

# Annual Report and Accounts for the financial year ended 31 March 2013





# Big Lottery Fund

## Annual Report and Accounts

### for the financial year ended 31 March 2013

Annual report and Accounts presented to Parliament pursuant to section 34(3) of, and paragraph 21 of Schedule 4A to, the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006).

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# Big Lottery Fund

## Annual Report and Accounts 2012/13

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# KEY FACTS

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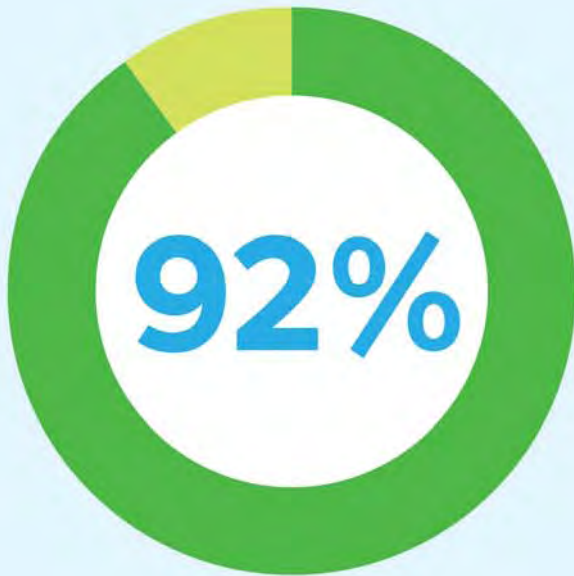


**£778 million**

**12,000**

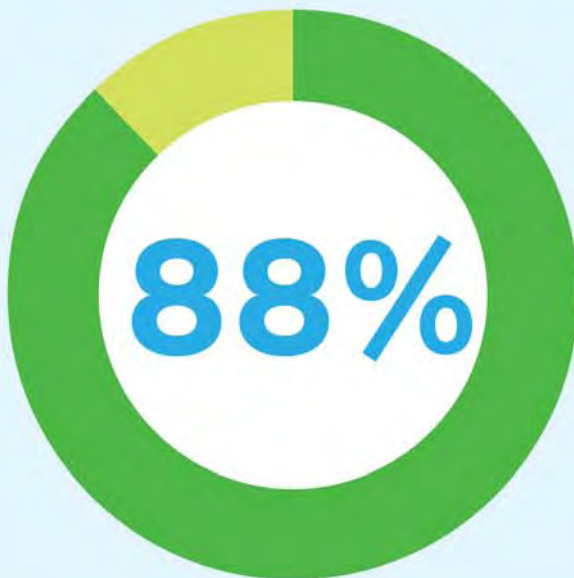
**awards made**

A stylized green grass graphic at the bottom of the page, consisting of several vertical blades of varying heights.



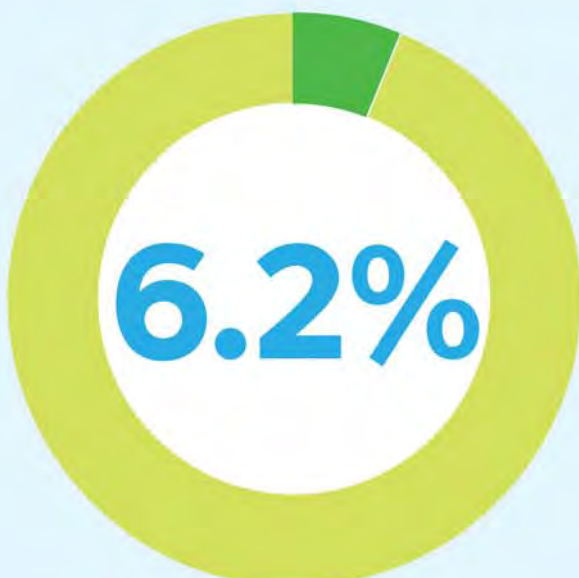
**of funding to the  
voluntary and  
community sector**

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**of awards were for  
£10,000 or less**

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**of our Lottery  
income spent on  
our costs**

# Introduction and summary

By the Chair

The Big Lottery Fund is the largest Lottery distributor providing funding for projects that support our mission to bring real improvements to communities and the lives of people most in need. This report outlines our performance and achievements in 2012/13.

The picture of need in the UK is continually changing, underpinned by the deepest recession in recent times and increased levels of hardship across the UK.

Many of the challenges faced by people most in need are exceptionally difficult to tackle and voluntary and community sector (VCS) organisations are often best placed to reach the people and communities we want our funding to support.

In 2012/13 over 92 per cent of our funding was awarded to the VCS. Rising demand for services, the impact of public sector funding cuts and a fall in individual donations have contributed to a difficult funding environment.

We received twice as many applications as we were able to fund; however this was against a backdrop of strong Lottery ticket sales and we were able to make just over 12,000 awards totalling over £778 million to projects, organisations and partnerships working in health, education, the environment and charitable purposes.



**ACT NOW, London – £464,000**  
for a theatre project to help homeless people change their lives for the better

We're funding initiatives that strengthen organisational capacity and enable organisations to operate on a more sustainable footing, such as our social investment funding which supports VCS organisations to improve their capacity, access other sources of funding and grow their services.





We continue to look for ways to maximise the impact of our funding and to inform the shape of services provided to those most in need.

Throughout the year we have invested in a number of strategic interventions to tackle stubborn social problems, such as A Better Start in England, which aims to help vulnerable babies and children, and the Impact of Alcohol programme in Northern Ireland, which aims to improve the lives of people affected by a loved one's alcohol misuse.

As well as investing in large strategic interventions we continue to support small projects that make a big difference to communities across the UK.

In 2012/13 88 per cent of our awards were for £10,000 or less, funding all sorts of small local projects from improvements to community venues to local gardens that encourage people to grow their own vegetables. We are also investing in places that funding has previously failed to reach through the Big Local programme in England, Community Voice in Wales and Our Place in Scotland, which encourage local people to get involved in their neighbourhoods.

“

**88 per cent of our awards were for £10,000 or less, funding all sorts of small local projects**

”

We also sought to ensure our funding had the maximum impact by reaching a wider audience through a range of activities. The National Lottery Draw programme on BBC1 showcased a number of funded projects and we used social media to engage people across all sections of society. We also worked in partnership with a number of organisations to raise awareness of the difference Lottery funding can make, such as our partnership with Channel 4 on The Secret Millions.

The year 2012/13 was one to celebrate. We supported communities to come together through the Big Jubilee Lunch, which saw 8.5 million people take part in events across the UK as part of the Queen's Diamond Jubilee.

The Olympic and Paralympic Games showed the nation the difference Lottery funding can make, helping our elite athletes to achieve amazing things. Following the success of the Olympic Games we announced the Spirit of 2012 Trust to secure a lasting legacy for the Games.

Using our expertise we worked with others to strengthen our mission, by delivering funding alongside or on behalf of other organisations, helping us to reach even more people and communities. For example, we worked with the Scottish Government to jointly fund the Communities and Families Fund, helping to give children the best start in life.



**Pride Media, Manchester –  
£204,062 to give IT training to  
the over 50s**

I would like to thank our staff and those we work with for their continued dedication, particularly as we work towards reducing our operating costs and reorganising our staff to support a challenging cost target.

Our Chief Executive, Peter Wanless, announced his departure in early 2013. Under his leadership we have become more focused on making sure that the money we spend is really making a lasting difference to the lives of people and communities most in need. We are sorry to see him move on.

Despite the challenging times facing the country I continue to be heartened by the work of so many people across the UK to make a difference to communities and lives of those most in need.

**Peter Ainsworth**  
Chair, Big Lottery Fund

# Section one

## Our operational performance

### About this Annual Report

In 2009 we published *Big thinking* – our strategic framework to 2015 which set out the principles that will underpin our approach to funding in the UK.

Each year we publish a corporate plan setting out a specific budget, objectives and targets for the year ahead. This annual report is our report back on our achievements against those commitments.



HM and YOI Parc Prison, Bridgend – £3,137,466 to work with ex-prisoners to prevent reoffending

The Corporate Plan for 2012/13 identified three corporate objectives to shape our priorities and set 13 key performance indicators to measure success. Our performance against these has been monitored against our published targets and reported to the Board throughout the year.

### The three corporate objectives are:

**Efficiency** – We are managing public funds efficiently.

**Customer focus** – Those who enquired about, applied for or received our funding said we provided an excellent service to them. We have strong, positive relationships with key stakeholders, and with the public at large.

**Effectiveness** – Our funding programmes bring real improvements to the lives of our beneficiaries.

In April 2012 we were issued with new policy directions that cover spending in England, the Isle of Man and UK-wide. The Welsh Government is currently consulting on revised policy directions for our spending in Wales.

**The corporate plan can be downloaded from our website, [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)**

# Our operational performance against our corporate objectives

This is a brief summary of how we performed against the three objectives.

Corporate objective one:

## We are managing public funds efficiently

Key Performance Indicator	End of year report
1 <b>The VCS receives at least 80 per cent of our funding.</b>	During 2012/13 we awarded 92.1 per cent of our funding to the VCS against the target of 80 per cent.
2 <b>More than 80 per cent of the total agreed grant budget for 2012/13 is committed.</b>	In our corporate plan for 2012/13 we committed to award a total grant budget of £770 million. The actual value of awards including variations made during 2012/13 was £778.7 million (3.1 per cent more than the original budget).
3 <b>Total operating costs (core and frontline costs) are less than 7.1 per cent of Lottery income.</b>	In 2012/13 our total operating costs were 6.2 per cent of Lottery income (4.8 per cent core costs). Total operating costs for the year were £48.1 million; a decrease of £0.9 million compared to 2011/12.
4 <b>Core operating costs are less than 5.2 per cent of Lottery income.</b>	
5 <b>The funding portfolio has an operating cost of less than 5 per cent of the grant budget.</b>	Our planned programme operating costs are based on estimates derived from our experience of running similar programmes. For 2012/13 the funding portfolio had a planned operating cost of 3.4 per cent of the grant budget.
6 <b>By year end the grant paid out to all our funded projects is within 20 per cent of the payments total we forecast.</b>	We paid out £677.3 million in grant payments in 2012/13; 7.8 per cent above the original forecast.

Corporate objective two:

**Those who enquired about, applied for or received our funding said we provided an excellent service to them. We have strong, positive relationships with key stakeholders, and with the public at large.**

Key Performance Indicator	End of year report
1 <b>More than 77 per cent of customers are satisfied with our service.</b>	In the year to 31 March 2013 we had contact with over 74,000 people across the UK who enquired about a grant from the Fund. We also responded to nearly 5,000 outline proposals, assessed nearly 25,000 full applications and have provided support to over 29,500 existing grant holders.
2 <b>More than 36 per cent of customers say they receive excellent customer service.</b>	This year Ipsos MORI completed more than 7,000 online interviews for us with customers including: unsuccessful applicants; successful applicants; those awaiting a decision; and pre-application enquirers. From the results we can report that 81.4 per cent of our customers were satisfied and 38.5 per cent rated our service as excellent. This is an improvement on last year's performance (76.7 per cent and 36.5 per cent respectively). Results also reported that 61.4 per cent of customers considered our service to be better than that of other funders.
3 <b>More than 58 per cent of customers consider the Fund's service to be better than other funders' services.</b>	Internal targets are also set for quality of service. 91.4 per cent of the applications for grants received were processed within the timescales published in application guidance.  As well as overall satisfaction, we also measure satisfaction with: staff attitude; professionalism; quality of service; timeliness and quality of information.
4 <b>The percentage of MPs who perceive the Fund as effective is at least 10 percentage points above any other organisations measured in the same survey.</b>	The results of the latest MP survey in 2012/13 reported that the Fund remains the highest performing organisation of those included in the survey. 74 per cent of MPs responded that we are an effective organisation; 15 percentage points above the closest comparator.



Taste Tideswell, Derbyshire – £432,334 to build on the village's tradition of producing excellent local food

**5 More than 75 per cent of national media coverage is favourable.**

In 2012/13, there was an increased amount of national coverage for the Fund's initiatives resulting in 88 per cent favourable coverage across national media (86.5 per cent in 2011/12).

During this period national media exposure included the National Lottery's television advertising campaign highlighting our Heroes Return 2 programme and featuring funded veteran Jack Jennings.

**6 The results from our VCS Survey will be used to determine a baseline value against which future targets can be set.**

Early results from our first UK-wide survey of key VCS stakeholders tells us that 74 per cent of respondents think that we are effective. More specifically, 73 per cent feel confident that the Fund is an effective grant maker; 83 per cent believe we can influence their sector to achieve positive change; and 80 per cent like the way that the Fund is focused on supporting those most in need. When asked to pick one word to describe the Fund, the most commonly selected adjectives were: credible, supportive, experienced, accessible, relevant, strategic, and trustworthy.

Corporate objective three:

**Our funding programmes bring real improvements to the lives of our beneficiaries.**

## Key Performance Indicator

## End of year report

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1 **90 per cent of grant programmes achieve their agreed effectiveness rating.**

We evaluate our programmes to determine their effectiveness; the following sections of this report look in depth at this key corporate objective. Section two provides the detail of the funding we awarded during the year and Section three reports on the impact of our work.

Programmes are reviewed against the following criteria:

- how well the programme was managed
- evidence of making an impact, and
- evidence of shared learning that is of benefit to us and the communities we fund.

Each dimension is assessed against a five-point scale to calculate overall rating. An independent peer reviewer is required for all programme reviews.

This year we reviewed 44 programmes, of which 43 (97.9 per cent) were judged as being 'effective'. The one programme that was not considered to have met sufficient measures of success to be rated as 'effective' has nevertheless identified robust actions for change and it is predicted that the programme outcomes will be delivered.

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## Additionality

In accordance with the National Lottery Act 2006 all Lottery distributors are required to report on their additionality policy and practice. Additionality is an important principle of our funding. We use 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 awards made in 2012/13 were consistent with this definition of additionality.

In addition to this definition we also take account of the following provision on additionality set out in our policy directions:

"ADDITIONALITY AND COMPLEMENTARITY – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards the Fund's goals."

# Equalities

Equality and diversity are central to our policies and culture. The Senior Management Team and the Board provide strong support and encouragement to embed our equality principles into our practices and the projects we fund.

## **Our commitment to equality**

Our Equality Strategy 2010-13 (to be reviewed in 2013) sets out our priorities as a funder and an employer and how we mean to achieve them. In the last year, we have focused our efforts on improving our knowledge of the communities that are accessing our funding and embedding equality practices into funded projects. To support this we have developed new monitoring requirements and accompanying resources for our customers. We have also endeavoured to ensure that as far as possible the access requirements of our customers are integrated into the design of new systems.

## **Equality in our funding**

Equality monitoring has been introduced into most of our grants programmes. Applicants are asked if their project will mostly benefit people of a specific ethnic background, age, gender, religion or belief, disability or sexual orientation and, in Northern Ireland only, community background. We gather this information because we want to know who benefits from the projects we fund, so that we can find out if we need to give more support to some applicants, target our funding or change how we run our programmes.

To be considered for funding, a project should be based on clear evidence of need; sometimes this will warrant a targeted intervention focusing on a specific beneficiary group or situation; in many cases, however, the need will cut across a range of people, and it will be important for projects to be as accessible and inclusive as possible.

This is reflected in our funding statistics, which highlight that the vast majority of applications received and awards made have gone to projects aiming to benefit a wide range of people.

For this report we analysed the information from 20,606 applications received in the year to 31 March 2013. We excluded withdrawn and transferred grants and those which did not have direct beneficiaries. All these applications had received a decision on funding during the year. 12,189 awards were made (totalling £725 million) from this pool of applications. The results are set out on pages 15 and 16.

We note that the application success rate for projects that mostly benefited people from Black/African/Caribbean/Black UK communities continues to be lower than the rate for projects benefiting no specific ethnicity. We are committed to exploring the reasons for this finding.

The variation in application success rates among projects mostly benefiting people of a specific religion or belief also merits further exploration (although we acknowledge the low volumes involved).



	Number of applications and application rate <sup>1</sup>		Number of awards and application success rate		Requested amount (£'000) and % of requested amount <sup>2</sup>		Awarded amount (£'000) and % of awarded amount <sup>3</sup>	
<b>Ethnicity</b> (Applicants are asked if their project will mostly benefit people from a specific ethnic background. They can select up to three categories; therefore these responses incorporate double and triple counting.)								
White UK	2,122	10%	1,210	57%	£89,360	8%	£53,298	9%
White other	660	3%	382	58%	£26,850	2%	£13,893	2%
Mixed/multiple ethnic groups	969	5%	490	51%	£28,758	3%	£16,982	3%
Asian/Asian UK	1,025	5%	544	53%	£57,102	5%	£29,970	5%
Black/African/Caribbean/ Black UK	1,183	6%	529	45%	£52,053	5%	£27,837	5%
Other ethnic group	394	3%	190	48%	£16,378	2%	£6,384	1%
No specific ethnicity	16,428	81%	10,003	61%	827,860	75%	£468,092	76%
<b>Age</b> (Applicants are asked if their project will mostly benefit people of a particular age group. Applicants can select more than one age group; therefore responses may incorporate multiple counting.)								
0-24	8,932	43%	5,265	59%	£557,041	46%	£302,562	44%
25-64	4,194	20%	2,451	58%	£404,086	33%	£218,368	32%
65+	2,283	11%	1,488	65%	£250,288	21%	£152,345	22%
No specific age	9,119	44%	5,273	58%	£474,247	39%	£237,478	34%
<b>Gender</b> (Applicants are asked if their project will mostly benefit people from a specific gender.)								
Female	1,206	6%	696	58%	£77,048	7%	£40,730	7%
Male	397	2%	213	54%	£16,270	2%	£9,797	2%
No specific gender	18,826	92%	11,160	59%	£987,367	91%	£529,950	91%

<sup>1</sup> The application rate is shown as a percentage of the applications that supplied the data

<sup>2</sup> The requested amount is shown as a percentage of applications that supplied the data

<sup>3</sup> The awarded amount is shown as a percentage of the total funding awarded to those applications that supplied the data

	Number of applications and application rate <sup>1</sup>		Number of awards and application success rate		Requested amount (£'000) and % of requested amount <sup>2</sup>		Awarded amount (£'000) and % of awarded amount <sup>3</sup>	
<b>Community background</b> (Applicants applying to programmes operating in Northern Ireland are asked which community those benefiting from their project mainly belong to.)								
Mainly Catholic	319	21%	180	56%	£13,775	13%	£5,363	9%
Mainly Protestant	484	32%	269	56%	£14,578	14%	£5,647	10%
Both	669	44%	368	55%	£71,136	68%	£43,598	75%
Neither	61	4%	31	51%	£4,098	4%	£2,260	4%
<b>Religion or belief</b> (Applicants are asked if their project will mostly benefit people of a particular religion or belief. They can select more than one religion or belief therefore responses may incorporate multiple counting.)								
No religion	5	<1%	3	60%	£1,458	<1%	£1,293	<1%
Christian	353	2%	187	53%	£10,398	<1%	£5,180	<1%
Buddhist	4	<1%	1	25%	£222	<1%	£9	<1%
Hindu	11	<1%	4	36%	£132	<1%	£31	<1%
Jewish	123	<1%	57	46%	£2,434	<1%	£805	<1%
Muslim	128	<1%	54	42%	£6,680	<1%	£2,981	<1%
Sikh	8	<1%	3	38%	£408	<1%	£29	<1%
Other religion	24	<1%	10	42%	£1,175	<1%	£72	<1%
No specific religion	19,768	96%	11,748	59%	£1,051,854	94%	£564,926	96%
<b>Disability</b> (Applicants are asked if their project will mostly benefit disabled people.)								
Disabled	2,472	12%	1,627	66%	£155,448	14%	£77,678	13%
Not disabled	17,508	88%	10,163	58%	£934,582	86%	£515,271	87%
<b>Sexual orientation</b> (Applicants are asked if their project will mostly benefit lesbians, gay men or bisexual people.)								
Lesbians/gay men/bisexual	136	<1%	84	62%	£8,388	<1%	£3,957	<1%
Not specific to lesbians/gay men/bisexual	19,656	99%	11,586	59%	£1,042,008	99%	£555,240	99%

<sup>1</sup> The application rate is shown as a percentage of the applications that supplied the data

<sup>2</sup> The requested amount is shown as a percentage of applications that supplied the data

<sup>3</sup> The awarded amount is shown as a percentage of the total funding awarded to those applications that supplied the data

## Equality in employment

The Fund is a member of the Stonewall charity's Diversity Champions programme, which is part of our commitment to support lesbian, gay and bisexual and transgender (LGBT) staff. In 2012 we were ranked 240 out of 363, and at the beginning of 2013 we increased our ranking by 16 places to 224 out of 376 organisations.

This year's workforce statistics demonstrate that there has been a small increase in the percentage of staff with disabilities to 4 per cent from 3 per cent at the end of last year. Similarly there is an increase in the percentage of women in senior posts and a small increase in the percentage of employees who are BME.

Disability status	Big Lottery Fund	Civil Service	UK economically active population
Staff with disability	4.1%	4%	13%
Staff without disability	96%	96%	87%

Gender	Big Lottery Fund	Civil Service	UK economically active population
Female	63%	52%	44%
Male	37%	48%	56%

Ethnic group	Big Lottery Fund	UK economically active population
Asian	6.1%	3.0%
Black	3.0%	1.4%
Chinese	0.4%	0.3%
Mixed	0.9%	1.5%
Other	0.3%	0.4%
White other	4.7%	3.4%
<b>Total Black and minority ethnic (BME)</b>	<b>15.4%</b>	<b>10%</b>
White UK	82.3%	90%
Not known	1.9%	
Do not want to declare	0.4%	



The Fund has awarded over £4 million to support Welsh language projects, including this outdoor activity centre

### **Section 75, Northern Ireland Act 1998**

As equality is central to all of our work we continue to deliver the requirements of the statutory 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 2012. The report provided an update on our equality work within the Fund Northern Ireland between April 2011 and March 2012.

The fifth annual review of the Disability Action Plan 2007-2012 has also been completed with the Fund meeting all objectives set.

Between September and November 2012 we consulted publicly on our Equality Update, which included information on key inequalities and disadvantage and an analysis of our funding data. Feedback received is being used to inform how we deliver our commitment to equality.

We continue to work with the Equality Commission for Northern Ireland on our designation.

### **Welsh Language Scheme**

Our Welsh Language Scheme was published in September 2009. It sets out how we will treat the English and Welsh languages on an equal basis in providing services to the public in Wales and in the process of awarding grants.

The implementation of the Scheme is monitored and discussed at regular meetings between our Welsh Language Officer and the Welsh Language Commissioner's office. Our scheme is due to be reviewed in 2013 in line with the new Welsh Language Measure.

During 2012 we responded to the Commissioner's consultation on the proposed Welsh Language Standards and updated our internal guidance on supporting Welsh language projects.

# Our approach to sustainable development

We are committed to achieving and promoting sustainable development, both within our organisation and as an impact of our funding decisions.



Wastesavers, Newport and Torfaen received a grant of £160,000 – one of many awarded by the Fund to promote sustainability

## Internal sustainability

We have a desire to improve our carbon footprint and general environmental performance as well as meeting the ambitious targets required as part of the Government's 'Greening Government' initiative.

In order to make these changes we have been developing our approach to internal sustainability. We have commissioned research into our own environmental performance and identified a number of measures to take forward during 2013/14.

We have re-established our network of staff 'green champions' across our estate who are engaged in developing local plans for each office that will help us take practical measures to reduce resource use and waste production, and support staff to make positive behavioural changes at work and home.

We have already implemented changes to our office space, which has resulted in improved energy consumption. We have also continued to try and reduce our business travel.

In 2013 we will improve our environmental sustainability by:

- developing an energy policy and action plan
- changing equipment to increase efficiency
- installing meters, where appropriate
- monitoring our energy usage to identify where improvements can be made.

## Sustainable grant-making

We are committed to minimising our impact on the environment and ensuring that the projects we fund do the same. In our application materials we set out ways we expect organisations to consider sustainable development and we have provided a web resource to support them in applying this to their projects.

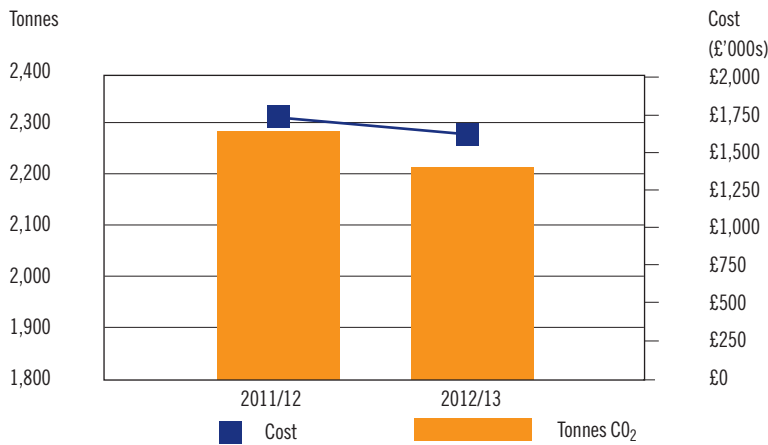
We are exploring approaches to sustainable grant-making and looking at ways we can embed it across all our programmes. We have also made a number of specific investments that deal with environmental issues and sustainability.

<b>Greenhouse gas emissions</b>		<b>2011/12</b>	<b>2012/13</b>
Non-financial indicators (tCO <sub>2</sub> E)	Total gross for Scopes 1 and 2	1,927	1,866
	Total net for Scopes 1 and 2 (less reductions i.e. green tariffs)	1,927	1,866
	Gross emissions for Scope 3 (business travel)	357	351
	Other Scope 3 emissions measured	0	0
Related energy consumption (kWh)	Electricity: non-renewable	2,862,739	2,830,692
	Electricity: renewable	0	0
	Gas	2,363,278	2,119,292
	LPG	0	0
	Other	0	0
Financial expenditure on energy indicators (£'000s)		£510	£567
	CRC Licence expenditure (2010 onwards)	£0	£0
	CRC income from recycling payments	£0	£0
	Expenditure on accredited offsets	£0	£0
	Expenditure on official business travel	£1,174	£1,033

<b>Waste</b>		<b>2011/12</b>	<b>2012/13</b>		
Non-financial indicators (t)	Total waste	132	120		
	Hazardous waste	Total	0	0	
		Non-hazardous waste	Landfill	47	26
			Reused/recycled	84	95
			Incinerated/energy from waste	0	0
Financial indicators (£'000s)	Total disposal cost	50	52		
	Hazardous waste – Total disposal costs		0	0	
		Non-hazardous waste – Total disposal costs	Landfill	18	11
			Reused/recycled	32	41
			Incinerated/energy from waste	0	0

<b>Finite resources consumption/water</b>		<b>2011/12</b>	<b>2012/13</b>	
Non-financial indicators (m <sup>3</sup> )	Water consumption	Supplied	6,079	7,416
Financial indicators (£'000s)	Water supply costs		£35	£40

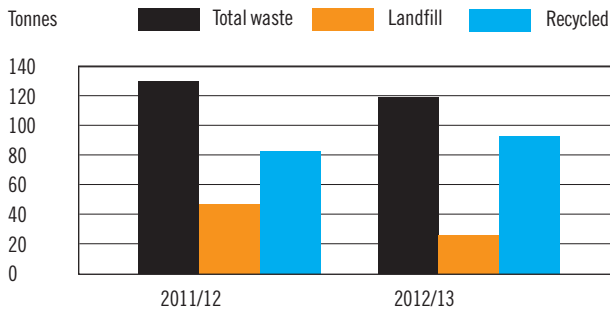
### Emissions (volume and cost)



'Scope 1 emissions' are those from producing greenhouse gases directly, for example by burning gas in boilers, while 'Scope 2 emissions' are those embedded in purchased energy such as electricity. At present we are unable to separate these because so much is indirectly bought through our landlords, but we're working to improve information for future years.

We are now seeing the full year impact of office space reductions made last year on our energy consumption, with a further reduction in emission levels.

### Waste volumes



'Scope 3 emissions' from business travel reduced slightly during the year. Our emissions are already low, but we will continue to look for ways of reducing them still further. Costs also decreased proportionately.

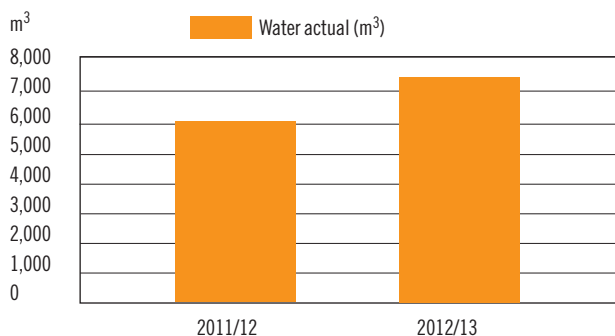
The table on page 20 shows waste production and the proportion we are sending to landfill reduced during the year.

It is difficult to collect accurate water use information and we believe that the reported increase reflects this difficulty rather than a real increase.

We are working with our landlords to improve the information available to us. Our green champions are working to encourage lower water consumption.

Where information has not been available due to the timing of service charge reports from some landlords we have used figures from 2011/12 in order to provide a full picture of our sustainability.

### Water usage



# Section two

## Our grants programmes

During 2012/13 we have continued to make new awards and to manage awards made in previous years.

### Volume of activity

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

#### Applications received during 2012/13

Some of these applications have yet to be presented to a decision-making committee.

	Number of applications	Amount requested (£)
Big Lottery Fund programmes	20,639	£1,285,223,108
Jointly-funded	215	£9,647,946
Non-Lottery funded programmes	2,038	£472,245,136
<b>Total</b>	<b>22,892</b>	<b>£1,767,116,190</b>

On many of our programmes we make use of an outline proposal stage for us to decide on whether an application is worth progressing and how it might be developed.

In 2012/13 we received 4,516 outline proposal applications requesting £1.075 billion. Of those for which initial assessment was complete, 47.5 per cent were successful in reaching stage two.

#### New awards made during 2012/13

These figures exclude variations.

Some of these awards relate to applications received in earlier years.

Figures include offers to applicants where the contract has not yet been signed which is referred to as a soft commitment in note 17 of the financial statements.

In addition, awards have been made on certain programmes which are conditional on the recipient fulfilling certain obligations. In these cases in-principle offers and development grants have been made, the full amount of the grant being conditional upon the recipient submitting a project plan and partnership agreement.

	Number of awards	Amount awarded (£)
Big Lottery Fund programmes (includes joint funded projects)	12,276	£751,329,934
Non-Lottery funded programmes	646	£71,805,589
<b>Total</b>	<b>12,922</b>	<b>£823,135,523</b>





Jack Jennings is one of the 606 veterans and carers to have received funding under Heroes Return 2 this year

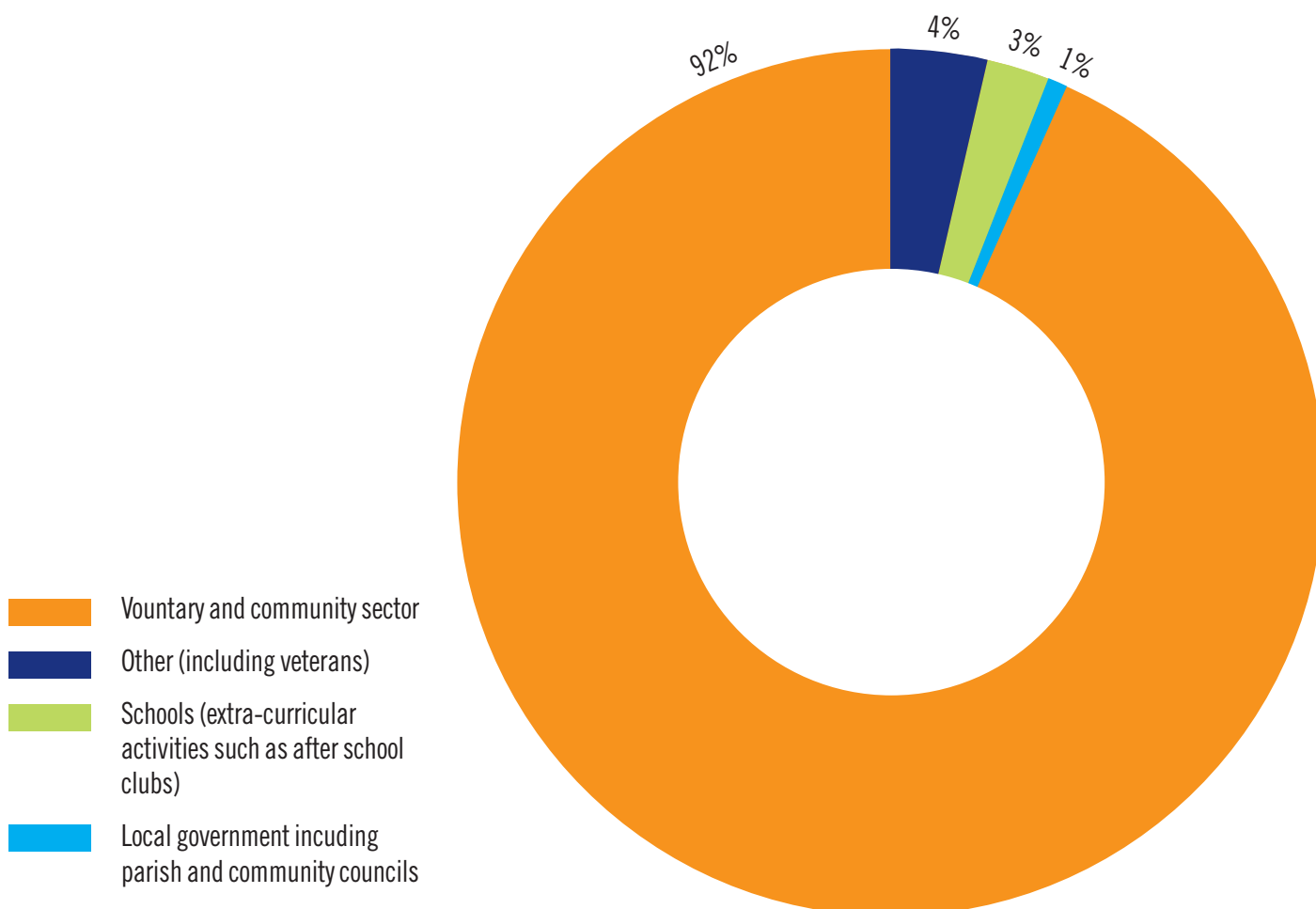


The table below shows grants in management during 2012/13. These grants have been awarded by the Fund and are now in the project delivery phase and are receiving grant payments.

Grants in management at 31 March 2013		
	Number of awards	Payments due to grant recipients
Big Lottery Fund programmes	22,113	£1,119,354,839
Non-Lottery funded programmes	779	£30,169,065
<b>Total</b>	<b>22,892</b>	<b>1,149,523,094</b>

### Voluntary and community sector undertaking

We have undertaken to commit at least 80 per cent of our funding directly to the voluntary and community sector (VCS). This year 92 per cent of committed funds have gone to the VCS. The remaining 8 per cent funded a number of community-wide partnerships that benefited the VCS and the people and neighbourhoods it serves.



New awards made in 2012/13 (excludes variations to existing awards and awards made by our award partners)



The Fund runs a number of programmes on behalf of other funders, including the Coastal Communities Fund

## Sources of funding

Most of the funding we distribute is from National Lottery ticket sales.

In addition to Lottery funding, we run non-Lottery funded programmes, using powers given to us through the National Lottery Act 2006. These powers give us scope to work with others and distribute funds on behalf of, or alongside, other organisations. Details of these funding programmes are available in Section two.

In November 2008 the Dormant Bank and Building Society Accounts Act was passed enabling banks and building societies to transfer money held in dormant accounts to a central reclaim fund for reinvestment in the community.

Any funds released by the Reclaim Fund Ltd pass to the Big Lottery Fund for distribution. The Reclaim Fund received FSA approval in March 2011, and started transferring funds to us.

We distribute those funds in accordance with the Act and directions issued to us by the Minister for the Cabinet Office and the devolved administrations.

In England we were directed to pass all funding to Big Society Trust, which has been established as an independent social investment wholesaler. In 2012/13 we transferred £41,360,000 to Big Society Trust.

In Northern Ireland, the Department of Finance and Personnel are leading on setting priorities for dormant accounts funding.

In Wales and Scotland we are directed to deliver the funding in accordance with directions issued by the devolved administrations. Details of these funding programmes are available on pages 38 and 50.

# UK-wide programmes



The Fund's UK funding portfolio allows us to invest UK-wide and internationally. It gives us an opportunity to increase the level of impact we have at a UK level, informing policy. It helps us better deliver against our strategic framework and in turn help those most in need to see improvements in their lives.

In each country of the UK we deliver funds which are tailored to meet genuine need, as identified by our devolved country committees.

The UK Funding Committee, with its separate funding allocation and terms of reference, has a role which is distinct from and complementary to the work of the four country committees.

The UK funding portfolio is underpinned by a number of key principles:

- ▶ It builds on the best practice from the four countries, with a focus on replication and innovation.
- ▶ It supports research and learning around the investments we make so we can demonstrate impact and influence policy around the design and delivery of future services.
- ▶ It has a long-term and strategic focus on the most acute, enduring and emerging need and encourages and supports communities, often working with community organisations, to anticipate and mitigate the needs and challenges they face.
- ▶ It seeks to build a sense of ownership among the public of the projects we fund and in turn amplify the impact of our funding.

Funding programme	Number of awards	Value of awards	Funder
Heroes Return 2	222	£449,250	Big Lottery Fund
International Communities	22	£192,782	Big Lottery Fund
International Communities Stage 2	31	£14,222,680	Big Lottery Fund
Secret Millions	4	£7,708,898	Big Lottery Fund
Learning Strand - Inspiring Impact	1	£280,000	Big Lottery Fund
Learning Strand - Alliance for Useful Information	1	£100,000	Big Lottery Fund
Peace Mix	1	£250,000	Big Lottery Fund
Somewhereto	1	£7,000,000	Big Lottery Fund
Spirit of 2012 - Get Set for Change	1	£2,499,955	Big Lottery Fund
Coastal Communities Fund	39	£10,964,915	HM Treasury
<b>Total</b>	<b>323</b>	<b>£43,668,480</b>	

Further information on the UK portfolio and funding programmes is available from [www.biglotteryfund.org.uk/uk-wide](http://www.biglotteryfund.org.uk/uk-wide)



**The Search Project, Newcastle upon Tyne – £340,395 for activities for the over 50s**

Our UK funding does not intervene in areas best funded at a country level. Sometimes an intervention is necessary or desirable at a UK level, for instance where a strategic partner works across the UK or where we are funding non-governmental organisations working overseas. On other occasions it enables us to address the most stubborn policy issues in collaboration with expert partners that operate across the UK, thereby generating impact beyond that which could be achieved through our country portfolios.

Sometimes we will engage the public in the activity, design or decision-making of our funding.

The UK portfolio comprises three broad areas of funding: replication and innovation, which aims to tackle deeply entrenched issues or explore new models of funding; partnerships and public engagement, which encompasses our programmes that have a public facing element, such as public voting; and the international programme, which provides funding to UK-based organisations delivering projects overseas.

In 2013 we will focus on: supporting communities and individuals dealing with the issues an ageing population will bring; young people and the environment; and investing in research and learning to support the voluntary and community sector and on issues affecting the sector.

# Looking back on the UK funding portfolio 2012/13

Throughout 2012/13 we have continued to run programmes across the UK that made a difference to communities and individuals.

## Highlights from the UK funding portfolio

Launching a call-out in 2011, Channel 4 and the Big Lottery Fund asked people how they would spend £10 million of Lottery money. The results helped us identify five charities that had devised exciting and innovative projects. This resulted in The Secret Millions. Broadcast on Channel 4 over five weeks, each episode followed a celebrity working with a charity to test out a bold idea dealing with a big social issue. Behind the scenes we were assessing the project and helping to turn these ideas into reality through Lottery funding.

One of the projects to receive funding is the Foyer Federation which is testing an experimental 'pop up' job centre, designed and run by young people for young people. The Foyer Federation received £2 million through The Secret Millions to establish their project in London, South Wales and the West Midlands.

**The Big Lunch** gives communities across the UK the chance to come together to get to know their neighbours. In 2012 the Big Lunch was part of the Queen's Diamond Jubilee programme of events, with people across the UK taking part in the Big Jubilee Lunch. Run by the Eden Project the Big Jubilee Lunch saw 8.5 million people take part in events, from street parties to planting a community garden.



In 2012 a record-breaking 8.5 million people shared a Big Lunch and celebrated togetherness, neighbourliness and the Queen's Jubilee

Following the success of Britain's athletes at the 2012 Olympic Games we announced an Olympic Trust dedicated to securing a lasting legacy from the 2012 Olympics and Paralympics. **The Spirit of 2012 Trust** will receive £30-40 million from the funding we receive from the sale of the Olympic Village.



The Trust will support volunteering, encourage communities to build on the Olympic and Paralympic values, promote greater understanding of the issues facing people with disabilities and support this engagement to build a long-term legacy by attracting funding from other sources.

### **The Coastal Communities Fund**

is encouraging the economic development of UK coastal communities by giving them funding to create sustainable economic growth and jobs. We are delivering the funds on behalf of the government with money generated from the Crown Estate's marine assets. Thirty-nine projects were funded in 2012/13.



**The Big Lunch gives communities across the UK the chance to come together to get to know their neighbours**





## Impact of the UK funding portfolio

In addition to launching new initiatives in 2012/13 the UK funding portfolio made awards through our existing programmes.

**Connect 2**, managed by cycling charity Sustrans, was awarded £50 million in 2008 through our Living Landmarks programme after successfully winning a public vote. The project is connecting communities across the UK to a national cycle network. Five years on, this investment has created over 80 walking and cycling networks, transforming everyday travel for millions of people. It has provided access for hundreds of thousands of people to travel to everyday destinations, such as getting to school. Sustrans calculate that over 1,800 jobs have been created as a result of this project.

The **Improving Futures** programme, launched in March 2011, is providing up to £26 million to transform outcomes for children living in families with multiple and complex needs. Twenty six projects across the UK have been funded. In February 2013, Ecorys prepared the first interim evaluation report for the programme, which concluded that there is emerging evidence of improved outcomes for children such as improvements in family communication, school attendance and behaviour.





Sustrans is using the Fund's largest ever grant (£50 million) to create a network of walking and cycling routes



**The International programme has a budget of £80 million and supports people in some of the world's poorest places**



The **International** programme has a budget of £80 million and supports people in some of the world's poorest places. Evidence from the latest evaluation of our International funding shows that the programme is making a significant difference through its investments. For example, it is estimated that 47,500 individuals/households have improved livelihoods as a result of 26 completed projects and some 30,000 individuals/households have benefited from 10 projects which improved access to safe water and sanitation or more sustainable use of land. We have been conducting a review of the International programme to ensure it remains relevant to the international development environment.

Through **Village SOS**, grants of between £10,000 and £50,000 have been awarded to help rural communities with fewer than 3,000 people develop plans for enterprising projects that will answer a local need or improve services for local people.

The village of Cloughmills for example, received £29,000 to help them establish Northern Ireland's first micro-brewery and run traditional activities like weaving and wood cutting. The village hopes to become a tourist attraction so that people from across the world will come to experience the tradition and culture of the area.

We are also interested in working strategically with others, where we can support the aims of initiatives that meet our mission, through partnership rather than funding. **Go ON UK** brings together the Fund with Age UK, BBC, E.ON Energy, Lloyds Banking Group, the Post Office and TalkTalk to bring the benefits of the internet to every individual and every organisation in every community across the UK.

In December 2012 Go ON UK released a report which revealed there are an estimated 16 million people in the UK who don't have the basic online skills to benefit fully from the internet. We will be working with Go ON UK throughout 2013 to help change this.

## England portfolio

Our England portfolio has developed a clear narrative, setting out our response to economic, political and social changes in England.

Our funding in England is underpinned by the ethos of People Powered Change, which aims to help people decide how best to meet their own needs, through giving people more choices, opportunities and the confidence to respond to the issues affecting their lives and communities.



The aim of our funding is that more people, and particularly those most in need, are **leading fulfilling lives**, in **enriching places**, as part of **successful communities**.

The England portfolio aims to deliver real impact through the delivery of programmes and initiatives that sit under three key areas: demand-led, strategic interventions and flexible investments.

- The **demand-led** initiatives, Awards for All and Reaching Communities, continue to make awards, supporting people and communities to identify the issues that matter to them.
- Our demand-led offer is complemented through the development and delivery of long-term **strategic interventions** that aim to tackle issues that damage people, society and the economy.
- **Flexible investments** allow us to deliver targeted interventions through a range of approaches including trusts (such as the Big Local Trust) and social investment models.



**Hipswell Habitat, Richmond, Yorkshire  
– £198,968 for a children’s natural  
play area**



Across all of these three key approaches, we are using our intelligence and networks to target our resources where they will have most impact: exploring how we can collaborate more with other funders, increasing our engagement with the private sector, and supporting the development of social investment.

The England Committee reviews key evidence of trends in need on an annual basis and has prioritised a limited number of strategic themes where there is the opportunity for our funding to have a significant, measurable impact on need, policy and practice.

The four strategic interventions announced in 2012/13 are: helping babies and very young children from the most vulnerable areas; assisting young people furthest away from the job market; helping adults with complex needs; and older people who are isolated or at risk of isolation.

In developing our investments we have worked with organisations and individuals with knowledge and experience in these areas. During the development of our older people's investment we worked with a group of older people who were able to contribute their knowledge and experience to help shape our investments.

We also want to maximise the value of our funding through our Building Capabilities funding. This funding aims to build skills, confidence and develop other factors that enable people, communities or organisations to take action that meets needs.

We continue to work with communities across England to ensure our funding is supporting those most in need. In 2013 we will continue to invest in demand-led, strategic and flexible investments.

## Funding from the England portfolio

Programme/Theme	Number of awards	Value of awards	Funder
<b>Demand-led</b>			
Awards for All England	6,698	£55,270,477	Big Lottery Fund
Reaching Communities	648	£156,777,694	Big Lottery Fund
Reaching Communities Buildings	56	£10,363,568	Big Lottery Fund
<b>Total</b>	<b>7,402</b>	<b>£222,411,739</b>	
<b>Strategic interventions</b>			
Multiple and Complex Needs *	24	£92,291,832	Big Lottery Fund
Talent Match *	42	£101,688,254	Big Lottery Fund
Communities Living Sustainably	12	£11,567,207	Big Lottery Fund
Improving Financial Confidence	37	£31,662,614	Big Lottery Fund
Silver Dreams Fund	37	£6,023,582	Big Lottery Fund
Parks for People	22	£6,772,309	Big Lottery Fund
<b>Total</b>	<b>174</b>	<b>£250,005,798</b>	
<b>Flexible investments</b>			
Next Steps	9	£2,422,857	Big Lottery Fund
Single Awards	5	£16,554,240	Big Lottery Fund
Building Capabilities	1	£4,817,828	
<b>Total</b>	<b>15</b>	<b>£23,794,925</b>	
<b>Third party funding</b>			
Advice Services Fund	5	£288,248	Cabinet Office
Social Incubator Fund	4	£4,902,208	Cabinet Office
<b>Total</b>	<b>9</b>	<b>£5,190,456</b>	
<b>Overall Total</b>	<b>7,600</b>	<b>£501,402,918</b>	

\* The awards for these programmes are in-principle offers which are conditional on the recipient fulfilling certain obligations. Development grants have been awarded to assist in this process.

N.B The Big Local programme is not listed above. We have increased the award to the Local Trust, which run the grants programme, by £17.48m. This is reflected in Section six of this report.

Further information on the England portfolio and funding programmes is available from [www.biglotteryfund.org.uk/england](http://www.biglotteryfund.org.uk/england)

# Looking back on the England funding portfolio 2012/13

## Highlights from the England funding portfolio:

A further 50 **Big Local** areas were announced in December 2012, joining the existing 100 areas, where residents are able to access at least £1 million to make a massive and lasting difference to their communities.

Through the programme, run by the Local Trust, communities are finding a variety of ways to work together on long-term plans for their area, from 'My Beautiful Street' workshops and 'negative neighbour' role-playing to local films and university research projects. Some initiatives are already up and running, such as a new laundry business in a church, in a community where few people have their own washing machine.

March saw the launch of two new initiatives in England that will improve the lives of vulnerable older people by reducing isolation, helping them to deal better with change, and building confidence for the future. Building on the **Silver Dreams Fund**, the £120 million investment includes the creation of an independent Centre for Ageing Better and a £70 million funding package **Fulfilling Lives: Ageing Better** programme.

Ten cross-sector partnerships to be awarded a share of the £100 million **Fulfilling Lives: Multiple and Complex Needs** investment were announced at the end of March. The initiative brings together organisations and bodies that aim to improve the stability, confidence and capability of individuals and help them lead better lives so they spend less time in prison, reduce their drug abuse, are in stable accommodation and have better mental health.

The learning from the eight year investment will be used to improve practice among the projects we fund, to influence future policy and practice and encourage the continuation of successful interventions.

Building on the success of our previous programmes for the not-for-profit advice sector and the **Advice Services Fund** that we delivered on behalf of the Cabinet Office, we continued to support projects across England that provide free advice services to people in their communities. We are working with Cabinet Office (Office for Civil Society) to develop and deliver the **Advice Services Transition Fund**, which will provide over £67 million to this crucial sector.

The **Social Incubator Fund** supports a pipeline of start-up social ventures into the social investment market, by increasing focus on incubation support, and attracting new incubators into the market. We manage this funding on behalf of the Cabinet Office (Office for Civil Society). In 2012/13 we supported four projects across England.

## Impact of the England funding portfolio

In August **Improving Financial Confidence** awarded grants of £500,000 to £1 million to 37 projects designed to enable social housing residents to become more savvy in managing money.

Coventry Citizen's Advice Bureau was awarded £988,756 to open an innovative SORTED flat in March, a replica flat where specialist trainers and volunteer coaches will deliver one-to-one and group sessions on subjects including budgeting and banking, understanding the benefits system, tenants' rights and obligations, how to heat the home and eating healthily on a budget.

The National Centre for Young People with Epilepsy Charitable Trust was one of the 648 organisations receiving **Reaching Communities** awards. They were awarded £237,070 for a three year project (including £73,475 from the Supporting Change and Impact Initiative) in December 2010. The Epilepsy Education for Schools project which aims to educate teachers and pupils to understand the challenges associated with epilepsy – to reduce fear, stigma and isolation – has already reached over 17,000 children and improved the lives of over 1,000 children living with the condition.

With a £940,000 grant to London Youth, Volunteer it Yourself brings young people and experienced tradespeople from local Wickes stores together to repair youth clubs and learn construction skills





**Awards for All** made 6,698 awards in England, supporting projects that build stronger communities, improve rural and urban environments and create healthier and more active people.

The Pennine Lancashire Community Farm received a grant of £9,131 for the refurbishment of two buildings in their community gardens. Now local families, substance abusers, people with learning disabilities, people with mental health problems, young offenders and unemployed people, use the gardens every week regardless of the British weather.

Grants have supported all manner of projects from therapeutic singing groups for people with dementia and amateur boxing sessions to reduce anti-social behaviour among young people to a mobile app to help people calculate their finances and self-defence lessons for vulnerable women.

Bristol Together received an award through **Next Steps**, a £6 million initiative awarding between £40,000 and £1 million to existing social investment proposals needing a cash injection to get them off the ground. Bristol Together was established to create jobs and skills training for ex-offenders, homeless people and long-term unemployed people by purchasing, repairing and letting six properties, creating 40 jobs. Only one of the ex-offenders working on the project has re-offended, through a minor breach of probation.



**Bristol Together was established to create jobs and skills training for ex-offenders, homeless people and long-term unemployed people by purchasing, repairing and letting six properties, creating 40 jobs**



The Fund has formed a partnership with the Institute for Government, known as Connecting Policy with Practice: People Powered Change, designed to bring Whitehall policy makers and voluntary sector practitioners together to look at public services issues in a new way.

Using evidence from the Fund's investments in supporting adults with multiple and complex needs; and helping young people into education, employment or training, the programme aims to draw out cross-cutting lessons as to how services should be designed and delivered to make long-term improvements to stubborn social policy problems of this sort. The programme will report towards the end of 2013.

# Scotland portfolio

Our Scotland portfolio supports organisations making an impact for people, families and communities right across Scotland. We welcome tried and tested approaches, ambitious ventures and both large and small scale solutions.

Our strategy is to deliver an integrated portfolio of funding called Investing in Communities to support people, families and communities most in need. This is complemented by a suite of small grants programmes that aim to support a vibrant grassroots community sector.

Our main grants programme, Investing in Communities, funds individual projects up to £1 million and this year made awards worth £53 million focused on:

- Supporting 21st Century Life: building stronger families and stronger communities.
- Life Transitions: supporting individuals at key times of change in their lives.
- Growing Community Assets: enabling communities to have more control and influence over their own future through ownership of assets.
- Community Spaces Scotland: helping communities take responsibility for their local environment, communal spaces and places.



We also know that small amounts of funding make a huge difference and this year made 2,300 small grants worth more than £12 million to:

- support community, sports and arts projects (working in partnership with sportscotland and Creative Scotland) through Awards for All
- help create a legacy of a more physically active population from the Commonwealth Games by making micro-grants to clubs and groups through 2014 Communities
- test and develop ideas that could become fully-fledged projects through Investing in Ideas.

In 2012/13 we worked more often alongside others to deliver funding. We distributed Scottish Government resources alongside Lottery funding to help give children the best start in life by assisting local childcare and family support services through the Communities and Families Fund. We delivered funding from dormant bank and building society accounts through Young Start to help children and young people become more confident, healthy, connected and enterprising.





**Positive Futures, Edinburgh –  
£139,402 to run activities  
for the over 50s**

The programme awarded £7.48 million to 174 projects, creating new opportunities for children and young people to realise their potential.

We began delivering a new Scottish Land Fund on behalf of the Scottish Government and in partnership with Highlands and Island Enterprise to empower communities by helping them acquire land. This year saw us undertake work on behalf of the Scottish Government to help build the capacity of organisations to innovate and intervene earlier with children, young people and families through the Third Sector Early Intervention Fund.



**We began delivering a new Scottish Land Fund on behalf of the Scotland Government and in partnership with Highlands and Island Enterprise to empower communities by helping them acquire land**



## Funding from the Scotland portfolio

Programme name	Number of awards	Value of awards	Funder
2014 Communities	811	£1,378,851	Big Lottery Fund
Awards for All	1,369	£10,030,957	Big Lottery Fund
Investing in Communities 2	197	£53,637,198	Big Lottery Fund
Investing in Ideas 2	137	£1,214,425	Big Lottery Fund
Our Place	9	£7,415,000	Big Lottery Fund
2014 Legacy	1	£103,040	Big Lottery Fund
Life Changes Trust	1	£49,061,106	Big Lottery Fund
Awards for All	74	£498,360	Creative Scotland
Dormant accounts funds (Young Start)	174	£7,480,900	Dormant accounts funds
Communities and Families Fund	Joint funded 150 in total	£1,210,814	Scottish Government
Scottish Land Fund	4	£788,577	Scottish Government
Awards for All	195	£1,000,000	SportScotland
<b>Total</b>	<b>3,122</b>	<b>£133,819,228</b>	

Further information on the Scotland portfolio and funding programmes is available from [www.biglotteryfund.org.uk/scotland](http://www.biglotteryfund.org.uk/scotland)



# Looking back on the Scotland funding portfolio 2012/13

**Shirlie Project – £438,572 to help adults with support needs find employment**

## Highlights from the Scotland funding portfolio

We achieved a major milestone this year in completing the set up of a new trust in Scotland and endowing it with £50 million to spend over the next 10 years. The **Life Changes Trust**, a new independent trust focused on young people leaving care and people with dementia and their carers, aims to achieve impact and influence around these challenges facing Scottish society today.

We also focused significant funding on helping lone parents with the difficulties they face getting into the job market, and in March 2013 made awards of £7 million to five partnerships to better support them. We announced a £2 million award in December 2012 to a partnership that will support and better integrate refugees and asylum seekers within communities. In May 2012 we launched a call for new ideas to tackle the inequalities in pay and promotion that people experience at work.

This year saw continuing changes and challenges in the social and economic life of Scotland and we worked to help people, communities and especially third sector organisations respond to these.

In March 2013 we launched a new £10 million initiative to address increasing levels of hardship in Scotland including evidence of a growing need for local food banks, money advice services and community clothing and starter pack projects. The **Support and Connect** fund will run over the next two years and specifically aims to improve local support for people experiencing hardship. The fund will help organisations become better connected so people dealing with complex problems get the right blend of support they need.

We have also funded projects that replicate and scale up approaches that work, such as a grant to the NSPCC to bring the highly regarded 'New Orleans Intervention Model' to Scotland, piloting the approach in Glasgow to help secure a permanent place of safety for young abused children more quickly than at present. Finally following on from grants worth £6.5 million in 2012 to tackle domestic abuse by rolling out models of good practice like CEDAR this year we agreed to allocate a further £8 million next year to help develop safer housing options for people affected by abuse.

Underpinning our grant-making is a continued commitment to develop frontline organisations' skills and abilities, for example by providing dedicated free advice on business and financial planning and evaluating and understanding impact.



Momentum Scotland – £500,000  
for support services for people with  
brain injuries

## Impact of the Scotland funding portfolio

Funding through our Scotland portfolio continues to meet needs and provide opportunities in communities right across Scotland. Lottery funding is reaching people and families and this year we have made awards in Scotland worth £133.8 million overall.

Lottery funding is making a particularly strong impact on regenerating communities through asset ownership. Through our evaluation of **Growing Community Assets** we know that the projects funded are making a big difference to the quality of life of project users and of communities as a whole.

Around 32,000 people across Scotland are regularly using services in the 58 Growing Community Assets funded facilities that are operational. Most people say the services are much better than those they had before. More than one thousand people are regularly volunteering and more than 800 have received training. The projects have created or sustained more than 250 jobs and accommodated nearly 100 businesses.



## Lottery funding is making a particularly strong impact on regenerating communities



We also have valuable learning about how we can help communities build a stronger future for themselves through the **Our Place** programme. People involved told us this year, as the final grants were made and funded projects started to make a difference on the ground, that the supportive, neighbourhood based process had built the capacity of organisations involved, improved partnership working and increased confidence and community spirit.

Supporting families has been an important theme of our work this year and we know that Lottery funding is reaching a wide range of families and helping them cope better with the challenges of family life. From listening to projects working with families we have learned that they see themselves having a positive impact on families through reducing isolation, improving confidence, improving relationships, effective partnership working with statutory services and meeting needs through tailored support.

The success of individual projects illustrates the longer term impact of Lottery funding. The Big Lottery Fund has been the majority funder of the innovative, high-profile 'guardianship' project delivered by the Scottish Refugee Council in partnership with Aberlour Child Care Trust since 2010. Following a successful pilot phase and a positive evaluation, this year saw the announcement by the Children's Minister that the Scottish Government have committed to funding this service, building on the investment from Lottery funding and taking the work forward potentially for the next three years.

Underpinning this focus on investment and impact is our commitment to learning and joint working. We are working alongside VCS stakeholders, other funders, Scottish and local government, other public bodies and increasingly the private sector to understand what's needed and to play a positive role in Scotland.

# Northern Ireland portfolio

Northern Ireland's portfolio has been developed following consultation with our stakeholders and offers a wide variety of programmes that help us meet our mission to support people and communities most in need.

We are delivering a number of programmes that are supporting people and communities most affected by the current economic downturn as well as ground-breaking programmes that are tackling the impact of alcohol on people, families and communities.

The Northern Ireland portfolio is underpinned by a number of key principles:

- involving people and communities
- building partnership and collaboration
- building stronger organisations
- looking to the future.

We continue to involve stakeholders in the development of our programmes through consultation. We ensure that a wide range of stakeholders are encouraged to present their views by holding consultation events, focus groups and by promoting consultations widely through our website, the e-bulletin, external events and social media sites such as Facebook and Twitter.



Where relevant, we also recruit people to sit on decision-making committees to contribute their views, knowledge and experiences, to help us make better informed decisions.

We respond to demand from the wide range of organisations within communities. This means that our portfolio delivers funding from smaller, shorter grants to the more strategic, larger grants that offer funding for five years.

It is important to us to maximise the impact of our funding and through pursuing partnerships with other funders and statutory bodies we have been able to work together towards a common vision, achieving more than we could by working on our own.

**Impact of Alcohol – a £7 million campaign to reduce alcohol abuse in Northern Ireland. Pictured is Anthony Morrissey whose best mate drowned in the River Lagan following a night out at a Belfast club**



Development and support for our grant holders is an integral part of the Northern Ireland portfolio and we have a number of contracts which identify training needs and deliver courses on areas such as good governance, developing staff, sustainability and measuring change to demonstrate impact. Most importantly, this package of support offers our customers the opportunity to network and share good practice with each other.

We also support funded projects through a pioneering package of communications training including media skills, social media and key messages. This ensures that many of the projects we fund develop the necessary skills to promote their project to the people that need it most.

We will continue to use evidence from our existing programmes, learning and research to identify the issues affecting communities in Northern Ireland. In 2013, we will focus on mental health and well-being and supporting families to improve their children's lives by building strong and nurturing relationships

## Funding from the Northern Ireland portfolio

Programme name	Number of awards	Value of awards
Awards for All	487	£3,989,622
Culture For All	86	£677,607
Energy Efficient Venues (large grants)	76	£3,337,123
Energy Efficient Venues (small grants)	89	£748,559
Impact of Alcohol Direct Grants (development grants)	8	£187,427
Impact of Alcohol Trust portfolios	1	£1,257,902
Reaching Out – Connecting Older People	48	£15,857,046
Reaching Out – Empowering Young People	36	£15,657,693
Space and Place development grant	1	£34,124
Space and Place award partner	1	£15,000,000
<b>Total</b>	<b>833</b>	<b>£56,747,103</b>

Further information on the Northern Ireland portfolio and funding programmes is available from [www.biglotteryfund.org.uk/northernireland](http://www.biglotteryfund.org.uk/northernireland)

Assistance Dogs NI – £10,000 to train dogs to help people with disabilities



**Derry/Londonderry in Northern Ireland made history by winning its bid to be the first UK City of Culture in 2013**





# Looking back on the Northern Ireland funding portfolio 2012/13



## Highlights from the Northern Ireland funding portfolio

In 2012, we continued to make awards under the existing Reaching Out programmes – Connecting Older People and Empowering Young People.

The **Connecting Older People** programme is supporting a range of projects that are transforming the lives of older people in our communities who are at risk of isolation, depression, mental and physical illness and low self-esteem.

The **Empowering Young People** programme is supporting vital projects to improve the opportunities of isolated young people by giving them a chance to volunteer, improve their education, take part in training and find jobs.

Through this programme, The Advantage Foundation Limited were awarded £490,000 to run education and employment training programmes for young people in Hydebank Wood Young Offenders' Centre, boosting their self-esteem and giving them the skills, confidence and work experience to find jobs after their release.

They also plan to get the young people involved in social enterprises to teach them key business skills.

Derry/Londonderry in Northern Ireland made history by winning its bid to be the first UK City of Culture in 2013. In partnership with Culture Company 2013 and the Arts Council of Northern Ireland, we developed the **Culture for All** programme to link with the UK City of Culture year.

The programme launched in August 2012 and is providing opportunities for communities across Northern Ireland to play a part in the UK City of Culture 2013 through community-based and culture activities that link with the celebrations and improve individual well-being and quality of life.



During summer 2012 the Peace Mix mic relay journeyed across the UK promoting Lottery funded music studios and spreading a message of peace and unity. Young people also took part in a music education programme run by Blastbeat with a £250,000 grant. This picture is from the Derry stage of the tour

## Impact of the Northern Ireland funding portfolio

### The **Impact of Alcohol**

programme aims to improve the lives of people whose lives are affected by a loved one's alcohol misuse.

We know that the Impact of Alcohol programme is already strengthening relationships between health professionals and community organisations. For example, in some areas, local GPs have been able to refer patients dealing with alcohol misuse directly to local projects funded by this programme.

By working with Health Trusts we are taking a strategic approach to addressing alcohol misuse in Northern Ireland by building on the existing experience and expertise of the Trusts in their areas.

In the Western Health and Social Care Trust, the ARC Healthy Living Centre is using a grant of approximately £178,000 to improve the lives of older people who abuse alcohol and their families. Support workers will visit older people in their homes, offering them counselling and education programmes to give them an understanding of their alcohol misuse and help them tackle their addiction.

The **Energy Efficient Venues** programme is helping community organisations in Northern Ireland carry out improvements to their venues, such as installing new PVC doors and windows, new heating systems or even solar panels or wind turbines.

With projects saying that they are likely to benefit from at least 10 per cent reduction in costs, they will be able to put these savings back into their daily activities for the people they support.

Over 350 venues have benefited from small grants, to the value of almost £2.75 million, while nearly 100 venues have benefited from large grants to the value of over £4.2 million.

Organisations in Northern Ireland that have benefited from the funding include rural and city based community groups, church organisations, charities supporting people living with physical and mental illness, women's support groups, play groups, sports clubs and youth clubs.

The **Building Change Trust** sets out to equip the voluntary and community sector to meet the changing needs of disadvantaged communities in Northern Ireland.

An evaluation of the effectiveness of the Trust model concluded in 2012.

Among other things, the final report found that the model has been an effective and flexible way of supporting the voluntary and community sector, offering a degree of security and stability in a time of wider uncertainty. It found that the Trust has had notable successes in promoting partnership and collaboration between voluntary and community sector groups and over 60 per cent of organisations involved in projects had increased their capacity.

# Wales portfolio

In Wales our long-term aim is to support cutting edge interventions that address need. By working with stakeholders, policymakers and experts in the voluntary and public sectors we identified emerging needs within Welsh communities and targeted our funding accordingly during 2012/13.

Around half of our funding is delivered through our open programmes, **People and Places** and **Awards for All**. Their broad aims and outcomes allow communities to take a leading role in delivering change where it will make the most difference. We've invested in projects across Wales that empower local people to develop their own solutions to the issues and opportunities that face them.

The remainder of our funding supports targeted investments in areas of established need. **Our Community Voice** programme awarded nearly £12 million in 2012 to support people to have a greater influence over the policies and decisions affecting their local community.

The funding gives Welsh communities the opportunity to get their voice heard and develop a stronger sense of community. It is about people speaking out to influence the decisions that affect their community and their own lives.



**We've invested in projects across Wales that empower local people to develop their own solutions**



We're delivering funding from dormant bank and building society accounts following a public consultation and approval by the Welsh Government.

**Getting Ahead** aims to engage, prepare and motivate young people aged 16-18 years into undertaking a six-month paid supported work placement in order to enhance their chances of progressing into sustainable employment or further learning or training by increasing their employability skills. The funding will be announced in summer 2013.

Through the **Sustainable Steps** strand we have funded a single Wales-wide project that supports communities to reduce carbon emissions and adapt to climate change by developing skills, changing behaviour and promoting wider sustainable development.

Providing information and support to our applicants to help them develop and deliver effective projects is an important part of our work.



Ysgol Ieuan Gwynedd, Dolgellau – £4,000 for outdoor play equipment for children with autism

Our outreach service targets specific areas struggling to succeed with their funding applications. Through our efforts we saw real improvements in the number of successful applications from key areas including Newport in south east Wales, and carers groups and organisations across the country.

During 2012 we also awarded a self-evaluation support contract to help our grant holders to develop their own high quality evaluation and monitoring plans.

These plans will support them to better demonstrate their effectiveness, improve their projects and provide evidence and learning to help sustain their projects in the long-term.

With our stakeholders we have identified specific areas for future development including tackling poverty, responding to the effects of climate change on a local level, and developing alternative public service models involving third sector organisations.

Alongside these areas we will be piloting potential interventions that will provide evidence of what works enabling us to better target our future investments.

These include interventions aimed at improving outcomes for young people affected by domestic violence and young people in and leaving care.

## Funding from the Wales portfolio

Programme name	Number of awards	Value of awards
Awards for All	846	£3,166,511
Big Innovation	5	£2,263,024
Community Voice (Stage 2)	11	£11,342,121
People and Places 2	80	£18,643,160
Wales Community Land Advisory Service	1	£600,000
Big Match Challenge	1	£1,100,000
Community Asset Transfer	Joint funded 6 in total	£4,198,346
<b>Total</b>	<b>950</b>	<b>£41,313,162</b>

Further information on the Wales portfolio and funding programmes is available from [www.biglotteryfund.org.uk/wales](http://www.biglotteryfund.org.uk/wales)

# Looking back on the Wales funding portfolio 2012/13

## Highlights from the Wales funding portfolio

Working in partnership with the Welsh Government we delivered the third round of **Community Asset Transfer** funding in 2012. The programme provided both capital and revenue funding to support the transfer of assets, such as land and buildings, from public sector organisations to community ownership.

The programme aims to help communities become stronger and more sustainable by supporting them to obtain and develop assets. Projects funded ranged from a castle, to a swimming pool and disused cheese factory. All had to demonstrate the sustainability of their proposals by taking into account the environmental, social and economic impact of their work.

Our award winning **Grab a Grant** initiative engaged with local community groups in areas with low numbers of successful applications. It also gave the public an opportunity to have their say in awarding funds to local community projects.

Through partnerships with local media we appealed for community groups to apply for small awards to help improve the lives of people in their local communities.

The newspapers showcased projects with their readers voting for their favourite projects to receive the funds.



## Contributing to the creation of more sustainable and resilient communities



Successful projects included the North Wales Chrysalis Trust who are using their funding to help more families who have a child diagnosed with a life threatening or terminal illness.

In Newport the local branch of Parkinson's UK received funding to buy Nintendo Wii and balance balls to help people with the condition to prevent falls and better manage their symptoms.

## Impact of the Wales funding portfolio

Through our **Climate Change** funding we awarded £600,000 to engage around 5,000 people across Wales with community food growing projects.

Accessing land is one of the biggest barriers communities face in creating spaces to grow. Specialist guidance and support from the Community Land Advisory Service will increase the number of people engaged in the production of local food in Wales, helping to reduce impact on the environment and contributing to the creation of more sustainable and resilient communities.

Projects aimed at helping give thousands of people in Welsh communities a stronger voice in local decision-making have benefited from nearly £12 million through our **Community Voice** programme.

Ten schemes run by County Voluntary Councils across Wales will help communities influence services, policies and decisions that affect them so their needs are better met and their voices are heard.

Domestic violence victims, lone elderly people and people with a neurological disorder will be among those having greater influence on the design and delivery of services through the award to Powys Association of Voluntary Organisations (PAVO). Local projects in Powys will help empower 2,750 citizens through the project.

The current financial climate has had an impact on funders, service deliverers, statutory bodies and the communities that we work with.

Through our long-running programme **People and Places**, we support improvements to communities and the lives of those most in need. The programme has now invested over £100 million in capital and revenue projects that encourage coordinated action by people who want to make their communities better places to live.

Bright New Futures –  
£12 million for young parents  
to cope with major changes in  
their lives



The Pathways to Employment Outdoors project was supported through People and Places to increase the representation and participation of local people in the outdoor activities sector in north Wales.

Around 900 volunteers are being recruited and trained to gain National Governing Body awards for a range of outdoor activities such as mountain leaders, climbing, paddle-sports, sailing and mountain bike leaders' qualifications.

By channelling money to projects such as this one, we aim to support local people to develop their own solutions to the issues and opportunities that face them.

Our **Big Innovation** programme funds projects that test new ways of tackling emerging and existing social problems and uses learning from them to inform wider policy and practice.

Gibran UK were awarded funding through the programme to support women ex-offenders to settle back into their communities.

Women ex-offenders often have complex needs and some of those needs will have led to them committing offences. These can include debt, housing, mental health problems and relationship issues.

A combination of peer mentoring, new technology and round the clock telephone support will assist 650 ex-offenders to help themselves and tackle the root causes of reoffending.

The communication channels and support aim to improve the women's sense of well-being and combat isolation, leading to reduced reoffending rates.

A thorough evaluation of the project will be shared with key practitioners and policy makers to improve future provision.

We are supporting new funding opportunities for communities across Wales through the **Big Match Challenge**. Community Foundation in Wales (CFIW) aims to raise £1 million worth of philanthropic donations by March 2016.

For each donation secured, we will match fund the same amount, up to a maximum value of £1 million. The money will then be placed in a trust awarding small grants up to the value of £1,000 to community groups over a period of 25 years.

This will encourage donations and focus new investment on those small but important community groups that often struggle to get funding.

# Section three

## The impact of our work

We give out huge sums of money each year and want it to be used to achieve the best possible outcomes. We aim to learn from our funding, both from the individual investments we support and from the way in which we fund.

We consider impact at a number of levels:

**1** At project level, we encourage those we fund to evaluate and reflect on their own work based on the agreed project outcomes. In many programmes we commission support and development contracts that help applicants and grant holders to do this.

Our main focus is ensuring that groups we fund can identify and report about outcomes, but we are keen to encourage them to think and tell us and others about wider achievements and learning.

In order to support this we are currently developing an online community where projects can share their learning. Where possible, we use this information to inform our learning and future funding decisions.

**2** We evaluate our programmes (or groups of programmes) to gather information that can support our learning on what works and feed into future programme development.

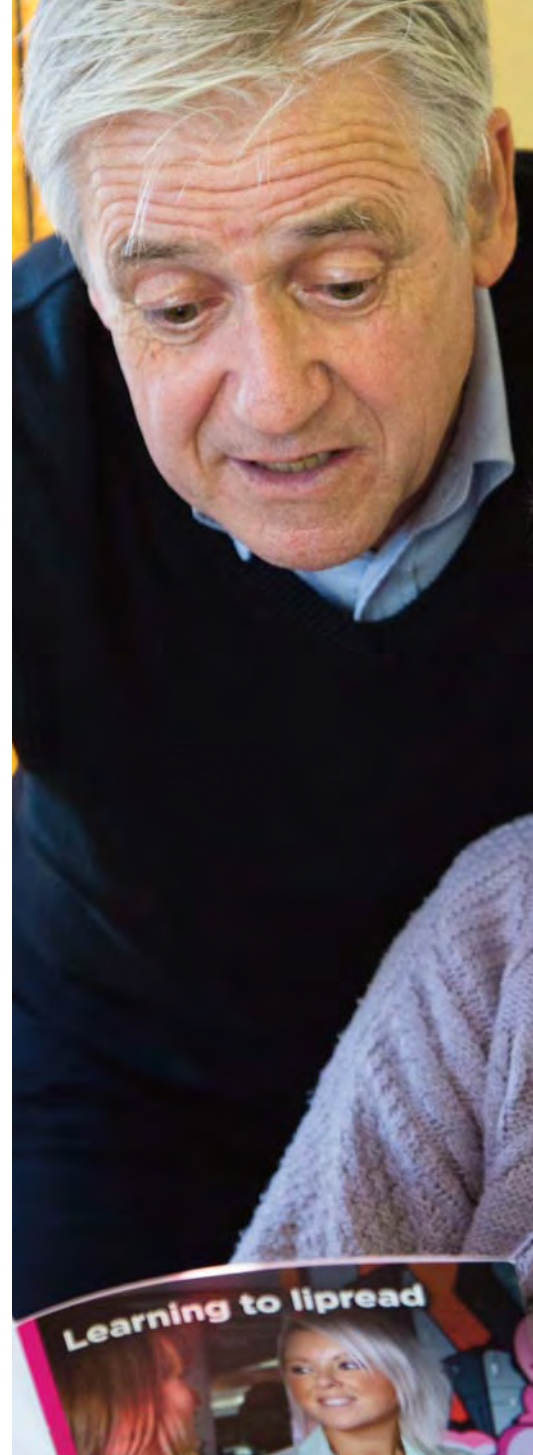
For example, our Scottish Land Fund programme supported community asset transfer in Scotland. In 2011, using the learning from the Scottish Land Fund, we published a study looking at how best to sustain the benefits of capital funding.

The study provided some useful learning, which helped inform the new Scottish Land Fund programme that we are delivering in partnership with the Highlands and Islands Enterprise on behalf of the Scottish Government.

We have developed impact measures to help us manage and learn from our programmes, as has been the case in projects working with children and young people and for health and well-being. Again this helps us to build a better understanding of changes we have supported.

For example, our Well-being programme evaluation demonstrated the impact of the funding on the people who had taken part in the programme, as well as wider impacts, such as how the different aspects of well-being affect each other.

In Wales our Lifeskills programme is supported by a comprehensive quantitative and qualitative evaluation that will help track 'distance travelled' for supported people to improve confidence, basic skills and ultimately support them into employment.



**3** We also consider the impact of our programmes in each country and across the UK to ensure that the diversity of each portfolio maximises the impact our funding can have.

For example, we aim to balance tightly focused programmes with open programmes that are responsive to the needs of people and communities most in need.





**Action on Hearing Loss, Alnwick, Northumberland – £288,261 to help deaf people cope better with day-to-day life**

This enables us to focus our funding where we can have the most impact, such as areas that are currently experiencing high levels of need or areas that are under-invested in, as well as ensuring that we take account of local need.

**4** At a strategic level we are supporting a number of projects and forums that share learning and good practice, support impact measurement and aim to build the evidence base on what works.

In particular, we are investing in the Inspiring Impact project, which aims to improve the quality of impact measurement within social organisations, for instance by making tools and resources more accessible, and moving towards a funding system focused on impact and evidence.

Our aim is to support the wider practice of impact measurement, which will help us measure our impact in the future, as projects are more able to share information on the impact our funding has enabled them to have.

We have also funded the Alliance for Useful Evidence, an open-access, virtual network and global community of individuals and organisations with a commitment to developing the evidence base to ensure that decision-making across public services draws upon the most effective approaches and solutions.

The Alliance will support the use of better evidence and aims to reduce duplication. One way that we are supporting better evidence is through open access to the data sets that we use in our own research.

We have begun to publish those data sets on our website and are working with other organisations to promote the concept of open data. We are also funding one of the first 'what works' centres – the Centre for Ageing Better. Further information on this funding is on page 35.

We are also using impact measurement to improve our grant-making practices, for instance, we are an important funder of smaller community groups and want to ensure that wider thinking about impact measurement takes account of concerns about proportionality.

Our current review of impact in Awards for All aims to identify processes that will help us and the groups we fund to report more effectively on impact, and to help ensure that the needs and perspectives of these 'below the radar' groups are not overlooked.

While assessing what works best has always been a major focus in our programme evaluations, we are increasingly linking this to what we choose to invest in.

Many of our programmes are increasingly exploring early intervention approaches where we seek to prevent specific needs from emerging in the first place.

For instance, Realising Ambition aims to support young people to realise their potential and to avoid pathways that lead them into offending and anti-social behaviour.

The programme carefully replicates approaches that have already proven to be effective. It includes a thorough evaluation approach that will review the success of the projects we have funded, as well as the model of funding. The programme is coming to the end of its first year and we will be sharing the initial lessons later this year.

# Section four

## Our financial performance

During 2012/13 we received £774 million (2011/12 £771 million) in income from National Lottery ticket sales.

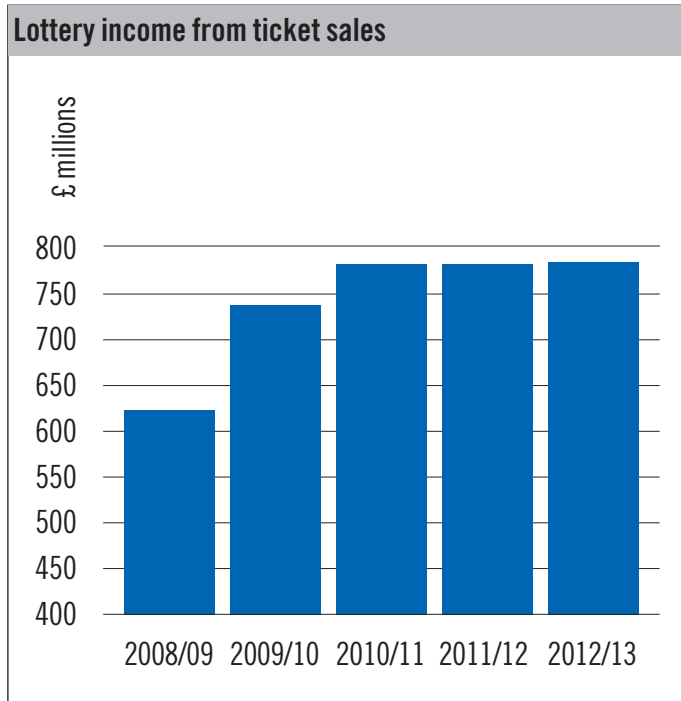
In March 2007 Parliament agreed that between February 2009 and August 2012 £638 million should be transferred from the Big Lottery Fund to the Olympic Lottery Distribution Fund (OLDF). During 2012/13 transfers totalling £80 million were made.

Transfers to the Olympic Lottery Distribution Fund:

Financial year	£m
2008/09	43
2009/10	172
2010/11	172
2011/12	172
2012/13	80
2013/14	0

During 2010 Parliament approved the proposals of the Secretary of State for Culture, Media and Sport to change our share of National Lottery income. Our share was reduced from 50 per cent to 46 per cent from 1 April 2011 and to 40 per cent from 1 April 2012.

This reduction in our share of Lottery income has been substantially offset by the sustained increase of National Lottery ticket sales over the last few years.



The net proceeds of the National Lottery are held in the National Lottery Distribution Fund (NLDF), which is under the stewardship of the Secretary of State, until drawn down by Lottery distributors. The Fund receives the same share of the investment income of the NLDF as of proceeds from the National Lottery, currently 40 per cent. In 2012/13 this was £4.1 million (2011/12 £5.6 million).

We also receive transfers from Reclaim Fund Ltd of funds from dormant bank and building society accounts (£50 million; 2011/12 £47.6 million). We deposit funds until required and received interest of £30,000 (2011/12 £250,000).

## How we decide how much to award

Our strategy is to award the maximum amount that we safely can over a five-year period.

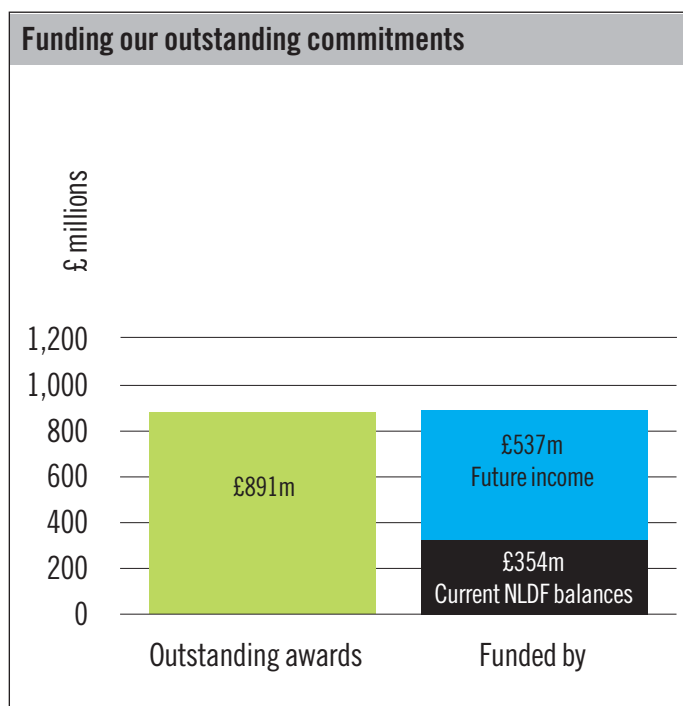
The strategy does not mean that we will make exactly the same value of awards or payments each year. It aims to produce a broadly stable level of public benefit from our funding each year. In some years this may include us making some larger awards and payments which produce benefit over a number of years.

Big Local Trust is a good example of this: a single award of £200 million was made in 2011/12, but the Trust will make payments to the ultimate beneficiary organisations over many future years.

Many of our grant awards pay out for a number of years after they are made. This reflects our policy of supporting projects that run for many years, and our funding of capital projects.

The fact that many of our grants will be paid out several years after they are awarded means we can, and do, make commitments from money that we do not yet have.

At 31 March 2013 we had £891million (2011/12 £980 million) of outstanding commitments, but only had £354 million (2011/12 £399 million) with which to meet them: excess commitments of £537 million (2011/12 £581million) equivalent to about eight months of future income based on our current projections.



Our future income is uncertain – no one knows how much Lottery income there will be. So we have to be prudent. The Department for Culture, Media and Sport produce projections of future income based on the assumption that National Lottery ticket sales will remain broadly 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.

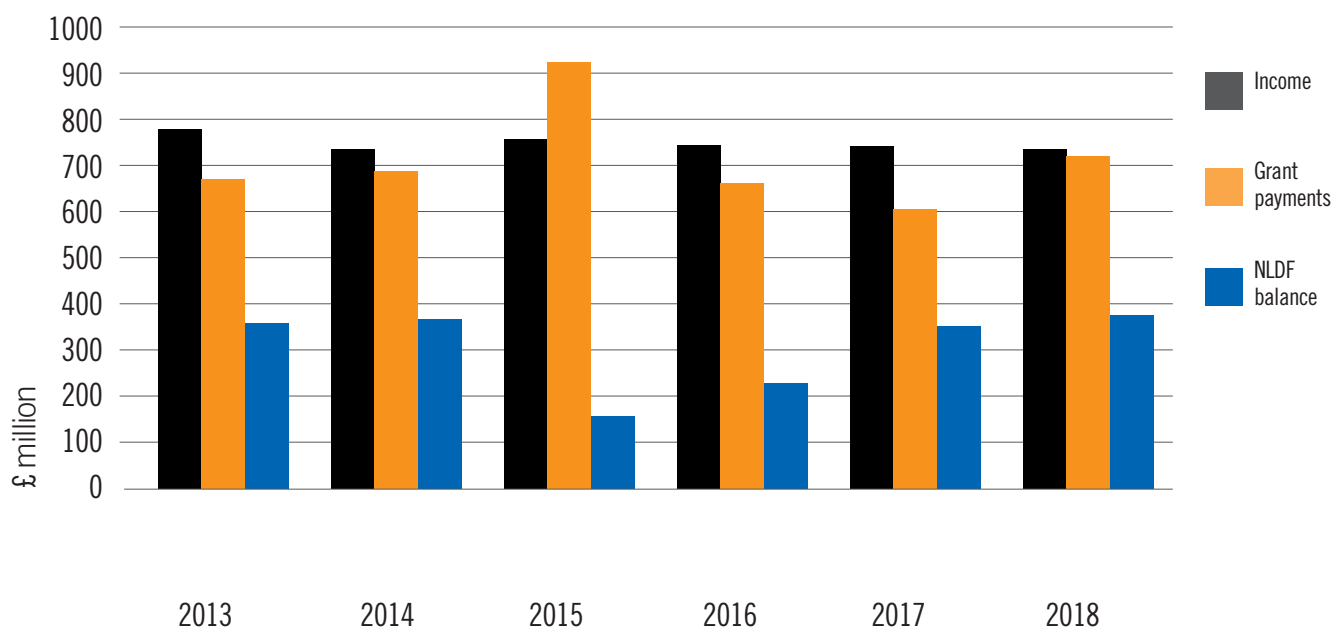
The graph on page 59 shows how things are expected to work out on the central case. These figures include our projections of our current planned programme spend for 2013–2017.

We cannot make actual grant commitments on the basis of the central case. If we did, and Lottery income fell, we might be unable to meet all our commitments. So we produce a more cautious projection based on historical movements in ticket sales which we call the '5 per cent case' (because we estimate that it has about a 5 per cent chance of actually happening). The history of the Lottery shows that this is not being over-prudent.

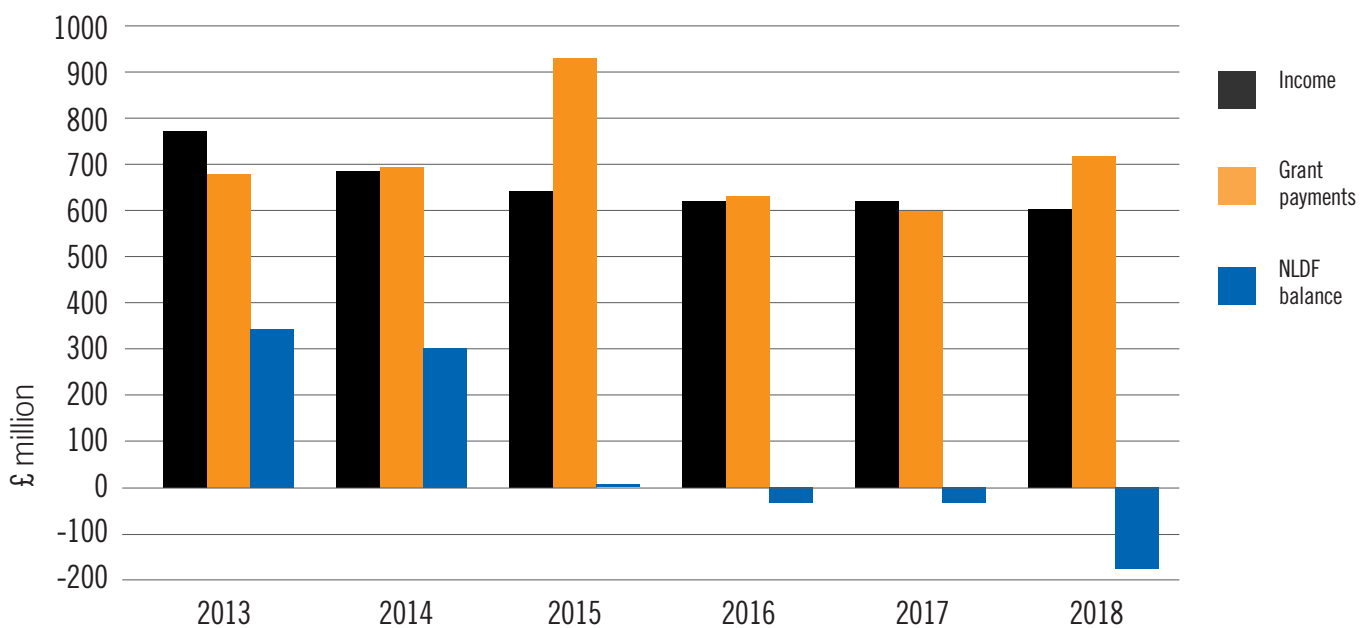
While Lottery ticket sales have grown strongly in recent years, actual ticket sales fell 17 per cent between 1998 and 2003. A fall of the scale in our 5 per cent projection is clearly a possible scenario.

We limit our actual grant commitments so that on the 5 per cent case our projected NLDF balance would not fall below zero. The following graph shows that on the 5 per cent case our planned commitments could not be met in full, and we would need to reduce our plans if income fell to this extent. All of current commitments can be met on the 5 per cent case. Planning over several years in this way ensures that we can make any necessary changes to our programmes with little disruption.

### Central case projection



### 5% case projection



### NLDF balances

Our NLDF balance is £354 million (2011/12 £399 million) at 31 March 2013.

As can be seen from the chart on page 61 our NLDF balance has fallen by more than 70 per cent since 2004.

The unexpected large increases in Lottery income that occurred in 2009/10 would have resulted in the NLDF balance rising over the next two years. To avoid this, and in response to the high level of need at present, our Board invited our funding committees to increase their planned awards that would make payments by 2015. We calculated that this could be done without prejudicing the rest of our programmes going forward. The additional funding being provided is now expected to prevent our balance rising significantly in 2013/14 and further decreasing in 2014/15.

We do not set a target for our NLDF balances. As we do not control Lottery income, it is impossible for us to manage the balance in the short-term. The funding strategy set out above is to make the maximum value of grant commitments that we can over a five year period. This will lead to the NLDF balance being as low as is prudent. The actual level will vary according to the structure of our programmes at any time.

We forecast that our NLDF balance at 31 March 2014 will be approximately £372 million and £153 million by 31 March 2015.

### Our operating costs – ensuring we are working efficiently

Our key measure of financial efficiency is the share of our Lottery income that we spend on distributing it. We exclude from this measure costs that we recharge to other people, for example the costs of distributing non-Lottery money. We also exclude one-off costs that are investments to achieve future efficiencies. On this basis the cost of distributing Lottery money was £48 million (2011/12 £49 million). This represents 6.2 per cent of Lottery income (2011/12 6.3 per cent).

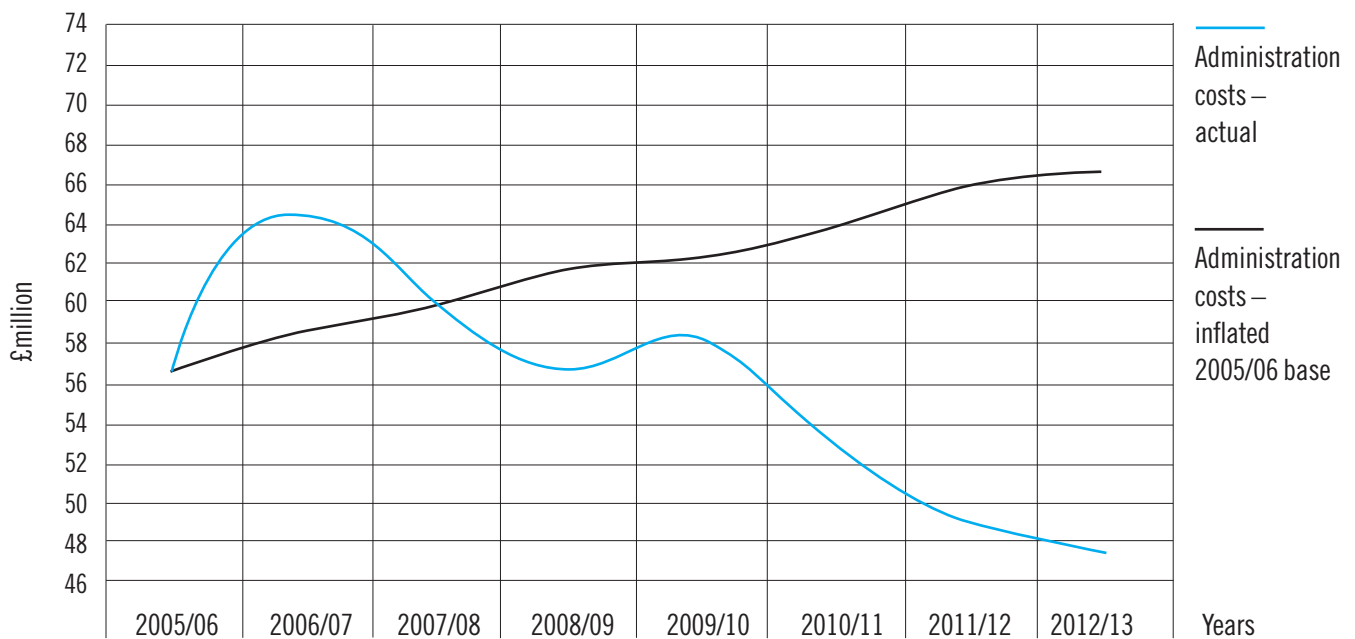
### What we have achieved so far

We have made substantial savings since the Big Lottery Fund was created in 2004. The chart on page 61 shows how actual costs have reduced since 2004/05, the year that the Fund was formed through the merger of the New Opportunities Fund and the Community Fund, compared with what would have happened if they had simply risen in line with inflation.

### Closing NLDF balance



### KPI – Actual admin costs compared with 2005/06 inflated base



The table below shows how costs have reduced over the last seven years in more detail.

£ million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Lottery income before OLD transfer	642	660	662	783	786	780	774
Costs recovered from other bodies	3	5	7	7	7	8	8
Total income	645	665	669	790	793	788	782
Cost of distributing Lottery grants	66	60	57	58	53	49	48
Investment for future savings	8	(1)	3	5	0	0	0
Costs recovered from other bodies	3	5	7	7	7	8	8
Total operating costs	77	64	67	70	61	57	56
Cost of distributing Lottery grants as % of Lottery income	10.3%	9.1%	8.6%	7.4%	6.8%	6.3%	6.2%

These savings have not been achieved by reducing service standards. Some important steps taken to achieve them have included:

- relocating 300 posts from London and the South East to Birmingham and Newcastle
- reducing our office costs by £1.9 million, by managing space more efficiently
- streamlining our funding processes
- improving our staffing structures so that there are fewer managers
- taking on third party programmes to reduce overheads.

### What we are planning to achieve

The Government has asked Lottery distributors to reduce their operating costs to meet two targets: Lottery operating costs are to be limited to 8 per cent of Lottery income, while core administration costs are to be limited to 5 per cent of Lottery income. We have agreed to meet these targets by 2014/15. Our core administration costs were 4.8 per cent of Lottery income in 2012/13, but we will need to make further savings to maintain the target of 5 per cent in 2014/15. Core administration costs are mainly the costs of processing applications and managing grants once made, including all the support costs.

Our aim is to meet the target without compromising either the quality of our programmes or our customer service standards. Open programmes that make large volumes of small grants are more expensive to run than programmes that make a small number of large grants to a restricted group of applicants. What type of programmes we run has been driven by what best delivers the outcomes, not the cost of delivery, and we do not intend to change this.



The basis of the 8 per cent target is similar to the current measure above, so we are meeting this target at present.

The narrower target of 5 per cent for core administration costs applies to Lottery costs and excludes those costs which are considered to provide frontline support to grant applicants and recipients and to the public, for example, the provision of advice and assistance to organisations applying for Lottery funding and activities to involve the public in Lottery decision-making.

Our core administration costs were 4.8 per cent of Lottery income in 2012/13, but we will need to make further savings to maintain the target of 5 per cent in 2014/15.

We are currently approaching the final implementation of our new Funding Management System (FMS), which is expected to go live during 2013/14. This will further streamline our funding processes, allowing our customers to apply for and manage grants online. We expect savings on operational staffing of £2.1 million to be achieved once implementation is complete.

However, there will be an increase in our IT costs from 2012/13 because we are incurring very low costs on our current outdated system, which is fully written off in our accounts. The need to charge amortisation on our investment in the new FMS, together with inflation and other cost increases mean that we will need to save a further £3 million by 2014/15. Most of this will be achieved from the benefits of the new FMS. We will also continue to make savings on our office costs and in other areas.

### **Our surplus for the year**

We had a surplus for the year 2012/13 of £67 million, (2011/12 deficit of £179 million). Our cumulative deficit at 31 March 2013 was £470 million (31 March 2012 £536 million).

Our accounting policy requires us to treat awards as expenditure as soon as they are accepted by the recipient. Consequently our funding policy of making awards that will be paid over a number of years that we are confident we will be able to meet from future income results in a deficit. This is not of any concern, and we do not manage our surplus or deficit from year to year. Instead we manage our cash flow over the long-term as explained earlier in this section.

# Statutory disclosure items

## Fixed assets

The movements in tangible and intangible fixed assets during the year are set out in Notes 10 and 11 to the accounts. During the year we invested £6 million (2011/12 £7 million) in capital expenditure which substantially relates to the investment in our new funding management system.

## Auditors

Under the National Lottery Act 2006, our annual accounts must be examined and certified by the Comptroller and Auditor General.

## Our payment policy and practice

In accordance with the Better Payment Practice guide, we aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. In 2012/13, 95 per cent (98 per cent in 2011/12) of all creditors were paid within 30 days of receiving an undisputed invoice.

Due to a permanent change in payment administration, the percentage of suppliers paid within 10 days under the Government's prompt payment challenge was 35 per cent during 2012/13 (72 per cent in 2011/12).

However, our overall creditor days (the total value of our creditors at 31 March 2013 divided by total creditor payments during 2012/13, expressed in days) improved to only 11 days (17 days in 2011/12).

## Public sector information holder

In common with all public bodies, the Big Lottery Fund is a public sector information holder. It has not permitted and has therefore not charged for specific re-use of information.



## Employee involvement

The Big Lottery Fund is a consultative and open organisation, committed to ensuring that all employees have a voice and have an input into decision-making across the organisation. We have a constructive and trusting relationship with our joint unions, Prospect and Unite, and seek to find and encourage opportunities for employee involvement and consultation. The Fund regularly seeks the views and opinions of its staff through informal dialogue and through formal, annual employee engagement surveys.

## Staff sickness absence

We are committed to the health and well-being of our staff and have a comprehensive sickness absence policy. During 2012/13 the average number of days of sickness absence was 7 days per employee (7.3 days in 2011/12).



Penine Lancashire Community Farm – £9,131 to give local people opportunities to grow fruit, vegetables and plants

# Section five

## Our governance

### This section of the report contains:

- ▶ **Statement of Accounting Officer's Responsibilities**
- ▶ **The governance statement of the Accounting Officer**
- ▶ **Membership of the Board, country committees and Senior Management Team**
- ▶ **The Register of interests of members**
- ▶ **The remuneration report**

### Statement of Accounting Officer's Responsibilities

Under Section 36A of the National Lottery Act etc. 1993 (as amended by the National Lottery Acts 1998 and 2006), the Secretary of State for Culture, Media and Sport has directed the Fund to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Big Lottery Fund and of our income and expenditure and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Big Lottery Fund's Chief Executive as Accounting Officer. The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Fund's assets, are set out in 'Managing Public Money' published by HM Treasury.

As Accounting Officer, as far as I am aware, there is no relevant audit information of which the Fund'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 our auditors are aware of that information.

### Delegated responsibilities

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

## Joint schemes

The Fund has entered into joint schemes, as defined in the National Lottery Act 1998, to provide funding alongside other bodies to achieve the outcomes defined by the relevant Joint Scheme Order. In these schemes, our Accounting Officer is responsible for ensuring:

- Lottery funds allocated by the Fund are applied in accordance with our legal powers
- the economic, efficient and effective use of Lottery funding allocated by the Fund to the programme
- that the systems used for operating the programme are robust and fit for purpose
- the mechanism for allocating the administrative costs of the programme is agreed between the participating Lottery distributors.

In addition, the Fund's Accounting Officer is also responsible for the delivery of the systems used for operating the Awards for All England programme, which the Fund administers.

During 2012/13 the Fund has participated in the following joint schemes:

- ▶ Active England, part of the PE and Sport in Schools programme: a scheme administered by Sport England on behalf of Sport England and the Big Lottery Fund.
- ▶ Parks for People: a scheme administered by the Heritage Lottery Fund on behalf of the Heritage Lottery Fund and the Big Lottery Fund.

## Award partners

We have used the powers provided by the National Lottery Act 1998 to delegate to award partners the grant schemes listed below. The delegation agreement between us 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 the Fund 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 Young People's Fund:

- ▶ Youthnet – BIG Deal

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
- ▶ Mind – Ecominds

As part of the Reaching Communities, England programme:

- ▶ Manx Lottery Trust
- ▶ Make your Mark

As part of our People Powered Change outcomes:

- ▶ National Endowment of Science, Technology and the Arts (NESTA) – Neighbourhood Challenge
- ▶ The Foundation for Social Entrepreneurs (UnLtd) – Big Venture Challenge

## Ceri Doyle

Acting Chief Executive and Accounting Officer  
1 July 2013

# The governance statement

As Acting Chief Executive and Accounting Officer this governance statement is my responsibility. The Accounting Officer throughout the year under review was our former Chief Executive, Peter Wanless. In order that I could be assured of the matters discussed in the statement, he approved a draft of the statement, and fully briefed me on those matters. We jointly, together with other members of SMT, considered the Head of Internal Audit's annual assurance report. This statement sets out how I have discharged my responsibility to manage and control Big Lottery Fund's resources during the year. It aims to give a clear understanding of the way in which Big Lottery Fund works and is controlled and explains the main risks facing it and how well these are being managed.

## **Our accountability to Parliament, the devolved legislatures and government**

Big Lottery Fund operates across the UK but with extensive devolution of decision-making to the four countries of the UK. This means that we have a complex set of external accountabilities and require a correspondingly complex internal governance structure.

Big Lottery Fund was created by the National Lottery Act 2006, which set out the primary rules under which it operates. It has also been given functions under the Dormant Bank and Building Society Accounts Act 2008. Big Lottery Fund is a non-departmental public body (NDPB) and I am fully accountable for Big Lottery Fund's funds to Parliament. Certain orders relating to Lottery and dormant accounts funds are made by the UK or Scottish Parliaments, but the main government oversight of Big Lottery Fund is exercised through directions issued by ministers.

The Secretary of State for Culture, Media and Sport is accountable for the National Lottery Distribution Fund (NLDF) and therefore issues financial and accounts directions to Big Lottery Fund in relation to its functions under the National Lottery Acts. For legal reasons the Minister for the Cabinet Office issues similar directions relating to dormant accounts funds. These directions regulate the systems and processes of Big Lottery Fund.

The policy sponsor department of Big Lottery Fund is the Cabinet Office. The Minister for the Cabinet Office issues policy directions which Big Lottery Fund must take into account when distributing funds, which apply generally to all UK funds and specifically to England. The devolved administrations in Scotland, Wales and Northern Ireland issue policy directions relating to the funds distributed in those countries.

The directions applying during the year are included in Section seven of this report.

Within the framework of these directions Big Lottery Fund makes independent decisions on what programmes it should run and on what grants it should make.

## **Non-executive governance**

Big Lottery Fund is governed by a UK Board comprising the UK Chair, the four chairs of the country committees and up to five other members. The Board has appointed one of its members as Vice-Chair. Each country has a country committee responsible for the funding programmes in their country. Country committees have delegated authority to determine the funding strategy and programmes in their countries, subject to a UK-wide strategic framework approved by the Board and the policy directions for their country. They also make grant decisions, or agree the delegated arrangements for making them. The Board has also appointed a UK Funding Committee to carry out similar functions for those programmes operated on a UK-wide basis.

The Board has appointed an Audit and Risk Committee to advise it on financial reporting, audit and assurance and risk management issues. It includes two external members who have expertise in audit and accounting matters. It has also appointed a Remuneration Committee to deal with the matters set out in the remuneration report.

The Board, Audit and Risk Committee and country committees meet at least quarterly, with additional meetings as they consider necessary. The Remuneration Committee normally meets annually.

The Board receives minutes from all of its committees. In addition from time to time it receives fuller reports of the strategies and programmes in each country portfolio, so that it can ensure that they conform to the strategic framework and that learning is shared. The Chair of Audit and Risk Committee reports to each Board meeting on any matters he considers need to be brought to their attention, and to provide assurance to the Board. Audit and Risk Committee also provide a full report to the Board on their work once each year.

Membership of, and attendance at, all of the committees is set out in the table at the end of this report.

UK Board members, including the country committee chairs, are formally appointed by the Minister for the Cabinet Office. Other members of country committees are formally appointed by Big Lottery Fund. The Devolved Administrations are fully involved in the appointments relating to their countries. All Board and committee members are appointed following an open process of advertisement and selection.

## **Effectiveness and review of non-executive governance**

An independent review of Board governance was commissioned in 2010 and the Board subsequently made some significant changes to the Big Lottery Fund's governance, which it believes has enabled it to focus more effectively on the strategic management of the organisation. Funding programme matters within strategic parameters set by the Board are fully devolved, either to the country committees or to the UK Funding Committee.

The Board has engaged directly with all of the strategic, operational and financial challenges facing Big Lottery Fund and is participating directly in tracking progress against the current strategic framework as well as developing the next one. It is satisfied that it is receiving sufficient accurate information to be confident about the effectiveness of the funding programmes, about the financial and operational performance of the business, and the management of risk. The systems which provide this information are assured by being included in the internal audit programme.

The Fund applies the Cabinet Office guidance 'The Principles of Good Governance in Executive NDPBs', which is the equivalent of 'The Corporate Governance Code for Central Government Departments' for NDPBs. I am satisfied that the principles of the Code, together with other sources of guidance on good practice in corporate governance, are fully reflected in Big Lottery Fund's governance arrangements.

### Executive management

The executive management of Big Lottery Fund is led by its Senior Management Team (SMT) of nine members including myself. SMT meets formally each month, but members are in contact at least weekly. All members of SMT attend Board meetings, and appropriate members attend other committees. SMT considers key policy, strategic and operational matters, provides advice to the Board on matters requiring its approval and oversees the performance and risk management of Big Lottery Fund as a whole.

The members of SMT and their areas of responsibility are set out in the next section of this report.

Appropriate executive management structures have been created by directors throughout the organisation to oversee their respective directorates and divisions, and the projects and programmes being operated across Big Lottery Fund.

### Corporate planning and performance management

Big Lottery Fund has a well developed system of corporate planning designed to identify corporate priorities and plans in each period so as to deliver the strategy approved by the Board. Directorate and divisional plans are developed throughout Big Lottery Fund, and feed into the personal objectives of staff.

The corporate plans identify key performance indicators (KPIs) and key management information (KMI). These are closely monitored and reported to SMT and the Board regularly, with corrective action being agreed wherever necessary. This focuses attention where it is most required with only two KPI targets being (materially) missed during 2012/13. These related to the new Funding Management System and are discussed below. Extensive financial and performance information is also reported monthly to SMT and quarterly to non-executives.

The corporate planning and performance management systems are assured by being covered by the internal audit programme. A review of the controls over the KPI and KMI reporting systems was carried out during 2012/13: it recommended some improvements, but provided moderate assurance over the controls.

### Third party funding

In October 2011, the Board endorsed Big Lottery Fund's third party strategy which focused our activity and set out our approach, along with short, medium and long-term goals for delivery. In our strategy we outline how we put our experience, systems and learning at the disposal of others and add value where we can. The Board is actively engaged in decisions about what third party work it is appropriate for Big Lottery Fund to take on, consistent with that strategy. We apply risks and a control regime to each opportunity consistent with the task set by the client, ensuring that there is no question of Lottery money being put at risk or cross subsidising non-Lottery work. We regularly review activities and opportunities to identify learning from the delivery of third party activities.

### Risk management and assurance

Big Lottery Fund operates a comprehensive system of risk management, with a corporate risk register being reviewed quarterly by SMT and the Audit and Risk Committee. The chair of the committee reports to each Board meeting on any matters that need to be brought to their attention. The Board, on the advice of the Audit and Risk Committee, has agreed Big Lottery Fund's risk tolerance levels. These have been carefully developed to reflect the different tolerance levels that are acceptable for different risks. Being an intelligent funder that chooses consciously to invest to secure impact in challenging circumstances with limited overheads inevitably requires risks to be taken in relation to the success of some projects.



Control design and reporting mechanisms for the new funding management system (FMS) are being developed to fully reflect the different tolerances agreed. The Board itself reviews the risk register at least annually to ensure there are no material omissions.

Similar risk registers are maintained at directorate and divisional level and for all projects and programmes and are reviewed at senior level each quarter. There is an effective system in place for escalating significant risk issues upwards to SMT.

Big Lottery Fund has an internal audit and investigations division, headed by the Head of Internal Audit who has a direct reporting line to me on audit matters. Our in-house team is supplemented by a contract for the provision of internal audit services by PricewaterhouseCoopers. A programme of internal audit work is prepared annually by the Head of Internal Audit and agreed with SMT and the Audit and Risk Committee. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to all the significant risks faced by Big Lottery Fund.

The findings of the reports, especially any giving “no” or “limited” assurance are considered by me, the directors concerned and the Audit and Risk Committee. Actions are agreed by management in response to all recommendations made, and progress against these is reported to each Audit and Risk Committee meeting. Internal audit follow up actions management assert to have been completed, and report to Audit and Risk Committee whether they are satisfied that this is the case. Additional actions taken during 2012/13 were for SMT to consider a report on audit progress from the Head of Internal Audit every quarter, and to consider his draft assurance report, both of which give SMT as a whole a clearer overview of the progress in addressing any control weaknesses, and enable them to contribute more effectively to agreeing the contents of the forward plan of audit work.

The number of actions outstanding after their agreed implementation date is a KMI with a target of zero. There were three recommendations with overdue actions at 31 March 2013, but two of these related to the delay to the internal go live date of the new funding management system, and none were considered to be of significant concern. Internal Audit confirmed that in almost all cases reviewed recommendations had been correctly followed through. Where this was not the case this was reported to Audit and Risk Committee and further action was monitored.

External audit of this Annual Report and Accounts is carried out by the National Audit Office. Findings and recommendations arising from the external audit are dealt with in the same way as those from internal audit and fully considered by the Audit and Risk committee

In some specialist areas (for example, health and safety compliance) further assurance is obtained by reports from other professional qualified advisers.

Each director has provided me with an assurance statement on the areas for which they are responsible and drawing on these and the results of internal audit reviews the Head of Internal Audit has provided me with an annual assurance report.

As a result of recommendations made in a number of reports that are not yet fully resolved, most of which relate to detailed development of the future funding management systems we have yet to introduce, his report provided a limited assurance on the design, adequacy and effectiveness of Big Lottery Fund’s system of internal control. More details are set out later in this report. I am satisfied that appropriate action is being taken to address the issues raised.

## The major risks faced by Big Lottery Fund

The corporate risk register currently identifies 16 significant risks. Five of these relate to the Business Process Reengineering (BPR) programme discussed below.

Four of the other risks relate to our financial management:

- ▶ Failure to manage our core costs within the 5 per cent ceiling by 2014/15.
- ▶ Increases in Lottery income result in higher NLDF balances than planned.
- ▶ Failure to commit all of the agreed grant budget for the year.
- ▶ Failure to manage grant payments resulting in slower than forecast spend.

The delay in go-live of the new FMS has increased the risk of not achieving the 5 per cent cost target, as successful implementation will deliver significant savings. In addition to the actions being taken to secure successful implementation, this risk is being managed by developing contingency plans.

I am satisfied that the other three risks are currently well managed and tolerable. Our financial reporting arrangements have ensured that any deviation from our plans is quickly recognised and action taken. Effective monitoring of the awards and payment positions allowed the Board to approve additional spending proposals from country committees during the year to ensure the NLDF balance does not rise over the next two years.

Three risks relate to the reputational damage that could occur if Big Lottery Fund is not effective in delivery of its programmes or customer services:

- ▶ Inability to demonstrate that we are making a positive impact through the priorities set out in the Strategic Framework.

- ▶ Design or implementation of the Medium Term Plan to achieve efficiency could compromise our effectiveness or customer service.

- ▶ Failure to rebut negative national media coverage.

SMT and the Board pay close attention to these aspects of our operations, and substantial efforts are made to obtain feedback from all of our customers and stakeholders to improve our performance. All of the KPIs in these areas are very positive, and I am satisfied that the risks in these areas are well within tolerance at present.

Two other risks are common to all organisations of similar complexity:

- ▶ Failure to ensure compliance with regulatory and similar requirements.
- ▶ Unforeseen physical events including system failures.

No significant issues have arisen in these areas, and Big Lottery Fund has effective systems and contingency plans that I am satisfied manage these risks satisfactorily. An internal audit review identified areas for improvement in the IT disaster recovery arrangements, and these are being promptly addressed.

A risk was recognised around the transition to a new Chief Executive, but I am satisfied that this has been successfully addressed.

The two areas of risk which present the greatest challenges to Big Lottery Fund currently are fraud, and the risks relating to the BPR programme.

## Fraud risk

Big Lottery Fund unavoidably faces the risk of fraud. Any organisation making large numbers of payments to the public is at risk of both internal and external fraud. Big Lottery Fund has a particularly difficult task in striking the right balance between applying controls that make fraud more difficult and making it simple and easy to apply for grants, particularly for small grants where the applicants are often small organisations with limited resources.

The greatest fraud risk comes from organised criminal attacks on our small grants system. We have developed sophisticated data analysis and risk assessment processes that enable us to identify suspected fraudulent patterns of application. We have a professional investigations team that supports our funding staff in carrying out risk assessment, and follows through all suspected cases of fraud or other deliberate wrongdoing.

We know these techniques are effective in that from time to time we do detect frauds by this means, and criminal prosecutions are pursued in co-operation with the Police. They also enable us to reject those applications which present an excessive risk of fraud or misuse of our funds. However, there will always remain some risk of fraud remaining undetected. We are committed to continuously improving our systems to combat it.

In addition to the work of this team, controls on fraud include: a clear fraud policy; a whistleblowing policy together with means for the public to directly refer concerns to our investigations team; clear reporting arrangements for suspected frauds, with material frauds being reported to me, the Audit and Risk Committee and to DCMS and Cabinet Office and close working with the Police, Charity Commission and other agencies. Big Lottery Fund is closely involved in cross-governmental anti-fraud initiatives. The number and value of suspected irregularities is monitored at all Audit and Risk Committee meetings, with the Head of Internal Audit providing reports on any material cases. Implementation of our new funding system will present new fraud challenges as applications and grant management mainly move online, but also offers new opportunities to use more sophisticated technology to fight them.

## **Business Process Reengineering (BPR) programme risks**

Five of the risks in the Corporate Risk Register relate to the BPR programme which we are currently undertaking. As its name implies, this programme amounts to a complete redesign of the way we carry out our funding business, reflecting the fact that our underlying processes have not substantially changed since our predecessor organisations developed them many years ago. Our processes are still substantially paper based, organised around individual projects rather than customer accounts, failing to reflect developments in technology or customer expectations. BPR is intended to bring substantial benefits to customer services and the effectiveness of our programmes, particularly in the management and sharing of knowledge, as well as enabling substantial savings to be made.

The programme includes the design and implementation of a new funding management system based around SAP software, but extends well beyond that to include:

- a People Agenda which has reshaped staff roles and responsibilities
- substantial development of our website to support online customers
- redesign of our customer contact management arrangements
- standardisation and simplification of our processes, to create a flexible but much less complex approach to programme design.

The programme includes the investment of over £25 million in development and implementation of the new software, and is taking place over several years.

The risks identified are:

- adverse impact on customer satisfaction
- failure to achieve the expected cost savings

- failure to deliver the non-financial benefits
- delays to implementation beyond the current budget and timetable including its contingency
- implementation adversely affecting the delivery of our programmes.

These risks are different in some respects from those identified previously, as the maturity of the programme has increased.

Given the significance of the BPR programme to Big Lottery Fund, we have put in place extensive arrangements for its governance and risk management.

The programme has its own senior responsible officer (SRO), the Director for England, Dharmendra Kanani, with a programme board and subordinate governance structures for the projects making up the programme. As well as regular oversight by SMT and the Board, and Audit and Risk Committee in relation to risk and assurance matters, the Board has established a subgroup including members with experience of similar projects, which meets with the SRO and senior programme staff at least monthly to monitor progress. Four KPIs relating to the programme are included in the corporate performance monitoring, and a regular highlight report is produced to show progress and identify issues for upwards review.

Many aspects of the programme have continued to progress well, including the People Agenda, staff training, website redesign and programme standardisation. However, further difficulty has been experienced in bringing the new FMS to go-live, and the revised timeline approved by the Board in March 2012 has had to be further extended. The Board is clear that we must not go live with a system that will not offer a high quality experience to our customers, and this has priority over achieving an early date.

Following a Gateway review of the programme in late 2012, additional expert resource was brought into the project, and a revised timetable to achieve internal go-live was adopted by the Board. The Board once again reviewed the business case for the project, including the possibility of discontinuing it, before approving an increased budget in February 2013. The Board was satisfied that the benefits from the programme still justified the costs.

The system build is now complete and extensive testing is being undertaken before internal go-live (that is, to our staff) occurs during the summer of 2013. External go-live to customers is expected to occur late in 2013 or early in 2014.

I remain confident that the BPR programme can deliver substantial financial and non-financial benefits; nevertheless, the nature and scale of the programme means it remains the most substantial source of risks for the organisation.

A clear priority alongside the development of the new funding system is to ensure that we continue to deliver funding without interruption using our current systems: our corporate planning and reporting systems enable us to do this.

### **Delegated and trust arrangements**

Big Lottery Fund delegates some of its functions to other organisations as explained in the Statement of Accounting Officer's Responsibilities. Proportionate due diligence work is carried out on the governance and systems of proposed award partners before funding is awarded. The arrangements are actively managed, and appropriate internal and external audit arrangements are applied.

Big Lottery Fund also makes awards as endowments to trusts, normally created specifically for the purpose of the award. As well as conducting similar due diligence before the award, Big Lottery Fund appoints an independent protector who has powers to ensure that the endowment is properly applied in accordance with Big Lottery Fund's intentions.

### **Significant control issues identified during the year**

During 2012/13 nine internal audit reviews were carried out. Where control weaknesses were identified during these reviews, they were mostly considered to have a low or moderate impact and are being or have been addressed. One control weakness considered serious enough to have a significant potential impact on the achievement of Big Lottery Fund's future operational intentions was found in a review of the testing strategy for the FMS. Control weaknesses considered serious enough to have a significant impact on the achievement of the specific system or process were found in reviews of FMS control design, FMS go-live criteria and data migration. A considerable amount of work has been carried out in all of these areas since the reviews, with additional resources being applied to the planning and implementation of the work, and regular engagement between the SRO, Programme Board and Head of Internal Audit. This work will continue up to and beyond the system going live. Outside of the BPR programme weaknesses were identified in IT disaster recovery planning and information security. All of these weaknesses are being addressed by management or have already been resolved.

A review in 2011/12 identified that the operation of the controls for programme and project risk management were not operating as intended, and a further review was carried out during 2012/13. This showed that many of the issues identified had not been fully resolved. As a result management has introduced a targeted programme of work to improve our performance.

### **Loss of data**

We treat information security obligations extremely seriously, and under the scrutiny and advice of the Audit and Risk Committee we regularly assess the adequacy of our information security measures.

During 2012/13 there were no reportable losses of personal data.

### **Overall assessment of governance and internal control**

In my opinion, Big Lottery Fund's systems of governance and internal controls are sufficient to enable me to ensure compliance by Big Lottery Fund with the National Lottery Acts, the Dormant Bank and Building Society Accounts Act and the policy, financial and accounts directions issued under them.

### **Ceri Doyle**

Acting Chief Executive and Accounting Officer  
1 July 2013

# The Senior Management Team

Peter Wanless

Chief Executive

(Resigned on 31 May 2013)

Robert Atkins

Deputy Director, Strategy and Performance

Mark Cooke

Director, Finance and Corporate Services

Ceri Doyle

Director, Strategy, Performance and Learning

Acting Chief Executive (from 1 June 2013)

Dharmendra Kanani

Director, England

Jackie Killeen

Director, Scotland

Joanne McDowell

Director, Northern Ireland

Linda Quinn

Director, Communications and Marketing

John Rose

Director, Wales

## Board and committee membership, meeting attendances and remuneration during the year

Name	Role	Attendance 2012/13	Remuneration 2012/13 £	Remuneration 2011/12 £
<b>UK Board members</b>				
<b>Peter Ainsworth</b>	Chair, UK Board (from 1 June 2011)	5/5	28,800	19,200
	Chair, Remuneration Committee	1/1	-	-
	Chair, UK Funding Committee (from 1 February 2012)	4/4	-	-
<b>Anna Southall OBE</b>	Interim Chair, UK Board (until 31 May 2011)	-	-	2,920
	Vice Chair, UK Board (resumed 1 June 2011)	5/5	13,100	15,600
	Member, Remuneration Committee	1/1	-	-
	Member, Audit and Risk Committee	1/2	-	-
	Member, UK Funding Committee	3/4	-	-
<b>Astrid Bonfield</b>	Member, UK Board (from 1 December 2012)	3/3	2,600	-
	Member, Remuneration Committee	2/2	-	-
<b>Tony Burton CBE</b>	Member, UK Board (from 1 December 2012)	3/3	6,100	-
	Member, Audit and Risk Committee (from 1 December 2012) (Chair from 22 January 2013)	1/1	-	-
<b>Sanjay Dighe</b>	Chair, England Committee (until 31 May 2011)	-	-	4,209
<b>Judith Donovan</b>	Member, UK Board (until 30 November 2011)	-	-	9,400
<b>Roland Doven MBE</b>	Member, UK Board (until 30 November 2012)	2/2	-	-
	Chair, Audit and Risk Committee (until 30 November 2012)	2/2	-	-
<b>John Gartside OBE</b>	Member, UK Board (until 30 November 2012)	2/2	6,400	14,100
	Remuneration Committee (until 30 November 2012)	1/1	-	-
	Member, Audit and Risk Committee (until 30 November 2012)	2/2	-	-
<b>Frank Hewitt CBE</b>	Chair, Northern Ireland Committee	6/6	24,942	25,256
	Member, UK Board	5/5	-	-
	Member, UK Funding Committee	3/4	-	-
<b>Alison Magee</b>	Chair, Scotland Committee (until 30 November 2011)	-	-	16,837
	Member, UK Board (until 30 November 2011)	-	-	-
<b>Maureen McGinn</b>	Chair, Scotland Committee (from 1 December 2011)	10/10	24,000	8,000
	Member, UK Board	5/5	-	-
<b>Rajay Naik</b>	Member, UK Board	5/5	10,400	6,300
	Member, UK Funding Committee	3/4	-	-
<b>Janet Reed OBE</b>	Interim Chair, Wales Committee (until 31 December 2011)	-	-	18,942

Name	Role	Attendance 2012/13	Remuneration 2012/13 £	Remuneration 2011/12 £
<b>UK Board members</b>				
<b>Nat Sloane</b>	Chair, England Committee (from 1 June 2011)	5/6	24,000	20,000
	Member, UK Board	5/5	-	-
<b>Albert Tucker</b>	Member, UK Board (until 30 November 2011)	-	-	11,700
<b>Sir Adrian Webb</b>	Chair, Wales Committee (from 1 January 2012)	4/4	18,000	4,500
	Member, UK Board (from 1 January 2012)	5/5	-	-
	Member, Audit and Risk Committee (from 1 January 2012) (Interim Chair, 1 December 2012 to 22 January 2013)	4/4	-	-
<b>Diana Whitworth</b>	Member, UK Board (until 30 November 2012)	2/2	6,800	9,000
	Member, UK Funding Committee (until 30 November 2012)	2/2	-	-
<b>Other England Committee members</b>				
<b>Dr Alan Billings</b>	Member, England Committee	6/6	13,200	9,500
<b>Sue Charteris</b>	Member, England Committee (until 30 November 2011)	-	-	4,900
<b>Scott Greenhalgh</b>	Member, England Committee (from 1 December 2011)	5/6	14,800	3,300
<b>Geeta Gopalan</b>	Member, England Committee (from 1 December 2011)	6/6	10,200	3,300
<b>Margaret Hyde</b>	Member, England Committee (until 30 November 2011)	-	-	6,800
<b>Steve Richards</b>	Member, England Committee (from 1 December 2011)	6/6	10,000	3,300
	Member, UK Funding Committee	4/4	-	-
<b>Danny Silverstone</b>	Member, England Committee	6/6	10,900	2,700
<b>Albert Tucker</b>	Member, England Committee	6/6	10,800	-
<b>Nalini Varma</b>	Member, England Committee	4/6	10,300	10,600
<b>Geoffrey Wilkinson</b>	Member, England Committee	6/6	13,800	10,900
<b>Other Scotland Committee members</b>				
<b>Tim Allen</b>	Member, Scotland Committee	9/10	3,200	2,600
<b>Elizabeth Cameron</b>	Member, Scotland Committee	9/10	4,400	2,600
<b>Helen Forsyth</b>	Member, Scotland Committee	10/10	3,900	4,700
<b>David Green</b>	Member, Scotland Committee	10/10	5,800	4,300
<b>Alistair Grimes</b>	Member, Scotland Committee (until 6 March 2013)	8/9	3,700	4,700



Name	Role	Attendance 2012/13	Remuneration 2012/13 £	Remuneration 2011/12 £
<b>Hamira Khan</b>	Member, Scotland Committee (from 1 February 2013)	2/2	900	-
<b>John McDonald</b>	Member, Scotland Committee (from 1 February 2013)	2/2	900	-
<b>Kristofer McGhee</b>	Member, Scotland Committee (until 30 November 2011 )	-	-	3,300
<b>Lucy McTernan</b>	Member, Scotland Committee Member, UK Funding Committee	10/10 4/4	3,200	5,000
<b>John Watt</b>	Member, Scotland Committee (from 1 February 2013)	1/2	900	-
<b>Shirley Young</b>	Member, Scotland Committee (until 30 November 2012)	5/7	1,800	3,900
<b>Other Wales Committee members</b>				
<b>Rona Aldrich</b>	Member, Wales Committee (from 1 August 2012)	3/3	3,000	-
<b>Graham Benfield OBE</b>	Member, Wales Committee	4/4	2,900	1,300
<b>Gareth Newton</b>	Member, Wales Committee	4/4	6,300	4,600
<b>Janet Reed OBE</b>	Member, Wales Committee	4/4	6,000	700
<b>Fran Targett OBE</b>	Member, Wales Committee	4/4	4,000	2,800
<b>Mike Theodoulou</b>	Member, Wales Committee	4/4	6,600	7,600
	Member, UK Funding Committee	4/4	-	-
<b>Barbara Wilding CBE, QPM, CCMi</b>	Member, Wales Committee	4/4	6,300	3,800
<b>Other Northern Ireland Committee members</b>				
<b>Geraldine Campbell</b>	Member, Northern Ireland Committee	4/6	4,900	2,000
<b>Paul Cavanagh</b>	Member, Northern Ireland Committee	4/6	5,800	5,100
<b>Julie Harrison</b>	Member, Northern Ireland Committee	4/6	3,500	1,300
<b>Claire Keatinge</b>	Member, Northern Ireland Committee	4/6	2,300	1,900
<b>Peter Osbourne</b>	Member, Northern Ireland Committee	5/6	3,400	1,200
<b>Other Audit and Risk Committee members</b>				
<b>Hilary Gay</b>	External Member, Audit and Risk Committee	4/4	1,700	1,100
<b>Angela Marshall</b>	External Member, Audit and Risk Committee	2/4	1,600	1,500

# Register of interests of members

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. Interests declared by Board members are posted on our website. Details of such interests for all decision-making committee members are available by writing to the Head of Board Secretariat.

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 member withdraws while the relevant item is discussed.

When a Board or country committee member has declared a current or past interest in an organisation to which that committee has made an award, that interest and details of the award are shown in the table below.

Board or committee member	Nature of relationship	Existing total made awards to organisation	Awards made to the organisation in 2012/13	Payments made to the organisation in 2012/13	Outstanding grant award at 31 March 2013
<b>Tim Allan</b>	Chair, Young Enterprise Scotland	1 award of £841,396	1 award of £8,225	£215,987	£20,664
	Interest, Trossachs Area Community Transport	1 award of £419,398	£-	£4,360	£21,065
	Vice Chair, Royal Society for Arts	1 award of £500,000	£-	£100,407	£237,956
<b>Graham Benfield</b>	Chief executive, Wales Council for Voluntary Action	4 awards totalling £2,771,961	£-	£936,202	£1,326,802
<b>Alan Billings</b>	Spouse is Former Board Member, Sheffield CAB	£-	2 awards of £1,546,140	£87,808	£1,458,332
<b>Geraldine Campbell</b>	Shadow Membership and Standards Committee member, Citizens Advice Northern Ireland	1 award of £1,119,053	£-	£311,843	£267,168
<b>Paul Cavanagh</b>	Adviser, North West Community Network	1 award of £296,217	£-	£97,809	£54,599
<b>Helen Forsyth</b>	Regeneration director, Places for People	1 award of £16,669,999	1 award of £999,832	£813,833	£307,365
	Chair, Berwickshire Housing Association (connected with Scottish Borders Housing Association)	£-	1 award of £347,036	£39,671	£976,999
<b>John Gartside</b>	Trustee and company secretary, Tim Parry Johnathan Ball Trust	1 award of £299,986	£-	£117,422	£39,140
	Director and trustee, Warrington Wolves Community Learning and Sport Foundation	1 award of £128,794	1 award of £6,650	£7,150	£-
<b>Geeta Gopalan</b>	Mentor of CEO, Beyond Youth CIC	1 award of £115,600	4 awards of £545,041	£130,442	£491,299
<b>Julie Harrison</b>	Consultant, Bridge Community Association	1 award of £446,033	£-	£47,319	£-
	Associate consultant, Community Evaluation NI	1 award of £84,835	Increase in award of £42,960	£13,524	£39,936
	Adviser, East Belfast Independent Advice Centre	1 award of £500,000	Increase in award of £143,173	£124,494	£305,072

Board or committee member	Nature of relationship	Existing total made awards to organisation	Awards made to the organisation in 2012/13	Payments made to the organisation in 2012/13	Outstanding grant award at 31 March 2013
<b>Claire Keatinge</b>	Trustee and chair, Community Development and Health Network	1 award of £499,957	£-	£104,214	£130,381
	Panel member, Community Foundation NI	£-	2 awards of £15,034,124	£16,124	£15,018,000
	NI committee member, Rethink	3 awards totalling £1,391,675	£-	£323,070	£690,648
<b>Hamira Khan</b>	Spouse is Board Member, NSPCC	£-	1 award of £1,073,780	£-	£1,073,780
<b>Maureen McGinn</b>	Chairperson and trustee, Action on Smoking and Health Scotland	1 award of £511,046	£-	£92,284	£21,953
	Unpaid ambassador, Tomorrow's People Trust	3 awards totalling £1,280,647	2 awards of £942,707	£596,351	£1,040,048
	Advisory board member, University of Edinburgh	1 award of £457,134	£-	£115,445	£-
	Previous Funding role, The Venture Trust	£-	1 award of £696,354	£168,969	£527,385
<b>Lucy McTernan</b>	Former deputy chief executive, Scottish Council for Voluntary Organisations	1 award of £8,143,844	£-	£912,034	£-
	Chief executive, Citizens Advice Scotland, Angus Citizens Advice Bureau	1 award of £790,945	£-	£146,267	£494,341
	Director, Citizens Advice Scotland (connected with Shelter)	4 awards of £1,637,235	2 awards of £1,788,442	£660,390	£2,397,193
<b>Peter Osborne</b>	Elected member, Castlereagh Borough Council	1 award of £930,447	£-	£188,315	£329,527
	Trustee, Extern and Extern Ireland	1 award of £494,111	1 award of £26,058	£120,014	£400,955
	Non-executive director, South and East Belfast Health Trust	1 award of £1,487,850	£-	£214,132	£-

Board or committee member	Nature of relationship	Existing total made awards to organisation	Awards made to the organisation in 2012/13	Payments made to the organisation in 2012/13	Outstanding grant award at 31 March 2013
<b>Janet Reed</b>	Trustee, Welsh Scout Council	1 award of £218,078	1 award of £499,358	£101,526	£592,400
<b>Nat Sloane</b>	Advisory committee member, Social Finance Limited	2 awards totalling £11,255,751	£-	£1,382,497	£6,444,850
	Vice Chair and Trustees, Impetus (connected with St Giles Trust and The Prisons Video Trust)	£-	2 awards of £584,154	£24,062	£560,092
<b>Fran Target</b>	Trustee, Wales Council for Voluntary Action	4 awards totalling £2,771,961	1 award of £141,524	£936,202	£1,468,356
	Director, Wales CAB, Llandovery Young Men's Christian Association	1 award of £195,302	1 award of £5,000	£53,541	£36,332
	Director Wales, CAB, Rhondda Housing Association Group	2 awards totalling £457,173	£-	£117,723	£245,857
	Director, Wales CAB, Canolfan Cyngori Ynys Mon CAB	1 award of £76,437	£-	£25,688	£13,000
	Director, Wales CAB, Vision Impaired West Glamorgan	1 award of £51,222	£-	£18,804	£6,807
	Director Wales, CAB, Cyngor ar Bopeth Gwynedd & De Ynys Mon CAB	£-	1 award of £465,114	£-	£465,114
	<b>Mike Theodoulou</b>	Executive chairman, Mid and West Wales Chamber	3 awards totalling £1,531,667	Increase in award of £205,871 1 new award £351,108	£423,051
Executive chairman, Mid and West Wales Chamber, Towy Community Church Trust		1 award of £798,202	£-	£557,366	£216,848

Board or committee member	Nature of relationship	Existing total made awards to organisation	Awards made to the organisation in 2012/13	Payments made to the organisation in 2012/13	Outstanding grant award at 31 March 2013
<b>Albert Tucker</b>	Non-executive director, Places for People Group	1 award of £16,669,999	1 award of £999,832	£813,833	£976,999
	Member of Grants Committee, People First Tameside	£-	2 awards of £288,018	£43,722	£244,296
	Member of Grants Committee, London Sports Trust	£-	1 award of £186,360	£16,591	£169,769
	Member of Grants Committee, Upper Room	1 award of £256,854	1 award of £196,209	£62,568	£310,319
<b>Diana Whitworth</b>	Joint chief executive, Grandparents Plus	1 award of £316,974	1 award of £196,500	£213,349	£222,574
<b>Barbara Wilding</b>	Vice President, Age Cymru	1 award of £608,884	2 awards of £77,000	£213,150	£450,705
	Vice President, Age Cymru (connected with a Community Voice programme portfolio of projects)	£-	£3,746,443	£1,058	£3,745,385
<b>Geoffrey Wilkinson</b>	Non-executive director, Eden Project	2 awards totalling £4,044,401	Increase in award of £300,000 1 award of £4,999,954	£2,487,977	£4,208,337
<b>Shirley Young</b>	Professional service provider, Kindred (formerly SNIP)	£-	1 award of £372,800	£17,505	£355,295
	Professional service provider, Manchester City Council	2 awards totalling £1,412,269	Increase in award of £6,612	£162,802	£227,653
	Professional service provider, Contact a Family SPACE	7 awards totalling £1,901,208	6 awards of £1,729,851	£680,454	£1,950,106
	Son employee, Long Term Condition Alliance (connected with Life Changes Limited)	£-	1 award of £49,061,106	£49,061,106	£-

# Remuneration report

## Remuneration of executive directors

### Governance

The Remuneration Committee of the Board has responsibility to:

- agree the terms and conditions of employment of the Chief Executive
- decide on the Chief Executive's performance appraisal and related pay
- determine the remuneration policy for directors
- approve the performance appraisals and related pay for directors
- decide on severance terms for the Chief Executive and directors.

At the request of the Chair of the Committee the Chief Executive, the Deputy Director, Human Resources or other officers attend meetings for selected agenda items.

The decisions of the Committee are subject to:

- compliance with the pay guidance issued by the Cabinet Office/HM Treasury applying to the remuneration of staff generally
- approval by the Cabinet Office of the terms and conditions of employment of the Chief Executive
- approval by the Cabinet Office of any termination payments to the Chief Executive.

## Remuneration policy for executive directors

The remuneration policy for the directors is to offer remuneration that enables the Fund to attract, retain and motivate high calibre individuals with the skills and abilities to lead and manage the organisation. In doing so, the policy seeks to remunerate fairly for individual responsibility and contribution, while providing an element of performance related pay.

Directors including the Chief Executive receive a basic salary and a performance related payment. Their other terms and conditions of employment are the same as for other Fund employees. They are entitled to be members of the Principal Civil Service Pension Scheme. All directors are on permanent contracts subject to three months' notice. Any termination payments would be paid in accordance with the Civil Service compensation scheme.

The directors including the Chief Executive receive annual increases to their basic salary on the same basis as other Fund employees. In 2010 and 2011 there were no pay increases because of the pay freeze for all public sector employees. In 2012 a 1 per cent increase was awarded.

The Chief Executive is entitled to a performance related payment of up to 20 per cent of their basic salary. The other directors are entitled to a payment of up to 8 per cent of their basic salary. Performance-related payments are unconsolidated (that is, they are not added to basic salary, and must be earned again each year). They are not included in pensionable pay.

None of the directors receives any taxable benefits in kind. Directors are reimbursed expenses incurred in the course of their duties on the same basis as all other employees of the Fund.

None of the directors received any termination payments during the year.

Details of the basic salary, performance related payments and pension benefits of directors are set out in the table on page 87. Details of their expenses can be found on the website [www.biglotteryfund.org.uk/about-big/our-people/board/board-and-smt-expenses](http://www.biglotteryfund.org.uk/about-big/our-people/board/board-and-smt-expenses)

### **Pay multiples (Audited information)**

We are required to disclose the relationship between the remuneration of our highest-paid director (which is the Chief Executive) and the median remuneration of Big Lottery Fund's employees.

Total remuneration includes salary, performance related pay, benefits in kind and termination payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The banding of the total remuneration during the year of the highest paid director was £155,000-£160,000 (2011/12 £155,000-£160,000), the median remuneration of the Fund's employees was £27,000 (2011/12 £26,393) and the ratio between them was therefore 5.8:1 (2011/12 6.0:1).



## Executives' remuneration (salary and performance related pay) (Audited information)

Executives	2012/13 Salary	2012/13 Performance related payments	2011/12 Salary	2011/12 Performance related payments	Accrued pension at age 60 as at 31/03/13 and related lump	Real increase in pension and related lump sum at pension	*CETV at 31/03/13	*CETV at 31/03/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Peter Wanless</b> (Chief Executive)	140-145	15-20	140-145	15-20	45-50 plus 140- 145 lump sum	0-2.5 plus 2.5- 5 lump sum	767	712	15
<b>Mark Cooke</b> (Director, Finance and Corporate Services)	100-105	0-5	95-100	5-10	15-20 plus 0 lump sum	0-2.5 plus 0 lump sum	264	208	31
<b>Ceri Doyle</b> (Director, Strategy, Performance and Learning)	95-100	0-5	95-100	5-10	25-30 plus 0 lump sum	0-2.5 plus 0 lump sum	350	319	11
<b>Dharmendra Kanani</b> (Director, England)	100-105	0-5	100-105	5-10	15-20 plus 50- 55 lump sum	0-2.5 plus 2.5- 5 lump sum	261	233	12
<b>Jackie Killeen</b> (Director, Scotland)	70-75	0-5	65-70	0-5	10-15 plus 30- 35 lump sum	0-2.5 plus 0- 2.5 lump sum	151	134	7
<b>Joanne McDowell</b> (Director, Northern Ireland)	70-75	0-5	65-70	0-5	15-20 plus 20-25 lump sum	0-2.5 plus 0-2.5 lump sum	256	232	8
<b>Linda Quinn</b> (Director, Communications and Marketing)	75-80	0-5	75-80	0-5	25-30 plus 75- 80 lump sum	0-2.5 plus 2.5- 5 lump sum	561	543	13
<b>John Rose</b> (Director, Wales)	70-75	0-5	65-70	0-5	10-15 plus 0 lump sum	0-2.5 plus 0 lump sum	149	129	10

\* Cash Equivalent Transfer Values

### **Cash Equivalent Transfer Values (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the Big Lottery Fund. It does not include 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.

## Higher paid employees (Audited information)

The following table sets out the number of staff, on a full time equivalent basis, who received remuneration, including performance related payments where relevant, of £50,000 or more in the financial year. These figures exclude the directors:

Total remuneration	Year ended 31 March 2013 No of staff (FTE)	Year ended 31 March 2012 No of staff (FTE)
£50,000 - £54,999	14.3	9.7
£55,000 - £59,999	6.6	5.6
£60,000 - £64,999	3.0	4.0
£65,000 - £69,999	8.0	6.0
£70,000 - £74,999	0.6	1.0
£80,000 - £84,999	1.0	1.0
£90,000 - £94,999	1.0	1.0

## Remuneration of Board and Committee members

The remuneration of Board and Committee members of the Fund is determined by the Minister for the Cabinet Office ('the Minister').

The Chairs of the UK Board and the country committees receive an annual salary based on the number of days they are expected to devote to the work of the Fund. These were set out in their letter of appointment.

Before 22 November 2012 other Board and committee members received a daily allowance for each day they performed duties for the Fund. The daily allowance was £218. From that date the Minister approved new arrangements under which all Board and committee members would receive an annual salary based on an expected number of days' work. Existing members could choose to move to the new basis or continue to be paid a daily rate until their current appointment expired. The total amounts they received are shown in the table on pages 77-79.

The annual salaries and daily rate can be varied by the Minister, although no increase has in fact taken place since 2010.

Board and committee members do not receive any taxable benefits in kind or pension benefits. They are reimbursed expenses incurred in the course of their duties on the same basis as Fund employees.

### **Ceri Doyle**

Acting Chief Executive and Accounting Officer  
1 July 2013

# Section six

## Our financial statements

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT, NATIONAL ASSEMBLY FOR WALES, SCOTTISH PARLIAMENT AND NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2013 under the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Fund, Accounting Officer and Auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Big Lottery Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Big Lottery Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Big Lottery Fund's affairs as at 31 March 2013 and of its surplus after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008, and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in sections one, four and five for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

5 July 2013

## Annual Accounts

## Statement of Comprehensive Income

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Income</b>			
<b>Lottery income</b>			
Proceeds from the National Lottery	13	774,185	770,917
Investment income from the National Lottery Distribution Fund	13	4,143	5,550
Bank and other interest receivable	2	26	27
Recoveries of grant	2	3,067	3,141
		<u>781,421</u>	<u>779,635</u>
<b>Dormant accounts income</b>			
Transfers from Reclaim Fund Ltd		50,000	47,630
Bank interest receivable on dormant account funds		32	251
		<u>50,032</u>	<u>47,881</u>
<b>Other income</b>	2	7,235	6,456
<b>Total income</b>		<u>838,688</u>	<u>833,972</u>
<b>Expenditure</b>			
<b>Lottery programme expenditure</b>			
Grant commitments made	3	587,507	759,590
Less lapsed or revoked commitments	3	(6,494)	(9,383)
Transfer to Olympic Lottery Distribution Fund		79,983	171,728
Direct expenditure in support of programmes	4	6,074	3,421
		<u>667,070</u>	<u>925,356</u>
<b>Dormant accounts programme expenditure</b>			
Grant commitments made		49,341	37,990
<b>Operating costs</b>			
Operating costs for distributing Lottery income	5	48,052	48,960
Operating costs for distributing dormant accounts funds	5	501	1,970
Recharged operating costs	5	7,235	6,456
Restructuring and investment	8	1,087	654
		<u>56,875</u>	<u>58,040</u>
<b>Total expenditure</b>		<u>773,286</u>	<u>1,021,386</u>
<b>Surplus/(deficit) before taxation</b>		65,402	(187,414)
Taxation	9	983	(159)
<b>Surplus/(deficit) after taxation</b>		<u>66,385</u>	<u>(187,573)</u>

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Other comprehensive income/(expenditure)</b>			
Increase/(decrease) on revaluation of investment	13	147	8,652
<b>Total comprehensive net income/(expenditure)</b>		<u>66,532</u>	<u>(178,921)</u>
<b>Reserves</b>			
Brought forward at 1 April 2012		(536,232)	(357,311)
Total comprehensive net income/(expenditure)		66,532	(178,921)
<b>Carried forward at 31 March 2013</b>		<u>(469,700)</u>	<u>(536,232)</u>

The Fund has no recognised gains and losses other than those above. There are no discontinued activities.

## Statement of changes in equity

<b>General reserves</b>			
Balance brought forward		(536,232)	(357,311)
Total comprehensive net income/(expenditure)		66,532	(178,921)
Balance carried forward		<u>(469,700)</u>	<u>(536,232)</u>

The notes on pages 96 to 121 form part of these accounts.

## Statement of Financial Position

	Note	31 March 2013 £'000	31 March 2012 £'000
<b>Non-current assets</b>			
Property, plant and equipment	10	3,480	3,773
Intangible assets	11	18,234	11,774
		<u>21,714</u>	<u>15,547</u>
<b>Current assets</b>			
Trade and other receivables	12	25,554	28,706
Cash at bank and in hand		38,682	22,094
Investment balance in National Lottery Distribution Fund	13	354,421	398,843
		<u>418,657</u>	<u>449,643</u>
<b>Total assets</b>		<u><u>440,371</u></u>	<u><u>465,190</u></u>
<b>Current liabilities</b>			
Trade and other payables	14	(10,884)	(13,179)
Grant commitments	16	(369,632)	(473,063)
		<u>(380,516)</u>	<u>(486,242)</u>
Non-current assets less net current liabilities		<u>59,855</u>	<u>(21,052)</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	(1,368)	(1,541)
Grant commitments	16	(521,478)	(506,394)
		<u>(522,846)</u>	<u>(507,935)</u>
<b>Provisions</b>			
Assets less liabilities	15	(6,709)	(7,245)
		<u>(469,700)</u>	<u>(536,232)</u>
<b>Represented by:</b>			
Lottery funds reserve		(477,811)	(544,153)
Dormant accounts funds reserve		8,111	7,921
		<u>(469,700)</u>	<u>(536,232)</u>

Signed on behalf of the Big Lottery Fund Board on 1 July 2013.

**Ceri Doyle**  
Acting Chief Executive and Accounting Officer

**Peter Ainsworth**  
Chair

The notes on pages 96 to 121 form part of these accounts.



# Statement of Cash Flows

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Cashflows from operating activities</b>			
Funds drawn down from the National Lottery Distribution Fund		822,897	909,682
Transfers from Reclaim Fund Ltd (dormant accounts funds)		50,000	47,630
Payments relating to dormant accounts funds		(44,740)	(39,863)
Recoveries of grant and cash from other sources		3,067	3,141
Other income		3,068	6,463
Interest received		58	278
Payments to suppliers		(19,072)	(21,564)
Payments to and on behalf of employees		(34,506)	(34,381)
Payments to grant recipients		(696,218)	(665,382)
Transfer to OLDF		(79,983)	(171,728)
Cash paid and held by third parties		18,873	(11,598)
Tax paid on interest received		(5)	(8)
Net cash flow from operating activities	19	23,439	22,670
<b>Cashflows from investing activities</b>			
Payments to acquire property, plant and equipment		(287)	(540)
Payments to acquire intangible assets		(6,460)	(6,537)
Opening balance adjustment		(104)	
		(6,851)	(7,077)
<b>Increase/(decrease) in cash</b>		16,588	15,593
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash balances carried forward		38,682	22,094
Less cash balances brought forward		(22,094)	(6,501)
<b>Increase/(decrease) in cash</b>		16,588	15,593

The notes on pages 96 to 121 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Culture, Media and Sport in accordance with Section 36A (2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and the Dormant Bank and Building Society Accounts Act 2008. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Big Lottery Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Big Lottery Fund for 2012/13 are described below. They have been applied consistently in dealing with items that are considered material to the accounts. We have not adopted any IFRS that have been issued but are not yet effective.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention. Current cost is considered a proxy for fair value.

For 2012/13 we do not believe that current costs are materially different to the historic cost shown in the Statement of Financial Position. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act, FReM and International Financial Reporting Standards, 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 for Culture, Media and Sport including the transfer of funds to the Olympic Lottery Distribution Fund. In taking this view of future income the Board assumes as a matter of public policy the continued operation of the Lottery. The Board has taken into consideration the impact of the changes to income share, agreed by Parliament.

### 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, Olympics, Media and Sport. However, the share of these balances attributable to the Fund is as shown in the accounts and, at 31 March 2013, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the Fund in respect of current and future commitments.

### 1.4 Property, plant and equipment

Property, plant and equipment is recognised in the Statement of Financial Position at cost except for items costing less than £2,000, which are written off to the Statement of Comprehensive Income in the year of acquisition.

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
IT equipment	3 years
Office equipment, furniture and fittings	3 years

## 1.5 Intangible assets

In accordance with IAS 38 'Intangible Assets', development costs that are directly attributable to the design and testing of the identifiable and unique grant management software product are recognised as an intangible asset. Directly attributable costs include external contractors' fees and employee costs. Following initial recognition of the assets we amortise on a straight line basis over the estimated useful life as follows:

Funding system software	10 years
Website	5 years

For assets under construction we do not amortise.

## 1.6 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 PCSPS. Our liabilities are limited to a charge, which is set by the Chief Government Actuary, related to salaries paid in each year.

## 1.7 Operating leases

### Lessee

We classify leases where we have substantially none of the risks and rewards of ownership as an operating lease in accordance with IAS 17 'Leases'. The costs of operating leases held by the Fund are charged to the Statement of Comprehensive Income (net of rent-free periods) in the period to which they relate. The benefits of rent-free periods on leaseholds are apportioned over the period to the end of the lease on a straight-line basis.

At 31 March 2013 all the Fund's property leases are classified as operating leases. The lease payments for property cannot be reliably allocated between the land and building components. However it is clear that both elements of the lease arrangements do not transfer substantially all of the risks and rewards of the ownership to the Fund and therefore both elements have been classified as operating leases.

### Lessor

Where we have provided a rent free or other inducement to a tenant the cost of this inducement is apportioned over the period to the earlier of the rent break point or the expiry date of the lease on a straight-line basis.

## 1.8 Expenditure on programmes

The National Lottery etc Act 1993 provides for the Fund 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 we have a written contractual agreement with the applicant. Hard commitments are charged to the income statement in the year that the contracts are signed. Hard commitments are shown on the Statement of Financial Position as a liability, the balance being reduced as payments to grant recipients are released.

We define soft commitments as an agreement in principle to fund a scheme and an offer of grant made to the applicant, which the applicant has yet to accept formally. These are shown as a note to the accounts but are not treated as part of the Statement of Comprehensive Income.

### Grants repaid and recovered

Our 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

We record as 'direct expenditure on programmes' those costs incurred in delivering services directly to beneficiaries or grant recipients as arrangements under s43 of the National Lottery Act. For example, provision of grant applicant and recipient support structures and quality assurance for the direct benefit of grant recipients.

## 1.9 Taxation

Corporation Tax is charged on the basis of tax law enacted at the financial position date. This taxation is on interest received on cash balances held in commercial bank accounts.

We are registered for Valued Added Tax (VAT). VAT is charged and recovered on our activities that comply with the definition of business activities as set out in VAT legislation. This includes much of our third party activities.

## 1.10 Cash and cash equivalents

Cash includes cash in hand and deposits held at call with commercial banks.

## 1.11 Provisions

The Fund recognises a provision where:

1. there is a legal obligation as a result of a past decision
2. it is probable that resources will be required to settle the obligation, and
3. the amount can be reliably estimated.

Currently we have provisions for restructuring costs and onerous lease transactions.

## 1.12 Grant management

### Delegated partners

We have entered into agreements whereby a number of delegated bodies are to act as lead organisations in the delivery of grant schemes. In doing this we have delegated the statutory grant decision-making function to other organisations. Funds advanced to delegated partners for the purpose of payment of hard commitments that have not been met at the year-end are recorded as a current asset until we receive confirmation that grant commitments have been met.

### Trusts

The Fund has made awards to new companies limited by guarantee, which act as the sole trustee of new charitable trusts. Funds awarded to these trusts are recorded as a liability until we make payments to the trusts. Amounts held by the trust are not shown as assets.

### Joint schemes

Where we have 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 our share in the scheme. Funds advanced to the joint scheme for the purpose of payment of hard commitments are recorded as a current asset until we receive confirmation that the grant commitments have been met. Administration costs are included in the Statement of Comprehensive Income at the amount charged to the Fund.

### 1.13 Third party assets

The Fund holds as custodian certain assets belonging to third parties. These are not recognised in the accounts since we have no direct beneficial interest in them. The bank balances held on behalf of third parties are shown in note 25.

### 1.14 Financial instruments

The Fund reviews all contracts against IAS 39 in respect of recognition and measurement of financial instruments. The assets and liabilities considered to be financial in nature are set out in note 20. We do not hold any complex financial instruments.

### 1.15 Segmental reporting

In line with IFRS 8, the Fund's Board as 'Chief Operating Decision Maker' has determined that we operate in five material geographical segments – the UK, England, Wales, Scotland and Northern Ireland. We have a single significant source of income from Lottery income, and the segmental reporting format reflects our management and internal reporting structure. Some programmes are UK-wide and this is reported independently to the four countries.

### 1.16 Dormant accounts funds

Dormant accounts funds have been accounted for under the same policies as Lottery funds, with the amounts distinguished in these financial statements. For clarity, memorandum financial statements relating only to dormant accounts funds are included on pages 122-123.

### 1.17 Accounting Standards that have been issued but not yet adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2012/13. The application of the Standards as revised would not have a material impact on the accounts for 2012/13, were they applied in that year:

<b>IAS 1</b>	Presentation of financial statements (Other Comprehensive Income) – effective 2013/14
<b>IAS 12</b>	Income Taxes (amendment) – subject to consultation
<b>IAS 19</b>	Post-employment benefits (pensions) – effective 2013/14
<b>IAS 27</b>	Separate Financial Statements – subject to consultation
<b>IAS 28</b>	Investments in Associates and Joint Ventures – subject to consultation
<b>IFRS 9</b>	Financial Instruments – subject to consultation
<b>IFRS10</b>	Consolidated Financial Statements – subject to consultation
<b>IFRS11</b>	Joint Arrangements – subject to consultation
<b>IFRS12</b>	Disclosure of Interests in Other Entities – subject to consultation
<b>IFRS 13</b>	Fair Value Measurement – subject to consultation
<b>IPSAS32</b>	Service Concession Arrangement – effective 2013/14

## 2. Income

Recoveries of grant £3,067,000(2011/12 £3,141,000) represent income received back from grant holders (see note 1.8).

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Bank and other interest receivable</b>		
Bank interest receivable	26	27
	<u>26</u>	<u>27</u>
	<u>26</u>	<u>27</u>
	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Other income</b>		
Income from delivering non-Lottery funding	4,821	4,112
Income from delivering Lottery funding on behalf of other distributors	289	310
Rental income	1,975	1,828
Other	150	206
	<u>7,235</u>	<u>6,456</u>
	<u>7,235</u>	<u>6,456</u>

Other income relates to recharges by the Fund for management of grant programmes on behalf of other organisations. It also includes rental income where the Fund sublets properties.

### 3. Programme expenditure

IFRS 8 requires disclosure of financial data by reportable segment. The Fund manages and reports grant-making activity based on geographical segments. Operating costs however are not managed and reported on a segmental basis.

We do not allocate income but manage each geographical share through determination of grant budgets. As set out in Section four of the annual report, grant budgets are set based on available cash resources. The Board has allocated indicative funding for the 2009-2015 Strategic Framework to each country after a share of budget, up to 10 per cent, is top sliced for UK programmes. Of the remaining budgets England receives 77.5 per cent; Scotland 11.5 per cent; Wales 6.5 per cent and Northern Ireland 4.5 per cent. Over the framework period each country committee has discretion, within certain constraints, on the phasing of grant decisions. The table below sets out grant commitments charged to the Statement of Comprehensive Income in the year.

	UK	England	Scotland	Wales	Northern Ireland	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
						Total	Total
Grant commitments made	38,028	326,076	123,452	41,125	58,826	587,507	759,590
Less lapsed and revoked commitments	(92)	(2,020)	(2,567)	(1,273)	(542)	(6,494)	(9,383)
Net grant commitments made	37,936	324,056	120,885	39,852	58,284	581,013	750,207

#### 4. Direct expenditure in support of programmes

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

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Support provided directly to grant applicants and recipients	6,074	3,421
	<u>6,074</u>	<u>3,421</u>

The Fund has entered into the following contracts that will provide support directly to beneficiaries. The expenditure is accounted for when the services contracted for are provided. At 31 March the following financial commitments were outstanding on these contracts.

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
The National Council of Voluntary Organisations	5,287	0
Eden Project – The Big Lunch	3,905	0
22 contracts (2011/12 18) to deliver the Lifeskills programme in Wales	3,063	4,406
24 contracts (2011/12 25) for other support and development contracts	6,671	10,809



## 5. Operating costs

			Year ended 31 March 2013	Year ended 31 March 2012
	Operating costs for distributing Lottery income	Recharged operating costs	Operating costs for distributing dormant accounts funds	Total operating costs
	£'000	£'000	£'000	£'000
Employee remuneration	30,914	3,311	430	34,655
Travel and expenses:				
- Staff	1,550	61	1	1,612
- Board and committee members	48	-	-	48
Payments under operating leases:				
- Property	2,423	2,561	27	5,011
- Other	(164)	-	-	(164)
Other accommodation costs	3,027	-	-	3,027
Communication costs	1,746	249	23	2,018
Externally provided support for grant programmes	491	58	-	549
Programme evaluation	621	161	-	782
Staff recruitment and training	841	1	-	842
Professional fees	795	751	-	1,546
Auditors' remuneration for audit work	109	-	-	109
Auditors' remuneration for grant certification work	3	3	-	6
IT infrastructure costs	1,701	1	-	1,702
Costs recharged by the Minister for the Cabinet Office	-	-	-	-
Other costs	948	76	20	1,044
VAT	2,315	2	-	2,317
Non-cash items:				
- Depreciation	684	-	-	684
- Write down of property, plant and equipment	-	-	-	-
	<b>48,052</b>	<b>7,235</b>	<b>501</b>	<b>55,788</b>
				<b>57,386</b>

## 6. Financial performance indicator

Our financial performance indicator is the proportion of our share of Lottery income that we spend on distributing it. We exclude from this measure costs that we recharge to other people, including the costs of distributing Lottery and non-Lottery money for other organisations and sublet properties. We also exclude the one-off costs of investment to achieve future efficiencies. On this basis the cost of distributing our share of Lottery income was 6.2 per cent of that income (2011/12 6.3 per cent).

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Operating costs for distributing Lottery income	48,052	48,960
Proceeds from National Lottery	774,185	770,917
Investment income	4,143	5,550
	<u>778,328</u>	<u>776,467</u>
Percentage	6.2%	6.3%

## 7. Staff numbers and costs

The total staff costs, including the remuneration of Board members, were as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Wages and salaries	28,287	26,951
Social security costs	2,309	2,196
Other pension costs	4,765	4,740
Agency staff costs	634	691
Capitalised salaries	(1,340)	(1,384)
	<u>34,655</u>	<u>33,194</u>

Some staff included above were seconded out to other organisations, for whom recoveries of £97,599 are included in other income. The salary and pension entitlement of the Fund's senior management and Board members are included above; details are disclosed in the Remuneration Report. It is not possible to identify the number and cost of members of staff within the total who are not employed on a permanent basis with the exception of those employed through agencies.

Capitalised salaries relate to people working on the BPR project and are included in Funding software under development in Intangible assets (note 11).

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

			Year ended 31 March 2013	Year ended 31 March 2012
	Average number of temporary staff (FTEs)	Average number of employees (FTEs)	Total average number of staff (FTEs)	Total average number of staff (FTEs)
Grant-making	20	552	572	581
Support to customers and stakeholders	4	237	241	176
Governance and administration	4	140	144	164
Staff engaged on capital projects		23	23	30
	<u>28</u>	<u>952</u>	<u>980</u>	<u>951</u>

At 31 March 2013, the Fund employed 988 full-time equivalent employees (2011/12 955). This included 40 full-time equivalent temporary employees (2011/12 33).

## Exit packages

Although the Fund's employees are not civil servants, their terms of employment provide for termination payments and early retirement pensions calculated in the same way as the Civil Service Compensation Scheme. The costs of these benefits are paid by the Fund and are not met by the Civil Service or Exchequer funds.

Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
<£10,000	4 (0)	0 (0)	4 (0)
£10,000 - £25,000	6 (9)	0 (0)	6 (9)
£25,001 - £50,000	4 (3)	0 (0)	4 (3)
£50,001 - £100,000	3 (1)	0 (0)	3 (1)
Total number of exit packages by type	17 (13)	0 (0)	17 (13)
Total cost £'000	410 (283)	0 (0)	410

Figures in brackets are prior year comparatives.

## 8. Restructuring and investment costs

We continually look at the way we are structured and make changes to deliver fit for purpose, efficient and effective services. As part of this process, during 2012/13, the costs of this restructuring included termination payments and property transactions.

We have invested in a review of our business processes including a new funding management system to improve customer service and increase efficiencies. Direct costs of staff working on this project, along with hardware and licences have been capitalised in accordance with IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (see notes 10 and 11).

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Termination payments	809	237
Property rationalisation	93	170
Business process re-engineering review	185	247
	1,087	654

## 9. Taxation

The Fund only pays Corporation Tax on bank and any other interest received.

There is a net tax credit of £983,000 (2011/12 £159,000 payable) for the year. This mainly relates to a Corporation Tax repayment of £988,000 on tax originally paid on interest received in respect of cancelled renewable energy grants made by us.

Investment income generated on balances held and invested by the National Lottery Distribution Fund on our behalf is not taxable.

## 10. Property, plant and equipment

	Leasehold improvements £'000	IT £'000	Office equipment/ furniture and fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 2012	6,820	2,450	300	9,570
Additions	-	287	-	287
Disposals	-	-	-	-
At 31 March 2013	6,820	2,737	300	9,857
<b>Depreciation</b>				
At 1 April 2012	3,818	1,688	291	5,797
Charge for the year	356	215	9	580
Disposals	-	-	-	-
At 31 March 2013	4,174	1,903	300	6,377
<b>Net book value</b>				
At 31 March 2013	2,646	834	-	3,480
<b>At 31 March 2012</b>				
At 1 April 2011	6,815	1,915	300	9,030
Additions	5	535	-	540
Disposals	-	-	-	-
At 31 March 2012	6,820	2,450	300	9,570
<b>Depreciation</b>				
At 1 April 2011	3,452	1,479	252	5,183
Charge for the year	366	209	39	614
Disposals	-	-	-	-
At 31 March 2012	3,818	1,688	291	5,797
<b>Net book value</b>				
At 31 March 2012	3,002	762	9	3,773
At 31 March 2011	3,363	436	48	3,847

All leasehold improvements are on short leasehold properties where the leases expire in less than 20 years.

## 11. Intangible assets

	Funding system software—under development £'000	Website £'000	Total £'000		Funding system software—under development £'000	Website £'000	Total £'000
Cost at 1 April 2012	11,526	248	11,774	At 1 April 2011	5,237	-	5,237
Additions	6,350	110	6,460	Additions	6,289	248	6,537
At 31 March 2013	17,876	358	18,234	At 31 March 2012	11,526	248	11,774

## 12. Trade and other receivables

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Amount falling due within one year</b>		
Held by delegated partners for payment of grant commitments	11,852	20,024
Deposits and advances	4,042	263
Corporation Tax	988	-
Other receivables	2,252	3,641
	19,134	23,928
Prepayments and accrued income	6,420	4,778
	25,554	28,706
Balances receivable are as follows:		
Amounts due from other Government bodies	12,069	3,580
Amounts due from local authorities	681	22
Amounts due from bodies external to Government	12,804	25,104

## 13. National Lottery Distribution Fund

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Balance as at 1 April 2012</b>		398,843
Proceeds from the National Lottery	774,185	
Investment income from the NLDF	4,143	
Funds drawn down from the NLDF	(822,897)	
Net decrease in balance		(44,569)
<b>Cost as at 31 March 2013</b>		354,274
Unrealised gain on investment		147
<b>Market value at 31 March 2013</b>		354,421

The Fund receives a share of the monies 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 her 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.

## 14. Trade and other payables

	At 31 March 2013 £'000	At 31 March 2012 £'000
<b>Amount falling due within one year</b>		
VAT	261	127
Other taxation and social security	789	1,143
Trade payables	412	885
Owed to joint partner for payment of grant commitments	2,614	6,516
Other payables	3,965	869
Accruals and deferred income	2,843	3,639
	10,884	13,179
<b>Amount falling due in more than one year</b>		
Other payables, accruals and deferred income	1,368	1,541
<b>Total</b>	12,252	14,720

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

Amounts due to other Government bodies	3,665	7,820
Amounts due to local authorities	83	-
Amounts due to bodies external to Government	8,504	6,900
	12,252	14,720

## 15. Provisions for liabilities and charges

	Unavoidable lease payments £'000	Early retirement contributions £'000	Redundancy provisions £'000	Total provisions £'000
Brought forward at 1 April 2012	5,693	635	917	7,245
New provisions created	1,125	-	767	1,892
Provisions used	(506)	(192)	(421)	(1,119)
Provisions released	(1,071)	(144)	(94)	(1,309)
Carried forward at 31 March 2013	5,241	299	1,169	6,709

### Onerous lease payments

We have sublet part of our London premises to three tenants. The provision represents the difference between the rent charged to our 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. The provision will be realised over 12 years.

At 31 March 2013, we have discounted the provision for unavoidable lease payments using the discount rate advised by HM Treasury, 2.2 per cent.

### Restructuring: retirement, redundancy and support

As a result of restructuring in the current and earlier years 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 with whom the Fund has entered into consultation prior to 31 March 2012. Redundancy payments are made in accordance with contractual arrangements and terms set out in the Principal Civil Service Pension Scheme arrangements. It is expected that the majority of this provision will be realised over the course of the next financial year.
- Permanent employees are contractually entitled to up to £500 on being made redundant, in relation to the purchase of training courses or materials for development towards future employment. This has also been provided.



## 16. Grants committed for payment (hard commitments)

	At 31 March 2013 £'000	At 31 March 2012 £'000
<b>Hard commitments</b>		
Brought forward at 1 April 2012		979,457
Grant commitments made	595,488	
Lapsed and revoked commitments	(6,494)	
Grant commitments met	(677,341)	
Net movement in hard commitments		(88,347)
Carried forward at 31 March 2013		<u>891,110</u>

## Ageing of hard commitments

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

Grants committed for payment within one year	369,632	473,063
Grants committed for payment in more than one year	521,478	506,394
	<u>891,110</u>	<u>979,457</u>

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

Grants committed for payment to other Government bodies	20,337	17,213
Grants committed for payment to local authority bodies	91,974	74,398
Grants committed for payment to the national health service organisations	10,054	4,219

## 17. 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.

	At 31 March 2013 £'000	At 31 March 2012 £'000
<b>Soft commitments</b>		
Brought forward at 1 April 2012		59,691
Soft commitments made	581,448	
Lapsed and revoked soft commitments	(3,962)	
Soft commitments transferred to hard commitments	(587,507)	
Net movement in soft commitments		(10,021)
Carried forward at 31 March 2013		<u>49,670</u>

## 18. Joint schemes

### Parks for People

This scheme is administered by the Heritage Lottery Fund on behalf of all parties to the agreement. We have agreed to contribute up to £130 million to the total expected funding of £309 million. Included within hard commitments are £10.7 million (2011/12 £4.4 million) of new grant commitments; and grant commitments carried forward at 31 March include £30.2 million (2011/12 £34.2 million) representing our contribution to the Parks for People joint scheme. The creditors figure includes £2.6 million which is due to Heritage Lottery Fund in respect of our contribution to payments they have made to our grant recipients.

## 19. Reconciliation of income and expenditure to net cash flow from operating activities

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Surplus/(deficit) for the period	66,532	(178,921)
Depreciation of property, plant and equipment	580	614
Opening balance adjustment	104	-
Surplus/(deficit) adjusted for non cash transactions	67,216	(178,307)
Decrease/(increase) in trade and other receivables	3,152	(11,780)
Decrease/(increase) in NLDF balance	44,422	124,563
(Decrease)/increase in trade and other payables	(2,468)	7,538
Decrease in provisions	(536)	(1,074)
(Decrease)/increase in provision for grant commitments	(88,347)	81,730
Net cash inflow/(outflow) from operating activities	23,439	22,670

## 20. Financial risks

### Financial instruments

International Financial Reporting Standard 7 'Financial Instruments: Disclosures' (IFRS 7) requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk for the Big Lottery Fund than is typical of the listed companies to which IFRS 7 mainly applies. The Big Lottery Fund does not have powers to borrow and can only invest grant-in-aid derived funds. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the organisation.

### Liquidity risks

In 2012/13, £774 million (92.3 per cent) of the Big Lottery Fund's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the NLDF, £4 million (0.4 per cent), along with a small amount of bank interest and sundry income £10 million (1.3 per cent) and income from dormant accounts £50 million (6 per cent). The Board recognise that their hard commitments (that is, signed grant contracts) and their other payables exceeded the value of funds in the NLDF at 31 March 2013. However, the Board considers that the Big Lottery Fund is not exposed to significant liquidity risks as they are satisfied that they will have sufficient liquid resources within the NLDF and the bank to cover all likely grant payment requests in the coming years.

The Board have been informed by the Department for Culture, Media and Sport (DCMS) that it has no plans to change the Lottery distribution arrangements for the voluntary and charitable sector. The Board have set a long-term grant-award strategy to ensure that the Big Lottery Fund's liabilities are in line with assets, and that we are able to meet our commitments to 2019, when the fourth Lottery licence expires. Thus, even if there were a long-term decline in Lottery income, the Board would be able to adjust annual grant budgets to compensate.

<b>Liquid assets at 31 March 2013</b>	<b>£m</b>
Market value of NLDF investments	354
Cash	39

#### Forecast cashflows during 2013/14

Income from the National Lottery	740
Other income	20
Operating cost payments	(50)
Grant payments	(693)
<b>Net forecast inflow</b>	<b>17</b>
Forecast liquid assets at 31 March 2014	410

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 as compiled at 31 March 2013.

#### Market and interest rate risks

The financial assets of the Big Lottery Fund are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Board have no control over the investment of these funds. For these two reasons, the Big Lottery Fund has not carried out sensitivity analysis on market risks. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £354 million. Funds at the NLDF earned on average 0.78 per cent in the year.

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 carried an interest rate of 0.15 per cent in the year. The sharp decline in market interest rates in 2008 has had a significant impact on returns, but as there is little room for rates to fall further, the risk is small. The Big Lottery Fund cash balance at the year-end was £35 million. The Board considers that the Big Lottery Fund is not exposed to significant interest rate risks. Other financial assets and the Big Lottery Fund's financial liabilities carried nil rates of interest.

	2012/13 £'000	2011/12 £'000
Sterling at floating interest rates – Big Lottery Fund	25,372	14,076
Sterling at floating interest rates – dormant accounts	13,310	8,018
Sterling at mixture of fixed rates	354,421	398,843
	<u>393,103</u>	<u>420,937</u>

#### Credit risk

The Big Lottery Fund's receivables comprise prepayments mostly on property leases and intra-government balances. The intra-government balances are mostly with fellow Lottery distributors and all had been either repaid or agreed by the time of signing the accounts. The Board does not consider that the Big Lottery Fund is exposed to significant credit risk.

#### Foreign currency risk

Big Lottery Fund is not exposed to any foreign exchange risks.

## Financial assets by category

<b>Assets as per Statement of financial position</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Non-current assets	21,714	15,547
Investments available for sale	354,421	398,843
Cash and cash equivalents – Big Lottery Fund	25,372	14,076
Cash and cash equivalents – dormant accounts	13,310	8,018
Loans and receivables	25,554	28,706
	<u>440,371</u>	<u>465,190</u>

## Financial liabilities by category

<b>Liabilities as per Statement of financial position</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Financial liabilities:		
Grant commitments	369,632	473,063
Operating payables	10,884	13,179
	<u>380,516</u>	<u>486,242</u>

## Fair values

Set out below is a comparison, by category, of book values and fair values of the Big Lottery Fund's financial assets and liabilities as at 31 March 2013.

<b>Financial assets at 31 March 2013</b>	<b>Book value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
Cash	38,682	38,682
Investments	354,421	354,421
Receivables	25,554	25,554
	<u>418,657</u>	<u>418,657</u>

<b>Financial assets at 31 March 2012</b>	<b>Book value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
Cash	22,094	22,094
Investments	398,843	398,843
Receivables	28,706	28,706
	<u>449,643</u>	<u>449,643</u>

### Financial liabilities at 31 March 2013

	Book value £'000	Fair value £'000
Grant commitments	369,632	369,632
Operating payables	10,884	10,884
	<u>380,516</u>	<u>380,516</u>

### Financial liabilities at 31 March 2012

	Book value £'000	Fair value £'000
Grant commitments	473,063	473,063
Operating payables	13,179	13,179
	<u>486,242</u>	<u>486,242</u>

### Basis of fair valuation

**1** The figure here is the value of deposits with commercial banks. It is expected that book value equals fair value.

**2** Investments are controlled by the Secretary of State for Culture, Media and Sport. She provides the Board with details of the book value and fair value of our balances at the date of the Statement of Financial Position. The unrealised gain on investment is taken through the Statement of Comprehensive Income, resulting in book value equalling fair value.

**3** No provision for bad debt is deemed necessary.

**4** Whilst we disclose £521 million of grant commitments as not being due for payment until after one year, we have not made a fair value adjustment. The Board have a contractual obligation to pay these amounts on demand, subject to contract, and so the amounts could be paid within the next 12 months.

**5** All payables are due within normal contractual terms, and so no difference exists between book value and fair value.

### Maturity of financial liabilities

Liabilities as per Statement of financial position	2012/13 £'000	2011/12 £'000
In less than one year	903,362	994,177
In more than one year, but less than two	-	-
In two to five years	-	-
In more than five years	-	-
	<u>903,362</u>	<u>994,177</u>

The Statement of financial position discloses the above figure separated between amounts due in one year and in more than one year. That split is based upon past experience of amounts drawn down by grantees as our contracts with grantees contain no such split.

Theoretically, grantees could demand their entire grant in the next 12 months if their projects were completed in that period. Hence, we have adopted a prudent approach and shown the maturity of liabilities to be all within one year.

## 21. Financial commitments

Total future minimum lease payments under operating leases are given in the table below:

	As at 31 March 2013 £'000	As at 31 March 2012 £'000
<b>Property leases held as a lessee:</b>		
Not later than 1 year	6,085	6,294
Later than 1 year and not later than 5 years	23,073	23,568
Later than 5 years	17,954	23,545
	<u>47,112</u>	<u>53,407</u>
	As at 31 March 2013 £'000	As at 31 March 2012 £'000
<b>Property leases where we are the lessor:</b>		
Not later than 1 year	1,416	1,643
Later than 1 year and not later than 5 years	4,791	4,462
Later than 5 years	3,174	4,150
	<u>9,381</u>	<u>10,255</u>

As set out in accounting policy 1.7 leases cannot be reliably split between land and buildings but both elements are operating leases.

## 22. Pension scheme

Pension benefits are provided through the Civil Service pension arrangements. Employees may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Consumer Prices Index (CPI). Members may also opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set on a sliding scale starting at 1.5 per cent of pensionable earnings for classic and a sliding scale starting at 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos members build up pensions based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with CPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits permitted by tax legislation.

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 from a panel of three providers. 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 Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

For 2012/13, employers' contributions of £4,595,446 were payable to the PCSPS (2011/12 £4,544,138) at one of four rates in the ranges set out below. Employer contributions are to be reviewed every four years following a full scheme valuation. The latest valuation, carried out by Hewitt Bacon and Woodrow, 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 for 2012/13 are in line with recommendations from the Actuary.

<b>Bands</b>	<b>Year ended 31 March 2013</b>
£21,500 and under	16.7%
£21,501 - £44,500	18.8%
£44,501 - £74,500	21.8%
£74,501 and over	24.3%

<b>Bands</b>	<b>Year ended 31 March 2012</b>
£21,000 and under	16.7%
£21,001 - £43,500	18.8%
£43,501 - £74,500	21.8%
£74,501 and over	24.3%

The numbers of staff for whom pension contributions were made in 2012/13 was 178 (Classic), 407 (Premium), 322 (Nuvos). The total of 907 represents approx 95 per cent of the permanent staff employed.

The forecast level of employer's contributions for 2013/14, based on a 1 per cent pay award on 2012/13 pay levels, is £4,614,400.

As a multi-employer unfunded scheme operating principally in the public sector, the PCSPS holds discussions with Government, trades unions and members in relation to its financial standing, its actuarial position, and likely levels of both employee and employer contributions. In common with all other major public service pension schemes, the likelihood of increased contribution levels are part of these discussions.

The PCSPS is multi-employer defined benefit scheme, so we cannot identify our share of the assets or liabilities of the scheme.

## 23. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2013 we have written off losses of £1,952,737 representing 126 awards (2011/12 £1,554,073 representing 116 awards). There were three write-offs that exceeded £100,000 as detailed below.

One Plus Parent Families	£106,094
Chaos Enterprises	£285,000
Weston Spirit	£384,698

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 2013 six special payments totalling £40,795 (2011/12 £39,662 representing 3 awards) were made in relation to grant transactions.



## 24. Related party transactions

The Big Lottery Fund is a non-departmental public body. Policy sponsorship of the Fund was transferred from DCMS to the Cabinet Office on 13 April 2011, but we have a continuing financial relationship to DCMS which retains responsibility for Lottery funding. Accordingly, both DCMS and the Cabinet Office have been treated as related parties throughout the year.

During the year, we 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 England and the Olympic Lottery Distributor.

Transactions with DCMS reflect income received through the NLDF (National Lottery Distribution Fund) and the inward secondment of staff. Transactions with other Lottery distributors include income received for management of Awards for All and rental of office space. Payments are made to Heritage Lottery Fund and Sport England for their services in running grant programmes (Note 18).

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

- Natural England sponsored by Department for Environment, Food and Rural Affairs is a recipient of a grant award
- Highlands and Islands Enterprise, sponsored by the Scottish Ministers, delivers a grant programme on our behalf
- HM Revenue and Customs relating to PAYE and NI transactions
- The Department for Education has contracted to the Fund the management of the myplace grant programme
- The Office for Civil Society has contracted to the Fund the management of the Community Assets programme and the Transition Fund.

## Board members

The Fund 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 the Fund and commercial relationships with us.

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. Our procedures also ensure that grant officers are not engaged in 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 we have non-material business interests. These are disclosed on pages 81-84.

## 25. Third party assets

These assets represent bank balances held on behalf of third parties on whose behalf we manage grant programmes, the Olympic Lottery Distributor and the National Lottery Promotions Unit to meet payments processed by the Fund under service level contracts. These balances are not included within our own accounts.

At 31 March 2013 the following bank balances were held on behalf of third parties:

	31/03/2012 £	Inflows £	Outflows £	31/03/2013 £
Department for Education – the myplace programme	12,876,885	39,570,897	(52,079,476)	368,306
Cabinet Office – Community Assets, Transition Fund, Advice Services Fund, Social Incubator Fund, Transforming Local Infrastructure	811,243	19,121,214	(13,853,796)	6,078,661
Arts Council England – Awards for All England	48,375	854	(45,375)	3,854
Heritage Lottery Fund – Awards for All England, Scotland, Northern Ireland	64,516	752	(61,516)	3,752
Sport England – Awards for All England	22,369	1,123	(19,369)	4,123
Creative Scotland – Awards for All Scotland	(28,706)	534,847	(486,928)	19,213
National Lottery Promotions Unit	1,332,197	2,594,389	(2,814,390)	1,112,196
Welsh Assembly Government – Community Assets Transfer	515,430	1,910,624	(1,929,920)	496,134
Scottish National Heritage – Community Wildlife	30,031	4,368	(25,000)	9,399
Sports Scotland – Awards for All Scotland	(121,700)	968,228	(991,174)	(144,646)
Scottish Government – Communities and Family Fund, Scottish Land Fund	-	2,678,561	(1,868,117)	810,444
HM Treasury – Coastal Communities Fund	-	2,245,965	(1,335,964)	910,001

## **26. Joint venture – National Lottery Promotions Unit**

The National Lottery Promotions Unit (NLPU) is a joint venture between Camelot Group plc, Lottery distributors and the Department for Culture, Media and Sport. The NLPU has been set up to raise positive public awareness of and support for the benefits of the distribution of Lottery funding across the UK, thereby contributing to the broad health of the National Lottery and promoting loyalty and participation. The NLPU is funded one third by Camelot and two-thirds directly from the National Lottery Distribution Fund. Total expenditure is limited to £3 million. It is accountable to a Management Board comprising representatives from the three key stakeholders: Camelot, Lottery distributors and DCMS, with the National Lottery Commission attending as an observer.

The proportion of the joint venture which relates to the Fund has not been consolidated within annual accounts in view of the materiality.

More information and the accounts of the NLPU is available on their website at [www.lotterygoodcauses.org.uk](http://www.lotterygoodcauses.org.uk)

## **27. Capital commitments**

There were £3,121,332 contracted capital commitments at 31 March 2013 (2011/12 £5,529,000) relating to the new funding management system. Of this, £381,774 is held on the Statement of Financial Position as capital accruals.

## **28. Contingent assets**

The National Lottery distributors are entitled to a share of the future receipts of the sale of the Olympic Park. This entitlement is in return for the additional funding contribution of £675 million for the 2012 Games. It has been made clear to the Lottery distributors that payments would be achieved over the longer term, given the 25 year time scale for the Olympic Park development programme and its dependence on market performance. The current estimate from DCMS is that payment should start in the mid-2020s with the full amount paid back by 2030/31.

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. No payments have become due, but payments of £87 million are forecast to be received between 2013 and 2031.

## **29. Contingent liabilities**

Soft commitments are detailed at Note 17. There are no other contingent liabilities to report (2011/12 £0).

## **30. Post balance sheet review**

There are no significant events having a financial impact on the annual accounts between 31 March 2013 and the date these accounts were authorised for issue, 5 July 2013.

## Memorandum: dormant accounts funds

Under the Dormant Bank and Building Society Accounts Act 2008 ('the Act'), banks and building societies may pass funds from dormant accounts to Reclaim Fund Ltd, a not-for-profit entity authorised to act as the reclaim fund.

Reclaim Fund Ltd transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant accounts to the Big Lottery Fund. The Big Lottery Fund distributes those funds in accordance with the Act and directions issued to it by the Minister for the Cabinet Office ('the Minister') and the devolved administrations. Funds are apportioned between the four countries of the UK in accordance with a statutory instrument approved by Parliament.

Costs incurred by the Big Lottery Fund, and by the Minister in relation to the operation of the scheme as a whole, are deducted before apportionment between the countries.

Costs incurred by the Minister and the devolved administrations in relation to the individual countries are deducted from the apportioned funds.

In relation to England, directions provide that all funds transferred to the Big Lottery Fund are to be transferred to Big Society Trust for the purpose of capitalising Big Society Capital, a social investment wholesaler. Prior to the establishment of Big Society Trust, the Big Lottery Fund made awards in accordance with directions.

In relation to the other three countries, the Big Lottery Fund makes grant awards in a similar manner to Lottery funds, so that there are outstanding commitments from grant awards made that have not yet been drawn down by grant recipients.

The Big Lottery Fund holds funds not yet drawn down on deposit at commercial banks.

	Total £'000	England £'000	Scotland £'000	Wales £'000	NI £'000
Transfers from Reclaim Fund Ltd	50,000				
Bank and other interest receivable	32				
<b>Total dormant accounts income</b>	<b>50,032</b>				
Big Lottery Fund's operating costs of distributing dormant accounts funds	(501)				
<b>Available for apportionment to countries</b>	<b>49,531</b>				
Share of each country		83.9%	8.4%	4.9%	2.8%
Apportioned to each country	49,531	41,556	4,161	2,427	1,387
Transfers to Big Society Trust	(41,360)	(41,360)	-	-	-
Other grant commitments made	(7,981)	-	(7,361)	(620)	-
<b>Balance of funds available for distribution</b>	<b>190</b>	<b>196</b>	<b>(3,200)</b>	<b>1,807</b>	<b>1,387</b>

## Memorandum of accounts – dormant accounts funds

### Statement of Comprehensive Income for the year ended 31 March 2013

Income	Year ending 31 March 2013 £'000	Year ending March 2012 £'000
Transfers from Reclaim Fund Ltd	50,000	47,630
Bank interest receivable	32	251
<b>Programme expenditure</b>		
Transfers to Big Society Trust	(41,360)	(37,990)
Other grant commitments made	(7,981)	-
<b>Operating costs</b>		
Cost incurred by Minister and devolved administrations	-	(1630)
Other operating costs	(501)	(340)
<b>Total expenditure</b>	<u>(49,842)</u>	<u>(39,960)</u>
Surplus before taxation	190	7,921
Taxation	-	-
Surplus after taxation	<u>190</u>	<u>7,921</u>
Total comprehensive income	<u><u>190</u></u>	<u><u>7,921</u></u>
<b>Reserves</b>		
Brought forward at 1 April 2012	7,921	-
Total comprehensive net income for the year	190	7,921
Carried forward at 31 March 2012	<u><u>8,111</u></u>	<u><u>7,921</u></u>

### Statement of Financial Position as at 31 March 2013

Cash at bank and in hand	13,310	8,018
Total assets	<u><u>13,310</u></u>	<u><u>8,018</u></u>
<b>Current liabilities</b>		
Trade and other payables on dormant accounts funds	(169)	(97)
Grant commitments	(5,030)	-
<b>Assets less liabilities</b>	<u><u>8,111</u></u>	<u><u>7,921</u></u>
Retained surplus in respect of dormant accounts funds	<u><u>8,111</u></u>	<u><u>7,921</u></u>

# Section seven

## Our statutory background

### Policy Directions

Our sponsor department is given power under the Lottery etc. Act 1993 to give Directions as to matters to be taken into account in grant-making.

Responsibility for the Big Lottery Fund, including setting policy directions transferred from the Department for Culture, Media and Sport to the Cabinet Office on 13 April 2011. Following a wide consultation we now have new policy directions for our England, Isle of Man and UK-wide funding that took effect from 1 April 2012.

The Big Lottery Fund has complied with these Directions throughout the financial year 2012/13 in every material aspect.

### England and UK

#### **DIRECTIONS GIVEN TO THE BIG LOTTERY FUND UNDER SECTION 36E(1)(b) OF THE NATIONAL LOTTERY ETC ACT 1993 (as amended)**

In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993 (as amended).

The Minister for the Cabinet Office in exercise of the powers conferred on him by section 36E(1)(b) and having consulted the Big Lottery Fund ("the Fund"), National Assembly of Wales, Scottish Ministers and Northern Ireland Department of Culture, Arts and Leisure pursuant to section 36E(5), hereby gives the following directions to the Fund:

### England, Isle of Man and United Kingdom

#### General Directions

**1.** In exercising any of its functions in relation to United Kingdom 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 its money under section 25(1).

- A.** The need to ensure over time that the distribution of money:
  - (i) Ensures people are engaged and involved in using the Fund's funding to provide solutions to the issues that matter to them in their communities;
  - (ii) Helps identify and enable those who are ready to lead the process of providing these solutions and removes barriers for those that may need help in doing so; and
  - (iii) Supports new and innovative solutions alongside tried and tested models, and generates learning to help the development of policy and practice beyond the Fund's funding.
- B.** The need to ensure that the Fund achieves the distribution of funds to a reasonably wide spread of projects, primarily those delivered by the voluntary and community sector and social enterprises, including small organisations, those organisations operating at a purely local level, newly constituted organisations, organisations operating as social enterprises and organisations with a base in the United Kingdom and working overseas.
- C.** The need to ensure that money is distributed for projects which promote the public and social benefit and are not intended primarily for private gain.
- D.** The need to involve the public in making policies, setting priorities and making grants and which may involve partnerships with broadcasting, electronic, print, digital and other media.

- E.** The need to ensure funds are distributed on the basis of need, delivering measurable outcomes and broader impact for communities and individuals.
- F.** The need to include a condition in all grants for recipients to acknowledge Lottery funding using the common Lottery branding.
- G.** The Fund, in distributing money under section 25 (1), shall take into account the following principles:

**1. ENGAGEMENT** – the development of programmes should be based on the active engagement of public, private and voluntary & community sector and social enterprise partners.

**2. REPRESENTATION** – the development of programmes should take account of those most in need by targeting inequality and improving the capability of people and communities to contribute to, participate in and benefit from outcomes funded through the Fund’s programmes.

**3. SUSTAINABILITY** – a programme’s ability to improve the environment today and for future generations and reduce the impact on the environment.

**4. LONGER TERM BENEFIT** – that projects can achieve longer-term financial viability and resilience.

**5. ADDITIONALITY AND COMPLEMENTARITY** – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards the Fund’s goals.

**6. COLLABORATIVE WORKING** – where this produces better results, the development of programmes and funding of projects should support collaborative action between funded organisations and public, private and civil society partners.

## England and Isle of Man devolved expenditure

**2.** 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 operate within the distinctive context of policy, government and civil society action adding value in appropriate ways to the aim of creating a fairer, freer and more responsible society where everyone has a part to play in improving their community and helping one another.
- B.** The need to ensure that money is distributed to projects that benefit local people and local communities served by the voluntary and community sector.
- C.** The need to ensure over time that the distribution of money addresses one or more of the following priorities:
  - (i) Encouraging social involvement in communities and removing barriers;
  - (ii) Strengthening the capacity of voluntary and community organisations and social enterprises; and
  - (iii) Strengthening and increasing the capacity of the social investment market for supporting public benefit and social action.
- D.** The need to have regard for:
  - (i) The interests of and scope for taking effective action for England or the Isle of Man as a whole and for different parts of England or the Isle of Man; and
  - (ii) The relative population sizes and levels of economic and social deprivation in different parts of England and the Isle of Man.

Signed by the Minister for the Cabinet Office  
28 March 2012

## 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.
- 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 operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategy; supporting a fairer Scotland with the development of opportunities for everyone to flourish within a more successful and sustainable Scotland.

**B.** The need to ensure that the Fund, achieves over time the distribution of money to address the priorities of tackling disadvantage, the advancement of well-being and addressing inequalities; while

ensuring 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.

**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.** Finally, 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. The priority of tackling disadvantage and the need to address inequalities.

**4.** 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 objectives:

**A. SMARTER:** People having better chances in life.

**B. SAFER AND STRONGER:** Communities work together to tackle inequalities.

**C. GREENER:** People have better and more sustainable services and environments.

**D. HEALTHIER:** People and communities are healthier.

**5.** In relation to Scottish devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the following principles:

**A. ENGAGEMENT** – the development of programmes should be based on the active engagement of public, private and third sector partners.

**B. SOLIDARITY and COHESION** – ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate in, and benefit from a more successful Scotland.

**C. SUSTAINABILITY** – to improve Scotland's environment today and for future generations while reducing Scotland's impact on the global environment.

**D. ADDITIONALITY and COMPLEMENTARITY** – the development of programmes should complement and add values to the strategies and activities of partners and stakeholders.

**E. COLLABORATION** – where possible, the outcomes of projects and programmes should benefit from effective collaboration between organisations and between public, private and third sector partners.

Signed on behalf of Scottish Ministers by John Swinney, Cabinet Secretary for Finance and Sustainable Growth, a member of the Scottish Government

July 2009.

## Wales

### DIRECTIONS GIVEN TO THE 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.
- 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.
- (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;
- B.** people working together for stronger communities, social justice and better rural and urban environment; 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;

## 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.

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

- 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
- 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: in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;

## Northern Ireland

### DIRECTIONS GIVEN TO THE 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: 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.

**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
- 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 of 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 Department of Culture, Media and Sports' website: [http://www.culture.gov.uk/what\\_we\\_do/national\\_lottery/4202.aspx](http://www.culture.gov.uk/what_we_do/national_lottery/4202.aspx)

## **FINANCIAL DIRECTIONS ISSUED UNDER SECTIONS 36E(3) OF THE NATIONAL LOTTERY ETC. ACT 1993 (AS AMENDED BY THE NATIONAL LOTTERY ACT 2006).**

The Big Lottery Fund was established under section 36A of the National Lottery etc. Act 1993 ("the Act") and became fully functional on 1 December 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 36E(3) of the National Lottery etc. Act 1993.

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.

Signed by authority of the Secretary of State for Culture, Media and Sport.









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**Accessibility**

Please contact us to discuss any specific communications needs you may have.

**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 Fund 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 three values that underpin our work: being supportive and helpful, making best use of Lottery money and using knowledge and evidence. You can find out more about us, our values and the funding programmes we run by visiting our website [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)

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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