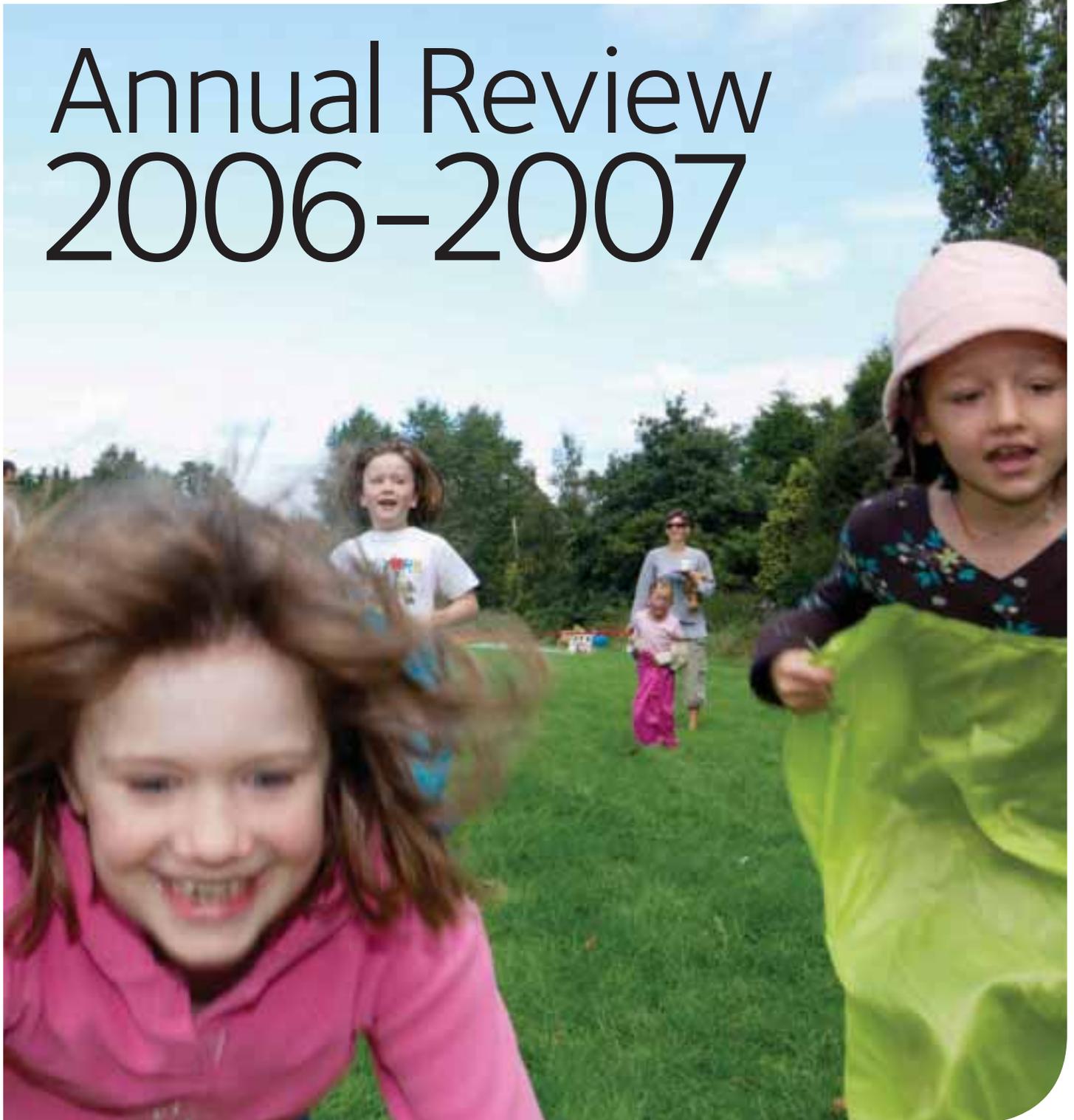


Making a BIG difference



# Annual Review 2006-2007







## Annual Review 2006–2007

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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 Fund seeks to minimise its negative environmental impact and only uses proper sustainable resources.

### Our mission

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

### Our values

We have identified 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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# Chair's foreword



**We've worked hard to deliver our mission – real improvements to communities and the lives of people most in need.**

This has been an eventful year for the Big Lottery Fund – new legislation, new challenges and new opportunities. As a result of the National Lottery Act (2006), BIG's formal status was confirmed in December last year, with a new structure of four new country committees under a new UK board. The Act also means that for the first time we can make loans and also deliver funding from sources other than the Lottery.

We've worked hard to deliver our mission – real improvements to communities and the lives of people most in need.

Since we began operating as the Big Lottery Fund in June 2004, we've committed about £1 billion of funding through our new programmes. This ranges from large grants for national portfolios of projects – for example, the Young People's Fund – to small grants under Awards for All that may be as little as £300 but can still have a big impact on the groups they support.

Public involvement has been an important part of our work because it helps to learn about the good that Lottery funding does and stimulates people to think of projects that will benefit their own communities. Over half a million people have now voted for projects they want to see receive our funding through The People's Millions programme. The audience reached by People's Millions media coverage through both print and TV viewing in 2006 comes to over 103 million.

We recognise that our size as a funder and our importance to the third sector put us in a position of special responsibility. We want to use this position to learn from others and, where appropriate, to influence policy and practice across funders. We've continued our commitment to full cost recovery and to funding for the longer term. Projects may now be eligible for up to five years of funding. We've met our undertaking that 60 to 70 per cent of our funding will go to the third sector. We've also embedded our outcomes approach and championed it more widely.

We are committed to intelligent funding. For us, intelligent funding is about being good at what we do. Some of this is about how we organise ourselves better internally but, importantly, much of it is about how we work with others. We've begun by establishing the Intelligent Funding Forum, which brings together some of the most influential trusts and foundations, as well as other Lottery funders. The forum will be an opportunity to share learning and develop ideas around good practice in funding.

During the last year, BIG received applications for funding totalling over £8 billion, far in excess of our capacity to fund on our present income of somewhat over £600 million, even allowing for the fact that projects span several years. This means that we cannot support many good projects and that, in some programmes, four out of five applicants are unsuccessful. It is deeply disappointing for applicants and imposes heavy loads on our dedicated staff who operate the grant assessment process. Looking to the future, we will need to consider, in consultation with our stakeholders, how best to structure our funding to deal with this challenge.

And we've begun to make use of our new powers to deliver non-Lottery funding too. We've developed a framework against which non-Lottery opportunities are considered, ensuring that we add real value and avoid 'mission drift'. We've just launched the Community Assets programme on behalf of the Office of the Third Sector and have been named by Treasury as the preferred delivery partner for the Unclaimed Assets Fund.

I hope that you will find this review an informative and stimulating read. We always welcome your input, so, if you have any views on this or any other matter relating to the Big Lottery Fund, please do get in touch:

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Email: [general.enquiries@biglotteryfund.org.uk](mailto:general.enquiries@biglotteryfund.org.uk)



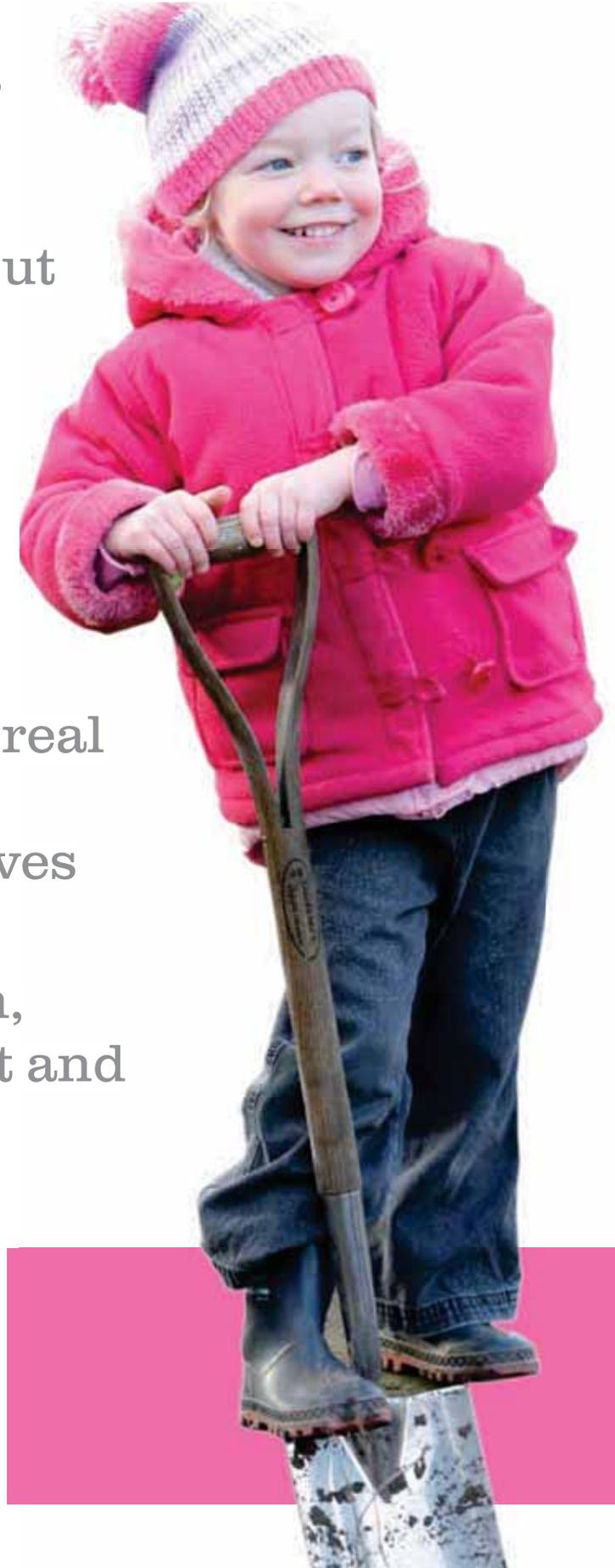
**Sir Clive Booth**  
Chair, Big Lottery Fund

# Introduction

The Big Lottery Fund is the largest Lottery distributor. We are responsible for giving out half the money raised by the National Lottery for good causes: 14 pence of every pound spent on a Lottery ticket.

Our mission is to bring real improvements to communities and the lives of people most in need.

Our remit covers health, education, 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 all four countries of the UK and form part of our statutory policy directions from the Government and devolved administrations, which we must take into 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. In each country, we have developed and agreed with Government a set of outcomes beneath these themes that all our funding aims to meet.

BIG is an outcomes funder, meaning that our focus is on the difference our funding makes, rather than on the organisations receiving the funding. We can make grants to organisations in the public and private sectors and the third sector. However, we recognise the vital role that the third sector has in helping us achieve those outcomes. We know that the sector is hugely successful in reaching out to the grass roots in communities, engaging people and inspiring confidence, where others may find it difficult. And we think that a strong and well resourced third sector is crucial to a healthy and well-functioning society.

This review complements our 2006/7 annual report and accounts. It aims to give you a better idea of the way that we fund and the principles that underline our approach. It is an opportunity to set out our progress against the various commitments we have made to be a better and more effective funder. In particular, the review looks at how we work with the third sector, which is by far the largest recipient of our funding, making the greatest contribution to the delivery of our outcomes.

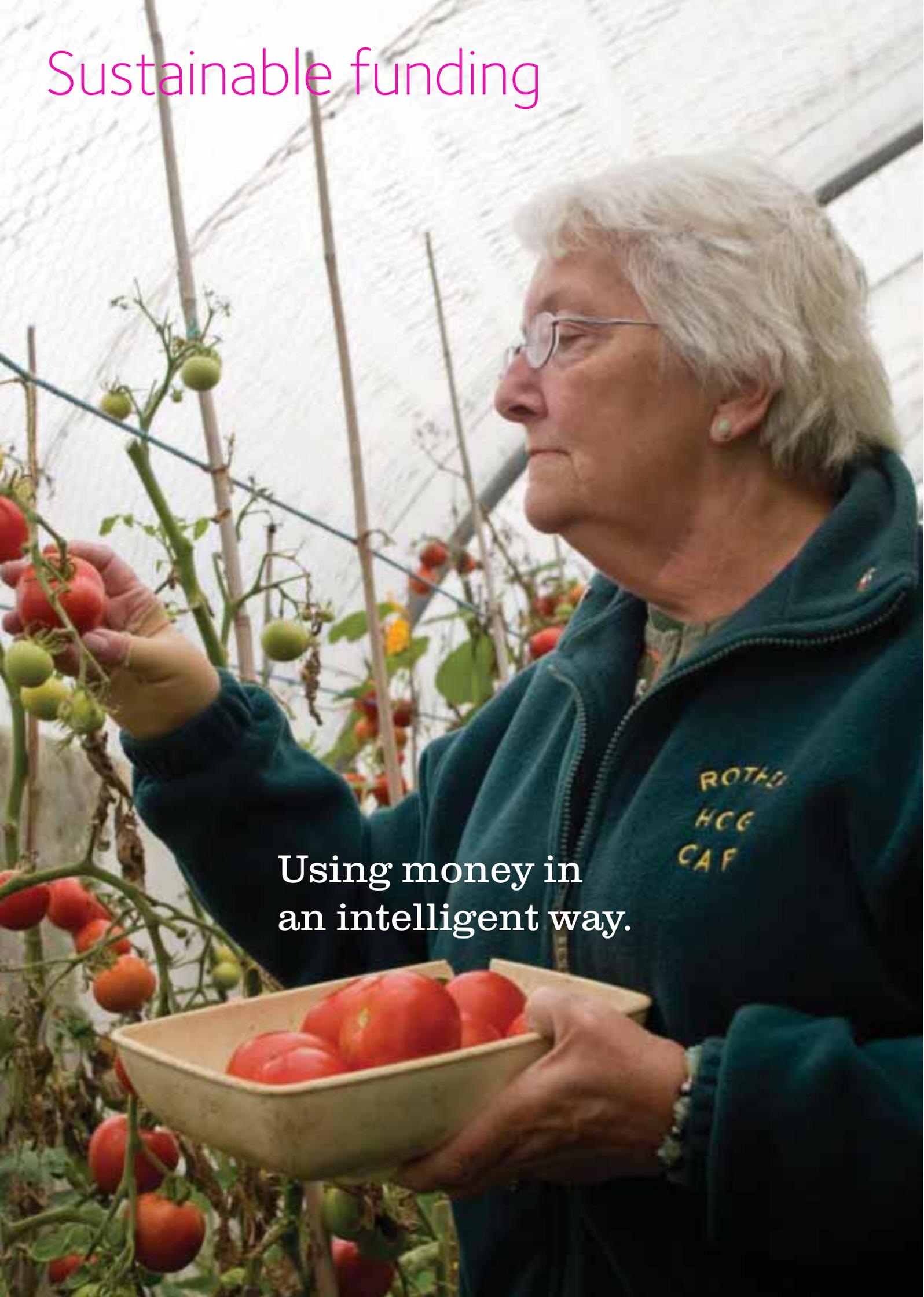
The review covers eight main areas:

- ▶ Sustainable funding: full cost recovery and committing for the longer term.
- ▶ Funding intelligently: how we aim to make the most of our funding and have greatest impact.
- ▶ Funding outcomes: focusing on the difference that we can make with our funding.
- ▶ Funding responsibly – listening and responding: how we work with the third sector and what the various government and third sector compacts and schemes mean for BIG.
- ▶ Funding fairly: what our commitment to equal opportunities means for the projects we fund.
- ▶ Funding beyond the Lottery: how we are using our new powers to add value to our core work.
- ▶ A BIG contribution to the third sector: why our 60 to 70 per cent undertaking is important and how we have delivered it.
- ▶ Funding additionally: our commitment to adding value across our funding.

**Our focus is on the difference our funding makes, rather than on the organisations receiving the funding.**

# Sustainable funding

Using money in  
an intelligent way.



- \* **Implementing full cost recovery**
- \* **Funding for up to five years**
- \* **Investing in infrastructure**
- \* **Making our funding understandable, accessible and responsive**

We know that creating a strong and sustainable third sector is not simply about making money available. It's about using that money in an intelligent way, investing in support structures and ensuring that organisations that receive Lottery funding can use that funding to its full potential and do not lose out in doing so.

When we launched our new programmes, we made a commitment to full cost recovery for the third sector. We also said that we would provide funding of up to five years across our programmes. We are also investing in infrastructure, to help the sector grow and develop, and to ensure that the investment we're making is helping to put the sector on a more sustainable footing.

### **Full cost recovery**

This means that we make a fair contribution to all kinds of overhead costs that we have the power to support, including costs related to premises, administrative support, senior management, fundraising, training and governance.

We are beginning to see the impact of our commitment to full cost recovery on our own programmes. Applicants welcome the approach and this year's stakeholder survey in England demonstrated its value, with 88 per cent of respondents citing it as very important.

It has, undoubtedly, been a challenge for some. We've produced full guidance for applicants, 'Applying for your project overheads'. This takes applicants through the process of measuring and claiming costs to ensure that they get the full benefit of this policy. The feedback we've had so far is positive. While organisations have often found the process challenging, by and large they recognise that understanding their costs better will help them become stronger and more sustainable.

We recognise the potential for the wider impact of this approach. BIG is a large funder with the potential to influence policy and practice across the funding arena. We have made a grant to ACEVO to train local third sector infrastructure organisations and this is being advertised through the SkILD programme, run via the National Association for Voluntary and Community Action's front door for training for local infrastructure.

### **Longer-term funding**

Funding for longer was something that the sector wanted us to do, and our stakeholder survey in England once again demonstrated widespread support for this approach.

Under Reaching Communities in England, over 40 per cent of projects apply for and receive grants of more than three years, up to a maximum of five years. Funding for longer brings greater certainty, helping groups to plan for the longer-term and providing extra security for staff, potentially making recruitment and retention easier.

# Sustainable funding

## Outline proposal form

The trade-off for longer-term funding is, of course, that fewer projects get funded. We think that this is justified and makes more sense than funding a larger number of projects on a less secure footing. However, we know that it is frustrating to organisations to spend time on making applications that are not successful. To help address this problem, we've introduced the outline proposal form across many of our programmes. We recognise, though, that we will continue to receive many more good applications than we can fund. We have experienced very high demand across the majority of our programmes, and this looks set to continue at least in the short-term.

## Investing in infrastructure

The BASIS programme is contributing to the development of third sector capacity across England. In the first round, we made over 100 awards to locally based, multi-purpose, face-to-face support services, plus another 70 regional and national projects providing more specialised services. BASIS is providing a backbone of sustainable long-term funding for basic support services and a space for development and improvement of infrastructure skills and knowledge. Round two, which opens in early 2008, will be more focused and more targeted, making the most of the remaining funding.

In Scotland, BIG is investing £20 million in the third sector to create the conditions and an infrastructure through which healthy and vigorous voluntary and community sector activity can occur. This funding is intended to strengthen and deepen the key third sector support networks across the country. In addition, the Growing Community Assets programme enables communities in both urban and rural Scotland to acquire and develop their local assets – a key aspect of achieving sustainability.

In Wales, we have provided almost £500,000 under the Voluntary and Community Sector programme to the Wales Council for Voluntary Action to run a three year programme aimed at helping voluntary organisations to become more sustainable. The project will provide training, information and advice to voluntary organisations to enable them to secure and maintain the resources they need to be sustainable in the longer-term.

## Being accessible

In Scotland, Investing in Communities is pioneering some changes in how we do our business in response to consultation feedback. The approach means that there is a single point of entry and a single application process for all applicants. It involves four broad portfolios of activity for grants from £10,000 to £1,000,000. We have dedicated £140 million to a demand-led, open process. We have reserved around £50 million to be applied more strategically during the life of the programme to help to meet outcomes that are not being fully addressed by the open process. We have also recognised the need for some organisations to access development funds to bring forward good projects. Investing in Ideas provides grants of up to £10,000 to meet this need. We have also responded to feedback that wanted us to be more risk taking at times and have created the Venture Fund, which we hope will do this in a planned and controlled manner. This is currently under development and should be launched in early 2008.

In England and Northern Ireland, our Reaching Communities programmes provide grants of between £10,000 and £500,000 for projects that meet any one of our four outcomes. The programmes are rolling and offer maximum flexibility for groups seeking funding. Reaching Communities is not strategic. It's not designed to be. And the range of things it covers means that it would be difficult to measure its impact. Nonetheless, it is important. Time and time again, our stakeholders have told us that – despite the very strong competition – they welcome the opportunity to apply. They like the flexibility and the scope it gives them to test out new ideas.

In Wales, the People and Places programme offers similar flexibility, with rolling deadlines and broad outcomes.

## NICVA £576,226

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The Northern Ireland Council for Voluntary Action (NICVA) was awarded this grant in January 2007. NICVA will provide development and support until the end of 2012 to those awarded funding under Reaching Communities to:

- help grant holders to manage and deliver their projects more effectively over the lifetime of their awards
- help grant holders achieve their project outcomes and the programme outcomes
- address identified needs and build capacity within the community and voluntary sector, leaving an enduring legacy for RCNI
- demonstrate BIG's commitment to being an intelligent funder through acknowledging the developmental needs of grant holders and putting in place measures to support these.

The contract includes support in the following areas:

- project development, including enabling understanding of outcome based funding and related processes
- guidance and support on sustainability
- facilitation of collaborative working, mentoring and networks
- specialised advice on, for example, governance, recruitment and selection, equalities issues and sustainable development
- development and enhancement of financial management information systems
- development of specialised services or facilities including advocacy and lobbying
- support and training for project management including self-evaluation, monitoring, review and independent evaluation
- training and skills development in response to identified need including leadership skills training
- volunteer recruitment, retention and development.

[www.nicva.org](http://www.nicva.org)

# Funding intelligently

Committed to being the best funder we can be.

- \* A new framework for intelligent funding
- \* Funders' Forums in England and Scotland
- \* Listening, learning and working with others



At BIG, we're committed to being the best funder we can be. We're committed to learning from our mistakes as well as our successes, making our programmes easier to understand and access and sharing best practice among funders.

Intelligent funding is not an extra layer of activity. It is a framework that should inform all aspects of the work we do and our thinking about how we can be a better funder in the coming years.

A key challenge is ensuring that we make a real impact by investing in projects which are sustainable. Central to this are, we believe, community involvement and partnership working, which we aim to promote across all our programmes. Our commitment to funding for longer, providing full cost recovery and investing in support and development for the projects we fund, is all part of intelligent funding. This is explored later on in this review.

Over the past year, we've developed our intelligent funding approach into a clear and coherent framework. We consider that there are five main indicators of intelligent funding for the Big Lottery Fund:

- be vision driven
- know and state our place in the market
- be an organisation that learns from what it does and supports those it funds to learn from what they do and from each other
- have structures and systems that support the achievement of our vision
- be able to manage and adapt to change – including to non-Lottery opportunities we may wish to pursue in the future.

### What's next?

Our Board has agreed that, in future, our intelligent funding approach will include a stronger focus on outcomes where we think we can have the greatest impact. These outcomes will, in large part, be delivered by the third sector. However, we will continue to use our leverage to encourage cross-sectoral partnerships and working – as in the Children's Play programme, where local authorities work closely with the third sector and local communities to deliver the programme outcomes.

Over the next year, we will be looking at the non-financial support that BIG might provide to applicants, both before they receive funding and afterwards. We will also be proactive in seeking funding opportunities (including non-Lottery) that enable us to deliver our mission more effectively.

We will, in particular, continue to evaluate the impact of our funding and share the learning, both on a programme and on a thematic basis. Self-evaluation by grant recipients will also play an important role and we are currently updating our guidance in this area.

In Scotland, every Investing in Communities grant holder is required to undertake self-evaluation. A contract to provide support in self-evaluation has been awarded, designed to help grant holders to understand and implement self-evaluation processes and methods. Support is available via a phone helpline, dedicated email, website, workshops, seminars and visits.

### Funders' Forums

As part of our commitment to share learning, influence policy and practice and support public accountability, we have established Funders' Forums in Scotland and England. These bring together a range of trusts and foundations with other Lottery distributors and government departments, including, in England, the Office of the Third Sector and, in Scotland, the Scottish Government.

In Scotland, since the funders started meeting together, they have worked on streamlining monitoring and evaluation systems, funding outcomes rather than activities and building better links with the private sector. There have been concrete gains. The funders launched a joint evaluation declaration, saying clearly what they thought evaluation should be about and how it should be supported. They are now doing more work to make the principles in that declaration a reality, as well as developing a joint approach to driving forward equality work.

In Wales, we are currently exploring ways of developing a Funders' Forum that can help us share learning with other funders working in Wales and beyond.

## **Burton Chinese Association**

### **£576,226**

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In 2004, the Burton Chinese Association was formed to address the lack of culturally sensitive provision in the area for Chinese people. The volunteers were only able to run a limited amount of activities and services, which did not meet the needs of the community.

With this grant from Reaching Communities, they have employed a dedicated member of staff, Rebecca Wu, to develop social and recreational activities. She is also developing links with local services to facilitate access for Chinese people.

Rebecca has established monthly meetings for older people, as many of them don't speak any English and feel extremely lonely. The meetings give them the chance to speak to other Chinese people and access services, such as medical advice, with an interpreter. The Association's trained mini-bus driver picks up the housebound so they are not reliant on others for transport.

Members also benefit from the regular day trips Rebecca organises, which give them the opportunity to socialise while learning about British culture. Recently, families enjoyed a visit to Cadbury World and older members have been to Chatsworth House in Derbyshire.

The Association also runs English classes to help Chinese people of all ages communicate and integrate with the wider Burton community.

Amy Vuong, a member of the committee, said, "Before our group formed many of the elderly people felt isolated, as they completely relied on their family to communicate and link with the community and services. We provide someone to go to when they need anything – even just to organise a trip to the dentist. Some of our members find speaking to services like this very daunting."

Philip Chan, a member whose wife is taking English classes, said, "It is difficult for her because she has never really had a formal education. Now she is able to manage. She now knows some words, some English."

## **Isfield Village Hall Trust**

### **£12,000**

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Isfield Village Hall is a hub of community activity, used for adult education classes, a pre-school, and holiday play schemes, as well as for many and varied events run by the local community. But the damaged roof was threatening to leave the village of Isfield without this valuable asset.

The grant of just £12,000 will make a big difference. Repairing the roof gives the community the chance to use the hall to its potential. They are already planning a programme of new events and activities. These will be aimed at the whole community, but will particularly help some villagers who currently feel isolated.

# Funding outcomes

- ✳ **A focus on the difference our funding can make: the end result for beneficiaries**
- ✳ **‘Explaining the difference’ – helping applicants to understand the outcomes approach**

BIG is an outcomes funder. This is central to our intelligent funding approach. Outcomes funding is about identifying the difference we want our funding to make and judging success on that basis.

At a project level, it means that organisations applying to us for funding are asked to express their project aims and plans in terms of the outcomes they hope to achieve. These may be changes for their beneficiaries or improvements to a place or organisation.

We focus on outcomes, rather than on outputs, inputs or activities, because this:

- puts the emphasis on ends rather than means, underlining the fact that there may be different routes to making a difference; we are more interested in the end result for beneficiaries than in the choice of activities or process undertaken to achieve that end
- helps people think about goals, aims, reasons why and effects rather than targets, outputs, numbers undertaking an activity and amount spent
- challenges assumptions, requiring people to develop a logical plan and provide evidence of what results they are achieving rather than describing the services they offer.

We know that the outcomes approach is relatively new for many organisations, so we aim to make our programme guidance as clear as possible and to offer signposting to resources that can help projects. Our guide, ‘Explaining the difference your project makes’ helps applicants to understand the outcomes approach. When we launched this guide, we asked for feedback from applicants about how useful it was to them. This allowed us to adapt and refine it. It has been welcomed by applicants and their advisers as a clear and simple guide to what may otherwise appear to be a daunting process.

We’ve championed our outcomes approach widely and it has proved enormously popular. In our recent stakeholder survey, 88 per cent of respondents stated that the outcomes approach we’ve taken is important to their sector.

Explaining the difference can be downloaded from our website at:  
[www.biglotteryfund.org.uk/explaining\\_the\\_difference](http://www.biglotteryfund.org.uk/explaining_the_difference)



We focus on outcomes, rather than outputs.



Funding responsibly

Listening and responding.

- ✳ **Strengthened relationships with the third sector at regional and national level**
- ✳ **Adhering to the letter and the spirit of the third sector Compacts and schemes**
- ✳ **Consulting regularly on policies, programmes and processes**

#### Third sector Compacts and schemes

As a non-departmental public body, we are committed to conducting our business with proper regard to the Government and third sector Compacts and schemes in England, Wales, Scotland and Northern Ireland.

As explored in this review, we lead the way in funding good practice through our full cost recovery policy, which we promote to other funders. 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 Black and minority ethnic communities 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 third sector implement the Compact. For instance, we fund the NCVO's Compact Advocacy Project in England.

#### Building relationships

Across all four countries, BIG has developed very positive relationships with key third sector stakeholders and in particular the national umbrella organisations.

Our England regional offices have been at the cutting edge of stakeholder relationships over the last two years. Many sit on regional third sector forums and networks like the Change Up Regional Forum and the Voluntary Sector Funders Forum. They support helper agencies and have developed a set of modular training materials that are a crucial resource for agencies advising on BIG funding. They also work directly with third sector groups, use regular e-bulletins to cascade information about BIG and regularly meet key regional stakeholders.

In Scotland, we are developing a network of 'partnership hubs', one in each of the 32 local authority areas. In some areas we've merged them with existing structures to avoid duplication and have seen local strategic engagement increasing as a result. The formation of these hubs should allow us to maintain a communication channel with relevant agencies in each local authority and ensure an intelligent approach to delivering our funding. They are also important in allowing us to deliver key messages and outreach in areas where we need to have a more targeted approach in order to stimulate demand and improve the quality of applications.

## Funding responsibly

Alongside this, we ran a programme of events, called the Big Days Out, which saw us train 700 staff from helper agencies in our processes, and we continue to hold regular meetings with the Scottish Lottery Officers group as well as the CVS network.

In Wales, we have emphasised our commitment to the third sector and held discussions with the Wales Council for Voluntary Action on the development of the sector's infrastructure and capacity to engage in public service delivery. We have contributed to the Welsh Assembly Government's Strategic Action Plan on the implementation of the Voluntary Sector Scheme, advising on good practice in support and development for the sector. We are also supporting a project to explore innovative approaches to achieving long-term sustainable voluntary sector funding.

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

### Consulting

We remain committed to full, open consultation across all our programmes. BIG's initial consultation in 2004 was run in two phases, helping shape the way we fund as well as what we fund.

Each of our main programmes has been developed in consultation with stakeholders from the relevant sector, and often, as in our Children's Play and Advice Plus programmes, they act in a formal advisory capacity throughout the lifetime of the programme.

For example, in Wales, we are working with Play Wales to ensure that applicants to our Child's Play programme receive strategic advice and guidance to help them submit applications that are focused on the areas of greatest need.

In 2008, BIG will begin consulting on our priorities for the years 2009-2012. It will be a chance for us all to reflect on how things have gone so far and what this should mean for the future. We will look at both how we fund – for example, our intelligent funding themes – and at what we fund.

There will undoubtedly be some tough choices to be made. As a result of the diversion of funding to the Olympic infrastructure, there will be less money to go round, but demand for our funding is unlikely to fall. Everyone with an interest in the Big Lottery Fund will need to think carefully about what our priorities should be, where our funding is needed most and where it can have the greatest impact.

## Hackney City Farm £49,928

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Right in the middle of a busy east London borough, Hackney City Farm is a place where locals can escape from the bustle of the city. As well as chickens, ducks, pigs and goats, the farm also has a successful vegetable garden. It has a strong community feel, as volunteers from the area help with the day to day running of the farm.

Bryan Lowman, Earth project manager, believes their success in The People's Millions was because of strong support from the local community. The project will strengthen that relationship and he encourages others to do the same: "If you have a good idea, don't be afraid of developing it and pushing it forward."

The grant will go towards a landscaping project to build community gardens in the borough. As Bryan explains, "We are taking what we're good at and bringing it to the wider community." Hackney City Farm will work with Islington and Shoreditch Housing Association to build gardens in local housing estates. They will brighten up the area and create calm spaces for the community to enjoy.

[www.hackneycityfarm.co.uk](http://www.hackneycityfarm.co.uk)

# Funding fairly

- \* **Promoting participation across all our funding**
- \* **Giving applicants practical help to plan their projects through the Equality Matters guidance**

We want to use Lottery money to bring about changes to communities by funding people, projects and programmes, with a particular emphasis on tackling need.

By putting equality at the heart of project design and implementation, organisations are more likely to achieve better outcomes.

Six key principles underpin BIG's approach:

## **Promoting accessibility**

ensuring services are easy to access and are sensitive to the different cultural needs of users.

## **Valuing cultural diversity**

recognising that people have different needs, beliefs, values and abilities and that those differences need to be both respected and promoted.

## **Promoting participation**

people affected by our policies, processes and programmes should be involved in their development.

## **Promoting equality of opportunity**

recognising that, in order to level the playing field, we may need to treat people differently to help them have the same chance to take advantage of employment and service opportunities.

## **Promoting inclusive communities**

where people feel they belong and their lives are appreciated and valued, they have similar life opportunities and strong and positive relationships develop between people who are from different backgrounds.

## **Reducing disadvantage and exclusion**

dealing with the causes of disadvantage and exclusion, promoting inclusion of groups at greatest risk of being disadvantaged and excluded.

To support these principles and ensure that they are applied consistently across the programmes and projects we fund, BIG has developed Equality Matters, a guide for applicants. Equality Matters aims to help groups identify what they already do well in their approach to equality issues, and help them identify how they could do even better.

The Equality Matters publication:

- provides practical help on how to incorporate equality into planning new projects
- explains BIG's equality principles and why it is important to pay attention to these if you are applying to BIG for a grant
- explains how BIG expects its grantholders to implement equality once you have been awarded a grant.

Along the way, we provide practical exercises and tips. We also look at some of the common mistakes that grant applicants make, and provide examples of good practice from previous applications to BIG.

Equality and diversity matter to the Big Lottery Fund.



# Funding beyond the Lottery

- \* **New powers to deliver funding from other sources**
- \* **Complementing and adding value to Lottery funding**
- \* **Our first non-Lottery programme**

The National Lottery Act (2006) gave BIG new powers to deliver funding from non-Lottery sources.

Our Board has undertaken to use the power to deliver non-Lottery funding selectively and intelligently. We will only deliver non-Lottery funding where it reflects our mission and values, adds real value and ensures a better deal for beneficiaries.

Community Assets is our first non-Lottery programme. The £30 million funding is from the Office of the Third Sector but the programme is delivered by BIG. Community Assets is not Lottery funding and will not be branded or accounted for as such.

Community Assets offers grants for the refurbishment of local authority buildings in England, to enable their use as community resources and their transfer to third sector ownership. The programme is open to joint applications from local authorities and their third sector partners. All of the assets that we fund should be made fully available to a range of local groups, especially those working with or including disadvantaged communities.

This is an exciting opportunity, representing a key milestone in the history of BIG. We hope that it will stand us in good stead to be considered as a preferred partner for delivering non-Lottery funding in the future.

BIG is also exploring a number of other non-Lottery opportunities across the UK, where we consider that we can add real value to our current portfolio of programmes. These include being named as the preferred delivery body by the Government for the funding that will be released from dormant bank accounts. BIG's UK-wide infrastructure and extensive experience of delivering funding in the priority areas set out for England (young people, financial inclusion and social investment) make us well placed to deliver this funding. In its consultation, the Government recognised BIG's ability to work in partnership, and the extensive network of delivery partners we already work with to deliver our programmes. The Government also noted our commitment to intelligent funding and recognised that we already have a good understanding of the needs of the third sector through our Lottery distribution.

The necessary legislation has already been introduced in Parliament. It is unlikely that funding will be available until 2009 at the earliest, but we are already working very closely with Treasury, the Office of the Third Sector and other government departments to look at how best the funding can be delivered. It is expected that BIG will be the distributor of this funding across the UK, but the priorities in Scotland, Wales and Northern Ireland will be decided by the devolved administrations.

We will only deliver non-Lottery funding where it reflects our mission and values, adds real value and ensures a better deal for beneficiaries.



# A BIG contribution to the third sector

- \* **Met our 60 to 70 per cent undertaking to the third sector**
- \* **Recognising the valuable contribution of social enterprises**
- \* **Committed over £550 million to third sector organisations since June 2004**

## **Why we've made the undertaking**

While BIG is first and foremost a funder of outcomes, we recognise the vital role of the third sector in helping us meet those outcomes.

In 2004, BIG made the undertaking that 60 to 70 per cent of the funding under our new programmes will go to the third sector. This undertaking was endorsed by Ministers in Parliament during the passage of the National Lottery Bill in 2006.

What's more, following the announcement of the diversion of Lottery funding to the 2012 Olympic infrastructure, we have undertaken to honour our 60 to 70 per cent commitment to the third sector post-2009 at the cash level that would have applied before the diversion took place. This will mean that the third sector will receive the vast majority of our funding during this period.

## **How we've agreed to report**

When we made our undertaking, we knew how important it was to have a clear definition of the sector that was widely accepted. After consulting with our stakeholders, we agreed the following definition, which is consistent with the Government's definition (a slightly different definition is used in Wales), as follows:

**"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."**

We have worked closely with key stakeholders in the third sector to agree how we count, measure and report on this undertaking.

**We recognise the vital role of the**

We have agreed to report annually against the 60 to 70 per cent undertaking, although it is possible that the proportion of funding going to the third sector will vary from year to year.

The relevant programmes are all those launched under the banner of the Big Lottery Fund, including the Young People's Fund, effectively the first Big Lottery Fund programme, and the £125 million of additional funding that BIG's Board agreed to make available to the third sector while new programmes were in development.

We expect to meet the target across the range of funding programmes, not on a programme-by-programme basis.

BIG has developed a range of programmes that are delivered in a variety of different ways. Many of these are delivered through intermediaries, whether they are award partners managing national programmes or local authorities responsible for project portfolios in their specific areas. We have agreed that, as standard, we will count on the basis of the organisation that receives the grant in its bank account.

### **A UK-wide undertaking**

The 60 to 70 per cent undertaking is UK-wide, but we have also undertaken that each country should reach at least the 60 per cent target across the lifecycle of BIG's programmes.

Annex A sets out performance against the undertaking in each country, on the basis of awards under our new programmes between June 2004 and March 2007.

### **What we've achieved**

The Big Lottery Fund has, under its new programmes, made around 48,000 grants since its launch in June 2004, and committed a total of over £665 million across the UK.

Of this, 84 per cent UK wide – £556 million of grants – went to third sector organisations as the end recipients.

In England, 83 per cent of our funding went to the third sector.

In Scotland, the figure was 89 per cent, in Northern Ireland 90 per cent and in Wales 77 per cent.

## Women Connect First £499,961

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The Empower Women Project is about promoting economic activity, cultural cohesion and environmental awareness among black and minority ethnic women and their families in Cardiff and South East Wales.

The women using the project are involved in its management, developing their skills to run other community activities. The project includes:

- A comprehensive advice, advocacy and counselling service, covering everything from personal and family issues, to practical support with immigration, benefits and employment matters and access to health, education and housing services. More established clients act as mentors for people who are new to the service.
- An employment training, job-shadowing and work placement scheme tailored to the women's needs, helping to bridge the gap with mainstream employers. An extensive network of employers has been set up to support the service. The project helps with Childcare and other practical support to help the women.
- A programme of cultural and environmental activities that builds understanding and social cohesion between communities and raises awareness and appreciation of the local environment. The women take part in outings, workshops and talks, and activities are laid on for their children.

## **Living Memory Bank Project**

### **£247,864**

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The Living Memory Bank is about raising self-esteem, confidence and skills to improve the lives of local people in Edinburgh. It will use reminiscence work to break down barriers and maintain connections across different generations and cultural groups in Edinburgh. There will be community history reminiscence groups, cross-generational and multi-cultural learning projects, a social history archive and educational reminiscence packs and websites. Part of the project will be about helping people with dementia to record their long-term memories. This has proved to be therapeutic for those struggling with their day-to-day memory.

The Living Memory Bank is working with 4,300 older and young people and 75 organisations over the next three years.

[www.livingmemory.org.uk](http://www.livingmemory.org.uk)

# Funding additionally

**The National Lottery Act (2006) requires all Lottery distributors to report annually on additionality, setting out their policies and practice. This section expands on the account provided in our 2006/7 annual report.**

**We believe that our  
substitute for Govern**

## **The principle of additionality**

The Big Lottery Fund is committed to the principle of additionality. We believe that our funding should not replace or substitute for Government or local authority expenditure but be additional to that funding and add value to projects, people and places. We seek to complement and add value, where appropriate, to government strategies and funding streams.

The England and UK Lottery distributors have agreed a common definition of additionality:

**“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.”**

Whether or not additionality can be demonstrated depends entirely on the nature and purposes of the programme or project funded.

## **What additionality is not**

Additionality is not defined by the sector that receives the funding. Public sector as well as third sector bodies can deliver projects that are additional; equally,

third sector bodies increasingly deliver core, Exchequer-funded services that are clearly not designed to be additional. Since the Lottery was created, all distributors except the Community Fund have funded across sectors.

Additionality should also not be confused with notions of ‘independence’. The Lottery distributors are all non-departmental public bodies, accountable to Ministers and to Parliament. The Government properly sets out their high level strategic frameworks and the distributors then operate at arms’-length, deciding on their funding programmes and how they deliver them and making individual grant decisions. To that extent they act independently.

Even if the Government or the devolved administrations were to ask (or direct) a distributor to deliver in a particular area, whether or not additionality was compromised would depend entirely on the nature of the specific funding initiative. Whether such direction reflected the most appropriate relationship between the Government and a non-departmental public body would be a separate issue.



# funding should not replace or government or local authority expenditure.

## Changing context

The funding landscape has changed significantly since the Lottery began. Relationships between central and local government and the third sector are increasingly complex. The third sector is frequently involved in service delivery, often contracted by local authorities but also by central government. Furthermore, funding from statutory bodies for particular activities or services may be time-limited, and may not necessarily reflect a specific statutory duty or requirement. This is the case with, for example, most spending on regeneration.

Areas that the Lottery has traditionally supported have attracted the interest of government. Change Up is one example. Created to support the development of third sector infrastructure, Change Up is delivered by a government organisation, Capacity Builders. This investment in infrastructure and support is not something that government has traditionally provided. However, the initiative has been widely welcomed, and we have co-ordinated our work closely with it, developing our BASIS programme alongside Change Up's work. During the development of BASIS, there was no suggestion that the

Government's involvement should preclude the Lottery from investing money in this area. It was widely recognised that the Lottery had a clear interest and that Lottery funding could be used to complement and add value to other funding streams.

## How this informs the development of funding programmes

BIG funds across a wide range of areas. Our funding cannot make a difference in isolation and we need to be realistic about the interdependence of the work we do with other initiatives and funders, statutory or otherwise. We rely on strong relationships with experts in the relevant sectors to develop programmes that respond to real need and complement what is already there.

In deciding on and developing our funding programmes, we take full account of the principle of additionality.

## Funding additionally

### How this informs our grant assessment

Although the principle of additionality is a key consideration in the programme development process, there may still be some circumstances in which grants officers are required to take a judgement on whether an individual project is 'additional'. In these circumstances, grants officers are asked to apply three tests:

- ▶ Are you confident that the grant requested will not subsidise or provide part of the costs for a service that is provided on a contract basis for a statutory body?
- ▶ Are you confident that the grant is not intended to replace statutory funding that has been withdrawn or is in danger of being withdrawn?
- ▶ Are you confident that the project does not duplicate services that a statutory body currently provides for the target community in order to discharge its statutory duties?

### Funding for play

A good example is the development of our Children's Play programme, in which the Government had a keen interest and had commissioned the Children's Play review. This programme had been long awaited. Our own consultation showed that children's play was a very high priority for funding and was seen as exactly the sort of thing that the Lottery should be supporting. We worked closely with the Children's Play Council (now Play England) throughout the planning and development of the programme. We wanted to make sure that there was a fair spread of funding across areas, and that the projects we supported had a good chance of being sustainable in the long-term. Local authorities were the obvious delivery partners, working closely with communities and the third sector. We did not want to fund projects in isolation – they needed to fit with local and national strategies, and we did not want to create projects that could not be maintained. There was no statutory duty to fund children's play and previous funding had been uneven and often unstrategic.

### Funding in schools

Funding for projects in schools can also be additional. An example is Jarrow School's Formula One (F1) project, which has received £150,000 from BIG's Family Learning programme.

The F1 project is all about getting fathers and male relations or carers involved in their children's learning. They work together on engineering, science, mathematics and technology activities, giving them the chance to get to know each other better and learn new skills together.

In the first phase of the project, adults and children are getting the chance to design and build carbon dioxide powered model Formula One cars. To start with, they'll use computer aided-packages to construct the mini-racers. Their hard work will then be tested on the track. Finally, the finished product will be entered into regional and national competitions of the F1 Schools Challenge.

The funding has been welcomed by Jarrow School Deputy Head teacher, Chris Roberts, who said, "The engineering school is delighted with the award. Now we can deliver the F1 project and engage families in innovative and exciting maths, science, and engineering activities."

We wish the school the best of luck in the competition!

## 2gether initiative

Nacro, the crime reduction charity will recruit and train as mentors 50 young people from across England who are current or former users of its services. The mentors will be matched with hundreds of youngsters aged 14-25 years old who are involved in offending behaviour or are at risk of offending.

The mentors will provide the one-to-one support that can be crucial in helping youngsters to get involved and stay involved in their education or training course, tenancy or activity programme. The mentors will work towards an accredited qualification and will gain leadership skills, confidence and an additional sense of direction in life from the experience.

“Many of these young people have had negative experiences of school and authority figures which discourage them from engaging with learning and other services and limit their ability to move forward,” says Paul Cavadino, Chief Executive of Nacro. “The 2gether project will create a network of young volunteer mentors from similar backgrounds who will understand the difficulties and pressures faced by our young service users. Their support will be a catalyst for these young people to make real changes to improve their lives.”

Chris Dare, Nacro’s youth activities specialist, adds: “Helping the young people to get into a routine of getting up early to attend college or a training centre may seem like a small thing, but it can make the difference that starts to turn the young person’s life around. The volunteers will not only be helping others, but helping themselves by gaining a new set of skills and training that could greatly increase their future employment prospects.”

[www.nacro.org.uk](http://www.nacro.org.uk)

# Annex A

June 2004 - March 2007

**Table 1**

Value and percentage of grants awarded to the third sector under all BIG's new programmes.

	<b>Grants to the third sector (£000s)</b>	<b>Per cent of total grants (%)</b>
England	418,316	83
Northern Ireland	29,446	90
Scotland	75,272	89
Wales	33,031	77
<b>Total</b>	<b>556,065</b>	<b>84</b>