



Strategic plan 2006-09



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1. Foreword by the Chair

Between 2005 and 2009 the Big Lottery Fund expects to give out more than £2.6 billion. Our Strategic Plan will guide our work during this period. It sets out what we have achieved so far and shows what we intend to do with the funding we have available. Above all, I hope that it shows the difference that our funding will make to communities across the UK.

This document comes at an important time for the organisation. We were set up in June 2004 by the administrative merger of two Lottery distribution bodies, the New Opportunities Fund and the Community Fund. Legislation is now in place to put this administrative merger on a clearer and more solid footing and allow us to run as a truly unified organisation.

We have already achieved much over the last two years. At the very beginning, my Board agreed a mission statement that encapsulates the core purpose of the Big Lottery Fund: bringing real improvements to communities and the lives of people most in need. We have developed organisational values that support this mission. We have consulted on how the Big Lottery Fund should make its funding available and we have consulted on what we should fund. Most importantly, as a result of a couple of years of intense activity, we have now launched most of the funding programmes we will be delivering through to 2009.

In many ways, though, it is now that the hard work really starts. We are committed to making the Big Lottery Fund a truly intelligent funder. This means looking at how our funding can be strategic and at the same time responsive to the demands of communities. It means ensuring that funding is flexible enough to allow projects to sustain their work into the future. And it means learning from what we have done in the past to ensure that getting funding from the Lottery becomes as simple as possible. Ultimately, Lottery money for good causes comes from the people across the UK who buy Lottery tickets. We want to make the Big Lottery Fund into an organisation that the public and our stakeholders feel involved in; one that they know about, care about and support.

I hope that, as you read this plan, you will see the scope of what we have achieved so far. And I hope you agree that the Big Lottery Fund will be a new organisation making a big difference.



2. Introduction by the Chief Executive

2.1 Overview

This is the Big Lottery Fund's first Strategic Plan following the administrative merger of the New Opportunities Fund and the Community Fund on 1 June 2004. It covers the period April 2006 to March 2009.

The Strategic Plan is an important document because it sets out who we are, where we are now and where we want to be in 2009.

- i. Our legislative framework, mission and values describe who we are and what we stand for. They differentiate us from other funding bodies.
- ii. Our key achievements in the past two years establish where we are at the beginning of this Strategic Plan period.
- iii. Our new statutory policy directions, consultations and destination statement set out where we want to be in 2009.
- iv. Our funding frameworks and new programmes explain the difference we want to make to communities and the lives of people most in need.
- v. Our annual Corporate Plan sets out what we will do this year to move towards our goals for 2009.



The Corporate Plan 2006–07 can be found in Appendix C to this document. It contains our corporate objectives and key performance indicators as well as funding and operating budgets for 2006–07.

During the course of our three-year Strategic Plan period, the Corporate Plan will be set annually reflecting our objectives priorities and resources and our Annual Report and Accounts will record our performance in meeting these objectives.



2.2 Mission and values

The Big Lottery Fund is responsible for distributing half the money raised by the National Lottery for good causes, giving us a budget of between £630 million and £650 million a year. Our mission is: **to bring real improvements to communities and the lives of people most in need.**

To achieve this purpose, we have identified seven corporate values that underpin all our work. They are:

- i. **Fairness** – putting equality and diversity at the heart of our work.
- ii. **Accessibility** – making it easier to access our funding and providing help to grant applicants and recipients.
- iii. **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.
- iv. **Involving people** – involving local communities in our work and making sure the public know and care about our work.
- v. **Innovation** – building evidence-based programmes, sharing what we learn and considering new ways of making grants.
- vi. **Enabling** – working with communities, partners and other funders to help achieve lasting change.
- vii. **Additional to Government** – our funding should be distinct from Government expenditure and add value.

We have also consulted widely with staff to establish our internal values of accountability, valuing people, teamwork and service excellence. These values express the type of employer the Big Lottery Fund intends to be and the contribution made by our staff.

To deliver our mission and values, we are committed to being a new and different organisation – an intelligent funder, focusing on beneficiaries and outcomes rather than sectors or types of organisation (see 2.4 below).

The Big Lottery Fund, like the other Lottery distributing bodies, is a Non-Departmental Public Body (see 2.5 below). Arising from that status, we have developed an appropriate relationship with the Government, which properly sets our strategic framework (purposes, themes and outcomes – see 3.1 below). We are responsible for developing the funding programmes, determining delivery mechanisms and making decisions on funding approaches.

This balanced and appropriate relationship is also reflected in our seventh value, concerning additionality. The UK wide and England Lottery distributors have recently agreed an expanded version of this with the Government during the passage of the legislation – “Lottery funding is distinct from Government expenditure and adds value. Although it does not substitute for Exchequer funding, where appropriate it complements Government and other programmes, policies and funding.”

This definition gives a positive flavour to additionality, emphasising the benefits of complementarity and partnership across sectors.

2.3 Key achievements from April 2004 to March 2006

Before I share our plan for the next three years, I want to take stock of what we have achieved in the previous two transitional years. I am proud to say that we have accomplished a tremendous amount against an uncertain background of merger and restructuring, laying a solid foundation for the Big Lottery Fund to become a new, different and better funder, bringing real improvements to communities and the lives of people most in need.

Following the successful administrative merger of the New Opportunities Fund and the Community Fund in June 2004 to form the Big Lottery Fund, we have set up a new governance structure, including a Board that is responsible for both organisations, developed a new mission and values statement, assimilated staff into the interim structure, and implemented coherent policies that have further aligned our resources to deliver our new business. For example, we have developed the corporate performance management framework, HR strategy and IT strategy to help deliver our Strategic Plan.

In the light of the merger, the Board also reviewed how our business could be developed and delivered in future. They decided in summer 2004 that the best future structure for the Big Lottery Fund would be a smaller office in London, two operations centres in Newcastle and Birmingham and nine smaller and refocused regional offices, as well as integrated and restructured offices in Northern Ireland, Scotland and Wales. The new structure will enable us to deliver better customer service with focal points of entry for grant applicants to reach 50 per cent of Lottery funding; greater emphasis on outreach and support for grant applicants; and a more strategic approach complementing national and local policies, programmes and funding. In the medium term, the new structure will also reduce our running costs by 10–20 per cent to enable a larger proportion of our money to be spent on funding programmes.

So far, we have successfully integrated and restructured the offices in Northern Ireland, Scotland and Wales, opened the Newcastle centre and refocused the regional offices whose functions will now be outreach, regional policy input, and partnership working. We expect the Birmingham centre to open by the end of 2006. From mid-2006, we will begin transferring some of our functions currently based in London to Newcastle and Birmingham.

Since January 2005, the Millennium Commission has co-located with the Big Lottery Fund in London as a first step towards passing its responsibilities to us. When the National Lottery Act 2006 comes into force, the Millennium Commission will cease to exist and all matters arising from their programmes, including post-completion monitoring, will be dealt with by the Big Lottery Fund. NESTA and the Olympic Lottery distributor will also join us in our London building, giving us an opportunity to work together and share services.

Against this backdrop of change, we have carried out two major UK-wide consultations with our stakeholders and the wider public on how we can deliver our funding and on what we should fund. Based on the findings of our consultations, we have been able to influence the new policy directions issued by the government and to design new funding frameworks and programmes worth approximately £2.6 billion for 2006-09. Our consultations and findings are reported in more detail later in this chapter.

The new frameworks and programmes show our commitment to being an effective and intelligent funder by adopting a mixed portfolio approach to funding, both strategic and demand-led; full cost recovery on legitimate overhead costs by voluntary and community organisations; and more flexibility in the length of our funding.

We have also put in place an evaluation, research and learning strategy for 2005-09 to improve our funding impacts and processes; to promote wider sharing of such learning to improve practice and influence policy; and to support public accountability.

We have also created a framework to develop new programmes. Since summer 2005, we have launched many of our new funding programmes. The UK-wide programmes include People's Millions, Living Landmarks, International Communities (including funds to help reconstruction after the Tsunami). The England programmes include Changing Spaces, Reaching Communities, Parks for People, Building and Sustaining Infrastructure Services (BASIS) and Children's Play. We have also launched the Wales People and Places programme and Scotland Investing in Ideas programme. The new programmes of Northern Ireland will be launched during 2006-07. These programmes are in addition to the Young People's Fund, launched in 2004-05 to promote the well being and personal development of young people across the UK. Details of all of our new funding programmes can be found in chapter three.

In launching the People's Millions, we have involved the public in decision-making. It has been a huge success, with 178,000 people voting for their favourite People's Millions projects through ITV Regional News. We have since reviewed the ways in which all Lottery distributors involve the public, and this will inform how we do this in our new programmes. We want to make the organisation one that the public feels involved in, that they know about and care about.

In response to the feedback received, we have also re-launched Awards for All (A4A) programme by doubling the upper limit from £5,000 to £10,000 for England, Northern Ireland and Scotland. The A4A programme is jointly funded by the Big Lottery Fund, Arts Council, Heritage Lottery Fund and Sport England. The re-launched programme will undoubtedly increase its already far-reaching impact in arts, sport, heritage and community activities, as well as promoting education, the environment and health in local communities.

As well as managing these new initiatives and challenges, we have kept the existing programmes of both legacy organisations on track by maintaining a good service to our applicants, grant-holders, key partners and stakeholders. For example, the New Opportunities for PE and Sport (NOPES) programme in England, launched in 2001, has met its funding targets despite the complexity of the programme, which involves capital refurbishment and new construction work.

We are committed to bringing the benefits of Lottery good cause funding to communities as efficiently and effectively as possible by reducing our National Lottery Distribution Fund (NLDF) balances. To achieve this, we have awarded £1.4 billion and spent £1.6 billion of funding between April 2004 and March 2006. We also strive hard to be an accountable organisation by continuing to strengthen our anti-fraud measures.

Maintaining good customer service remains at the forefront of the organisation's aims during the merger and restructuring. We are committed to treating our customers fairly and their enquiries as openly, efficiently and effectively as possible. With this in mind, the Big Lottery Fund has developed with other Lottery distributors a customer service charter and complaints process to ensure greater consistency in customer service standards across the board. Our new access to information policy, equal opportunities policy and principles reinforce our commitment to equality, accessibility and transparency.



Working in partnership is always high on our agenda. We have continued to play a key role in cross distributor work, such as the launching of a single telephone hotline and joint web-site for the general public to make enquiries about all Lottery funding, promoting the Lottery brand and showing its benefits via the National Lottery Day and the National Lottery Awards, and sharing good practice in funding major capital projects. We have also discussed approaches to being an intelligent funder with organisations such as the Lloyds-TSB Foundations, the Association of Charitable Foundations and the Charities Aid Foundation.

I hope this summary of where we are now illustrates the scale of what we have achieved in the past two years. These achievements have been attributable to the hard work and professionalism of our Board, Committee members and staff. In the coming years, we will build on these successes to ensure that the Big Lottery Fund continues to make a big difference.

2.4 Consultations, new frameworks and programmes

Across the UK, the Big Lottery Fund ran two phases of consultation on its work in 2004–05. The consultations involved key stakeholders, including members of the voluntary sector, statutory bodies, non-departmental public bodies and members of the public.

Phase one consultation

Our Phase one consultation was launched across the UK in June 2004. The key purpose of this first consultation was to focus on how the Big Lottery Fund should work, rather than to focus on its funding priorities and programmes. In response to this we announced six key actions we would take.

1. To adopt a mixed portfolio approach (strategic and demand-led) to funding, with no less than one third of our funding flowing via lightly prescribed, demand-led funding streams.
2. To introduce more flexibility to the length of our funding.
3. To adopt the principle of full cost recovery by allowing all legitimate overhead costs to be recovered by voluntary and community organisations.
4. To strengthen our regional offices to increase the emphasis on policy development, outreach, partnership and external relations.

5. To establish two operational centres in Birmingham and Newcastle to ensure a strong unified funding policy and to make it easier to access funding.

6. To continue to fund international and research projects.

These key actions reflect our commitment to being an intelligent funder. Our commitment to full cost recovery means that, when we fund a project, we will meet not only the costs relating directly to that project but also contribute to the project's share of those organisational overheads that we have the power to support.

We have also given an undertaking that 60–70 per cent of our funding will go to voluntary and community sector organisations and 30–40 per cent to recipients in other sectors. Our overriding concern is, however, the outcomes that our funding will achieve.

We have been considering with a range of voluntary and community sector stakeholders how best to monitor, audit and report against the 60–70 per cent undertaking. In defining the 60–70 per cent of funding that will go to the voluntary and community sector, we propose the use of the Treasury definition of “third sector” in England, Scotland, and Northern Ireland: “Organisations which 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”.

The situation in Wales is slightly different, as there is an agreed definition of voluntary organisations as part of the Voluntary Sector Scheme (Section 114 of the Government of Wales Act 1998). This has been agreed between the National Assembly for Wales and the voluntary sector in Wales. We will use this definition in Wales.

The results of our audit of this undertaking will be published in our Annual Report, which is laid before Parliament, and in a separate, more user-friendly document. While reporting on the target will happen every year, we would expect to meet the undertaking over the lifecycle of our programmes and within each country. We are discussing with the voluntary and community sector how we will count, measure and report on this undertaking. Examples (not exhaustive) of what we would not count under the 60-70 per cent undertaking are:

- the statutory sector
- the private sector
- large mutuals, such as building societies as they are established to benefit their direct members
- political parties
- trades unions
- universities, and further education institutes
- charitable and grant maintained schools

- sports clubs for non-public benefit
- societies for non-public benefit
- NHS Trusts and non-departmental public bodies.

Phase two consultation

The second phase of consultation focused on what we should fund and what our priorities should be. Our overall outcomes and our funding programmes and priorities are different in each of the four UK countries, so separate, broadly parallel, consultations were run in each country. The Phase two consultation also led to the shaping of our key outcomes, which formed the basis of our funding programmes. These are discussed in more detail in chapter three.

Funding allocations

The formula for funding allocations to the four countries was created in 1995, when the Community Fund was established, and was based on population weighted by deprivation. At the time, the universal measures of deprivation which exist today in each country were not available. The Community Fund used Census population statistics and then applied the range of deprivation indicators to those figures. The budget allocations between countries were made on the basis of population figures weighted by an index which combined figures for GDP per head with Government expenditure on social security benefits (minus retirement pension).

This depressed the percentage of funding available to England, and enhanced the allocations for Wales, Scotland and Northern Ireland. On population alone, England would have been entitled to 83 per cent of funding. In 1998, the formula was used by the Government in the statutory policy directions which it gave to the New Opportunity Fund. It has now been adopted by the Big Lottery Fund.

Olympics

A range of our programmes across the UK will support community-based projects which can be linked to the 2012 Olympics, and we will want to work closely with the other England and UK distributors, the Olympic Delivery Authority, LOCOG, DCMS and others to explore how our new programmes can contribute to the regeneration, community involvement and cultural activities which the Olympic Project will promote.

Non-Lottery funding

The new legislation will give us the powers to distribute non-Lottery funding. We will only do this where our involvement can add real value, for example in joining up different funding streams, and where the purposes of the funding are consistent with our own purposes.

2.5 New legislation

The National Lottery Act 2006 has been passed by Parliament and establishes the Big Lottery Fund as a statutory body in its own right. It will be a Non-Departmental Public Body (NDPB) like the existing Lottery distributors. There will be a new Board of 12 members including a Chair and four Board members who will chair the country committees being set up under the legislation. They will also represent the interests of the four countries of the United Kingdom on the Board. The other seven Board members will have a general role on the Board with no geographic responsibilities.

The Board will be responsible for the overall strategic direction of the Big Lottery Fund, while the country committees will be responsible for making funding available through the new funding programmes.

The Board will receive Policy and Financial Directions from the Department for Culture, Media and Sport (DCMS). Policy Directions will cover general matters to be taken into account, as well as providing for those funding programmes which are UK-wide in scope. DCMS will also issue Policy Directions for programmes in England, while the Devolved Administrations in Scotland, Wales and Northern Ireland will issue Policy Directions to the Board and the country committees for programmes in those countries.



The Prescribed Expenditure Order will specify the three high-level themes applying across the United Kingdom, while the Policy Directions for each country will specify outcomes and funding priorities which will underpin the funding the Big Lottery Fund makes available in each country.

DCMS and the Devolved Administrations have already issued interim Policy Directions to the two existing legal entities, following consultations in 2005. These interim Directions have enabled us to develop and launch the new range of funding programmes in each country (see Appendix A).

Although Royal Assent has been given to the 2006 Act, most of its provisions will not be commenced immediately, until the new Board has been recruited and is in place. The target date for the new Board to be in place and to commence the Big Lottery Fund is 1 December 2006.

Until then, the co-terminous Board will remain in being, although 12 of its members will now form a shadow Big Lottery Fund Board from 1 August 2006 for the specific purpose of being consulted formally by DCMS on the Parliamentary Order and Policy Directions for the Big Lottery Fund. The shadow Board will also oversee the recruitment of country committee members.

2.6 2009 Destination Statement

We have used the Balanced Scorecard approach to develop our strategic and corporate planning. The Balanced Scorecard is a performance management model.

The Board has agreed a "Destination Statement" (Table 1) that describes what a successful Big Lottery Fund will look like in 2009. It forms our strategic framework and we will be working towards realising these statements during the next three years.

Our annual Corporate Plan 2006-07 sets out our priorities for the current year and can be found in Appendix C of this document.

Table 1 Big Lottery Fund – 2009 Destination Statement

Authorising environment and resources

- AE/R1** We operate effective devolved distribution and governance arrangements in England, Scotland, Wales and Northern Ireland with full budgetary responsibility within a strategic framework agreed by the Board.
- AE/R2** We have productive relations with our stakeholders.
- AE/R3** We are trusted by DCMS, Treasury, and the devolved governments to be a model public sector body in governance and financial control.
- AE/R4** We are recognised for our success in managing and enhancing the “Lottery” brand.
- AE/R5** We have reduced our National Lottery Distribution Fund balance to £435 million.
- AE/R6** We are distributing between 60 per cent and 70 per cent of our funding directly to the Voluntary and Community Sector and 30 per cent to other sectors.
- AE/R7** We have cut operating costs by 20 per cent from 2003-04 levels by April 2008.
- AE/R8** We actively reinvest part of our cost savings to enhance our performance in grant making.
- AE/R9** We are distributing non-Lottery funding to complement our programme portfolio.

Organisation and culture

- O&C1** We provide an effective, excellent and flexible customer service.
- O&C2** We have flexible working patterns that provide a high quality work environment and allow staff work life balance.
- O&C3** Our approach to equality actively meets our statutory obligations, evolves to meet the changing needs of society and demonstrates best practice.
- O&C4** We have become a “learning organisation”.
- O&C5** Our culture is founded on the principle of public accountability.
- O&C6** Our staff identify with our mission and leadership and are happy to work at Big Lottery Fund.
- O&C7** Our staff are motivated, flexible, and appropriately skilled and trained.
- O&C8** We support the Board to make it an effective, well-informed decision-making body.
- O&C9** We work collaboratively towards one cohesive set of plans, objectives and values in all areas of our business.
- O&C10** We communicate openly and effectively with each other and all staff.
- O&C11** Our structure is fit for purpose.
- O&C12** Management at all levels is corporate and accountable and provides strong leadership.
- O&C13** We celebrate our successes and recognise and reward the contribution that our staff make.

External relationships

- ER1** Big Lottery Fund is the leading “good cause” distributor with a strong and positive public image.
- ER2** We have transformed Voluntary and Community Sector expectations of lottery funding through partnership working in the design, development and decision-making of funding programmes.
- ER3** We are known by the sectors we work with: pre applicants, applicants, grantees and beneficiaries for delivering effective funding programmes which showcase our values.
- ER4** We have achieved and continue to achieve 75 per cent public awareness that lottery funding benefits good causes and have seen 5 per cent annual increase in people saying that “Lottery funding benefits my community”.
- ER5** Our applicants and grant holders perceive us as outcome-focused, well-trained and professional.
- ER6** We deliver our funding programmes with a variety of partners in a positive manner.
- ER7** We make a difference to the people whose lives are touched by our grant-making activity and demonstrate this impact effectively to partners, grant recipients and our staff.
- ER8** We are an influential partner in national/devolved, regional and local policy making and delivery.

Processes and capabilities

- PC1** We have property and assets which reflect our existing and future needs.
- PC2** We have a structured framework and an effective toolkit for programmes from policy inception to delivery.
- PC3** We have embedded a performance management culture in all areas of Big Lottery Fund.
- PC4** We are transparent in our decision-making at all levels and we encourage public involvement.
- PC5** We have robust corporate governance, through which we manage risk and enhance organisational efficiency.
- PC6** Our funding processes for each programme are streamlined, simplified and straightforward. and are as speedy, simple and accessible as possible given the level of risk involved.
- PC7** Our funding promotes sustainable outcomes.
- PC8** Our ICT systems enable our staff to work flexibly and effectively.
- PC9** Our corporate services meet the needs of its internal customers cost effectively.
- PC10** Our HR strategy is successful in recruiting the right people with the required skills and competencies as well as retaining valuable staff.
- PC11** We research and develop new business taking account of the capacity of the organisation.

3. Funding frameworks and new programmes

In chapter two, we explained how our new funding framework and programmes have been developed as a result of extensive consultation.

3.1 The strategic framework

The context for all our programmes is our mission to bring real improvements to communities and the lives of people most in need.

In terms of what we will fund, our programmes across the UK aim to support three themes agreed with the Government and devolved administrations:

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

These three themes are intentionally broad and allow us to support a wide range of programmes and projects in each country in the UK.

National outcomes

Our aim is to fund projects and organisations that make a difference. Instead of focusing on what an organisation is or does, we focus particularly on what the organisation aims to achieve with our funding, in other words, the outcome of our funding.

Therefore, in each UK country, we have developed three or four national outcomes, agreed with the Government and devolved administrations to support our strategic themes. These set out more explicitly what we hope our funding will achieve (see Appendix B). They are the result of separate consultations in each UK country and are therefore different in each country, reflecting the unique challenges and demands in England, Scotland, Wales and Northern Ireland.

National programmes

We aim to achieve these outcomes through a set of funding programmes in each country. These programmes divide into two broad areas: demand-led and strategic.

Demand-led programmes will encourage organisations and groups to bring their own ideas and local solutions to us for funding.

Strategic programmes will focus more on a specific outcome or outcomes we want our funding to achieve, although we will still encourage local solutions to local needs.



3.2 UK-wide programmes

As well as our national programmes in England, Scotland, Wales and Northern Ireland, we will operate a small number of grants programmes right across the UK.

People's Millions

Budget: up to £16.5 million

The People's Millions programme funds projects that improve the lives of local communities through transforming the local environment by:

- making the local environment cleaner, safer and greener
- improving the local natural environment
- improving the design, appearance and accessibility of local amenities.

Up to £15 million is available for awards of up to £50,000. In partnership with GMTV, a single grant of up to £1.5 million will be awarded. A single grant of between £25 million and £50 million will be awarded through the Living Landmarks programme (see below).

Living Landmarks

Budget: up to £140 million

The Living Landmarks programme aims to:

- capture the imagination of communities and increase their involvement with the Lottery
- inspire communities to transform the places where they live, through social and community projects and major infrastructure investments.

Living Landmarks will award a small number of grants of between £10 million and £25 million to regional projects. A programme committee will decide the successful projects. A single grant of between £25 million and £50 million will be awarded through People's Millions to a major national or regional project. The successful project will be decided by a televised public vote.



International Grants Programme

Budget: up to £60 million

This programme aims to fund effective projects that tackle the causes of poverty and deprivation and bring about a long-term difference to the lives of the most disadvantaged people in the world. The annual budget will be split 50/50 between demand-led and strategic programmes.

Tsunami

Budget: up to £12 million

In addition to the International Grants Programme, up to £12 million will be used to fund long-term reconstruction initiatives in areas affected by the Tsunami.

Research

Budget: up to £25 million

The aim of this programme will be to influence local and national policy and practice by funding the production and dissemination of evidence based knowledge.

It will support research on issues identified by the Voluntary and Community Sector (VCS); increase VCS capacity to do research into areas that are of interest to it; help the VCS to use and disseminate research; involve beneficiaries and users; help develop better services for beneficiaries; and promote partnerships between the VCS and the research community.

Breathing Places

Budget: up to £5 million

The Breathing Places grants programme has been developed in partnership with the BBC and is designed to complement their Breathing Places campaign. It aims to:

- increase participation and access to local breathing places by encouraging people to become actively involved in them, and by supporting activities that are open and accessible to everyone, and
- make a lasting improvement to the local environment by supporting activities that develop existing breathing places or help create and sustain new ones.

Breathing Places is being delivered in two phases: phase one is focused on participation and improvements to existing breathing places, and launched in June 2006. Phase two is about creating new breathing places, and it will be launched in October 2006. Grants of between £300 and £10,000 are available in both phases.

3.3 England programmes

The four national outcomes in England are as follows:

- ▶ People having better chances in life, with 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.

We aim to achieve these outcomes through a series of demand-led and strategic programmes.

Demand-led programmes **Awards for All**

Budget: up to £160 million

Awards for All is the joint Lottery scheme which funds a wide range of heritage, charitable, health, educational, environmental, sporting and arts activities. Grants of between £300 and £10,000 are available to fund projects that involve people in their local community. In England, the Big Lottery Fund will contribute up to £160 million to Awards for All.

Reaching Communities

Budget: up to £260 million, first year budget £100 million.

Reaching Communities aims to:

- bring real improvements to communities and to the lives of people most in need, including those who are hard to reach
- support projects that respond to the needs of communities and actively involve them.

Projects need to demonstrate how they meet at least one of the Big Lottery Fund's four outcomes. Voluntary and Community organisations, social enterprises and statutory bodies such as schools will be eligible to apply, provided that they meet the programme criteria.

Strategic programmes

The remaining programmes in England are all, broadly, strategic funding programmes, although all these programmes will have demand-led elements within them.

Community Learning

Budget: up to £120 million

This comprises two strategic programmes: Community Libraries (up to £80 million) and Family Learning (up to £40 million). Community Libraries intends to provide capital funding for new spaces in libraries which will encourage and support a range of community uses and provide a place for lifelong learning. The programme aims to support a wider range of activities and roles than those traditionally provided by most libraries.

The Family Learning programme will focus on wider family issues and family relationships and it will support activities that will improve numeracy, language and literacy skills or accreditation.



Building and Sustaining Infrastructure Services (BASIS)

Budget: up to £155 million

The programme will fund projects from Voluntary and Community Sector infrastructure organisations that:

- increase the resources available to voluntary and community organisations
- increase voluntary and community organisation skills in:
 - planning and management
 - financial management and funding
 - influencing national and local policy practice
 - learning and sharing learning
 - governance
- improve the sustainability of infrastructure, including capital for voluntary sector resource centres.

Community Buildings

Budget: up to £50 million

This programme will mainly fund capital support for community buildings.

For any building funded we expect strong user and community engagement. We want to make sure that the provision makes sense in the whole local context and that the management team of any building funded has the skills needed to make the building a facility for the whole community.

Young People's Fund

Budget: Current programme £157.5 million. Phase two up to £100 million

The Young People's Fund programme has a number of strands including three which are demand-led: National Grants, Grants to Organisations and Grants to Individuals.

Projects will encourage young people to achieve the following:

- being healthy
- staying safe
- enjoying and achieving
- making a positive contribution
- improving economic well-being.

Advice Services

Budget: up to £50 million

This programme will have three aims:

- improving the infrastructure of advice services
- strategic service delivery
- local innovation, planning and partnerships.

Parks for People

Budget: up to £90 million

The Parks for People programme will aim to:

- provide better parks which are accessible to all and relevant to the needs of their communities
- increase community involvement and pride in parks
- improve safety
- increase the number of skilled rangers, conservation officers and volunteers
- ensure long-term maintenance and management by local authorities and communities.

We are running this programme in partnership with the Heritage Lottery Fund, building on their long-standing expertise in providing Lottery funding for public parks projects.

Changing spaces

Budget: up to £234 million

The Changing Spaces programme has three priority areas:

- community spaces – developing good quality, accessible community spaces which local people can take pride in
- local community enterprise – making the links between food, exercise and health, encouraging the sustainable use and reuse of resources and building a sustainable local economy
- access to the natural environment – improving the natural environment and encouraging access.

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.

Well-being

Budget: up to £165 million (£45 million for healthy eating projects)

The Well-being programme will aim to:

- increase participation in physical activity, including travel
- educate communities about healthy eating
- develop early intervention approaches to common mental health problems.

Children's Play

Budget: up to £155 million

Eighty per cent of the money will be used to develop free, open-access play provision in the areas of greatest need. The remaining 20 per cent will be divided between:

- an innovation fund which will develop innovative practice in planning, design and delivery
- a regional support and development infrastructure.

This programme will support activities that are self-directed, creative and fun. The programme aims to:

- create, improve and develop children and young people's free local play spaces
- develop innovative practice
- create a support and development infrastructure
- promote the long-term strategic development of play provision
- promote a long-term positive change in attitude about the importance of children's play
- ensure that all relevant local stakeholders are involved in developing play strategies.

3.4 Scotland investment portfolio

Budget up to £195.4 million

There are four national outcomes for Scotland. These are:

- ▶ People have better chances in life.
- ▶ Communities are safer, stronger and more able to work together to tackle disadvantage.
- ▶ People have better and more sustainable services and environments.
- ▶ People and communities are healthier.

In response to strong consultation calls for broader, more flexible funding streams and our own commitment to becoming an investor funder, we have developed an investment portfolio, Investing in Communities. This is made up of four investment areas, each of which combines responsive and strategic elements. The four investment areas are:

Growing Community Assets

Growing Community Assets will enable local communities to acquire, develop, improve, protect, enjoy, understand and sustain assets for the benefit of the community and the wider environment. This will support and increase community-led regeneration in urban and rural communities across Scotland.

We can fund projects to:

- buy, improve or develop assets
- pay for technical assistance such as project design and planning, risk assessment, and surveys
- employ development staff and help groups get the skills they need to develop an asset.

Growing Community Assets aims to achieve the following outcomes:

- communities are stronger, with shared aspirations and the ability to achieve these together
- communities have services and amenities that meet people's needs better and are more accessible
- people have more skills, knowledge and confidence, and opportunities to use these for the benefit of their community
- communities have a more positive impact on the local and global environment
- communities are more able to grasp opportunities, and are more enterprising and self-reliant.

Life Transitions

This investment area will help people deal with and make transitions in their lives – at different life stages and in different circumstances.

We will focus our funding on four areas: transitions that young people experience; transitions that people over 50 experience; employment and learning transitions; and people facing challenging times in their lives.

We will support projects that address the problems, provide support services, or assist people to get the skills they need to cope for themselves.

Through this investment area we hope 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.

Supporting 21st Century Life

Supporting 21st Century Life aims to improve quality of life, health and relationships, establish connections across 21st century society, and facilitate opportunities to plan for the future.

We expect Supporting 21st Century Life investment to support befriending; mentoring; volunteering; assistance with parenting; activities that maintain or strengthen relationships (particularly inter-generational); the use of IT to combat social isolation and exclusion; and projects that anticipate, prepare or plan for future change.

Supporting 21st Century Life investment should contribute to the following outcomes:

- 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.



Dynamic, Inclusive Communities

Dynamic, Inclusive Communities aims to create the conditions in which healthy and dynamic community and voluntary sector activity can flourish, and to enable communities to influence civic processes.

It will invest in national, intermediary and equalities organisations to improve the effectiveness and efficiency of their networks; funding for local groups and organisations to improve participation and engagement in civic life at community level.

Dynamic, Inclusive Communities investment will help achieve these outcomes:

- 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, governed and deliver better services
- improved equalities knowledge and practice across the voluntary and community sector
- people and communities have more power over their lives and more say in decisions that are made.

On 31 January 2006 we launched Investing in Ideas, which makes £4.6 million available for groups to test and develop ideas that could eventually become fully-fledged projects relevant to one of these four investment areas. Investing in Ideas can make grants of up to £10,000 to help investment-seeking organisations and communities pay for activities or services that can help an idea become a well-planned project. Grants may pay for market research, community consultation, feasibility studies, business planning or professional advice.

Other BIG funding in Scotland: Young People's Fund Scotland

Budget: £20 million

Launched in August 2005, the Young People's Fund aims to help young people aged 11–25 learn new things and take part in healthy and positive activities that make them feel good about themselves.

It has three strands:

- ▶ Local projects that young people have said really address important issues.
- ▶ Wider inclusion projects involving groups of young people who share common concerns, experiences or issues but where projects may be spread across more than one local authority area.
- ▶ New ideas projects that try out new approaches or adapt approaches that have been successfully applied elsewhere.

There are three outcomes for the Young People's Fund:

- young people will have more opportunities to gain confidence and skills
- young people will have more opportunities to make decisions about what affects them
- young people will have more opportunities to do things that make them feel good about themselves.

Awards for All Scotland

Budget: up to £10.5 million

Awards for All is the joint Lottery scheme supporting a range of heritage, charitable, health, educational, environmental, sporting and arts activities. In Scotland, the Big Lottery Fund will contribute up to £10.5 million to Awards for All, with grants of between £500 and £10,000 available for community-based projects.

3.5 Wales programmes

The three national outcomes in Wales are as follows:

- ▶ People of all ages equipped with the skills and learning to meet the challenges of a modern society.
- ▶ People working together for stronger communities, social justice and better rural and urban environments.
- ▶ Healthier and more physically active people and communities.

We aim to achieve these outcomes through a series of demand-led and strategic programmes.

Demand-led programmes Awards for All Wales

Budget: up to £2.25 million annually

Awards for All Wales was relaunched in April 2006 and makes grants of between £500 and £5,000 for projects that involve people in their local community, bringing them together in a range of heritage, charitable, health, educational, environmental and other community activities.

People and Places

Budget: up to £66 million

People and Places was launched in November 2005. It aims to bring people together to make their communities better places to live and improve rural and urban environments.

It supports projects that achieve one or more of the following programme outcomes:

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

This programme is open to the community, voluntary and public sectors. It will support local and regional projects and projects that work throughout Wales. Projects can work with communities of place or communities of interest. Funding is available for capital and revenue projects.

Strategic programmes

Healthy Families

Budget: up to £20 million

This initiative was launched in April 2006 and seeks to promote healthy and active lifestyles among children and young people by creating a joined up approach between children's play, nutrition and physical activity. It will support projects working with children between 0 and 12 years old through two linked programmes.

Way of Life will focus on healthy eating and exercise in a family context and Child's Play will support the development of the infrastructure needed to deliver play and projects that offer opportunities for play. External agencies will be appointed to support the strategic development of applications under each programme. Strategic links will be made between the programmes to ensure that they complement and build on each other.

Stepping Stones

Budget: up to £15 million

This programme was launched in June 2006 and will:

- help people who have significant barriers to learning to gain the confidence and life skills to take up learning and training opportunities
- support community based learning that helps people to deal with life challenges and contribute to their community.

The programme will provide primarily revenue funding to projects that are innovative and strategic in the way they address the challenges faced by the people they work with.

New Approaches to Mental Health

Budget: up to £15 million

This programme will be launched by February 2007 to support community-based initiatives that provide people with mental health problems with the practical support and assistance they need to live productive lives as part of their communities.



Young People's Fund

Budget: £13.2 million

This programme focuses on young people between 10 and 19 years old. Its aims to help young people enjoy life and achieve their potential, develop skills and contribute to their communities and to choose positive attitudes which discourage anti-social behaviour.

The programme has three strands, two of which are currently open for applications:

Make it Happen

Provides grants of between £500 and £5,000 to help young people take a lead role in developing the sort of projects they want to do. It will fund projects, activities and equipment that young people have decided will make a difference to their lives or their community.

Reaching out

Grants of up to £300,000 for up to three years to fill gaps in services for young people who are, or are at risk, of becoming disaffected or disengaged

Bridging the Gap

Grants of up to £1 million over five years focusing on developing outreach and support services for young people who are disaffected and disengaged from society. This strand is now closed for applications.

3.6 Northern Ireland programmes

The four outcomes in Northern Ireland are:

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

All programmes are underpinned by two underlying principles:

- addressing disadvantage and promoting tolerance and social inclusion
- contributing to the reduction of poverty.

The four outcomes are supported by nine priorities in Northern Ireland

- improve essential skills to meet social and economic needs
- increase opportunity for community based learning
- building community capacity
- increase opportunity for volunteering and engagement with and between communities
- build community and voluntary/statutory partnerships

- improve community facilities, access and services
- improve community involvement in protecting, restoring and sustaining the urban and rural environment
- help individuals and communities to develop skills to make healthier lifestyle choices
- promote mental health and emotional well-being at individual and community level.

We aim to achieve these outcomes through a series of demand-led and strategic programmes.

Demand-led programmes Awards for All

Up to £3.5 million per year is available to Awards for All between 2006 and 2009. Grants of between £500 and £10,000 are available to fund projects that involve people in their local community.

Active Lifestyles

Budget up to £2.1 million

This programme aims to increase people's participation in physical activities. The final deadline for medium grants (between £6,000 and £30,000) was 31 January 2006 and the final deadline for small grants (up to £1,000) was 30 June 2006. Decisions on medium grant applications were made by July 2006 and the final decisions on the small grant applications were made by 31 August 2006.

Young People's Fund

Current Budget: £14.8 million (includes £5 million extension)

Change UR Future is one part of the Young People's Fund. It has £10.8 million to support projects that focus on young people aged 0-25, last for up to five years, target resources to those young people at greatest risk of exclusion or offending, and involve young people in the design, delivery and evaluation of the project. The £5 million extension will focus funding on the needs of young people, aged 10-18 years.

BIG have appointed an **award partner** to deliver both a small grants programme that will support young individuals and groups of young people, and to develop strategic programme(s) that will support young people aged 0-25 as decision makers.

Reaching Communities Northern Ireland

Budget: up to £18 million.

Up to five years' funding for voluntary and community led projects, in response to local needs and issues. Projects will have to illustrate how they will make a difference by meeting at least one of BIG's Northern Ireland outcomes.

Strategic Programmes

Live and Learn

This programme will extend the opportunities that individuals have to access learning opportunities. It will support a range of different activities, which will consider that different individuals learn in different ways. For example support for older and younger people to learn together and from each other and support young people and their families to learn together.

Healthier and safer communities

We will work, in partnership to develop a strategic programme which will build on existing strategies and initiatives to promote healthier and safer communities. This will include funding programmes which promote healthier, better and safer environments and communities.

Improving Community Buildings

We are developing a one-off refurbishment programme to enhance the quality and use of community venues across Northern Ireland.

Big Trust Fund

We will support a longer-term investment to support the infrastructure and capacity requirements of the voluntary and community sector in Northern Ireland. Working with partner(s) we will commit to supporting VCS bodies to meet the demands and challenges at a time of significant change.

Strategic Fund

This fund will be flexible and allow us to look at emerging issues to support Northern Ireland specific projects and to build on investor type models, between now and 2009.

4. Funding for new programmes 2006- 2009

Background

1. The amount available for the Big Lottery Fund to distribute by way of grant is based on available cash balances. These cash balances are calculated using:

- predicted income
- forecast expenditure on operating costs
- forecast grant payments for existing and planned grant awards.

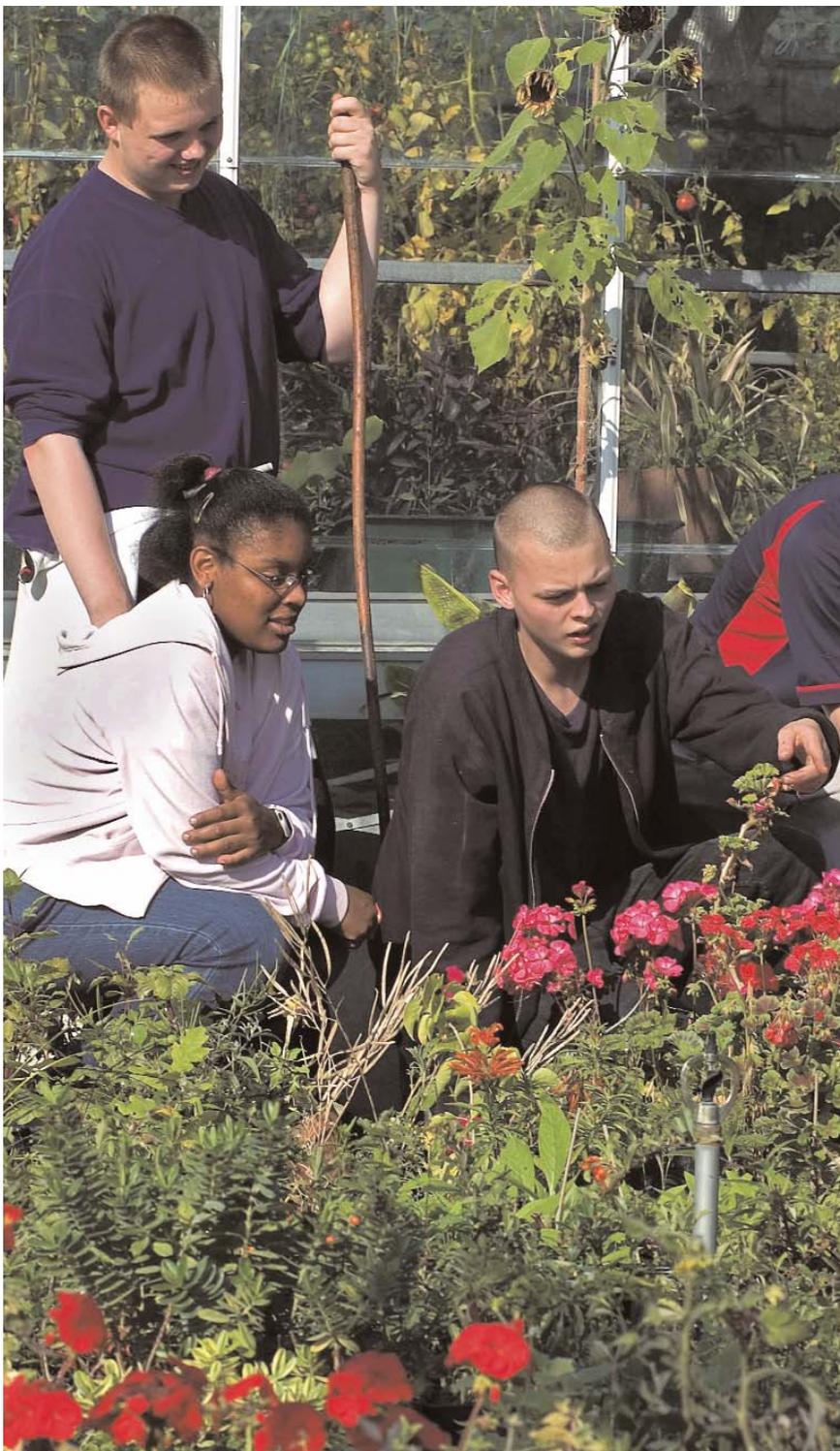
2. In determining budgets we recognise that many of our grant awards are to fund three or five year projects, we need to ensure that sufficient funds are available to meet these commitments. Recognising this timing delay between award and drawdown of funds the Board has approved the principle of over commitment – that is, awards are made against the expectation of future income. The level of forward commitment is determined by the Board's consideration of the risks associated with the future income and expenditure streams. The risk parameters used to calculate available grant budgets are:

- the risk of not meeting grant commitments is negligible (five per cent probability)
- the risk of having to unexpectedly reduce future commitments.

3. In setting grant budgets we have planned to make grant commitments that would ensure that we have just sufficient funds to meet those commitments in the worst-case income scenario. The published income projections use the projection of income as provided by DCMS.

4. We will review income, expenditure and cash balance assumptions in depth every six months to ensure they reflect the latest information. This information will be used to identify any changes to future grant budgets.

5. There are other risks associated with changes to future income including changes to the Big Lottery Fund's share of income, an increase in Lottery income going to the Olympics beyond that already announced and any transfer of funds using powers in the National Lottery Act 2006. We are currently in discussion with the Secretary of State for Culture, Media and Sport about the assumptions we use to make commitments against future income.



Grant budgets

6. Table 2 below summarises by country the grant budget for 2006/07, and the planned grant budgets for 2007/08 and 2008/09. These figures are based on best expectations of available funding and, for new programmes, early assumptions regarding programme delivery. The majority of the grant budget (budgeted commitments) identified during this reporting period will be made through new grants programmes. A number of these programmes are in the early stages of development and, through better understanding of the delivery of the programme, the phasing of these budgets across financial years may change. Budgets for 2007/08 and 2008/09 are provisional and will be finalised shortly before the relevant financial year.

7. Grant budgets are not equally spread over the three years, this is mainly due to the Living Landmarks, Well-being and Changing Spaces Programmes whose commitments are all made in one financial year. This “front loading” of commitments will assist in our task of reducing the National Lottery Distribution Fund (NLDF) balances because the earlier we make a commitment the earlier money will benefit those we are trying to help through our funding.

Table 2 Grant budget for 2006-07 and provisional budgets for 2007-08 and 2008-09 – by country

	2006/07 £M	2007/08 £M	Provisional budget 2008/09 £M
UK programmes			
International (UK wide)	30.67	28.17	13.17
Research (UK wide)	5.00	10.00	10.00
People's Millions (UK wide)			
– Small grants	4.50	4.00	4.00
– Large grants	1.50	0.00	0.00
Living landmarks (UK wide)	20.00	120.00	0.00
Breathing Spaces	5.00	0.00	0.00
	66.67	162.17	27.17
England programmes			
Awards for All	40.00	40.00	40.00
Reaching Communities	100.00	80.00	80.00
Community buildings	10.00	20.00	20.00
Advice Services	16.60	16.80	16.60
Young People's Fund			
– School sports co-ordinators	19.00	0.00	0.00
– New programme	10.00	35.00	36.00
Children's Play	68.64	70.86	0.00
Environmental programmes			
– Parks	15.00	40.00	30.00
– Changing spaces	234.00	0.00	0.00
BASIS	50.00	75.00	30.00
Community learning	80.00	20.00	20.00
Wellbeing	35.00	130.00	0.00
	678.24	527.66	272.60

		Provisional budget	
	2006/07	2007/08	2008/09
	£M	£M	£M
Scotland programmes			
Active Futures (legacy NOF programme)	1.00	0.00	0.00
Awards for All	7.50	7.50	7.50
Young People's Fund	6.37	6.37	6.37
Investing in Ideas	1.15	1.73	1.73
Scotland Investment Portfolio:	35.00	80.20	80.20
– Dynamic Inclusive Communities			
– Community Assets			
– Life Transitions			
– Supporting 21st Century Life			
Rewarding Excellence	0.00	2.50	2.50
Venture Fund	0.00	1.00	1.00
	51.02	99.30	99.30
Wales programmes			
Mentrol Allan (legacy NOF programme)	6.00	0.00	0.00
Awards for All 2005/09	2.02	2.08	2.14
People and Places	14.00	26.00	26.00
Healthy Families	1.00	9.00	10.00
Children's play			
Stepping Stones	0.00	12.00	3.00
Mental Health	0.00	10.00	5.00
Young People's Fund			
– Make it happen	0.40	0.40	0.00
– Reaching out	4.00	1.00	0.00
Unallocated	0.00	3.81	3.81
	27.42	64.28	49.95

	2006/07 £M	Provisional budget	
		2007/08 £M	2008/09 £M
Northern Ireland programmes			
Awards for All 2005/09	3.50	3.50	0.90
Active Lifestyles (legacy NOF programme)	0.46	0.00	0.00
Young People's Fund			
– Award partner	0.50	2.50	1.00
– Change UR future	2.00	2.00	1.80
– Extended change UR future	0.00	2.50	2.50
Reaching Communities	6.00	6.00	6.00
Improving Community Buildings	0.00	5.00	0.00
Community Learning and well being	0.00	9.00	9.00
Healthier and Safer communities	0.00	9.00	9.00
Trust Fund	0.00	10.00	0.00
Strategic Fund	1.00	1.35	1.35
Unallocated	0.00	1.00	1.00
	13.46	51.85	32.55
	836.81	905.26	481.57

Income

8. The total income received by the Big Lottery Fund is determined by the level of sales of Lottery tickets over the plan period and, to a lesser extent, by the interest rate the NLDF receives on the balance invested in its account. The figures for income (set out in Table 3 below) are based on the projection for income flows provided by the Department for Culture, Media and Sport (DCMS) in January 2006.

9. We will monitor closely actual income generated for the good causes against this projection and will make adjustments to cashflow plans as required.

10. The Community Fund receives 16.7 per cent of all good cause Lottery revenue and the New Opportunities Fund receives 33.3 per cent. When the legislation is enacted, the Big Lottery Fund will receive 50 per cent of good cause revenue.

11. Section 9 of the National Lottery Act 2006 provides for the allocation of interest to be apportioned based on share of income rather than the current basis of share of balances. The figures in the table below do not pre suppose the introduction of this change.

Table 3 Income estimates – calculated from DCMS projection in December 2005

	2006/2007 £M	2007/2008 £M	2008/2009 £M
Income from the National Lottery	623	612	602
Interest earned on NLDF balances	26	26	21

Cashflow

12. The balance in the National Lottery Distribution Fund for the Community Fund was £164 million (on 28 February 2006); unpaid commitments at that date were £422 million. The balance for the New Opportunities Fund was £565 million; unpaid commitments at that date were £795 million.

13. Although the balance in the NLDF is over-committed, the two organisations are committed to continuing to reduce their balances. As we said in the introduction to this chapter, we are managing this reduction while maintaining adequate cash to meet existing grant commitments.

14. Forecast balances at 31 March 2009 are higher than the £365 million predicted last year. This reflects the move towards making more funding available for five year projects as well as the increased level of uncertainty about future income streams after 2009 due to the award of the 2012 Olympics to London.

15. Table 4 below sets out the Big Lottery Fund's current cashflow forecast. This is based on the following assumptions:

- income assumptions, including the effect of the Olympic Lottery on National Lottery ticket sales, are consistent with DCMS's projections
- best available forecasts of grant payments based on historical experience and knowledge of programmes as planned.

Table 4 Cashflow forecast – central case

	2006/2007 £M	2007/2008 £M	2008/2009 £M
Balance in the NLDF brought forward	705	522	445
Predicted income from the National Lottery	623	612	602
Estimated interest	26	26	21
Other income	15	15	15
Grant payments	(762)	(653)	(571)
Payment to NESTA	(15)	(15)	(15)
Operating cost payments	(70)	(63)	(61)
Balance in the NLDF carried forward	522	445	435

16. For planning purposes, we have also considered a worst case forecast (Table 5) to inform about funds available for future commitment. This forecast differs from the above forecast as follows:

Table 5 Cashflow forecast – worst case scenario

	2006/2007 £M	2007/2008 £M	2008/2009 £M
Balance in the NLDF brought forward	705	399	199
Predicted income from the National Lottery ⁵⁰¹		493	466
Estimated interest	24	23	13
Other income	15	15	15
Grant payments	(762)	(653)	(571)
Payment to NESTA	(15)	(15)	(15)
Operating cost payments	(70)	(63)	(61)
Balance in the NLDF carried forward	399	199	45

17. Both forecasts are prepared for substantially longer periods than the three year periods presented above. The forecasts show that it is not possible for us to plan further commitments before 2009/10 at present. We will review the forecasts every six months – with a view to planning further commitments as soon as this becomes prudent.

5. Operating costs 2007-09

- 1.** The Big Lottery Fund is expected to deliver administrative savings of between 10-20 per cent by 2007/08 as a result of the merger. This target will be measured from the baseline position of the 2003/04 budgets for the New Opportunities Fund and the Community Fund, adjusted for one off non-recurring costs – that is, a reduction in annual running costs of between £6.2 million-£12.3 million.
- 2.** Excluding one off and transitional costs the operating cost budget for 2006/07 is £60.7 million. This is £2.4 million (3.8 per cent) less than the 2003/04 baseline (£63.1 million) but does incorporate £3.6 million of re-investment into new activities. Therefore £6 million of savings against the 2003/04 baseline have already been identified.
- 3.** The savings identified to date represent efficiencies arising from the assimilation of management, property and systems of the Community Fund and the New Opportunities Fund. Future savings will require challenging decisions on the following matters:
 - corporate, Board and external stakeholders' understanding of and buy-in to what are our core services, with consideration of the full cost of delivering these – this is particularly relevant to expectations about the role of the countries and the structure of the England regions
 - embedding a culture of fit-for purpose through robust challenge of all expenditure to ensure value for money is achieved
 - structural and cultural changes in the way that the Big Lottery Fund delivers its core activities and administration.
- 4.** Further savings have been identified and are summarised in Table 6 below. This table takes no account of inflation and therefore to achieve the required target pay rise and other inflationary increases will need to be absorbed within existing budgets. These future savings will be generated through the completion of the Structural Review project and the relocation of grant functions in England to two operational centres generating savings in property rents and staff costs. In addition a programme to relocate a number of corporate posts from London to the Birmingham operational centre will be undertaken.

Table 6 Identified savings

	2006/2007 £M	2007/2008 £M	2008/2009 £M	Later years £M
Baseline activity operating cost budget	57.1	0.0	0.0	0.0
New activities	3.6	0.0	0.0	0.0
Ongoing activity operating cost budget	60.7	58.3	55.9	0.0
One off and transitional costs	7.8	1.2	0.3	0.0
Total operating cost budget	68.5	59.5	56.2	0.0
Excluding one off and transitional costs:				
Budgeted savings	6.0	0.0	0.0	0.0
Predicted savings	0.0	2.4	2.4	1.9
Cumulative savings	6.0	8.4	10.8	12.7
Savings as a % of baseline	9.4%	13.2%	16.9%	19.9%

Appendix A

New Interim Policy Directions – Overall Policy Directions

DIRECTIONS GIVEN TO THE NATIONAL LOTTERY CHARITIES BOARD AND THE NEW OPPORTUNITIES FUND UNDER SECTION 26(1) OF THE NATIONAL LOTTERY etc. ACT 1993.

The Secretary of State for Culture, Media and Sport, in exercise of the power conferred on her by section 26(1) of the National Lottery etc. Act 1993 and having consulted the National Lottery Charities Board and the New Opportunities Fund ("the Funds") pursuant to section 26(5) of that Act and having consulted the National Assembly for Wales, Scottish Ministers and Northern Ireland Department of Culture, Arts and Leisure, hereby gives the following directions to the Funds:

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. The Funds shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1):

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 ensure that the Funds achieve over time the distribution of money to projects in each country of the United Kingdom.

D. The need to be innovative and to take risks in distributing money under section 25(1) balanced with the need to manage risk in a manner commensurate with type of project and applicant.

E. The need to ensure that the Funds, taking into account their assessment of needs and any priorities they have identified in their strategies, achieve 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 the United Kingdom and working overseas.

- F. The need to ensure that the Funds achieve over time the distribution of money reasonably equally between the expenditure on or connected with:
 - i the promotion of community learning in order to create opportunities
 - ii the promotion of community safety and cohesion; and
 - iii the promotion of physical and mental well being.
- G. The needs of children and young people.
- H. The need to further the objectives of sustainable development.
- I. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- J. 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.
- K. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of their strategies.
- L. The need to ensure that the Funds have such information as they consider necessary to make decisions on each application, including independent expert advice where required.
- M. 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.

- N. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- O. The need to involve the public in making policies, setting priorities and making grants.
- 3.** The National Lottery Charities Board shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1):
 - A. the need to promote community learning in order to create opportunities;
 - B. the need to promote community safety and cohesion; and
 - C. the need to promote physical and mental well being.

Transformational Grants

- 4.** In relation to the transformational grant joint scheme, the Funds shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1):
 - A. 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.
 - B. The need to transform and revitalise communities and the physical environment
 - C. 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.

New Interim Policy Directions – England

DIRECTIONS GIVEN TO THE NATIONAL LOTTERY CHARITIES BOARD AND THE NEW OPPORTUNITIES FUND UNDER SECTIONS 26(1) AND 46C(1) 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 sections 26(1) and 43C(1) of the National Lottery etc. Act 1993 and having consulted the National Lottery Charities Board and the New Opportunities Fund ("the Funds") pursuant to section 26(5) of that Act and having consulted the New Opportunities Fund pursuant to section 43C(2), hereby gives the following directions to the Funds:

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

Distribution in relation to England

2. The Funds shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in relation to England:

A. The need to have regard to the interests of England as a whole, the interests of 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.

3. The National Lottery Charities Board shall take into account the need to ensure that one or more of the following outcomes are achieved in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in England; and the New Opportunities Fund, pursuant to section 43C(1), shall distribute money under section 25(1) in relation to England 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 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.

4. The Funds shall take into account the need to ensure that one or more of the following priorities are met in determining the persons to whom, the purposes for which and the conditions subject to the Funds distribute any money under section 25(1) in relation to England:

A. Improving family skills.

- B. Improving literacy, numeracy, ICT and creative skills.
- C. Developing consumer skills, including finance and debt management.
- D. Developing basic business skills, particularly for social and creative enterprise.
- E. Removing barriers to and developing employability, including through improving communication and problem solving skills.
- F. Developing life skills, including skills which help improve personal independence and interactions with others.
- G. Supporting the training needs of volunteers.
- H. Celebrating community identity, culture, diversity and achievements.
- I. Strengthening volunteering and voluntary sector infrastructure.
- J. Building capacity for community engagement.
- K. Broadening 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 information projects.

DIRECTIONS GIVEN TO THE NATIONAL LOTTERY CHARITIES BOARD AND THE NEW OPPORTUNITIES FUND UNDER SECTIONS 26(1) AND 43C(1) OF THE NATIONAL LOTTERY etc. ACT 1993

The National Assembly for Wales, in exercise of the powers conferred on it by sections 26(1) and 43C(1) of the National Lottery etc. Act 1993 and having consulted the National Lottery Charities Board and the New Opportunities Fund (“the Funds”) pursuant to section 26(5), and having consulted the New Opportunities Fund pursuant to section 43C(2) of that Act, and having consulted the Secretary of State for Culture, Media and Sport, hereby gives the following directions to the Funds:

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

Distribution in relation to Wales

2. The Funds shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in relation to Wales:

- A. 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.
- B. The need to have regard to the interests of Wales as a whole, the interests of different parts of Wales and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Wales.

3. The National Lottery Charities Board shall take into account the need to ensure that one or more of the following outcomes are achieved in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in Wales; and the New Opportunities Fund, pursuant to section 43C(1), shall distribute money under section 25(1) in relation to Wales 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.
- 4.** The Funds shall take into account the need to ensure that one or more of the following priorities are met in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in relation to Wales:
- A. tackling the barriers to community learning and effective life skills;
 - B. enabling children and young people to achieve their full potential;
 - 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 mental health and well-being.

New Interim Policy Directions – Northern Ireland

POLICY DIRECTIONS IN RELATION TO SCOTLAND GIVEN TO NORTHERN IRELAND GIVEN TO THE NATIONAL LOTTERY CHARITIES BOARD AND THE NEW OPPORTUNITIES FUND UNDER SECTIONS 26(1) AND 43C(1) OF THE NATIONAL LOTTERY etc. ACT 1993

The Funds shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in relation to Northern Ireland:

- A. The need to have regard to the interests of Northern Ireland as a whole, the interests and relative population sizes of the different parts of Northern Ireland.
- B. The need to address disadvantage, promote tolerance and social inclusion.
- C. The need to contribute to the reduction of poverty.

The National Lottery Charities Board shall take into account the need to ensure that one or more of the following outcomes are achieved in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in Northern Ireland; and the New Opportunities Fund, pursuant to section 43C(1), shall distribute money under section 25(1) in relation to Northern Ireland to projects which are intended to achieve one or more of the following outcomes:

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

The Funds shall take into account the need to ensure that one or more of the following priorities are met in determining the persons to whom, the purposes for which and the conditions subject to the Funds distribute any money under section 25(1) in relation to Northern Ireland:

- 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.

New Interim Policy Directions – Scotland

POLICY DIRECTIONS IN RELATION TO SCOTLAND GIVEN TO THE NATIONAL LOTTERY CHARITIES BOARD AND THE NEW OPPORTUNITIES FUND UNDER SECTIONS 26(1) AND 43C(1) OF THE NATIONAL LOTTERY etc. ACT 1993

The Funds shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in relation to Scotland:

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

The National Lottery Charities Board shall take into account the need to ensure that one or more of the following outcomes are achieved in determining the persons to whom, the purposes for which and the conditions subject to which the Funds distribute any money under section 25(1) in Scotland; and the New Opportunities Fund, pursuant to section 43C(1), shall distribute money under section 25(1) in relation to Scotland 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.

The Funds shall take into account the need to ensure that one or more of the following priorities are met in determining the persons to whom, the purposes for which and the conditions subject to the Funds distribute any money under section 25(1) in relation to Scotland:

- 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. Supporting community-led regeneration;
- M. Enhancing community environments, including historic environments, and green spaces;
- N. Improving access to services in rural communities;
- O. Promoting community land ownership and use;
- P. Promoting environment awareness and good practice;
- Q. Supporting and developing community based approaches to biodiversity and sustainable food and energy.
- R. Improving health and tackling health inequalities - in particular through improving opportunities for healthier eating, physical activity and addressing the health needs of young people;
- S. Developing new approaches to improving mental health and well-being;
- T. Identifying and supporting good practice in community based health promotion and improvement;
- U. Supporting work that promotes the relationship between health and well-being and broader community regeneration.

Appendix B

Themes and outcomes

England

Themes

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

Outcomes

- | | |
|-------------------|---|
| Outcome 1: | People having better chances in life, including being able to get better access to training and development to improve their life skills. |
| Outcome 2: | Stronger communities, with more active citizens, working together to tackle their problems. |
| Outcome 3: | Improved rural and urban environments, which communities are better able to access and enjoy. |
| Outcome 4: | Healthier and more active people and communities. |

Wales

Themes

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

Outcomes

- | | |
|-------------------|--|
| Outcome 1: | People of all ages equipped with the skills and learning to meet the challenges of a modern society. |
| Outcome 2: | People working together for stronger communities, social justice, and better rural and urban environments. |
| Outcome 3: | Healthier and more physically active people and communities. |
-

Northern Ireland

Themes

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

Outcomes

Outcome A: People have the opportunity to achieve their full potential.

Outcome B: People can actively participate in their communities to bring about a positive change.

Outcome C: Community ownership of better and safer rural and urban environments.

Outcome D: Improved physical and mental health for all people.

Scotland

Themes

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

Outcomes

Outcome 1: People have better chances in life.

Outcome 2: Communities are safer, stronger, and more able to work together to tackle inequalities.

Outcome 3: People have better and more sustainable services and environments.

Outcome 4: People and communities are healthier.
