Cued Speech Association UK | 244,235 |
| Fostering Network | 192,326 | | |
| Fairbridge South Wales | 200,340 | Research | |
| Carmarthenshire Youth and Children's Association | 203,971 | St Gemma's Hospice | 105,996 |
| Hilltop Regeneration Committee | 211,558 | Northern Ireland Centre for Trauma & Transformation | 107,500 |
| Ystrad Mynach Boy's and Girl's Club | 219,423 | Age Concern Surrey | 140,952 |
| Knighton & District Community Support | 220,281 | Save The Children Fund | 142,600 |
| Beacon of Hope - Ffagl Gobaith | 233,017 | Blind Centre For Northern Ireland | 143,616 |
| The Venture | 239,073 | Kalayaan: Justice for Migrant Domestic Workers | 147,235 |
| | | Royal Scottish Society for Prevention of Cruelty to Children | 157,889 |
| International | | Age Concern Scotland | 172,460 |
| Development Technology Workshop | 169,427 | The Anna Freud Centre | 172,521 |
| Link Community Development | 240,000 | Birmingham Association Of Youth Clubs | 178,403 |
| | | The Refugee Council | 182,638 |
| Strategic Grants | | The Mental Health Foundation | 194,721 |
| Lymphoedema Support Network | 100,130 | The National Kidney Research Fund | 203,464 |
| Institute of Race Relations | 142,395 | The Anna Freud Centre | 206,695 |
| Anne Frank Educational Trust Ltd | 150,000 | South Manchester Law Centre | 207,916 |
| Association of Parents, Relatives & Friends of Camphill | 152,050 | The Churches' Regional Commission in the North East | 217,870 |
| Apex Charitable Trust Limited | 154,775 | The National Childbirth Trust | 218,785 |
| Family Welfare Association | 156,572 | Fathers Direct | 220,573 |
| | | YWCA England and Wales | 244,813 |

Section fourteen

List of grants over £250,000

| | | | |
|--|---------|--|---------|
| Eastern | | Home-Start Knowsley | 299,980 |
| Kickstart | 284,356 | Tameside Third Sector Coalition | 300,000 |
| London | | Claire House Children's Hospice | 300,000 |
| Black Training and Enterprise Group | 258,462 | South East | |
| North West | | Carers Together In Hampshire | 260,059 |
| The Medical Foundation for the Care of Victims of Torture | 250,481 | Mother Tongue Counselling and Listening Service | 266,087 |
| Catholic Caring Services (Diocese of Lancaster) Ltd | 253,644 | Aylesham Neighbourhood Project | 283,542 |
| West Lancashire Disability Helpline | 257,909 | The St Cuthbert's Trust Portsmouth | 300,000 |
| Bolton and District Citizens Advice Bureau | 263,259 | North Leigh War Memorial Hall | 300,000 |
| South West Lancashire Independent Community Advice Network Ltd | 265,291 | West Midlands | |
| 42nd Street - Community Based Resource for Young People Under Stress | 266,025 | Weston Spirit | 285,350 |
| Combined Hospitals Citizens Advice Bureau | 275,423 | North Solihull Voluntary Community Alliance | 299,638 |
| West Lancashire Women's Refuge Limited | 276,581 | Yorkshire and the Humber | |
| Lighthouse Project (North West) | 278,091 | Leeds Connecting Communities | 250,616 |
| Age Concern Salford | 282,163 | Shantona Women's Centre | 259,301 |
| Stockport Action For Supported Housing | 282,467 | Shelter, the National Campaign for Homeless People Ltd | 272,845 |
| Oldham Kick Start Project | 287,110 | Netherthorpe and Uppertorpe Community Alliance | 280,873 |
| City Centre Project Limited | 288,116 | Dearne Valley Venture Limited | 283,416 |
| Supporting People Achieving Real Choice | 290,814 | Voluntary Action Kirklees | 287,976 |
| Chara Trust | 291,467 | South Yorkshire Voluntary And Community Sector Training Consortium | 290,212 |
| Somaliland Community Centre | 292,835 | M25 Housing and Support Group | 292,333 |
| Victim Support and Witness Service – Greater Manchester Limited | 293,367 | Crofton Community Centre | 299,500 |
| Houghton Nursery Group | 293,950 | Hull Community Church | 300,000 |
| Family Refugee Support Project | 294,024 | | |
| Benchill Community Centre | 294,328 | | |
| Bury Law Centre | 294,389 | | |
| Merseyside Play Action Council | 298,280 | | |
| The Progress Trust Company Limited | 299,322 | | |

Northern Ireland

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| Rural Community Network (NI) Ltd | 250,782 |
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Scotland

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| Highland Community Care Forum | 258,695 |
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| YMCA Glasgow | 279,747 |
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| Glengarry and District Community Association | 300,000 |
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Wales

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| Skill: National Bureau for Students with Disabilities | 256,383 |
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| British Lung Foundation | 262,666 |
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| Newport Citizens Advice Bureau | 267,195 |
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| The Valleys Race Equality Council | 277,935 |
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| Deafblind UK | 292,605 |
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| Care & Repair (Neath Port Talbot) | 293,141 |
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International

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| Find Your Feet | 268,525 |
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| Ecologia Trust | 304,621 |
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| Concern Universal | 326,023 |
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| V E T A I D | 330,324 |
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| Harvest Help | 333,701 |
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| Population Services International/ Europe | 339,276 |
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| Children In Crisis | 370,900 |
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| ACTIONAID | 374,015 |
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| Sense International | 390,553 |
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| The Rainforest Foundation UK | 392,610 |
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| A P T Enterprise Development | 393,444 |
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| European Dialogue | 396,850 |
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| S O S Sahel International (UK) | 400,446 |
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| BasicNeeds | 449,968 |
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| International Planned Parenthood Federation | 451,759 |
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| Helpage International | 465,730 |
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| Interact Worldwide | 482,257 |
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| Coda International | 512,909 |
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| Helpage International | 528,738 |
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| Scottish Catholic International Aid Fund | 557,210 |
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| Tree Aid | 711,555 |
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| CARE International UK | 719,616 |
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| Voluntary Service Overseas | 732,674 |
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| Health Unlimited | 759,119 |
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Research

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| Women's Aid Federation of England (W A F E) | 261,631 |
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| Encephalitis Support Group | 280,300 |
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| Youth Action Network | 282,901 |
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| SPARKS | 396,620 |
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| Muscular Dystrophy Group of Great Britain & Northern Ireland | 482,452 |
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| Cystic Fibrosis Trust | 509,759 |
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Section fourteen

Strategic Grants

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|---|-----------|
| The Sir Oswald Stoll Foundation | 281,000 |
| Save the Children Fund (UK) | 282,051 |
| Confederation of Indian Organisations (UK) | 287,229 |
| ASSIST | 293,451 |
| Royal National Institute of the Blind | 300,000 |
| Voice For The Child In Care | 300,834 |
| Refugee Action | 303,620 |
| The Movement for Non-Mobile Children (Whizz-Kidz) | 313,224 |
| Time Banks UK | 321,164 |
| The National Tenants Resource Centre | 348,639 |
| Scope | 350,488 |
| Contact The Elderly | 350,518 |
| School for Social Entrepreneurs | 351,149 |
| Rights Of Women | 353,072 |
| UK Network of Sex Work Projects | 359,291 |
| Leap Confronting Conflict | 363,472 |
| National Association Of Victim Support Schemes | 365,178 |
| NCVO | 370,253 |
| The Blood Pressure Association | 382,348 |
| London Advice Services Alliance Company Limited | 384,347 |
| Henshaw's Society for Blind People | 393,218 |
| Carers' National Association | 413,084 |
| National Group On Homeworking | 423,741 |
| Mental Health Media Council | 457,445 |
| Scope | 459,400 |
| Youth Access | 461,895 |
| National Council For Hospice & Specialist Palliative Care Service | 487,492 |
| Family Planning Association | 488,699 |
| FareShare | 689,364 |
| The Venture Trust | 959,041 |
| The Carnegie United Kingdom Trust | 2,200,000 |

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