

# Annual Report and Accounts

for the financial year ended 31 March 2007



# Big Lottery Fund

## ANNUAL REPORT AND ACCOUNTS

### for the financial year ended 31 March 2007

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

Accounts prepared pursuant to Section 43D(4) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and presented by the Comptroller and Auditor General.

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# Big Lottery Fund

## Annual report and Accounts 2006/07

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## Introduction

by the Chair and Chief Executive

This Annual Report sets out the achievements of the Big Lottery Fund during 2006/07.

Legislation to formalise the merger of the Community Fund and the New Opportunities Fund was commenced on 1 December 2006, when the residual activities and assets of the Millennium Commission were also transferred to the Big Lottery Fund. The Community Fund and the New Opportunities Fund have been working as an administratively merged organisation since June 2004 and we also worked closely with the Millennium Commission in the run up to transfer to ensure a smooth handover.

This report sets out the development and performance of the Big Lottery Fund throughout the year to 31 March 2007 including how we have used the money raised by the National Lottery in the areas of health, education, environment and charitable purposes.

During 2006/07 there have been a number of key developments for the Big Lottery Fund. We have needed to look forward – establishing the future of the Big Lottery Fund – and to give attention to winding up legacy activities and undertakings.

In 2006, we published our strategic plan for the period to 2009. As part of this plan, we have launched 24 new programmes and made first decisions on 19 grant programmes. During 2006/07, we awarded £331 million in total under Big Lottery Fund programmes.





## Introduction

During 2006/07, we focused on launching and delivering our new grant programmes reflecting the themes and outcomes set by Government and the outcomes of our consultation with stakeholders. The programmes we launched included Advice Plus and BASIS in England, Investing in Communities in Scotland, Healthy Families in Wales and Live and Learn in Northern Ireland. As we set out in last year's annual report, we have a mixed approach to funding – some of our programmes are strategic and some are demand led but the common factor is a focus on need and outcomes. You can find details of our programmes in section three of this report.

We have introduced full cost recovery on legitimate overheads for voluntary and community organisations, and more flexibility in the length of our funding. We also started implementing the evaluation, research and learning strategy for 2005-09.

We have practically completed our major relocation and change programme which is designed to bring about business efficiencies. Over the past three years we have successfully brought together the Community Fund and the New Opportunities Fund in our offices in Scotland, Wales and Northern Ireland. Our country offices now have the new structures firmly in place.

Following the opening of the new Newcastle Centre last year our Birmingham Centre opened in December 2006. At these new offices we manage our England and UK grant programmes and some of our corporate support functions. We have retained our offices in the England regions, and have expanded their outreach and partnership working. More details about this change programme are set out in section four.

On 1 December 2006, our new Board was appointed to coincide with the implementation of the legislation creating BIG. In the following weeks appointments were made to the England, Scotland, Wales and Northern Ireland country committees. We have introduced the new governance arrangements for devolved grant-making in England, Scotland, Wales and Northern Ireland. You can find details of our Board members in section two. We would like to take this opportunity to thank the outgoing Board members who steered BIG through our two massive change programmes of new grant programme development for 2005-09 and the relocation and restructuring to create the organisation that we are today.

Importantly, the new legislation also gave us the power to distribute non-Lottery funding and we have been preparing the ground for this new responsibility.

During 2006/07, we continued business as usual in delivering legacy funding programmes. We made the final awards totalling £98 million under our legacy programmes; under these legacy programmes we made payments of more than £654 million to grant recipients and we have closed a number of these programmes. We have invested in evaluation and learning from these programmes; we have published the reports on our website.

We formally closed our legacy bodies, the Community Fund, the New Opportunities Fund and the Millennium Commission and presented the closure accounts for the period to 30 November 2006 to Parliament.



## Introduction

In March 2007 the Secretary of State for Culture, Media and Sport announced a diversion of funds from the National Lottery to contribute to the funding of the 2012 London Olympic infrastructure. In consequence we will receive £425 million less than we forecast in the period 2009-12. Our commitments to fund organisations are not affected by this and we have undertaken to minimise the impact of this diversion on applicants. We have also undertaken to honour our funding promise to the voluntary and community sector in cash terms and extend it to 2012, providing forecasts of Lottery income hold up. However there will be less money available for new funding programmes after 2009.

We continue to lead the way in taking forward the agenda for joint working, public involvement and promotion of the benefits of the National Lottery, as spelt out by the Secretary of State in 2003. We have set up the framework for a capital centre of excellence and redesigned the joint distributor website. We feed into the work of the National Lottery Promotions Unit, and from February 2007 have taken on its administrative support. Encouraging public involvement in Lottery decision making remains a priority and we are taking forward opportunities for doing this. As part of this, The People's Millions which gives people the chance to vote for their favourite projects as seen on TV, was launched for the third year running in March, and we are involving young people in the decision making on grants under our Young People's Fund.

We would like to thank all those who have played a part in the Big Lottery Fund's considerable achievements this year. They could not have happened without the leadership and direction of the Board and Committee members and the hard work, professionalism and dedication of the staff.

We believe that, as we promised, a new and better funder has emerged; a more intelligent funder that will improve communities and the lives of people most in need.

**Sir Clive Booth**

Chair

9 July 2007

**Stephen Dunmore**

Chief Executive

## Section one

### Our statutory framework and what we do

#### Our history and statutory framework

The Big Lottery Fund is the largest of the Lottery distributors. We are responsible for giving out half the money raised by the National Lottery for good causes. This currently gives us an income of around £600 million a year.

The Big Lottery Fund was created on 1 June 2004 as an administratively merged body. Our work is governed by the National Lottery etc Act 1993, as amended by the National Lottery Acts 1998 and 2006. The Big Lottery Fund became a legal entity on 1 December 2006.

The National Lottery Act 2006 also gives us powers to distribute non-Lottery funding.

In November 2006 the Secretary of State for Culture, Media and Sport appointed a Board of 12 members following open public recruitment. They replace the interim Board that had governed the administratively merged organisation since June 2004. Our new Board includes four members who represent the interests of the four countries of the UK. These members also chair the four new country committees that sit directly below the Board. Details of our Board and governance arrangements are set out in section two.

#### What we do – our grant-making framework

Our mission is to bring real improvements to communities and the lives of people most in need. Our remit covers health, education, the environment and charitable purposes.

In 2005 we agreed with the Government a set of strategic themes and outcomes. The three broad themes cover our work in every country and form part of our Policy Directions from Government with which we must take account:

- supporting community learning and creating opportunity
- promoting community safety and cohesion, and
- promoting well-being.

This 'light touch' approach by government has allowed us to develop policies and programmes that respond to what our stakeholders have told us they want. Our consultation in 2004/05 established a number of outcomes within the three themes. These are different in each country, reflecting the specific circumstances and challenges within England, Scotland, Wales and Northern Ireland.

Our commitment to the voluntary and community sector is reflected in our undertaking that 60–70 per cent of our funding will go to that sector. We are also investing in infrastructure and capacity-building through programmes like BASIS in England and the investment approach in Scotland.

The year 2006/07 saw the launch of the remainder of our planned programmes, including:

- Advice Plus, BASIS, Community Libraries and Well-being in England
- Investing in Communities and Investing in Ideas in Scotland
- Healthy Families, Stepping Stones and Mental Health Matters in Wales
- Live and Learn in Northern Ireland
- Research and International run as UK wide programmes.

Our new funding programmes allow us to support a wide range of projects across the UK. There continues to be high demand for our funding in each of the countries: programmes such as Reaching Communities England have success rates of between 18 and 25 per cent. Over the year we have sought to explore ways to manage the demand and we will continue to try and ensure that the burden of applications does not outweigh the benefit of funding.

## **DCMS and Lottery Funding – our legislative and regulatory environment**

We receive 50 per cent of all income raised by the National Lottery for the good causes. This income is held in the National Lottery Distribution Fund (NLDF) and we receive interest earned on our NLDF balances.

Our Chief Executive and Accounting Officer is responsible to the Department for Culture, Media and Sport (DCMS) and the Principal Accounting Officer there. We can also be required to give evidence to the Public Accounts Committee.

Our governance takes account of our Policy Directions, Financial Directions and the Statement of Financial Requirements, the Management Statement with DCMS, and Accounts Directions. We also take account of guidance issued by the Treasury and DCMS. All these are supported by our internal policies and procedures.

Grant budgets for the period 2006-09 were approved by our Board in 2005. This was based on forecast available funds and took into account the risk that our income might go down, should sales for the National Lottery decline. In March 2007 the Government decided to divert additional Lottery funding to the Olympics, for the Big Lottery Fund this will be £425 million between 2009 and 2012. We will seek to minimise the impact of this diversion on our applicants and our funded bodies and launch new programmes in 2009/10, albeit at a reduced level.

## Section one

### Our mission and values

The Big Lottery Fund is committed to bringing real improvements to communities, and to the lives of people most in need.

To achieve this, we have seven values that underpin all our work:

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

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

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

### Relationships with other key stakeholders

We have built strong relationships with our voluntary and community sector stakeholders. We regularly consult the main umbrella bodies across the UK. We have built strong links with the social enterprise sector, re-shaping our policy and widening our funding criteria to enable them to access our funds. In England, we have also established a positive relationship with the Office of the Third Sector and consider them to be a key stakeholder in our future. We continue to work closely with other Government departments, including the Treasury, as we develop our funding practice and policy. Across the UK, we are working closely with each of the devolved administrations to ensure that, where appropriate, our funding links to complementary specific agendas.

We are beginning to see the impact of our commitment to full cost recovery and longer-term funding. Under Reaching Communities, more than 40 per cent of projects apply for and receive grants of over three years. We have also produced guidance for other funders jointly with the Association of Chief Executives of Voluntary Organisations (ACEVO), 'Mind the Gap: A funders' guide to full cost recovery'. Complementing this guidance, we have funded ACEVO and National Association for Voluntary and Community Action (NAVCA) to train funders. This approach recognises our potential to influence policy and practice across the wider funding sector.



## Looking forward

The Big Lottery Fund is now established. We have launched our new programmes and we have fundamentally completed our reorganisation. We are looking forward to a period of consolidation and will focus on the delivery of our programmes.

Our Senior Management Team carried out its annual corporate planning in February 2007, reviewing our achievements so far and considering the challenges and opportunities in 2007/08. As a result, we have five corporate objectives for the next financial year:

- providing a better service to enquirers, applicants and grantholders
- maximising the impact of our funding
- improving stakeholder relations
- developing our capabilities and getting the best out of our people
- and improving efficiency and effectiveness.

There will continue to be challenges affecting our funding and the way we are organised to deliver it. In particular we will be looking at the implications of the Olympic funding announcement and how we can best minimise the impact on our applicants and funded bodies. We will be considering how we can best position ourselves to deliver non-Lottery funding programmes. We will also start to develop proposals for grant programmes after 2009.



## Section two

### Our strategy and structure

#### Our strategy

The years 2004-07 have been transitional. Against a background of merger, restructuring, delivery, closure of existing programmes and development of new programmes, we have been laying a solid foundation for the Big Lottery Fund to become a new and more intelligent funder.

Our strategic plan sets out where we want to be as a funder in 2009. As part of our outcomes approach, the document illustrates the difference that our funding will make in communities across the UK. It includes:

- ▶ Our mission, values and legislative framework. These describe who we are and what we stand for. It differentiates us from other grant-making bodies.
- ▶ Our key achievements, which establish where we are at the beginning of the Strategic Plan period.
- ▶ Our consultations, new policy directions and our destination statement, which set out where we want to be in 2009.
- ▶ Our funding frameworks and new programmes, explaining the difference we would like to make to communities and the lives of people most in need.
- ▶ Our annual corporate plan, reflecting our priorities and resources for each year to move us towards our goals for 2009.

The Strategic Plan is available in hard copy and on our website: [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)

In our 2006/07 corporate plan we identified the following challenges for the year:

- improving BIG's image as an excellent funder with a strong strategic and policy base
- building on our internal and external learning. Using best practice to maximise the impact of our funding
- strengthening working relationships across the public, private and voluntary and community sector
- increasing understanding and awareness of BIG and the benefits our funding can bring to communities among the public and key stakeholders
- enhancing customer service across the organisation and delivering against our customer charter
- improving efficiency and effectiveness across the organisation. Contributing to overall cost savings of 10-20 per cent against agreed baseline
- enhancing customer service across the organisation, delivering against our customer charter and advancing our equality agenda.

These challenges were developed into objectives. Our performance against these objectives and targets is monitored and reported to the Board every three months and is also reported in section four of this Annual Report.

## Intelligent funding

We are committed to taking an intelligent funding approach. This is, in part, a reflection of the fact that we now have the powers to distribute non-Lottery funding and invest in communities in a wide variety of ways that go beyond just grant-making. Being an intelligent funder also emphasises our commitment to a path of continual self-improvement; to be clear about what outcomes we hope to achieve as a result of our investments; to maximise our impact by working with partners, complementing other policies and programmes; to support grant recipients throughout the life of their grant; and to learn from what we do and share that learning. A number of policy decisions have already been driven by our commitment to intelligent funding – for example, our commitment to full cost recovery and to provide five year funding.

## Outcomes funding policy

We aim to be an outcomes funder, which means that we are interested in the difference our funding makes. Using an outcomes approach is good practice for us as a funder and also for organisations applying to us for funding. We operate outcomes on a number of levels.

We have different outcomes that we intend our work will achieve in each of the four countries in pursuit of our mission 'to bring real improvements to communities and the lives of people most in need'.

In section three, we set out how we have performed against these priorities.

We also set intended outcomes at a programme level. Applicants are asked to show how their project could contribute to meeting these through delivery of their own project outcomes. Some of our programmes have quite tightly focused outcomes and aim to achieve a strategic benefit from the combined effect of the projects funded within that programme. Other programmes are more open, with a wider range of possible outcomes. These programmes place more emphasis on the individual difference made by projects.

At a project level, setting outcomes helps organisations to work out what they want to achieve and encourages them to think about the difference they want to make for their beneficiaries. By focusing on outcomes, we are putting the emphasis on the ends rather than means, recognising that there may be different routes to making a difference. Outcomes also help organisations to think differently about what they do – highlighting goals, aims, reasons why and results – and to consider how they will demonstrate the results they have achieved.

## Section two


### Evaluation and research

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

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

During 2006/07, we published interim or final findings from more than 20 long-term evaluations of New Opportunities Fund programmes. We shared these findings with stakeholders through workshops and seminars, and used what we had learnt to develop new programmes. We embarked on new evaluations of our Reaching Communities programmes in England and Northern Ireland, and of Living Landmarks.





We also commissioned some research on adding value to our funding and on sustainability which has informed our desire to be a better funder. We published two good practice guides on including children with disabilities in mainstream childcare provision and on developing youth activities. All our research and evaluation reports are available on our website.

### **The 60-70 per cent undertaking**

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

Following consultation with the sector, we agreed that we would use the Treasury definition of the 'third sector' in England, Scotland and Northern Ireland.

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

In Wales, we use the definition set out in the Welsh Assembly Government's Voluntary Sector Scheme:

"The term voluntary sector includes voluntary organisations, community groups, volunteers, self-help groups, community co-operatives and enterprises, religious organisations and other not for profit organisations of benefit to communities and people in Wales."

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

Since the inception of BIG in June 2004, we have made awards of more than £548 million to the VCS, comprising 78 per cent of the total grant awards made in the name of the Big Lottery Fund.

Further detail on our performance against this undertaking will be available in our Annual Review.

### **Additionality**

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

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

The National Lottery Act 2006 requires that each Lottery distributor produce a report that, "sets out the body's policy and practice in relation to the principle that proceeds of the National Lottery should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by a Government department, the Scottish Ministers, a Northern Ireland department, or the National Assembly for Wales."



## Section two

Considerations of additionality are a key part of our programme development process. We work closely with leading organisations and experts in the relevant sectors to ensure that our funding programmes add value to Government and other funding. The principle of additionality is a key consideration in the programme development process. However, there may still be some circumstances in which grants officers have to decide whether a project is 'additional'. In these circumstances, grants officers apply tests, to ensure that Lottery funding will not subsidise or replace statutory funding for a service, and will not duplicate statutory responsibilities.

### Compacts

As a non-departmental public body, we are committed to conducting our business in harmony with the Government and Voluntary and Community Sector Compacts and Schemes in England, Wales, Scotland and Northern Ireland.

- ▶ We lead the way in funding good practice through our full cost recovery policy, which we promote to other funders; and in our practice of giving long-term funding of up to five years we exceed Compact good practice guidance.
- ▶ We consult widely and regularly with third sector stakeholders on our strategy, range of programmes and funding principles; and engage in continuous dialogue with them as we develop and run each specific programme.

- ▶ We take into account the particular needs of the BME voluntary sector and of the community sector as an integral part of the way we develop programmes, policies and procedures, through our Equalities Assurance Process.

In addition, our grants support work that helps the voluntary and community sector implement the Compact. For instance, in England we fund the Compact Advocacy Project in England. In Wales, as well as contributing to the Welsh Assembly Government's Strategic Action Plan on the implementation of the Voluntary Sector Scheme, advising on good practice in development and support for the sector, we support a project to explore innovative approaches to achieving long-term sustainable voluntary sector funding. Staff in Northern Ireland continue to work with NICVA to effectively plan and deliver in line with the Partners for Change strategy, the Compact for Northern Ireland.

## Our structure – how we are run

### The Board

The Board is responsible for our overall strategic direction and performance, including our accountability to Government and other stakeholders. To fulfil its accountabilities the Board has three committees (the Resources Committee, the Audit and Risk Committee and the Remuneration Committee). The Board has also established committees for advising and making funding decisions for specific programmes. Since 1 December 2006 matters relating to grant funding have been devolved to four country committees, one for each of England, Scotland, Wales and Northern Ireland.

The full list of Board members and their responsibilities is set out below.

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

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

The Resources Committee meets every three months. It approves the annual budget and oversees expenditure.

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

During this financial year we have had two Boards.

In the period to 30 November 2006 we had a single co-terminous Board, which had responsibility for both the Community Fund and New Opportunities Fund. This Board had 17 members (the Chair, Vice-Chair, three members each from Northern Ireland, Scotland and Wales and six general members). However, one post was vacant during this period.

**Sir Clive Booth** Chair Joint Chair, Big Lottery Fund/Millennium Commission Committee Chair, Remuneration Committee

**Dame Valerie Strachan** Vice Chair

**Dr Samuel Burnside** Northern Ireland member

**David Campbell** Scotland member

**Paul Cavanagh** Northern Ireland member

**Tom Davies** Wales member

**Roland Doven** General member  
Chair, Equality Forum

**Professor Breidge Gadd**  
Northern Ireland member

**John Gartside** England member

**Taha Idris** Wales member

**Douglas Graham** Scotland member

**Dugald Mackie** General member  
Chair, Resources Committee

**Esther O'Callaghan** General member

**Anna Southall** General member

**Huw Vaughan Thomas** Wales member  
Chair, Evaluation and Learning Panel

**Diana Whitworth** General member

## Section two

The Big Lottery Fund Board was appointed with effect from 1 December 2006. The Board is made up of 12 members: the Chair, four country committee Chairs and seven general Board members.

The National Lottery Act 2006 established country committees. The England Committee has 10 members, Scotland has up to 10 members, Wales has six members and Northern Ireland five members.

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



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**Sir Clive Booth**  
Chair  
Chair, Remuneration  
Committee



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**Anna Southall**  
Vice Chair



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**Sanjay Dighe**  
Chair, England Country  
Committee



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**Judith Donovan**  
General member  
Chair, Resources Committee



**Roland Doven**  
General member  
Chair, Audit and Risk  
Committee



**Esther O'Callaghan**  
General member



**Breidge Gadd**  
Chair, Northern Ireland Country  
Committee



**Huw Vaughan Thomas**  
Chair, Wales Country Committee



**John Gartside**  
General member



**Albert Tucker**  
General member



**Alison Magee**  
Chair, Scotland Country  
Committee



**Diana Whitworth**  
General member

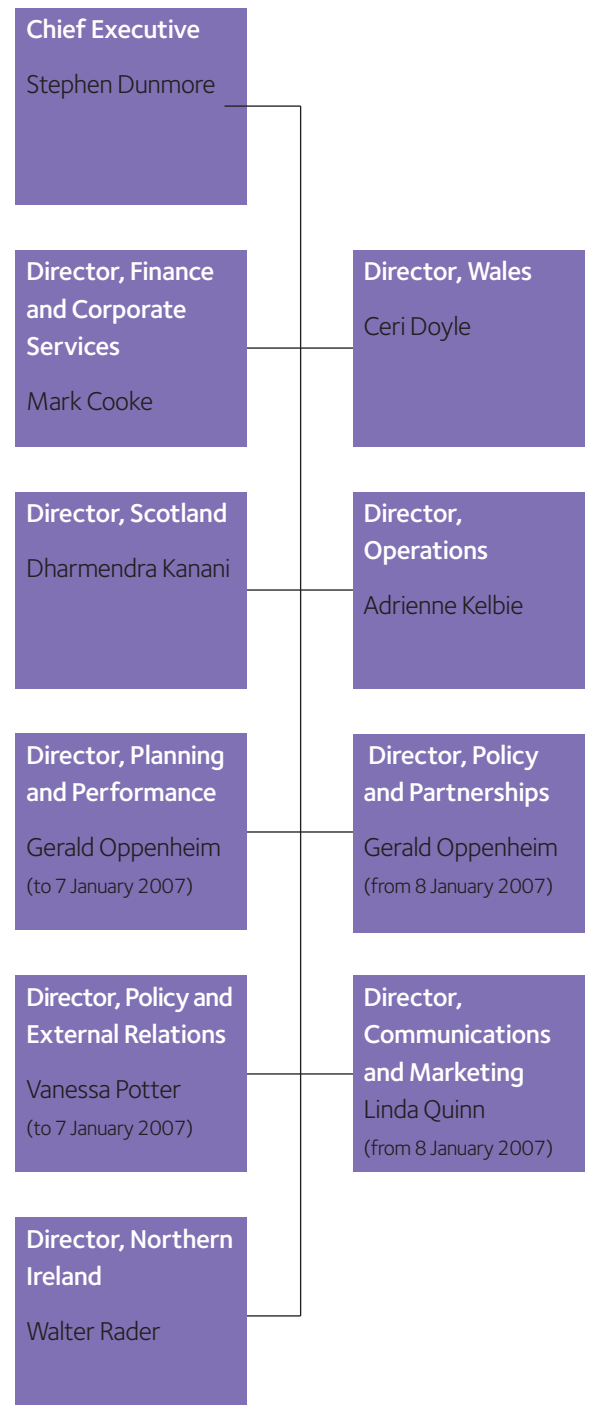
## Section two

### The Senior Management Team

The Chief Executive is appointed by the Board; he has also been appointed by the Secretary of State for Culture, Media and Sport as Accounting Officer for the Big Lottery Fund. He chairs the Senior Management Team which supports the Board in our strategic management.

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

The Senior Management Team comprises the Chief Executive and seven directors. Each director's responsibilities during 2006/07 were:







We also have two internal management boards (the Organisational Management Board and the Grant Programme Board) which oversee cross-directorate activities, making recommendations to, and implementing decisions made by, the Senior Management Team and the Board. They report to the Senior Management Team.

### **Register of Interests**

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

If the Board or 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.

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

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

## Section three

### Our grants programmes

In this section we review the progress of each of our grant programmes. During 2006/07 our grant management activity has included our new programmes launched since 2005 as the Big Lottery Fund and the legacy grant programmes launched by our three legacy organisations the Community Fund, New Opportunities Fund and the Millennium Commission.

#### Financial highlights

The table below summarises the financial element of the grant management activity during 2006/07.

	Awards made*	Payments made	Awards still to be paid as at 31 March 2007
	£ million	£ million	£ million
Big Lottery Fund programmes	331	76	325
Community Fund programmes	26	233	240
New Opportunities Fund programmes	62	389	370
Millennium Commission programmes	10	32	10

\* This includes increases awarded to existing grant holders.

#### Grant monitoring

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

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

More in-depth compliance visits can take place to verify that projects are complying with their contractual terms and conditions. In addition, we have comprehensive capital monitoring procedures that are used for all capital grants.

We encourage grant holders to self-evaluate, using the monitoring data they have collected from us and other information to answer their own questions concerning the quality and direction of their work. We use the information we collect from grant holders to report on the difference made with our funding.



## Section three

### Big Lottery Fund programmes 2005–09

In section one we set out our grant-making framework. As a result of extensive consultation we have developed a wide variety of programmes which are broadly encompassed under our themes and outcomes. Details of these programmes are set out in this section.

#### UK wide programmes

Our UK wide programmes share the same remit and outcomes as our England programmes. These are set out in the diagram within the England programmes section. Our four UK programmes all aim to deliver all four outcomes. We received separate policy guidelines for our Living Landmarks programme allowing us to make transformational grants.

#### International programme (including Tsunami)

The International programme, launched in March 2006, is for UK-based charities working overseas with disadvantaged communities. Up to £72 million has been earmarked to be awarded through three strands: International Communities (including Tsunami), International Strategic, and International Small Grants. We have awarded eight grants worth £3.6 million and 25 small grants worth £225,000.

The programme is aligned with key elements of the UN Global Poverty Reduction Strategy, and supports work that tackles the causes of poverty and deprivation and brings about a long-term difference to the lives of some of the world's poorest people.

#### Living Landmarks

The Living Landmarks programme will fund a small number of large-scale projects of national and regional importance across the UK, which will transform, revitalise and regenerate communities.

Up to £140 million has been allocated to this programme, which is made up of two streams of funding:

- ▶ A small number of grants of £10 – £25 million, to be selected by the committee.
- ▶ A single grant of £25 – £50 million, to be voted for by the public as part of The People's Millions.

By the closing date for applications of 6 January 2006, 346 applications had been received. Following assessment and consideration by the committee, a shortlist of 29 projects have been awarded development funding and invited to submit stage two applications.

In October 2007, the Living Landmarks Committee will decide the awards to be made under Living Landmarks, and select those projects to go forward to the public vote.

#### The People's Millions

Up to £16.5 million has been made available to fund projects that improve the lives of local communities by making the local environment cleaner, safer and greener; improving the local natural environment; and improving the design, appearance and accessibility of local amenities.

In 2006 we made 84 grants of up to £50,000 and one grant of £1.5 million. More awards will be made in 2007.





## Research

We will continue to fund social and medical research from 2008. Up to £25 million will go to the voluntary and community sector to influence local and national policy and practice by producing and disseminating evidence-based knowledge. In the longer term the programme, through producing sound evidence, will aim to help develop better services and interventions for beneficiaries. The Research programme is being run on our behalf by Momenta and their partners, the Science and Technology Studies Unit (SATSU) at the University of York.

## Breathing Places

Our Breathing Places scheme ran in 2006, linked to the BBC's popular 'Springwatch' and 'Autumnwatch' programmes. The TV shows publicised the scheme and encouraged applications. In total, £5 million was made available for projects that aimed to get people involved in improving their local environment. The second round of successful applicants was announced in spring 2007.



## Section three

### England programmes

#### Remit

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

Community learning and  
creating opportunity

Promoting community  
cohesion and safety

Promoting well-being

#### England outcomes

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

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

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

Healthier and more  
active people and  
communities

#### England programmes

Community Libraries  
Family Learning

BASIS  
Advice  
Community Buildings

Parks for People  
Changing Spaces

Well-being

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

## Awards for All England

We manage this joint Lottery grant scheme which is aimed at local communities. Arts Council England, the Heritage Lottery Fund, Sport England and BIG support the scheme. We will contribute up to £160 million over the four years 2005–09. We award grants of between £300 and £10,000 in a simple and straightforward way.

The aims of the programme are to:

- **Extend access and participation** by encouraging more people to become actively involved in local groups and projects, and by supporting activities that aim to be open and accessible to everyone who wishes to take part
- **Increase skill and creativity** by supporting activities that help to develop people and organisations, encourage talent and raise standards
- **Improve quality of life** by supporting local projects that improve people's opportunities, health, welfare, environment or local facilities.

This popular light-touch programme continues to bring positive changes to local communities. This year we changed the amount of funding available. And we are already seeing projects use this money to make a bigger difference in their local area. Since April 2006, we have made 941 awards of £10,000.

## BASIS (Building and Sustaining Infrastructure Services)

We have made up to £155 million available for projects that provide support to make voluntary and community organisations more effective, otherwise known as third sector infrastructure services.

Our aim is to help infrastructure services become expert, consistent, sustainable and available to all third sector organisations across England.

The programme will fund services that help third sector organisations increase their resources, improve knowledge and skills in organisation, project planning and management, have more influence on local, regional and national policy and practice, and network and share knowledge better.

In addition, it will help infrastructure services themselves become more financially stable, more knowledgeable in supporting others and better at supporting organisations these services have traditionally found hard to reach.

The first bidding round opened at the beginning of April 2006, offering grants of up to five years and up to £500,000 for projects delivering services within a single England region, with larger grants for projects delivering services across England. We received 1,018 applications. We have now invited 204 organisations to make stage two applications, for projects worth £91.2 million. We have also this year committed £10 million to five projects. We are now consulting on round two of the programme, which we plan to launch late in the autumn 2007.

## Section three

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

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

The purpose of this award is to establish England-wide infrastructure support for the delivery of support and capacity building to Refugee Community Organisations (RCOs). The project is due to start during June 2007 and will complete by June 2012.

### Changing Spaces

The Changing Spaces programme, launched in January 2006, has three priority areas – community spaces, local community enterprise and access to the natural environment. Funding will be delivered through a number of award partners, which will run grant schemes on our behalf, and portfolio partners, which will provide funding to a pre-determined portfolio of projects. Up to £234 million is available for this programme in England.

Development funding has been awarded to seven portfolio applicants and these organisations have now submitted their second stage applications. In-principle offers have also been made to several award partners, although we are required to carry out stringent due diligence checks before any offers can be formalised. We expect award partners to start launching their grant schemes from summer 2007.

### Children's Play

The Children's Play initiative of up to £155 million aims to create, improve and develop children and young people's free local play spaces and opportunities throughout England.

Under this initiative we will support children's play through:

- up to £124 million Children's Play programme, with funds allocated to every local authority area in England
- up to £16 million Playful Ideas programme, focussing on innovation, and
- a £15 million grant to the National Children's Bureau to fund an England-wide support and development infrastructure called Play England.

Both Children's Play and Playful Ideas programmes launched in March 2006.

#### 1. Children's Play

Under this programme we have allocated funds to every local authority area across England. Play England, through the support and infrastructure grant, will support local authorities in developing appropriate play strategies. There are four application dates for this programme: July 2006, November 2006, March 2007 and September 2007. We have so far made 32 grant awards totalling £12.3 million.

## 2. Playful Ideas

We have so far funded 10 grants totalling £1.3 million.

The Playful Ideas programme opened to outline proposal forms in March 2006, when the programme launched. This programme focuses on innovation and new ways of providing children's play. Applicants meeting the essential criteria for the programme at the outline proposal stage are sent full application packs. This is a rolling programme with the final deadline for application on 31 December 2007.

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

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

This project provides for the sustainable strategic development of children and young people's free local play provision throughout England. It provides for support for innovation and new ways of providing for children's play, creation of a support and development infrastructure and a change in attitude about the importance, value and status of children's play in England. The project is progressing well and is expected to be completed by 31 March 2011. £2.4 million has been paid out to date.

## Community Buildings

To support community buildings across England, we have made up to £50 million available. The programme aims to fund buildings that are economically, socially and environmentally sustainable, giving communities the chance to improve their quality of life now and in the future. We are looking to support community centres, village halls and other buildings that are a focus for their communities and which house a range of activities and services to meet the needs identified by those communities.

The programme launched in July 2006 and stage one applications were due at the end of April 2007. No grant awards have been made to date. Stage two applications are currently being developed by those applicants that were approved and we expect to commit funds to projects by 2009. This is a capital funding programme, with a small amount of funds available to support organisations to develop their capacity to manage their building.

## Community Libraries

Up to £80 million is made available to the Community Libraries programme launched in October 2006. The deadline for applications was the 30 March 2007. Awards will be made during 2007/08. We want to fund libraries that are more than traditional library services and work with their communities to:

- invigorate libraries as centres of wider community learning and development and learning based activities
- create, improve and develop library spaces that meet the needs of the whole community
- be innovative and promote good practice in the ways libraries are designed and run.

## Section three

### Family Learning

Up to £40 million is made available to the Family Learning programme launched in September 2006 and we expect the first awards to be made in summer 2007. The programme aims to increase the number of high quality family learning opportunities available; making these more accessible to families who face particular barriers to involvement in learning or who are not confident supporting their children's learning.

We are looking to support imaginative projects that deliver the following programme outcomes:

- family members participate in and enjoy educational activity more
- family members have more skills and knowledge (these may include confidence and effective communication)
- parents and carers are better able to interact positively with their children and support them in learning.

### Parks for People

The Parks for People programme, launched in January 2006, aims to provide better parks which are accessible to all and relevant to the needs of their communities. We are running this programme with the Heritage Lottery Fund, building on their long-standing expertise in funding public parks. We are contributing up to £90 million to this programme.

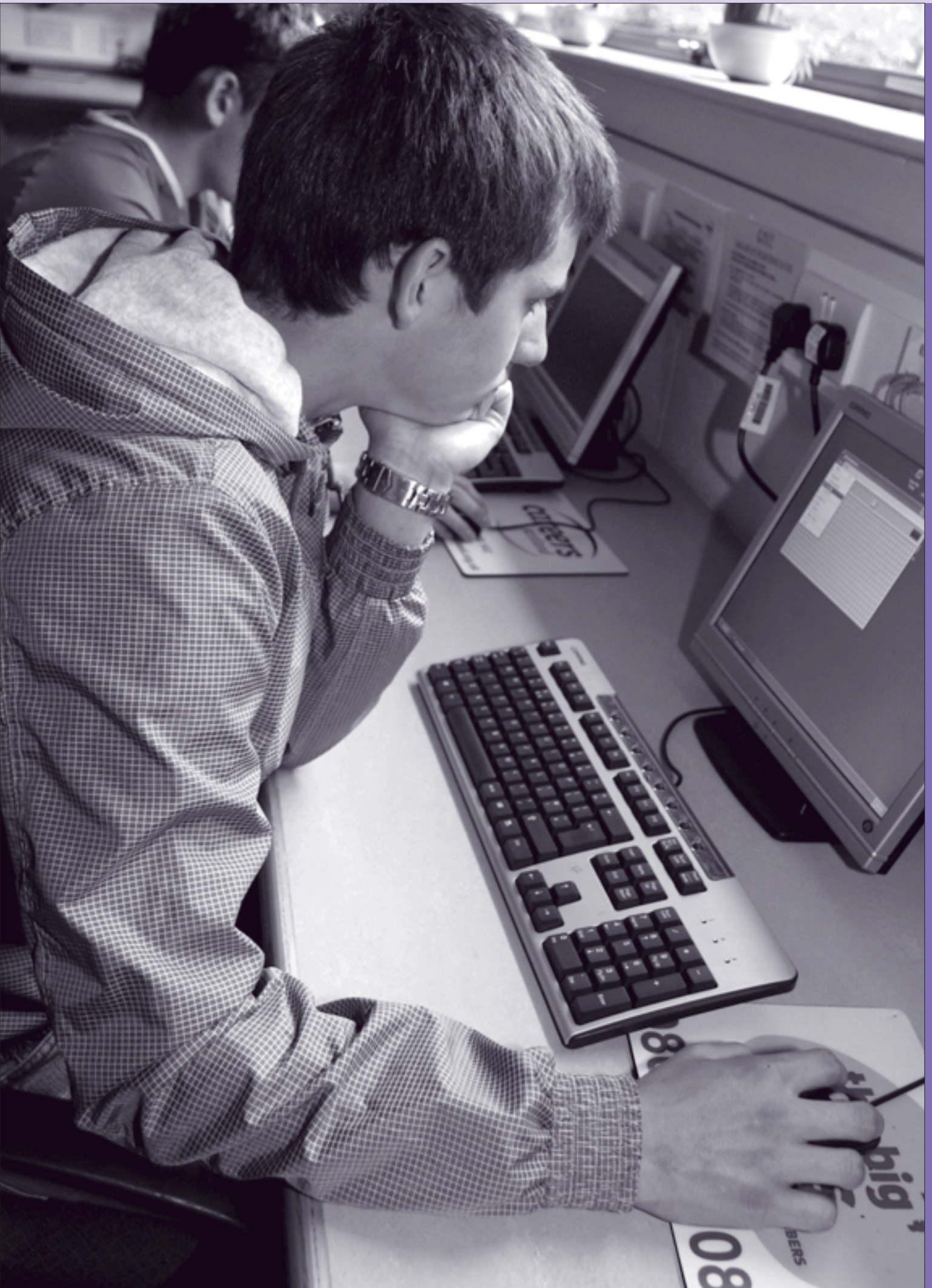
### Reaching Communities England

This popular and highly competitive programme has just completed its first successful year of grant-making, awarding £100 million worth of grants to 452 projects.

Launched in December 2005, Reaching Communities England set out to improve communities and the lives of those most in need. Every project we fund meets at least one, and in many cases up to three, of our strategic outcomes. More than 95 per cent of the grants have been made to voluntary and community organisations, covering a wide range of issues and communities, and including national as well as small local voluntary groups. The awards we have made range from £10,000 to £500,000 with nearly half of the awards for less than £300,000.

We have recently reviewed the programme to see whether our new processes were working well and to ensure that the programme is meeting its aims. As part of that review we have also been considering how we can better manage demand on the programme, which has been high. We have worked closely with our stakeholders to improve the process, which will be introduced during the second year of the programme.







## Section three

### Well-being

In March 2005 we announced up to £165 million for a Well-being programme: £45 million of this will support healthy eating projects and initiatives for children, parents and the wider community. The programme launched on 10 April 2006.

The Well-being programme aims to:

- increase participation in physical activity including active travel
- educate about and promote healthy eating within communities
- develop new or better early intervention approaches to common mental health problems.

There was a two-stage application process, with the aim of providing sufficient time for applicants to develop their partnerships at stage two.

We invited 26 applicants to the second stage of the programme (14 national portfolios and 12 regional portfolios). Lead organisations were given until 21 March 2007 to submit their final applications, which will be considered in June 2007.

We have awarded two grants of over £5 million awarded through this programme.

Organisation:	The Soil Association
Grant scheme name:	The Food For Life programme 2007 to 2011
Grant awarded:	£16,920,332

The aim of the project is to improve the skills, knowledge, access and uptake of healthy and sustainable foods in communities across England. The first two quarterly payments have been made, a total of £1.7 million. The project will be completed in 2011.

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

The MEND programme is a community, family-based treatment and prevention programme for overweight and obese children aged between 7 and 13 and their families. The first quarterly payment of £532,000 has been made. The project will be completed in 2010/11.

### Young People's Fund England

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

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

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

1. Out of School Hours Learning: School Sport Co-ordinators – £28.4 million
2. Positive Activities for Young People – £25 million
3. Extended Schools – £14 million
4. Do it for Real – £12.5 million

## Demand-led programmes

### 5. National Grants

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

### 6. Grants to organisations

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

### 7. Grants to individuals

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

There is one grant of over £5 million awarded through this programme.

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

We have given £10 million to UnLtd (The Foundation for Social Entrepreneurs) and their partners to deliver this programme on our behalf. By 31 March 2007 we had paid out £7.1 million. The programme's expected completion date is June 2008.

In May 2005, we allocated up to an extra £100 million to the Young People's Fund ("YPF 2"). Of this, £19 million will support the final roll out of activities linked to the Out of School Hours Learning/School Sport Co-ordinators programme. Up to £76 million is available to supporting YPF 2. We will launch this programme in 2007. It will support youth led local and national projects. Up to £5 million is being used to provide support and development activities to organisations that would like to increase the level of involvement of young people in what they do. The Participation Works Consortium, led by the National Children's Bureau, is managing this work.

## Section three

### Scotland Investing in Communities Manifesto 2006-2009

The year 2006 saw a new approach to our grant-making in Scotland, set out in our Investing in Communities Manifesto. We responded to consultation feedback, which wanted us to be more flexible, more responsive and more intelligent in our approach.

We have moved away from a specific programme approach, in favour of an outcomes driven framework, with four key outcomes driving our business. These outcomes are endorsed by the Scottish Executive through policy directions issued in the year.

We have established four broad investment portfolios under the Manifesto and will make available up to £257 million between 2005-09 to activities that help meet our four outcomes. We have also established a project development fund, Investing in Ideas, designed to assist applicants develop their ideas into high quality applications. This has proved popular and raised the quality and relevance of the proposals submitted to us.

We have established a single entry point for all applicants seeking funding with a simple outline proposal process that makes it easier and quicker to access us. We have also developed our support for applicants by providing free professional development support for applicants and recipients to our Growing Community Assets Portfolio, Healthy Living Centres and our Young People's Fund programmes.

Learning from experience is vital to how we work and part of being a more intelligent funder. To further this objective every project we fund is now responsible for evaluating their own work. We realise that this may involve fundamental shifts in work practices for some applicants and so we have established a free support service designed to help applicants establish quality self-evaluation systems, procedures and practices.

We have laid the groundwork for the creation of a new 'Venture Fund' in response to consultation feedback that wanted us to take more risks in funding activities. The preparatory work undertaken this year will see the roll out of the Fund next year.

We have planned new approaches to public involvement and in 2007/08 we will launch our Primetime collaboration with BBC Scotland.

We have completed the first full year of our Funders Forum, designed to bring together funders to improve understanding, share best practice and resolve common issues through partnership.

## Remit

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

Community learning and  
creating opportunity

Promoting community  
cohesion and safety

Promoting well-being

## Scotland outcomes

People having better  
chances in life

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

People have better  
and more sustainable  
which communities  
services and  
environments

People and  
communities are  
healthier

## Scotland programmes

Investing in Communities

Investing in Ideas

Awards for All

Young People's Fund

## Scotland Investing in Communities investment portfolios

Life Transitions

Dynamic Inclusive Communities

Growing Community Assets

21st Century Living

## Section three

### Awards for All (Scotland)

Awards for All is a partnership between the Scottish Arts Council, BIG, the Heritage Lottery Fund and sportscotland. We award grants of between £500 and £10,000 for projects that get people involved in their community. Investment this year totals £10.4 million.

The aims of Awards for All are to:

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

Awards for All continues to bring improvements to local communities. This year we increased the top amount of funding available from £5,000 to £10,000 and we are already seeing projects use this money to make a bigger difference in their local area.

### Dynamic Inclusive Communities

The Dynamic Inclusive Communities (DInC) investment portfolio is open only to Scotland's voluntary and community sector. It aims to help this sector build and strengthen itself. A minimum of £20 million is available to fund these projects.

Investment from DInC will nurture and sustain dynamic, inclusive communities throughout Scotland by creating the conditions and infrastructure through which healthy and vigorous community and voluntary sector activity can occur. Our aims are that:

- voluntary and community sector networks offer better, more consistent and wider-reaching services



- voluntary and community sector action is more vibrant, connected with communities and able to champion change
- voluntary and community sector organisations are better managed, better governed and deliver better services
- improved equalities knowledge and practice is witnessed across the voluntary and community sector, and
- people and communities have more power over their lives and more say in decisions that affect them.

So far, four awards have been made from DInC totalling £1.3 million. We have also awarded one grant of £10 million through this programme.





The project was approved on 15 March 2007 and practical activity will start in 2007/08. It is expected that this project will complete in March 2011.

### **Growing Community Assets**

The Growing Community Assets investment portfolio will allow communities to have more control and influence over their development through owning and growing their local assets. A minimum of £50 million is available to support communities across Scotland in acquiring, managing and developing community assets. Funding is available for a wide range of capital acquisitions. Revenue funding is also available to develop assets and for communities to share knowledge and skills about owning and managing assets.

Since its launch in May 2006 16 grants totalling £5.7 million have been made.

### **21st Century Living**

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

Organisation:	Scottish Council for Voluntary Organisations (SCVO)
Grant scheme name:	Supporting Voluntary Action
Grant awarded:	£10,000,000

In recognition of the vital role that local Councils for Voluntary Service (CVS) play in Scotland's voluntary sector we have approved in principle an application for £10 million solicited from the (SCVO) to co-ordinate a strategic programme of activity designed to improve the functioning and effectiveness of the CVS network as a whole, and to increase and improve the way it works with other voluntary and equalities sector networks across the country.



## Section three

Our outcomes that we want to achieve through this area of investment are:

- people and communities have more and better chances to make and maintain connections with each other
- people and communities are more able to deal with the challenges of 21st Century life
- people have more confidence, self-esteem and life skills to plan for their future
- communities are more able to learn from the past and think about and positively plan for the future.

Initially, we have made £35 million available for this area of investment and we have currently made 26 awards totalling £7 million.

### Life Transitions

The Life Transitions investment portfolio supports people at the times of change in their lives. People face changes at many stages in their lives; they deal with growing up, growing old, moving out and moving on. These transitions can be some of the most challenging times in people's lives. We want to make those transitions a little easier.

Life Transitions aims to achieve the following outcomes:

- people have more confidence and skills to cope with and make changes in their lives
- there are better and more co-ordinated services to help people cope with changes in their lives

- people have improved access to and knowledge about services to help them cope with and make positive changes in their lives
- communities work better together to support people through changes in their lives.

Life Transitions funding is focused on four key areas: young people's experiences such as leaving school or care; experiences of people over 50, including retirement or becoming less physically active; employment and learning transitions, such as getting back to work after a period of unemployment; and, transitions that people face at challenging times in their lives such as breaking addictions or getting out of debt.

Life Transitions was launched in May 2006 and will invest a minimum of £35 million by March 2009. It normally makes grants in the range of £10,000 to £1 million. In addition to this demand-led stream, it is likely that Life Transitions will also make some more pro-active investments, for example by soliciting applications. The plans for this will be finalised following a review of the first year's activity in May 2007.

Life Transitions has made 20 grants so far, worth £7.2 million.

## Investing in Ideas

Launched in January 2006 this innovative approach, with a budget of £4.6 million, awards grants between £500 and £10,000 to enable groups to turn good project ideas into reality. The aim of the programme is to provide up front development support to potential applicants across the four investment portfolios in Scotland: Life Transitions, Supporting 21st Century Life, Growing Community Assets and Dynamic Inclusive Communities. Priority is given to smaller voluntary and community organisations with an income of less than £50,000.

Since the launch in January 2006, we have received 317 applications and awarded 209 grants – a 66 per cent success rate – totalling £18 million. Among the investment areas Growing Community Assets made 63 awards, Life Transition 65 awards, Supporting 21st Century Life 70 awards and DinC 12 awards.

## Young People's Fund

The Young People's Fund in Scotland was launched in August 2005. It provides £25 million to help young people aged 11–25 learn new things and take part in healthy and worthwhile activities that make them feel good about themselves. We have invested £1 million to ensure that young people have a say in what the money is spent on. This money has helped to set up a local panel of young people in every local authority area in Scotland to decide which projects should be considered for funding in their area. Young people are also involved in deciding what is funded throughout Scotland. All the applications for funding go to a Young People's Fund National Committee and three quarters of the members of this committee are under 25 years of age.

We have split the money available for the Young People's Fund three ways:

### 1. Local area projects

Most of the grants will be made to projects that take place in one local authority area. We have currently made 95 awards totalling £8.3 million.

### 2. Wider area projects

These projects will be spread across more than one local authority area. We have currently made 21 awards totalling £3.4 million.

### 3. New ideas projects

We want to fund new ways of engaging young people and projects that could have a big impact on young people. These kinds of projects might try out new approaches or adapt approaches that have been tried successfully elsewhere. We have currently made five awards totalling £1.8 million.

The involvement of young people is a key aim of the programme. All projects are required to demonstrate how young people have been involved in all stages of the project, from planning through to evaluating how well the project has worked.

The closing date for applications is 31 August 2007.

## Section three

### Wales programmes

In Wales BIG has completed the launch of its portfolio of programmes which will invest up to £145 million between 2006 and 2009. Our portfolio is based on analysis of policy and consultation with stakeholders and the public. It achieves a balance between demand led and strategic programmes to deliver the outcomes framework agreed with the Welsh Assembly Government.

Our programmes include a number of features to assist applicants and to help our development as an intelligent funder. These include:

- provision of development and support services to applicants by specialists
- support to grant recipients to self-evaluate their work
- development of model projects to test out new approaches to inform future policy
- periodic reviews of grant programmes to learn from experience and ensure outcomes are being achieved
- rollout of a promotional campaign, entitled More than a Number to tie in with the Mental Health Matters programme to raise awareness about mental health issues.



## Remit

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

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting wellbeing

## Wales outcomes

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

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

Healthier and more physically active people and communities

## Wales programmes

Stepping Stones

People and Places

Mental Health Matters

Awards for All Wales

Healthy Families

Young People's Fund

## Awards for All Wales

The aims of this programme are to enable people to take part in heritage and community activities, and projects that promote education, the environment and health. The programme is a joint initiative between BIG and the Heritage Lottery Fund and was re-launched in April 2006.

The programmes outcomes are:

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

We have allocated £8.2 million to this programme, with grants of £500-£5,000 available.

## Healthy Families

Up to £20 million is available for the Healthy Families initiative. Our aims are to add value to existing policy by making a strategic link between children's play, nutrition and physical activity and creating a joined up approach to promoting active and healthy lifestyles among children and families.

We are delivering this through two connected programmes (Way of Life and Child's Play) which were launched in April 2006.

## Section three

### 1. Way of Life

Up to £7 million is available for our Way of Life programme which will make grants of £250,000–£500,000 to promote healthy eating and exercise. The programme opens for applications in June 2007.

The programme aims to:

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

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

### 2. Child's Play

The Child's Play programme promotes the development of open access play areas. It will support the development of infrastructure to deliver play services in addition to funding projects that provide play opportunities and encouraging a joined up approach between nutrition, healthy eating and play. Up to £13 million is available for grants of £250,000 – £1 million. The programme opened for applications in October 2006 and the first round of awards will be made by December 2007.

Play Wales has been appointed to work with public and voluntary organisations to develop strategic applications for the local play infrastructure and play facilities and activities.

### Mental Health Matters

Mental Health Matters aims to promote the integration and independence of people with serious mental health problems and support people at greatest risk of serious mental illness or suicide.

Up to £15 million has been allocated to fund projects that take a co-ordinated approach to address gaps in current services and the barriers faced by people with mental health problems. All projects are expected to challenge the discrimination and stigma associated with mental ill-health. Every project will self-evaluate its work in order to contribute to the development of mental health services.

We launched the programme in February 2007 and grants will be awarded by April 2008.

### People and Places

Up to £66 million has been made available to the People and Places programme. Launched in November 2005 this rolling programme will run to December 2009. It will allow people to work together for strong communities, social justice and better rural and urban environments. Three levels of grant are available: £5,000–£250,000; £250,000 – £500,000; and £500,000 – £1 million.

Our expected programme outcomes are:

- revitalised communities
- improved community relations
- enhanced local environments and community amenities.

The programme is intended to leave a legacy of improved skills and capacity within communities and we have appointed Tribal Regeneration to provide a development and support service for applicants.

### Stepping Stones

Our Stepping Stones programme will help people facing barriers to learning and people facing major or long-term challenges in their lives. Up to £15 million has been allocated to this programme which will make grants of £250,000 – £1million.

Our expected programme outcomes are:

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

The programme is mostly aimed at people over 16 years old. Projects must be strategic and innovative; they must self-evaluate their work. The programme opened in June 2006. There is a two-stage application process and grants will be awarded by December 2007.

### Young People's Fund Wales

Our programme aims to help young people between 10 and 19 years old to:

- enjoy life and achieve their potential
- develop skills and contribute to their communities
- choose positive activities which discourage anti-social behaviour.

This £13.2 million programme opened in January 2005. It has three strands:

#### 1. Bridging the Gap

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

#### 2. Reaching Out

Reaching Out aims to fill gaps in local services and activities that help prevent young people becoming disaffected or disengaged and also offers outreach and support to those who are. £7.7 million is available for grants of up to £300,000. This is a rolling programme. All grants will be awarded by October 2007.

#### 3. Make It Happen

Make it Happen provides small grants for projects that have been developed by young people and allow them to take part in a wide range of activities and contribute to their community. Up to £1 million is available for grants of £500 – £5,000. The programme will finish making grants in January 2008.



## Section three

### Northern Ireland programmes

We will distribute funding up to £90 million in Northern Ireland between 2006–09. The Northern Ireland programmes focus on a number of outcomes (see the table below). Projects must also meet certain underlying principles and a number of priorities.

#### Remit

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

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

#### Northern Ireland outcomes

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

Community ownership of better and safer rural and urban environments

Improved physical and mental health for all people

People have the opportunity to achieve their full potential

#### Northern Ireland programmes

Young People's Fund

Reaching Communities Northern Ireland

Awards for All Northern Ireland

Safe and Well

Improving Community Buildings

Building Change Trust

Live and Learn

## Awards for All Northern Ireland

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

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

This year we have awarded 552 grants worth £3.3 million.

## Building Change Trust

In March 2007, we publicly advertised for a corporate Trustee to deliver the Building Change Trust. Our aim for this Trust, and the work it supports, is to build the capacity of the voluntary and community sector by equipping it to meet the changing needs of disadvantaged communities in Northern Ireland. One grant of £10 million will be made as an endowment, to be spent over 10 years between 2008 and 2018.

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

## Improving Community Buildings

We launched our Improving Community Buildings programme in September 2006. We will make grants to voluntary or community organisations, charitable not-for-profit companies and social enterprises wishing to refurbish or modernise their community venue to increase the level of community use and enhance the quality of the services provided. We have up to £5 million available for the Improving Community Buildings programme in Northern Ireland and we plan to fund about 100 projects.

Improving Community Buildings closed for applications on 24 April 2007. We will make grants of between £25,000 and £50,000 for refurbishment projects.

We appointed Community Technical Aid in September 2006 as the support organisation to provide information, support and advice on building control and planning requirements and procedures to potential applicants. They also provide advice on issues including sustainable development and tendering requirements.

## Live and Learn

We have up to £18 million available for the Live and Learn programme in Northern Ireland for five year grants. Launched in October 2006, this programme aims to increase learning opportunities and promote well-being among Northern Ireland's most disadvantaged communities. We will make grants to voluntary and community sector partnerships or to partnerships between the statutory and voluntary and community sectors. Live and Learn will fund projects that offer families the opportunity to develop new skills at different stages in their lives.

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Live and Learn has a two-stage application process. Stage one has closed. We want to identify 20–25 projects which meet the aims of the programme. They will be eligible for development funding of between £20,000 and £50,000 and will be invited to proceed to the second stage. At stage two, we expect to make about 12–15 grants. The minimum grant available is £600,000 and the maximum is £1 million for five years.

### Reaching Communities Northern Ireland

This is a popular and highly competitive programme which has just completed its first year of grant-making. We have awarded £4.4 million to 10 projects.

Our Reaching Communities programme makes grants to voluntary and community-led organisations. We have up to £18 million available for the programme up to 2009. We want our funding to make a difference to people and communities in need in Northern Ireland. We will support and build the capacity of successful applicants to ensure the effective delivery of their projects over this time period.

In January 2007, we appointed the Northern Ireland Council on Voluntary Action to deliver a support and development contract to successful applicants to the Reaching Communities Northern Ireland programme.

### Safe and Well

Our Safe and Well programme launched in November 2006 and aims to improve the lives in the most disadvantaged communities in Northern Ireland by funding preventative projects that promote well-being. Safe and Well will encourage communities to work together to tackle health and safety issues. We have up to £18 million available for the Safe and Well programme. We will make grants to partnerships within the voluntary and community sector, or to partnerships between the statutory and voluntary and community sectors.

Safe and Well has a two-stage application process. Stage one closes on 31 July 2007. At stage one we want to identify 20–25 projects which meet the aims of the programme. They will be eligible for development funding of between £20,000 and £50,000 and will be invited to proceed to the second stage. At stage two, we expect to make about 12–15 grants. The minimum grant available is £600,000 and the maximum is £1 million for five years.

### Young People's Fund Northern Ireland

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



### 1. The Big Deal

In April 2006 we appointed YouthNet to run The Big Deal programme. Youthnet will bring together a partnership of key youth work agencies in Northern Ireland and will manage a number of pioneering programmes where young people will be involved in the decision making process.

Young people will also be able to apply for funding of between £500 and £2,500 to develop projects that will make a difference to their lives, families and communities. So far 18 small grants have been awarded with a value of £36,000.

### 2. Change UR Future

Change UR Future is an open demand-led grant programme that has £10.8 million to support projects in Northern Ireland that:

- focus on young people up to age 25
- last up to five years
- target resources at those young people at greatest risk of exclusion and offending
- involve young people in designing, running and evaluating the project.

Change UR Future is now closed for applications. We have awarded 53 grants worth £10.8 million. More than 80 per cent of these awards have been awarded to voluntary and community organisations.

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### Big Lottery Fund Legacy programmes

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

Name of programme (lead)	Programme description	Status
VCS programme	<p><b>Community Fund programmes</b></p> <p>The Voluntary and Community sector programmes closed on 31 May 2005. Additional funding of £100 million was made available to meet high levels of demand. The VCS programmes were effectively demand led with regions and countries setting their own priorities from:</p> <ul style="list-style-type: none"> <li>● children and young people</li> <li>● black and minority ethnic communities</li> <li>● older people and their carers; disabled people and their carers</li> <li>● people in areas disadvantaged by social or economic problems</li> <li>● refugees and asylum seekers.</li> </ul>	<p>Over the life time of the Community Fund 24,632 grants have been made worth £2,560 million. There are 4,064 grants still in management and the programme is scheduled for completion in October 2010.</p>
Countryside Communities	<p>Countryside Communities was a joint initiative between the Community Fund and the Countryside Agency. Launched in October 2002 its aim was to ensure that some of England's rural areas received their 'fair share' of funding. Eight areas were chosen to benefit from Countryside Communities, based on both deprivation indices and low levels of funding. The areas were:</p> <ul style="list-style-type: none"> <li>● Shepway (Kent)</li> <li>● Dover (Kent)</li> <li>● King's Lynn and West Norfolk (Norfolk)</li> <li>● North Norfolk (Norfolk)</li> <li>● Fenland (Cambridgeshire)</li> <li>● Boston (Lincolnshire)</li> <li>● West Lindsey (Lincolnshire), and</li> <li>● Sedgemoor (Somerset).</li> </ul>	<p>The initiative came to an end in March 2007. Spend across the eight areas reached over £11.3 million, which was 81 per cent of the five-year target. Five of the areas met their target within the timescale (King's Lynn and West Norfolk, Fenland, Boston, West Lindsey and Sedgemoor). Unfortunately three of the areas (North Norfolk, Dover and Shepway) did not meet their targets within the timescale. However, we remain committed to working in these areas to improve the quality of the applications we receive.</p>



Name of programme (lead)	Programme description	Status
	<p>A strategic grant of £2.2 million under the Countryside Communities initiative is being delivered by our award partner, the Carnegie UK Trust. Carnegie is running the Rural Action Research programme, which aims to pilot practical and cost-effective community led solutions in rural areas. Carnegie aims to ensure that the experiences of these action research projects will help to shape and influence rural policy, through links to the Carnegie Commission for Rural Community Development.</p>	
<b>Research Grants programme</b>	<p>The aim of our Research Grants programme was to make medical and social research accessible to voluntary groups and their beneficiaries and to build bridges between the voluntary sector and researchers. All our grants were made directly to voluntary sector organisations, most of which worked in partnership with universities. Adopting a 'voluntary sector led' approach the programme, which ran for from 2002 to 2006, made a unique contribution to the UK research funding landscape.</p>	<p>The programme is now closed.</p> <p>125 grants were made, totalling £27.3 million, of which 111 are still in grant management. The last grant will end in 2011.</p>
<b>International Grants programme</b>	<p>The International programme awarded grants to projects that tackled the root causes of long-term poverty in developing countries. Funding priorities focused on four main areas of concern: primary education, health, natural resources and human rights.</p>	<p>The programme is now closed.</p> <p>In total 753 projects were funded in 147 countries, with a total award of £189.8 million.</p>
<b>Strategic Grants</b>	<p>The Strategic Grants programme closed on 31 May 2005. Strategic Grants was a demand led programme that benefited projects working in three or more England regions, England as a whole, more than one UK country or the UK as a whole. The programme was particularly focused on support for projects that set out to influence national policy and practice.</p>	<p>The programme is now closed.</p> <p>In total 1,470 projects were funded with a total award of £298.8 million. 221 grants are still in management and the programme is scheduled for completion in January 2010.</p>

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Name of programme (lead)	Programme description	Status
<b>New Opportunities for PE and Sport (NOPES)</b>	<p><b>New Opportunities Fund programmes</b></p> <p>The NOPES programmes intend to bring about a step-change in the provision and use of PE and sports facilities for young people and for the community in general throughout the UK. £750.75 million has been committed across the UK. Local Education Authorities or their equivalents, based on the size of the population and levels of deprivation, allocate funding.</p> <p>England – £581.25 million allocated for projects across England.</p> <p>Scotland – £88.3 million allocated for projects across Scotland. Funding in Scotland is divided between activities and facilities projects.</p> <p>Wales – £48.75 million allocated for projects across Wales.</p> <p>Northern Ireland – £33.75 million allocated for projects across Northern Ireland.</p> <p>In England £30 million was allocated for football projects distributed by the Football Foundation<sup>1</sup>. £25 million was allocated to Space for Sport and the Arts, a joint programme with Sport England, the Arts Council, DCMS and the Department for Education and Science. The programme is managed by Sport England. We have also contributed £2 million to Active Places to develop an online sports facilities database. The programme is jointly funded with Sport England.</p>	<p>The programme is on target to ensure that all facilities will be completed in line with timing set out in the policy directions.</p> <p>In England – 1,679 awards had been made funding 2,380 facilities. In Scotland<sup>2</sup> 211 awards have been made funding 175 facilities and 33 activities projects. In Wales 201 awards made funding 179 facilities and 165 awards have been made funding 137 facilities in Northern Ireland.</p> <p>The Loughborough Partnership is evaluating the programme. Findings from the fourth year evaluation are available from <a href="http://www.biglotteryfund.org.uk">www.biglotteryfund.org.uk</a></p>

<sup>1</sup>We have awarded a grant of £30 million to the Football Foundation to run the Grassroots Development for Schools scheme. The £30 million allocation has supported 112 football projects at schools across England, with grants ranging from £600 to almost £1 million. All facilities are complete and all £30 million of the grant was paid out in 2006/07.

<sup>2</sup>There has been one grant of over £5 million awarded through the PE and sport in schools programme. £6,642,436 was awarded to Glasgow City Council Education Services to run the Active Glasgow project. Activities funded under this grant provide opportunities for young people in Glasgow to participate in a range of new sporting and physical activities. This programme finished in December 2006 with all of the grant being paid out. Glasgow City Council are funding a replacement programme entitled Active Kids.

Name of programme (lead)	Programme description	Status
<b>Community Sport Initiative</b>	<p>Each country has a programme developed according to its own needs and priorities. The England programme operates as Active England. We contribute £77.5 million, and Sport England contributes £31 million. It aims to encourage creative approaches that will begin to drive up physical activity levels and sports participation rates in England.</p> <p>In Scotland the programme operates as Active Futures. £11.5 million has been committed to increase participation in sport and physical activity and sustain participation among currently inactive 17–24 year olds. The programme also includes £6 million awarded directly to the Scottish Football Association for football development.</p> <p>In Wales £6.5 million has been committed through the Mentro Allan programme to increase activity levels amongst the 'hard to reach' sedentary population by increasing the recreational use of the natural environment of Wales.</p> <p>The Northern Ireland programme operates as Active Lifestyles and Community Sport. £4.5 million has been committed to expand grassroots involvement in physical activity in order to contribute to health and well-being.</p>	<p>Active England – 243 projects have been funded. All projects are up and running.</p> <p>Active Futures – 31 projects have been funded under this programme, 27 of which have started their activities. The activities funded under this programme are due to finish by the end of June 2010.</p> <p>Mentro Allan has funded a national partnership to co-ordinate and support the delivery of a portfolio of 15 projects. Projects will be evaluated and the results used to inform policy on healthy lifestyles.</p> <p>In Northern Ireland all the available funding for Active Lifestyles (£2.1 million) has been allocated through small, medium and large grants. The Community Sport strand has supported 20 community development posts.</p>
<b>Out of School Hours Learning (OSHL) including Summer Schools</b>	<p>The primary aim of the programme is to provide out of school hours learning (OSHL) activities that encourage and motivate pupils, build their self esteem and help them reach higher standards of achievement. This is a UK wide programme.</p> <p>A second set of policy directions announced an additional £25 million to provide summer school places for an extra 250,000 pupils by 2002.</p>	<p>The Out of School Hours Learning programme is now complete. We funded 35 per cent of all primary schools, 56 per cent of all secondary schools and 47 per cent of all special schools.</p> <p>The OSHL/summer schools programme ran its last programme of activities in 2006. The programme is now complete.</p> <p>Evaluation reports of term time and summer school activities are available from <a href="http://www.biglotteryfund.org.uk">www.biglotteryfund.org.uk</a></p>

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Name of programme (lead)	Programme description	Status
<b>Out of School Hours Learning (OSHL) / School Sport Co-ordinators (SSCo)</b>	<p>The SScO programme aims to provide new and enhanced out of school hours learning opportunities with a physical activity focus.</p> <p>In England £19.98 million was initially made available. As part of the Young People's Fund a further £28.4 million was allocated to the programme in 2004. In May 2005 a further £19 million was allocated for new and existing projects for the final roll out of the programme so that all schools in England are part of the school sport partnership network.</p> <p>In Scotland this programme is being delivered through Sportscotland. In 2006/07 Sportscotland delivered Girls In Sport, a project aimed at training those who delivered activities under the OSHL/SSCo programme to engage and maintain the interest of girls in physical activity. This project has proved to be successful and helped reduce the barriers to female sport participation.</p> <p>The OSHL/SSCo programme in Wales focused on primary schools and pupils in transition to secondary schools through the local authority study support co-ordinators. The projects complement the Sports Council for Wales' Dragon Sport Initiative.</p> <p>In Northern Ireland we have committed all our available funding for OSHL/SSCo. Projects were delivered in partnership with the Education and Library Boards and all activities finished in the autumn of 2006.</p>	<p>We funded activities in 1,300 school families.</p> <p>In England 218 projects are due for completion by September 2007. The additional funding in 2004 funded 81 expanded and 102 new projects. All these projects started by February 2007. Bids are currently in assessment for the final tranche of funding.</p> <p>All activities funded under the Scotland programme are due to finish by the end of June 2007. The programme is being evaluated as part of Sportscotland's evaluation of the Active Schools programme. Details can be found at <a href="http://www.sportscotland.org.uk">www.sportscotland.org.uk</a></p> <p>In Wales £1.8 million has been allocated to fund 22 projects which will end by December 2007.</p> <p>We made 130 awards involving 850 schools in Northern Ireland; final payments were made by 31 March 2007.</p> <p>The Institute of Youth Sport at Loughborough University are evaluating the SScO programme. Details can be found at <a href="http://www.lboro.ac.uk/departments/sses/institutes/iys/pages/research3.6.htm">www.lboro.ac.uk/departments/sses/institutes/iys/pages/research3.6.htm</a></p>
<b>Activities for Young People</b>	<p>Activities for Young People Wales and Activities for Young People Northern Ireland are programmes that aim to address social exclusion, divert young people from crime and to help keep young people in touch with the education and guidance system.</p>	<p>In Wales we have made 28 awards to re-engage 14-18 year olds in education, training, employment and promote social inclusion.</p> <p>In Northern Ireland we have made five awards totalling £2.7 million. The programme focused on disaffected youths aged 11-16.</p>

Name of programme (lead)	Programme description	Status
	<p>Do It 4 Real is a summer programme operating in England that aims to structure the holiday time of young people from a variety of backgrounds by providing residential experiences in the areas of outdoor adventure, drama and arts, vocational skills, and community projects. The Youth Hostels Association was awarded the contract to run the national programme.</p>	<p>In total 22,419 young people have participated in Do it 4 Real<sup>3</sup>. The programme is evaluated by GEN consulting and is available from <a href="http://www.biglotteryfund.org.uk">www.biglotteryfund.org.uk</a></p>
<b>Out of School Hours Childcare</b>	<p>This programme aims to address the lack of childcare provision and to support the creation, development and long-term sustainability of provision throughout the UK. It complements the Government's National Childcare Strategy, which (along with its equivalents in Northern Ireland, Scotland and Wales) aims to improve the quality, accessibility and affordability of childcare for children aged 3-14 (up to 16 for children with special needs). We made £285.4 million available to create at least 442,500 childcare places across the UK.</p>	<p>555,340 childcare places were created: 468,500 in England; 14,494 in Northern Ireland; 48,139 Scotland; and 24,207 in Wales.</p> <p>The programme is expected to be completed by Autumn 2008.</p> <p>The programme was evaluated by SQW Ltd the final report is available from <a href="http://www.biglotteryfund.org.uk">www.biglotteryfund.org.uk</a></p>
<b>Third Round Childcare Programmes</b>	<p>This programme funds capital projects that would predominately benefit pre-school children and bring about long-term sustainable out of school hours childcare. The programme ran in the four UK countries.</p> <p>Building Neighbourhood Nurseries (England) We made £100 million available for the capital and development costs of new nurseries in disadvantaged areas.</p> <p>New Opportunities for Quality Childcare (Scotland) Our programme aims to improve the quality of childcare provision, develop support to parents and develop the workforce. It complements the Scottish Executive's Childcare Strategy working with the strategic intervention from local childcare partnerships. £14.5 million was made available for grants of £4,000 - £800,000.</p>	<p>Building Neighbourhood Nurseries – 913 projects were supported and 45,000 daycare places were created.</p> <p>New Opportunities for Quality Childcare (Scotland) – 35 per cent of the projects have been completed by having built their facilities. An independent evaluation is currently being undertaken by SQA and we await a final year two report.</p>

<sup>3</sup>The Youth Hostels Association (England and Wales) Ltd has been awarded a grant of £17 million to run the Do it 4 Real – YHA Summer camps project. The scheme is progressing well and it is expected 31,000 places will be provided for 11-17 year olds to attend a week's activity break. They have claimed £11.5 million to date and in 2006/07 were awarded a further £5.5 million to run a similar programme in the summer of 2007. Expected end date is December 2007.



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Name of programme (lead)	Programme description	Status
	<p>The Integrated Children's Centres programme (Wales) £11 million was available for the capital costs of building integrated children's centres in each local authority area. The programme was delivered in partnership with the Welsh Assembly Government.</p> <p>Building Quality Childcare programme (Northern Ireland) to create quality childcare venues by funding childcare facilities, predominantly for pre-school children.</p> <p>Childcare Funding Facilitators were also supported in Scotland and Wales. We invited applications to set up teams of funding facilitators to advise and support childcare providers about sustainability. In Scotland the Scottish Out of School Care Network were selected and in Wales Clybiau Plant Cymru were solicited.</p>	<p>The Integrated Children's Centres programme (Wales) supported the development of 25 Integrated Children's Centres .</p> <p>Building Quality Childcare programme (Northern Ireland) – 95 awards were made totalling £5,660,458 to create quality childcare venues by funding childcare facilities, predominantly for pre-school children.</p>
<b>CALL: Community Access to Lifelong Learning</b>	<p>The CALL initiative consists of the community grids for learning (CGfL) and ICT learning centres programmes.</p> <p>CGfL aims to encourage people to use ICT and to access lifelong learning through developing new community-based web content and information on learning opportunities.</p> <p>ICT learning centres aim to encourage more adults into learning, with a particular focus on improving access to learning opportunities through the use of ICT. ICT learning centres are located in a variety of locations focused on disadvantaged communities.</p>	<p>£100 million was made available supporting 1,000 projects running activities in more than 2,500 ICT learning centres. The programme is now completed.</p>
<b>Green Spaces and Sustainable Communities</b>	<p>This £130 million UK wide initiative was delivered through 11 award partners<sup>4</sup> – seven in England, two in Scotland, one in Wales and one in Northern Ireland.</p> <p>The aims were to:</p> <ul style="list-style-type: none"> <li>● create, preserve, improve or promote access to green spaces of educational, recreational or environmental value to the community, including the acquisition of land, re-use of derelict land, and creation of habitats which encourage biodiversity</li> </ul>	<p>The programme is now completed. Over 3,000 projects have been funded UK wide.</p> <p>Baker Associates and Alison Millward Associates evaluated this programme. The latest report is available from <a href="http://www.biglotteryfund.org.uk">www.biglotteryfund.org.uk</a></p>

Name of programme (lead)	Programme description	Status
	<ul style="list-style-type: none"> <li>● encourage small community based projects, which engage local people in improving and caring for their environment and promoting sustainable development.</li> </ul>	
<b>Scottish Land Fund</b>	<p>The Scottish Land Fund made grants totalling £13.9 million to help Scotland's rural communities take greater control of their futures. It awarded grants to local communities to buy large and small areas of land and use this land in a sustainable way, creating social, economic and environmental benefits for the whole community. Funding was also available for post-acquisition management and development projects. In addition, groups were able to access funding for feasibility studies to help inform their decision to buy land and land assets, and to test the viability of their plans for the land.</p>	<p>This programme closed in March 2007. 256 grants were made to 188 successful applicants.</p>
<b>Transforming Your Space</b>	<p>The £49.5 million Transforming Your Space programme aimed to enhance the quality of life of local communities, to improve the appearance and amenities of local environments and to increase the development of community assets. In England, we chose to complement the Fair Share programme by allocating funding to the 51 Fair Share areas. In Scotland, the programme was run by an award partner, the Fresh Futures Partnerships. In Wales, each of the 22 Community Strategy Partnerships was invited to develop a project in its areas that demonstrated sustainable development. And in Northern Ireland funding was awarded through an open application process. We made 10 awards.</p>	<p>All available funding has now been committed.</p>

<sup>4</sup>In 2006/07 two awards of over £5 million were still open.

- The Doorstep Greens programme run by the Countryside Agency (now Natural England) received a grant of £12,899,846. This programme has funded projects around England to create their own new green spaces, or to transform existing open spaces, to meet their needs. The Fund has paid out all of this grant and the programme is now complete.
- Wales Council for Voluntary Action ran the Enfys programme. They were awarded £7,624,687. The Enfys scheme aims to increase the quality and quantity of green spaces, playing fields and sustainable development projects in communities throughout Wales. 335 projects have been funded, £7.5 million has been paid to date. The programme is expected to close by December 2007.

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Name of programme (lead)	Programme description	Status
<b>Fair Share</b>	<p>The Fair Share initiative was the first joint programme between the Community Fund and the New Opportunities Fund. The overall aim of Fair Share was to support projects that have a sustainable impact on the lives of disadvantaged people. Fair Share was targeted on 69 areas across the UK, which were identified as both disadvantaged and not having received a fair share of Lottery money. In particular the initiative aimed to support projects that:</p> <ul style="list-style-type: none"> <li>● are run by and for disadvantaged people</li> <li>● develop the capacity of communities to seek, obtain and manage funding for projects that reflect local priorities and needs.</li> </ul> <p>The initiative was split into three strands: the Fair Share Trust; Fair Share: transforming your space; and the Community Fund's targeted outreach programme (which closed in March 2005).</p>	<p>The first three years of the 10-year Fair Share Trust<sup>5</sup> programme were focused on preparation and building local capacity in the Fair Share areas. Local agents appointed by the trustee, Community Foundation Network (CFN), spent the time bringing local panels together, identifying local priorities and developing strategies.</p> <p>2006/07 has seen this programme move firmly into the delivery stage, with all Fair Share local agents now awarding and monitoring grants. CFN is confident that the target £12 million spend for the end of the financial year 2006/07 will be met.</p>
<b>Transforming Waste</b>	<p>The £49.5 million Transforming Waste programme provided funding for projects that contributed to community sector waste re-use, recycling and composting. The funding was split across the four countries, and one award partner appointed in each<sup>6</sup>.</p>	<p>Across the UK all available funds have now been committed to 290 projects.</p>

<sup>5</sup>We awarded £50 million to the Community Foundation Network to run the Fair Share Trust. During 2006/07 activities funded under this grant continued to provide opportunities for disadvantaged communities across the UK to access lottery funding. The full payment of £50 million was made into the Fair Share Trust in 2003. The grant is due to end in 2013 (earlier in Scotland). Further financial details are provided in the annual accounts.

<sup>6</sup>There is one grant of over £5 million awarded through this programme. The Royal Society of Wildlife Trusts run the Community Recycling and Economic Development (CRED) programme with an award of £36,580,975. CRED aims to increase household participation in recycling composting or reusing resources, divert waste from landfill sites and create sustainable communities. 202 awards have been made and all projects will be completed by December 2007. RSWT have currently paid out the sum of £30.1 million to the third party projects. The contract end date is 31 March 2008.

Name of programme (lead)	Programme description	Status
<b>Renewable Energy</b>	<p>Renewable Energy is a £50 million UK wide programme, forming part of our Transforming Communities initiative. The Government directed that this be split between three priorities:</p> <ul style="list-style-type: none"> <li>● at least £33 million to fund large-scale electricity generating projects fuelled by energy crops<sup>7</sup></li> <li>● at least £10 million to build offshore wind projects</li> <li>● at least £3 million for small-scale biomass heating schemes.</li> </ul>	All funding has now been committed with 17 grants funded in total.
<b>Healthy Living Centres (HLCs)</b>	<p>BIG's funding contributes to an overall strategic funding package under the Bio-Energy Capital Grants Scheme targeting these particular sectors of the renewable energy industry. At first the Department for Trade and Industry (DTI) funded the balance of this package. More recently a third round of funding was provided by the Department for Environment, Food and Rural Affairs (Defra).</p> <p>We have made available £300 million to support the creation of HLCs across the UK. The programme was developed in collaboration with the Department of Health and with regional and local statutory and voluntary organisations.</p>	We funded by open, competitive bid 350 HLCs across the UK: 257 in England <sup>8</sup> , 46 in Scotland, 29 in Wales, and 19 in Northern Ireland.

<sup>7</sup>There are three awards greater than £5 million made through the renewable energy programme.

- SembCorp Utilities were awarded £11 million for the Wilton 10 project. The Wilton 10 project is currently well into its construction phase. Using biomass instead of fossil fuels to produce energy to reduce carbon emissions. The generating station is due to be commissioned and operational by December 2007. £8.9 million of the grant has been paid to date. The final payment milestone is linked to the provision of post-commissioning reports. The last of these is expected in April 2010 when the final payment under the grant is expected to be made.
- SeaScape Energy Ltd were awarded £10 million for the Burbo Offshore Wind Farm project. Harnessing the natural power of the wind instead of fossil fuels to provide energy to the national grid and to reduce carbon emissions. The offshore wind farm is due to be commissioned and operational by December 2007. £6.5 million of the grant has been paid to date. The final payment milestone is linked to the provision of post-commissioning reports. The last of these is expected in July 2010 when the final payment under the grant is expected to be made.
- E.ON UK plc was awarded £18 million for the Biomass scheme in Lockerbie. Using biomass instead of fossil fuels to produce energy to reduce carbon emissions. The generating station is due to be commissioned and operational by December 2007. £6.2 million of the grant has been paid to date. The final payment milestone is linked to the provision of post commissioning reports. The last of these is expected in December 2010 when the final payment under the grant is expected to be made.

<sup>8</sup>One award of more than £5 million has been made under the HLC programme. The Countryside Agency (now Natural England) was awarded £6.4 million to run the Walking the way to Health initiative. This grant scheme was completed in March 2007, with all grant being paid out. The scheme has provided support for over 206 local walking schemes, including training of some 2,330 volunteers, mostly to become walk leaders and is now part of Natural England's core work.

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Name of programme (lead)	Programme description	Status
	<p>The programme aimed to promote health in its broadest sense and to improve the health of people in disadvantaged communities through the establishment of healthy living centres.</p> <p>There is no standard model of a healthy living centre: each one is different. HLCs all vary in the approaches that they use and the settings they work in. For example, in some cases this will be a building, which serves as a base for a number of health promoting activities and services. In other cases it will be a network with a range of projects taking place in a number of different locations within a neighbourhood. However, whatever way they work, all HLCs are contributing to reducing health inequalities and promoting social inclusion.</p> <p>Our target was that HLCs would be accessible to at least 20 per cent of the population.</p>	<p>We estimate that the HLC programme has a catchment population of at least 26 per cent of the total UK population. This figure is based on a survey of HLCs, which asked how many people were in their catchment area – 323 out of 352 HLCs replied.</p>
<b>Cancer Care</b>	<p>This programme provides funding for cancer prevention, detection, treatment and care. In England £23.25 million was available for Living with Cancer. Projects fell into three broad strands: improved access to and quality of information, carer support and home care.</p> <p>In Scotland, Northern Ireland and Wales the headings were prioritised as: prevention, detection, treatment and care. Many of the projects involved more than one strand or focus and beneficiaries included patients, carers and health professionals.</p>	<p>The programme has been evaluated and reported in early 2006. The findings showed that the initiative was successful in extending cancer services beyond medical and social care needs. Schemes working with black and minority ethnic (BME) communities in England helped to raise awareness of BME cancer-related needs and overall 83 per cent of schemes were sustained in some way.</p> <p>In Scotland 16 grants totalling £17 million were made of which 10 are now completed.</p> <p>In Wales 50 awards were made totalling £9.75 million.</p> <p>In Northern Ireland 24 projects were funded totalling £6.5 million.</p>



Name of programme (lead)	Programme description	Status
<b>Palliative Care</b>	<p>This programme provided grants to projects that offer effective palliative care and associated support and information services for children and adults suffering from cancer and other life-threatening conditions. It aims to increase access to outreach support in the community, respite care, information and bereavement services for patients, families and carers.</p> <p>In England £70 million was available for two programmes. The Children's Palliative Care programme aims to improve the quality of life of children with life threatening or life limiting conditions and their families. The Adults' Palliative Care programme aims to improve the quality of life of adults with a life limiting or a life threatening condition. Awards have been made to multi-professional teams to enable them to care for people in their homes. These teams will offer therapeutic, nursing and emotional support and a number will also make use of complementary therapies.</p> <p>In Scotland, this £5.4 million programme is focused on increasing the quality and quantity of palliative care and is aimed at both children and adults.</p>	<p>Through the children's programme we have made awards worth over £44.6million to 134 projects in England. Through the adults' programme we have made awards in England to 55 home based palliative care teams, worth £20.6 million.</p> <p>In Scotland all activity must be completed by 1 January 2008. 20 grants have been made.</p> <p>In Wales 10 awards were made for refurbishment projects worth £4.5 million.</p> <p>In Northern Ireland 25 awards were made under four umbrella schemes, worth £3.6 million.</p> <p>The evaluation is due to end in September 2007. Findings to date show that the initiative has successfully delivered new services to new client groups through new partnerships.</p>
<b>New Opportunities for Health</b>	<p>In Wales the programme supported projects that refurbished facilities to improve the quality of care received by cancer patients.</p> <p>We have developed a number of programmes under this £213.5 million initiative to reduce the burden of coronary heart disease, stroke and cancer.</p> <p>Diagnostic Equipment programme (England) – £89.5 million was committed to the Diagnostic Equipment programme to provide MRI and cardiac angiography equipment for NHS Trusts and portable heart monitors and defibrillators for Ambulance Trusts. The aim of Diagnostic Equipment programme was to tackle the burden of heart disease, stroke and cancer by making it easier for patients to use services. It aimed to address the inequalities in use of services between different groups and across different parts of the country.</p>	<p>A number of these programmes have now closed:</p> <p>Through the Diagnostic Equipment programme we have awarded 146 grants to NHS Trusts and Ambulance Service Trusts.</p> <p>The 5 a day community initiatives has funded the 66 former health authorities with the highest levels of deprivation and poorest health status through grants of a maximum of £150,000 over two years.</p> <p>Through the National Defibrillator Programme<sup>9</sup> 2,300 defibrillators have been purchased and Community Defibrillation Officers have been recruited.</p>

## Section three

Name of programme (lead)	Programme description	Status
	<p>In England, the 5 a day local community initiatives backed the Government's campaign to increase fruit and vegetable consumption.</p> <p>In partnership with the British Heart Foundation we developed three "heart health" programmes, Cardiac Rehabilitation (£5 million), Heart Failure Support Networks (£10 million) and the National Defibrillators programme (£6 million). These programmes will provide funding for cardiac rehabilitation, better support for people suffering from heart failure, and will provide up to 2,300 defibrillators to give help to people who suffer a cardiac arrest outside hospital.</p> <p>CHD, Stroke and Cancer (Northern Ireland, Scotland and Wales) This programme provided preventative programmes and access to high quality services for the diagnosis and treatment of CHD, stroke and cancer by specifically tackling inequalities in provision.</p>	<p>Cardiac Rehabilitation 26 grants were awarded funding 76 nurses. The effectiveness of cardiac rehabilitation is demonstrated by a recent review of research studies. It showed that people who attended CR had a 26 per cent lower death rate over the following two to five years than those who did not attend CR.</p> <p>Heart Failure Support Networks<sup>10</sup>: these nurse networks will provide information, support and care to patients and their carers as well as building stronger links with primary care services and existing palliative care schemes. 36 grants were made in this programme.</p> <p>In Scotland, this programme is worth £26.6 million. We have funded 26 grants including nine major building projects for cancer care facilities. All activity must be completed by 1 January 2008.</p> <p>In Wales £15 million was made available through three strands; £500,000 to the Stroke Association; £5 million for angiography equipment at five hospitals and £9.5 million for 35 community based CHD and cancer prevention and rehabilitation projects.</p> <p>61 projects were funded in Northern Ireland worth £8.3 million.</p>

<sup>9</sup>We have awarded a grant of £5,676,181 to the British Heart Foundation to run the National Defibrillator Programme. This award partner grant scheme, based in England completed its activities in the year. Grant payments of £3.8 million have been made. The programme is now complete. The underspend occurred because the central purchasing policy for defibrillators gave rise to significant savings and the Ambulance Trust restructuring occurring during the life of the programme which delayed their ability to introduce additional activities to use these funds. The programme supported the purchase and maintenance of 2,300 defibrillators to improve survival rates for people whose hearts stop beating and increased the numbers of people with basic life support skills and the ability to use an automated external defibrillator.

<sup>10</sup>We have awarded £9,459,819 to the British Heart Foundation to run the Heart failure Support Networks scheme. This five year award partner grant scheme, based in England, is expected to be completed by June 2009. £7.5 million of grant has been paid to date. BHF will develop nurse led, community based services for people with heart failure through 25 lead Primary Care Trusts.

Name of programme (lead)	Programme description	Status
<b>Better Off (Scotland)</b>	The £10 million Better Off programme in Scotland develops new kinds of community rehabilitation for people who misuse or have misused drugs. The programme provides extra resources at community level for groups and agencies working to address this issue across the country, supporting projects that link people to opportunities in education, training, employment and accommodation.	All funding has been committed. A total of 102 grants were made and 46 projects are still in grant management. All programme activities will finish by December 2008.
<b>Veterans</b>	This programme provided £49.3 million for overseas trips and UK based events in commemoration of the 60th Anniversary of the Second World War. It also supports educational projects and events to give opportunities for people of all ages to gain an understanding and appreciation of the lasting impact on the war in the UK and worldwide.	All grants and trips have now been made. There was a small underspend on educational projects and anniversary events and this is being used to extend and develop opportunities for young people to meet veterans, and develop e-based learning resources including concerning WW1 and post WW2 conflicts.

### Millennium Commission programmes

The Millennium Commission assisted communities in marking the close of the second millennium by encouraging projects that would be lasting monuments to the achievements and aspirations of the people of the UK. The Commission wound up on 30 November 2006 and BIG now manages all its grants. In 2006 the Commission funded an additional grant to the War Memorial Arboretum to support the construction of the Armed Forces Memorial to commemorate members of the Armed forces who have died since the end of the Second World War.

Over the life time of the Millennium Commission £2,178 million in grants has been awarded. 25 grants are still in management.

## Section four

### Our operational performance

This section sets out our operational performance against our objectives and our statutory responsibilities during 2006/07. To provide context in the next paragraph we summarise the progress we have achieved in our restructure.

#### **Our restructuring**

Since merger in June 2004, we have worked to lay the foundations and structures for the new organisation, building on the strengths of our legacy organisations. We have carried out a three-year programme of integration, restructuring and relocation so that we can deliver our programmes more effectively and also to achieve the expected savings and efficiencies from this merger.

As a culmination of this change programme our new Birmingham centre opened in December 2006. This provides accommodation for grant management staff and corporate support functions and also houses the West Midlands regional office. Our Birmingham office was officially opened by Tessa Jowell, Secretary of State for Culture, Media and Sport, on 13 March 2007.

Grant assessment and grant management activities within England have largely been transferred to the Birmingham and Newcastle centres. The operational management of all new programmes is being led from these centres, and most legacy programmes have also transferred.

Our offices in Scotland, Wales and Northern Ireland are delivering all their new programmes directly, and all legacy programmes have been fully transferred.

Our regional offices are now firmly established, with an emphasis on outreach and development work. The regional teams have developed strong links with regional stakeholders and ensure that local knowledge and planning is fed back into our decision making processes.

This restructuring happened with full consultation with the two recognised trades unions about the loss of posts in our regional and London offices. During this year we have recruited 117 staff to our Birmingham Office, a further 105 staff to Newcastle and 189 staff to other offices across the organisation.

#### **Our performance against our corporate objectives**

The 2006/07 Corporate Plan sets out the six outcome-focused corporate objectives and related corporate performance indicators. These are summarised below, with details of the performance achieved.

## Objective 1:

### We are an excellent funder and make good grants

The aim is to improve BIG's image as an excellent funder with a powerful strategic and policy base. Our audience is our stakeholders in all sectors, including the public, private, voluntary and community sector (VCS). The outcomes are a clearer external understanding of our role, responsibilities, mission and values, a reduction in criticism and misrepresentation, better working relations with key stakeholders and an increase in public recognition/approval.

Corporate performance indicator	End of year report
a) Public polling – awareness rating	Surveys were conducted that showed a better level of public awareness of BIG than for either legacy organisation (Community Fund, New Opportunities Fund). The survey indicated a good level of awareness that Lottery funding goes to charities. These findings demonstrate the value of our public involvement activities and our pro-active media work in building our public profile and that of Lottery funding in general.
b) Parliamentary confidence in BIG	Our profile with MPs (excluding Northern Ireland) was improved overall favourably, although there remains some areas for further improvement.
c) Stakeholder satisfaction	A stakeholder satisfaction survey for England was carried out. A report is being prepared to help shape our future strategy.
d) Evaluation and research of our grant-making	A programme of evaluation and research was implemented. Evaluation plans for all live programmes and a range of approaches for evaluating new programmes across the four countries were developed. Outcome, monitoring and self-evaluation support was provided to grant holders.
e) Level of balances	As at 31 March 2007 our NLDF balances were £597 million. More detail is provided in section five of this report.
f) Media coverage	Our pro-active media work such as the launch of new programmes, grants announcements and public/promotional events has generated good results. For example, The People's Millions media work involving ITV and public involvement in decision making raised the awareness and interest of our funding programmes and our profile.



## Section four

### Objective 2: Funding is making a difference

The aim is to ensure that our funding: (a) fully accounts for sustainability; (b) builds on internal and external learning and best practice; (c) meets the needs of our internal and external stakeholders; (d) has the most impact possible and meets our overall mission and values and helps to deal with disadvantage.

Corporate performance indicator	End of year report
a) Overall impact of programmes	At an individual project level, the level of achievement of intended outcomes from our funding was satisfactory.
b) Dissemination of outcomes and learning	An action plan was implemented to disseminate learning through publications and events as well as contribute to consultations conducted by Government and other bodies. A few examples include our hosting of a symposium at the annual conference of the UK and European Evaluation Societies, organising events to promote our research findings on 'investing' and 'sustainability' at the London Funders' Forum and in Northern Ireland and contributing to the Positive Ageing Strategy by the Scottish Executive.

### Objective 3: We provide the right strategic fit working in partnership with key stakeholders

The aim is to ensure that: (a) we build effective working relationships across the public, private and Voluntary and Community Sector; (b) Voluntary and Community Sector partners help us to effectively promote our funding programmes and wider evaluation/learning/best practice; (c) Voluntary and Community Sector organisations apply for relevant funding programmes and deliver high quality projects; (d) partnerships are established which allow BIG to influence policy and delivery.

Corporate performance indicator	End of year report
a) Effective monitoring of expenditure to all stakeholder groups	Our annual review is being produced setting out the additionality of our programmes (UK wide) and the value of our awards to different stakeholder groups in line with the 60 per cent to 70 per cent undertaking by 2009. Additional detail on our strategy is set out in section two and on equalities later in this section.
b) Collaboration with key partners	A significant level of activities in the form of consultations, meetings and events with key groups was held across the UK during the rolling out of our new programmes.

#### Objective 4:

### We have increased public awareness of the benefits of Lottery funding

The aim is to improve understanding of the benefits of Lottery funding by Government Departments, key sectoral stakeholders and the public. The input to this will be more consistent corporate messages and increased positive public support for the Lottery and BIG and better relations with Government departments and the stakeholders' umbrella bodies.

#### Corporate performance indicator

#### End of year report

##### a) External communication activities

BIG held its own public promotional activities, as well as joint activities with other Lottery distributors, for example, exhibitions, conferences and seminars. These activities attracted a wide range of audiences such as VCS, local authorities, MPs, general public, private sector, lecturers and researchers. The overall feedback was good. Research was conducted to provide insights into making our publications more accessible and user friendly.

##### b) Visibility of Lottery signage/ wider branding

An exercise was carried out to establish how grant holders utilise our brand. The result indicated that a significant level of grant holders had acknowledged our grants by putting our logo on their plaques, websites, publications, equipment stickers or site hoarding stickers.

##### c) Public involvement in decision making

A tick box trial was implemented successfully for the "Young People Your Choice" in partnership with Camelot. The findings of this trial were fed into our new public involvement strategy. Compared to 2005, the number of TV votes for The People's Millions projects had doubled showing its popularity. Our joint initiative with the BBC, the Breathing Places programme, attracted more applications in phase two than anticipated.

## Section four

### Objective 5:

#### **We provide excellent customer service and are a model public sector body**

The aim is to achieve excellence: (a) in customer service across the organisation and meeting our customer charter by having efficient processes to deal with all applications and other involvements with the public; (b) in delivery and management of our programmes; (c) in corporate governance.

<b>Corporate performance indicator</b>	<b>End of year report</b>
<b>a) Customer satisfaction</b>	A new customer care strategy was developed for implementation in 2007/08. The overall level of service provided by our call centre was satisfactory.
<b>b) Customer complaints</b>	The numbers of stage two complaints and complaints escalated to our Independent Complaints Reviewer increased slightly. As a result, our internal process for dealing with customer complaints was reviewed and streamlined. Further details are provided later in this section.
<b>c) Effectiveness of new programme development and grant management</b>	<p>We launched all 24 new programmes scheduled for 2006/07:</p> <p><b>UK wide</b> – International Small Grants, International Strategic and People's Millions (year three).</p> <p><b>England</b> – Breathing Places, Awards for All, Community Buildings, Family Learning, Community Libraries, Well-being, Advice Plus and Children's Play.</p> <p><b>Wales</b> – Awards for All, Child's Play, Way of Life, Stepping Stones and Mental Health Matters.</p> <p><b>Scotland</b> – Awards for All and Investing in Communities.</p> <p><b>Northern Ireland</b> – Awards for All, Reaching Communities, Improving Community Buildings, Live and Learn, Safe and Well, Building Change Trust.</p> <p>We partly met the published timescales for assessment.</p>
<b>d) Supporting equality and diversity</b>	We continued to track our workforce profile in support of equality and diversity. New staff members received their corporate equality training and new strategy and policies underwent the equality assurance process. More details are provided later in this section.
<b>e) Effectiveness of embedding a performance management culture</b>	Our first employee survey showed good progress in embedding our performance management culture. Staff members indicated a good understanding of the priorities of their teams, directorates and the organisation as a whole.
<b>f) Recruitment and establishment of new Board and country committees</b>	The new Board has been appointed and inducted, and it has been operational since December 2006. The recruitment and induction of the four country committees was completed in March 2007.

## Objective 6:

### We run an effective and efficient business

The aim is to improve efficiency and effectiveness of our grant making to contribute to overall cost savings of 10-20 per cent against the 2003/04 baseline. This will require the refinement of our business processes, grant applicant and holder relationships, staffing structure, property portfolio, and work practices. Thus we have lower operating costs and a rationalised property portfolio.

#### Corporate performance indicator

#### End of year report

<b>a) Savings on baseline costs</b>	Excluding one off costs we have achieved savings on baseline of £3.4 million (5.4 per cent). £2.2 million of these savings have been recycled into new activities. More detail is provided in section five.
<b>b) Efficiency of administering new programmes</b>	We developed a system to measure our efficiency in administering the new programmes from 2007/08 onwards.
<b>c) Staff integration and satisfaction</b>	The first employee survey showed that the majority of employees consider the organisation to be a good employer.

### Customer care matters

We continue to raise the profile of customer care across all our activities and have significantly overhauled our complaints process this year. Outwardly the process remains the same, but internally we have set up a new handling system to ensure that complaints receive the personal attention of a senior manager. There has been an immediate increase in the quality of responses and we hope to see this improve further over the coming year.

We have a two-stage process to try to resolve complaints satisfactorily. If a complainant is still unhappy they may then refer their complaint for independent review. There are four independent complaint reviewers (ICR) who investigate complaints across all Lottery distributors.

### Stage one complaints

During 2006/07 we received a greater than usual number of stage one complaints. We believe this is due to the launch of several new programmes and the significantly higher than expected number of applications we received. This high demand for funding has led to an increase in the number of unsuccessful applications of good projects that we would have liked to have funded.

### Stage two complaints

We received 51 stage two complaints. Just over half were upheld. Most of these were about delays and a small number were about incorrect advice or errors during assessment.

## Section four

### Independent Complaint Review (ICR)

Thirteen complaints have gone to the ICR. We are awaiting the result of six of these.

Of the remaining seven, one was withdrawn by the applicant, one was rejected by the ICR and did not undergo a full review, two were not upheld, one was upheld in full and two were upheld in part.

The two complaints that were not upheld relate respectively to: a disagreement on the level of compensation offered for a previously successful complaint; and an allegation that we had misunderstood a significant part of an application.

For the first, the ICR found that we had followed due process when considering the level of compensation and felt that we had been generous in our offer. For the second, the ICR noted there had been some shortcomings in our treatment of the organisation, but that the application had been properly assessed and officers had taken full and proper account of the information that had been provided to us in the application.

The two complaints that were upheld in part were about similar issues. In both cases we had decided not to fund applications because we felt their membership rules were not sufficiently open. In both cases the ICR found that we had applied our policy properly but felt that our guidance was defective and that our responses to the complainants when dealing with their complaints were unsatisfactory. We are reviewing our guidance materials in light of this.

The complaint that was upheld in full was from an organisation that felt that we had misunderstood a significant part of their application. The ICR concluded that staff deal with large volumes of material and have to exercise judgment. Decision making must inevitably be brisk and risk of error or misunderstanding cannot be eliminated entirely. However, she felt that on this particular occasion there were errors in the chain of reasoning. In particular the decision to reject without full assessment relied on policy advice based on a summary of the organisation's aims which were inaccurate, there was incorrect advice from a policy adviser and the quotations selected from the newsletter were not representative. Other quotations could have been used.

She recommended that we re-assess the application. We reassigned a different reference number and the application was assessed by officers who had not been involved in the original assessment. The application was recommended for funding, but unfortunately there were more good projects than we could fund. When considered against the other applications in that portfolio, regional information and the geographical spread of projects, the committee felt that other applications in the portfolio more fully met the programme aim of bringing real improvement to communities, and to the lives of people most in need. Thus on this occasion the application was unsuccessful.



## Freedom of information

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

During 2006/07 we received exactly 150 requests for information. Of these 97 per cent were answered in full, within the statutory 20 working days time period. Some information has been withheld under exemptions, but we have only received two requests for an internal review of our decision to withhold information. One of these internal reviews resulted in the information being released; the other decision was upheld. No cases have been referred to the Information Commissioner for an independent review of our decisions.

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

We continue to release information, be open and transparent and only use Freedom of Information exemptions if we feel they are in the public interest.

## Our employment policies

Our arrangements for pay and conditions are based on best practice in the public sector and we have established a range of employment policies that demonstrate our commitment to be a fair employer. During the year 2006/07 we embarked upon a programme of streamlining all of our HR policies to be more user friendly to staff and managers. We also ran a series of training programmes designed to familiarise staff and managers with our simplified policies.

This process will continue until we have revised all of our policies to ensure that they are stripped of unnecessary detail and over elaboration.

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

We appreciate the importance of staff training and development and make sure that we give staff the chance to develop new skills that improve their capability to carry out their duties. In 2006/07 we ran for the first time a management development programme that over 40 employees registered with the Open University.

We are especially pleased that our Wales office has secured Investors in People accreditation.

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

## Section four

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

Additionally staff are consulted on a number of matters and various groups exist to facilitate this. In 2006/07 an employee survey was run for the first time. The overall response rate of 88 per cent was impressive. Since then we have developed action plans corporately and within each directorate to ensure that this staff feedback is acted on where appropriate.

### **Our commitment to equality**

This year equality and diversity has continued to be at the top of our agenda. We developed our Equality Strategy 2006-09, which sets out our long-term equality outcomes and provides a timetable for action. The focus of the strategy in its first year, has been to embed our new equality policies, principles, assurance process and monitoring systems into the organisation, roll out our learning and development plan and start Equality Scheme production and delivery.

We have been working hard to promote knowledge and understanding of our equality agenda across the organisation through briefing sessions and induction training. Encouragingly, our staff survey indicated high levels of awareness of our equality policies and a strong belief that we were an equal opportunities employer.

We have also been keen to promote awareness of our equality principles externally and to see them integrated within the projects we fund. To this end we have been developing an Equality Good Practice Guide. Its purpose will be to help grant applicants demonstrate their commitment to equality more effectively when they apply for funding (to BIG, but also other funders). It should also help grant holders to comply with our equality terms and conditions of grant and wider good practice when delivering their projects. We hope that this unique resource will be a valuable tool.

In December 2006 we published our first Race and Disability Equality Scheme setting out how we aim to promote race and disability equality more effectively across all aspects of our business. Our scheme demonstrates how we have continued to build on our achievements and sets out a series of actions, designed to bring about demonstrable outcomes.

The Equality Forum, which provided advice and acted as a sounding board on equality and diversity issues relating to our funding programmes, met in the period prior to 1 December 2006. The forum was made up of Board members and external advisors each with a different area of expertise. The forum was a valuable source of experience for Board members and officers to draw on in developing and implementing funding policies to support the range of new funding programmes.

Our equality assurance work has continued to play an integral part of programme and policy development and we were encouraged at the favourable findings from an independent evaluation of our equality assurance process.

Generic equality monitoring was introduced into the majority of our new programmes. Our first year results are presented below. These monitoring results relate to awards

(excluding Awards for All, Living Landmarks and Wellbeing) made during the period April 2006 – 31 March 2007. They account for 7,712 applications and 1,902 awards made totalling £273 million.

These results come with a health warning. We are aware of multiple counting and a level of non-response, which has skewed the results. We also must acknowledge the likelihood of question misinterpretation.

	Number of applications		Number of awards		Amount of funding awarded (£'000)		Requested amount (£'000)
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**Ethnicity** (applicants are asked if their project is directed at, or of particular relevance to, people from a specific ethnic background. They can select up to three categories therefore these responses incorporate double and triple counting).

White UK	4,055	53%	1,021	25%	£158,361	58%	£822,315
White other	708	9%	141	20%	£22,551	8%	£153,402
Asian	647	8%	160	25%	£31,006	11%	£197,444
Black	683	9%	141	21%	£28,332	10%	£231,623
Chinese and other ethnic background	743	10%	156	21%	£34,511	13%	£176,151
Mixed	636	8%	120	19%	£21,995	8%	£200,916
Not specifically targeted	2,232	29%	366	16%	£88,636	32%	£1,195,768

**Age** (applicants are asked if their project is directed at, or of particular relevance to, people of a particular age group. Applicants are selecting more than one age group).

0-24	1,455	19%	413	28%	£77,306	28%	£503,109
25-64	553	7%	109	20%	£25,933	9%	£156,850
65+	334	4%	81	24%	£16,271	6%	£140,228
Not specified	236	3%	36	15%	£560	<1%	£27,251

**Gender** (applicants are asked if their project is directed at, or of particular relevance to, people from a specific gender).

Male	62	1%	17	27%	£2,508	1%	£10,389
Female	215	3%	63	29%	£11,996	4%	£60,995
No specific gender	4,996	65%	824	16%	£161,007	59%	£2,703,963

## Section four

	Number of applications		Number of awards		Amount of funding awarded (£'000)		Requested amount (£'000)
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**Community background** (applicants applying to programmes operating in Northern Ireland are asked to indicate which community those benefiting from their project mainly belong to).

Mainly Catholic	169	23%	46	27%	£2,152	11%	£26,831
Mainly Protestant	111	15%	37	33%	£1,166	6%	£16,436
Both	369	51%	104	28%	£16,546	82%	£89,688
Neither	16	2%	2	13%	£1	<1%	£3,949
Not specified	57	8%	6	11%	£206	1%	£2,300

**Faith** (applicants are asked if their project is of particular relevance to people of a particular faith. They can select more than one faith therefore responses may incorporate multiple counting).

Christian	39	<1%	3	8%	£27	<1%	£17,446
Hindu	4	<1%	0	0%	£0	N/a	£1,634
Jewish	7	<1%	0	0%	£0	N/a	£2,598
Muslim	10	<1%	1	10%	£4	<1%	£6,614
Sikh	2	<1%	0	0%	£0	N/a	£777
Other faith	7	<1%	1	14%	£50	<1%	£1,339
No specific faith	2,380	31%	284	12%	£58,101	21%	£1,133,444

**Disability** (applicants are asked if their project is of particular relevance to disabled people).

Disabled	1,491	19%	347	23%	£47,214	17%	£441,808
Not disabled	626	8%	101	16%	£14,720	5%	£3,082,253

**Sexual orientation** (applicants are asked if their project is of particular relevance to lesbian, gay or bisexual people).

Gay/lesbian/ Bisexual	171	2%	44	26%	£7,836	3%	£37,018
Not specific to gay /lesbian/bisexual	7,295	95%	1,667	23%	£240,980	88%	£3,082,253

Disability continues to be a priority area for us as an employer. We are striving towards attaining the Disability Standard (an Employers' Forum on Disability initiative) as a measure to potentially increase our overall numbers of disabled staff. Our key employment statistics are presented below.

In the last year the Secretary of State for Culture, Media and Sport appointed our new Board and we have also appointed our country committees. We made particular efforts to attract a broad spectrum of candidates and were encouraged to achieve a diverse spread of appointments both in expertise and background.

Our organisation profile continues to be ethnically diverse. The proportion of staff from BME groups has fallen slightly from 18.5 per cent to 16.8 per cent. Noticeable trends are the reduction in Black staff from 5 per cent to 3.6 per cent and an increase in Asian staff from 3 per cent to 4.2 per cent. Over the period 2006/07 a number of staff were made redundant in London and were replaced with staff in the West Midlands and North East. The revised ethnic profile of staff reflects that shift.

Ethnic group	Proportion	UK Population
Asian	4.2 %	3.0 %
Black	3.6 %	1.5 %
Chinese	0.5 %	0.4 %
Mixed	1.6 %	1.5 %
Other	0.4 %	0.5 %
White/ Other	6.5 %	3.5 %
Total BME	16.8 %	10.0 %
Unknown	7.0 %	

76.2 per cent of our staff classify themselves as White/UK.

Gender	BIG	Civil Service	UK economically active population
Female	63 %	52 %	44 %
Male	37 %	48 %	56 %
Staff with disability	3 %	4 %	13 %
Staff without disability	97 %	96 %	87 %

## Welsh Language Scheme

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

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

It is the responsibility of staff at the Wales office to monitor the implementation of the Welsh Language Scheme and meetings are held quarterly with the Welsh Language Board to ensure we are meeting our commitments and to discuss any issues arising.



## Section four

### Section 75, Northern Ireland Act 1998

In accordance with our statutory equality duties under Section 75 of the Northern Ireland Act 1998 we submitted our equality annual report to the Equality Commission for Northern Ireland in August 2006 and updated the Commission on our legislative developments throughout this reporting period.

We have produced and publicly consulted on a new draft equality scheme from October 2006 to January 2007. We will also publish a full screening and summary report in September 2007. The public consultation involved an extensive range of key stakeholders in Northern Ireland.

### Our approach to sustainable development

Sustainable development is an important factor in our grant-making and its principles have been applied in many ways through our grants programmes and internal practices. We are committed to building on the previous work of the legacy organisations and developing our approaches to sustainable development in our funding and the way we work.

We have recently produced a sustainable development web resource for applicants and grant holders to encourage projects to think about sustainable development and how they can apply its principles to the work they do. We are also continuing to look at new ways of incorporating sustainable development into our programmes. One way we are doing this is through a small-scale pilot within the Reaching Communities programme in England.

A small number of grantholders have been selected to take part in the pilot and these organisations will be provided with support and advice to enable them to review their current activities. Recommendations will then be made on how sustainable development can improve the way they work. The learning from this pilot will help us to develop our approach to sustainable development across our programmes.

Internally we make every effort to minimise the consumption of both non-renewable and renewable natural resources in the running of our offices. During 2006/07 our Wales Office actively developed the green agenda through consideration of paper usage, travel and use of resources such as electricity. Our Wales Office succeeded in securing the Green Dragon Environmental standard. Many of these practices are now being taken forward across the organisation.

### Our payment policy and practice

We aim to pay all our creditors within 30 days of receiving an invoice, unless alternative terms and conditions have been negotiated. This is in accordance with the Better Payment Practice Guide. In the year under review 87 per cent (2005/06 89 per cent) of all creditors were paid within 30 days of receiving an invoice.



## Section five

### Our financial performance

Our financial results for the year to 31 March 2007 are set out in the annual accounts in section six. These accounts have been prepared using merger accounting principles reflecting the business combination of the Community Fund, the New Opportunities Fund and the Millennium Commission. This means that the full income and expenditure of the three organisations from 1 April 2006 is included within these accounts. Note 24 sets out the reserves of each organisation as at 30 November 2006, the day before the effective date of the statutory merger. Separate accounts have been prepared and presented to Parliament for the three legacy organisations for the eight months to 30 November 2006.

#### Income

We received £603 million in Lottery income. This is held in the National Lottery Distribution Fund and we received a further £27 million in investment income during the year. Our Board do not have control over the investment of NLDF balances; stewardship rests with the Secretary of State for Culture, Media and Sport. Further details are provided in note 11 to the annual accounts. Note 19 to the annual accounts sets out why the Board considers that we are not exposed to significant interest rate risks.

#### Grant awards and payments

During 2006/07 we made new awards totalling £429 million. This is significantly less than the £837 million set out in the 2006/07 Corporate Plan. This is due wholly to timing differences. The corporate plan explains that the 2006/07 grant budgets were our best estimate of when decisions would be taken on the new grant programmes, a number of which were in the early stages of development at the time we were carrying out our planning. In particular the awards predicted for Changing Spaces – up to £234 million and Family Learning – up to £80 million will be made early in 2007/08.

A total of £730 million was paid to grant recipients during 2006/07. Payments are made on the basis of forecast expenditure, or for capital projects claims received from recipients with evidence of past or imminent expenditure. At 31 March 2007 commitments still to be paid were £895 million and there were a further £50 million soft commitments for awards awaiting acceptance by the grant recipient.

## Operating costs

During the financial year under review our operating costs, excluding Structural Review were £69 million. This expenditure is £10 million higher than last year, which in part reflects lower costs in 2005/06 due to the transition between regional and central offices in England and old and new grant programmes. The increase represents £5 million additional staff costs and £5 million in increased operating costs.

The increase in staff costs is due to; the higher than expected demand for our funding which we met through employment of additional staff on fixed term arrangements and agency staff; the full year effect of the restructuring of our country offices to meet the devolution agenda set out in the DCMS decision document; and transition costs arising from the relocation of posts from London and Regional Offices.

The increase in other costs arises from a number of activities including the integration of IT infrastructure and grant management systems; the contracting out of certain grant making support activities including delivery of the Parks for People programme and the Growing Community Assets programme; increased rental costs for our Birmingham Office – we intend to sublet 30 per cent of this building; and continued investment into new activities such as public involvement in grant decisions and the expansion of the Awards for All programme.

Note 7 to the annual accounts reports the financial performance indicator. Net operating costs, excluding structural review costs, are 10.2 per cent of income received in the financial year.

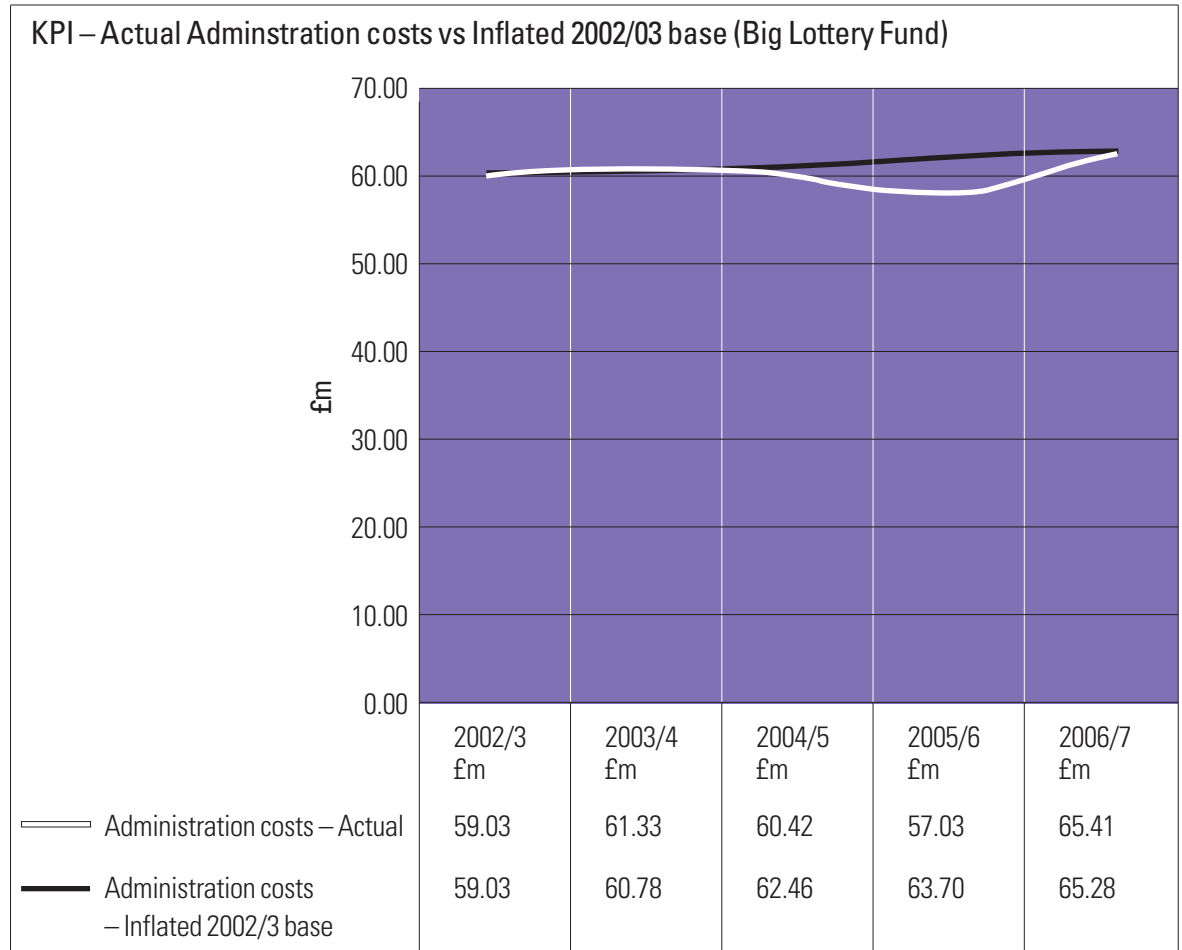
The Structural Review project, a programme of activities to reorganise and relocate England grant-making functions and corporate activities, has continued during the 2006/07 financial year. This programme will continue, but with a much reduced financial cost, over the next two years with the continued transition of posts from London and the disposal of surplus accommodation. Costs of £8 million have been incurred in 2006/07 relating to staff termination payments and property transactions.

It is expected that by the end of the 2007/08 financial year we will achieve our stated savings target on our core costs, to make administrative savings of between 10 – 20 per cent by 2007/08 as a result of the merger. In 2006/07 we have made savings of £1.1 million (1.8 per cent of the pre merger baseline) of which £2.2 million has been recycled into new activities. This is in addition to absorbing two years of inflation and an increase in employer's pensions costs. We have identified at least £2.3 million of our 2006/07 costs that represent one off transactions including the costs of recruiting the new Board and Country Committees; the cost of migrating data to one grant management system; and duplicate staffing costs to facilitate the seamless move to the operational centres. Excluding these one off costs, savings against baseline are £3.4 million (5.4 per cent of the pre merger baseline).

## Section five

The table below illustrates how our administration costs (excluding costs recharged to other distributors, merger and structural review costs) have changed over a five year period compared with what would have happened if the 2002/03 base figures had simply been subject to inflation.

These figures reflect the changing cost base of the Big Lottery Fund as the savings from the administrative merger are realised; inflation absorbed and our new activities are delivered.





## NLDF balances

In accordance with our policy our balance in the NLDF has continued to decline from £775 million at the beginning of the financial year to £597 million at the year end. The NLDF balance is predicted to be £320 million by 31 March 2010 (see note 1.4). The forecast balance reported in last year's annual accounts for 31 March 2007 (excluding the Millennium Commission) was £522 million. This was not achieved because:

- we received £21 million less NLDF income and interest than predicted
- we received £43 million from the Millennium Commission on 1 December 2006
- we paid out £60 million less in grants, and
- we paid out a net of £7 million more in administration costs than forecast at the start of the year.

The shortfall in grant payments was due in part to the success in paying awards towards the end of the previous financial year end creating a timing difference within the current year. In addition the forecast for grant payments was based on assumed dates for decision making for new programmes, some of these assumed dates were optimistic.

As described above at 31 March 2007 we are committed to make payments to grant recipients of £895 million and we have £50 million soft commitments. We have £597 million in the NLDF meaning we have over committed our available funds by £348 million. This over commitment represents approximately seven months of future predicted income.

## Financial position

We have made a surplus for the year of £176 million. This surplus reflects the life cycle of our new programmes. While we have launched all our new programmes we have only now reached the point of awarding grants under a number of these. We expect to make awards of £1,122 million in 2007/08. This surplus reduces our cumulative net deficit from previous years and we now have a deficit on retained reserves of £285 million. This financial position was approved by our Board and endorsed by the Department for Culture, Media and Sport after taking into consideration the cash flow requirement of grant awards, a number of which are to fund three to five year projects.

## Fixed assets

The movements in fixed assets during the year are set out in Note 9 to the accounts. During the year we invested £2 million in capital expenditure which substantially relates to the fitting out and equipping of the new office in Birmingham.

## Post balance sheet events

There have been no significant events having a financial impact on these annual accounts between 31 March 2007 and the signing of these financial statements.

## Auditors

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

## Section five

### Remuneration report

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

#### Remuneration Committee

The Remuneration Committee for the Community Fund and New Opportunities Fund was chaired by the Chair of the Board, Sir Clive Booth, and until 30 November 2006 comprised the Vice Chair of the Board, Valerie Strachan, the Chair of Resources Committee, Dugald Mackie and David Campbell.

Since 1 December 2006 BIG's remuneration committee consists of the Chair of the Board, Sir Clive Booth, the Vice Chair Anna Southall, Judith Donovan and John Gartside.

The Committee's main responsibilities are to:

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

The Millennium Commission's Human Resources Committee, comprising three commissioners and the Director dealt with the remuneration of senior staff in the Commission. The Director was not present when matters concerning his remuneration were considered.

#### Senior staff remuneration policies

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

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

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

## Remuneration of the Senior Management Team

The employment contract for the Chief Executive of BIG was extended after the enactment of legislation on 1 December 2006. This contract entitles him to a notice period of six months.

The Chief Executive and Directors are subject to BIG's standard terms and conditions of employment. Prior to merger, the Directors of Finance and Corporate Services, Wales, Policy and External Relations and Northern Ireland were employed by the New Opportunities Fund on permanent employment contracts, which allowed for them to provide services to the Community Fund. The Directors of Scotland, Operations and Planning and Performance were employed by the Community Fund under permanent employment contracts that allowed for them to provide services to the New Opportunities Fund.

The basis of senior staff remuneration is set out in their individual contracts of employment. The Chief Executive receives a performance bonus up to 20 per cent of his annual salary. Up to five per cent of this bonus is consolidated and the balance of the award is paid as a non-consolidated bonus. Directors receive a consolidated annual pay award as negotiated by staff and a non consolidated performance bonus of up to eight per cent of their annual salary.

In addition to salary and bonus, the Senior Management Team are entitled to access benefits provided by BIG in common with all staff, including contributions to the Civil Service Pension Scheme.

The Director of Policy and External Relations was made redundant during the financial year. Termination payments were made in accordance with BIG's staff change policy, which requires such payments to be calculated on contractual obligations and the terms set out in the Civil Service Pension arrangements.

The Director of the Millennium Commission's employment contract entitled him to a six month maximum notice period. The Director was made redundant from the Commission when it was wound up on 30 November 2006 and he received his agreed termination bonus of £108,325. The Director of the Millennium Commission was subject to the Commission's standard terms and conditions of employment. His annual performance bonus is paid as a non-consolidated bonus.

The Millennium Commission did not operate or contribute to pension schemes on behalf of its staff. Employees receive an allowance in addition to their salary from which private provision for pensions can be made.

## Section five

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

<i>2005/06 comparatives shown in brackets</i>	Salary, including performance bonus, for the 12 months ending 31 March 2007	Real increase in pension at 60	Total accrued pension at 60 as at 31 March 2007	Cash equivalent transfer value (CETV)	Real increase in CETV payable by employer
	£'000	£'000	£'000	£'000	£'000
Stephen Dunmore (Chief Executive)	140 - 145 (140 - 145)	2.5 - 5 plus 10 - 12.5 lump sum	55 - 60 plus 170 - 175 lump sum	1,270 (1,144)	62
Mike O'Connor (Director, Millennium Commission)	230 - 235 <sup>1</sup> (130 - 135)	N/A	N/A	N/A (11)	N/A
Mark Cooke (Director, Finance and Corporate Services)	95 - 100 (85 - 90)	0 - 2.5	0 - 5	59 (34)	21
Ceri Doyle (Director, Wales)	80 - 85 (80 - 85)	0 - 2.5 plus 0 - 2.5 lump sum	10 - 15 plus 0 - 5 lump sum	153 (135)	14
Dharmendra Kanani (Director, Scotland)	80 - 85 (80 - 85)	0 - 2.5 plus 2.5 - 5 lump sum	5 - 10 plus 20 - 25 lump sum	99 (86)	12
Adrienne Kelbie (Director of Operations)	100 - 105 (95 - 100)	0 - 2.5 plus 5 - 7.5 lump sum	10 - 15 plus 40 - 45 lump sum	167 (143)	22
Gerald Oppenheim (Director, Planning and Performance to 7 January 2007; Director, Policy and Partnerships from 8 January 2007)	100 - 105 (95 - 100)	0 - 2.5 plus 2.5 - 5 lump sum	35 - 40 plus 110 - 115 lump sum	741 (693)	22
Vanessa Potter (Director, Policy and External Relations to 7 January 2007)	75 - 80 (95 - 100)	0 - 2.5 plus 2.5 - 5 lump sum	10 - 15 plus 35 - 40 lump sum	157 (148)	10
Linda Quinn (Director, Communications and Marketing from 8 January 2007)	15 - 20	0 - 2.5 plus 0 - 2.5 lump sum	15 - 20 plus 45 - 50 lump sum	360	14
Walter Rader (Director, Northern Ireland)	80 - 85 (80 - 85)	0 - 2.5 plus 2.5 - 5 lump sum	5 - 10 plus 25 - 30 lump sum	201 (166)	23

<sup>1</sup>The Millennium Commission operated a terminal payment scheme on behalf of its employees to retain staff over its short life. This payment includes £108,325 paid to the Director on the termination of the Millennium Commission.

Pension benefits are provided through the Principal Civil Service Pension Scheme. Further pension disclosures are made in note 21. Column 4 of the above table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 5 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of his/her total membership of the pension scheme, not just the service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

They also include any additional pension benefit accrued to the member as a result of he/she purchasing additional years of pension service in the scheme at his/her own cost.

CETV's are calculated within the guidelines prescribed by the Institute and Faculty of Actuaries.

### Board members remuneration policy

The Chair of the legacy Community Fund, New Opportunities Fund and of BIG is a part-time appointment, two days per week. The Chair is appointed, and his remuneration determined by, the Secretary of State for Culture Media and Sport. The remuneration received by the Chair is set out below. He receives no contributions to pension.

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Sir Clive Booth	37,557	37,008

From 1 December 2006 the four Country Committee Chairs became part time appointments up to eight days a month. Country Committee Chairs are appointed by, and their remuneration determined by, the Secretary of State. They receive no contribution to pension. Details of their remuneration is set out below.

All Board members of the legacy Community Fund and New Opportunities Fund and of BIG are appointed by the Secretary of State for a time defined period. Board members are entitled to receive remuneration for their time spent on the activities of BIG. For Board members appointed to BIG prior to formal merger, 50 per cent of their time was deemed to be spent on each of Community Fund and New Opportunities Fund activities. These activities, for which Board members can claim a daily rate fee of £208 (2005/06 £204), mainly consist of meetings in BIG's offices. No Board member received contributions to pension. Country Committee members are also entitled to remuneration at this daily rate.



## Section five

The Millennium Commission was chaired by the Rt Hon Tessa Jowell MP or the Rt Hon Richard Caborn MP. This post was not remunerated. The appointment was set out in the National Lottery etc Act 1993.

The composition of the Commissioners for the Millennium Commission is defined by the National Lottery etc Act 1993 and they are appointed by Her Majesty the Queen. Those Commissioners who are not political appointees are entitled to receive a daily allowance of £208 (2005/06 £204).

Total emoluments paid to Board members and Commissioners to 31 March 2007 were £192,764 (2005/06 £151,737), analysed as follows. Expenses regarded by the Inland Revenue as taxable are settled in full by BIG, including any related tax payments.

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Dr Samuel Burnside to 30 November 2006	6.2	12.0
David Campbell to 30 November 2006	10.0	11.2
Paul Cavanagh to 30 November 2006	15.2	12.0
Tom Davies to 30 November 2006	4.5	8.4
Sanje Dighe, Chair of England Committee and UK Board member from 1 December 2006	8.0	—
Judith Donovan from 1 December 2006	3.4	—
Roland Doven	7.1	6.8
Professor Breidge Gadd, Board member to 30 November 2006, Chair of Northern Ireland Committee and UK Board member from 1 December 2006	17.6	10.2
John Gartside	16.3	9.2
Douglas Graham to 30 November 2006	6.9	6.0

Taha Idris to 30 November 2006	9.0	10.0
Dugald Mackie to 30 November 2006	10.3	4.2
Alison Magee, Chair of Scotland Committee and UK Board member from 1 December 2006	8.0	—
John Naylor to 31 March 2006	—	13.6
Esther O'Callaghan	8.9	1.6
Anna Southall (Vice Chair from 1 December 2006)	11.9	8.8
Dame Valerie Strachan (Deputy Chair) to 30 November 2006	13.5	17.6
Albert Tucker from 1 December 2006	—	—
Huw Vaughan Thomas, Board member to 30 November 2006, Chair of Wales Committee and UK Board member from 1 December 2006	13.9	7.6
Diana Whitworth	13.0	7.0

### The Commissioners

The Rt Hon Tessa Jowell MP to 30 November 2006	No entitlement	No entitlement
Floella Benjamin to 30 November 2006	0.7	0.5
The Rt Hon Richard Caborn MP to 30 November 2006	No entitlement	No entitlement
Dr Heather Couper to 30 November 2006	0.1	0.2
Matthew d'Ancona to 30 November 2006	—	—
Judith Donovan to 30 November 2006	3.9	4.3
The Lord Glentoran to 30 November 2006	0.3	0.7
The Rt Hon Lord Heseltine of Thenford to 30 November 2006	No entitlement	No entitlement

**Stephen Dunmore**  
Chief Executive  
9 July 2007

## Section six

### Statement of Accounting Officer's responsibilities

Under Section 35(3) of the National Lottery etc Act. 1993 (as amended by the National Lottery Acts 1998 and 2006), BIG is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for the Department for Culture, Media and Sport.

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

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

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of BIG as the Accounting Officer. My relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances, for the keeping of proper records and for safeguarding the assets of BIG, are set out in the Non-Departmental Public Bodies' Accounting Officers' memorandum issued by the Treasury and published in Government Accounting, and in the Financial Directions issued by the Secretary of State for Culture, Media and Sport under Section 26(3) of the National Lottery etc Act 1993.

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

#### **Delegated responsibilities**

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

## Section six

BIG has the following framework agreement in place:

- ▶ Between BIG and the Department for Education and Skills with regard to the Building Neighbourhood Nurseries programme in England, which sets out the areas that the Accounting Officer of the Department for Education and Skills is accountable for, namely:
  - the Early Years Development and Childcare Partnerships' endorsement of applications for funding, including viability of approved bodies, provided to BIG;
  - the opinion of sustainability on bids which are assessed centrally by the Department for Education and Skills.

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

BIG is participating in the following joint schemes:

- Awards for All, England; a scheme administered by BIG on behalf of Arts Council England, Heritage Lottery Fund, BIG and Sport England.

- Spaces for Sports and Arts, part of the PE and Sport in Schools programme; a scheme administered by Sport England on behalf of Sport England, Arts Council England, Department of Culture, Media and Sport, Department for Education and Employment and BIG.
- Home Front Recall, part of the veterans programmes; a scheme administered by BIG on behalf of Heritage Lottery Fund and BIG.
- Active England, part of the PE and Sport in Schools programme; a scheme administered by Sport England on behalf of Sport England and BIG.
- Parks for People; a scheme administered by the Heritage Lottery Fund on behalf of the Heritage Lottery Fund and BIG.

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

As part of the Green Spaces and Sustainable Communities programme:

- Countryside Agency – Doorstep Greens.
- English Nature – Wildspace!
- Wales Council for Voluntary Action – Enfys Scheme.

As part of the Transforming Communities programme:

- Royal Society for Nature Conservation – Community Recycling and Economic Development.
- Scottish Natural Heritage – Fresh Futures (Transforming Your Space).
- Forward Scotland – Transforming Waste in Scotland.
- Wales Council for Voluntary Action – Cleanstream Recycling Fund – Transforming Waste in Wales.
- Business in the Community (Northern Ireland) – Community Resource Consortium.

As part of the new opportunities for health programmes:

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

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

- The Football Foundation – Grassroots Development for Schools.
- The Sports Council for Northern Ireland – Community Sport.

As part of the Young People's Fund:

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

As part of the Countryside Communities programme:

- Carnegie Institute.

Prior to formal merger, the New Opportunities Fund formally delegated certain grant programmes to the Community Fund, including:

- Veterans Heroes Return.
- Young People's Fund – Grants to Organisations.
- Young People's Fund – National Grants.

**Stephen Dunmore**  
Chief Executive  
9 July 2007

## Section six

### Statement on internal control

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

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

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BIG's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ended 31 March 2007 and up to the date of the approval of the annual report and accounts. It accords with Treasury guidance.

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

#### Control environment

The Department of Culture, Media and Sport has designated me, the Chief Executive of the Big Lottery Fund, as Accounting Officer. I hold a separate letter of engagement to this effect that clearly sets out my responsibility and accountability for maintaining a sound system of internal control within the Fund. I was also the Chief Executive and Accounting Officer of the Community Fund and New Opportunities Fund prior to the formal merger.

- ▶ Following the Secretary of State for Culture, Media and Sport's announcement to integrate the New Opportunities Fund and the Community Fund to form BIG, a co-terminus Board was appointed with responsibility for both New Opportunities Fund and Community Fund matters.
- ▶ In the run up to formal merger, a joint committee of BIG Board Members and Millennium Commission Commissioners was established to oversee aspects of the integration of the Commission's residuary activities.
- ▶ A Senior Management Team, with clear terms of reference and defined membership, which meets at least every month to consider the plans and operations of BIG and compliance with the Management Statement.

- ▶ A Board which meets every two months to consider the strategic direction of BIG. The Board comprises a Chair and non executive members and is attended by members of the Senior Management Team. Further details are in section two of the annual report.
- ▶ The Audit and Risk Committee, whose terms of reference require the Committee to approve the internal audit programme, to endorse the risk register and to scrutinise the outcome of reports by internal and external audit. The Chair of the Committee reports to the Board on the matters discussed by the Committee.
- ▶ The Remuneration Committee, whose terms of reference provide for oversight and approval of remuneration and performance for senior staff members including myself. Further details are in the remuneration report.
- ▶ The Resources Committee, whose terms of reference require the Committee to approve the annual budget and to receive regular financial reports to challenge and oversee expenditure.
- ▶ A published corporate plan that sets out our objectives and performance measures.
- ▶ Quarterly performance management reports to the Senior Management Team reporting progress in achieving corporate objectives, performance and service delivery targets. We have made good progress towards achieving these targets, as detailed in section four of the Annual Report. Where targets have not been met, action is identified to improve efficiency and effectiveness.
- ▶ Monthly financial summary reports to the Senior Management Team and quarterly reports to the Resources Committee, reporting progress against financial targets, including grant commitment budgets, NLDF balance targets and operating cost budgets.
- ▶ A fraud policy, whereby suspected frauds are reported to DCMS and dealt with by liaison with Police and other agencies where appropriate. A number of cases are currently under investigation. Throughout the investigation, whether or not fraud is proven, we review procedures and processes to learn lessons and improve systems of internal control, fraud prevention and detection where necessary.
- ▶ A wide range of policies dealing with control issues for corporate governance, financial management, project management, health and safety, training and development, information technology and risk management.
- ▶ A wide range of controls to ensure grant assessment and monitoring activity is adequately managed and that losses of Lottery grant are minimised. These controls include written procedures for grant assessment and grant management tasks, defined management supervisory tasks, clear delegations for decision making and a training programme which includes fraud awareness training.
- ▶ A project management framework, with defined responsibilities, including project sponsor, for developing new programmes.



## Section six

- ▶ An internal communications process that ensures that all staff are informed about key decisions on a timely basis through appropriate media, including the use of emails from the Chief Executive, cascaded briefings by line managers and presentations by the Chief Executive and Directors.
- ▶ An external communications strategy that ensures that stakeholders, Parliamentarians, press and members of the public receive appropriate and reliable information.
- ▶ An Internal Audit Unit that operates to standards defined in the Government Internal Audit manual. The work of internal audit is informed by the corporate risk register and an analysis of the risk to which BIG is exposed. The annual internal audit plan is based on this analysis and is approved by me and endorsed by the Audit and Risk Committee. The Head of Internal Audit meets me on a regular basis and on an annual basis meets the Audit and Risk Committee with no officers present. The Head of Internal Audit provides me with periodic progress reports including the findings of follow up reviews building to an annual report on internal audit activity. This annual report includes his opinion on the adequacy and effectiveness of the systems that they have reviewed. This has been reviewed by the Audit and Risk Committee.

### **Risk management Capacity to handle risk**

At the start of the year and during 2006/07, the Senior Management Team formally considered and updated their documentation of the risks faced by the organisation. The outcome of these reviews were discussed with the Audit and Risk Committee to validate the contents of the corporate risk register. These reviews ensure that the risk register and our responses are relevant.

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

Following an internal audit of risk management, our approach to risk management continues to develop. We now integrate corporate planning and risk more closely. At a corporate level, we have considered our appetite for each risk identified and we have set out clear actions and responsibilities. We now plan to roll out this approach across the organisation.

### **Risk and control framework**

The risk register agreed by the Audit and Risk Committee in July 2006 highlighted 12 corporate risks. The potential impact of each risk and the likelihood of it being realised have been assessed and appropriate controls to mitigate these risks have been determined. This has been recorded in the corporate risk register. As detailed above, this is reviewed and updated.

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

- ▶ The programme development framework, which supports the development of all new grant programmes, requires an assessment of the key risks for each new programme, which in turn are reported to the Grant Programme Board. On a monthly basis, a summary of the key risks associated with the portfolio of new grant programmes is reported to the Senior Management Team.
- ▶ A similar process is followed with regard to business development projects.
- ▶ Grant assessment and grant management procedures set out the requirement for each grant to be allocated a risk rating, which informs the level of intervention during grant management.
- ▶ Fraud risk, including loss of confidence in our systems.
- ▶ Reputational risk, including the risks associated with Ministerial and public perception of high NLDF balances and public perceptions about our funding decisions.
- ▶ Communications risks, around failure to communicate our context and constraints effectively and failure to manage demand for funding.
- ▶ Financial risk, delivery of administrative savings and effects of cost cuts.

During this year the risk priorities have included:

- ▶ Governance risk, recognising the planned changes in Board membership.
- ▶ People risks, particularly the ability to recruit, train and retain new staff in our new centres.
- ▶ Legal and regulatory risk, including compliance with our new legislation and general compliance with existing legislation.
- ▶ Grant-making risk, including failure to deliver outcomes or achieve targets and monitoring of third party service providers.
- ▶ Political risk, and in particular Government actions affecting our funding or leading to excessive direction.

## Review of effectiveness of internal control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, the executive managers within BIG who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Board and Audit and Risk Committee.

## Section six

The written assurance report on internal controls that I received from the Head of Internal Audit identified inadequate general computer systems controls and some significant control weaknesses in a number of other systems. As a result the assurance provided to me on the design, adequacy and effectiveness of the system of internal controls was limited. The Head of Internal Audit, Audit and Risk Committee and I have reviewed these reports and management's response and will continue to monitor the plans to address weaknesses and to ensure continuous improvement of the systems in place. Details of the inadequate internal control issues are set out below.

### General computer systems controls

During 2006/07, internal audit have carried out reviews of our IT systems, including the general control environment and the integration of our two grant management systems. Internal audit identified that controls were inadequate and made a number of recommendations to enhance controls over:

- the risk assessment of BIG's key data sets
- unauthorised access, timely deletion of users and continuing assessment of users accessing the database and operating system
- access rights to grant management systems and system-embedded management controls to enforce segregation of duties
- review of audit trails for the Oracle database
- improvements over change control processes
- assessment of operational resilience within Merlin.

A number of these control weaknesses have already been addressed and there is a plan and timetable in place to address those remaining.

### Compliance

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

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

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

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

**Stephen Dunmore**  
Chief Executive  
9 July 2007

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

I certify that I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2007 under the National Lottery etc Act 1993 (as amended). These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement 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 Board, Chief Executive and auditor**

The Board and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder. I report to you if, in my opinion, certain information given in the Annual Report, which comprises sections one to five, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

## Section six

### Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Big Lottery Fund's circumstances, consistently applied and adequately disclosed.

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

### Opinions Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, of the state of the Big Lottery Fund's affairs as at 31 March 2007 and of its surplus for the period then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury; and
- information given in the Annual Report, which comprises sections one to five, is consistent with the financial statements.

### Audit Opinion on Regularity

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

### Report

I have no observations to make on these financial statements.

John Bourn  
**Comptroller and Auditor General**  
 National Audit Office  
 157–197 Buckingham Palace Road  
 London SW1W 9SP

16 July 2007

## Income and expenditure account for the year ended 31 March 2007

	Note	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
<b>Income</b>			
Proceeds from the National Lottery	11	603,099	691,342
Investment income from the National Lottery Distribution Fund	11	29,675	42,494
(Increase) on loss on revaluation of investment		(2,264)	(1,640)
Bank interest receivable		1,049	1,054
Recoveries of grant		10,355	6,729
Other income		3,385	2,340
<b>Total Income</b>		<b>645,299</b>	<b>742,319</b>
<b>Expenditure in support of programmes</b>			
Grant commitments made	14	414,866	673,447
Less lapsed or revoked commitments	14	(43,049)	(68,612)
		371,817	604,835
National endowment for science, technology and the arts	20	15,000	15,000
Direct expenditure in support of programmes	2	5,222	3,066
		392,039	622,901
<b>Administration costs</b>			
Employee remuneration costs	3	38,392	33,291
Other operating charges	4	29,640	24,417
Depreciation	9	814	799
Merger costs	5	128	135
Structural Review	5	7,959	14,047
<b>Total administration costs</b>	6	<b>76,933</b>	<b>72,689</b>
<b>Total expenditure</b>		<b>468,972</b>	<b>695,590</b>
<b>Surplus/(deficit) before taxation</b>		<b>176,327</b>	<b>46,729</b>
Taxation	8	(254)	(235)
<b>Surplus/(deficit) for the period</b>		<b>176,073</b>	<b>46,494</b>
<b>Retained deficit</b>			
Brought forward at 1 April 2006	24	(460,754)	(507,248)
Surplus/(deficit) for the period		176,073	46,494
<b>Retained (deficit) at 31 March 2007</b>		<b>(284,681)</b>	<b>(460,754)</b>

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

The notes on pages 98 to 118 form part of these accounts.



## Balance sheet as at 31 March 2007

	Note	As at 31 March 2007 £'000	As at 31 March 2006 £'000
<b>Fixed assets</b>			
Tangible fixed assets	9	5,106	3,787
<b>Current assets</b>			
Debtors and prepayments	10	15,528	21,080
Cash at bank and in hand		10,885	12,072
Investment balance in National Lottery Distribution Fund	11	597,049	774,912
		<u>623,462</u>	<u>808,064</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	12	(7,711)	(6,803)
Grants committed for payment	14	(559,234)	(723,910)
		<u>(566,945)</u>	<u>(730,713)</u>
<b>Net current assets</b>		<u>56,517</u>	<u>77,351</u>
<b>Total assets less current liabilities</b>		<u>61,623</u>	<u>81,138</u>
<b>Creditors: amounts falling due after one year</b>			
Creditors	12	(321)	(27)
Grants committed for payment	14	(335,664)	(528,826)
		<u>(335,985)</u>	<u>(528,853)</u>
<b>Provisions for liabilities and charges</b>	13	<u>(10,319)</u>	<u>(13,039)</u>
<b>Total net (liabilities)</b>		<u>(284,681)</u>	<u>(460,754)</u>
<b>Represented by:</b>			
<b>Retained deficit</b>		<u>(284,681)</u>	<u>(460,754)</u>

Signed on behalf of the Big Lottery Fund Board on 9 July 2007.

**Stephen Dunmore**  
Chief Executive and Accounting Officer  
of the Big Lottery Fund

**Sir Clive Booth**  
Chair of the Big Lottery Fund

These accounts were authorised for issue on 17 July 2007.

The notes on Pages 98 to 118 form part of these accounts.

## Cash Flow Statement to 31 March 2007

	Note	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
<b>Operating activities</b>			
Funds drawn down from the National Lottery Distribution Fund	11	808,372	929,928
Recoveries of grant and cash from other sources		10,023	3,186
Other income		5,296	6,744
Payments to suppliers		(39,340)	(33,971)
Payments to and on behalf of employees		(41,144)	(26,823)
Payments to grant recipients		(734,694)	(873,372)
Payment to NESTA	20	(15,000)	(15,000)
Cash paid and held by third parties		6,659	(8,349)
<b>Net cashflow from operating activities</b>	18	172	(17,657)
<b>Returns on investments and servicing of finance</b>			
Bank interest received		1,010	1,055
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(2,134)	(1,616)
<b>Taxation</b>			
Tax paid on interest received		(235)	(323)
<b>Decrease in cash</b>		(1,187)	(18,541)
<b>Change in funds resulting from cashflow</b>			
Cash balances carried forward at 31 March 2007		10,885	12,072
Less cash balances brought forward at 1 April 2006		(12,072)	(30,613)
<b>Movement</b>		(1,187)	(18,541)

The notes on pages 98 to 118 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost. The accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of Treasury in accordance with Section 43D(2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006).\*

BIG's Accounts Directions require the inclusion of Fixed Assets at their value to the business by reference to current costs. For 2006/07 BIG does not believe that these values are materially different to the historic costs shown in the Balance Sheet. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act and Accounting Standards issued by the Accounting Standards Board insofar as they are appropriate.

### 1.2 Merger accounting

On 1 December 2006 legislation to form BIG through the merger of the Community Fund, New Opportunities Fund and the residual activities of the Millennium Commission was enacted.

Merger accounting principles have been used and the results of BIG have been presented as if the new organisation had been established throughout the current and prior years. Further financial details are provided in Note 24.

BIG's accounting policies are set out herewith. The process of aligning policies and presentation across the new organisation has resulted in the following changes:

- ▶ Investment in software development of new grant management systems will be capitalised and depreciated over its useful life, previously the Community Fund wrote off such expenditure in the year. Under this policy the existing grant management system Merlin would be fully depreciated. As the decision has been taken to replace this system we have not capitalised Merlin.
- ▶ Depreciation on office equipment is three years, previously the Community Fund depreciated such assets over four years. This change in accounting estimate does not have a material effect on fixed assets.

\* A copy of the Accounts Directions issued by the Department of Culture, Media and Sport on 10 April 2007 are available on written request to the Big Lottery Fund, 1 Plough Place, London EC4A 1DE

### 1.3 Going concern

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

### 1.4 National Lottery Distribution Fund

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

BIG aims to manage its NLDF balances to ensure a negligible risk of being unable to meet commitments and a small risk of being forced to reduce the level of commitments made year by year.

BIG has forecast that its NLDF balances will be:

- by 31 March 2008 – £480 million
- by 31 March 2009 – £400 million
- by 31 March 2010 – £320 million.

These forecasts are based on income predictions provided by DCMS and allow for the impact of the Olympic Lottery and diversion of additional announced funding to contribute to the London 2012 Olympics. They also reflect expenditure on current and announced programmes.

### 1.5 Fixed assets

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

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

Leasehold improvements	Over the life of the lease (6 to 20 years)
Grant system – software development	3 years
Office equipment, furniture and fittings	3 years
IT equipment	3 years
Assets in the course of development.	Depreciation is not charged

## Notes to the Accounts

### 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. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge on the PCSPS. BIG pays a charge for each employee calculated on an accruing basis. Pension benefits are provided through the PCSPS. From 1 October 2002, staff who are members of the scheme can be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 may choose between membership of the premium scheme or can join a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account). The differences between the schemes can be found on the [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk) website.

Prior to merger the Millennium Commission did not operate its own pension scheme. The majority of employees received an allowance in addition to their salary from which private provision of pensions may be made. The Millennium Commission did not pay contributions on behalf of any staff into any pension scheme. Those staff from the Millennium Commission that transferred into BIG are entitled to BIG's pension arrangements.

### 1.7 Operating leases

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

### 1.8 Expenditure on programmes

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

#### Grant offers and commitments

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

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

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

**Grants repaid and recovered**

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

**Direct expenditure on programmes**

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

**1.9 Grant management****Delegated partners**

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

**Joint schemes**

Where BIG has entered into a joint scheme, as defined in the National Lottery Act 1998, hard commitments made through the joint scheme are accounted for on the basis of BIG's share in the scheme. Funds advanced to the joint scheme for the purpose of payment of hard commitments are recorded as a debtor until BIG receives confirmation that the grant commitments have been met. Administration costs are included in the Income and Expenditure Account at the amount charged to BIG.

**1.10 Third party assets**

BIG holds as custodian certain assets belonging to third parties. These assets represent bank balances of £1.1 million held on behalf of other Lottery Distributors to fund awards made under the Awards for All schemes and the Home Front Recall grant programme administered by BIG. These are not recognised in the accounts since BIG has no direct beneficial interest in them

**1.11 Notional cost of capital**

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



## Notes to the Accounts

### 2. 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 2007 £'000	Year ended 31 March 2006 £'000
Consultancy support provided directly to grant applicants and recipients	3,205	2,734
Contribution to the costs of the Active Places register being compiled by Sport England	267	332
People's Millions award	700	—
Scottish Youth Football award	1,050	—
	<u>5,222</u>	<u>3,066</u>

### 3. Staff numbers and cost

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

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Wages and salaries	27,688	24,858
Social security costs	2,275	2,092
Pension costs	4,898	4,036
Agency staff	3,531	2,305
	<u>38,392</u>	<u>33,291</u>

These costs include £128,071 for staff seconded out to other organisations. Recoveries of £128,071 are included in other income.

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

The average number of full time equivalent employees and temporary staff for 2006/07, working for BIG during the year was made up as follows:

	Year ended 31 March 2007			Year ended 31 March 2006
	Average no. of temporary staff (FTE's)	Average no. of employees (FTE's)	Total average no. of staff (FTE's)	Total average no. of staff (FTE's)
Grant making	97	602	699	656
Support to customers and stakeholders	5	181	186	139
Governance and administration	19	199	218	159
	121	982	1,103	954

See note 6 for an explanation of the basis of the analysis of staff numbers.

#### 4. Other operating costs

Included in other operating costs are:

	Year ended 31 March 2007 £'000		Year ended 31 March 2006 £'000
Travel and expenses			
Staff	1,644		1,409
Board members	143	1,787	207
			1,616
Auditors remuneration for audit work		130	101
Grant delivery costs		345	495
Operating lease payments		5,358	4,669
Write down fixed assets		—	(218)
Other costs		22,020	17,754
		29,640	24,417

## Notes to the Accounts

### 5. Structural review/merger

Merger costs incurred during the assimilation of the Community Fund, the New Opportunities Fund and the Millennium Commission include:

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Harmonisation of terms and conditions	128	135
	<u>128</u>	<u>135</u>

The Structural Review, a major change programme to restructure and relocate our England grant making activities and corporate service functions, has incurred the following costs during 2006/07:

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Termination payments	3,191	7,898
Recruitment & Induction costs	521	538
Property rationalisation	3,978	5,327
Project Management	222	244
Other	47	40
	<u>7,959</u>	<u>14,047</u>

## 6. Total operating expenses

Analysis of operating expenditure

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Effective grant making	35,657	38,638
Support to customers and stakeholders	13,070	12,306
Governance and administration	28,206	21,745
Total administrative expenditure	76,933	72,689

Effective grant-making is the work required to run BIG's grant programmes and support to the decision making processes. Including assessing applications, reviewing programme areas and priorities, managing and monitoring awards and IT systems needed to support grant-making.

Support to customers and stakeholders includes the work we do to evaluate and disseminate learning from programmes, our outreach activities including the work of our development officers and our communication activities.

Governance and administration is the work required to run BIG as a legal entity. This includes the costs of the Board and decision making Committees, Chief Executive's office, internal audit and the administrative functions of corporate service departments and Country Offices. In 2006/07 this included a number of one off costs incurred in setting up the Big Lottery Fund.

## 7. Financial performance indicator

BIG measures its administration cost as a percentage of income received. This indicator is calculated on a net basis ie excluding income and expenses relating to activities recharged at full cost to other distributors. Operating costs are 11.5 per cent of income (2005/06 9.5 per cent). Excluding one off merger and Structural Review costs this indicator is 10.2 per cent (2005/06 7.6 per cent).

## 8. Corporation tax

BIG pays corporation tax on bank interest received. The tax payable is £ 254,000 (2005/06 £235,000). Moneys held and invested by the National Lottery Distribution Fund on BIG's behalf are not taxable.

## Notes to the Accounts

### 9. Tangible fixed assets

	Leasehold improvement £'000	IT £'000	Office equipment, furniture and fittings £'000	Grant systems £'000	Total £'000
<b>Cost</b>					
At 1 April 2006	5,705	1,534	460	2,242	9,941
Additions	1,877	222	35	–	2,134
Disposals	(722)	(347)	(284)	(2,242)	(3,595)
<b>At 31 March 2007</b>	<b>6,860</b>	<b>1,409</b>	<b>211</b>	<b>–</b>	<b>8,480</b>
<b>Depreciation</b>					
At 1 April 2006	2,420	1,111	381	2,242	6,154
Charge for the year	574	207	33	–	814
Disposal	(721)	(347)	(284)	(2,242)	(3,594)
<b>At 31 March 2007</b>	<b>2,273</b>	<b>971</b>	<b>130</b>	<b>–</b>	<b>3,374</b>
<b>Net cost</b>					
At 31 March 2007	4,587	438	81	–	5,106
At 31 March 2006	3,285	423	79	–	3,787

The grant management system was that developed by the New Opportunities Fund. Data was migrated to the Community Fund's system in this year and therefore that asset has been written off.

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

### 10. Debtors and prepayments

	At 31 March 2007 £'000	At 31 March 2006 £'000
Held by delegated partners for payment of grant commitments	9,733	16,392
Other debtors	2,295	2,700
Prepayments and accrued income	3,500	1,988
	<u>15,528</u>	<u>21,080</u>

Included in the amounts above are the following:

£40,881 owed by 94 members of staff for season ticket loans. No loan exceeds £5,000. All loans are for 12 months and are repayable through deduction from salary.

Balances payable by other Government bodies as follows:

	At 31 March 2007 £'000	At 31 March 2006 £'000
Amounts due from other Government bodies	2,194	9,605
Amounts due from Local Authorities	754	11

## 11. Balance held by the National Lottery Distribution Fund

	£'000	£'000
Balance (at cost) as at 1 April 2006		779,811
Distribution from the National Lottery	603,099	
Investment income earned	29,675	
Cash drawn down	(808,372)	
Net decrease in balance		(175,598)
Cost as at 31 March 2007		604,213
Unrealised loss on investment		(7,164)
Market value at 31 March 2007		597,049

At 31 March 2007 the market value of BIG's balance held by the National Lottery Distribution Fund (NLDF) was £597 million (2005/06 £774.9 million).

BIG receives a share of the moneys paid by Camelot Group plc to the NLDF after deduction for the costs of the Secretary of State for Culture, Media and Sport in exercising 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.

## 12. Creditors: amounts falling due within one year

	At 31 March 2007 £'000	At 31 March 2006 £'000
Trade creditors	1,481	2,256
Other creditors	1,763	970
Accruals and deferred income	4,213	3,342
Corporation Tax	254	235
	7,711	6,803

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

	At 31 March 2007 £'000	At 31 March 2006 £'000
Amounts due to other Government bodies	958	657
Amounts due to Local Authorities	614	50

## Creditors: amounts falling due in more than one year

	At 31 March 2007 £'000	At 31 March 2006 £'000
Deferred income	321	27



## Notes to the Accounts

### 13. Provisions for liabilities and charges

	Unavoidable lease payments £'000	Early retirement contributions £'000	Redundancy provisions £'000	Redundancy support £'000	Total provisions £'000
Brought forward at 1 April 2006	4,544	1,973	5,920	602	13,039
Charged to expenditure in the year	1,871	954	1,789	182	4,796
Payments made	(1,658)	(554)	(4,813)	(491)	(7,516)
Carried forward at 31 March 2007	4,757	2,373	2,896	293	10,319

In 2006 BIG sub let part of its Plough Place, London premises. The provision represents the rent free period and the difference between the current market value rent and that the Fund is contracted to pay. The rent free provision (£1 million) will be realised over the first 9 months of the lease which commenced in August 2006. The provision for the difference in market rent is calculated using an assumed inflation rate of 3 per cent which means that the provision will be realised over 15 years, with £1.9 million realised in the period to 2011/12, £1 million in the following 5 years and £0.2 million in the final 5 years. This provision will be reviewed at each break point of the lease. During 2006/07 the Fund determined to let a further floor of Plough Place, provision has been made on the basis of current market rents and rent free periods.

During 2006/07 BIG made the decision to vacate its Nottingham Office, in addition its Baron House Newcastle office is vacant and transactions to sub let part of Leeds and Guildford are being finalised. On all these properties the lease requires BIG to rectify dilapidations. The 2006/07 provision represents the estimates of outstanding dilapidations and unavoidable lease costs on these properties. These provisions are expected to be realised in 2007/08.

As part of the merger and also as part of the Structural Review certain posts have been identified as no longer required or have been relocated. As a result staff have been made redundant or have taken early retirement. Millennium Commission staff are entitled to a retention payment payable when their post becomes redundant; these payments were all settled in the year.

Where eligible staff take early retirement the Fund is contracted to meet certain pension contributions until these staff reach statutory retirement date. An estimate of these future contributions is provided. Payments against this provision will continue to be made for up to ten years.

A provision has been made for the estimated redundancy costs of those staff which BIG has entered into consultation with prior to 31 March 2007 but for which settlement was not paid by that date. Redundancy payments are made in accordance with contractual arrangements and terms set out in the Civil Service Pension (CSP) arrangements. It is expected that the majority of this provision will be realised during 2007/08.

## 14. Hard commitments

	£'000	£'000
<b>Hard Commitments</b>		
Brought forward at 1 April 2006		1,252,736
Hard commitments made	414,866	
Lapsed and revoked hard commitments	(43,049)	
Hard commitments met	(729,655)	
Net movement in hard commitments		(357,838)
Carried forward at 31 March 2007		894,898

## Ageing of hard commitments

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

	At 31 March 2007 £'000	At 31 March 2006 £'000
Grants committed for payment within one year	559,234	723,910
Grants committed for payment in more than one year	335,664	528,826
	894,898	1,252,736

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

	At 31 March 2007 £'000	At 31 March 2006 £'000
Grants committed for payment to other Government bodies	1,193	14,009
Grants committed for payment to local authority bodies	210,639	401,199
Grants committed for payment to the national health service organisations	22,265	67,475

## 15. Soft commitments

	£'000	£'000
<b>Soft Commitments</b>		
Brought forward at 1 April 2006		37,222
Soft commitments made	429,053	
Lapsed and revoked soft commitments	(1,740)	
Soft commitments transferred to hard commitments	(414,866)	12,447
Carried forward at 31 March 2007		49,669

## Notes to the Accounts

### 16. Joint schemes

Included within hard commitments is £178,000 (2005/06 £2.0 million) of new grant commitments and £760,000 (2005/06 £11.0 million) of grant commitments carried forward at 31 March representing BIG's contribution to grants made as part of the Spaces for Sports and Arts joint scheme. BIG will contribute £25 million to the total funding of £130 million. This scheme is administered by Sport England on behalf of all parties to the agreement.

Included within hard commitments is £256,000 (2005/06 £17.3 million) of new grant commitments and £20.5 million (2005/06 £42.5 million) of grant commitments carried forward at 31 March representing BIG's contribution to grants made as part of the Active England joint scheme. BIG will contribute £77.5 million to the total funding of £107 million. This scheme is administered by Sport England on behalf of all parties to the agreement.

Included within hard commitments are £42.7 million (2005/06 £37.4 million) of new grant commitments and £2.2 million (2005/06 £5.4 million) of grant commitments carried forward at 31 March representing BIG's contribution to the Awards for All, England joint scheme. During 2006/07 BIG contributed £42 million to the total funding of £59 million. This scheme is administered by BIG on behalf of all parties to the agreement. Memorandum accounts for the Awards for All, England joint scheme are attached to these accounts.

Included within hard commitments are nil (2005/06 £13.5 million) of new grant commitments and nil (2005/06 £0.1 million) of grant commitments carried forward at 31 March representing BIG's contribution to the Home Front Recall joint scheme. This programme is now complete.

Included within hard commitments are £1.0 million (2005/06 £nil) of new grant commitments and £890,000 (2005/06 nil) of grant commitments carried forward at 31 March representing BIG's contribution to the Parks for People joint scheme. BIG will contribute £90 million to the total expected funding of £150 million. This scheme is administered by the Heritage Lottery Fund on behalf of all parties to the agreement.

### 17. Fair Share

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

As at 31 March 2006 CFN have reported that the Fair Share Trust balance stands at £48.6 million and that there is an unrealised capital gain of £1.2 million. The Trust has received investment income of £6.2 million since 2004. The first grants were awarded in 2005/06 and £4.6 million has been drawn from the Trust to meet these awards. Other expenditure to date of £3.0 million reflects the management costs of CFN, the investment manager and the local agents managing the programme in the Fair Share areas. The Trust's audited accounts are available from CFN, Arena House, 66 – 68 Pentonville Road, London N1 9HS. Accounts to period 31 March 2007 will be available in the Autumn.

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

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Surplus/(Deficit) before tax	176,327	46,729
Depreciation of fixed assets	814	799
Loss on disposal of fixed assets	—	—
Interest income	(1,049)	(1,054)
Net cost from operating activities	176,092	46,474
Decrease/(increase) in debtors	5,592	(3,094)
Decrease in NLDF balance	177,863	197,732
Increase/(decrease) in creditors	1,183	(3,707)
(Decrease)/increase in provisions	(2,720)	10,078
(Decrease) in provision for grant commitments	(357,838)	(265,140)
Net cash inflow from operating activities	172	(17,657)

## 19. Financial risks

### Liquidity risks

In the year ended 31 March 2007, £603 million (94 per cent) of BIG's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the NLDF £27 million (4 per cent) and from bank interest and other income million £15 million (2 per cent).

At 31 March 2007 BIG had net liabilities of £285 million and soft commitments of £50 million. Although BIG has net liabilities the Board does not consider that BIG is exposed to significant liquidity risks as many of its commitments will not be paid until after the next financial year end. Grant holders can only draw down monies once they have proved their need to receive the next tranche of grant funding allocated to them.

Due to these timing differences between the date the grant holder accepts the grant offer and the dates that they draw down these monies, BIG is encouraged by the Department for Culture, Media and Sport to over-commit the available funds.

	£'000
<b>Liquid assets at 31 March 2007</b>	
Market value of NLDF investments	597,049
Cash	10,885
	607,934
<b>Forecast cashflows during 2007/08</b>	
Income from the National Lottery	665,000
Other income	15,000
Administration cost payments	(68,200)
Grant payments	(722,500)
<b>Forecast liquid assets at 31 March 2008</b>	497,234

## Notes to the Accounts

The income forecasts are based on projections provided by the Department for Culture, Media and Sport. The forecast grant payments are based on grant draw down profiles submitted by grant recipients at the time of award.

### Interest rate risks

Cash balances are invested in the NLDF. As set out in Note 1.4 the Board has no control over the investment of funds in the NLDF, this is managed by the National Debt Commissioners on behalf of the Secretary of State for Culture Media and Sport. The market value of investment in the NLDF at the year end was £597 million. In the year the average return on these investments was 4.2 per cent.

Cash balances which are drawn down from the NLDF to pay grant commitments and operating costs are held in instant access variable rate bank accounts which on average carried an interest rate of 4.25 per cent in the year. The cash balance at the year-end was £11 million. The Board considers that BIG is not exposed to significant interest rate risks.

### Foreign currency risk

BIG is not exposed to any foreign exchange risks.

## 20. Financial commitments

National Endowment for Science Technology and the Arts (NESTA).

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

### Commitments under operating leases

At 31 March 2007, BIG had the following annual commitments under operating leases for land and buildings.

	As at 31 March 2007 £'000	As at 31 March 2006 £'000
Expiring in less than 1 year	213	519
Expiring within 1-5 years	260	840
Expiring in more than 5 years	6,170	5,695
	<u>6,643</u>	<u>7,054</u>

## 21. Pension scheme

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

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service.

Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

For 2006/07, employers' contributions of £4,898,000 were payable to the PCSPS (2005/06 £4,036,000) at one of four rates in the range 17.1 – 25.5 per cent of pensionable pay, based on salary bands (as shown below). Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates in 2005/06 increased based on recommendations from the Government Actuary.

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

Bands	Year ended 31 March 2006
£17,500 and under	16.2%
£17,501 - £35,000	18.6%
£35,001 - £60,500	22.3%
£60,501 and over	24.6%

## 22. Losses and special payments

Losses occur where there is no evidence that the project's objectives were met. In the financial year to 31 March 2007 losses totaled £708,981 of which no individual losses were over £100,000. (2005/06 £30.6 million; of which £2.0 million was a result of the multi application fraud and £27.6 million arose through the Millennium Commission's capital grants programme.)

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 2007 special payments totaled £33,871 (2005/06 £42,963). £33,871 of these represented administrative payments and nil represented grant payments.



## Notes to the Accounts

### 23. Related party transactions

BIG is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). The DCMS is considered to be a related party.

During the year, BIG and its legacy bodies have had various material transactions with the DCMS and other bodies for which the DCMS is regarded as the sponsor Department: Heritage Lottery Fund, Sport England, Arts Council of England, MLA as well as transactions between the New Opportunities Fund, Community Fund and Millennium Commission.

Transactions with DCMS reflect income received through the NLDF and the inward secondment of staff. Transactions with the other Lottery Distributors reflect income received for management of Awards for All and rental of office space. Payments are made to HLF and Sport England for their services in running joint grant programmes (Note 17).

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

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

### Board members

BIG abides by the Cabinet Office code of practice for Board members of public bodies. As a matter of policy and procedure, Board members maintain publicly available registers of interests and declare any direct interests in grant applications made to BIG and commercial relationships with BIG. Where any committee decisions are taken which would reasonably be seen as giving rise to a conflict of interest, principally over grants to voluntary bodies, the chair of the meeting ensures at the outset that disclosure is made and the committee member withdraws for the duration of any discussion of the relevant item. BIG's procedures also ensure that grant officers are not engaged on processing applications in which they would have an interest.

A number of Board members have declared interests with public, voluntary and charitable bodies with which BIG has non-material business interests.

### 24. Merger accounting

As set out in the accounting policies on 1 December 2006 legislation was enacted to formalise the merger of the Community Fund, New Opportunities Fund and Millennium Commission. The merger was effected by business combination, assets and liabilities of the three organisations were vested, by legislation, to BIG.

All activities undertaken by the Community Fund, New Opportunities Fund and Millennium Commission have been transferred into the Big Lottery Fund. Section three of the annual report sets out the details of the grant making programmes transferred.

The merger has been accounted for using merger accounting principles. Accordingly the financial information for the current and prior accounting periods has been presented as if BIG existed throughout this period.

An analysis of the contribution to the surplus in the year of the combining organisations in the period prior to the merger date on 1 December 2006 is as follows:

	Community Fund pre merger £'000	New Opportunities Fund pre merger £'000	Millennium Commission pre merger £'000	Merger adjustments £'000	BIG post merger £'000	Total £'000
Total income	142,986	285,830	6,368	(4,390)	214,505	645,299
Expenditure in support of programmes	(30,315)	(148,999)	(8,007)		(204,718)	(392,039)
Total operating costs	(18,233)	(31,880)	(1,452)	4,390	(29,758)	(76,933)
Surplus/(deficit) before tax	94,438	104,951	(3,091)	–	(19,971)	176,327
Taxation	(34)	(88)	–	–	(132)	(254)
Total surplus/(deficit) for the period	94,404	104,863	(3,091)	–	(20,103)	176,073
Retained surplus/(deficit) 1 April 2006	(268,905)	(215,337)	23,488	N/A	N/A	(460,754)
Retained surplus/(deficit)* 30 November 2006	(174,501)	(110,474)	20,397	264,578	N/A	–
Retained deficit 31 March 2007	N/A	N/A	N/A	(264,578)	(20,103)	(284,681)

\*retained deficit 1 December 2006 represents the book value of net liabilities as at the merger date.

The equivalent analysis for the year ended 31 March 2006 is as follows.

	Community Fund £'000	New Opportunities Fund £'000	Millennium Commission £'000	Merger adjustments £'000	Total £'000
Total income	247,408	496,264	3,884	(5,237)	742,319
Expenditure in support of programmes	(336,437)	(261,492)	(24,972)	–	(622,901)
Total operating costs	(31,884)	(43,261)	(2,781)	5,237	(72,689)
Surplus/(deficit) before tax	(120,913)	191,511	(23,869)	–	46,729
Taxation	(52)	(183)	–	–	(235)
Total surplus/(deficit) for the period	(120,965)	191,328	(23,869)	–	46,494
Retained deficit 1 April 2005	(147,940)	(406,665)	47,357	–	(507,248)
Retained deficit 31 March 2006	(268,905)	(215,337)	23,488	–	(460,754)

## Notes to the Accounts

### 25. Memorandum accounts – Awards for All England

This note sets out the full accounts for the Awards for All England programme. This is a joint scheme managed by BIG on behalf of Arts Council England, BIG, Heritage Lottery Fund and Sport England. BIG's share of awards and administration costs are included within its own accounts.

#### Income and expenditure for Awards for All England for the year ended 31 March 2007

	Notes	Year ended 31 March 2007 £'000		Year ended 31 March 2006 £'000	
Income					
Contributions from partners					
Arts Council England		7,031		6,183	
BIG		44,637		39,191	
Heritage Lottery Fund		4,461		3,931	
Sport England		6,698		5,889	
Notional tax		18	62,845	31	55,225
Interest received			95		164
Grant refunds			780		952
<b>Total Income</b>			<b>63,720</b>		<b>56,341</b>
Expenditure					
Grant commitments made in the year	25.5	60,058		52,702	
Less lapsed or revoked commitments	25.5	(89)	59,969	(194)	52,508
Staff costs	25.2	2,371		1,857	
Other operating costs	25.3	1,362	3,733	1,945	3,802
<b>Total Expenditure</b>			<b>63,702</b>		<b>56,310</b>
Surplus before tax			18		31
Notional Tax	25.4		18		31
<b>Surplus/deficit for the period</b>			<b>—</b>		<b>—</b>
Retained surplus/deficit					
Brought forward at 1 April 2006			—		—
Deficit for the period			—		—
Retained deficit at 31 March 2007			—		—

## Balance sheet for Awards for All England as at 31 March 2007

	Notes	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
<b>Current assets</b>			
Payments in advance to micro grant partners			11
Balances due from partners			
Arts Council England		306	89
BIG		1,476	5,472
Heritage Lottery Fund		210	93
Sport England		344	151
		<u>2,336</u>	<u>5,805</u>
Cash		823	1,897
		<u>3,159</u>	<u>7,713</u>
<b>Creditors falling due within 1 year</b>			
Grants committed for payments	25.5	3,141	7,682
Other creditors		18	31
		<u>3,159</u>	<u>7,713</u>
<b>Total assets less liabilities</b>		<u>—</u>	<u>—</u>
<b>Retained surplus</b>		<u>—</u>	<u>—</u>

## Notes to the Accounts

### Notes to the memorandum accounts for Awards for All England as at 31 March 2007

#### 25.1 Budget for grant awards

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

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Arts Council England	6,714	5,886
BIG	42,630	37,372
Heritage Lottery Fund	4,260	3,735
Sport England	6,396	5,607
	<u>60,000</u>	<u>52,600</u>

#### 25.2 Staff costs

The aggregate staffing costs incurred by the Community Fund in delivering the Awards for All England programme during the period were:

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Wages and salaries	1,635	1,302
Social security costs	117	98
Other pension costs	283	222
Agency staff	336	235
	<u>2,371</u>	<u>1,857</u>

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

#### 25.3 Other operating costs

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Travel and expenses	26	48
Accommodation	102	317
Communications	248	481
Administration costs	896	1,099
	<u>1,362</u>	<u>1,945</u>

#### 25.4 Notional tax

Corporation tax is due on bank interest received by each distributor. The notional calculation charged in these accounts assumes Awards for All England as a single entity. Tax is calculated at an effective rate of 19 per cent (2005/06 19 per cent).

#### 25.5 Hard commitments

	£'000
Brought forward at 1 April 2006	7,682
Hard commitments made in the year	60,058
Lapsed and revoked	(89)
Hard commitments met	(64,510)
Carried forward at 31 March 2007	<u>3,141</u>

All payments fall due within 1 year.

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

## Section seven

### Our statutory background

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

The Secretary of State for Culture, Media and Sport is given power under the Act to give Directions as to matters to be taken into account in grant making and the conditions under which money is distributed. Following consultations between the Government and the Big Lottery Fund, a set of themes, outcomes and priorities were agreed, which allowed the development of policies and programmes through the administrative merger arrangements which brought the Community Fund and the New Opportunities fund together as the Big Lottery Fund. During 2005-06, new Policy Directions were issued to enable the Community Fund to support the new range of funding programmes within its existing legal powers, in particular the ability to make transformational grants. These new Policy Directions were interim Directions applying to both the Community Fund and the New Opportunities Fund in the period before the Big Lottery Fund was created in law on 1 December 2006.

The Big Lottery Fund has complied with these Directions throughout the financial year 2006/07 in every material aspect.

The Financial Directions set out below for the administratively-merged body and then the new legal entity apply across all the Big Lottery Fund's operations in all four UK countries.

#### Financial Directions

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

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

Reference to the Big Lottery Fund throughout this document means reference to both the National Lottery Charities Board and the New Opportunities Fund.

Signed by authority of the Secretary of State for Culture, Media and Sport Andrew Ramsay  
Director General, Economic Impact  
Department for Culture, Media and Sport



## Section seven

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

- ▶ 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 Andrew Ramsay  
Director General, Economic Impact  
Department for Culture, Media and Sport

The Directions have been complied with as follows.

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

### Policy Directions

The Big Lottery Fund is a non-departmental public body and therefore operates under Policy Directions issued by its sponsor department, the Department of Culture, Media and Sport. The Policy Directions set out the principles with which the Big Lottery Fund must comply. They are revised from time to time; the Directions issued in November 2005 were in force during 2006/07. These Directions were re issued on 1 December 2006 on the commencement of the Big Lottery Fund.

The Directions are set out in full below. Sections 1 and 2 are UK wide directions and apply to the Board and all four countries. Section 3 of the England Directions also applies on a UK wide basis. They are followed by specific directions for each country. In England (also covering the Isle of Man) these are issued by the Secretary of State for Culture, Media and Sport. Those for Scotland are issued by Scottish Ministers, those for Wales by the National Assembly and those for Northern Ireland by the Secretary of State for Northern Ireland. These Directions give effect to the arrangements in the 2006 Act for Devolved Expenditure in each country.

The Directions for England (and the Isle of Man) are:

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

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

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

**General Directions**

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

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D. The need to further the objectives of sustainable development.
- E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- F. The need:
  - (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
  - (ii) where capital funding is sought:
    - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
    - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
  - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.

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- 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.
- B.** The need for money to be distributed for the purpose of capital expenditure on projects and only to be otherwise distributed where the money:
  - (i) is distributed for the purposes of endowments or in the form of revenue grants where:
    - (a) such endowments or grants are associated with a capital project, in respect of which money has been or is proposed to be distributed; and
    - (b) such endowments or grants support the delivery of the project outcomes, increase accessibility, reduce barriers to entry and ensure that such projects are sustainable; or
  - (ii) is distributed for development funding to projects which have been assessed as suitable for such funding.
- C.** The need to transform and revitalise communities and the physical environment.

### Transformational Grants

- 3.** In exercising any of its functions in relation to transformational grant expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
- A.** The need to ensure that the Fund achieves over time the distribution of money to projects in each country of the United Kingdom.
  - D.** The need for widespread public participation in the decision to award grants which:
    - (i) involve consultation, voting systems or other suitable mechanisms;
    - (ii) are free from bias, corruption and manipulation; and
    - (iii) involve partnerships with broadcasting, electronic, print and other media.

### English and Isle of Man devolved expenditure

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

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

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

- A.** People having better chances in life, with better access to training and development to improve their life skills.
- B.** Stronger communities, with more active citizens, working together to tackle their problems.
- C.** Improved rural and urban environments, which communities are better able to access and enjoy.
- D.** Healthier and more active people and communities.

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

- A.** Improving family skills.
- B.** Improving literacy, numeracy, ICT and creative skills.
- C.** Developing consumer skills, including finance and debt management.
- D.** Developing basic business skills, particularly for social and creative enterprise.
- E.** Removing barriers to and developing employability, including through improving communication and problem solving skills.

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- F.** Developing life skills, including skills which help improve personal independence and interactions with others.
- G.** Supporting the training needs of volunteers.
- H.** Celebrating community identity, culture, diversity and achievements.
- I.** Strengthening volunteering and voluntary sector infrastructure.
- J.** Building capacity for community engagement.
- K.** Broadening children and young people's experiences and raising expectations.
- L.** Reducing isolation, for example for older people, disabled people and their carers, and enabling participation in community and family life.
- M.** Supporting citizenship, leadership and local planning and delivery
- N.** Ensuring safer places, free from anti-social behaviour and crime.
- O.** Better designed, clean and well-maintained public places and public art.
- P.** Increasing community usage of local parks, play facilities, public places, community building and the countryside.
- Q.** Enabling communities to tackle local environmental problems and improve their local environment.
- R.** Promoting environmental awareness through educational projects.
- S.** Increasing community participation in sport, dance, play and physical and creative activity.
- T.** Developing better approaches to tackling mental health problems, including through education, public awareness and the arts.
- U.** Improving opportunities for healthier eating and promoting the relationship between methods of production and the environment.
- V.** Addressing health inequalities through educational and information projects.

Signed on behalf of the Secretary of State for Culture, Media and Sport Simon Broadley  
Deputy Director for Lottery, International and Communities  
Department for Culture, Media and Sport.

## **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.



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- 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.
- B.** The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:
  - (i) the promotion of community learning;
  - (ii) the promotion of community safety and cohesion; and
  - (iii) the promotion of physical and mental well being.
- C.** The need to have regard to the interests of Scotland as a whole, the interests of different parts of Scotland and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Scotland.

### Scottish Devolved Expenditure

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

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

- D.** The priority of tackling disadvantage and the need to address inequalities.
- E.** The need to operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategies and activities and those of partners and stakeholders, including the voluntary and community sectors, other public bodies and the private sector.

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

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

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

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

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

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

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

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

### General Directions

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

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D. The need to promote and support the Welsh language and reflect the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages. This should be achieved by including specific conditions on language in grants and monitoring and overseeing the performance of grant recipients with regard to those conditions.
- E. The need to further the objectives of sustainable development.
- F. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- G. The need:
  - (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
  - (ii) where capital funding is sought:
    - a). for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
    - b). to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.

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

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

## Welsh Devolved Expenditure

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

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

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**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 environments; and
- C.** healthier and more physically active people and communities.

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

- A.** tackling the barriers to community learning and effective life skills;
- B.** people working together for stronger communities, social justice and better rural and urban environments; and
- C.** empowering communities to develop and deliver local revitalisation programmes;
- D.** developing constructive community responses to disaffection, anti-social behaviour and crime;
- E.** enabling older people to live independent lives and to contribute to their community;
- F.** enabling communities to manage and enhance their local environment and amenities;

- G.** developing people's ability to take responsibility for their own health and well-being in line with the principles underlying Health Challenge Wales, encouraging individuals and organisations to improve health in Wales;
- H.** promoting healthier eating and increasing physical activity across all age, gender and social groups;
- I.** developing new approaches to promoting community building and the countryside.

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

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

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

### **General Directions**

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

- A.** The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B.** The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C.** The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D.** The need to further the objectives of sustainable development.
- E.** The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- F.** The need:
  - (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
  - (ii) where capital funding is sought:
    - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
    - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
  - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.



## Section seven

- 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.
- 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:

### 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.
  - A.** People have the opportunity to achieve their full potential
  - B.** People can actively participate in their communities to bring about positive change
  - C.** Community ownership of better and safer rural and urban environments
  - D.** Improved physical and mental health for all people
- 6.** In relation to Northern Ireland devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:

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

Signed on behalf by Secretary of State NI



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**Accessibility**

Also available upon request in other formats including large print.

**Our equality principles**

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

**We care about the environment**

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

**Our mission**

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

**Our values**

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

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

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