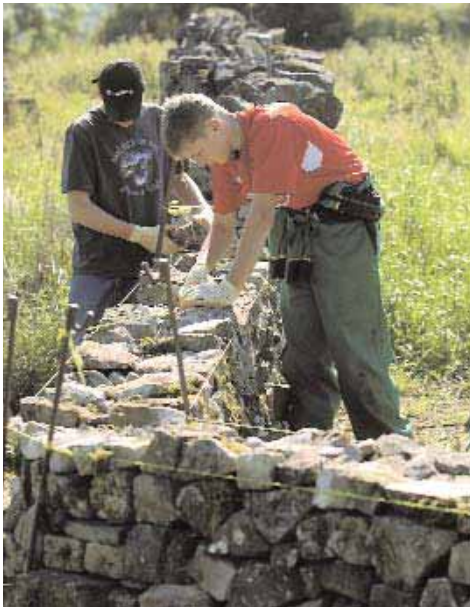


Big Lottery Fund



Annual Report and Accounts for the financial year ended 31 March 2008



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Accessibility

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Our equality principles

Promoting accessibility; valuing cultural diversity; promoting participation; promoting equality of opportunity; promoting inclusive communities; reducing disadvantage and exclusion. Please visit our website for more information.

We care about the environment

The Big Lottery seeks to minimise its negative environmental impact and only uses proper sustainable resources.

Our mission

We are committed to bringing real improvements to communities and the lives of people most in need.

Our values

We have identified seven values that underpin our work: fairness; accessibility; strategic focus; involving people; innovation; enabling; additional to government.

The Big Lottery Fund is committed to valuing diversity and promoting equality of opportunity, both as a grantmaker and employer. The Big Lottery Fund will aim to adopt an inclusive approach to ensure grant applicants and recipients, stakeholders, job applicants and employees are treated fairly.

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Big Lottery Fund

Annual Report and Accounts

for the financial year ended 31 March 2008

Annual Report presented in compliance with section 34(3) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) by the Secretary of State for Culture, Media and Sport.

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Big Lottery Fund

Annual Report and Accounts 2007/08

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Introduction

by the Chair and Chief Executive

The Big Lottery Fund was established formally in December 2006, via the legal merger of the Community Fund and New Opportunities Fund, and the transfer of residual activities and assets from the Millennium Commission. This report outlines the performance and achievements of the Big Lottery Fund in 2007/08, its first full year of operation, including how we have used the money raised by the National Lottery for health, education, environmental and charitable purposes through the year ending 31 March 2008. It also sets out our progress in delivering our first tranche of non-Lottery funding.

Our primary objective is to deliver better outcomes for communities and people in need. We fund some targeted programmes and some open programmes in order to achieve this. During this year, we awarded £1,192 million in total in all four UK countries. Awards ranged from the very large – a £50 million capital grant under The People's Millions for the Sustrans Connect2 project, to the very small – thousands of grants of between £300–£10,000 through Awards for All. We have worked hard to make as many grants to good causes as we can without taking too much risk that we will not have the money to meet them. We have since 2004 reduced by almost half the cash balances we hold to meet forward commitments.

Non-Lottery funding is an important new opportunity for the Big Lottery Fund as it offers us the potential to deliver more positive outcomes. We launched our first non-Lottery programme in 2007/08, delivering the £30 million Community Assets programme on behalf of the Office of the Third Sector. We began negotiations with the Department for Children, Schools and Families to deliver funding for new youth facilities, and have since launched the **myplace** programme. We also began to prepare for HM Treasury legislation, currently making its way through Parliament, designed to enable us to fund through money currently held in dormant bank and building society accounts.

Joint working, public involvement and promoting the benefits of the awards made by the National Lottery continue to be key drivers for us. The People's Millions, which gives people the chance to vote for their favourite projects as seen on TV, was launched for the fourth year running in March 2008. Demand for our funding has remained high. Our website and information line are the first port of call for many applicants, signposting them to the most appropriate funding route. Alongside this, our country and regional offices work closely with helper agencies to ensure our customers are aware of what funding is available and how to access it. We now make use of an outline proposal stage for many programmes to provide quick feedback on whether an application is worth progressing in full and how it might be developed. We have begun to use on line application processes and will seek to make the customer experience even better in years to come.

In March 2007 Government announced the decision to transfer additional Lottery funding to the Olympics. For the Big Lottery Fund this will be a further reduction of £425 million between 2009 and 2012 to the £213 million previously announced in 2005 when the success of the Olympic bid was announced. We have undertaken to minimise the impact of this transfer on our applicants and our funded bodies. We are confident that, providing forecasts of Lottery income hold up, we will be able to honour our undertaking that until 2012 the VCS will receive in cash terms at least 60 per cent of the total amount we would have distributed had the Olympics transfer not taken place.

We have started to plan for our next funding cycle which will begin from 2009. We have used our evaluation and research, and the experience of our staff, customers and partners, to enhance our knowledge about what works best in maximising outcomes and impacts – and that approach of intelligent funding is the foundation on which we are developing our strategic framework for 2009 onwards.

In 2007/08 we have begun to see the financial benefits of the merger and relocation programmes. Our operating costs for distributing Lottery funding were £60 million, a reduction of £5 million on 2006/07. The National Audit Office published a value for money report 'Making grants efficiently in the culture, media and sport sector' in May 2008. This showed that our costs compared favourably with public sector funders and with other funders in the voluntary sector. We continue to ensure that we spend as little of our income on our own costs as possible – our operating costs, excluding Structural review and costs recharged to other organisations, were 9.1 per cent of income received in the financial year 2007/08, down from 10.2 per cent in the previous financial year.

On 1 February 2008 Stephen Dunmore retired as Chief Executive and Peter Wanless took up post as his successor. We would like to thank Stephen Dunmore for his excellent leadership since the administrative merger of the previous distributors in 2004. Our staff, through a staff survey, tell us that the Big Lottery Fund is generally a good place to work and we have action plans to improve further. We were particularly pleased, after the significant change over the last three years, to gain "One to Watch" status in the Sunday Times Best Companies employee survey.

Our UK Board and Country Committees have worked well to balance our UK-wide structure and strategy with significantly devolved decision making to England, Scotland, Wales and Northern Ireland.

We would like to thank all those who have contributed to the Big Lottery Fund's achievements this year. The leadership of the Board and Committee members and the hard work, commitment and dedication of the staff and the many people we have worked with and learnt so much from have been the driving force behind these achievements.

We have learnt and developed significantly over this year but believe that we can build on these achievements to make an even greater difference to the lives of communities and people in need in the years to come. Our mission is to be a ground-breaking and exemplary funder and broker of solutions, expert in understanding the needs and motivations of the people others are leaving behind. We will aim not only to shape first-rate outcomes from our own activity but to influence the policy and practice of those who, over time, will have very much more money and influence when it comes to sustaining change for the better, for those people who need it most.

Peter Wanless
Chief Executive

Sir Clive Booth
Chair

Section one

Our governance framework and how we work

In this section we set out our external and internal governance framework providing the context for how we work.

Our history and statutory framework

The Big Lottery Fund (BIG) is the largest of the Lottery distributors and is responsible for giving out half the money for good causes raised by the National Lottery to projects that address health, education, environment and charitable purposes. This income from the Lottery is invested in the National Lottery Distribution Fund (NLDF) until it is required to pay the grants we have promised. We also receive 50 per cent of interest earned on NLDF balances.

BIG came into being as an administrative body on 1 June 2004. The National Lottery Act 2006, which gave BIG legal status, came into effect on 1 December 2006. Our work is governed by the National Lottery etc Act 1993, as amended by the National Lottery Acts 1998 and 2006.

The National Lottery Act 2006 includes powers for BIG to distribute non-Lottery funding and to make loans. It also gave us responsibility for the grants made by the Millennium Commission.

In November 2006 the Secretary of State for Culture, Media and Sport appointed a Board of 12 members following open public recruitment. Our Board includes four members who represent the interests of the four countries of the UK. These members also chair the four country committees that sit directly below the Board. Details of our Board and internal governance are set out later in this section.

The regulations that govern us

Our Chief Executive is BIG's Accounting Officer, who is responsible to the Department for Culture, Media and Sport (DCMS) and its Principal Accounting Officer. We can also be required to give evidence to Parliamentary committees and the devolved administrations.

Our governance framework is provided by DCMS and includes: Policy Directions, which set out matters that we should take into account in deciding how to spend Lottery money; Financial Directions and the Statement of Financial Requirements, which set out how we should manage Lottery money; and Accounts Directions, which sets out how we account for our use of Lottery money. The Management Statement with DCMS provides the framework of our working relationship with the department. We also take account of guidance issued by Treasury and DCMS. All these directions are put into effect by our internal policies and procedures.

We have a wide funding power which enables us to make grants (or loans) to many different types of organisation in the charitable, voluntary and community, public and private sectors (provided funding is used for public benefit).

Much of our funding is in grants made directly to successful applicants, particularly those in the voluntary and community sector. However for some programmes, for example Children's Play in England, it makes sense for funds to be allocated in another way. In that example funds are awarded to Local Authorities which have the responsibility for developing Children's Play strategies in their areas, with a requirement that proper partnership arrangements are in place with voluntary and community organisations to deliver the outcomes we seek. It can also be effective for us to make our funds available through Award Partners expert intermediaries who act on our behalf. The Changing Spaces programme in England is one example.



Section one

Our relationships with other key stakeholders

In the last year we carried out a survey to find out the views of those people and organisations that are affected by our policies, practices and decisions. We received nearly 2,000 responses, representing 30 per cent of those polled.

We continue to build strong relationships with our voluntary and community sector stakeholders. We regularly meet and consult with umbrella bodies across the UK. We have built strong links with the social enterprise sector, which has helped re-shape our policy and widen our funding criteria so that they can access our funds.

We continue to work with MPs and members of the devolved governments and administrations to help raise awareness of the awards that have been made in their constituencies and to promote funding that is available to constituency groups.

In England, we have developed a strong relationship with local and central Government. This year our work with the Office of Third Sector and the Department for Children, Schools and Families has been particularly important, as we have delivered funding on their behalf. We continue to work closely with other government departments as we develop our funding practice and policy, looking to ensure what we prioritise is distinct and adds value.

We have built good relationships across the departments of the Scottish Government, reflecting and supporting the approach to funding taken by BIG in Scotland. In particular we have established a productive relationship with the Third Sector division, which co-ordinates Lottery matters across the Scottish Government.

In Wales we work closely with the Welsh Assembly Government and Third Sector partners, including Wales Council for Voluntary Action, in developing and delivering on national strategy and policy drivers. By giving evidence, sharing our learning and investing in a broad range of programmes we have contributed significantly to improving the lives of people in Wales and the communities in which they live.

In Northern Ireland, we have developed good links with the new structures being planned and implemented from the Review of Public Administration. We continue to work closely with the Department of Culture, Arts and Leisure and other government departments to share our funding practice and through our learning influence future policy development.

Our internal governance arrangements – our Board and its committees

The BIG Board is responsible for our strategic direction and performance, including our accountability to Government and other stakeholders. To fulfil its accountabilities the Board has three corporate committees:

- the Resources Committee
- the Audit and Risk Committee
- the Remuneration Committee.

The Board meets every two months and members of the Senior Management Team attend meetings.

The Audit and Risk Committee meets quarterly. It approves the internal audit programme, endorses the risk register and scrutinises the outcome of internal and external reports.

The Resources Committee meets four times a year. It scrutinises the annual budget and oversees expenditure.

The Remuneration Committee meets at least once a year and is responsible for overseeing the performance and salaries of the Chief Executive and the Senior Management Team.

The Board has also set up committees for decisions on UK-wide grant programmes.

The Board is made up of 12 members: the Chair, four country committee Chairs and seven general Board members. The full list of Board members and their responsibilities is set out below.

The Board members and their responsibilities for chairing corporate committees of the Board are as follows:



Sir Clive Booth
Chair
Chair, Remuneration committee



John Gartside OBE
General member



Anna Southall
Vice Chair



Alison Magee
Chair, Scotland country committee



Sanjay Dighe
Chair, England country committee



Esther O'Callaghan OBE
General member



Judith Donovan CBE
General member
Chair, Resources committee



Huw Vaughan Thomas
Chair, Wales country committee



Roland Doven MBE
General member
Chair, Audit and Risk committee



Albert Tucker
General member



Breidge Gadd CBE
Chair, Northern Ireland country committee



Diana Whitworth
General member

Section one

Since 1 December 2006 matters relating to grant funding have been devolved to four country committees, one each for England, Northern Ireland, Scotland and Wales. These committees are responsible for advising on the strategic policy of BIG and making grant funding decisions within their respective countries. Members of country committees are appointed by the Board with the consent of the Secretary of State for Culture, Media and Sport in England or Ministers in the devolved administrations in Scotland, Wales and Northern Ireland.

The England country committee has 10 members.

Sanjay Dighe, Chair
Dr Mohammed Amran FRSA
Dr Alan Billings
Sue Charteris
John Gartside OBE
Margaret Hyde OBE
Lydia Thomas FRSA
Albert Tucker
Nalini Varma
Geoffrey Wilkinson

The Scotland country committee has 10 members.

Alison Magee, Chair
Tim Allen
Elizabeth Cameron
Helen Forsyth
David Green
Alistair Grimes
Kristofer McGhee (from 10 December 2007)
Maureen McGinn
Lucy McTernan
Shirley Young (from 10 December 2007)

The Wales country committee has six members.

Huw Vaughan Thomas, Chair
Graham Benfield OBE
Tom Davies (until 30 November 2007)
Gareth Newton (from 26 February 2008)
Janet Reed OBE
Mike Theodoulou
Barbara Wilding CBE, QPM, CCMI

The Northern Ireland country committee has five members.

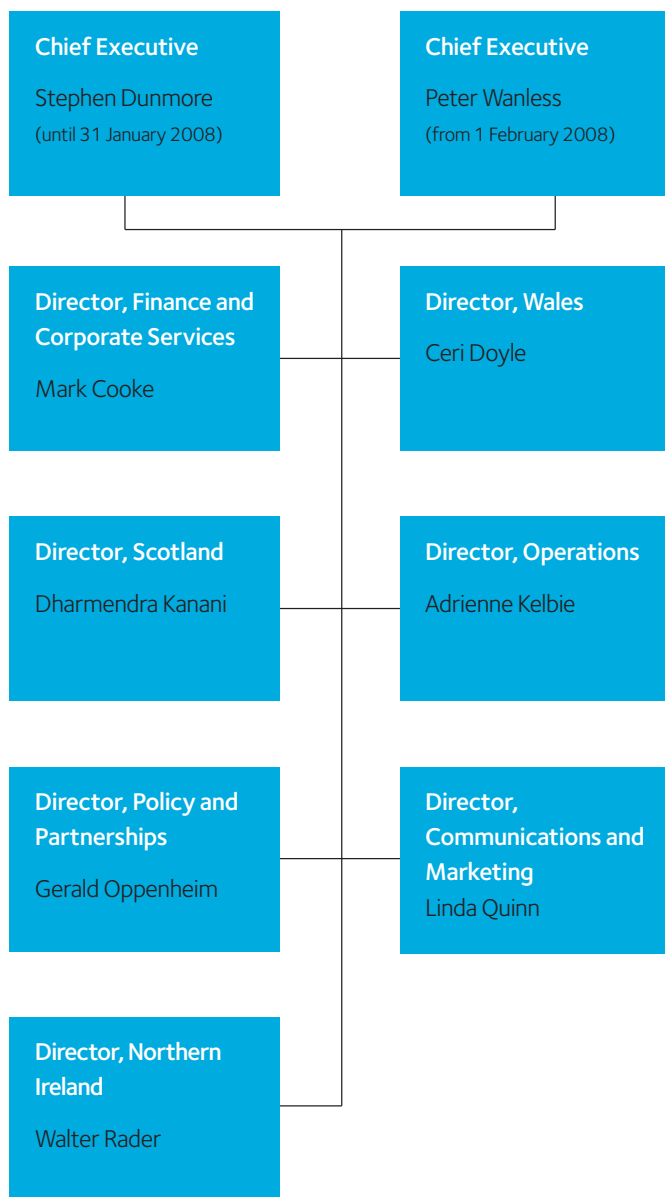
Breidge Gadd, Chair
Paul Cavanagh
Siobhan Craig
Claire Keatinge
Peter Osborne

The Senior Management Team

The Chief Executive is appointed by the Board; he has also been appointed by the Accounting Officer of the Department of Culture, Media and Sport as Accounting Officer for the Big Lottery Fund. On 1 February 2008 Stephen Dunmore retired as Chief Executive and Peter Wanless was appointed as Chief Executive and Accounting Officer. The Chief Executive chairs the Senior Management Team, which supports the Board in our strategic management.

The Senior Management Team considers policy and key strategic and operational matters which require the approval of the Board and its main committees. The Senior Management Team also maintains an overview of the day-to-day operations of the organisation.

The Senior Management Team comprises the Chief Executive and seven directors. Each director's responsibilities during 2007/08 were:



Section one

Register of interests

All our Board and Committee members, assessors, advisers and members of any advisory panel must declare relevant interests under our code of ethics. This code complies with the Cabinet Office code of practice for Board members of public bodies.

If the Board or a committee takes any decisions which could reasonably be seen as giving rise to a conflict of interest, principally over grants to organisations but also any commercial relationships, the chair of the meeting makes sure at the outset that disclosure is made and that the members withdraws while the relevant item is discussed.

The following table details financial transactions in the financial year with organisations where Board and country committee members declared a current interest at the time the award was made.

The public can look at the register of declared interests by writing to the Director of Policy and Partnerships. Board members' declarations of interest are published on our website.

All staff must complete an annual declaration setting out any relevant interests. They must report any conflicts of interest that arise in their day-to-day work.



Board or Committee member	Nature of relationship	Existing transactions	Awarded in 2007/08	Paid in 2007/08	Outstanding balance at 31 March 2008
Sanjy Dighe	A life member of Maharashtra Mandel	1 award of £3,822	1 award of £3,822	£3,822	£-
John Gartside	Trustee and Company Secretary, The Tim Parry Jonathan Ball Trust (the Peace Centre)	1 award totalling £499,186	1 award of £499,186	£4,100	£495,086
	Director and Trustee Warrington Wolves Community Foundation	1 award totalling £9,200	1 award of £9,200	£9,200	£-
Alison Mcgee	Convenor of the Highland Council to 3 May 2007	1 award of £7,544	1 award of £7,544	£-	£7,544
	Director of the Sutherland Partnership to 3 May 2007	1 award totalling £375,900	£-	£67,588	£308,312
Huw Vaughn Thomas	Trustee for Wales, Royal National Institute for the Deaf until November 2006; wife Trustee for Wales, Royal National Institute for the Deaf	11 awards totalling £1,895,318	3 awards totalling £604,606	£421,806	£1,057,848
Tim Allen	Chair and Director of Young Enterprise Scotland	1 award of £10,000	1 award of £10,000	£10,000	£-
Barbara Wilding	Board Member Cardiff University	1 award of £2,750	1 award of £2,750	£2,750	£-
Diana Whitworth	Joint Chief Executive of Grandparents Plus (to October 2007)	1 award of £167,918	1 award of £167,918	£-	£167,918
Lucy McTernan	Director, Scottish Council for Voluntary Organisations	1 award of £8,508,040	£-	£284,725	£8,223,315
Siobhan Craig	Member of the management committee, Include Youth	1 award of £46,550	1 award of £46,550	£-	£46,550

Section two

Our strategy – intelligent funding

In this section we set out our approach to intelligent funding setting out our mission and values, our objectives for 2007/08 and progress in delivering this strategy.

What we do – our grant-making context

BIG's mission is to bring real improvements to communities and the lives of people most in need. Our statutory remit covers health, education, environment and charitable purposes. Three broad themes are set out in our Policy Directions and cover our work in every country. These themes are:

- ▶ Supporting community learning and creating opportunity.
- ▶ Promoting community safety and cohesion.
- ▶ Promoting well-being.

Our consultation in 2004/05 helped shape the specific country outcomes that sit beneath these three themes. These are included in the separate policy directions for each of the four countries. Policy directions are reproduced in section seven of this report.

We have seven values that underpin all our work:

- 1. Fairness** – putting equality and diversity at the heart of our work
- 2. Accessibility** – making it easier to access our funding and providing help to grant applicants and recipients
- 3. Strategic focus** – working in partnership and joining up with existing strategies, developing programmes that are focused on the outcomes and the difference they make for communities
- 4. Involving people** – involving local communities in our work and making sure the public know and care about our work
- 5. Innovation** – building evidence-based programmes, sharing what we learn and considering new ways of making grants
- 6. Enabling** – working with communities, partners and other funders to help achieve lasting change

7. Additional to Government – ensuring our funding is distinct from Government funding and adds value.

These values are reflected across our policies and programmes. They shape everything we do and are complemented by our intelligent funding approach.

We have also established a set of internal values: accountability, valuing people, teamwork and service excellence. These values set out the type of employer we intend to be and what we expect from our staff.

Our strategic and corporate plan

Our Strategic Plan 2006–09 sets our strategic framework. To support that, BIG has a Corporate Plan which is updated annually to reflect the key priorities for that year.

The Corporate Plan for 2007/08 identified five objectives, the outcomes we wanted to bring about and the priority activities put in place to achieve these objectives. They represented the priorities that we were focusing on in 2007/08 while also taking us further towards the end of our first strategic planning period.

- **To provide a better service to enquirers, applicants and grant holders** through an improved experience for those who enquire about, apply for or receive our funding; a strengthened relationship with our delivery partners and contract holders
- **to maximise the impact of funding** through an improved framework of funding programmes, well-informed decisions about where our money goes, improved public awareness of our funding and further development of the intelligent funder approach
- **to improve stakeholder relations** through an improved understanding of our funding priorities and outcomes approach among our key stakeholders, increased effectiveness of helper agencies and improved communication of our intelligent funder principles

- **to develop our capabilities and get the best out of people** by developing a competent, capable and committed workforce, improvements in the way we work together across the organisation and the achievement of Investor in People (IIP) standards
- **to improve efficiency and effectiveness** through more effective planning, resource modelling and risk management; improved decision making and support to our new Board in developing and leading the organisation to deliver our mission and be a more effective funder.

Our performance against these objectives is monitored and reported to the UK Board at intervals throughout the year. There is more information on how we are performing against these objectives in Section four of this report.

Copies of our 2007/08 Corporate Plan are available on our website: www.biglotteryfund.org.uk

Our intelligent funding approach

We are committed to being an intelligent funder. This means being clear about the changes we want to make, and recognising how we can get the maximum value from the funding that we deliver. Our powers to distribute funding from outside the Lottery have made us think more broadly about the sort of funder we want to be. We have also established an Intelligent Funding Forum, chaired jointly with the Association of Charitable Foundations, bringing together trusts and foundations with government and Lottery funders to share learning and consider opportunities to collaborate.

Our outcomes funding policy

We are an outcomes funder. We want to ensure that our funding makes a real difference. Using an outcomes approach is good practice for us as a funder and also for organisations applying to us for funding. At a project level, setting outcomes helps organisations to work out what they want to achieve and the difference they want to make for their beneficiaries. Outcomes also help organisations think differently about what they do – focussing on goals and aims and, as importantly, thinking about how they will demonstrate their achievements.

Our commitment to evaluation and research

We have an extensive programme of evaluation and research. Our evaluation, research and learning strategy sets out a plan at project level through self-evaluation, at programme level, thematically across country programmes, and at a corporate level to assess achievement of our organisational outcomes. We commission external evaluators to carry out our evaluations, which typically use monitoring data and information across many projects and focus in more detail on a number of case studies.

Our evaluations serve different purposes and audiences. Sometimes our funding is innovative, trying out a new approach or a different way of reaching beneficiaries. Here we expect our evaluation to judge the effectiveness of the intervention and make recommendations for policymakers. In other cases, our evaluations are more geared to understanding what works on the ground, and these offer examples of good practice to grant holders and other practitioners. Sometimes the main learning from an evaluation is for us and for other funders, as it provides analysis of how our design and processes affected the outcomes achieved.

Disseminating and learning from evaluation and research are central to our strategy and in November 2007 we held our first national evaluation conference. This showcased our evaluation and research work to about 140 delegates from government, the third sector, research organisations and universities. An accompanying publication 'Answering BIG questions' drew together the learning from 12 years of evaluation and research.

During 2007/08, we published more than 20 reports of interim or final findings from long-term evaluations of legacy programmes. We embarked on new evaluations of our Building Quality Childcare (Northern Ireland), Research Grants, Well-Being, People and Places (Wales), The People's Millions and Growing Community Assets (Scotland) programmes.

Section two

We commissioned research on older people, to assess the extent to which our programmes are meeting the needs of this age group. We also entered into a collaboration with several Trusts and Foundations to fund a research project on Mapping Britain's Needs to be carried out by the Young Foundation. All our research and evaluation reports are available on our website www.biglotteryfund.org.uk

The 60-70 per cent undertaking

Our Board has made a public undertaking that at least 60 to 70 per cent of all our funding will be delivered through voluntary and community sector (VCS) organisations. The undertaking applies across all four countries and our UK programmes.

Following consultation with the sector, we agreed that we would use HM Treasury's definition of the 'third sector' in England, Scotland and Northern Ireland. In 2007/08 Wales also adopted this definition in line with the decision by the Welsh Assembly Government.

"Organisations that are independent from the state, with a motivation derived from values and social purposes rather than the pursuit of profit, and the re-investment of surpluses principally in pursuit of these values rather than for private distribution."

This undertaking has been made to cover the lifetime of our current programmes and our performance against it may vary from year to year. We have worked closely with key stakeholders in the voluntary and community sector to agree how we count, measure and report on this undertaking.

Since 1 June 2004, the start of BIG, we have made awards of more than £1,275 million to the VCS, comprising 74 per cent of the total grant awards made through BIG programmes.

Additionality

Additionality is one of our core values. Along with the other UK and England Lottery distributors, we have adopted the following definition:

"Lottery funding is distinct from Government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding."

All Lottery distributors are required to report on their policy and practice

Considerations of additionality are a key part of our programme development process. We work closely with leading organisations and experts in the relevant sectors to ensure that our funding programmes add value to government and other funding, but are also complementary. In some circumstances grants officers assessing an application may have to judge whether a project is 'additional'. Clear guidance has been developed to ensure that Lottery funding will not subsidise or replace statutory funding for a service and will not duplicate statutory responsibilities. We ensure that this is applied consistently and fairly.

All awards made in 2007/08 have been consistent with this definition.

Compacts

As a non-departmental public body, BIG is committed to observing the principles in the Compacts between Government and the voluntary and community sectors in England, Scotland and Northern Ireland, and the Voluntary Sector Scheme in Wales. This commitment manifests itself in a number of ways:

- ▶ We operate a full cost recovery policy, which we promote to other funders; and by funding projects for up to five years we exceed Compact good practice guidelines.
- ▶ We consult widely and regularly with third sector stakeholders on our strategy, range of programme and funding principles; and engage in continuous dialogue with them as we develop and run each specific programme.

- ▶ We take into account the particular needs of the voluntary and the community sector as an integral part of the way we develop our programmes, policies and procedures, through our Equalities Assurance Process.
- ▶ We have reviewed our compliance with the Compacts and Schemes across the UK as part of our commitment to observing their principles.

This year, we met the Commission for the Compact in England to help improve our understanding of the Compact's principles and to offer our expertise in funding and full cost recovery.

In Wales, we contributed to the Welsh Assembly Government's Strategic Action Plan on the implementation of the Voluntary Sector Scheme, advising on good practice in development and support for the sector. We were also asked to contribute to the Assembly's Communities and Culture Committee enquiry into the funding of voluntary sector organisations in Wales.

In Scotland we are working with the Edinburgh Compact and have monitored developments around the national Scottish Compact. We continue to engage with the Scottish Government, COSLA and SCVO, as well as at a local level, to ensure strategic fit with the partnership working approach required by the Community Planning framework.

In Northern Ireland we continue to work with NICVA to effectively plan and deliver in line with the Partners for Change strategy, the Compact for Northern Ireland.

Looking forward

Peter Wanless was appointed on 1 February 2008 as Chief Executive. In the year ahead he, together with the Board, will be developing the strategic framework within which the programmes we will run from 2009 onwards will sit. Consultation will be a key activity. We expect it to centre on a conversation with the public across all four UK countries, ensuring that we hear the voices of those hardest to reach and others who can help us ensure that in a context of potentially overwhelming demand our funding can have best effect.

With the transfer of funds to support the 2012 Olympics, we will have less funding for new programmes during this period than previously planned for.

The National Lottery Act 2006 gave us powers to distribute non-Lottery funding. We are now managing non-Lottery programmes in England, Community Assets and **myplace**, and exploring opportunities in the other UK countries.

The Dormant Bank and Building Society Accounts Bill is on its way through Parliament, and BIG has been chosen as the distributor for this funding. It will be our first UK wide non-Lottery programme. The exact legislation timetable is still unclear but funding is unlikely to flow from this programme before late 2009.

In Wales, we are developing proposals to work in partnership with the Welsh Assembly Government by utilising European funding to sustain and extend BIG's investment in life skills work with adults.

One requirement of intelligent funding is that internal systems support what you are trying to achieve. In 2007/08 we began a programme of work to improve our grant management processes, to ensure that these can support the range of ways in which we will award money in the future. This work will be completed in 2010. It aims to improve the customer experience: directly through improvements in application processes; and also indirectly because staff will be able to spend more time supporting customers in achieving project outcomes and sharing good practice.

Section three

Our grants programmes

In this section we review the progress of our grant programmes. During 2007/8 our grant management activity has included the programmes launched since 2005 as the Big Lottery Fund as well as grant programmes launched by our three legacy organisations, the Community Fund, New Opportunities Fund and the Millennium Commission.

Volume of activity

The tables below summarise the volumes of full applications, awards made and grants in management during the financial year on those programmes managed by BIG. This excludes applications to, and awards made by, our award partners and contracted delivery partners.

Full applications received in 2007/08		
Some of these applications have not yet been presented to a decision making committee		
	Number	Value requested £million
Big Lottery Fund programmes	15,021	4,035
Awards for All England ¹	14,997	108
Total	30,018	4,143

On many of our new programmes we now make use of an outline proposal stage to provide quick feedback on whether an application is worth progressing in full and how it might be developed. In 2007/08 we received 5,864 outline proposal applications requesting £1,429 million.

New awards made in 2007/08		
Some of these awards relate to applications received in earlier years		
	Number	Value requested £million
Big Lottery Fund programmes	5,388	1,030
Awards for All England ¹	7,930	54
Total	13,318	1,084

Grants in management at 31 March 2008		
	Number	Value of payments due to grant recipients £million
Big Lottery Fund programmes	8,410	1,095
Awards for All England ¹	10,815	3
Community Fund programmes	4,857	94
New Opportunities Fund programmes	2,717	171
Millennium Commission programmes	12	2
Total	26,811	1,365

¹The Awards for All England programme is a joint scheme with Arts Council England, Sport England and Heritage Lottery Fund. These figures are the total for the scheme.

Grant monitoring

We have developed a set of procedures for managing grant contracts. These ensure that we pay grant holders on time and that we receive regular updates on the progress of projects towards achieving the outcomes as set out in the grant contract.

We have a number of monitoring tools that we use to make sure that projects are accountable. We monitor every grant using standard forms that grant holders have to complete regularly to report on their progress. Monitoring phone calls or visits usually take place either every six months or every year.

More in-depth compliance visits can take place to verify that projects are complying with their contractual terms and conditions. In addition, we have comprehensive capital monitoring procedures that are used for all capital grants. We encourage grant holders to self-evaluate, using the monitoring data they have collected for us and other information to answer their own questions concerning the quality and direction of their work. We use the information we collect from grant holders to report on the difference made with our funding.

In section two we set out our grant-making context. Following extensive consultation we developed a wide variety of programmes under our themes and outcomes. Details of these programmes are set out in this section.



Section three

Big Lottery Fund programmes UK wide programmes

Our UK wide programmes share the same outcomes as our England programmes. These are set out in the diagram at page 20. We received separate Living Landmarks policy directions that allowed us to make transformational grants.

Breathing Places

Breathing Places is a UK-wide small grants programme that has been developed with the BBC to complement its Breathing Places campaign. In total, £10 million has been made available for projects that inspire communities to get involved in transforming their local environment and creating and caring for local green spaces that are good for wildlife and good for people.

Phase three of the programme closed to applications in January 2008. Grants will be awarded in June 2008.

International programmes (including Tsunami)

BIG helps disadvantaged communities overseas through its International programme, which comprises three strands: International Communities (including Tsunami), International Strategic, and International Small Grants. All are open to UK-based organisations working with partners overseas.

The programme is aligned with key elements of the UN Global Poverty Reduction Strategy. We support work that tackles the causes of poverty and deprivation, and brings about a long-term difference to the lives of the most disadvantaged people.

In total £36 million has been awarded to projects during 2007/08.

Living Landmarks

The Living Landmarks programme is now closed. The programme funded a small number of large-scale projects of national and regional significance across the UK.

We awarded three grants of between £10-25 million. These were decided on by a committee involving members of the public.

The £50 million Living Landmarks People's Millions grant was voted on by the public and won by the Sustrans Connect2 project.

Four awards of over £5 million were made through this programme.

Organisation:	Sustrans
Grant scheme name:	Connect2
Grant awarded:	£49,980,908

The project aims to connect people to people and people to places by addressing the causes of 'severance' within communities, such as busy roads and railways, which make travelling from one place to another more difficult. 79 individual projects have been identified across the UK, each with a physical barrier to movement and an identified solution. This grant was awarded in 2007/08 and the scheme is expected to start in 2008/09. It is expected that this project will complete by 2013.

Organisation:	Falkirk Council
Grant scheme name:	The HELIX 'creating living connections'
Grant awarded:	£25,000,000

Located between Falkirk and Grangemouth, the project will create a new canal link, a 'Kelpie' boatlift, canal hub and a new 'Helix' park. This grant was awarded in 2007/08 and the scheme is expected to start in 2008/09. It is expected that this project will be completed in 2015.

Organisation: Kerrier District Council
Grant scheme name: Cornwall's Heartlands Project
Grant awarded: £22,297,272

The project will transform a 7.5 hectare brownfield site in Pool, including 4.5 hectares of derelict wasteland and Robinson's Shaft, a group of listed mine buildings to create a network of green spaces and multi-use facilities. This grant was awarded in 2007/08 and the scheme is expected to start in 2008/09. It is expected that this project will be completed in 2010.

Organisation: Greater East Belfast Partnership
Grant scheme name: Connswater Community Greenway
Grant awarded: £23,531,285

Creation of a linear park through East Belfast following the course of the Connswater River and its tributaries, the Loop River and the Knock. This grant was awarded in 2007/08 and the scheme is expected to start in 2008/09. It is expected that this project will be completed in 2014.

Research

The Research programme was launched in October 2007. Up to £20 million is available to fund the voluntary and community sector to carry out social and medical research. The aim of the programme is to influence local and national policy and practice by producing and disseminating evidence-based knowledge, and through this ensure better services and interventions for beneficiaries. The Research programme is being delivered on our behalf by Momenta and their partners the Science and Technology Studies Unit (SATSU) at the University of York.

The programme is being delivered through three rounds. Round one closed for applications in February 2008, by which time 155 applications had been received.

The People's Millions

The People's Millions is our highest profile public involvement programme. Run jointly with ITV, it gives the public the chance to vote on local projects that will make the local environment cleaner, safer and greener; improve the local natural environment; and improve the design, appearance and accessibility of local amenities.

Ninety awards of up to £80,000 were made in 2007 within a budget of £5 million. The total number of awards made throughout the three years of the programme were 229 with a total budget of £15 million.

As a result of the popularity of the programme it has been agreed that a fourth year of The People's Millions will take place in 2008, when a further 90 awards of up to £50,000 will be made.

Section three

England programmes

Remit

Expenditure that is charitable or connected with health, education or the environment

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

England and UK outcomes

People having better chances in life, including being able to get better access to training and development to improve their life skills

Stronger communities, with more active citizens, working together to tackle their problems

Improved rural and urban environments, which communities are better able to access and enjoy

Healthier and more active people and communities

England programmes

Community Libraries
Family Learning

BASIS
Advice
Community Buildings

Parks for People
Changing Spaces

Well-being

Awards for All
Children's Play
Young People's Fund
Reaching Communities

Advice Plus

The Advice Plus programme launched in June 2006. The aim of this programme is to help people in need of access to good quality advice on their legal rights and responsibilities, so that they can avoid or overcome disadvantage.

Up to £50 million was made available between 2006 and 2009. In Round One we awarded £30 million to 71 advice agencies across England. Advice Plus Round Two launched on the 12 November 2007, with a budget of £20 million across the nine England regions. It closed for applications on 1 April 2008.

We have made one grant greater than £5 million through this programme.

Organisation: The Advice Services Alliance
Grant scheme name: Working Together for Advice
Grant awarded: £5,714,742

The aim of the project is to develop a portfolio of support services for the independent advice sector. This will comprise eight related work strands, which over three years will improve the quality and delivery of advice, access to advice and awareness and evaluation of advice outcomes for the independent advice sector.

This grant was awarded in 2007/08 and to 31 March 2008 £341,498 has been paid. It is expected that this project will be completed by December 2010.



Section three

Awards for All England

We manage this joint Lottery grant scheme which is aimed at local communities. Arts Council England, the Big Lottery Fund, Heritage Lottery Fund and Sport England support the scheme. We award grants of between £300 and £10,000 in a simple and straightforward way.

The aims of the programme 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 that help to develop people and organisations, encourage talent and raise standards.
- ▶ **Improve quality of life** by supporting local projects that improve people's opportunities, health, welfare, environment or local facilities.

This popular light-touch programme continues to bring improvements to local communities. This year we have made 7,930 awards.

BASIS (Building and Sustaining Infrastructure Services)

Through our BASIS programme we fund projects that support third sector organisations providing infrastructure services. The aim of the programme is to help infrastructure services become expert, consistent, sustainable and available to all third sector organisations across England.

In January 2008 we made the final decisions on round one of the programme, committing £101 million to 203 projects. In autumn 2007 we completed a fully Compact compliant consultation with voluntary and community sector infrastructure organisations and other stakeholders about our funding priorities for round two of the programme. We will launch round two on 8 May 2008.

We have made one grant greater than £5 million.

Organisation: British Refugee Council
Grant scheme name: RCO Infrastructure Building Project- Realising Potential
Grant awarded: £5,078,472

This project will establish England-wide infrastructure support for the delivery of support and capacity building to Refugee Community Organisations (RCOs). Four hundred RCOs will benefit from advice on their development, sustainability, governance and management. This grant was awarded in 2007/08 and to 31 March 2008 £443,916 has been paid. It is expected that this project will be completed by March 2012.

Changing Spaces

Our Changing Spaces programme supports environmental projects across England that focus on three priority areas – community spaces, local community enterprise and access to the natural environment. Five award partners (organisations that run grant schemes on our behalf) are managing the funding and there are five other partners who are managing a portfolio of projects.

Grant schemes, managed by our award partners, started to launch in March 2008.

In August 2007 we announced the grants to the five organisations managing the large strategic portfolios of projects.

We have made eight awards of over £5 million through this programme

Organisation: Building Research Establishment Ltd
Grant scheme name: The Community Sustainable Energy Programme
Grant awarded: £10,161,838

Awarding grants to eligible not-for-profit community based organisations for the installation of micro-generation technologies, such as wind turbines and solar panels, along with energy saving measures. This grant was awarded in 2007/08 and to 31 March 2008 £120,445 has been paid. It is expected that this project will be completed by March 2012.

Organisation: Groundwork
Grant scheme name: Community Spaces
Grant awarded: £50,000,000

Awarding grants to not-for-profit community groups to create better local environments and increase access to local spaces. Improving local green spaces and increasing the number of people actively involved in developing and running environmental projects. This grant was awarded in 2007/08 and to 31 March 2008 £850,000 has been paid. It is expected that this project will be completed by March 2014.

Organisation: Natural England
Grant scheme name: Access to Nature
Grant awarded: £25,000,000

Awarding grants to voluntary, community and public sector organisations to work with people who have little knowledge or contact with nature. The projects encourage people to learn about the natural environment and also projects to create/improve wildlife spaces to meet the needs of local communities. This grant was awarded in 2007/08 and to 31 March 2008 £390,789 has been paid. It is expected that this project will be completed by March 2014.

Organisation: Royal Society of Wildlife Trusts
Grant scheme name: Local Food
Grant awarded: £50,000,000

To make awards to not-for-profit community groups for projects that give people the opportunity to grow and buy food locally through, for example, allotments and box schemes. Projects to stimulate economic activity through the development of social enterprises related to local food and promote the link between food and healthy lifestyles. This grant was awarded in 2007/08 and to 31 March 2008 £212,267 has been paid. It is expected that this project will be completed by December 2014.

Organisation: The Crime Concern Trust Ltd
Grant scheme name: Community Space Challenge
Grant awarded: £8,372,839

Provides a range of environmental projects for young people at risk of anti-social behaviour or offending. The projects will involve young people improving their neighbourhoods, giving them a sense of pride in their community. This grant was awarded in 2007/08 and to 31 March 2008 £644,243 has been paid. It is expected that this project will be completed by September 2012.

Organisation: Imperial College
Grant scheme name: Open Air Laboratories Network
Grant awarded: £11,760,783

The projects will work with people in their communities, alongside leading scientists to develop the skills and experience to explore, study, enjoy and protect their natural environment. The data collected will also provide a new educational resource which the communities can access. This grant was awarded in 2007/08 and to 31 March 2008 £813,987 has been paid. It is expected that this project will be completed by November 2012.

Section three

Organisation: Plunkett Foundation
Grant scheme name: Making Local Food Work
Grant awarded: £10,033,875

The projects will work with local people to grow their own food and run their own shops and cooperatives. It aims to reconnect consumers to the land by increasing access to fresh, healthy local food. This grant was awarded in 2007/08 and to 31 March 2008 £811,430 has been paid. It is expected that this project will be completed by September 2012.

Organisation: Places for People Homes Ltd
Grant scheme name: Green spaces for people
Grant awarded: £15,669,999

To facilitate a range of projects to create and improve green spaces for people living in social housing, particularly on estates where anti-social behaviour is a problem. It will engage with local people to design areas to create children's play areas, community gardens and meeting places This grant was awarded in 2007/08 and to 31 March 2008 £447,263 has been paid. It is expected that this project will be completed by September 2012.





Children's Play

Our Children's Play programme aims to create, improve and develop children and young people's free local play spaces and opportunities throughout England. The initiative is made up of three strands: the Children's Play programme, the Playful Ideas programme and a support and development grant.

Through the Children's Play programme funds have been allocated to every local authority area in England. Local authorities, working in partnership with the VCS, will deliver the outcomes. So far, we have made 339 grant awards totalling £119.5 million.

Through Playful Ideas, we have made 47 grants totalling £8.8 million to play projects with a focus on innovation.

A £15 million grant to the National Children's Bureau has been awarded to fund England-wide support and development infrastructure.

Organisation:	National Children's Bureau
Grant scheme name:	Play England
Grant awarded:	£14,494,368

The aims of the Play England project are to design and build a regionally based, sustainable play support and development infrastructure for England. The structure will support local agencies in the public, voluntary, community and social enterprise sectors. This grant was awarded in 2005/06 and to 31 March 2008, £5,972,696 has been paid. It is expected that this project will be completed by 31 March 2011.

Section three

Community Buildings

We have made up to £50 million available to support community buildings across England. The programme aims to fund buildings that are economically, socially and environmentally sustainable, giving communities the chance to improve their quality of life. We are supporting community centres, village halls and other buildings that will be the venue for a range of much needed activities and services.

The programme closed for stage one applications at the end of April 2007. So far we have made 24 Community Building awards worth £7 million in total.

Community Libraries

Up to £80 million is available for the Community Libraries programme, which launched in October 2006, offering grants of up to £2 million to enable libraries to strengthen their relationships with their communities. Fifty eight libraries were successful in the programme, which is now closed for applications.

Our investment will help to attract groups and individuals who may not use the library regularly. We want to fund libraries that provide more than traditional library services and build on the links they have with their communities. The Museums, Libraries and Archives Partnership are working with us to help us run this programme.

Family Learning

The Family Learning programme launched in September 2006 and the first awards were made in May 2007. The programme aims to increase the number of high quality family learning opportunities available and make these more accessible to families who face barriers to involvement in learning, or who are not confident helping their children to learn.

So far, we have awarded 56 grants worth £11.1 million.

Parks for People

Parks for People is the first joint programme from BIG and the Heritage Lottery Fund, and represents our shared commitment to local environments and a better quality of life. Parks for People aims to provide better parks which are accessible to everyone and meet the needs of their communities.

This programme is managed by Heritage Lottery Fund building on their experience of funding public parks. Award decisions are taken jointly. To 31 March 2008 BIG's contribution to the programme is £60 million.

Reaching Communities England

Our Reaching Communities England programme is about improving communities and the lives of those most in need. This popular and highly competitive programme has just completed its second year of grant making, awarding around £100 million worth of grants to 475 projects.

Every project we fund meets at least one of our strategic outcomes. More than 95 per cent of the grants have been made to voluntary and community organisations, covering a wide range of issues and funding communities through national as well as small local voluntary groups. Awards range from £10,000 to £500,000 with nearly half of the awards for less than £300,000.

This year, we worked closely with stakeholders to introduce measures to manage the high demand for money from the programme.

Well-being

The Well-being programme has awarded £160 million to partners who will manage a portfolio of projects which contribute to the programme's outcomes: increasing participation in physical activity including active travel; educating communities on healthy eating; and developing new or better early interventions to common mental health problems.

These portfolios are made up of a number of individual projects, which together form a cohesive strategy to help deliver the programme outcomes. Portfolios operate at a national or regional level.

All National and Regional portfolios have now progressed though set-up and projects have started.

We have made 12 awards greater than £5 million through this programme.

Organisation : MEND Central Ltd
Grant scheme name: England on the MEND: Fitter, Happier and Healthier
Grant awarded: £7,997,162

A community family based treatment and prevention programme for overweight and obese children aged 7-13. This grant was awarded in 2007/08 and to 31 March 2008 £2,265,064 has been paid. It is expected that this project will be completed by December 2010.

Organisation: The Soil Association
Grant scheme name: Food for Life
Grant awarded: £16,920,332

The Food for Life portfolio is a national programme establishing 20 flagship communities in each of the nine government regions. By using local schools as hubs the portfolio's aim is for children and families to improve their skills, knowledge, and access to healthy and sustainable foods. Each of the 20 flagship schools will support a further 20 schools in their region through a beacon model approach, thereby enabling the programme to reach 3,600 communities.

This grant was awarded in 2007/08 and to 31 March 2008 £3,396,358 has been paid. It is expected that this project will be completed by March 2012

Organisation: West Midlands Regional Assembly
Grant scheme name: Living Well in the West Midlands
Grant awarded: £6,793,739

A portfolio of 31 projects contributes to a reduction in regional obesity levels, improved mental health and greater participation in physical activity. This grant was awarded in 2007/08 and to 31 March 2008 £844,194 has been paid. It is expected that this project will be completed by December 2010.

Organisation: School Food Trust
Grant scheme name: Let's Get Cooking
Grant awarded: £20,000,000

The aim of the portfolio is to achieve a positive impact on the food behaviour of school age children, their families and the wider community. The main project within the portfolio is the creation of 'Let's Get Cooking' clubs. 3,000 new cooking clubs will be established in school and community settings to improve cooking skills, food knowledge and nutritional status of children, parents and communities. A further 2,000 existing school cooking clubs will also join the portfolio as associate members and will receive funding to extend their work to families and communities. This grant was awarded in 2007/08 and to 31 March 2008 £1,245,979 has been paid. It is expected that this project will be completed by July 2012.

Organisation: Greater London Authority
Grant scheme name: Well London
Grant awarded: £9,460,000

This portfolio will work closely with 20 small, disadvantaged communities to tackle health inequalities related to poor diet, lack of physical activity and poor mental well-being

This grant was awarded in 2007/08 and to 31 March 2008 £585,860 has been paid. It is expected that this project will be completed by October 2012.

Section three

Organisation: Stockport Metropolitan Borough Council
Grant scheme name: North West Networks for Healthy Living Partnership
Grant awarded: £7,043,000

This five year portfolio spreads across the whole of the North West of England from Carlisle to East Cheshire. 27 projects will be delivering 48 project delivery elements. Example projects include 'arts on prescription' projects for those with mild to moderate mental health difficulties; 'soup and salad' cook and eat workshops; and 'fit for life' programmes to encourage families to participate in physical activities.

The portfolio will target 49,500 total beneficiaries from the most deprived and marginalised communities of the region. This grant was awarded in 2007/08 and to 31 March 2008 £324,822 has been paid. It is expected that this project will be completed by September 2012.

Organisation: Yorkshire and Humber Strategic Health Authority
Grant scheme name: Altogether better – working to create healthier people and communities
Grant awarded: £6,864,367

The Altogether Better portfolio covers the Yorkshire and Humber region. It aims to help people to eat better, be more physically active and to improve their mental health. The portfolio comprises 16 local projects focusing on the most deprived people and communities in the region.

This grant was awarded in 2007/08 and to 31 March 2008 £163,502 has been paid. It is expected that this project will be completed by December 2012.





Section three

Organisation: National Council on Ageing
Grant scheme name: Fit as a Fiddle
Grant awarded: £15,177,417

The 'Fit as a Fiddle' national portfolio aims to stimulate the interest of older people in physical activity and healthy eating, as well as addressing issues of mental and physical health.

This grant was awarded in 2007/08 and to 31 March 2008 £297,390 has been paid. It is expected that this project will be completed by October 2012.

Organisation: Mind – National Association for Mental Health
Grant scheme name: Moving People
Grant awarded: £16,150,000

Moving People is a national portfolio; it aims to stamp out stigma and discrimination by improving public understanding, raising people's aspirations and encouraging them to stand up for their rights. Local projects will provide greater opportunities for people with a range of mental health difficulties to improve their mental and physical well-being through a range of physical exercise programmes.

This grant was awarded in 2007/08 and to 31 March 2008 £1,053,447 has been paid. It is expected that this project will be completed by December 2011.

Organisation: Sustrans Limited
Grant scheme name: Active Travel Consortium
Grant awarded: £19,994,808

The aim of this national portfolio is to enable individuals identified as currently inactive or insufficiently active to walk and cycle as part of their everyday lives, improving their physical and mental well-being. The portfolio will focus on the areas of: the school journey; the journey to work; getting people started and local journeys.

This grant was awarded in 2007/08 and to 31 March 2008 £1,351,897 has been paid. It is expected that this project will be completed by July 2012.

Organisation: The Federation of Groundwork Trusts
Grant scheme name: Target: Well-being
Grant awarded: £8,872,800

A portfolio comprising 91 projects to improve the well-being of people living in the most disadvantaged communities by delivering activities that improve mental well-being, increase physical activity levels and encourage healthy eating.

This grant was awarded in 2007/08 and to 31 March 2008 £687,068 has been paid. It is expected that this project will be completed by October 2012.

Organisation: South East Coast Strategic Health Authority
Grant scheme name: Chances 4 Change – Readdressing the hidden health inequalities in the South East
Grant awarded: £5,609,580

A portfolio comprising of 62 projects to tackle the most socially, economically and geographically excluded groups and individuals seeking a legacy of permanent health improvement.

This grant was awarded in 2007/08 and to 31 March 2008 £410,392 has been paid. It is expected that this project will be completed by December 2011.

Young People's Fund England

We made £157.5 million available to support projects that involve young people from start to finish, specifically by providing facilities and activities for young people both after school and in the school holidays, and that aim to achieve the outcomes in the 'Every Child Matters' Green Paper.

The Young People's Fund (YPF) in England is made up of seven strands.

National programmes that complement Government policy (these extend existing legacy programmes and are described later in this section)

1. Out of school hours learning: school sport co-ordinators – £28.4 million
2. Positive activities for young people – £25 million; now completed
3. Extended schools – £14 million
4. Do it for Real – £12.5 million; now completed

Demand-led programmes

5. National Grants

£27.6 million has been awarded through 27 grants. These have been awarded to registered charities for projects of national importance working in three or more regions, which demonstrate new and interesting ways of meeting the outcomes of the Green Paper.

6. Grants to organisations

So far, we have awarded 397 grants amounting to just under £40 million. These grants were made to voluntary and community organisations that fully involved young people and met two or more of the outcomes of the Green Paper.

7. Grants to individuals – the Big Boost

Through this programme we are giving individual and small groups of young people grants of £250 to £5,000. These grants fund young people to deliver community activities that help meet the outcomes from the Green Paper.

We have made one grant of over £5 million through this programme.

Organisation:	UnLtd
Grant scheme name:	The Big Boost
Grant awarded:	£10,000,000

We have given £10 million to UnLtd (The Foundation for Social Entrepreneurs) and their partners to deliver this programme on our behalf. By 31 March 2008 we had paid out £9.8 million. The programme is expected to complete in June 2008.

We have committed up to £92 million to YPF2 – our second major funding programme specifically for young people.

In December 2007, we launched our national grants programme that aims to support projects of national significance. The local grants programme is due to launch in May 2009. Through both, we want to support projects where young people develop and lead projects to tackle issues that affect their lives. We will support projects where young people are involved from start to finish.

As part of this budget we have allocated £19 million to support the final roll out of activities linked to the Out of School Hours Learning/School Sport Co-ordinators programme. We have also awarded a contract for £5 million to Participation Works, a consortium of national charities, to support voluntary and community sector organisations free of charge on getting young people to participate and get involved in projects.

We are building on extensive previous experience from our first Young People's Fund programme.

Section three

Scotland – Our Investing in Communities Manifesto 2006–2009

In Scotland our Investing in Communities portfolio has become well established. Investing in Communities marked a move away from multiple, issue-specific programmes, and is instead built on four complementary investment areas, supported by a project development fund, Investing in Ideas.

The four investment areas are: Dynamic, Inclusive Communities; Growing Community Assets; Life Transitions; and Supporting 21st Century Life. During 2007/08 we have made awards totalling £42.5 million under Investing in Communities. A further £1.5 million of Investing in Ideas awards were made.

The key elements of Investing in Communities have been well received. These include:

- a single entry point for all applicants, via a simple outline proposal process
- pre-application support and development through Investing in Ideas

- outcomes-focused investment through one of four Investment areas, and
- support for self-evaluation and learning for all funded projects.

This has allowed BIG in Scotland to have a closer relationship with applicants and grant-holders.

Investing in Communities has primarily been delivered through responsive grant-making to date. A comprehensive Year 1 review of Investing in Communities was carried out in June 2007. This has informed intervention plans for each of the investment areas, addressing both thematic and geographic gaps. These will be rolled out in 2008 and 2009.

Research and development of the Venture Fund – our social innovation programme – has been completed and this programme will be launched in 2008/09.

Remit

Expenditure that is charitable or connected with health, education or the environment

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

Scotland outcomes

People have better chances in life

Communities are safer, stronger and more able to work together to tackle inequalities

People have better and more sustainable services and environments

People and communities are healthier

Scotland Investment Areas

Life Transitions

Dynamic Inclusive Communities

Growing Community Assets

21st Century Living

The Scotland Funders' Forum has now been running for two years, and has been an effective forum for sharing best practice and discussing common issues through partnership approaches and joined up solutions. It has helped develop new ideas, and has piloted new approaches to reducing the burden of some of the bureaucracy associated with grant-making, such as monitoring and evaluation.

Awards for All (Scotland)

Awards for All is a partnership between the Scottish Arts Council, the Big Lottery Fund, the Heritage Lottery Fund and **sportscotland**. We award grants of between £500 and £10,000 for projects that get people involved in their community.

This popular, easy access programme continues to bring improvements to local communities. The aims of the programme are to:

- bring people together
- increase involvement
- improve quality of life
- help groups to become well organised.

So far this financial year, we have made 1,852 awards totalling £9.1 million.

Investing in Communities

Investing in Communities, our principle funding portfolio in Scotland, was launched in June 2006 and will make investments to September 2009. The outcomes and investment areas are intrinsically linked. This means that all four outcomes can be represented within the four investment areas. We expect funding to contribute to achieving more than one outcome at a time and in some cases deliver across investment areas.

Dynamic, Inclusive Communities

The Dynamic, Inclusive Communities (DInC) investment area is open only to Scotland's voluntary and community sector. It aims to help this sector build and strengthen itself. Overall, investment from DInC will nurture and sustain dynamic, inclusive communities throughout Scotland by creating the conditions and infrastructure through which healthy and vigorous voluntary and community sector activity can occur. To date, we have made eight awards totalling £2.7 million from the responsive strand of DInC.

We have also made one award greater than £5 million.

Organisation:	Scottish Council for Voluntary Organisations (SCVO)
Grant scheme name:	Supporting Voluntary Action
Grant awarded:	£8,508,040

The grant is to co-ordinate a strategic programme of activity designed to improve the functioning and effectiveness of the CVS network as a whole, and to increase and improve the way it works with other voluntary and equalities sector networks across the country.

This grant was awarded in 2006/07 and to 31 March 2008 £284,315 has been paid. It is expected that this project will be completed in 2012.

Growing Community Assets

This investment area aims to enable communities to have more control and influence over their development through owning and developing their local assets. A total of £50 million is available to support communities across Scotland in acquiring, managing and developing community assets. Funding is available for a diverse range of capital acquisitions, for example, land, buildings and vehicles. Revenue grants are also available to further develop assets and for communities to share knowledge and skills on the ownership and management of assets.

Since the programme launch in May 2006 49 grants totalling just over £17 million have been made.

Section three

Life Transitions

Our Life Transitions investment area supports people at times of change in their lives. People face changes at many stages in their lives; they deal with growing up, growing old, moving out and moving on. These transitions can be some of the most challenging times in people's lives. Life Transitions' projects aim to give people the confidence and skills to cope, and to improve services to help people make their lives better.

The funding is focused on young people, people over 50, people going through employment and learning transitions and people facing challenging times in their lives such as moving on from addiction.

In 2007/08 Life Transitions made 49 grants worth £16.4 million taking the total invested so far to £23.5 million.

During this year the Scotland Committee reviewed the grant-making in Life Transitions so far and agreed to invest an additional £15 million in the area by May 2009, half of which will be through targeted investment to help with specific transitions for younger people and people over 50.

Supporting 21st Century Life

This investment area recognises the rate at which our society is changing and the impact that population change, changing communities and evolving technology have on people's lives. Through Supporting 21st Century Life we want to promote an appreciation of each other by encouraging communication and connections within and between communities and by bringing different generations together. We want to enable people and communities to think and plan ahead together to match future needs and services. We also want to support people and communities to cope with the pace of change and to help combat social isolation and exclusion.

We have made £35 million available for this area of investment. Up to 31 March 2008 we have made 74 awards, both capital and revenue, totalling £28.2 million throughout Scotland.

Investing in Ideas

Launched in January 2006 this innovative programme, with a budget of £4.6 million, awards grants of between £500 and £10,000 and enables groups to turn ideas into reality. The main aim of the programme is to provide up front development support to potential applicants across the four investment areas described above. Priority is given to smaller voluntary and community organisations with an income of less than £50,000.

In 2007/08 we made awards totalling £1.5 million, taking the total invested to date to £3.2 million.

These are complemented by on-going activity initiated prior to the launch of Investing in Communities.

Primetime

We are undertaking a public involvement collaboration in partnership with BBC Scotland called Primetime. It was launched on 30 May 2007.

Primetime aims to promote the positive and increasingly important role that older people play in Scotland. It will fund projects that are about older people in Scotland feeling good about themselves, making a positive contribution in their communities, and improving links between older and younger people.

The Scottish public will decide which projects receive funding because projects in six areas of Scotland, short-listed by a decision-making panel, will feature in BBC Scotland television programmes to be broadcast in the Autumn of 2008, and TV viewers will be able to phone in to vote for those that they think should be supported.

The decision-making panel met on 22 April 2008 to decide which projects should proceed to the television vote.

Self-evaluation

As part of our commitment to encouraging and supporting learning we require all Investing in Communities grant holders to self-evaluate their projects. They can use that learning in the development and improvement of their work. We have appointed the Blake Stevenson consultancy to offer self-evaluation support to all grant holders. This is delivered through workshops, telephone assistance, networking events and one-to-one contact.

Young People's Fund

Our Young People's Fund programme in Scotland closed at the end of August 2007. Its aim is to help young people aged between 11-25 learn new things and take part in healthy and positive activities that make them feel good about themselves and we made 202 awards worth £23.9 million. The involvement of young people is an integral feature of the programme, from planning projects through to evaluating how well projects have worked, as well as involvement in local and national decision making.



Section three

Wales programmes

We carried out a review of our programmes during the year, this confirmed the relevance of our outcomes framework to life in Wales. Ongoing engagement with our partners and stakeholders has enabled us to identify future areas for investment and collaborative working. We have put our learning to immediate use in the development of new funding programmes and we will continue to draw on this learning in our future development areas.

Our *More than a Number* campaign, developed to raise awareness of mental health issues across Wales, and running in parallel with the Mental Health Matters programme, gave us the opportunity to work in partnership with mental health organisations such as Mind Cymru and Hafal. The programme was developed

within the context of growing concern in Wales about the needs of people with mental health problems and has contributed directly to the Welsh Assembly Government's strategy for suicide prevention. *More than a Number* will culminate in a conference in June 2008 at which we will launch the research that we have commissioned.

To promote public involvement in our work and raise awareness of the benefits of Lottery funding we have worked in partnership with Camelot and Lottery retailers to provide point of sale editions of our **bigtimes** magazines to Lottery buyers. This enabled Lottery players to become more aware of how good causes in their area benefited from good cause money.

Remit

Expenditure that is charitable or connected with health, education or the environment

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

Wales outcomes

People of all ages equipped with the skills and learning to meet the challenges of modern society

People working together for stronger communities, social justice and better rural and urban environments

Healthier and more physically active people and communities

Wales programmes

Stepping Stones

People and Places

Mental Health Matters

Young People's Fund

Healthy Families

Awards for All Wales

Awards for All Wales

The aims of this programme are to enable people to take part in heritage and community activities, and projects that promote education, the environment and health. The programme is a joint initiative between BIG and the Heritage Lottery Fund and offers grants of between £500-£5000. It is an extremely popular programme with applicants highlighting the easy access and the quick turnaround of applications.

The programme's outcomes are:

- to support community activity
- to extend access and participation
- to increase skill and creativity
- to improve the quality of life.

Since the launch of the programme we have allocated £10.8 million with £2.6 million awarded during 2007/08.

Healthy Families

Levels of obesity in Wales, concerns about coronary heart disease continuing to be the most common cause of death and a need to tackle lifestyle causes of ill health resulted in us making up to £20 million for the Healthy Families initiative. The aims are to add value to existing policy by making a strategic link between children's play, nutrition and physical activity and creating a joined up approach to promoting active and healthy lifestyles among children and families.

To enable us to achieve these aims we have developed two programmes that link closely with each other.

Child's Play

Our Child's Play programme promotes the development of open access play areas. It will support the development of infrastructure to deliver play services, and in addition fund projects that provide play opportunities and encourage a joined up approach between nutrition, healthy eating and play. Up to £13 million has been made available for grants of £250,000 -£1 million, and the first round of awards for infrastructure development were made in December 2007.

To support the programme Play Wales was appointed to work with public and voluntary organisations to develop their applications and ensure a strategic approach to this work. This proved to be extremely successful during the first phase of applications and Play Wales will continue to work with applicants to develop strategic play projects ahead of round two.

Way of Life

Up to £7 million was made available for our Way of Life programme and we have awarded 14 grants of between £250,000-£500,000 to promote healthy eating and exercise.

The programme aims to:

- promote a joined up approach to healthy eating and exercise through community-based projects working with families
- contribute to the evidence of what works in promoting healthy eating and exercise in children and families
- foster joined up working on healthy eating and physical activity at local and national levels
- develop links with children's play.

Hall Aitken was appointed as consultants to develop a number of models to test new ways of promoting healthy eating and physical activity with families. Hall Aitken will also work with the successful applicants to deliver and evaluate a series of pilot projects based on the models and the results will inform future policy and practice in this area.

Section three

Mental Health Matters

The need to support the development of services in the mental health field was strongly evidenced in our last consultation. The Mental Health Matters programme aims to promote the integration and independence of people with serious mental health problems and support people at greatest risk of serious mental illness or suicide. The programme is designed to complement the National Mental Health Strategy and national service framework.

The aim of the programme is to address gaps in current services and the barriers faced by the target groups. All successful applicants are expected to address the discrimination and stigma faced by people with mental health problems and they will be required to self-evaluate their work.

Launched in March 2007 these grants were made in April 2008.

People and Places

In our largest programme, up to £66 million has been made available to support organisations to work together to develop strong communities, social justice and better rural and urban environments. Three levels of grant are available: £5,000-£250,000; £250,000 - £500,000; and £500,000 - £1 million and over £28 million has so far been awarded.

The expected programme outcomes are:

- revitalised communities
- improved community relations
- enhanced local environments, community services and buildings.



To make it easier for applicants we introduced an outline proposal form stage that has a quick turnaround time and assists in managing the significant demand. We also appointed Tribal Regeneration to provide a development and support service for applicants to ensure all the relevant issues are addressed within the application – this has been especially helpful for the smaller, community groups.

Stepping Stones

Our Stepping Stones programme will help people facing barriers to learning and people facing major or long-term challenges in their lives. The programme is mostly aimed at people over 16 years old and projects must be strategic and innovative with self-evaluation being a key component.

Our expected programme outcomes are:

- people with improved self-confidence and life skills
- people taking up further learning or employment opportunities
- people equipped to better manage life challenges and transitions
- people volunteering and contributing to their communities.

Nine awards of £250,000 – £1 million were made in November 2007. A total of just under £7 million was allocated in total.

Young People's Fund Wales

Our Young People's Fund programme in Wales aim to help young people between 10 and 19 years old to enjoy life, develop new skills and achieve their potential. Three strands were developed to ensure the different needs of young people could be addressed.

Bridging the Gap

Our Bridging the Gap strand provided £4.5 million to six strategic projects across Wales. The projects work closely with the hardest to reach young people, who are disengaged from their peers or society and provide joined up services and support.

Make It Happen

Our Make it Happen strand provided small grants for projects that had been developed and planned by young people and allowed them to take part in a wide range of activities and contribute to their community. Up to £800,000 was made available for grants of £500 – £5,000.

Reaching Out

This programme aimed to fill gaps in local services and activities that help prevent young people becoming disaffected or disengaged and also offers outreach and support to those who are. A total of £7.7 million was made available for grants of up to £300,000.

As part of our outreach campaign in 2008/09 there will be a celebration of the investment in young people's services across Wales by BIG. Past successes will be highlighted and young people will be encouraged to contribute to the forthcoming consultation on our future funding portfolio.

Section three

Northern Ireland programmes

The Big Lottery Fund will distribute funding worth over £90 million in Northern Ireland between 2006 and 2009. The Northern Ireland programmes focus on a number of outcomes which can be seen from the table below. In addition, there are underlying principles and a number of priorities that projects are required to meet.

Remit

Expenditure that is charitable or connected with health, education or the environment

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

Northern Ireland outcomes

People can actively participate in their communities to bring about positive change

Community ownership of better and safer rural and urban environments

Improved physical and mental health for all people

People have the opportunity to achieve their full potential

Northern Ireland programmes

Young People's Fund

Reaching Communities Northern Ireland

Safe and Well

Improving Community Buildings

Building Change Trust

Live and Learn

Awards for All Northern Ireland

Our Awards for All programme is a joint awards programme set up to help small groups in Northern Ireland. It involves the Arts Council of Northern Ireland, the Big Lottery Fund, the Heritage Lottery Fund and Sport Northern Ireland.

The main aim of this programme is to fund projects which involve people in their community, bringing them together to enjoy a wide range of arts, sport, heritage, charitable and/or community, educational, environmental and health related activities. We award grants of between £500 and £10,000 in a simple and straightforward way.

This year we have awarded 394 grants worth £2.8 million.

Building Change Trust

Our aim for this Trust, and the work it supports, is to build the capacity of the voluntary and community sector by equipping it to meet the changing needs of disadvantaged communities in Northern Ireland. One grant of £10 million will be made as an endowment, to be spent over 10 years between 2008 and 2018.

In 2007, we publicly advertised a tendering process and through this process identified a preferred bidder to establish the Building Change Trust as a partnership led by the Community Foundation for Northern Ireland. The Community Foundation for Northern Ireland is the lead organisation and their partners are Business in the Community, Community Evaluation Northern Ireland, Rural Community Network, and the Volunteer Development Agency.

Our committee will decide on the application in mid 2008.

The Building Change Trust will address five specific areas and provide support that will facilitate change to happen. These areas are: underpinning community development, promoting volunteering, supporting partnerships, skills development and infrastructure support.

It is our intention that the Trust will provide a legacy that extends beyond the life and scope of our funding and transforms the voluntary and community sector and disadvantaged communities in Northern Ireland.

Improving Community Buildings

In December 2007, the Improving Community Buildings programme awarded grants to voluntary and community organisations, charitable not-for-profit companies and social enterprises to refurbish their community venue to enhance services.

A total of £2.5 million was awarded to 53 projects.

Live and Learn

This programme aims to increase learning opportunities and promote well-being among Northern Ireland's most disadvantaged communities. We will make grants to voluntary and community sector partnerships or to partnerships between the statutory and voluntary and community sectors. Live and Learn will fund projects that offer families opportunities to develop new skills at different stages in their lives.

We have about £18 million available for the Live and Learn programme in Northern Ireland for five-year grants. Live and Learn has a two-stage application process with development grants offered at stage one. Decisions were taken on stage one applications in December 2007, with 23 development grants awarded at a value of £625,588. These applicants have now been invited to apply to stage two of the application process for five year grants. The closing date for these applications is 30 September 2008, with decisions being taken in April 2009.

At stage two, we expect to make about 12-15 grants. The minimum grant available is £600,000 and the maximum is £1 million over five years. Grants will provide revenue funding towards the operating costs of a project. Capital is limited to 10 per cent of the total grant requested up to maximum of £100,000.

Section three

Reaching Communities Northern Ireland

Originally launched in April 2006, this programme was relaunched in September 2007 after a programme review. This programme makes grants to voluntary and community-led organisations.

In Northern Ireland, we have approximately £18 million available for the programme between 2006 - 2009. We want our funding to make a difference to people and communities in need. We will support and build the capacity of successful applicants to ensure the effective delivery of their projects over this time period.

This popular and competitive programme has awarded a total of £6.6 million worth of grants to 15 projects to date. A total of 121 full applications were received by the January 2008 deadline, with decisions to be taken in June 2008. The closing date for the programme is 3 September 2008.

The Northern Ireland Council on Voluntary Action continues to deliver a support and development contract to successful applicants to the programme.

Safe and Well

Our programme aims to improve the lives in the most disadvantaged communities in Northern Ireland by funding preventative projects that promote well-being. Safe and Well will encourage communities to work together to tackle health and safety issues. We have approximately £18 million available for the Safe and Well programme. We will make grants to partnerships within the voluntary and community sector or to partnerships between the statutory and voluntary and community sectors.

Safe and Well has a two-stage application process with development grants offered at stage one. Decisions were taken on stage one applications in January 2008, with 24 development grants awarded at a value of £780,054. These applicants have now been invited to apply to stage two of the application process for five year grants. The closing date for these applications is 29 October 2008, with decisions being taken in May 2009.

At stage two, we expect to make about 12-15 grants. The minimum grant available is £600,000 and the maximum is £1 million for five years. Grants will provide revenue funding towards the operating costs of a project. Capital is limited to 20 per cent of the total grant requested up to maximum of £200,000.

Young People's Fund Northern Ireland

In Northern Ireland, there is £14.8 million available through the Young People's Fund. The aim of the programme is to target resources at young people at greatest risk of exclusion and/or offending. We want to give money to young people themselves and can fund organisations working on behalf of young people. The Young People's Fund is delivered through two strands:

The Big Deal

In April 2006 we appointed YouthNet to run strand one of our Young People's Fund in Northern Ireland. The programme, which is called The Big Deal, will bring together a partnership of key youth work agencies in Northern Ireland and will manage a number of pioneering programmes where young people will be involved in the decision-making process.

Young people will also be able to apply for funding of between £500 and £2,500 to develop projects that will make a difference to their lives, families and communities. To date, 155 small grants have been awarded with a value of £335,856.

Change UR Future

The Change UR Future is the second strand of the Young People's Fund and is an open demand-led grant programme that has £10.8 million to support projects in Northern Ireland that:

- focus on young people up to 25
- last up to five years
- target resources at those young people at greatest risk of exclusion and/or offending
- involve young people in the design, delivery and evaluation of the project.

Change UR Future closed for applications in September 2006. We awarded 53 grants worth £10.8 million. Over 80 per cent have been awarded to voluntary and community organisations.



Section three

Big Lottery Fund legacy programmes

For all the programmes launched by our legacy bodies (the New Opportunities Fund, the Community Fund and Millennium Commission), the final closing date has passed and most programmes are fully committed. This section reviews the progress of each of the programmes with grants still in management.

New Opportunities Fund programmes

Activities for Young People

Activities for Young People is an initiative that included various programmes in England, Wales and Northern Ireland. Overall, the initiative aimed to address social exclusion, divert young people from crime and to help keep young people in touch with the education and guidance system.

Do It 4 Real was a summer programme operating in England that aimed to structure the holiday time of young people from a variety of backgrounds by providing residential experiences in the areas of outdoor adventure, drama and arts, vocational skills, and community projects. The Youth Hostels Association² was awarded the contract to run the national programme. This programme closed during 2007/08.

Northern Ireland made five awards totalling £2.7 million. The programme focused on disaffected youths aged 11–16. This programme closed during 2007/08.

Wales made 28 awards to 14–18 year olds to re-engage them in education, training, employment and promote social inclusion. This programme is now closed.

Community Sport Initiative

Each country developed a programme according to its own needs and priorities.

In England the programme operates as Active England; a programme run jointly with Sport England. Our contribution is £77.5 million and Sport England's contribution is £31 million. It aims to encourage creative approaches that will begin to drive up physical activity levels and sports participation rates in England. 243 projects have been funded through this programme.

The programme operates as Active Futures in Scotland. £11.5 million has been committed to increase participation in sport and physical activity and sustain participation among currently inactive 17–24 year olds. 31 projects have been funded and all have started. The activities funded under this programme are due to finish by the end of June 2010. The programme also includes £6 million paid directly to the Scottish Football Association for youth football development.

In Northern Ireland the programme operates as Active Lifestyles and Community Sport. £4.5 million was committed to expand grassroots involvement in physical activity in order to contribute to health and well being. All the available funding for Active Lifestyles has been allocated. The Community Sport strand has supported 20 community development posts.

In Wales £6.5 million has been committed through the Mentro Allan programme to increase activity levels amongst the 'hard to reach' sedentary population by increasing the recreational use of the natural environment of Wales. Mentro Allan has awarded a grant to a National Partnership to develop and provide support to a portfolio of 15 projects which will deliver a range of activities and initiatives across Wales.

²The Youth Hostels Association were awarded a grant of £17 million to deliver the Get Real programme. This grant programme was fully paid and closed during 2007/08.

Green Spaces and Sustainable Communities

This £130 million UK wide initiative was delivered through eleven award partners – seven in England, two in Scotland, one in Wales and one in Northern Ireland.

The aims were to:

- create, preserve, improve or promote access to green spaces of educational, recreational or environmental value to the community and creation of habitats which encourage biodiversity
- encourage small community based projects, which engage local people in improving and caring for their environment and promoting sustainable development.

Final payments have been made on all grant schemes. Over 3,000 projects have been funded UK wide.

Healthy Living Centres (HLCs)

We awarded over £300 million to create HLCs across the UK. The programme was developed in collaboration with the Department of Health and with regional and local statutory and voluntary organisations. The programme aimed to promote health in its broadest sense and to improve the health of people in disadvantaged communities through the setting up of HLCs. The target was to fund HLCs accessible to 20 per cent of the population.

Most of the money is now committed. A total of 350 HLCs across the UK were created: 257 in England, 46 in Scotland, 28 in Wales, and 19 in Northern Ireland. 174 grants are still receiving funding. Final payments are expected to be made in 2009/10.

A sustainability project was launched at the beginning of 2008. This aims to work with selected HLCs to develop a model for sustainability through social enterprise. The results of this work will be disseminated to a wider group of HLCs and other stakeholders toward the end of the year.

The Bridge Consortium has evaluated the programme. The final evaluation is available on BIG's website – www.biglotteryfund.org.uk

New Opportunities for Health

We developed a number of programmes under this £213.5million initiative to reduce the burden of coronary heart disease, stroke and cancer. Across the UK we also invested in modern scanners and other types of equipment to deal with the fact that some areas have had to offer a far worse service to patients, because equipment was not available or was old, slow or unreliable. Our grants are enabling patients to get seen faster, reducing the time spent waiting for diagnosis, and helping people receive first class treatment.

In England, the school fruit pilots programme and five a day local community initiatives backed the Government's campaign to increase fruit and vegetable consumption have now closed.

In partnership with the British Heart Foundation we developed three "heart health" programmes, Cardiac Rehabilitation (£5 million), Heart Failure Support Networks (£10 million) and the National Defibrillators programme (£6 million). This last programme is now closed.

Through the Cardiac Rehabilitation programme 26 grants were awarded 76 nurses. The programme is expected to be completed in 2009/10.

Thirty six grants were awarded through the Heart Failure Support Networks³ programme. The programme is expected to be completed in 2009/10.

Our CHD, Stroke and Cancer programme in Northern Ireland, Scotland and Wales provided preventative programmes and access to high quality services for diagnosis and treatment by specifically tackling inequalities in provision. These programmes are substantially complete. In Scotland, we have also supported nine major building projects for cancer care facilities. In Wales, the Minister for Health and Social Services announced that for 2008/09 Government funding would be provided to mainstream some of the CHD projects funded by BIG.

³We have awarded £9,459,819 to the British Heart Foundation to run the Heart Failure Support Networks scheme. This five year award partner grant scheme, based in England, is expected to complete by June 2009. £9.2 million of grant has been paid to date.

Section three

Transforming Communities: Better Off (Scotland)

The £10 million Better Off programme in Scotland develops new kinds of community rehabilitation for people who misuse or have misused drugs. The programme provides extra resources at community level for groups and agencies working to address this issue across the country, supporting projects that link people to opportunities in education, training, employment and accommodation.

New Opportunities for PE and Sport (NOPES)

The programme aimed to bring about a step-change in the provision and use of PE and sports facilities for young people and for the community throughout the UK. £750.75 million has been committed across the UK to LEAs, based on the size of the population and levels of deprivation.

Up to £581.25 million was allocated for projects across England. In Scotland £88.3 million was allocated. Funding in Scotland was divided between activities and facilities projects⁴. £33.75 million was allocated for projects across Northern Ireland and £48.75 million was allocated for projects across Wales.

As of March 2008:

- 1,679 awards have been made in England funding 2,493 facilities.
- 211 awards have been made in Scotland funding 178 facilities and 33 activities projects.
- 205 awards have been made in Wales funding 177 facilities.
- 143 awards have been made in Northern Ireland funding 135 facilities.

⁴There has been one grant of over £5 million awarded through the PE and sport in schools programme. £6,642,436 was awarded to Glasgow City Council Education Services to run the Active Glasgow project. Activities funded under this grant provide opportunities for young people in Glasgow to participate in a range of new sporting and physical activities. This programme has now finished with all of the grant being paid out. Glasgow City Council are funding a replacement programme entitled Active Kids.

The Loughborough Partnership is evaluating the programme. Evaluation progress is available at www.biglotteryfund.org.uk.

In England a further £30 million was allocated for football projects and distributed by the Football Foundation. This programme is now completed. A total of £25 million was allocated to Space for Sport and the Arts, a joint programme with Sport England, the Arts Council, DCMS and DfES. The programme is managed by Sport England. We have also contributed £2 million to Active Places to develop an online sports facilities database. The programme is jointly funded with Sport England. This programme is now completed.

Out of School Hours Childcare

This programme aimed to address the lack of childcare provision and to support the creation, development and long-term sustainability of provision throughout the UK. It complemented the Government's National Childcare Strategy, which (along with its equivalents in Northern Ireland, Scotland and Wales) aimed to improve the quality, accessibility and affordability of childcare for children aged 3-14 (up to 16 for children with special needs). The programmes made £285.4 million available to create childcare places across the UK.

555,340 childcare places were created: 468,500 in England; 14,494 in Northern Ireland; 48,139 Scotland; and 24,207 in Wales. The programme is expected to be completed by Autumn 2008.

Third Round Childcare Programmes

This programme funded capital projects that would predominately benefit pre-school children and bring about long-term sustainability of out of school hours childcare. The programme ran across all four UK countries.

Childcare Funding Facilitators were also supported in Scotland and Wales. These programmes invited applications to set up teams of funding facilitators to advise and support childcare providers about sustainability.



Section three

Through our Building Neighbourhood Nurseries programme in England we made £100 million available for the capital and development costs of new nurseries in disadvantaged areas. We supported 913 projects, and 45,000 day-care places were created.

Through our Building Quality Childcare Programme in Northern Ireland we have made 95 awards totalling £5.7 million to create quality childcare venues by funding childcare facilities, predominantly for pre-school children.

Under New Opportunities for Quality Childcare in Scotland 262 awards were made worth approximately £14.2 million to improve the quality of childcare provision for children up to the age of 14 (up to 16 for children with special needs), to develop support to parents and to develop the childcare workforce.

Our Wales Integrated Children's Centres programme has made 25 awards worth £10 million for capital costs of building an integrated children's centre in each local authority area. To be eligible for our funding the centre had to provide childcare for pre-school children not in a statutory education setting.

Out of School Hours Learning (OSHL) / School Sport Co-ordinators (SSCo)

The aim of our programme was to provide out of school hours learning activities that encourage and motivate pupils, build their self-esteem and help them reach higher standards of achievement. The OSHL/SSCo programme aimed to provide new and enhanced out of school hours-learning opportunities with a physical activity focus.

In England £20 million was initially made available, as part of the Young People's Fund a further £28 million was allocated in 2004 and £19 million in 2005 to expand existing out of school hours activities projects and fund new projects. All projects had started by February 2007. All schools in England are part of the school sport partnership network.

By the end of 2007 a total of 460 projects had been funded, with funds available to every school in England. 20 of these projects have been completed by August 2007, with a further 30 expected to complete by summer 2008. In 2007 £14.5 million was committed to 39 new and 154 existing projects. All these projects are now in grant management. The programme is scheduled to close by March 2012.

The Institute of Youth Sport at Loughborough University evaluate the impact of the SSCo programme annually. Details can be found at <http://www.lboro.ac.uk/departments/sses/institutes/iys/pages/research3.6.htm>

In Scotland our programme is being delivered through a grant contract with sportscotland. In 2006/07 £27,000 was used by **sportscotland** to deliver Girls In Sport, a project aimed at training those who delivered activities under the OSHL/SSCo programme to engage and maintain the interest of girls in physical activity. This project has proved to be successful and helped reduce the barriers to female sport participation.

All activities funded under this programme in Scotland finished by the end of 2007. The programme was evaluated as part of **sportscotland's** evaluation of the Active Schools programme. Details can be found at www.sportscotland.org.uk

In Northern Ireland we have committed all our available funding for OSHL/SSCo. Projects were delivered in partnership with the Education and Library Boards. Final payments were made in summer 2007. An award was made to each Education Library Board. The awards involved 850 schools in Northern Ireland.

The OSHL/SSCo programme in Wales focused on primary schools and pupils in transition to secondary schools through local authority study support co-ordinators. The projects complement the Sports Council for Wales' Dragon Sport Initiative.

The outcomes exceeded the policy directions of funding activities in 1,000 school families with school sport co-ordinators by actually funding around 1,300 families. £1.8 million has been allocated to fund 22 projects, which all completed grant management activities by the end of 2007. The programme closed in December 2007.

Palliative Care

This programme gave grants to projects that offered effective palliative care and associated support and information services for children and adults suffering from cancer and other life-threatening conditions. It aimed to increase access to outreach support in the community, respite care, information and bereavement services for patients, families and carers.

- ▶ In England through the children's programme we have made awards worth over £44.6 million to 134 projects. Through the adults' programme we have made awards in England to 55 home based palliative care teams, worth £20.6 million.
- ▶ In Northern Ireland 25 awards were made under four umbrella schemes, worth £3.6 million.
- ▶ In Scotland 19 grants were made, 15 to NHS Boards and 4 direct grants, totalling £5.1 million.
- ▶ In Wales 10 awards were made to building schemes benefiting patients, visitors and staff through improved facilities and waiting areas.

All programmes are substantially complete, final payments will be made in 2008/09.

The evaluation is now complete and the final report and summary will be published on our website.
www.biglotteryfund.org.uk

Renewable Energy

Renewable Energy was a £50 million UK-wide programme, forming part of our Transforming Communities initiative. The Government directed that this be split between three priorities – at least £33 million to fund large-scale electricity generating projects fuelled by energy crops; at least £10 million to build offshore wind projects; and, at least £3 million for small-scale biomass heating schemes. BIG's funding⁵ contributes to an overall strategic funding package under the Bio-Energy Capital Grants Scheme targeting these particular sectors of the renewable energy industry. Initially the Department for Trade and Industry (DTI) also provided funding for the balance of this package. More recently a third round of funding was provided by the Department for Environment, Food and Rural Affairs (Defra).

All funding has now been committed with 17 grants funded in total. Due to the nature of the projects being funded payments will be made under this programme until 2010/11.

⁵Three grants of more than £5 million have been awarded in this programme

- SembCorp Utilities were awarded £11,900,000 for the Wilton 10 project. The Wilton 10 project is currently well into its construction phase. Using biomass instead of fossil fuels to produce energy to reduce carbon emissions. The generating station was commissioned in 2007/08. £8.9 million of the grant has been paid to date. The final payment milestone is linked to the provision of post commissioning reports. The last of these is expected in April 2010 when the final payment under the grant is expected to be made.
- SeaScape Energy Ltd were awarded £10,000,000 for the Burbo Offshore Wind Farm project. Harnessing the natural power of the wind instead of fossil fuels to provide energy to the national grid and to reduce carbon emissions. The offshore wind farm was commissioned in 2007/08. £6.5 million of the grant has been paid to date. The final payment milestone is linked to the provision of post commissioning reports. The last of these is expected in July 2010 when the final payment under the grant is expected to be made.
- E.ON UK plc was awarded £18,000,000 for the Biomass scheme in Lockerbie. Using biomass instead of fossil fuels to produce energy to reduce carbon emissions. The generating station was commissioned in 2007/08. £8.2 million of the grant has been paid to date. The final payment milestone is linked to the provision of post commissioning reports. The last of these is expected in December 2010 when the final payment under the grant is expected to be made.

Section three

Transforming Your Space

The £49.5 million Transforming Your Space programme aimed to enhance the quality of life of local communities, to improve the appearance and amenities of local environments and to increase the development of community assets.

- ▶ In England, we chose to complement the Fair Share programme by allocating funding to the 51 Fair Share areas.
- ▶ In Wales, each Community Strategy Partnership was invited to develop a project in its areas that demonstrated sustainable development.
- ▶ In Scotland, the programme was run by an award partner, the Fresh Futures Partnership.
- ▶ In Northern Ireland funding was awarded through an open application process.

All available funding has now been committed and final payments made. Transforming your space evaluations for the countries are available on BIG's website - www.biglotteryfund.org.uk

Transforming Waste

The £49.5 million Transforming Waste programme provided funding for projects that contributed to community sector waste re-use, recycling and composting. The funding was split across the four countries, and one award partner appointed in each. The award partners have committed £42.57 million to 290 projects nationwide.⁶

All available funds have now been committed to projects. The programme is expected to be completed in 2008/09. Transforming your waste final evaluation available on BIG's website - www.biglotteryfund.org.uk

Veterans

This programme provided £49 million for overseas trips and UK based events in commemoration of the 60th Anniversary of the Second World War. It also supported educational projects and events to give opportunities for people of all ages to gain an understanding and appreciation of the lasting impact on the war in the UK and worldwide.

All grants and trips have now been made. There was a small underspend on educational projects and anniversary events and this is being used to extend and develop opportunities for young people to meet veterans, and develop e-based learning resources including WW1 and post-WW2 conflicts. The programme is expected to be substantially completed in 2009/10.

⁶In England £36,545,739 was awarded to the Royal Society of Wildlife Trusts to deliver the Community Recycling and Economic Development programme. As at 31 March 2008 £36,390,355 has been paid to RSWT. The project is expected to be completed in 2008/09.

Community Fund programmes

VCS programme

The Voluntary and Community sector programmes closed on 31 May 2005. Additional funding of £100 million was made available to meet high levels of demand. Each country and each England region set their own priorities from: children and young people; black and minority ethnic communities; older people and their carers; disabled people and their carers; people in areas disadvantaged by social/economic problems; and refugees and asylum seekers.

Over the lifetime of the Community Fund 24,632 grants were made worth £2.5 billion. The programme is scheduled for completion in 2010/11.

International grants programme

The International programme awarded grants to projects that tackled the root causes of long-term poverty in developing countries. Funding priorities focused on four main areas of concern: primary education, health, natural resources and human rights. The programme is now closed.

In total 753 projects were funded in 147 countries, with a total award of £189.8 million. The last grant is due to end in 2011/12.

Research grants programme

The aim of our research grants programme was 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 were made directly to voluntary sector organisations, most of which worked in partnership with universities. Adopting a 'voluntary sector-led' approach the programme, which ran from 2002-2006, made a unique contribution to the UK research funding landscape. The programme is now closed.

In total 125 grants were made of which 87 are still in grant management. The last grant is due to end in 2011.

Strategic grants programme

The strategic grants programme closed on 31 May 2005. Strategic grants was a demand-led programme that benefited projects working in three or more England regions, England as a whole, more than one UK country or the UK as a whole. The programme was particularly focused on support for projects that set out to influence national policy and practice.

In total 1,470 projects were funded with a total award of £298.8 million. The programme is scheduled for completion in January 2010.

Millennium Commission programmes

The Millennium Commission assisted communities in marking the close of the second millennium by encouraging projects that would be lasting monuments to the achievements and aspirations of the people of the UK. The Commission was wound up on 30 November 2006 and we now manage its residual grants.

Over the life time of the Millennium Commission it awarded £2,178 million in grants. There are still 12 grants in management.

Section four

Our operational performance

This section summarises our operational performance against our objectives and statutory responsibilities during 2007/08.

Our performance against our corporate objectives

The 2007/08 Corporate Plan set out the five outcome focused corporate objectives and the related performance indicators. These are summarised below with details of performance achieved.

Objective 1:

to provide a better service to enquirers, applicants and grant holders

The outcomes will be: an improved experience for those who enquire about, apply for or receive our funding; and a strengthened relationship with our delivery partners and contract holders.

Priority activity	End of year report
a) Development and delivery of new funding programmes	<p>Of the nine funding programmes we said we would develop and launch during the year, seven programmes started on the dates we published. The final two programmes, BASIS second round (England) and Venture Fund (Scotland) will open in 2008/09. In addition to the published list we launched a further round of The People's Millions programme.</p> <p>We also opened the Community Assets programme, our first non-Lottery funded programme, which we are managing on behalf of the Office of the Third Sector.</p> <p>A satisfactory performance was achieved on application turnaround time and nine other internal measures of operational efficiency.</p>
b) Achieving the intended outcomes for projects that we fund	<p>We monitored the numbers of completed projects that had achieved their outcomes and determined that more than 94 per cent had done so. We also scheduled regular reviews of our application guidance, and have revised and re-issued these for programmes where we judged it would benefit the delivery of project and programme outcomes.</p>
c) Training our staff	<p>1,923 training places were taken up by staff to improve their grant-making skills. We made good progress on training but we recognise the need to continue building on the support we give staff to enable them to give the high quality service our customers expect.</p>
d) Clear service standards for service providers and delivery partners	<p>During the year we had more than 100 support agencies and delivery partners under contract to deliver services on our behalf. All contracts incorporate our service level requirements. We began a programme of staff training to improve our contract management.</p>

Priority activity	End of year report
e) Customer care	<p>The overall level of service provided by our call centre, which handles general enquiries through the BIG advice line, was satisfactory.</p> <p>We are reporting significant improvements in complaints handling later in this section of the report.</p> <p>We recognise the need to continue building on the quality of service to customers.</p>

Objective 2: to maximise the impact of our funding

The outcomes will be: an improved framework of funding programmes; well-informed decisions about where our money goes; improved public awareness of our funding; and continuing with our intelligent funder approach.

Priority activity	End of year report
a) Clarify the success factors and outcomes of our funding programmes	<p>A number of our live programmes were reviewed during the year, for example to look at whether programme outcomes were being achieved. Some of our older programmes closed. In all cases learning and impact exercises were carried out and the findings were considered by the relevant country committee, to identify any necessary interventions in current programmes or to inform future funding areas.</p> <p>Of the funded projects that were completed during the year, more than 97 per cent achieved their outcomes. This level of success exceeded our performance target.</p>
b) a new funding framework for 2009 onwards	<p>The England, Wales, Scotland and Northern Ireland country committees have advised the Board on our funding policies across the UK under our next round of programmes. We are on target to start our consultation based on a conversation across all four countries in 2008/09.</p>
c) public involvement	<p>We are taking a lead regarding public involvement in Lottery decision-making. We have worked in partnership with ITV and the BBC on four programmes this year (Living Landmarks, The People's Millions, Breathing Places and Primetime) to involve the public in phone and web voting.</p> <p>Over 100 people attended our open Board meeting which was also streamed live on the web. We also piloted live grant-making within Scotland.</p> <p>A poll conducted in November 2007 showed that 36 per cent of the UK population were aware of us, a 2 per cent increase on 2006/07.</p> <p>A survey of 500 funded projects in March 2008 showed that 92 per cent had publicly acknowledged our grant via the use of the logo and branded items, compared to 79 per cent a year ago. This is good progress and shows that new procedures are working.</p>

Section four

Priority activity	End of year report
d) disseminate the learning and evidence from our funding programmes	We carry out evaluation and research to allow us to improve funding impacts and processes; to promote wider sharing of such learning to improve practice and influence policy; and to make us accountable to the public. This has grown in strength over the year. We hosted a national evaluation conference for 100 participants, which was well-received; full audio and slides are on our website.
e) intelligent funding	All research and evaluation publications are available on our website. We ensured that our ideas about our future funding will be within the intelligent funding framework.

Objective 3: to improve stakeholder relations

The outcomes will be: an improved understanding of our funding priorities and outcomes approach among stakeholders; increased effectiveness of helper agencies; and improved communication of our intelligent funder principles.

Priority activity	End of year report
a) review and develop our relationships with stakeholders	We are preparing for the public consultation in 2008/09. Over the year our media coverage reached a record 19,638 items, more than 80 per cent of which has been positive. Positive coverage in the national press ranged from 60 to 73 per cent. Negative coverage was influenced in varying degrees by political campaigns and mis-reporting of our funding.
b) develop a communication strategy to raise awareness of BIG as well as its funding programmes and communicate key activities internally	The England, Wales, Scotland and Northern Ireland country committees finalised their communications strategies and action plans. Central to these has been the underlying theme of public engagement with our funding and using local media to raise awareness of what the Lottery has funded.

Priority activity	End of year report
c) Deliver our outreach and development strategy effectively with delivery partners and helper agencies	<p>Improving the helper agency network has been a priority for our England regional teams, focusing on supporting their events and adding resources that the agencies can use to support applicants; a website launched in August provides access to a suite of modular training materials.</p> <p>Outreach work was a priority for our teams in Wales, Scotland and Northern Ireland and we made good progress overall.</p>

Objective 4: to develop our capabilities and get the best out of our people

The outcomes will be: a competent, capable and committed workforce; improvements in the way we work together across the organisation; and the achievement of IIP standards.

Priority activity	End of year report
a) Launch the second year of the management development programme	This year as in the previous year we have enrolled a group of managers on Open University management development programmes.
b) Embed a job family framework to enhance our employee performance management process and strengthen the links with training, development and recruitment selection	<p>Our second employee survey showed that we continued to make good progress in embedding our performance management culture.</p> <p>Every post within the organisation has been placed within a job family structure with identified technical and behavioural competencies. A development and training programme that supports these competencies has been launched.</p> <p>We met our target to create an integrated system for employee performance management and development.</p>
c) Implement corporate, directorate and individual action plans to address issues arising from the 2006-07 staff survey	We implemented a number of new initiatives following the employee survey 2006 and we communicated regularly with staff on these. There was a second survey in September 2007, which showed that we had made good progress. We entered the Sunday Times Best Companies employee survey and gained "One to Watch" recognition.

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Priority activity	End of year report
d) Achieve IIP standards and scope requirements to become an IIP exemplar employer in leadership and recruitment and selection	BIG achieved Investor in People (IIP) standards and we have looked at what we need to do to become a model employer in leadership and recruitment and selection. This will be a priority activity for 2008/09.
e) develop a new internal communications strategy	We made good progress in this area. An internal communications strategy was agreed in September. The new Chief Executive has inspired fresh ideas for ensuring that staff share knowledge and ideas.

Objective 5:

to improve efficiency and effectiveness

The outcomes we wish to achieve are: more effective planning, resource modelling and risk management; improved decision making and support to our new Board in developing and leading the organisation to deliver our mission and be a more effective funder.

Priority activity	End of year report
a) implement a new corporate governance framework, including (i) the action plan and (ii) a strategic forward plan and information schedule for the Board, Committees and SMT	A governance structure is in place that supports Board and Committee planning.
b) integrate and improve corporate planning and performance management, risk management and management information.	We achieved good progress on integrating our corporate planning, budgeting and risk management.

Priority activity	End of year report
c) develop more robust business models that support the costing of activities and forecasting of resources	A new financial planning team was put in place at the end of the year to complete the task in 2008/09.
d) re-engineer our operational processes, including reviewing grant-making models	<p>We set up a major project to create the systems and processes to achieve high standards of customer service in our future funding. We completed the requirements phase this year. The project will be completed at the end of 2009/10.</p> <p>Our current systems and processes for grant-making were maintained and continued working. A project to review and enhance guidance materials, which began in 2005, completed its work in March 2008.</p>
e) re-engineer our corporate service “back office” processes to achieve more integrated systems	<p>We set up a joint Service Desk to provide an integrated service for both IT and HR requests and introduced employee and manager HR self service.</p> <p>We implemented an on-line system for recruitment and managing employee performance.</p>
f) continue to achieve efficiency savings across the organisation	This has been achieved. Section five of this report sets out full details of our financial performance.
g) continue the transfer of corporate functions to Birmingham and the disposal of surplus office space	Transfer of staff to Birmingham has continued. We are disposing of redundant space in our London and Birmingham offices, and have disposed of redundant space in our former Nottingham and Newcastle offices.
h) begin development of a strategic plan for 2009-2012	We began this work in March 2008. It will go on at the same time as our planning for the public consultation.

Section four

Priority activity	End of year report
i) ensure the organisation operates at all times with full legislative and contractual compliance	There are procedures for reporting on this to the Senior Management Team. No problems were identified during the year.
j) implement the joint race, disability and gender equality scheme	We have achieved good progress. This is set out in more detail later in this section of the report.

Customer care matters

We continue to raise the profile of customer care across all our activities. In September 2007, the Board signed off a Customer Service Strategy. The Strategy has two main objectives: ensure we are keeping our promises and to learn from our customers. We are working hard to embed good customer service in all of our processes and everything that we do.

From December 2007 to February 2008 we piloted an online customer satisfaction survey. The results are being used to prioritise an action plan; this is a key part of the wider Customer Service Strategy.

Complaints

Where things do not go right we have a two stage process to try to resolve complaints satisfactorily. If a complainant is still unhappy they may refer their complaint for independent review. There are four independent complaints reviewers (ICR) who look at complaints across all Lottery distributors.

In April 2007 we implemented a new internal procedure for responding to complaints and requests for feedback. This resulted in less than half of one per cent of applications resulting in a complaint this year. Only 17 complaints went to stage two (review by the Chief Executive). This is a satisfactory reduction on the 2006/07 figure of 51.

Five of these complaints were reviewed by our ICRs. This is a reduction on the 13 that went to the ICR in 2006/07.

As it can take several months for an ICR to complete a report, nine of the 12 ICR decisions that we received in the 2007/08 reporting period relate to complaints that originated in the final quarter of 2006/07.

Three ICR complaints were upheld, five upheld in part and four were not upheld.

They can be categorised into five main themes:

- guidance materials
- grant assessment
- communication
- delays, disputes and risk analysis, and
- complaint handling.

We have taken on board the ICRs recommendations in these areas and as a result of the ICR reports we reassessed three applications. One was successfully awarded a grant but two remained unsuccessful.

Recommendations from ICR reports and feedback from stage one and two complaints have been used to inform changes to our processes and guidance materials. We have produced new guidance on Good Governance in response to complaints about lack of feedback for unsuccessful applications. We have also improved the feedback we give to applicants and now provide copies of assessment reports on request and involve senior managers in responses. We are committed to continuing to improve in these areas.

Freedom of information

As a public body the Big Lottery Fund is subject to the Freedom of Information Act 2000. The Act gives individuals a right to access any information held by BIG, subject to exemptions.

Between 1 April 2007 and 31 March 2008 we received 122 requests for information. Of these requests 121 were answered in full, within the statutory 20 working days; one request took 26 working days, as we had to extend the time to consider the public interest.

Some information has been withheld under exemptions, but we have only received one request for an internal review of our decision to withhold information. This internal review resulted in the information being released. No cases have been referred to the Information Commissioner for an independent review of our decisions.

Requests have come from a variety of sources, including journalists, grant holders, complainants and members of the public with an interest in Lottery funding.

We will continue to release information, be open and transparent and only use Freedom of Information exemptions if we feel to do so is in the public interest. We are also constantly reviewing our policies to provide information so that enquirers do not have to use the provisions of the Act.

Our employment policies

Our arrangements for pay and conditions are based on best practice in the public sector and we have established a range of employment policies that demonstrate our commitment to be a fair employer. During the year 2007/08 we embarked upon a programme of streamlining all of our HR policies to be more user-friendly to staff and managers. We also ran a series of training programmes designed to familiarise staff and managers with our simplified policies. This process will continue until we have revised all of our policies to ensure that they are stripped of unnecessary detail and over-elaboration.

Employees are covered by the provisions of the Principal Civil Service Pensions Scheme or, since 1 October 2002, new starters may choose to join a money purchase stakeholder based arrangement. Further details of pension fund arrangements are provided in the annual accounts attached to this report.

We appreciate the importance of staff training and development and make sure that we give staff the chance to develop new skills that improve their capability to carry out their duties. Since 2006/07 we have run a management development programme with the Open University with over 40 employees registered. We also provided separate funding for other non-managerial courses through our corporate sponsorship scheme, allowing an additional 30 employees to have access to externally provided training, funded by BIG, with study leave provision as appropriate.

In 2006/07 we were especially pleased that our Wales office secured Investors in People accreditation as a pilot. This then led to BIG applying, and in 2007/08 securing Investors in People accreditation corporately.

Section four

To encourage communication and good relations between the Board, management and staff at all levels the Prospect and Amicus trade unions are recognised jointly for the purpose of collective bargaining for all employees, excluding Directors. During the last year the formal joint recognition agreement was agreed. Relations with the Joint Union Group are extremely positive and formal meetings take place monthly.

The nature of our work means that a number of our staff work closely with the Senior Management Team and the Board, for example, through developing and evaluating programmes, through assessment and decisions on applications. Some members of staff attend meetings of the Board, which enable them to be aware of the thinking about the development of the Big Lottery Fund and our operations.

Additionally staff are consulted on a number of matters and various groups exist to facilitate this. In 2007/08 an employee survey was run. The overall response rate of 88 per cent was impressive. We have developed action plans corporately and within each directorate to ensure that this staff feedback is acted on where appropriate. This led to BIG participating in The Sunday Times Best Companies employee Survey and gaining “One to Watch” status, an achievement for an organisation that has undergone significant change over the past three years.

Our commitment to equality

We have continued to take a proactive approach to equality and diversity issues this year with a strong steer from our Board and the focus of our work being to embed our equality principles into our practices and the projects we fund.

In particular the publication of our Equality Matters guide in July 2007 signified our drive to promote equality and maximise opportunities for people to take part in funded projects. This guide is designed to provide practical help to grant applicants to incorporate equality issues into the planning of their projects as well as explaining the equality standards BIG expects from grantees. Ultimately we believe that by putting equality right at the heart of project design and implementation, organisations are more likely to achieve better outcomes.

We have also developed and delivered equality training for all staff involving in assessing applications and managing projects which has been extremely well received and will complement the key messages within our Equality Matters guide.

In January 2008 we published our Joint Race and Disability Equality Scheme's first annual report. Performance under the scheme is one of our corporate priority activities and we feel we have made considerable progress in addressing the various commitments outlined in our action plan with an 80 per cent completion rate at the end of this financial year.

As we have started to define and develop the processes, which will deliver our funding programmes from 2009 onwards we have also been reviewing our current approach to gathering equality information. This culminated in the completion of a focused piece of research designed to find about the quality of the equality information we hold in our systems as well as exploring past applicant's experiences in this area. Ultimately the research findings should improve the reliability of the equality information we capture in the future.



Section four

Equality in employment

Disability remains a priority area for us as an employer. Last year we had our practices audited by the Employers' Forum on Disability and fell just short of gaining an award as an exemplar employer. We intend to be audited again during 2008/09 to see if we have improved our practices in employment. We are also encouraging applications from disabled people.

Disability status	BIG	Civil service	UK economically active population
Staff with disability	3%	4%	13%
Staff without disability	97%	96%	87%

We have a mainly female workforce with more women at lower grades and more men at the most senior levels. Last year we ran some management training specifically for female staff to help redress the imbalance in higher graded roles.

Gender	BIG	Civil service	UK economically active population
Female	62%	52%	44%
Male	38%	48%	56%

The proportion of BME staff that we employ is roughly in line with what should be expected given the location of our principal offices.

Ethnic Group	BIG	UK population
Asian	5.2%	3.0%
Black	3.0%	1.4%
Chinese	0.3%	0.3%
Mixed	0.8%	1.5%
Other	0.3%	0.4%
White other	5.4%	3.4%
Total BME	15%	10%
White UK	83%	90%
Not known	1%	
Do not want to declare	1%	

We employ a largely younger workforce with a large proportion of staff in the 25-34 age range. Given the type of roles that we employ this could be expected.

During the last year we asked our staff for the first time about their sexual orientation. This is the one area of potential discrimination our monitoring does not cover. Due to the sensitivity of this disclosure staff had the option whether to disclose or not. Many staff choose this option, or decided not to respond, so that any meaningful analysis of the figures is impossible.

Over the last year we reduced the number of staff for whom we do not have monitoring information on grounds of age, disability status, ethnicity and gender from 7 per cent to 1 per cent.

Equality in new programmes

Generic equality monitoring has been introduced into most of our new programmes. Applicants are asked if their project is directed at, or is of particular relevance to, people of specific ethnicity, age, gender, community background (in Northern Ireland), faith, disability or sexual orientation.

The DCMS 'Statement of principle on minority ethnic group access to Lottery funding opportunities' requires us to publish consolidated ethnicity data. This is set out in the table below but comes with a health warning.

Applicants can select up to three categories and therefore we are aware of multiple counting as well as a level of non-response and the likelihood of question misinterpretation, which has skewed the results. We therefore believe that there is limited benefit in publishing consolidated data for the other equality strands that we monitor, i.e. age, gender etc.

These ethnic monitoring results relate to awards (excluding Awards for All, Living Landmarks, transfer grants and stage two development grants) made during 2007/08. They account for 11,950 applications and 2,666 awards made totalling £915 million.

	Number of applications (% of total applications)		Number of awards (% of total awards)		Amount of funding (£000) (% of total awards value)		Requested amount (£'000)
Ethnicity (applicants are asked if their project is directed at or of particular relevance, to people from a specific ethnic background. They can select up to three categories therefore these responses incorporate double and triple counting).							
White UK	2,929	25%	598	22%	£110,653	12%	£766,806
White other	422	4%	54	2%	£6,638	<1%	£129,074
Asian	613	5%	101	4%	£32,553	4%	£213,738
Black	640	5%	83	3%	£26,435	3%	£205,372
Chinese and other	410	3%	53	2%	£13,925	2%	£165,112
Mixed	366	3%	67	3%	£14,875	2%	£155,531
Not specifically targeted	7,172	60%	1,625	61%	£576,646	63%	£2,446,528

Section four

Welsh Language Scheme

In line with the Welsh Language Act 1993 we published a Welsh Language Scheme in June 2006, approved by the Welsh Language Board, which sets out how we provide an equal service to English and Welsh speakers. We recognise that enabling people to deal with us in their preferred language is a matter of equality of opportunity and good practice.

We have developed a language skills strategy that helps us identify the need for Welsh speakers for different roles within the organisation.

It is the responsibility of staff at the Wales office to monitor the implementation of the Welsh Language Scheme and meetings are held quarterly between the Welsh Language Officer and the Welsh Language Board to ensure we are meeting our commitments and to discuss any issues arising. We have had success in implementing our Welsh Language Scheme and we contribute to the implementation of Iaith Pawb – The National Action Plan for a bilingual Wales.

Section 75, Northern Ireland Act 1998

In accordance with our statutory equality duties under Section 75 of the Northern Ireland Act 1998 we submitted our equality annual report to the Equality Commission for Northern Ireland in August 2007. The report provided an update on legislative developments and progress on equality work within BIG NI between April 2006 and March 2007.

The Northern Ireland equality scheme was also submitted to the Equality Commission for Northern Ireland in January 2008 for final approval.

Our third screening report was published in December 2007, detailing all policies, programmes and functions equality assured and/or reviewed between September 2006 and September 2008. In line with our statutory requirements, publication of the report was followed by a three-month public consultation exercise.

In compliance with new disability legislation, we published a Northern Ireland Disability Action Plan in June 2007. This document sets out our commitment to complying with new Disability Duties and an action plan for meeting this commitment.

Our approach to sustainable development

BIG is committed to sustainable development and its principles have been applied through our grant programmes and internal practices. During the last year, we have continued to explore how we might encourage applicants and grant holders to consider sustainable development in their projects and in their organisations. This will help us consider how we might mainstream sustainable development across our future funding.

Our work included a small-scale pilot with Groundwork UK. This provided practical advice and support to a number of Reaching Communities grant holders to enable them to develop and implement sustainable development action plans. The pilot showed that even the smallest organisations were able to make small, common sense changes to the way they work to incorporate sustainable development into what they do.

Internally we make every effort to minimise the consumption of both non-renewable and renewable natural resources in the running of our offices.

Our payment policy and practice

We aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. This is in accordance with the Better Payment Practice Guide. In the year under review 89 per cent (2006/07 87 per cent) of all creditors were paid within 30 days of receiving an invoice.



Section five

Our financial performance

Our financial results for the year to 31 March 2008 are set out in the annual accounts starting on page 88. These accounts have been prepared in the form directed by the Secretary of State for Culture, Media and Sport and generally follow the principles set out in the Government Financial Reporting Manual.

Income

During 2007/08 we received **£601 million** (2006/07 £603 million) in Lottery income.

BIG normally receives half of the money raised for the good causes by the National Lottery. Parliament⁷ has agreed that between 2009 and 2012 £638 million should be transferred from our income to the Olympic Lottery Distributor (OLD); £425 million of this amount was announced in March 2007.

In addition, OLD will receive £750 million from special Olympic Lottery games. It is uncertain how much of this will be raised by additional ticket sales, and how much by diversion from ticket sales that would have been received by the main Lottery.

Years ended 31 March £M	2009	2010	2011	2012	2013	Total
Transfer of funds to OLD	43	172	172	171	80	638

All our financial plans, and the income projections provided by DCMS, take account of the transfer of funds to the Olympics and the effect of the Olympic Lottery. They also take account of the positive impact on the income to be received by good causes of the terms of the third Lottery operator licence granted to Camelot, which comes into effect on 1 February 2009.

We have undertaken to minimise the impact of this transfer on the voluntary and community sector. Providing forecasts of Lottery income hold up we will honour our commitment that until 2012 the voluntary and community sector will receive at least 60 per cent of the total amount that we would have distributed had the second Olympics transfer of £425 million not taken place. This extends our previous commitment that the voluntary and community sector would receive between 60 and 70 per cent of our total funding on our 2005–09 programmes.

Income generated from the National Lottery is held, and invested, on our behalf in the National Lottery Distribution Fund generating a further **£50 million** (2006/07 £30 million) in investment income during the year. Our Board do not have control over the investment of NLDF balances; stewardship rests with the Secretary of State for Culture, Media and Sport. Further details are provided in note 11 to the annual accounts. Note 19 to the annual accounts sets out why the Board considers that we are not exposed to significant interest rate risks.

⁷In February 2008 a Statutory Instrument (SI 2008 No.255) was passed which allowed for the transfer of up to £1,085 million from the NLDF to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games. This comprises £410 million as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675 million arising from subsequent budget review.

BIG was committed to contribute up to £213 million in the original bid and this order allows for the transfer of up to a further £425 million.

The first transfer of funds is expected to take place on or after 1 February 2009 when BIG will contribute up to £43 million.

Delivering as much funding as we can

During 2007/08 we made new awards totaling **£1,192 million** (2006/07 £429 million). £124 million (2006/07 £50 million) of these awards are not yet commitments as we are waiting acceptance by the grant recipient. This increase in awards is the planned result of the roll out of our 2005–2009 strategy and programmes.

A total of **£600 million** (2006/07 £730 million) was paid to grant holders during 2007/08.

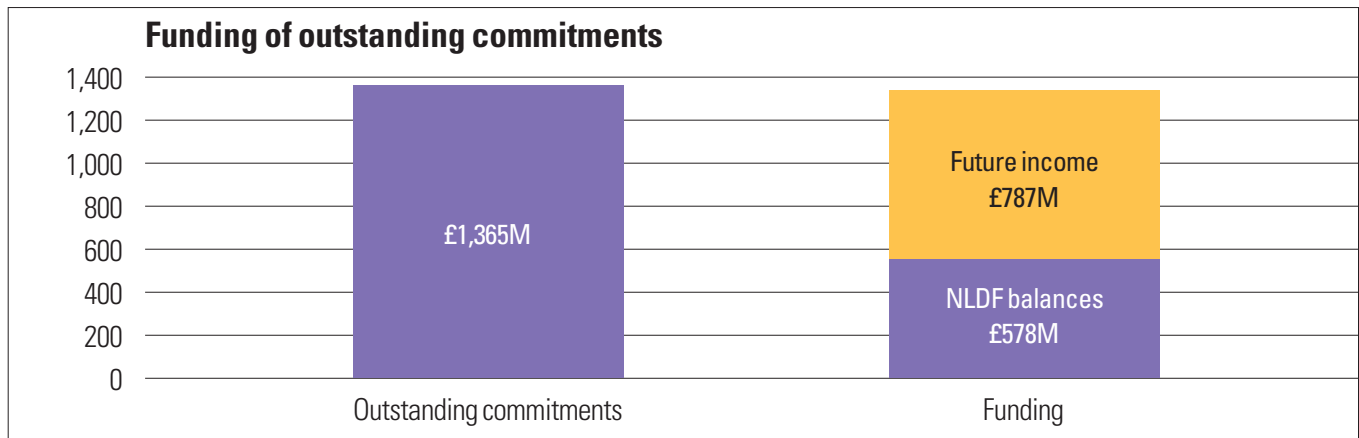
At 31 March 2008 commitments still to be paid were **£1,365 million**.

How we decide how much to spend

Our policy is to make as many grant commitments as we can, without taking too much risk that we will not have the money to meet them.

In response to what the voluntary sector has told us, we now make grants for longer periods – grants that run for five years are now common. And of course we fund capital works that take several years to build.

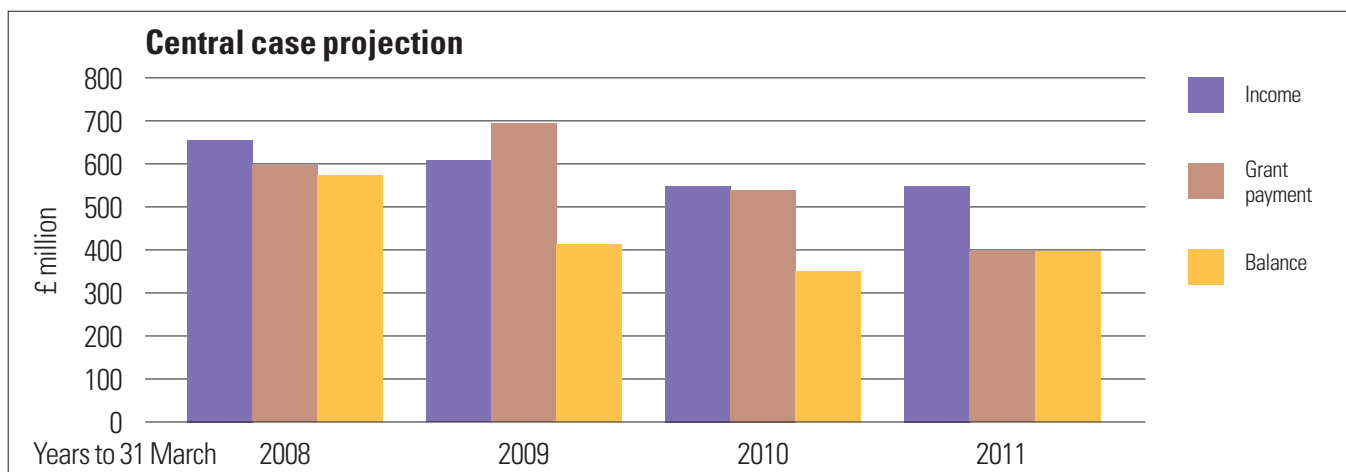
The fact that many of our grants will be paid out several years after they are committed means we can make commitments from money that we don't yet have. At 31 March 2008 we had £1,365 million of outstanding commitments, but only had £578 million with which to meet them: excess commitments of £787 million equivalent to 17 months of future income.



Section five

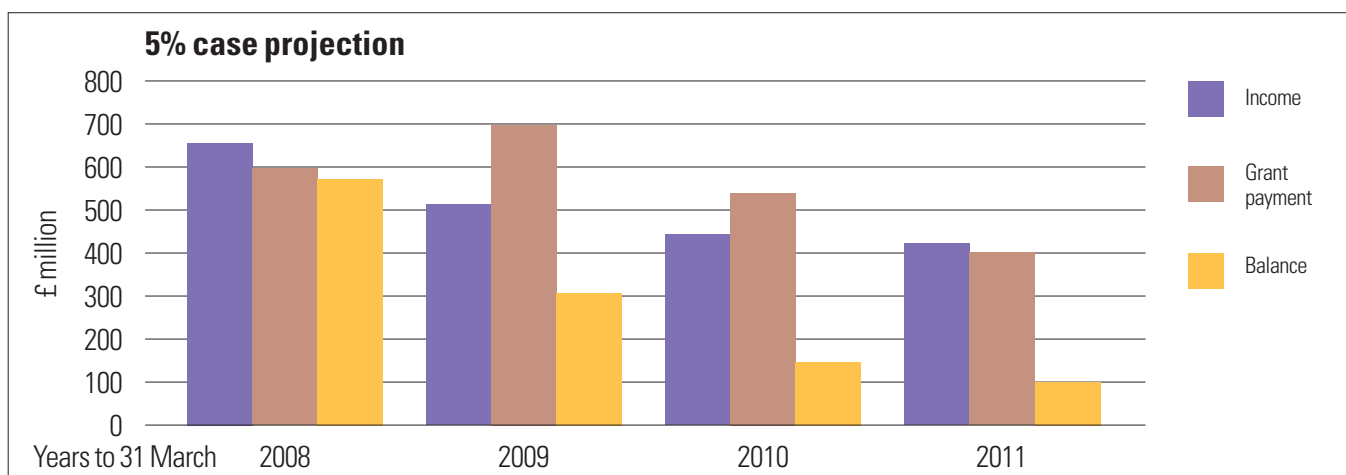
Our future income is uncertain – no one knows how much lottery income there will be. So we have to take a prudent view of it. DCMS produce projections of future income based on the assumption that Lottery ticket sales will remain at their current level into the future – we call this the 'central case' and use it for our long term planning of likely future spending. The chart below shows how things are expected to work out on the central case.

These figures are before we have agreed any new programmes beyond 2009, so we expect grant payments in 2009/10 and 2010/11 will be higher and the balance lower than shown.



But we cannot make grant commitments on this basis – if we did, and Lottery income fell we might be unable to meet all our commitments when they fell due. So we produce a more cautious projection which we call the '5 per cent case' because we estimate that it has about a 5 per cent chance of actually happening.

We then make commitments so that on the 5 per cent case we would have no balance at the lowest point in the future. In the unlikely event that it appeared we might be unable to meet all our commitments, planning many years ahead will allow us to make changes that minimise any disruption to our programmes.



NLDF balances

Our NLDF balance is **£578 million** at 31 March 2008.

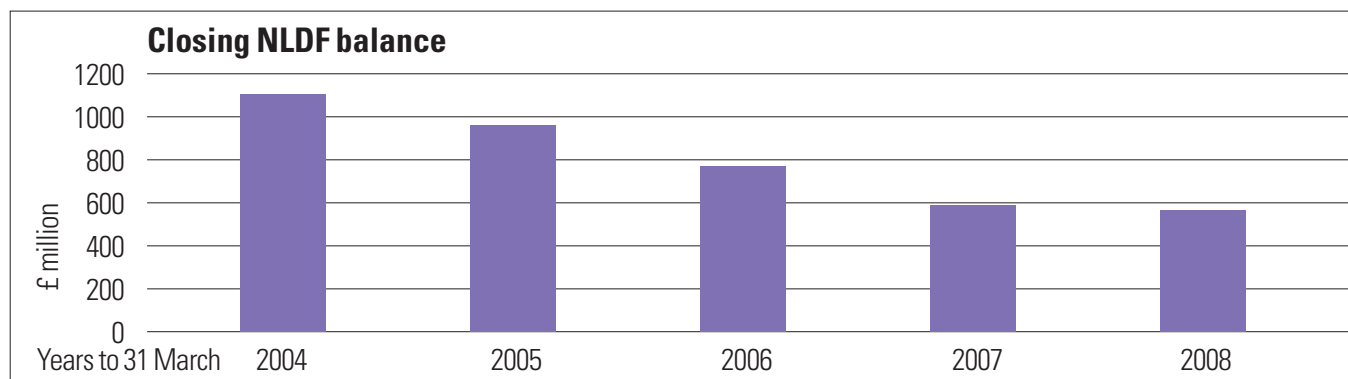
The reason we have an NLDF balance is that, in most years, income is in fact higher than our prudent assumptions, and we therefore have some additional funds. We monitor this constantly, and carry out a full review every six months. Our Board then adjusts our grant budget plans to ensure that we are making all the commitments we safely can.

The history of the Lottery shows that this is not being over prudent, between 1998 and 2003 actual ticket sales fell 17 per cent. A fall of the scale in our 5 per cent projection is clearly a possible scenario.

Our programme spending targets

Our target is to make the maximum value of grant commitments that we can. This will inevitably lead to the balance being as low as is prudent. The level will vary according to the structure of our programmes at any time.

BIG does not set a target for its NLDF balances. As we do not control Lottery income, it is impossible for us to manage the balance in the short-term. We publish plans based on the central case, and explain the variations each year.



Our balances have fallen rapidly over time as our programmes have matured. Balances have fallen by almost half since 2004.

Based on our current projections of income and payments we forecast that our NLDF balances over the next three years will be as follows:

- ▶ By 31 March 2009 – £418 million
- ▶ By 31 March 2010 – £220 million
- ▶ By 31 March 2011 – £190 million

These forecasts use income projections provided by DCMS and allow for the impact of the Olympic Lottery and transfer of additional announced funding to contribute to the London 2012 Olympics. They also reflect expenditure on current and announced programmes, and estimates of expenditure on new programmes that we will consult on before launching in 2009/10 and beyond.

Last year we forecast that our NLDF balance at 31 March 2008 would be £480 million. The final outturn was £578 million. Grant payments have been slower than anticipated particularly on programmes with significant levels of new awards where start up has been slower than expected and on capital programmes which are dependent on grant recipients claiming their money.

Section five

Our operating costs – How BIG is spending more efficiently

Our operating costs, excluding the structural review project and costs recharged to other organisations, were **£60 million** (2006/07 £65 million).

Note 5 to the annual accounts reports the financial performance indicator. Operating costs, excluding Structural Review and costs recharged to other organisations are **9.1 per cent** of income received in the financial year (2006/07 10.2 per cent).

BIG aims to spend as little of its income on its own costs as it can, consistent with delivering our objectives. While we do not want unnecessary bureaucracy, we need to ensure that we fund accessibly and fairly, provide a good customer service and, most importantly, ensure that the outcomes we seek are delivered.

Significant parts of our operating costs are not just 'administration' – consulting our stakeholders, supporting grant applicants and holders in their work and conducting evaluation and research are vital to delivering outcomes effectively. So we are not aiming to minimise these costs, rather to ensure that these activities are increasingly effective and they offer value for money.

Open programmes that deliver large volumes of small grants are more expensive to deliver than programmes that make a small number of large grants to a restricted group of applicants. What type of programmes we run is driven by what best delivers the outcomes, not the cost of delivery.

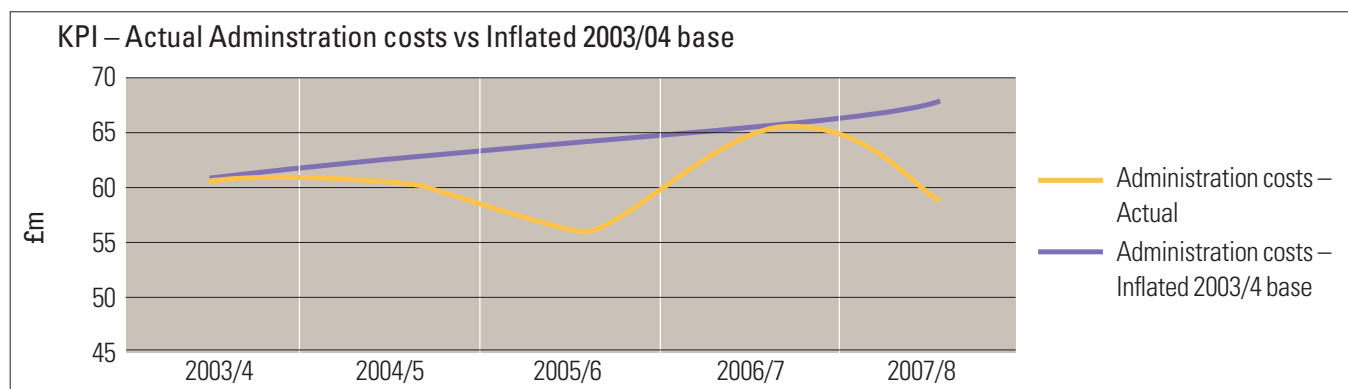
Overall, we are aiming to keep our Lottery distribution costs down to below 10 per cent of our Lottery income over the longer term. Costs fluctuate over the programme cycle, and therefore from year to year, and Lottery income also fluctuates outside our control, so the percentage will inevitably rise and fall in the short term.

The table below shows how our costs have changed over time. With the exception of 2006/07, when we incurred some duplicate costs while relocating posts from London to Birmingham and Newcastle, the cost of distributing Lottery grants has remained relatively stable. This is in cash terms, with all pay and other cost inflation absorbed.

Extra costs were incurred in the last few years as investment to achieve future savings – the benefits of this are now coming through as our merger and relocation programme approaches its end.

£M	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09 (Budget)
Lottery income	696	735	739	642	660	653
Costs recovered from other bodies	5	7	8	3	5	4
Total Income	701	742	747	645	665	657
Costs of distributing lottery grants	61	60	56	66	60	55
Investment for future savings	-	5	14	8	(1)	4
Costs incurred of behalf of third parties	5	7	8	3	5	4
Total operating costs	66	72	78	77	64	63
Costs of distributing Lottery grants as a % of Lottery income	8.8%	8.2%	7.6%	10.3%	9.1%	8.4%

The chart below shows how BIG's Lottery distribution costs have fallen since 2003/04 compared against what would have happened if they had simply risen in line with inflation.



Our operating cost targets

When the merger of Community Fund and New Opportunities Fund was announced, the Government said it expected us to save between 10 and 20 per cent of the pre-merger operating costs. However, some of this was to be reinvested in new activities that we count as operating costs rather than grants.

The table below shows how we did against this target.

£M	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09 (Budget)
Baseline – pre-merger costs of distributing lottery grants	61					
Costs of distributing lottery grants	61	60	56	66	60	55
Less: amounts reinvested in new activities		3	3	4	5	5
Net costs	61	57	53	62	55	50
Savings on baseline	-	4	8	(1)	6	11
Savings as % of baseline	0%	7%	13%	(2%)	10%	18%

Our new activities included:

- ▶ Expansion of Awards for All schemes and increase in grant limit: £2 million
- ▶ Devolution to England, Scotland, Wales and Northern Ireland: £1 million
- ▶ And smaller amounts including new joint working with other lottery distributors and increased public involvement activities.

Section five

We have achieved these savings through the investment of large amounts of money and time since merger to achieve the longer-term savings now being delivered. The investments for future savings have been:

£M	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09 (Budget)
Merger of CF and NOF		5				
Restructuring and relocation of BIG			14	8	(1)	
Business Process Re-engineering project						4
Total	0	5	14	8	(1)	4

The main savings have been:

- ▶ The merger of the Community Fund and New Opportunities Fund: £3.5 million from reduction of management staffing and consolidation of head office and country offices achieved from 2005/06.
- ▶ Restructuring and relocation of BIG: This project relocated 350 posts from London to Birmingham and Newcastle saving £3.8 million in 2008/09, approximately equally from savings on property costs and staff salaries.
- ▶ Business Process Re-engineering project: This project aims to radically simplify our application and grant management processes, with most applications moving on-line. Total costs are estimated at £7.3 million with annual savings of £2.1 million from 2010/11.

The National Audit Office published a value for money report 'Making grants efficiently in the culture, media and sport sector' in May 2008, reviewing the costs of four funders including BIG, and also comparing them with two voluntary sector funders. This showed that our costs compared favourably with the public sector funders, and were comparable to the voluntary sector funders.

Financial position

We have made a deficit for the year of **£490 million** (2006/07 a surplus of £176 million). This change in financial position reflects where we are in the life cycle of our programmes; moving towards the final year of the 2005-09 portfolio of grant programmes.

This deficit increases our cumulative deficit from previous years and we now have a deficit on retained reserves of **£774 million**. This financial position was approved by our 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.

Fixed assets

The movements in fixed assets during the year are set out in Note 9 to the accounts. During the year we invested £0.7 million in capital expenditure which substantially relates to replacement IT equipment.

Post balance sheet events

There have been no significant events having a financial impact on these annual accounts between 31 March 2008 and the date the accounts were authorised for issue, 15 July 2008.

Auditors

Under the National Lottery Act 2006, the Big Lottery Fund must have its annual accounts examined and certified by the Comptroller and Auditor General. The National Audit Office undertake the external audit of BIG.



Section five

Remuneration report

This report sets out BIG's policy on the remuneration of the Directors and Board members of the Fund. Only the section of the remuneration report dealing with remuneration received is subject to audit.

Remuneration Committee

The Remuneration Committee, a committee of the Board, sets the remuneration policy for BIG's Senior Management Team. This committee comprises the Chair of the Board, Sir Clive Booth, the Vice Chair, Anna Southall, the Chair of the Resources Committee, Judith Donovan, and one other Board member, John Gartside. At the request of the Chair of the Committee the Chief Executive, the Deputy Director, Human Resources or other Officers may be in attendance at meetings or for selected agenda items.

The Committee's responsibilities are to

- agree the terms and conditions of employment of the Chief Executive
- decide on the Chief Executive's performance appraisal and related pay
- approve the performance appraisals and related pay for Directors, and
- decide on severance terms for the Chief Executive and Directors, subject to any necessary clearances by DCMS/Treasury.

The Committee meets as required.

Senior staff remuneration policies

The remuneration policy for the Senior Management Team is designed to offer remuneration that enables BIG to attract, retain and motivate high calibre individuals with the skills and abilities to lead and manage BIG. In doing so, the policy seeks to:

- remunerate fairly for individual responsibility and contribution, while providing an element of performance related pay, and
- comply with the annual pay guidance issued by HM Treasury.

Biennially a review of relevant market data is undertaken to assess the relevance of senior staff salary ranges.

Remuneration of the Senior Management Team

The basis of senior staff remuneration is set out in their individual contracts of employment. The Chief Executive and Directors are subject to BIG's standard terms and conditions of employment including contributions to the Civil Service Pension Scheme.

On 1 February 2008 Stephen Dunmore retired as Chief Executive with an effective date of 31 March 2008. Through mutual agreement Stephen Dunmore waived his contractual entitlement to the full notice period of six months. Stephen received no non-contractual payments as a result of his departure.

Stephen Dunmore's contract allowed for a performance bonus up to 20 per cent of his annual salary. Up to five per cent of any such bonus could be consolidated for pension purposes, with any balance of an award paid as a non consolidated bonus.

Peter Wanless was appointed as Chief Executive effective from Stephen Dunmore's leaving date. Peter Wanless's contract allows for one month's notice during the first six months, thereafter a six month notice period.

Peter Wanless's contract allows for a progression payment dependent on performance for the first two years of appointment. This payment is consolidated for pension purposes. An additional unconsolidated performance bonus that, taken with the progression payment, is within 20 per cent of annual salary can also be awarded. Beyond the first two years the Chief Executive's contract allows for a performance bonus up to 20 per cent of annual salary. Up to two per cent of this bonus is consolidated for pension purposes and the balance of any award is paid as a non consolidated bonus, in compliance with recent

guidance from HM Treasury relating to the appointment of Chief Executives.

Directors receive a consolidated annual pay award at the same level as negotiated for BIG's staff and a non consolidated performance bonus of up to eight per cent of their annual salary.

The total salary and pension entitlement of the senior management of BIG was as set out in the table below. There were no non cash benefits paid in the year.

<i>2006/07 comparatives shown in brackets</i>	Salary, including performance bonus for the 12 months ending 31 March 2008 £'000	Real increase in pension at 60 £'000	Total accrued pension at 60 as at 31 March 2008 £'000	Cash equivalent transfer value (CETV) £'000	Real increase in CETV payable by employer £'000
Peter Wanless (Chief Executive) from 1 February 2008	20 - 25	0 - 2.5 plus 2.5 - 5 lump sum	30 - 35 plus 90 - 95 lump sum	483 (455)	13
Stephen Dunmore (Chief Executive) to 31 January 2008 ⁸	160 - 165 (140 - 145)	2.5 - 5 plus 10 - 12.5 lump sum	60 - 65 plus 190 - 195 lump sum	1,591 (1,335)	73
Mark Cooke (Director, Finance and Corporate Services)	100 - 105 (95 - 100)	0 - 2.5	5 - 10	95 (62)	20
Ceri Doyle (Director, Wales)	85 - 90 (80 - 85)	0 - 2.5 plus 0 - 2.5 lump sum	15 - 20 plus 0 - 5 lump sum	187 (147)	10
Dharmendra Kanani (Director, Scotland)	85 - 90 (80 - 85)	0 - 2.5 plus 2.5 - 5 lump sum	5 - 10 plus 25 - 30 lump sum	130 (99)	12
Adrienne Kelbie (Director of Operations)	100 - 105 (100 - 105)	0 - 2.5 plus 2.5 - 5 lump sum	15 - 20 plus 45 - 50 lump sum	210 (167)	11
Gerald Oppenheim (Director Policy and Partnerships)	100 - 105 (100 - 105)	0 - 2.5 plus 0 - 2.5 lump sum	35 - 40 plus 115 - 120 lump sum	900 (783)	10
Linda Quinn (Director Communications and Marketing) from 8 January 2007	75 - 80 (15 - 20)	0 - 2.5 plus 5 - 7.5 lump sum	15 - 20 plus 55 - 60 lump sum	456 (359)	50
Walter Rader (Director, Northern Ireland)	80 - 85 (80 - 85)	0 - 2.5 plus 2.5 - 5 lump sum	10 - 15 plus 30 - 35 lump sum	266 (212)	22

⁸Stephen Dunmore was employed by the Big Lottery Fund until 31 March 2008

Section five

Pension benefits are provided through the Principal Civil Service Pension Scheme. Further pension disclosures are made in note 21. 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. 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. Column 5 reflects the increase in CETV effectively funded by the employer.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

Board members remuneration policy

The post of Chair of BIG is a part-time appointment, two days per week. On the commencement of the National Lottery Act 2006, from 1 December 2006 the posts of the four country committee chairs came into being. The country committee chairs are part-time appointments, eight days a month. The Chair and country committee chairs are appointed, and their remuneration determined, by the Secretary of State for Culture, Media and Sport. The remuneration received by the Chair and country committee chairs is set out below. They receive no contributions to pension.

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Sir Clive Booth, Chair of the UK Board	38,001	37,557
Sanjay Dighe, Chair of the England Committee and UK Board member (from 1 December 2006)	24,158	8,000
Breidge Gadd, Chair of the Northern Ireland Committee and UK Board member (from 1 December 2006)	24,158	8,000
Alison Magee, Chair of the Scotland Committee and UK Board member (from 1 December 2006)	24,158	8,000
Huw Vaughan Thomas, Chair of the Wales Committee and UK Board member (from 1 December 2006)	24,158	8,000

All Board members of BIG are appointed by the Secretary of State for a fixed period. Board members are entitled to receive remuneration for their time spent on the activities of BIG. These activities, for which Board members can claim a daily rate fee of £209 (2006/07 £208), mainly consist of meetings in BIG's offices. The daily rate is as advised by DCMS each year. No Board Member received contributions to pension.

Country committee members are also entitled to remuneration at this daily rate.

Total emoluments paid to Board and country committee members to 31 March 2008 were £211,800 (2006/07 £156,700), as set out below.

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
UK Board members		
Judith Donovan	9.7	3.4
Roland Doven	12.3	7.1
Breidge Gadd to 30 November 2006, then appointed chair of Northern Ireland country committee	-	9.6
John Gartside, also a member of the England country committee	23.1	16.3
Esther O'Callaghan	3.8	8.9
Anna Southall (Vice Chair from 1 December 2006)	16.7	11.9
Albert Tucker from 1 December 2006 also a member of the England country committee	11.5	-

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
UK Board members		
Huw Vaughan Thomas to 30 November 2006, then appointed chair of Wales country committee	-	5.9
Diana Whitworth	10.5	13.0
Dr Samuel Burnside to 30 November 2006	-	6.2
David Campbell to 30 November 2006	-	10.0
Paul Cavanagh to 30 November 2006, then a member of the Northern Ireland country committee	-	15.2
Tom Davies to 30 November 2006, then a member of the Wales country committee	-	4.5
Douglas Graham to 30 November 2006	-	6.9
Taha Idris to 30 November 2006	-	9.0
Dugald Mackie to 30 November 2006	-	10.3
Dame Valerie Strachan (Deputy Chair) to 30 November 2006	-	13.5

Section five

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000		Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
England country committee members			Scotland country committee members		
Dr Mohammed Amran from 30 January 2007	11.2	-	Tim Allen from 9 March 2007	2.0	-
Dr Alan Billings from 30 January 2007	11.7	-	Elizabeth Cameron from 9 March 2007	4.2	-
Sue Charteris from 30 January 2007	4.8	-	Helen Forsyth from 9 March 2007	5.0	-
Margaret Hyde from 30 January 2007	4.9	-	David Green from 9 March 2007	5.5	-
Lydia Thomas from 30 January 2007	2.9	-	Alistair Grimes from 9 March 2007	5.9	-
Nalini Varma from 30 January 2007	10.1	-	Kristofer McGhee from 10 December 2007	2.2	-
Geoffrey Wilkinson from 30 January 2007	6.9	-	Maureen McGinn from 9 March 2007	4.8	-
			Lucy McTernan from 9 March 2007	4.6	-
			Shirley Young from 10 December 2007	1.2	-

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Wales country committee members		
Graham Benfield from 8 February 2007	0.9	-
Tom Davis from 8 February 2007 until 30 November 2007	-	-
Gareth Newton from 26 February 2008	-	-
Janet Reed from 8 February 2007	5.1	-
Mike Theodoulou from 8 February 2007	4.7	-
Barbara Wilding from 8 February 2007	1.9	-

Northern Ireland country committee members

Paul Cavanagh from 11 January 2007	11.5	-
Siobhan Craig from 11 January 2007	1.8	-
Claire Keatinge from 11 January 2007	4.7	-
Peter Osborne from 11 January 2007	5.7	-

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Former Commissioners of the Millennium Commission		
Floella Benjamin to 30 November 2006	-	0.7
Dr Heather Couper to 30 November 2006	-	0.1
Matthew d'Ancona to 30 November 2006	-	-
Judith Donovan to 30 November 2006	-	3.9
The Lord Glentoran to 30 November 2006	-	0.3

Peter Wanless

Chief Executive and Accounting Officer
11 July 2008

Section six

Financial statements

This section contains the annual accounts comprising the statement of Accounting Officer's responsibilities; the statement of internal control; the audit certificate; and the financial statements.

Statement of Accounting Officer's Responsibilities

Under Section 35(3) of the National Lottery Act etc. 1993 (as amended by the National Lottery Acts 1998 and 2006), BIG 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.

The statement of accounts is prepared on an accruals basis and must show a true and fair view of BIG's state of affairs at the period end and of its income and expenditure and cash flows for the accounting period.

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 annual accounts.
- ▶ Prepare the statement of accounts on the going concern basis, unless it is inappropriate to presume that BIG will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of BIG as the Accounting Officer. My 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 in the Financial

Directions issued by the Secretary of State for Culture, Media and Sport under Section 26(3) of the National Lottery etc Act 1993.

As Accounting Officer, as far as I am aware, there is no relevant audit information of which BIG's auditors are unaware. I have taken all reasonable steps as Accounting Officer to make myself aware of any relevant audit information and to establish that BIG's auditors are aware of that information.

Delegated responsibilities

BIG has, wherever appropriate, sought to use the powers of delegation and solicitation provided by the National Lottery Act 1998. As a result of this, other parties may be accountable for specific elements of programmes.

BIG has the following framework agreement in place:

Between BIG and the Department for Children, Schools and Families and with regard to the Building Neighbourhood Nurseries programme in England, which sets out the areas that the Accounting Officer of the Department for Children, Schools and Families is accountable for, namely:

- the Early Years Development and Childcare Partnerships' endorsement of applications for funding, including viability of approved bodies, provided to BIG, and
- the opinion of sustainability on bids which are assessed centrally by the Department for Education and Skills.

BIG 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, BIG's Accounting Officer is responsible for ensuring that Lottery funds allocated by BIG are applied in accordance with BIG's legal powers; the economic, efficient and effective use of Lottery funding allocated by BIG 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 distributors.

BIG is participating in the following joint schemes:

- ▶ Awards for All, England; a scheme administered by BIG on behalf of Arts Council England, Heritage Lottery Fund, BIG and Sport England.
- ▶ Spaces for Sports and Arts, part of the PE and Sport in Schools programme; a scheme administered by Sport England on behalf of Sport England, Arts Council England, Department of Culture, Media and Sport, Department for Children, Schools and Families and BIG.
- ▶ Active England, part of the PE and Sport in Schools programme; a scheme administered by Sport England on behalf of Sport England and BIG.
- ▶ Parks for People; a scheme administered by the Heritage Lottery Fund on behalf of the Heritage Lottery Fund and BIG.

BIG has used the powers provided by the National Lottery Act 1998 to delegate to Award Partners the following grant schemes. The grant offer between BIG and the Award Partners sets out the responsibility of the Chief Executive of the Award Partner to ensure that the systems implemented to administer Lottery applications and to process and monitor Lottery grants are acceptable and fit for purpose and that Lottery funds are distributed with due regularity and propriety. I retain responsibility for the overall safeguarding of the public funds provided to BIG and for ensuring that Award Partners operate within our agreed terms and in line with the financial and policy directions provided to me.

As part of the Green Spaces and Sustainable Communities programme:

- ▶ Wales Council for Voluntary Action – Enfys Scheme.

As part of the Transforming Communities programme:

- ▶ Royal Society of Wildlife Trust – Community Recycling and Economic Development.
- ▶ Wales Council for Voluntary Action – Cleanstream Recycling Fund – Transforming Waste in Wales.

- ▶ Business in the Community (Northern Ireland) – Community Resource Consortium.

As part of the new opportunities for health programmes:

- ▶ British Heart Foundation – Heart Failure Support Networks.
- ▶ British Heart Foundation – Cardiac Rehabilitation programme.

As part of the new opportunities for PE and Sport in Schools programme:

- ▶ The Sports Council for Northern Ireland – Community Sport.

As part of the Young People's Fund:

- ▶ UnLtd – Big Boost.
- ▶ Youthnet – BIG Deal.

As part of the Countryside Communities programme:

- ▶ Carnegie Institute.

As part of the Changing Spaces programme

- ▶ Royal Society of Wildlife Trust – Local Food
- ▶ Building Research Establishment Ltd – the Community Sustainable Energy programme
- ▶ Groundwork Trust – Community Spaces
- ▶ Natural England – Access to Nature.

Peter Wanless

Chief Executive and Accounting Officer
11 July 2008

Section six

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 BIG's aims and objectives while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned through Managing Public Money; and ensuring compliance with the requirements of BIG'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 BIG'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 2008 and up to the date of the approval of the annual report and accounts. It accords with Treasury guidance.

The main elements of BIG's control framework are set out below.

Control environment

- ▶ The Department of Culture, Media and Sport has designated me, the Chief Executive of the Big Lottery 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 Big Lottery Fund.
- ▶ 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 BIG and compliance with the Management Statement.
- ▶ A Board which meets every two months to consider the strategic direction of BIG. The Board comprises a Chair and non-executive members and is attended by members of the Senior Management Team.
- ▶ 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 Audit Committee has two external members. The chair of the committee reports to the Board on the matters discussed by the committee.
- ▶ The Remuneration Committee, whose terms of reference provide for oversight and approval of remuneration and performance for senior staff members including myself.
- ▶ 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 our objectives and performance measures.

- ▶ Quarterly performance management reports to the Senior Management Team reporting progress in achieving corporate objectives, performance and service delivery targets. We have made good progress towards achieving these targets as detailed in section 4 of the Annual Report. Where targets have not been met, action is identified 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.
- ▶ A fraud policy, whereby suspected frauds above £10,000 are reported to DCMS and 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 with control issues for corporate governance, financial management, project management, health and safety, training and development, information technology and risk management.
- ▶ 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 which includes 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 emails from the Chief Executive, cascaded briefings by line managers and presentations by the Chief Executive and directors.
- ▶ An external communications strategy that ensures that stakeholders, Parliamentarians, press and members of the public receive appropriate and reliable information.
- ▶ 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 assessment of the assurance requirements and most significant risks facing BIG and gives emphasis to the key day to day processes and systems in place within BIG. The annual internal audit plan is based on this analysis; it is approved by me and endorsed by the Audit and Risk Committee. The Head of Internal Audit meets with me on a regular basis and provides me with periodic progress reports including the findings of follow up reviews building to an annual report on internal audit activity. This annual report includes his opinion on the adequacy and effectiveness of the systems that internal audit have reviewed.
- ▶ The Head of Internal Audit also regularly meets with the Audit and Risk Committee with no officers present. The Audit and Risk Committee review the periodic progress reports and the annual assurance report.

Section six

Risk management

Capacity to handle risk

At the start of the year and during 2007/08, the Senior Management Team formally considered and updated their documentation of the risks faced by the organisation. The outcome of these reviews were discussed with the Audit and Risk Committee to seek their agreement on the corporate risk register and the revised risk assessment definitions and risk appetite. These reviews ensure that the risk register and our responses are relevant.

Risk management principles, including consideration of risk and recommendations for appropriate mitigation, are also integral to our grant assessment, grant management, new programme development and project management procedures.

Each director is responsible for conducting regular reviews of risks within their Directorate. These reviews are considered by the Senior Management Team focusing on areas where urgent action is required.

Risk and control framework

The risk register agreed by the Audit and Risk Committee in July 2007 highlighted 12 corporate risks. During the year a further two corporate risks were identified. The potential impact of each risk and the likelihood of it being realised have been assessed, our appetite for each risk identified and the controls in place to mitigate these risks have been identified and their adequacy determined. These actions have been recorded in the corporate risk register. As detailed above, this is reviewed and updated quarterly.

In addition, risk management is built into our business planning processes in the following ways:

- ▶ The programme development framework, which supports the development of all new grant programmes, requires an assessment of the key risks for each new programme, which in turn were reported to the Grant Programme Board. On a monthly basis, a summary of the key risks associated with the portfolio of new grant programmes was reported to the Senior Management Team.
- ▶ A similar process is followed with regard to business development projects.
- ▶ Grant assessment and grant management procedures set out the requirement for each grant to be allocated a risk rating, which informs the level of intervention during grant management.

During the period to date the risk priorities have included:

- ▶ Governance risk, recognising the settling down period of the new governance structures and devolved arrangements.
- ▶ Political risk, and in particular a failure to respond to a changing political map.
- ▶ Communications risks, around failure to communicate our context and constraints effectively and failure to manage demand for funding.
- ▶ Grant making risk, including failure to deliver outcomes, manage demand or achieve targets through a) inadequate organisational capacity to deliver; b) poor programme design; and c) failure to respond to evaluation and research.
- ▶ Systems development risks, including the failure of the business process re-engineering project to deliver the expected benefits to the business.
- ▶ Legal and regulatory risk, including compliance with our new legislation and general compliance with existing legislation.
- ▶ Non-Lottery funding risks, including failure to deliver a corporate approach.
- ▶ Reputational risk, including the risks associated with ministerial and public perceptions about our funding decisions.
- ▶ Unforeseen risks, including systems failure and disruption to business.

- ▶ Failure to achieve an effective transition to a new Chief Executive.
- ▶ Financial risk, fall in Lottery income leading to cuts in grant budgets or failure to meet all grant commitments.
- ▶ Fraud risk, including loss of confidence in our systems.

Review of effectiveness of internal control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by i) the work of the internal auditors including the annual assurance report, interim progress reports and the reviews of outstanding audit recommendations, ii) the executive managers within BIG who have responsibility for the development and maintenance of the internal control framework, and iii) comments made by the external auditors in their 2006/07 management letter and other reports.

The written assurance report on internal controls that I received from the Head of Internal Audit provided moderate assurance on the design, adequacy and effectiveness of the system of internal control. Weaknesses have been found in the design and/or operation of controls across several systems but none are considered significant enough to impact upon the achievement of organisational objectives. No internal audit reports in the year have identified inadequate controls. In addition the Head of Internal Audit has reported that where significant control weaknesses have been identified he is satisfied that they are being resolved in an appropriate manner. The Head of Internal Audit has also provided me with regular updates on the progress made by my senior management team in implementing outstanding audit recommendations and has provided me with an independent assurance, on a sample basis, that the reported actions have been implemented.

Compliance

BIG has implemented procedures throughout the organisation to ensure that the requirements of the Financial Directions are followed.

BIG maintains a Register of Interests for all Board and Committee Members and all Fund staff, which 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 DCMS.

It is my opinion that to date BIG has made sufficient arrangements to ensure compliance with the requirements of our Management Statement, Policy and Financial Directions. I am also satisfied that we have in place arrangements for detecting and responding to inefficiency, conflict of interest and fraud, to minimise losses of Lottery funding.

Peter Wanless

Chief Executive and Accounting Officer
11 July 2008

Section six

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 of the Big Lottery Fund for the year ended 31 March 2008 under the National Lottery Act 1993 (as amended). These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Board, Chief Executive and auditor

The Board and Chief Executive are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Lottery 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. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. I report to you whether, in my opinion, the information which comprises Sections 1, 2, 4 and 5, included in the Annual Report, is consistent with the financial statements. I also report 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.

In addition, I report to you if the Big Lottery Fund has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Big Lottery Fund's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Big Lottery Fund's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises Section 3. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Big Lottery 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, of the state of the Big Lottery Fund's affairs as at 31 March 2008 and of its deficit, total recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery 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
- information which comprises Sections 1, 2, 4 and 5 included in the Annual Report, is consistent with the financial statements

Opinion on Regularity

In my opinion, 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.

Report

I have no observations to make on these financial statements.

T J Burr

Comptroller and
Auditor General

15 July 2008

National Audit Office

151 Buckingham
Palace Road
Victoria

London SW1W 9SS

Income and expenditure account for the year ended 31 March 2008

	Note	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Income from the National Lottery			
Proceeds from the National Lottery	11	601,181	603,099
Investment income from the National Lottery Distribution Fund	11	48,661	29,675
Unrealised gain/(loss) on investment		1,271	(2,264)
Bank interest receivable		1,355	1,049
Recoveries of grant		7,862	10,355
		<u>660,330</u>	<u>641,914</u>
Income from other sources			
Other income	2	4,645	3,385
Total Income		<u>664,975</u>	<u>645,299</u>
Expenditure			
Programme expenditure			
Grant commitments made	14	1,111,777	414,866
Less lapsed or revoked commitments	14	(41,402)	(43,049)
		<u>1,070,375</u>	<u>371,817</u>
National Endowment for Science, Technology and the Arts	20	15,000	15,000
Direct expenditure in support of programmes	3	4,978	5,222
		<u>1,090,353</u>	<u>392,039</u>
Operating costs			
Operating costs for distributing Lottery income	4	59,994	65,461
Operating costs for delivering services on behalf of third parties	4	4,645	3,385
Structural review and merger costs	7	(722)	8,087
Total operating costs		<u>63,917</u>	<u>76,933</u>
Total expenditure		<u>1,154,270</u>	<u>468,972</u>
(Deficit)/surplus before taxation		(489,295)	176,327
Taxation	8	(411)	(254)
(Deficit)/surplus for the period		<u>(489,706)</u>	<u>176,073</u>
Retained deficit			
Brought forward at 1 April 2007		(284,681)	(460,754)
(Deficit)/surplus for the period		(489,706)	176,073
Retained deficit at 31 March 2008		<u>(774,387)</u>	<u>(284,681)</u>

BIG 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 91 to 107 form part of these accounts.

Balance sheet as at 31 March 2008

	Note	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Fixed assets			
Tangible fixed assets	9	4,740	5,106
Current assets			
Debtors and prepayments	10	8,631	15,528
Cash at bank and in hand		15,016	10,885
Investment balance in National Lottery Distribution Fund	11	577,876	597,049
		<u>601,523</u>	<u>623,462</u>
Creditors: amounts falling due within one year			
Creditors	12	(8,305)	(7,711)
Grants committed for payment	14	(640,926)	(559,234)
		<u>(649,231)</u>	<u>(566,945)</u>
Net current (liabilities)/ assets		<u>(47,708)</u>	<u>56,517</u>
Total assets less current liabilities		<u>(42,968)</u>	<u>61,623</u>
Creditors: amounts falling due after one year			
Creditors	12	(907)	(321)
Grants committed for payment	14	(724,468)	(335,664)
		<u>(725,375)</u>	<u>(335,985)</u>
Provisions for liabilities and charges	13	(6,044)	(10,319)
Total net liabilities		<u>(774,387)</u>	<u>(284,681)</u>
Represented by:			
Retained deficit		<u>(774,387)</u>	<u>(284,681)</u>

Signed on behalf of BIG Board on 11 July 2008

Peter Wanless
Chief Executive and Accounting Officer

Sir Clive Booth
Chair

The notes on pages 91 to 107 form part of these accounts.

Cash Flow Statement to 31 March 2008

	Note	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Operating activities			
Funds drawn down from the National Lottery Distribution Fund	11	670,286	808,372
Recoveries of grant and cash from other sources		8,195	10,023
Other income		1,479	5,296
Payments to suppliers		(28,990)	(39,340)
Payments to and on behalf of employees		(37,514)	(41,144)
Payments to grant recipients		(604,869)	(734,694)
Payment to NESTA		(15,000)	(15,000)
Cash paid and held by third parties		9,133	6,659
Net cashflow from operating activities	18	<u>3,732</u>	<u>172</u>
Returns on investments and servicing of finance			
Bank interest received		1,391	1,010
Capital expenditure			
Payments to acquire tangible fixed assets		(666)	(2,134)
Taxation			
Tax paid on interest received		(326)	(235)
Increase in cash		<u>4,131</u>	<u>(1,187)</u>
Change in funds resulting from cashflow			
Cash balances carried forward at 31 March 2008		15,016	10,885
Less cash balances brought forward at 1 April 2007		<u>(10,885)</u>	<u>(12,072)</u>
Movement		<u>4,131</u>	<u>(1,187)</u>

The notes on pages 91 to 107 form part of these accounts.

Notes to 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 43D(2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006).*

BIG's Accounts Directions require Fixed Assets to be included at their value to the business by reference to current costs. For 2007/08 BIG does not believe that these values are materially different to the historic cost 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 where 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 including the transfer of funds to the Olympic Lottery Distributor. In taking this view of future income the Board assume as a matter of public policy the continued operation of the Lottery. They also assume the maintenance of BIG's percentage of the National Lottery Distribution Fund as set out in the National Lottery Act 1993 (as amended).

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 BIG 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 BIG in respect of current and future commitments.

1.4 Fixed assets

Fixed assets are capitalised in the Balance Sheet at cost except for items costing less than £2,000, which are written off to the Income and Expenditure Account in the year of purchase.

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:

Leasehold improvements	Over the life of the lease (6 to 20 years)
Office equipment, furniture and fittings	3 years
IT equipment	3 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. Pension benefits are paid by the PCPS. BIG's liabilities are limited to a charge, which is set by the Government Actuary, related to salaries paid in each year.

1.6 Operating leases

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

*A copy of the Accounts Directions issued by the Department of Culture, Media and Sport on 10 April 2007 is available on written request to BIG, 1 Plough Place, London EC4A 1DE.

Notes to the Accounts

1.7 Expenditure on programmes

The National Lottery etc Act 1993 provides for BIG to make grants to fund or assist in the funding of projects and to make or enter into arrangements which are designed to meet expenditure that is charitable or connected with health, education or the environment as directed by the Secretary of State.

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 BIG has a written contractual agreement with the applicant. Hard commitments are charged to the income and expenditure in the year that the contract is 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 BIG 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

BIG'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 recipient falls below the grant that has been paid based on estimated costs. Recoveries of grants are recognised as income on receipt of the repayment.

Direct expenditure on programmes

BIG records as direct expenditure on programmes costs incurred in delivering directly services to beneficiaries or grant recipients in accordance with its Section 43 Policy Directions for example provision of grant applicant and recipient support structures and quality assurance for the direct benefit of grant recipients.

1.8 Grant management

Delegated partners

BIG has entered into agreements with a number of delegated bodies to carry out specified grant management processes. Funds advanced to delegated partners for the purpose of payment of hard commitments are recorded as a debtor until BIG receives confirmation that grant commitments have been met.

Joint schemes

Where BIG 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 BIG's share in the scheme. Funds advanced to the joint scheme for the purpose of payment of hard commitments are recorded as a debtor until BIG receives confirmation that the grant commitments have been met. Administration costs are included in the Income and Expenditure Account at the amount charged to BIG.

1.9 Third party assets

BIG holds as custodian certain assets belonging to third parties. These assets represent bank balances of £2.2 million. Bank balances are held on behalf of: other Lottery Distributors, to fund awards made under the Awards for All schemes and the Home Front Recall grant programme; and the Olympic Lottery Distributor and the National Lottery Promotions Unit to meet payments processed by BIG under service level contracts. These are not recognised in the accounts since BIG has no direct beneficial interest in them.

2. Other income

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Income recovered from delivering non-lottery funding	1,055	-
Income from delivering Lottery funding on behalf of other distributors	1,497	1,290
Rental income	1,624	731
Other	469	1,364
	<u>4,645</u>	<u>3,385</u>

3. Direct expenditure in support of programmes

Costs relating to expenditure for the direct benefit of third party recipients; awards made under contract rather than through a grant agreement.

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Consultancy support provided directly to grant applicants and recipients	3,759	3,205
Contribution to the costs of the Active Places register being compiled by Sport England	-	267
The People's Millions award	1,028	700
Scottish Youth Football award	191	1,050
	<u>4,978</u>	<u>5,222</u>

Notes to the Accounts

4. Operating costs

	Year ended 31 March 2008			Year ended 31 March 2007
	Cost incurred in distributing Lottery income £'000	Costs incurred on behalf of third parties £'000	Total operating costs £'000	£'000
Employee remuneration (note 6)	33,670	1,715	35,385	38,392
Travel and expenses				
– Staff	1,576	43	1,619	1,644
– Board and committee members	116	-	116	143
Operating lease payments (property)	4,635	1,544	6,179	5,358
Communication costs	3,298	171	3,469	3,234
IT infrastructure costs	3,293	221	3,514	4,058
Non Operating Lease Accommodation costs	2,883	770	3,653	2,974
Externally provided support for grant programmes	2,844	1	2,845	3,876
Staff recruitment and training	2,139	70	2,209	1,316
Programme evaluation	958	-	958	956
Professional fees	927	42	969	1,422
Depreciation	887	12	899	814
Business Process re-engineering project	602	-	602	312
Auditors remuneration for audit work	110	-	110	130
Write down of fixed assets	133	-	133	-
Other costs	1,923	56	1,979	4,217
Total	59,994	4,645	64,639	68,846

5. Financial performance indicator

BIG measures its operating costs as a percentage of Lottery income received. This indicator is calculated on a net basis, that is excluding income and costs relating to activities recharged to other distributors. Operating costs excluding one off structural review and merger costs are 9.1 per cent of income (2006/07 10.2 per cent).

6. Staff numbers and cost

The total salary cost, including Board members, was as follows:

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Wages and salaries	26,508	27,688
Social security costs	2,165	2,275
Pension costs	4,783	4,898
Agency staff	1,929	3,531
	35,385	38,392

These costs include £59,063 for staff seconded out to other organisations. Recoveries of £19,872 are included in other income.

The salary and pension entitlement of the senior management and Board Members of BIG are included above; details are disclosed in the Remuneration Report.

The average number of full time equivalent employees and temporary staff working for BIG during the year was as follows:

	Year ended 31 March 2008			Year ended 31 March 2007
	Average no. of temporary staff (FTE's)	Average no. of employees (FTE's)	Total average no. of staff (FTE's)	Total average no. of staff (FTE's)
Grant making	67	569	636	699
Support to customers and stakeholders	5	188	193	186
Governance and administration	14	178	192	218
	86	935	1,021	1,103

At 31 March 2008 BIG employed 909 full-time equivalent employees (2007 984).

Notes to the Accounts

7. Structural review/merger

Merger costs incurred during the assimilation of the Millennium Commission were:

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Harmonisation of terms and conditions	-	128
	-	128

The structural review, a major change programme to restructure and relocate our England grant making activities and corporate service functions, has incurred the following costs during 2007/08:

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Termination payments	818	3,191
Recruitment and induction costs	-	521
Property rationalisation	126	3,978
Release of property provision no longer required (note 13)	(1,666)	-
Project management	-	222
Other	-	47
	(722)	7,959

8. Corporation tax

BIG pays corporation tax on bank interest received. The tax payable is £410,914 (2006/07 £254,000). Investment income generated on balances held and invested by the National Lottery Distribution Fund on BIG's behalf are not taxable.

9. Tangible fixed assets

	Leasehold improvement	IT	Office equipment furniture and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2007	6,860	1,409	211	8,480
Additions	41	625	-	666
Disposals	(628)	-	(26)	(654)
At 31 March 2008	6,273	2,034	185	8,492
Depreciation				
At 1 April 2007	2,273	971	130	3,374
Charge for the year	483	387	29	899
Disposal	(495)	-	(26)	(521)
At 31 March 2008	2,261	1,358	133	3,752
Net cost				
At 31 March 2008	4,012	676	52	4,740
At 31 March 2007	4,587	438	81	5,106

All leasehold improvements are on short leasehold properties where the leases expire in less than 50 years.

10. Debtors & prepayments

	At 31 March 2008 £'000	At 31 March 2007 £'000
Held by delegated partners for payment of grant commitments	600	9,733
Other debtors	4,284	2,295
Prepayments and accrued income	3,747	3,500
	<u>8,631</u>	<u>15,528</u>

Included in the amounts above is: £41,912 owed by 80 members of staff for season ticket loans. No loan exceeds £5,000. All loans are for 12 months and are repayable through deduction from salary.

Notes to the Accounts

Balances payable by other Government bodies are as follows:

	At 31 March 2008 £'000	At 31 March 2007 £'000
Amounts due from other Government bodies	4,612	2,194
Amounts due from Local Authorities	304	754

11. Balance held by the National Lottery Distribution Fund

	£'000	£'000
Balance (at market value) as at 1 April 2007		597,049
Income received from the National Lottery	601,181	
Investment income earned	48,661	
Cash drawn down	(670,286)	
Net decrease in balance		(20,444)
Cost as at 31 March 2008		576,605
Unrealised gain on investment		1,271
Market value at 31 March 2008		577,876

BIG receives a share of the moneys paid by Camelot Group plc to the NLDF after deduction for the costs of the Secretary of State for Culture, Media and Sport in exercising his functions under the Lottery Act, the costs of the regulator (the National Lottery Commission), the costs of the investment manager (the National Debt Commissioners) and the costs of the National Lottery Promotions Unit.

12. Creditors: amounts falling due within one year

	At 31 March 2008 £'000	At 31 March 2007 £'000
Trade creditors	10	1,481
Other creditors	1,478	1,763
Accruals and deferred income	6,478	4,213
Corporation Tax	339	254
	<u>8,305</u>	<u>7,711</u>

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

	At 31 March 2008 £'000	At 31 March 2007 £'000
Amounts due to other Government bodies	3,023	958
Amounts due to local authorities	9	614

Creditors: amounts falling due in more than one year

	At 31 March 2008 £'000	At 31 March 2007 £'000
Other creditors	<u>907</u>	<u>321</u>

13. Provisions for liabilities and charges

	Unavoidable lease payments £'000	Early retirement contributions £'000	Redundancy provisions £'000	Redundancy support £'000	Total provisions £'000
Brought forward at 1 April 2007	4,757	2,373	2,896	293	10,319
Charged to expenditure in the year	-	60	1,009	-	1,069
Written back to expenditure in the year	(1,666)	-	-	(24)	(1,690)
Payments made	(265)	(344)	(2,915)	(130)	(3,654)
Carried forward at 31 March 2008	2,826	2,089	990	139	6,044

BIG has sub-let part of its Plough Place, London premises. The provision represents the difference between the rent charged to BIG's tenants and that which the Fund is contracted to pay to its landlords. The provision for the difference in market rent is calculated using an assumed inflation rate of 3 per cent which means that the provision will be realised over 15 years. This provision will be reviewed at each rent review date of the lease. In addition one further floor of Plough Place is vacant and BIG has provided for expected losses on this property. Review of property provisions as at 31 March 2008 identified £1.7 million that is no longer required.

As part of the merger and also as part of the structural review certain posts have been identified as no longer required or have been relocated. As a result staff have been made redundant or have taken early retirement.

- ▶ Where eligible staff take early retirement the Fund is contracted to meet certain pension contributions until these staff reach statutory retirement date. An estimate of these future contributions is provided. Payments against this provision will continue to be made for up to ten years.
- ▶ A provision has been made for the estimated redundancy costs of those staff which BIG has entered into consultation with prior to 31 March 2008 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. It is expected that the majority of this provision will be realised during 2008/09.

Notes to the Accounts

14. Hard commitments

	£'000	£'000
Brought forward at 1 April 2007		894,898
Hard commitments made	1,111,777	
Lapsed and revoked hard commitments	(41,402)	
Hard commitments met	<u>(599,879)</u>	
Net movement in hard commitments		470,496
Carried forward at 31 March 2008		<u><u>1,365,394</u></u>

Ageing of hard commitments

The hard commitment balance at the year end represents amounts due to recipients in the following periods:

	At 31 March 2008 £'000	At 31 March 2007 £'000
Grants committed for payment within one year	640,926	559,234
Grants committed for payment in more than one year	724,468	335,664
	<u>1,365,394</u>	<u>894,898</u>

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

	At 31 March 2008 £'000	At 31 March 2007 £'000
Grants committed for payment to other Government bodies	35,836	1,193
Grants committed for payment to local authority bodies	424,678	210,639
Grants committed for payment to the national health service organisations	85,125	22,265

15. Soft commitments

Soft commitments represent grant offers that have yet to be formally accepted in writing by the applicant. As such these offers are not recognised as a financial commitment within these accounts.

	£'000	£'000
Brought forward at 1 April 2007		49,669
Soft commitments made	1,191,850	
Lapsed and revoked soft commitments	(6,240)	
Soft commitments transferred to hard commitments	<u>(1,111,777)</u>	73,833
Carried forward at 31 March 2008		<u><u>123,502</u></u>

16. Joint schemes

Included within hard commitments is £0 (2006/07 £178,000) of new grant commitments and £0.3 million (2006/07 £760,000) of grant commitments carried forward at 31 March representing BIG's contribution to grants made as part of the Spaces for Sports and Arts joint scheme. BIG has contributed £25 million to the total funding of £130 million. This scheme is administered by Sport England on behalf of all parties to the agreement.

Included within hard commitments is £0 (2006/07 £256,000) of new grant commitments and £1.8 million (2006/07 £20.5 million) of grant commitments carried forward at 31 March representing BIG's contribution to grants made as part of the Active England joint scheme. BIG will contribute £77.5 million to the total funding of £107 million. This scheme is administered by Sport England on behalf of all parties to the agreement.

Included within hard commitments are £38.3 million (2006/07 £42.7 million) of new grant commitments and £2.2 million (2006/07 £2.2 million) of grant commitments carried forward at 31 March representing BIG's contribution to the Awards for All, England joint scheme. During 2007/08 BIG contributed £38.8 million to the total grant funding of £52.1 million. This scheme is administered by BIG on behalf of all parties to the agreement. Memorandum accounts for the Awards for All, England joint scheme are attached to these accounts.

Included within hard commitments are £4.4 million (2006/07 £1.0 million) of new grant commitments and £4.5 million (2006/07 £890,000) of grant commitments carried forward at 31 March representing BIG's contribution to the Parks for People joint scheme. BIG will contribute up to £80 million to the total expected funding of £140 million. This scheme is administered by the Heritage Lottery Fund on behalf of all parties to the agreement

17. Fair Share

In 2002/03 BIG entered into a grant contract with the Community Foundation Network (CFN) to administer an expendable endowment to provide funding to meet the objectives of the Fair Share Policy Directions. In August 2003 the Fund paid £50 million into the Fair Share Trust established by CFN.

As at 31 March 2007 CFN have reported that the Fair Share Trust balance stands at £41.9 million and that there is an unrealised capital gain of £0.5 million. In 2006/07 the Trust received investment income of £2.0 million and £7.9 million was been drawn from the Trust to meet grants awarded. The Trust's audited accounts are available from CFN, Arena House, 66 - 68 Pentonville Road, London N1 9HS. Accounts to period 31 March 2008 will be available in the Autumn.

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

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
(Deficit)/surplus before tax	(489,295)	176,327
Depreciation of fixed assets	899	814
Loss on disposal of fixed assets	133	-
Interest income	(1,355)	(1,049)
(Deficit)/surplus before tax adjusted for non cash and financing transactions	(489,618)	176,092
Decrease in debtors	6,861	5,592
Decrease in NLDF balance	19,173	177,863
Increase in creditors	1,095	1,183
(Decrease) in provisions	(4,275)	(2,720)
Increase/(decrease) in provision for grant commitments	470,496	(357,838)
Net cash inflow from operating activities	3,732	172

Notes to the Accounts

19. Financial risks

Liquidity risks

In the year ended 31 March 2008, £601 million (90%) of BIG's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the NLDF £50 million (8%) and from bank interest and other income £13 million (2%).

At 31 March 2008 BIG had net liabilities of £774 million and soft commitments of £124 million. Although BIG has net liabilities the Board does not consider that BIG is exposed to significant liquidity risks as many of its commitments will not be paid until after the next financial year end. Grant holders can only draw down monies once they have proved their need to receive the next tranche of grant funding allocated to them. Due to these timing differences between the date the grant holder accepts the grant offer and the dates that they draw down these monies, BIG is encouraged by the Department for Culture, Media and Sport to over-commit the available funds.

	£'000
Liquid assets at 31 March 2008	
Market value of NLDF investments	577,876
Cash	15,016
	<hr/> 592,892
Forecast cashflows during 2008/09	
Income from the National Lottery	639,000
Less transfer to the London 2012 Olympics	(43,000)
Other income	18,000
Operating cost payments	(66,000)
Payment to NESTA	(15,000)
Grant payments	(693,000)
Net forecast outgoings	<hr/> (160,000)
Forecast liquid assets at 31 March 2009	<hr/> <hr/> 432,892

The income forecasts are based on projections provided by the Department for Culture, Media and Sport. The forecast grant payments are based on expected draw down profiles.

Interest rate risks

Cash balances are invested in the NLDF. As set out in Note 1.3 the Board has no control over the investment of funds in the NLDF, this is managed by the National Debt Commissioners on behalf of the Secretary of State for Culture Media and Sport. The market value of investment in the NLDF at the year end was £578 million. In the year the average return on these investments was 6.1 per cent.

Cash balances which are drawn down from the NLDF to pay grant commitments and operating costs are held in instant access variable rate bank accounts which on average carried an interest rate of 5 per cent in the year. The cash balance at the year-end was £15 million. The Board considers that BIG is not exposed to significant interest rate risks.

Foreign currency risk

BIG is not exposed to material foreign exchange risks.

20. Financial commitments

National Endowment for Science Technology and the Arts (NESTA)

In 2005/06 Parliament agreed to provide additional funding to NESTA. A sum of £15 million is diverted from NLDF income allocated to the Big Lottery Fund each year for a period of 5 years starting 31 March 2006. The final payment will be 31 March 2010.

Commitments under operating leases

At 31 March 2008, BIG had the following annual commitments under operating leases for land and buildings.

	As at 31 March 2008 £'000	As at 31 March 2007 £'000
Expiring in less than 1 year	86	213
Expiring within 2-5 years	421	260
Expiring in more than 5 years	5,535	6,170
	6,042	6,643

21. 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 3 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 3 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

For 2007/08, employers' contributions of £4,783,000 were payable to the CSP Scheme (2006/07 £4,898,000) at one of four rates in the range 17.1 - 25.5 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. The latest valuation, carried out by Hewitt Associates, was on 31 March 2007. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates in 2008/09 have been increased based on recommendations from the Actuary.

Bands	Year ended 31 March 2008
£19,000 and under	17.1%
£19,001 - £39,000	19.5%
£39,001 - £65,500	23.2%
£66,501 and over	25.5%
Bands	Year ended 31 March 2007
£18,500 and under	17.1%
£18,501 - £38,000	19.5%
£38,001 - £65,000	23.2%
£66,001 and over	25.5%

Notes to the Accounts

22. Losses and special payments

Losses occur where there is no evidence that the project's objectives were met. In the financial year to 31 March 2008 we have written off losses of £2,579,978 representing 182 awards (2006/07 £708,981). There were five write offs that exceeded £100,000. These are detailed below. For one write off in excess of of £100,000 we are unable to disclose details of as this may be prejudicial to any police action.

Davish Enterprise Development	£255,661
Highfields Community and Training Centre	£240,724
Workforce Charitable Trust Limited	£237,500
Child Psychotherapy Trust	£118,798

Special payments arise 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
- ex gratia payments are approved

In the financial year to 31 March 2008 special payments totaled £19,666 (2006/07 £33,871). These represented payments to grant applicants as advised by the Independent Complaints Reviewer.

23. Related party transactions

BIG 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, BIG and its legacy bodies have had various material transactions with the DCMS and other bodies for which the DCMS is regarded as the sponsor Department: Heritage Lottery Fund, Sport England, Arts Council of England, and the MLA.

Transactions with DCMS reflect income received through the NLDF and the inward secondment of staff.

Transactions with the other Lottery Distributors include income received for management of Awards for All and rental of office space. Payments are made to HLF and Sport England for their services in running joint grant programmes (Note 16).

In addition, BIG has a number of material transactions with Government Departments and bodies that regard other Government departments as their sponsor department:

- Natural England and English Nature sponsored by Department for Environment, Food and Rural Affairs both are recipients of grant awards
- Highlands and Islands Enterprise sponsored by the Scottish Executive who deliver a grant programme on our behalf
- HM Revenue and Customs relating to PAYE and NI transactions.

Board members

BIG abides by the Cabinet Office code of practice for Board Members of public bodies. As a matter of policy and procedure, Board Members maintain publicly available registers of interests and declare any direct interests in grant applications made to BIG and commercial relationships with BIG.

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. BIG'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 public, voluntary and charitable bodies with which BIG has non-material business interests. These are disclosed in Section one of the Annual Report.

Memorandum accounts – Awards for All England

Income and Expenditure for the year ended 31 March 2008

	Note	Year ended 31 March 2008 £'000		Year ended 31 March 2007 £'000	
Income					
Contributions from partners					
Arts Council England		6,243		7,031	
BIG		40,207		44,637	
Heritage Lottery Fund		3,961		4,461	
Sport England		5,948		6,698	
Notional tax		22	56,381	18	62,845
Interest received			108		95
Grant refunds			1,719		780
Total Income			58,208		63,720
Expenditure					
Grant commitments made in the year	5	53,868		60,058	
Less lapsed or revoked commitments	5	(70)	53,798	(89)	59,969
Staff costs	2	2,091		2,371	
Other operating costs	3	2,297	4,388	1,362	3,733
Total Expenditure			58,186		63,702
Surplus before tax			22		18
Notional Tax	4		22		18
Surplus/ deficit for the period			-		-
Retained surplus/deficit					
Brought forward at 1 April 2007			-		-
Deficit for the period			-		-
Retained deficit at 31 March 2008			-		-

Notes to the Accounts

Memorandum accounts – Awards for All England

Balance Sheet as at 31 March 2008

	Note	As at 31 March 2008 £'000	As at 31 March 2007 £'000
Current Assets			
Balances due from partners			
Arts Council England		932	306
BIG		-	1,476
Heritage Lottery Fund		591	210
Sport England		1,010	344
Cash		659	823
		<u>3,192</u>	<u>3,159</u>
Creditors falling due within 1 year			
Balance due to partners			
BIG		34	-
Grants committed for payments	5	3,136	3,141
Other creditors		22	18
		<u>3,192</u>	<u>3,159</u>
Total assets less liabilities		<u>-</u>	<u>-</u>
Retained surplus		<u>-</u>	<u>-</u>

Memorandum accounts – Awards for All England

Notes to the memorandum accounts as at 31 March 2008

1. Budget for grant awards

The Awards for All England programme is a jointly funded scheme between the Arts Council England, BIG, Heritage Lottery Fund and Sport England. The funding budget for the programme is as follows:

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Arts Council England	6,300	6,714
BIG	40,000	42,630
Heritage Lottery Fund	4,000	4,260
Sport England	6,000	6,396
	56,300	60,000

2. Staff costs

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Wages and salaries	1,504	1,635
Social security costs	104	117
Other pension costs	244	283
Agency staff	239	336
	2,091	2,371

The average number of employees on a full time equivalent basis employed on the Awards for All England scheme were 71 (2005/06 74).

3 Other operating costs

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Travel and expenses	35	26
Accommodation	444	102
Communications	530	248
Administration costs	1,288	986
	2,297	1,362

4 Notional tax

Corporation tax is due on bank interest received by each distributor. The notional calculation charged in these accounts assumes Awards for All England as a single entity. Tax is calculated at an effective rate of 20 per cent (2006/07 19 per cent).

5 Hard commitments

	£'000
Brought forward at 1 April 2007	3,141
Hard commitments made in the year	53,868
Lapsed and revoked	(70)
Hard commitments met	(53,803)
Carried forward at 31 March 2008	3,136

All payments fall due within one year.

There are no soft commitments, grant recipients confirm acceptance of the terms and conditions of grant as part of their application.

Section seven

Our statutory background

Policy Directions

Until 30 November the Big Lottery Fund was the operating name of the National Lottery Charities Board, the legal name of the Community Fund, and the New Opportunities Fund. From 1 December 2006 the assets and liabilities of the Community Fund, New opportunities Fund and Millennium Commission transferred to a new body, the Big Lottery Fund. The Big Lottery Fund was established as a Non-Departmental Public Body by the National Lottery etc Act 1993, as amended by the National Lottery Acts 1998 and 2006. The Act specifies the share of income from the National Lottery Distribution Fund to be received and it regulates the size of the Board and the appointment of committees generally and specifically for grant-making in the four countries of the UK.

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 money is distributed. Following consultations between the Government and the Big Lottery Fund. A set of themes, outcomes and priorities were agreed, which allowed the development of policies and programmes for the Big Lottery Fund through the administrative merger arrangements which brought the Community Fund and the New Opportunities fund together as the Big Lottery Fund. During 2005/06, new Policy Directions were issued to enable the Community Fund to support the new range of funding programmes within its existing legal powers, in particular the ability to make transformational grants. These Directions were issued in November 2006 on the commencement of the Big Lottery Fund. These are set out below.

The Big Lottery Fund has complied with these Directions throughout the financial year 2007/08 in every material aspect.

England and UK

DIRECTIONS GIVEN TO BIG LOTTERY FUND UNDER SECTION 36E OF THE NATIONAL LOTTERY ETC. ACT 1993.

The Secretary of State for Culture, Media and Sport, in exercise of the powers conferred on her by section 36E of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund (“the Fund”), National Assembly for Wales, Scottish Ministers and Northern Ireland Department of Culture, Arts and Leisure pursuant to section 36E(5) of that Act, hereby gives the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993.

General Directions

2. In exercising any of its functions in relation to English devolved expenditure, Isle of Man devolved expenditure and transformational grant expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.

B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.

C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.

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

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

F. The need:

- (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
- (ii) where capital funding is sought:
 - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
- (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the 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.

G. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.

H. The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.

I. The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.

J. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.

K. The need to involve the public in making policies, setting priorities and making grants.

Transformational Grants

3. In exercising any of its functions in relation to transformational grant expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

A. The need to ensure that the Fund achieves over time the distribution of money to projects in each country of the United Kingdom.

B. The need for money to be distributed for the purpose of capital expenditure on projects and only to be otherwise distributed where the money:

(i) is distributed for the purposes of endowments or in the form of revenue grants where:

(a) such endowments or grants are associated with a capital project, in respect of which money has been or is proposed to be distributed; and

(b) such endowments or grants support the delivery of the project outcomes, increase accessibility, reduce barriers to entry and ensure that such projects are sustainable; or

(ii) is distributed for development funding to projects which have been assessed as suitable for such funding.

C. The need to transform and revitalise communities and the physical environment.

D. The need for widespread public participation in the decision to award grants which:

(i) involve consultation, voting systems or other suitable mechanisms;

(ii) are free from bias, corruption and manipulation; and

(iii) involve partnerships with broadcasting, electronic, print and other media.

Section seven

English And Isle Of Man Devolved Expenditure

4. In exercising any of its functions in relation to English and Isle of Man devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

A. The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in England and working overseas.

B. The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:

- (i) the promotion of community learning;
- (ii) the promotion of community safety and cohesion; and
- (iii) the promotion of physical and mental well being.

C. The need to have regard to the interests of England as a whole, the interests of all the different parts of England and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of England.

5. In relation to English and Isle of Man devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:

A. People having better chances in life, with better access to training and development to improve their life skills.

B. Stronger communities, with more active citizens, working together to tackle their problems.

C. Improved rural and urban environments, which communities are better able to access and enjoy.

D. Healthier and more active people and communities.

6. In relation to English and Isle of Man devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:

A. Improving family skills.

B. Improving literacy, numeracy, ICT and creative skills.

C. Developing consumer skills, including finance and debt management.

D. Developing basic business skills, particularly for social and creative enterprise.

E. Removing barriers to and developing employability, including through improving communication and problem solving skills.

F. Developing life skills, including skills which help improve personal independence and interactions with others.

G. Supporting the training needs of volunteers.

H. Celebrating community identity, culture, diversity and achievements.

I. Strengthening volunteering and voluntary sector infrastructure.

J. Building capacity for community engagement.

K. Broadening children and young people's experiences and raising expectations.

L. Reducing isolation, for example for older people, disabled people and their carers, and enabling participation in community and family life.

M. Supporting citizenship, leadership and local planning and delivery

N. Ensuring safer places, free from anti-social behaviour and crime.

O. Better designed, clean and well-maintained public places and public art.

- P.** Increasing community usage of local parks, play facilities, public places, community building and the countryside.
- Q.** Enabling communities to tackle local environmental problems and improve their local environment.
- R.** Promoting environmental awareness through educational projects.
- S.** Increasing community participation in sport, dance, play and physical and creative activity.
- T.** Developing better approaches to tackling mental health problems, including through education, public awareness and the arts.
- U.** Improving opportunities for healthier eating and promoting the relationship between methods of production and the environment.
- V.** Addressing health inequalities through educational and information projects.

Signed on behalf of the Secretary of State for Culture, Media and Sport

Scotland

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND UNDER SECTION 36E(4)(b) OF THE NATIONAL LOTTERY ETC. ACT 1993

Scottish Ministers, in exercise of the powers conferred on them by section 36E(4)(b) of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund (“the Fund”) and obtained the consent of the Secretary of State for Culture, Media and Sport pursuant to section 36E(8) of that Act, hereby give the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993.

General Directions

- 2.** In exercising any of its functions in relation to Scottish devolved expenditure the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
- A.** The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
 - B.** The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
 - C.** The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
 - D.** The need to further the objectives of sustainable development.
 - E.** The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

Section seven

- F.** The need:
- (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - (ii) where capital funding is sought:
 - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
 - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the 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.
- G.** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.
- H.** The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- I.** The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas, to obtain such support.
- J.** The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- K.** The need to involve the public in making policies, setting priorities and making grants.

Scottish Devolved Expenditure

- 3.** In exercising any of its functions in relation to Scottish devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
- A.** The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Scotland and working overseas.
 - B.** The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:
 - (i) the promotion of community learning;
 - (ii) the promotion of community safety and cohesion; and
 - (iii) the promotion of physical and mental well being.
 - C.** The need to have regard to the interests of Scotland as a whole, the interests of different parts of Scotland and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Scotland.
 - D.** The priority of tackling disadvantage and the need to address inequalities.
 - E.** The need to operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategies and activities and those of partners and stakeholders, including the voluntary and community sectors, other public bodies and the private sector.

In relation to Scottish devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:

- A.** People having better chances in life.
- B.** Communities are safer, stronger and work together to tackle inequalities.
- C.** People have better and more sustainable services and environments.
- D.** People and communities are healthier.

In relation to Scottish devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure that one or more of the following priorities are met:

- A.** Developing good quality, accessible childcare and play provision for children of all ages;
- B.** Improving the confidence and life skills of children and young people, including through cultural and sporting activities;
- C.** Increasing the chances of sustained employment;
- D.** Tackling financial exclusion and debt;
- E.** Providing lifelong learning opportunities;
- F.** Supporting community networks.
- G.** Strengthening voluntary and community action;
- H.** Building capacity for community involvement and development, including promoting the active participation of young people in their communities and in the decision-making affecting them and their communities;
- I.** Supporting communities to promote equality and diversity and deal with the impact of discrimination and harassment;
- J.** Creating opportunities to develop shared values and inclusive communities at a local level.
- K.** Ensuring safer, stronger communities, free from anti-social behaviour and crime;
- L.** Promoting and supporting sustainable development;
- M.** Supporting community-led regeneration;
- N.** Enhancing community environments, including historic environments, and green spaces;
- O.** Improving access to services in rural and urban communities;
- P.** Improving access to local environments through cycling, walking and sustainable motorised transport;
- Q.** Promoting community land ownership and use;
- R.** Promoting environment awareness and good practice;
- S.** Supporting and developing community based approaches to biodiversity, renewable energy, sustainable buildings and sustainable resource use including re-cycling schemes;
- T.** Supporting community based approaches to the production, consumption and celebration of healthy sustainable food;
- U.** Improving health and tackling health inequalities - in particular through improving opportunities for healthier eating, physical activity and addressing the health needs of young people;
- V.** Developing new approaches to improving mental health and well-being;
- W.** Identifying and supporting good practice in community based health promotion and improvement;
- X.** Supporting work that promotes the relationship between health and well-being and broader community regeneration.

Signed on behalf of Scottish Ministers
 Patricia Ferguson,
 Minister for Tourism, Culture and Sport
 A member of the Scottish Executive
 December 2006

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Wales

DIRECTIONS GIVEN TO BE BIG LOTTERY FUND UNDER SECTION 36E OF THE NATIONAL LOTTERY ETC. ACT 1993.

The National Assembly for Wales, in exercise of the powers conferred on it by section 36E(4)(a) of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund (“the Fund”) and obtained the consent of the Secretary of State for Culture, Media and Sport pursuant to section 36E(8) of that Act, hereby gives the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993.

General Directions

2. In exercising any of its functions in relation to Welsh devolved expenditure, the Fund shall take into account the following matters in determining to whom the Fund may make grants or loans, the purposes for which the Fund may make grants or loans, the process used to determine what payments to make and the terms and conditions on which the Fund makes grants or loans:

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.

- D. The need to promote and support the Welsh language and reflect the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages. This should be achieved by including specific conditions on language in grants and monitoring and overseeing the performance of grant recipients with regard to those conditions.
- E. The need to further the objectives of sustainable development.
- F. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- 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:
 - a). for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - b). to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce’s Gateway Reviews.
 - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the 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.

- H.** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy.
- I.** The need to ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- J.** The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.
- K.** The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- L.** The need to involve the public in making policies, setting priorities and making grants.
- M.** The need to ensure an outcome focused approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales. Where appropriate the experiences of other organisations should be utilised to enhance development and delivery of funding mechanisms.

Welsh Devolved Expenditure

3. In exercising any of its functions in relation to Welsh devolved expenditure, the Fund shall take into account the following matters in determining to whom the Fund may make grants or loans, the purposes for which the Fund may make grants or loans, the process used to determine what payments to make and the terms and conditions on which the Fund makes grants or loans:

- A.** The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Wales and working overseas.
- B.** The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:
 - (i) the promotion of community learning;
 - (ii) the promotion of community safety and cohesion; and
 - (iii) the promotion of physical and mental well being.
- C.** The need to have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales, and the need to encourage public service bodies, collaborating together, to deliver better service outcomes to citizens

4. In relation to Welsh devolved expenditure the Fund shall distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:

- A.** people of all ages equipped with the skills and learning to meet the challenges of a modern society;

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- B. people working together for stronger communities, social justice and better rural and urban environments; and
 - C. healthier and more physically active people and communities.
5. In relation to Welsh devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:
- A. tackling the barriers to community learning and effective life skills;
 - B. people working together for stronger communities, social justice and better rural and urban environments; and
 - C. empowering communities to develop and deliver local revitalisation programmes;
 - D. developing constructive community responses to disaffection, anti-social behaviour and crime;
 - E. enabling older people to live independent lives and to contribute to their community;
 - F. enabling communities to manage and enhance their local environment and amenities;
 - G. developing people's ability to take responsibility for their own health and well-being in line with the principles underlying Health Challenge Wales, encouraging individuals and organisations to improve health in Wales;
 - H. promoting healthier eating and increasing physical activity across all age, gender and social groups;
 - I. developing new approaches to promoting community building and the countryside.

Northern Ireland

DIRECTIONS GIVEN TO BE BIG LOTTERY FUND UNDER SECTION 36E (4)(b) OF THE NATIONAL LOTTERY ETC. ACT 1993

Secretary of State for Northern Ireland, in exercise of the powers conferred on them by section 36E(4)(b) of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund ("the Fund") and obtained the consent of the Secretary of State for Culture, Media and Sport pursuant to section 36E(8) of that Act, hereby give the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993.

General Directions

2. In exercising any of its functions in relation to Northern Ireland devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
 - A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
 - B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
 - C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
 - D. The need to further the objectives of sustainable development.
 - E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

F. The need:

- (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - (ii) where capital funding is sought:
 - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
 - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the 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.
- G.** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.
- H.** The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- I.** The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.

- J.** The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- K.** The need to involve the public in making policies, setting priorities and making grants.

Northern Ireland Devolved Expenditure

4. In exercising any of its functions in relation to Northern Ireland devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

- A.** The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Northern Ireland and working overseas.
- B.** The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:
- (i) the promotion of community learning;
 - (ii) the promotion of community safety and cohesion; and
 - (iii) the promotion of physical and mental well being.
- C.** The need to have regard to the interests of Northern Ireland as a whole, the interests of all the different parts of Northern Ireland and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Northern Ireland.

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5. In relation to Northern Ireland devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:

- A. People have the opportunity to achieve their full potential
- B. People can actively participate in their communities to bring about positive change
- C. Community ownership of better and safer rural and urban environments
- D. Improved physical and mental health for all people

6. In relation to Northern Ireland devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:

- A. Improve essential skills to meet social and economic needs
- B. Increase opportunity for community based learning
- C. Build community capacity
- D. Increase opportunity for volunteering and engagement within and between communities
- E. Build community and voluntary/statutory partnerships
- F. Improve community facilities, access and services
- G. Increase community involvement in protecting, restoring and sustaining the urban and rural environment
- H. Help individuals and communities to develop skills to make healthier lifestyle choices
- I. Promote mental health and emotional well-being at individual and community level

Signed on behalf by Secretary of State NI

FINANCIAL DIRECTIONS

The Financial Directions set out below apply across all our operations in all four UK countries. We have complied with these directions through implementation of 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 Policy and Partnerships.

Financial Directions issued to the Big Lottery Fund under Section 26(3), (3A) & (4) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998) and effective from 1 February 2006 were:

- ▶ The Big Lottery Fund is the operating name of the National Lottery Charities Board and the New Opportunities Fund, working jointly together pursuant to an administrative merger in June 2006.
- ▶ The Big Lottery Fund shall comply with the requirements contained within the attached Statement of Financial Requirements which have the status of directions under section 26 of the national Lottery etc Act 1993, as amended ("the Act"). The Statement of Financial requirements complements, and should be read in conjunction with, the Big Lottery Fund's Management Statement, which deals with corporate governance and management matters.

Reference to the Big Lottery Fund throughout this document means reference to both the National Lottery Charities Board and the New Opportunities Fund.

Signed by authority of the Secretary of State for Culture, Media and Sport



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