

Big Lottery Fund

Annual Report and Accounts for the financial year ended 31 March 2011



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for the financial year ended 31 March 2011

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Big Lottery Fund

Annual Report and Accounts 2010/11

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Introduction and summary

by the Chair and Chief Executive

This report outlines the performance and achievements of the Big Lottery Fund (BIG) in 2010/11. Our mission is to bring real improvements to communities and the lives of people most in need. We do this by using money raised by the National Lottery to support projects across the UK for health, education, environmental and charitable purposes. We aim to be an intelligent investor, not simply distributing cash but helping ensure it makes a positive difference to the quality of life in the UK.

Now more than ever BIG must be responsive to the evolving needs of the communities we serve. We fund an amazing array of projects, throughout the country, making awards of as little as £300 through to longer term awards of more than £5 million, enabling communities to get active making a difference on the local issues that matter most to them.

During 2010/11 we made 14,296 new awards with a total value of £374 million. This figure would have been £574 million had our £200 million award to the new Big Local Trust not slipped into 2011/12. We are presently managing nearly 23,000 awards and made payments to projects last year of £508 million. There is rising demand for our funding. In 2010/11 we received over 31,000 applications requesting nearly £3 billion. We anticipate that pressure on Lottery budgets will increase and we have continued to refine our application processes to ensure they remain proportionate to the needs of our customers. We are in the process of modernising our Funding Management System which promises to unlock significant savings as well as an improved, increasingly online, customer experience.



We continue to be guided by our Strategic Framework, Big thinking, which outlined what our beneficiaries could expect from us as a funder up to 2015, though we have been listening and learning as we go, to ensure it remains relevant. The Voluntary and Community Sector (VCS) continues to be our key delivery partner and in 2010/11 90 per cent of our funding went directly to the VCS. Our focus remains upon the whole life cycle of our funding, from support and guidance prior to application, all the way through to evaluation and learning from our projects to improve future funding decisions. We are committed to maintaining these standards as we seek to reduce our core administration costs to 5 per cent of Lottery income by March 2014.

Last year we continued to support programmes seeking to deliver long-term benefits to those in need not being reached by other sources of funding. We launched Big Local, a £200 million investment that will support 150 deprived communities over ten years to develop the skills and confidence to identify the priorities that matter to them and take action at a grassroots level to change things for the better.



Our Village SOS programme and its associated learning campaign is an exciting collaboration with the BBC to raise awareness of rural issues and empower communities to develop enterprising activities that bring about real and lasting change in their neighbourhood. And we continue to use our scale and expertise to deliver funding on behalf of others. In November 2010 we were selected by the Office for Civil Society to deliver the Transition Fund, a £100 million programme to help VCS organisations most affected by reductions in public spending to adapt to the new funding environment.

We see our UK-wide reach as a real strength. We are working hard to develop distinct funding portfolios within each of the four countries that meet the priorities facing each nation. But we are also developing a distinct fifth UK funding portfolio that helps spread learning and good practice well beyond country boundaries.

At a time of reduced public funding there is a growing appetite for new forms of social investment and a stronger interest in the potential of the VCS organisations we typically support to provide mainstream public services. We are proud to be at the vanguard of exploring such developments, for example, supporting the first Social Impact Bond at Peterborough Prison in conjunction with the Ministry of Justice (MOJ).

Provided Lottery ticket sales hold up, we can look forward to strong and stable income in the period ahead. Though our share of Lottery funding reduced to 46 per cent on 1 April 2011 and will fall again to 40 per cent on 1 April 2012, this is offset by an injection of funds resulting from the end of the Olympic diversion.

There have been a number of changes to the Big Lottery Fund Board this year. We would like to place on record our appreciation to outgoing UK Chair Clive Booth, England Committee Chair Sanjay Dighe and Welsh Committee Chair Huw Vaughan Thomas for their work. Particular thanks are also due to Anna Southall for acting as Interim Chair of the Fund from 1 December 2010 until the end of May 2011.

We would also like to thank BIG's staff and those we work with for their continued dedication, energy and commitment. It is gratifying that their hard work has been acknowledged by the award of the Recognised for Excellence Four Star rating by the EFQM (formerly known as the European Foundation for Quality Management). Finally, it is fitting that we end by expressing a debt of gratitude to all of the wonderful projects and people we fund. It has been a privilege to support thousands of excellent community groups that deliver the real outcomes on the ground often in difficult circumstances. We look forward to many continued successes.

Peter Wanless
Chief Executive

Peter Ainsworth
Chair

7 July 2011

Section one

The way we work

In this section we describe the way we work. We set out our approach to funding, our new values, outline our planned refresh of the Strategic Framework, provide analysis of what we have funded and highlight what has been achieved with this funding during 2010/11.

Our approach

As an outcomes funder we always strive to achieve the highest possible impact with every Lottery pound. This means we look strategically across funding portfolios to continuously learn about what works, while making sure we are delivering against our mission to bring real improvements to communities and the lives of people most in need.

This approach stems from our commitment to being an intelligent funder for which we have five principles:

- creating and sharing a clear vision and purpose
- knowing and stating our place in the market
- creating a learning organisation
- aligning structures and the use of resources with our vision
- managing and adapting to change.

The way we use our funding and other resources continues to be shaped by six thematic areas – outcomes; lasting impact; capacity building; working together; innovation; and engagement. These themes are helping us to help the communities we serve, shaping the choice and focus of new programmes, the way we provide support to applicants and the range of work we are doing to promote and share learning among existing grant holders.

Our values

Stemming from BIG's mission are our values which were launched in the autumn of 2010. These are:

- making the best use of Lottery money
- using knowledge and evidence
- being supportive and helpful.

These were developed following research and consultation with customers, stakeholders, the public and staff and are based on what people told us was important and unique about the Big Lottery Fund and reflected the way we already worked.

Radiating out from our values, are our four corporate priorities which provide the focus for how we deliver BIG's mission. We report on targets based on these priorities in Section three of this report.



Strategic Framework update

Big thinking – our Strategic Framework to 2015 was launched in June 2009 and while this framework will continue to shape our funding up to 2015 we are conscious that the environment in which we fund is not the same as when the framework was developed.

It is important that we stay alive to the challenges and opportunities facing communities and people in need. This is why during 2011/12 we will be refreshing the Strategic Framework to ensure that we react to the external realities facing the communities and people we are seeking to support. This will provide a more focused narrative of what we stand for and the kind of funder we aspire to be over the next three years.

On 13 April 2011 responsibility for the Big Lottery Fund transferred from the Department for Culture, Media, and Sport to the Cabinet Office. In recognition of our community driven remit we will work closely with the Cabinet Office's Office for Civil Society (OCS). The work to refresh the Strategic Framework will coincide with a consultation by Cabinet Office on new policy directions for England, UK-wide programmes and the Isle of Man.

The refresh will also help us effectively to respond to a staggered change in the share of Lottery good causes money that BIG distributes. It will also help us to reach a new core operating cost target of 5 per cent.

Our outcomes funding policy

BIG decides which projects to fund based on their outcomes. By this we mean that we consider the difference that our support can make to communities before we consider what type of organisation can best achieve this. Outcomes help organisations focus on goals and aims and think about how they will demonstrate their achievements. Outcomes funding also helps us to share what works with others.

In this report we update the outcomes for awards made during 2010/11.



Section one

Reporting on outcomes

This summary presents information on the main themes and outcomes set out in our Policy Directions from Government that funded projects aim to achieve.

The figures in brackets relate to 2009/10.

This report considers only those awards that we measure against our outcomes framework; it excludes our small grants programmes including Awards for All, Breathing Places and 2014 Communities and any awards made through award partners and other delivery partners including Big Local Trust and Parks for People programmes and therefore shows lower total value than the figure on page 12. This summary reports on 841 (1,014) awards with a total value of £192 million (£282 million) that BIG made between April 2010 and 31 March 2011. This figure represents commitments, not actual payments made.

Awards may address more than one theme or more than one outcome. The figures in this report therefore include some multiple counting. Year to year comparisons should be made with caution bearing in mind the grant-making life cycle for each country.

In England, 555 (744) awards with a total value of £127.5 million (£193 million) were made:

- 323 (315) awards worth £79 million (£82 million) to make people and communities healthier and more active
- 33 (34) awards worth £5 million (£6 million) for improved rural and urban environments, which communities are better able to access and enjoy
- 470 (609) awards worth £116 million (£168 million) to give people a better chance in life, better access to training and development to improve life
- 431 (619) awards worth £103 million (£161 million) to build stronger communities, with more active citizens, working together to tackle their problems.

In Northern Ireland, 57 (49) awards with a total value of £4 million (£28 million) were made:

- 49 (20) awards worth £1.4 million (£14 million) to promote community ownership of better and safer rural and urban environments
- 4 (41) awards worth £1 million (£26 million) to improve physical and mental health for all people
- 8 (33) awards worth £2.4 million (£22 million) to help people actively participate in their communities to bring about positive change
- 5 (34) awards worth £2 million (£22 million) to give people the opportunity to achieve their full potential.

In Scotland, 40 (90) awards with a total value of £11 million (£30 million) were made:

- 30 (37) awards worth £8 million (£10 million) to make communities safer, stronger and able to work together to tackle inequalities
- 5 (22) awards worth £2 million (£6 million) to make people and communities healthier
- 19 (7) awards worth £6.7 million (£3 million) to provide people with better and more sustainable services and environments
- 20 (69) awards worth £8.8 million (£25 million) to give people better chances in life.

In Wales, 189 (131) awards with a total value of £48 million (£31 million) were made:

- 68 (31) awards worth £14 million (£6 million) to make people and communities healthier and more physically active
- 136 (84) awards worth £37 million (£17 million) to help people work together for stronger communities, social justice, and better rural and urban environments

- 122 (115) awards worth £35 million (£29 million) to equip people of all ages with the skills and learning to meet the challenges of a modern society.

We also report on the outcomes which have been achieved by completed projects. Awards made by BIG can be for up to five years.

In the period 1 April 2010 to 31 March 2011 803 (541) grants with a value of £165 million came to an end and an assessment was made on whether their outcomes had been achieved. This can be seen under the three BIG themes:

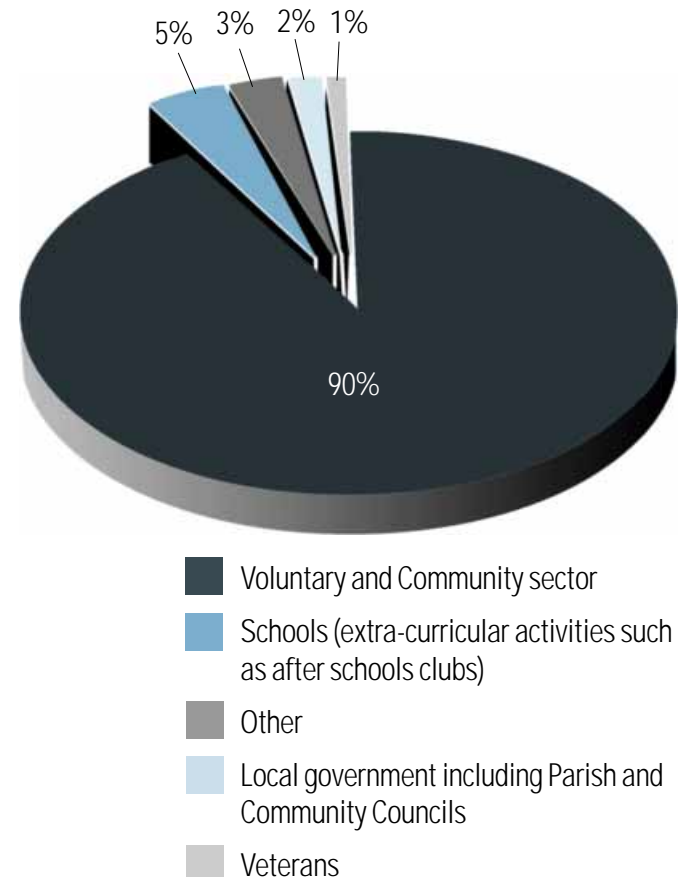
- 564 (413) awards worth a total of £121 million (£49 million) have promoted community safety and cohesion. 21 awards (4 per cent) did not achieve their predicted outcomes under this theme.
- 446 (318) awards worth a total of £98 million (£42 million) have promoted well-being. 16 awards (4 per cent) did not achieve their predicted outcomes under this theme.
- 521 (309) awards worth a total of £116 million (£41 million) have supported community learning and created opportunity. 20 awards (4 per cent) did not achieve their predicted outcomes under this theme.

Our undertaking to the voluntary and community sector (VCS)

We have undertaken to commit at least 80 per cent of our funding directly to the VCS and this year 90 per cent of committed funds have gone to the VCS. This recognises that the VCS is frequently in the best position to deliver our outcomes for the benefit of communities and people most in need.

The remaining 10 per cent funded a number of wider community partnerships that benefited the VCS and the people and neighbourhoods it serves.

New awards made in 2010/11 (excludes variations to existing awards and awards made by our award partners):



Section one

A new policy direction, the formal instructions from Government on which our funding is based, came into effect in England on 1 April 2011. This will ensure that our funding in England will be 'distributed to projects that benefit people and local communities served by the voluntary and community sector.' We will continue to be able to fund flexibly and intelligently throughout England. For example, we will continue to fund outcomes through the following groups as well as the VCS (including social enterprises):

- veterans
- parish councils
- community projects in schools
- voluntary and community sector organisations working in consortia with local authorities.

Additionality

In accordance with the National Lottery Act 2006 all Lottery distributors are required to report on their additionality policy and practice. Additionality is an important principle of our funding. We use the following definition 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.'

All awards made in 2010/11 were consistent with this definition of additionality.

This year the UK Board took the opportunity to review BIG's approach. It decided to continue the current funding policy, but to gather more information about the extent to which projects previously funded through the public purse are experiencing changes to their income. Our policy remains consistent. We cannot be in a position where Lottery funds are expected to meet statutory public duties and substitute for reductions in Exchequer funding.

In some circumstances grants officers assessing an application may have to judge whether a project is 'additional'. Clear guidance, including three tests, has been developed to ensure that Lottery funding will not subsidise or replace statutory funding for a service and will not duplicate statutory responsibilities. The three tests that grants officers are asked to apply are:

- ▶ 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 funding from a statutory authority 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?

We make sure that this guidance is applied consistently and fairly.

Distribution mechanisms

The Big Lottery Fund has the power to distribute grant funds directly through grants, loans and other arrangements, but it also has the legislative power to solicit applications; appoint other organisations to run a grant-making programme on its behalf, through an external delegation agreement, to join with other Lottery distributors to run a joint scheme and to deliver non-Lottery funding on behalf of other organisations.

Solicitation

While the vast majority of the grants are made following an open applications process, Lottery distributors were given a specific legislative power under the National Lottery Act of 1998 to solicit applications. This was because it was recognised that the ability to solicit an application may help a Lottery distributor achieve their objectives and, by allowing Lottery distributors to be more proactive, they could meet specific needs and further their strategies effectively.



Section one

The Big Lottery Fund therefore uses this legislative power, in accordance with formal guidance issued by DCMS when it has identified a strategic need. Using a solicitation approach also fits well with our intelligent funder principles in that:

- it can be used to fill identified gaps in programme outcomes, where open processes have failed to deliver a satisfactory solution
- it acknowledges that demand-led funding will not always be the answer, and it is necessary to have access to a wider range of delivery approaches
- we are able to have a more engaged relationship with the applicant, adding value pre-application.

Before soliciting a single organisation (or a lead organisation in a partnership) for a piece of work, the Big Lottery Fund must be satisfied that the normal open application processes:

- will not produce a successful project of sufficient quality, or
- would have a slim chance of success, or
- would not be the most effective, or efficient, means of delivering funding to meet a strategic objective.

There is an audited process for solicited applications. This requires the approval of a business case by the relevant Board or Committee before an application is invited and fully assessed by officers who are independent of those involved in the original discussions with the solicited organisation. The officers' recommendations are then presented to the appropriate Committee for approval or rejection.

There is no ring-fenced budget for solicited applications and the budget has to be found from the appropriate Big Lottery Fund Board or Committee programme budgets.

Arrangements

The Big Lottery Fund can also distribute its grant budget by way of an arrangement or contract for services following an open procurement process rather than through the open application and assessment process, although the beneficiaries of the funding must still be those who would benefit under a grant. The Big Lottery Fund has done this in the case of the Life Skills programme in Wales.

The benefits of arrangements or contracts are:

- ▶ We can specify in the invitation to tender the specific goods or services and the outcomes that we want the money to deliver, rather than relying on a grant application from a third party.
- ▶ We can more directly manage the deliverables specified in such a contract and have the robustness of contract law to ensure that the outcomes required are delivered.

Services contracts that enable the Big Lottery Fund to carry out its own functions as a Lottery funder are not 'arrangements' because they are operating costs associated with the distributing of Lottery funds.

Loans

The National Lottery Act 2006 allows the Big Lottery Fund to make loans. We have not used this provision.



Delivering for the benefit of others

Where our approaches and our scale can add value we are always willing to open up our systems and provide services to others. Since the National Lottery Act 2006 we have had powers to distribute funding from non-Lottery sources on behalf of others for charitable purposes or purposes connected with health, education or the environment.

We continue to manage the *myplace* programme on behalf of the Department for Education which aims to provide world-class youth facilities across England. In Wales we made progress with Life Skills, which is jointly funded by the Big Lottery Fund and the European Social Fund, and we continue to manage the jointly-funded Community Assets Transfer programme on behalf of the partnership with the Welsh Assembly Government.

This year we were very pleased to be selected by Cabinet Office's Office for Civil Society, after a highly competitive process, to deliver the £100 million Transition Fund. We have worked very quickly to award vital grants to help voluntary organisations providing essential public services to transition towards new ways of working. We are also the nominated distributor of funds from dormant bank and building society accounts and expect funds to begin flowing from the Reclaim Fund in 2011/12.

Section two

Our grants programmes

In this section we review the progress of our grant programmes. During 2010/11 we have continued to make new awards and to manage awards made in previous years. Details of our grants over £5 million are given in the Appendix from page 106.

Volume of activity

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

Applications received during 2010/11		
Some of these applications have yet to be presented to a decision-making committee		
	Number of applications	Amount requested (£)
Big Lottery Fund programmes	29,734	2,775,093,650*
Non-Lottery funded programmes	1,773	169,757,587
Total	31,507	2,944,851,237

*This figure includes 6 applications to deliver the Big Local Trust valued at £1,200,000,000.

On many of our programmes we make use of an outline proposal stage to provide quick feedback on whether an application is worth progressing in full and how it might be developed. In 2010/11 we received 7,155 outline proposal applications requesting £2,853,265,899.

New awards made in 2010/11		
Some of these awards relate to applications received in earlier years		
	Number of awards	Amount awarded (£)
Big Lottery Fund programmes	14,094	357,045,213
Non-Lottery funded programmes	202	16,564,662
Total	14,296	373,609,875

The table below shows grants in management during 2010/11. These grants have been awarded by BIG and are now in the project delivery phase and are drawing from their grant allocation.

Grants in management at 31 March 2011		
	Number of awards	Payments due to grant recipients (£)
Big Lottery Fund programmes	21,766	922,679,355
Non-Lottery funded programmes	1,115	242,849,193
Total	22,881	1,165,528,548

UK-wide programmes

Since we were set up, the Big Lottery Fund has funded projects which have a UK-wide reach. Programmes such as International Communities, The People's Millions and Breathing Places have all made awards in all four countries of the UK in recent years, and have enabled BIG to work alongside partner organisations such as broadcasters and major UK-wide umbrella bodies. Following our Big thinking consultation our Strategic Framework re-emphasised BIG's commitment to UK-wide funding, proposing that around 10 per cent of our funding would continue to go into programmes that complemented our country portfolios and which would achieve a scale that they could not achieve on their own.

In 2010/11, BIG consolidated this commitment by establishing a UK funding committee, with similar powers to the four country committees, to oversee UK-wide investment. The UK portfolio was organised around three main streams of funding: International, Replication and Innovation, and Partnerships and Public Engagement.

- International encompasses our approaches to funding UK organisations delivering projects overseas. International Communities is the latest version of the open and competitive programme that we have had in our portfolio, in some form, throughout most of BIG's history. In 2010/11 this had its full five year programme budget agreed by Board – £80 million to 2014/15.
- Replication and Innovation covers initiatives and projects which incorporate new funding models (such as the Social Impact Bonds) or which present the possibility of tackling deeply entrenched issues in new ways. Through Replication, we are exploring how best to take effective practice beyond its starting point and into new communities.

- Partnerships and Public Engagement encompasses our programmes with a public-facing aspect – for example, those which are delivered in partnership with a media partner or those which enable broad public participation through public voting or taking part in community events. In this chapter we report on programmes such as The People's Millions and Village SOS.

All three streams share the common characteristic of developing initiatives which are capable of being adaptable to delivery in all four countries of the UK.

Forces in Mind Trust

The Forces in Mind programme launched on 25 June 2010 for bidders to set up an independent UK-wide Trust with an endowment of £35 million to expend over 20 years.

The Forces in Mind Trust aims to support the psychological well-being and successful and sustainable transition of veterans and their families into civilian life and focuses on veterans from more recent conflicts. It will help ex-service personnel who struggle with the transition to civilian life, including those whose psychological well-being affects their quality of life and that of others around them.

The first stage of the application process closed on 22 September 2010 and in November 2010 we announced that we had a preferred candidate – the partnership application of veterans organisations led by COBSEO (Confederation of British Service and Ex-Service Organisations) working with the Mental Health Foundation, the Centre for Mental Health and the Shaw Trust.

COBSEO was awarded a development grant of up to £200,000 to put together a business plan as part of the next stage in the process. The business plan will be submitted in May 2011 and we would hope to be in a position to endow the Trust in summer 2011.

Section two

Heroes Return 2

The Heroes Return 2 programme was launched on 1 April 2009. The programme gives Lottery funding to support World War II veterans who saw active service and are resident in the UK or the Republic of Ireland to take part in commemorative visits (within the UK and overseas).

Number of grants awarded in 2010/11: 973 awards worth £1.7 million.

The People's Millions

The People's Millions programme was launched in 2005. Since then it has awarded over £25 million to 463 projects.

The programme is run in partnership with ITV, and it offers the public a chance to vote on local projects. The aim of the programme is to fund projects that give people opportunities to enjoy their local area and improve local facilities. This year over half a million people voted for their preferred project.

Number of grants awarded in 2010/11: 75 awards worth £3.5 million.

The Jubilee People's Millions

The Big Lottery Fund and ITV with the approval of Buckingham Palace will be helping mark the Queen's Diamond Jubilee. Through The Jubilee People's Millions BIG will be making 60 awards of up to £60,000 to new projects that will take place in 2012 and improve local places or the lives of people in the community.

The Jubilee People's Millions will form part of Big Lottery Fund's contribution to the Diamond Jubilee celebrations.

The programme was launched on 26 November with a closing date of 4 February. Awards will be made in June 2011.

Village SOS

The £4.78 million Village SOS programme launched in 2010.

The programme vision is that 'people in rural villages will be inspired to make a difference in their communities'. More widely, people across the UK will have an increased recognition of the strength and diversity of rural areas and a better appreciation of rural life.

The successful villages were announced in May 2010. All projects are now under development and the BBC has begun filming for the television programme. The documentaries will be complemented by a learning campaign which will support people to set up their own community-owned enterprise, learn about what other people around UK are already doing and give people access to support and advice.

In 2010/11, six villages were awarded grants of £2.8 million. Another four villages were awarded Learning Awards worth £1.7 million. This represented a total investment of £4.5 million.



England programmes

During 2010/11, we continued to develop our portfolio of programmes around three styles of funding: open, community and targeted. This builds on the Big thinking consultation, and ensures a balance of investment across England.

We also began the process of reconsidering how our approach to 2015 might need to be adapted to reflect a fast changing environment – both for communities most in need and the voluntary and communities sector. As part of this, we launched People Powered Change in March 2011, announcing a range of investments focused on supporting and inspiring community-led change.

In July 2010, we launched Big Local, a £200 million investment over ten years in the most disadvantaged communities in England, and began work in the first 50 neighbourhoods that will benefit from the programme.

Our planned targeted programmes took a step forward with the launch of the £30 million Youth in Focus programme, which supports projects that benefit young people leaving care, young carers and young people leaving young offenders' institutions. Decisions on these applications will be made in 2011/12.

Reaching Communities and Awards for All, our main demand-led programmes, remain at the centre of our approach. We further developed Reaching Communities so that the application is simpler for applicants seeking an average of £40,000 a year, and so that applicants can also apply for funding to support building works up to the value of £500,000. Awards for All continued to make grants of between £300 and £10,000 to help improve local communities and the lives of people most in need.

Section two

BIG's current programmes in England support three themes and focus on the four outcomes shown in the table below.

Remit			
Expenditure that is charitable or connected with health, education or the environment			
Community learning and creating opportunity	Promoting community cohesion and safety	Promoting well-being	
England outcomes			
People having better chances in life, including being able to get better access to training and development to improve their life skills	Stronger communities, with more active citizens, working together to tackle their problems	Improved rural and urban environments, which communities are better able to access and enjoy	Healthier and more active people and communities
England programmes			
Awards for All England			
Reaching Communities England			
BIG Local			
People Powered Change Investments			
Parks for People			

People Powered Change

Through People Powered Change, BIG will support people to unlock and inspire community action across the nation. Our belief is that every community facing problems contains within it people and groups who can step forward as the solution. BIG will use our resources, passion and belief in communities to support these people and groups to build a better future for themselves.

The first four investments under People Powered Change, totalling £5.76 million, were announced in March 2011.

UnLtd has been granted £2.2 million for its Big Venture Challenge competition. The national competition is for the most ambitious social entrepreneurs in England who have big ideas that can address the challenges faced by disadvantaged communities. The 25 winners of the Big Venture Challenge not only have access to funds but also high-level business support and mentoring to help them grow their ventures to scale.

National Endowment for Science, Technology and the Arts (NESTA) has been awarded £2 million for the Neighbourhood Challenge. The funds will be used towards equipping 16 finalist projects with the right skills, practical tools and small, catalytic amounts of money to galvanise people to work together to create innovative responses to local priorities, particularly in neighbourhoods with low levels of social capital.

Big Society Network was awarded £830,000 to develop Your Square Mile, a digital platform that will provide people with local information and resources, including information about local groups, opportunities and local support services. Your Square Mile has already embarked on 16 pilots and plans to launch the first stage of its digital platform in late summer 2011.

The Young Foundation received £820,000 to boost local community capacity to tackle the issues that matter most, by working with the key agencies that promote and spread community organising.

Awards for All

Awards for All England funds projects between £300 and £10,000 that aim to give people better chances in life, build stronger communities, improve rural and urban environments and create healthier and more active people.

Number of grants awarded in 2010/11:

5,983 awards worth £46 million.

Big Local

The £200 million Big Local programme launched in July 2010. It will help people in up to 150 disadvantaged and overlooked small areas in England make their communities better places to live in, now and in the future. A charitable trust will invest the money and support local funding schemes in each area. The schemes will support local people to identify priorities that matter to them and take action. The schemes will bring long-term benefit to the areas, build skills and confidence, be additional to other public funding, and be run locally.

In 2010 we carried out an open application process for a partnership to establish the trust. We chose a partnership led by the Community Development Foundation. We also identified the first 50 Big Local areas.

Number of grants awarded in 2010/11: 44 small grants totalling £432,876 to the 50 areas so that local people could begin thinking about the changes they would like to see.

Reaching Communities

The Reaching Communities programme launched in December 2005. The programme aims to improve communities and the lives of those most in need. Every project we fund meets at least one of the four outcomes in the table on page 16. Grants cover a wide range of issues and support communities through national as well as small local voluntary groups. Awards range from £10,000 to £500,000.

Number of grants awarded in 2010/2011:

505 worth £125,088,446.

Section two

Parks for People

Parks for People is a joint programme between BIG and the Heritage Lottery Fund (HLF), first launched in 2006. In 2010/11 it had a combined budget of up to £26.7 million in England.

The programme aims to support the regeneration, conservation and increased enjoyment of public parks. It aims to put parks back in the heart of community life, actively involving local people in each project and increasing training and volunteering opportunities for community members.

Applications are currently assessed in two rounds, twice each year. BIG's England Committee make joint decisions with HLF on applications. In 2010/11 a number of applications reached stage two of an earlier version of the programme.

Number of grants awarded in 2010/11: Seven grants, totalling £13.4 million were awarded to applicants reaching the second stage of the application process. A further 17 first stage applications, requesting £25.9 million were successful and have been awarded development funding of £1.6 million. A full award is pending their second round applications.

Non-Lottery programmes

Using the powers given to us through the National Lottery Act 2006 we have run the following non-Lottery funded programmes in England.

Transition Fund

The £100 million Transition Fund launched in November 2010 and closed to applications in January 2011. The Big Lottery Fund is delivering the Transition Fund on behalf of the Office for Civil Society (OCS), Cabinet Office.

The programme aims to help civil society organisations which deliver high quality public services to be more resilient, agile and able to take opportunities presented by a changing funding environment.

In March 2011 the Department of Health provided an additional £7 million to be spent in 2010/11.

In 2010/11 202 grants worth £16.6 million were awarded.

Scotland programmes

In Scotland we completed the first phase of our Investing in Communities portfolio and launched a second phase, which will run until 2014/15. Based on our Big thinking consultation we revised Investing in Communities and opened it for applications again in June 2010. We will make grants mainly through three investment areas: Supporting 21st Century Life, Life Transitions and Growing Community Assets. We made the first grants in this new phase in December 2010 and by March 2011 had made grants worth more than £4 million in these three investment areas.

During the year we also made the first grants in the Our Place programme, a £9 million programme focused on five neighbourhoods in Scotland. We launched programmes to create two new trusts: the JESSICA Trust, focused on urban communities, and the Life Changes Trust, focused on young people leaving care and people affected by dementia and their carers. We also consulted on a new fund to support communities to come together around a space or place that matters to them, such as a park, garden, or meeting space. We are now developing the detail of this programme which we aim to launch in mid 2011.

Our three small grants programmes – Awards for All, Investing in Ideas and 2014 Communities – remained at the heart of our investment in communities right across Scotland. Between them these programmes made 2,100 awards worth more than £11 million.

In 2010 we also invested more time and money in supporting applicants and grant holders. We changed the way we work to offer more integrated development support and funding for larger projects and can now refer applicants to dedicated expert help to improve practice around self-evaluation, business and financial planning, renewable energy and volunteering.



Section two

BIG's current programmes in Scotland support three themes and focus on the four outcomes shown in the table below.

Remit			
Expenditure that is charitable or connected with health, education or the environment			
Community learning and creating opportunity	Promoting community cohesion and safety	Promoting well-being	
Scotland outcomes			
People have better chances in life	Communities are safer, stronger and more able to work together to tackle inequalities	People have better and more sustainable services and environments	People and communities are healthier
Scotland investment areas			
Awards for All Scotland			
Investing in Ideas			
Investing in Communities: Growing Community Assets, Life Transitions, Supporting 21st Century Life			
Our Place			
JESSICA (Scotland) Trust		2014 Communities	

Awards for All Scotland

In 2010/11, Awards for All Scotland was funded by the Big Lottery Fund, Creative Scotland and sportscotland. It funds projects between £500 and £10,000 that aim to bring people together, improve their quality of life and encourage them to take part in local activities.

Number of grants awarded in 2010/11:

1,614 worth £10.76 million.

Investing in Ideas

Investing in Ideas was launched in 2006 and awards grants of £500 to £10,000 to test and develop ideas that could eventually become fully-fledged projects or lead to improved service delivery. The Investing in Ideas programme was revised in 2010, expanding the scope to allow it to support a wider range of ideas. Priority is given to organisations that have not been funded through the programme before, to smaller development projects, and to projects that involve the wider community.

Number of grants awarded in 2010/11:

114 worth £1.014 million.



Section two

2014 Communities

2014 Communities was launched in 2008. The programme aims to maximise the benefits and legacy from Glasgow's hosting of the 2014 Commonwealth Games. In its second year, 2014 Communities offered grants of up to £2,000 to grass roots sports and community organisations. Through the programme we aim to encourage more people to take part in physical activity and sport.

Number of grants awarded in 2010/11:

643 worth £864,200.

Investing in Communities

Investing in Communities was launched in 2006 and revised and re-opened in 2010 with a total budget of almost £200 million. Investing in Communities is a portfolio of investment in Scotland and grants are primarily made through three investment areas: Supporting 21st Century Life, Life Transitions and Growing Community Assets. As well as making grants under these three investment areas (see below) in 2010/11 three grants to organisations offering support services to applicants and one grant to support the adoption of improved volunteering practice in the sector were made.

Number of grants awarded in 2010/11:

4 worth £1,688,091.



Supporting 21st Century Life

Supporting 21st Century Life re-opened in 2010. It funds projects that build stronger families and stronger communities. It aims to improve the quality of individuals' lives by helping families most in need deal with the challenges of family life, by taking action to prevent poverty and disadvantage and give children a better chance in life. It funds projects focused on: supporting children at risk of isolation, helping older people stay independent, supporting disadvantaged families with the challenges of parenting, building financial skills in families where financial concerns are affecting relationships, and helping families with caring responsibilities cope better. The first grants of the second phase of Supporting 21st Century Life were made in 2011.

Number of grants awarded in 2010/11:

7 worth £2,163,253.

Life Transitions

Life Transitions re-opened in 2010. It supports individuals at key times of change in their lives. Better support at these points can help people plan to make a positive transition, like leaving care, or stop people making unexpected transitions, like falling into debt. It funds projects focused on: helping vulnerable young people make a positive transition to adulthood, supporting economically inactive people into work, helping people experiencing multiple barriers to moving on such as mental health problems and homelessness, and building financial inclusion for disadvantaged groups. The first grants of the second phase of Life Transitions were made in 2011.

Number of grants awarded in 2010/11:

6 worth £1,590,578.

Growing Community Assets

Growing Community Assets reopened in 2010. It enables communities to have more control and influence over their own future through ownership of assets. These are usually physical assets, such as land, buildings or equipment, but may also include other types of asset such as energy. The process of acquiring assets encourages people to become more involved in their communities and helps develop the skills, capacity and confidence they need to work together to address local needs. Final grants were made in the first phase of Growing Community Assets in early 2010 and the first grants of the new phase were made towards the end of year.

Number of grants awarded in 2010/11:

17 worth £7,056,899.

Our Place

Our Place was launched in early 2010 with a budget of £9 million. Our Place is a new way of investing Lottery funding based around priorities set by local people. It takes a strategic approach to neighbourhood areas with high levels of deprivation and need, but also high levels of voluntary activity and ideas for the future. It aims to help build local capacity and support communities' visions for improving their neighbourhoods. In 2010/11 five support contracts (totalling £394,868) were awarded to help the five Our Place neighbourhoods identify their local priorities and submit a package of stage one applications that fit with their community's vision statement and with the Our Place programme outcomes. We awarded development funding to projects that will now be developed into full applications.

Number of grants awarded in 2010/11:

34 worth £919,201.

The JESSICA (Scotland) Trust

In late 2010 BIG announced it was setting up the JESSICA (Scotland) Trust – a new £15 million independent trust in Scotland to support disadvantaged urban communities which have been most affected by serious economic decline and disadvantage. The JESSICA (Scotland) Trust will align with and complement a parallel European Fund operating in the same areas. BIG awarded a development grant to the Scottish Community Foundation to develop a detailed application, business plan and manual of regulations to set up the trust, and will be working with them over the coming months to develop these plans. It is anticipated that the JESSICA (Scotland) Trust will be up and running by late 2011.

Number of grants awarded in 2010/11:

1 worth £80,000.

Section two

Wales programmes

We have made significant progress during 2010/11 in fulfilling our public commitment to launch the new programmes that were endorsed during public consultation in 2009. This year we launched our flagship programme to improve the lives of older people in Wales, the AdvantAGE programme, and awarded grants totalling just under £20 million. This represented the largest single investment in a targeted programme made by the Big Lottery Fund in Wales. We also launched the Big Innovation Fund, creating great interest in the opportunities it will provide to try out new approaches to tackling social problems that have not previously been attempted anywhere else in the United Kingdom.

We continued our successful partnership with the Welsh Assembly Government in the Community Asset Transfer programme, making awards under rounds one and two, and launching round three. We also awarded further contracts in our Life Skills programme, which is jointly funded with the Welsh European Funding Office and has matched Lottery funding with European Social Funds.

The People and Places programme, which allows communities to set their own priorities, continued into its fifth year; the awards made under the programme this year included a separate strand to increase support for children living in poverty and for vulnerable families as part of our measures to respond to the impact of the recession on those most in need. Through this programme we also supported strategic initiatives to provide support to applicants where they lack the skills and capacity to access funds, and made a further award to provide voluntary sector organisations with the skills and tools to diversify their income.

Our popular small grants programme, Awards for All (Wales), continued to provide many smaller organisations the length and breadth of Wales with the opportunity to access Lottery funding. A programme of targeted outreach work throughout the year resulted in an increase in applications for both the Awards for All and People and Places programmes from groups and geographical areas from which there had previously been low application levels or interest.

BIG's programmes in Wales support three outcomes, and focus on the nine priorities shown in the table on page 25.

AdvantAGE

The £20 million AdvantAGE programme was launched in June 2010 to improve the quality of life for older people. The programme aims to: reduce loneliness and increase the well-being of older people; increase confidence and the ability to meet the challenges and opportunities of ageing; increase the understanding and use of rights and awareness and uptake of services leading to greater independence and choice for older people; and demonstrate the impact of advocacy and befriending services through effective evaluation. Awards of between £200,000 and £1 million were available.

Number of grants awarded in 2010/11:

30 awards worth £19.8 million.

Awards for All (Wales)

Awards for All (Wales) provides awards of between £500 and £5,000 to projects that aim to support community activity, extend access and participation, increase skills and creativity, and improve quality of life.

Number of grants awarded in 2010/11:

762 awards worth £2.7 million.

Remit

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

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

Wales outcomes

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

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

Healthier and more physically active people and communities

Wales priorities

Tackling the barriers to community learning and effective life skills

Enabling children and young people to achieve their full potential

Empowering communities to develop and manage local revitalisation programmes

Developing constructive community responses to disaffection, anti-social behaviour and crime

Enabling older people to live independent lives and to contribute to their community

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

Promoting healthier eating and increasing physical activity across all age, gender and social groups

Developing new approaches to promoting mental health and well-being

Wales programmes

Awards for All (Wales)

People and Places

Life Skills

Community Asset Transfer

AdvantAGE

Child's Play

Mental Health Matters

Section two

Healthy Families

This £20 million initiative addresses levels of obesity in Wales, concerns about heart disease as the most common cause of death, and the need to tackle ill health caused by lifestyle. The aims are to add value to existing policy initiatives by making a strategic link between children's play, nutrition and physical activity and creating a joined-up approach to promoting active and healthy lifestyles among children and families. Two closely linked programmes have been developed to achieve these aims. All awards through the Healthy Families – Way of Life programme were awarded in previous years.

Healthy Families – Child's Play

Our Child's Play programme was launched in 2006. The programme aims to develop open access play opportunities. The programme initially funded the development of the infrastructure to deliver play services and has then funded projects that provide play opportunities and encourage a joined-up approach between nutrition, healthy eating and play. Two grants to provide play opportunities which were deferred from 2009/10 were awarded this year, and the infrastructure projects were also awarded additional funding to allow them to extend by up to one year in duration.

Number of awards made in 2010/11:

11 worth £2.6 million.

Mental Health Matters

The Mental Health Matters programme was launched in February 2007 and aims to promote the integration and independence of people with serious mental health problems and support people at greatest risk of serious mental health problems or suicide. A total of £13.5 million was awarded to 19 projects in April 2008. This year grant holders were awarded additional funding to develop tailored and significantly strengthened evaluation plans, to better demonstrate their impact and outcomes. In addition, it had become clear that projects were unlikely to achieve one of the programme outcomes of improving the awareness of mental ill health. A consortium led by Mind Cymru has therefore been awarded a grant to carry out a campaign to raise awareness at national and local levels. The campaign will be jointly-funded with additional contributions from the Welsh Assembly Government and Comic Relief.

Number of awards made in 2010/11:

18 worth £1.4 million (including increases to existing awards made in previous years).

People and Places

The People and Places programme was launched in November 2005 with an initial budget of up to £66 million. The programme awards grants of between £5,001 and £1 million. As a result of its continuing popularity and success it has been extended to 2012 and the total budget has been increased. The programme supports coordinated action by people to make their communities better places to live, and aims to enable people to work together for stronger communities, social justice and better rural and urban environments.

Number of grants awarded in 2010/11:

120 worth £20.9 million.



Non-Lottery/Lottery programmes

Using the powers given to us through the National Lottery Act 2006 we are managing the following jointly funded non-Lottery/Lottery-funded programmes in Wales.

Community Asset Transfer

The £13 million Community Asset Transfer programme was launched in October 2009, in partnership with the Welsh Assembly Government, which is providing capital funding for the programme. The programme aims to create more sustainable communities by supporting the transfer of assets from public sector bodies to enterprising community organisations that involve and benefit the communities they serve. Projects must work to improve services or facilities for their community, and demonstrate that their proposals are sustainable in the long-term and take into account the environmental, social and economic impact of their work.

Number of grants awarded in 2010/11:

14 worth £3.9 million.

Life Skills

The Life Skills programme was launched in April 2009, and is jointly funded with the Welsh European Funding Office, matching Lottery funding with European Structural Funds. The programme aims to enable participants to develop their life skills, increase their confidence, and re-engage and continue to access education, learning, volunteering or employment. The programme targets care leavers, carers and former carers, economically inactive families and older people.

Number of contracts awarded in 2010/11:

11 worth £6.7 million following a competitive procurement process.

Section two

Northern Ireland programmes

During 2010/11 in Northern Ireland we have developed and launched the new programmes that we consulted on in the previous year. Our Big Proposals consultation showed significant support for our proposed new programmes, and we published the findings in Big Proposals, What You Told Us. We announced five new programmes this year including Reaching Out: Empowering Young People and Reaching Out: Connecting Older People launched at the Big Debate in June 2010, where we facilitated a discussion between young people and older people.

In a response to the economic downturn we awarded a contract to Advice Services Alliance Northern Ireland in June 2010 to provide additional support for debt and money advice services in Northern Ireland to help meet the increased demand from new users due to the impact of the recession.

In response to the major changes that the public sector and communities will face across Northern Ireland, the Big Lottery Fund awarded (in September 2010) contracts to three pilot projects to learn more about how voluntary and community sector organisations can be involved in community planning. A contract has also been awarded to a consortium team led by Community Places to provide support for the community planning pilot projects, and develop a toolkit as a resource for voluntary and community organisations.

As part of our management of current programmes we commissioned specific support for grant holders funded through Live and Learn and Safe and Well programmes. Community Evaluation Northern Ireland were awarded a contract in June 2010 to support these projects to baseline their work and measure their impact.

BIG's current programmes in Northern Ireland support three themes and focus on the four outcomes shown in the table on page 29.

Remit

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

Community learning and creating opportunity

Promoting community cohesion and safety

Promoting well-being

Northern Ireland outcomes

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

Community ownership of better and safer rural and urban environments

Improved physical and mental health for all people

People have the opportunity to achieve their full potential

Northern Ireland programmes

Awards for All Northern Ireland

Healthy Minds

Energy Efficient Venues

Reaching Communities Northern Ireland

Reaching Out: Empowering Young People

Reaching Out: Connecting Older People

Impact of Alcohol

Space and Place

Section two

Awards for All Northern Ireland

Awards for All Northern Ireland funds projects between £500 and £10,000 with the aim of bringing real improvements to communities and to the lives of people most in need by funding projects which involve people in their communities, bringing them together to enjoy a wide range of charitable, community, educational, environmental and health-related activities. Since April 2010 projects can reapply for funding up to a maximum of £20,000 in any 12-month period providing they only hold one award up to £10,000 at any one time.

Number of grants awarded in 2010/11:

450 worth over £3.6 million.

Healthy Minds

The Healthy Minds Northern Ireland programme was launched in March 2010 with a budget of £500,000. During the reporting period the budget was increased to £700,000. The programme aims to support activities to improve the mental health and well-being of local people. Grants of between £500 and £10,000 were available to groups across Northern Ireland to fund activities to support: adult mental health; isolated older people; families affected by alcohol; and people affected by life changes and transitions such as bereavement. The programme was open for 12 months until March 2011 with announcement of awards made on a bi-monthly basis.

Number of grants awarded in 2010/11:

68 worth £570,000.

Energy Efficient Venues

The Energy Efficient Venues programme launched in May 2010 with £5 million available over two years. The programme makes grants of between £2,000 – £10,000 and £15,000 – £50,000 to voluntary and community organisations who want to make their community venue more energy efficient. As well as having a positive impact on the environment, this programme will help voluntary and community organisations make savings on their recurring heating and lighting costs.

Number of grants awarded in 2010/11:

43 worth £360,000.



Reaching Communities Northern Ireland

The Reaching Communities Northern Ireland programme was launched in 2006, with approximately £18 million available from 2006 to 2009. The programme made grants to voluntary and community-led organisations and aims to achieve BIG's mission to make a difference to people and communities most in need. Grants from £100,000 to £500,000 were available for projects lasting three to five years.

In 2009/10 the Northern Ireland Committee allocated an additional £5 million of funding to support the unprecedented demand for this programme. We reviewed the significant number of fundable applications that we were unable to support as we did not have sufficient budget. Following this review another 14 projects in October 2009 and seven projects in April 2010 were awarded funding.

Number of grants awarded in 2010/11:

7 worth £2.6 million.



Reaching Out: Empowering Young People

Launched in 2010, this is a £20 million programme that will support some of Northern Ireland's most vulnerable young people including those who have been in care, involved in crime or excluded from education. Grants of up to £500,000 are available for projects that will help this group of young people transform their lives through activities such as training and employment schemes, one-to-one crisis support, mentoring programmes and street outreach work. We will commission a contract to provide development support to all organisations funded under this programme.

Number of grants awarded in 2010/11:
2 worth over £940,000.

Reaching Out: Connecting Older People

Launched in June 2010 this is a £20 million programme, that will support isolated and vulnerable older people who have been affected by issues such as bereavement, disability, long-term illness or who live in residential care or sheltered housing. Grants of up to £500,000 are available to support older people through activities such as physical and mental health projects, volunteering programmes and projects that will bring isolated older people and young people together. We will commission a contract to provide development support to all organisations funded under this programme.

Impact of Alcohol

Impact of Alcohol is a £10 million programme launched on 14 December 2010 that aims to encourage a community-based approach to reduce the harm caused by alcohol misuse. Through this programme BIG wants to fund a range of projects that will reduce the harm to individuals, families and communities directly affected by alcohol misuse. The programme is being delivered via Northern Ireland-wide grants (£3 million) and portfolio grants (£7 million). The Northern Ireland-wide direct grants will be delivered by voluntary and community organisations. The portfolio grants will be delivered by the Northern Ireland Health and Social Care Trusts working with voluntary and community organisations.

Number of grants awarded in 2010/11:
5 portfolio grants worth over £210,000.

Space and Place

Space and Place is a £15 million programme launched on 27 January 2011. The programme provides an opportunity for local communities to come together to identify a shared vision for their area and work to achieve it. The aim of the programme is that more people and communities are connected by making use of underused or difficult spaces. BIG would like to appoint an award partner to deliver a grant scheme that makes grants to organisations across Northern Ireland, to enable communities to make better use of internal and external spaces and places.

Section three

Our operational performance against our corporate objectives

The Corporate Plan for 2010/11 identified three strategic objectives to shape our priorities and set four key performance indicators that we would use to measure success. Our performance against these has been monitored against our published targets and reported to the UK Board throughout the year.

Here we summarise how we performed against these three objectives.

Strategic objective one:

We are managing public funds efficiently

Key Performance Indicators:

- 1. Operating costs as a percentage of income.**
- 2. Through the award of grants we commit 100 per cent of our grant budget for the year.**

Targets delivered

End of year report

1. Against a target of less than 8.5 per cent our core operating costs were 6.8 per cent of Lottery income (based on income before the transfer of money towards the Olympics).

In 2010/11 our core operating costs were 6.8 per cent. Actual operating costs were £52.7 million – a decrease of £5.5 million compared to 2009/10. The principal savings relate to a reduction in travel; recruitment; learning and development; IT supplies; communications; property costs; staff costs; grant delivery and other significant savings across the business.

2. Through the award of grants we commit 100 per cent of our grant budget for the year.

In our Corporate Plan, we stated that we had intended to award a total of £390 million during 2010/11. The actual awards made during the year amounted to £357 million. Programmes which under-committed their budgets were the JESSICA Fund and the Investment Fund in Scotland, for which £10 million and £50 million were allocated respectively. This was due to delays in the two trusts being set up. The awards are now forecast to be committed in 2011/12. In addition, the Northern Ireland directorate under-committed about £6 million on the Reaching Out programmes as the demand was slower than anticipated. The funding is forecast to be committed during 2011/12.

Strategic objective two:

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

Key Performance Indicator: Customer satisfaction measured by regular surveys.

Targets delivered

End of year report

1. Against a target of 90 per cent, 92.3 per cent of customers were satisfied with the service we provided.

In the year to March 2011 we had contact with more than 180,000 people across the UK who enquired about a grant from BIG. We also responded to more than 7,000 outline proposals and assessed nearly 30,000 full applications. We have also provided support to nearly 23,000 existing grant holders.

This year IPSOS MORI has completed a further 8,288 online interviews for us with customers who have received a grant; unsuccessful applicants; successful applicants; those awaiting decision; and pre-application enquirers. From the results we can report that 92.3 per cent of our customers were satisfied and 52 per cent of these rated our service as excellent. This is an improvement on last year's performance (90 per cent and 47 per cent respectively.)

The key measure of overall satisfaction includes: staff attitude; professionalism of service; quality of service; timeliness and quality of information.

We also set internal targets for quality of service. 91.4 per cent of the outline proposals received and 96.6 per cent of applications for grants received were processed within the timescales published in application guidance.

Section three

Strategic objective three:

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

Key Performance Indicator:

Every BIG funding programme rates positive overall on accountability, learning and impact (based on in-house annual review beginning one year after launch).

Targets delivered

End of year report

N/A (see final paragraph of end of year report)

This year we introduced a new approach to measuring the effectiveness of our programmes.

We reviewed 31 programmes against three dimensions:

- i. how well the programme is managed
- ii. evidence of making an impact
- iii. the evidence of shared learning that is benefiting BIG and the communities it funds.

Each dimension was assessed against a five-point scale where the midpoint indicates that a programme is at least on track to deliver successfully, and an overall score given. A peer reviewer took part in all programme reviews. 30 out of the 31 (96.8 per cent) programmes were judged as 'effective' in 2010/11.

Our 'live' programmes (those open for applications or in grant management) will be reviewed every year.

As this is a new measure, no target was set for 2010/2011. Instead the data will be used as a baseline to help us frame future targets.

Our employment policies

This year our arrangements for pay and conditions were more tightly controlled by Cabinet Office as was the case for all public service employees. A pay freeze on all basic salaries was implemented with the exception of those in lower pay bands where small increases were applied for all affected staff.

We began a review of a number of our policies during the year to ensure they meet with changing employment legislation and that they remain fair, transparent and meaningful to all employees. To support this work we engaged with a number of staff across the organisation to meaningfully contribute to policy development.

Employees are covered by the Principal Civil Service Pensions Scheme, but they have the option to join a money purchase stakeholder-based arrangement. This year saw some significant changes to the compensation scheme that took effect from January 2011.

During the year, the internal organisational development team and the operations training team joined together to provide a holistic training and development function reporting to HR. This 'one team' approach will deliver both the needs of personal development and the needs of the business. Leadership programmes and core people management training continued throughout the year and the fledgling coaching programme began to embed across the organisation. Emerging relationships with like-minded organisations have explored the opportunities for shared training and secondment opportunities.

The HR team began to transition to a more overt business partnering model supporting the business. Job shadowing with the other organisations for further development of this model continues and we worked closely with the Chartered Institute of Personnel and Development (CIPD) to introduce a career development model.

In response to feedback HR replaced an overtly process-driven online appraisal system with a streamlined system that focuses the process on meaningful feedback. As we approach the second year, further work on values is going ahead. This will encompass a behavioural framework that can be measured through the appraisal process; thus we can more meaningfully measure performance against the what and the how.

BIG, alongside significant organisations, was featured in research by the CIPD that resulted in a published report: 'Shaping the Future' looking into sustainable organisation performance using our work on Intelligent Funding. We also achieved continued accreditation with the Investors in People alongside our EFQM award of a 4 star rating.

Prospect and Unite trades unions are recognised jointly for the purpose of collective bargaining for all employees, excluding directors. Meetings held at regular intervals between both unions and management remain productive. Union involvement in the shaping of good employer practice is encouraged. The Joint Union Group meet with the Chief Executive at regular intervals.

BIG takes the results of our annual staff engagement survey seriously and work continued throughout the year with individual directorates to maintain staff engagement. The results of a recent 'pulse' survey across all staff recognised improvement in staff understanding of the reasons for organisational changes, communication of change and leadership and we maintained an engagement index of 65 per cent.

Staff reported through the previous survey their desire to be more involved in decision-making and influencing. As a result, HR have actively involved staff at all levels in a reward and recognition project; developing the new behaviours to support our values; development of our policies and shaping future changes to our organisational structure.

Section three

Headcount

In May BIG began to apply restrictions on recruitment. As a result our average headcount for Full Time Equivalent staff reduced from 1,047 in 2009/10 to 982 in 2010/11. All recruitment continues to be scrutinised and must be approved by the Chief Executive or in his absence the Director of Finance and Corporate Services.

The level of absence due to sickness is monitored. In 2010/11 the average number of days' sickness per employee was 8.24 which equates to 3.65 per cent over the year. This is a slight increase on last year's absence levels and a report to the senior management team during the year showed some correlation between sickness and increased performance management. Training in the management of absence and a review of the policy is seeking to address any further increase.

Our commitment to equality

Equality and diversity is implicit within our policies and our culture. The senior management team and the Board provide strong support and positive encouragement to embed our equality principles into our practices and the projects we fund. We have published a new three-year Joint (Race, Disability and Gender) Equality Scheme. Our approach to equality and diversity aims to reflect as much as is possible the communities we represent and to develop this we appointed a number of equality champions to support our knowledge and awareness of equality issues both internally and externally.

Equality in employment

A review of our induction process highlighted the need for more overt training in equalities at the commencement of employment and this will be introduced in the next financial year. BIG joined Stonewall as a Diversity Champion to further support our work on equalities in employment and the successful completion of an assisted work placement scheme for people with disabilities is to be implemented annually. In addition, with the support of the unions we ran a number of successful dignity at work awareness training session for staff throughout the year.

This year's workforce statistics demonstrate that there has been no change in relation to the percentage with disabilities and this is also true of the breakdown of figures relating to gender. We remain committed to seeking to increase the number of employees with disabilities and to ensuring a consistent representation of gender across all grades. There has been no significant change to the various proportions of ethnicity.

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

Gender	BIG	Civil Service	UK economically active population
Female	61%	52%	44%
Male	39%	48%	56%

Ethnic group	BIG	UK economically active population
Asian	5.2%	3.0%
Black	2.5%	1.4%
Chinese	0.3%	0.3%
Mixed	1.0%	1.5%
Other	0.5%	0.4%
White other	3.3%	3.4%
Total Black and minority ethnic (BME)	12.8%	10.0%
White UK	84.3%	90.0%
Not known	2.4%	-
Do not want to declare	0.5%	-

Equality in new programmes

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

To be considered for funding, a project should be based on clear evidence of need; sometimes this will warrant a targeted intervention focusing on a specific beneficiary group or situation; in many cases, however, the need will cut across a range of people, and it will be important for projects to be as accessible and inclusive as possible. This is reflected in our funding statistics, which highlight that the vast majority of applications received and awards made have gone to projects which indicate they are aiming to benefit a wide range of people.

For this report we analysed the information from 25,069 applications received in the year to 31 March 2010. We excluded withdrawn and transferred grants. All of these applications had received a decision on funding during the year. 11,467 awards were made (totalling £284 million) from this pool of applications. The results are set out in the following table.

Section three

	Number of applications and application rate ¹		Number of awards and application success rate		Requested amount (£'000) and % of requested amount ²		Awarded amount (£'000) and % of awarded amount ³	
Ethnicity (Applicants are asked if their project will mostly benefit people from a specific ethnic background. They can select up to three categories therefore these responses incorporate double and triple counting.)								
White UK	1,141	3%	566	50%	85,208	6%	40,520	7%
White other	1,068	3%	741	69%	22,486	2%	11,999	2%
Mixed/multiple ethnic groups	1,289	4%	663	51%	41,572	3%	12,398	4%
Asian/Asian UK	1,449	4%	677	47%	79,446	6%	25,831	5%
Black/African/Caribbean/ Black UK	2,037	6%	901	44%	77,794	5%	26,607	5%
Other ethnic group	460	1%	244	53%	31,530	2%	12,279	2%
No specific ethnicity	27,294	79%	13,134	48%	1,095,297	75%	440,325	76%
Age (Applicants are asked if their project will mostly benefit people of a particular age group. Applicants can select more than one age group therefore responses may incorporate multiple counting.)								
0-24	13,378	35%	6,658	48%	751,434	33%	288,369	33%
25-64	6,931	16%	3,070	48%	600,105	27%	224,767	25%
65+	3,733	9%	1,904	51%	435,645	19%	169,358	19%
No specific age	15,631	39%	7,448	48%	458,209	20%	190,613	22%
Gender (Applicants are asked if their project will mostly benefit people from a specific gender.)								
Female	1,629	5%	810	50%	67,410	5%	29,237	5%
Male	438	1%	169	39%	11,193	<1%	4,806	<1%
No specific gender	29,072	93%	13,792	47%	1,259,945	93%	501,342	93%

² The application rate is shown as a percentage of the applications that requested the data.

³ The requested amount is shown as a percentage of applications that requested the data.

⁴ The awarded amount is shown as a percentage of the total funding awarded to those applications that requested the data.

	Number of applications and application rate ²		Number of awards and application success rate		Requested amount (£'000) and % of requested amount ³		Awarded amount (£'000) and % of awarded amount ⁴	
Community background (Applicants applying to programmes operating in Northern Ireland are asked to which community those benefiting from their project mainly belong.)								
Mainly Catholic	326	28%	251	77%	3,774	25%	2,344	20%
Mainly Protestant	325	27%	266	82%	3,163	21%	2,580	22%
Both	495	42%	378	76%	7,516	49%	6,392	53%
Neither	35	3%	27	77%	764	5%	625	5%
Religion or belief (Applicants are asked if their project will mostly benefit people of a particular religion or belief. They can select more than one religion or belief therefore responses may incorporate multiple counting.)								
No religion	4	<1%	2	50%	616	<1%	253	<1%
Christian	181	<1%	89	49%	3,329	<1%	695	<1%
Buddhist	4	<1%	1	25%	251	<1%	10	<1%
Hindu	16	<1%	3	19%	202	<1%	19	<1%
Jewish	167	<1%	74	44%	9,057	1%	2,020	<1%
Muslim	177	<1%	81	46%	9,857	1%	1,696	<1%
Sikh	7	<1%	3	43%	59	<1%	24	<1%
Other religion	25	<1%	14	56%	5,909	<1%	5,495	1%
No specific religion	32,236	98%	15,290	49%	1,306,619	96%	528,130	97%
Sexual orientation (Applicants are asked if their project will mostly benefit lesbians, gay men or bisexual people.)								
Lesbians/gay men /bisexual	198	<1%	96	48%	14,170	1%	4,357	<1%
Not specific to lesbians /gay men/bisexual	31,239	97%	15,010	48%	1,309,741	97%	520,063	97%

Section three

Welsh Language Scheme

Our Welsh Language Scheme was published in September 2009. It sets out how we will treat the English and Welsh languages on an equal basis in providing services to the public in Wales and in the process of awarding grants. The implementation of the Scheme is monitored and discussed at regular meetings between BIG's Welsh Language Officer and the Welsh Language Board. The Scheme is due to be reviewed in 2012.

The high standard of our bilingual customer service and our active approach to promoting bilingualism within BIG was recognised in Summer 2010 when we reached the final three in the 'Welsh at Work' category in the Institute of Welsh Affairs Awards.

Section 75, Northern Ireland Act 1998

In accordance with our statutory duties under Section 75 of the Northern Ireland Act 1998 we submitted our equality annual report to the Equality Commission for Northern Ireland in August 2010. The report provided an update on legislative developments and progress on equality work within BIG NI between April 2009 and March 2010.

Our sixth screening report was published in September 2010, detailing all policies, programmes and functions equality assured.

The third annual review of the Disability Action Plan 2007–2012 has been completed with BIG meeting all objectives set. In the past year, BIG has also made arrangements to meet the new requirements set by the Equality Commission for Northern Ireland.

BIG has completed a scoping exercise to identify information sources that will support an audit of inequalities, an exercise to measure BIG's equality performance as a service provider and employer.

Our equality adviser has met with other Lottery distributors to discuss the new section 75 requirements.

Our approach to sustainable development

Sustainability is very important to us. It is vital we carry out our business in a socially, economically and environmentally considered way. We have taken active steps to ensure we can judge ourselves in much the same way as we do our projects.

From April 2011, a more robust and rigorous process is underway to assess our sustainability performance. This is in line with HM Treasury sustainability reporting requirements and will be published in the 2011/12 annual report.

For all BIG properties, we now analyse purchased utility usage and costs from providers and third parties for electricity and gas/fuel (Scope 2 requirement). Under Scope 3, we also comprehensively assess our business travel (via all non-owned means) for emissions. The final two areas of requirements include waste minimisation/management and finite resource usage: we now actively record absolute waste values (tonnes) and water consumption (in cubic metres) for all our buildings.

We feel this puts us in a position to accurately reflect the progress we are making in line with any targets or benchmarking. This ability to show and monitor our performance marks a significant step in ensuring the continued sustainability of our business operation.

In the 2009/10 annual report we committed to providing figures on the impact of our train travel, this is provided in the table below:

Rail travel	2009/10	2010/11	% change
Trips (number)	11,299	9,642	-15%
Mileage	2,309,908	2,288,213	-1%
Emissions (kgCO ₂ E)	214,895	207,903	-3%



Our payment policy and practice

In accordance with the Better Payment Practice Guide, we aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. In the year under review 98 per cent (93 per cent in 2009/10) of all creditors were paid within 30 days of receiving an undisputed invoice.

In addition, during 2010/11 we have also committed to reduce creditor payment days. The Government's Prompt Payment Challenge target is 10 days. In the financial year we paid 73 per cent of suppliers within 10 working days (34 per cent in 2009/10).

Section four

Our financial performance

Our financial results for the year to 31 March 2011 are set out in the annual accounts starting on page 72. These accounts have been prepared in the form directed by the Secretary of State for Culture, Olympics, Media and Sport and generally follow the principles set out in the Government Financial Reporting Manual (FRoM). The accounts also incorporate the requirements of the International Financial Reporting Standards.

Income from the National Lottery

During 2010/11 we received **£773 million** (2009/10 £740 million) in income directly from National Lottery ticket sales.

In March 2007 Parliament agreed that between February 2009 and August 2012 £638 million should be transferred from BIG to the Olympic Lottery Distribution Fund (OLDF). During 2010/11 transfers totalling £172 million were made.

Table of transfers of funds to the Olympic Lottery Distribution Fund:

Years ended 31 March	£ m
2010	172
2011	172
2012	172
2013	80
2014	0

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

Income generated from the National Lottery is held, and invested, on our behalf in the National Lottery Distribution Fund (NLDF), generating a further £8.5 million (2009/10 £6 million) in investment income during the year.

Our Board does not have responsibility for the investment of NLDF balances: stewardship rests with the Secretary of State for Culture, Olympics, Media and Sport. Details are provided in note 13 to the annual accounts. Note 20 to the annual accounts sets out why the Board considers that we are not exposed to significant interest rate risks.

Funding good causes

New commitments totalling **£291 million** (2009/10 £440 million) are recorded in our accounts; this is the value of awards that have been formally accepted by grant recipients and includes some awards made in 2009/10. **£55 million** (2009/10 £63 million) of additional awards are not yet recorded as commitments as we are waiting for the grant recipients to accept them. It should be noted that whilst the £200 million Big Local programme was launched during the year, the award will not be made until 2011/12.

As a result of the reduction in our income share from April 2011, the Board reviewed our future plans. It was satisfied that we did not need to change any of the programmes we had already announced, but the scope for announcing new programmes in the short-term was limited. The Board decided that we should aim to maintain a broadly level pattern of commitments and payments over the next few years, to provide more stability to grant applicants and our own operations. Our forecast cash flows are most limited in the period up to the Olympics, when the transfer discussed above comes to an end. This has meant that we have needed to allow our forecast NLDF balance to rise slightly to maintain this more even pattern of commitments.

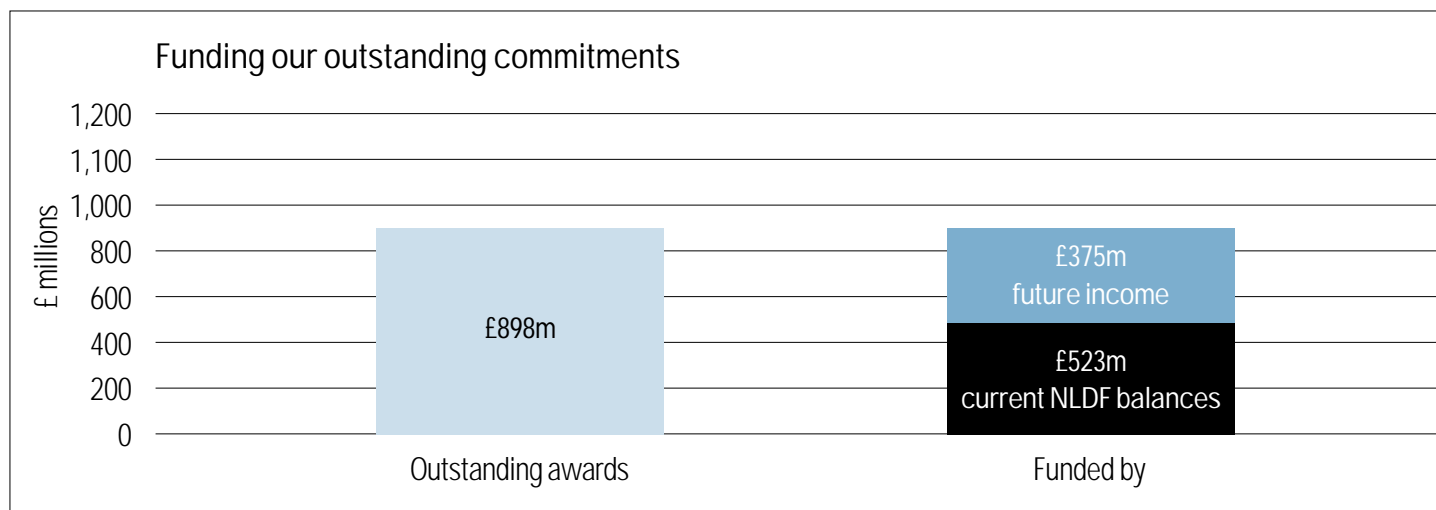
However, the reduction in commitments in 2010/11 was not a result of this change, but was a consequence of a small number of large commitments originally planned for late in 2010/11, particularly the Big Local Trust, slipping into early 2011/12.

During 2010/11 we made payments of **£508 million** (2009/10 £604 million) to grant holders. This reduction was similarly due to the timing of a small number of substantial payments and was not a result of any policy change.

How we decide how much to spend

Our policy has generally been to make as many grant awards as we can without taking too much risk, in an uncertain economic climate, that we will not have the money to meet those commitments. However, as noted above, we have modified this policy slightly during the period when our income share is being reduced, to maintain a more stable level of commitments.

In response to what the voluntary and community sector has asked of us, we now make grants for longer periods: grants that run for five years are now common. And of course we fund capital works that take several years to build. The fact that many of our grants will be paid out several years after they are committed means we can, and do, make commitments from money that we don't yet have. At 31 March 2011 we had £898 million (2009/10 £1,122 million) of outstanding commitments, but only had £523 million (2009/10 £474 million) with which to meet them: excess commitments of £424 million (2009/10 £648 million) equivalent to about eight months of future income based on our current projections.



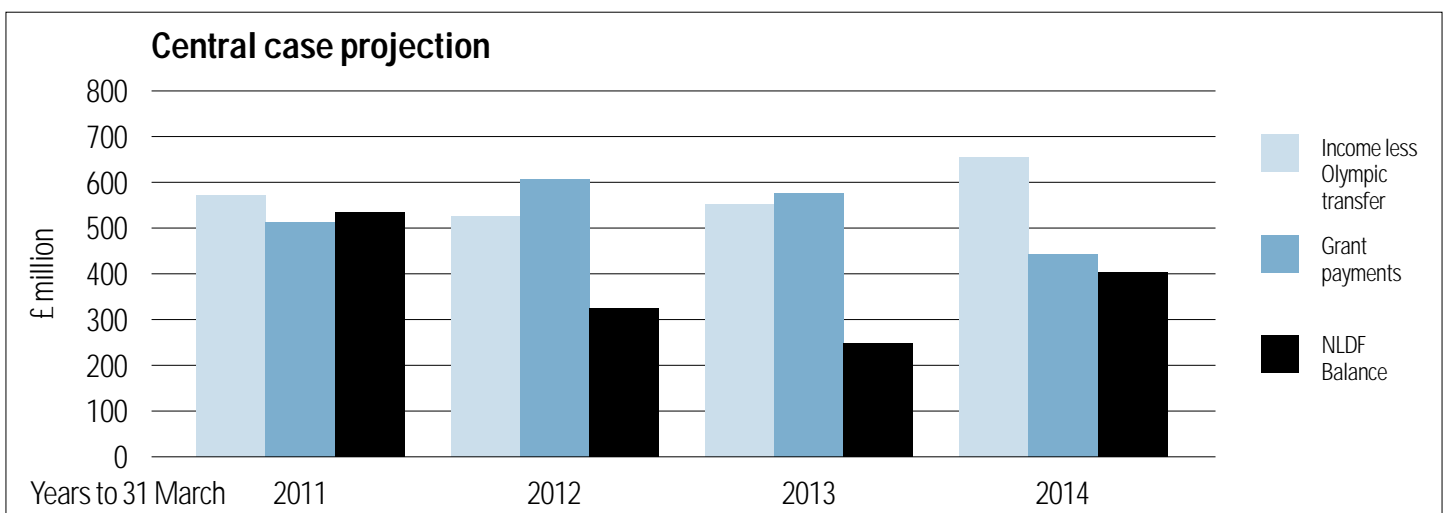
Our future income is uncertain – no one knows how much Lottery income there will be. So we have to be prudent. The Department for Culture, Media and Sport produce projections of future income based on the assumption that Lottery ticket sales will remain broadly at their current level into the future – we call this the 'central case' and use it for our long-term planning of likely future spending.

Previously we explained how £638 million of our projected income during the period 2009–2012 is being transferred to the OLDF. In addition, the OLDF will receive £750 million directly from special Olympic Lottery games. It is uncertain how much of this will be raised by additional ticket sales, and how much by diversion from ticket sales that would have been received by the main Lottery distributors.

Section four

Our financial planning takes account of the transfer of funds to the Olympics and the effect of the Olympic Lottery games, and of the progressive reduction in our income share. Our plans also take account of the positive impact on the income projected to be received by good causes from the terms of the third Lottery operator licence granted to Camelot, which came into effect on 1 February 2009.

The chart below shows how things are expected to work out on the central case. These figures include our projections of our current planned programme spend for 2011–2014.



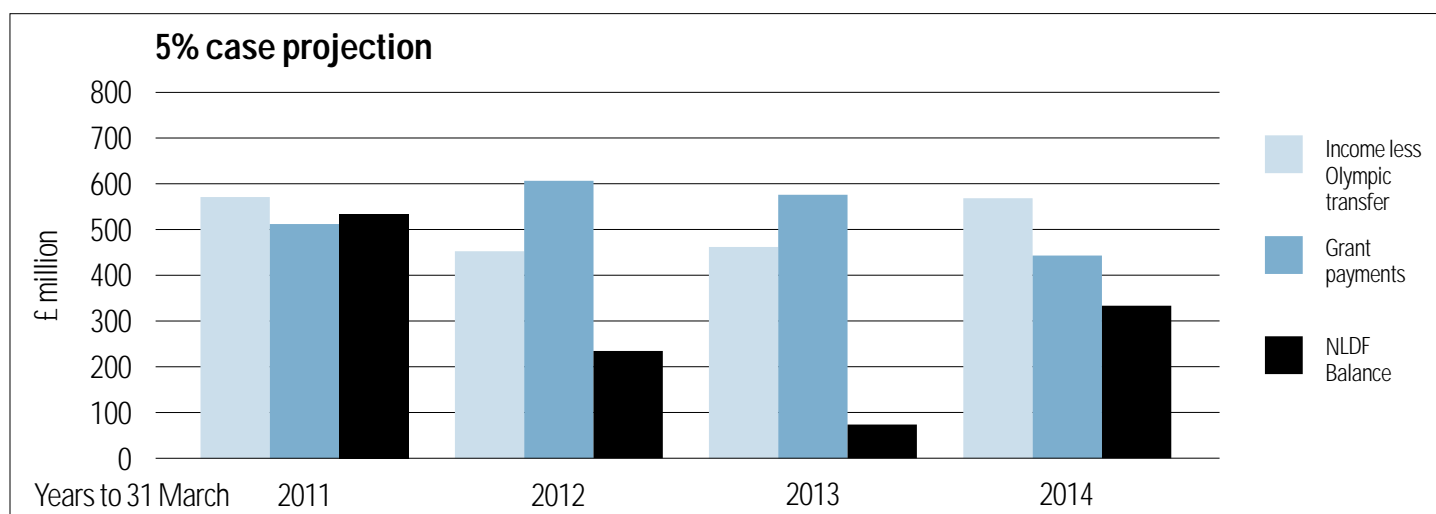
We cannot make actual grant commitments on the basis of the central case – if we did, and Lottery income fell, we might be unable to meet all our commitments. So we produce a more cautious projection which we call the '5 per cent case', because we estimate that it has about a 5 per cent chance of actually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

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

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

We plan to make commitments so that on the 5 per cent case we would have no balance at the lowest point in the future. Planning several years ahead allows us to make any changes to our programmes with minimum disruption if our forecasts show we may not meet future commitments.

The impact of current plans on our NLDF balances using the 5 per cent case are shown in the table below.

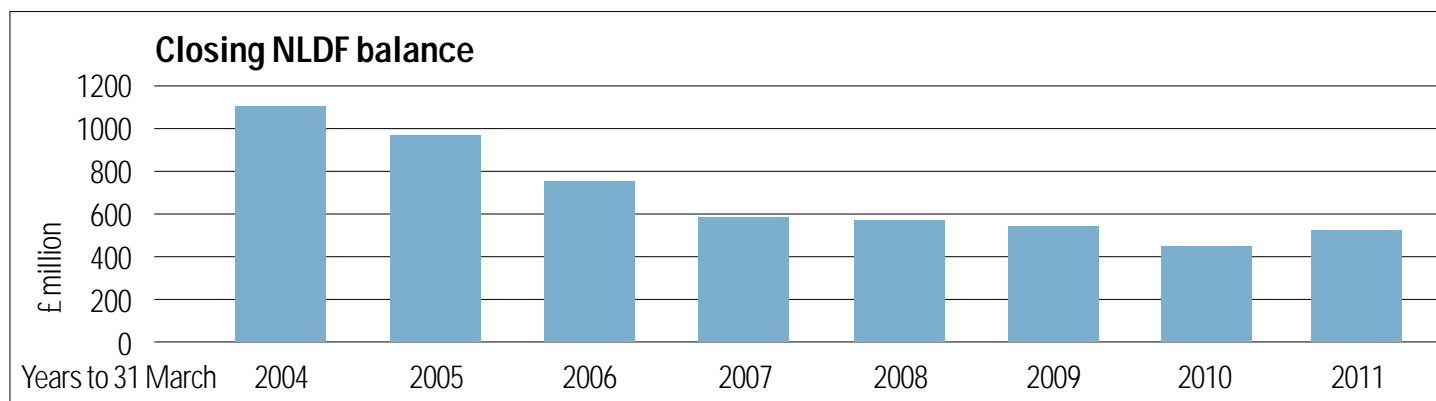


NLDF balances

Our NLDF balance was £523 million at 31 March 2011.

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

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



We currently forecast that our NLDF balance at 31 March 2012 will be £387 million.

This forecast is calculated using the income projections provided by DCMS and allows for the impact of the Olympic Lottery and the transfer of funding to the OLDF, and the reduction in our income share. They also reflect our projected expenditure on current and announced programmes.

Section four

At 31 March 2011 our NLDF balance was £523 million. In last year's annual report we forecast that the balance would be £405 million. A number of programmes – most notably Big Local in England – did not start making payments as originally forecast (£50 million a year for four years); these will commence in 2011/12. We also benefitted from increased Lottery sales and received £41 million more income from the NLDF than projected at the start of the year.

Our operating costs – how BIG is spending more efficiently

Our key measure of financial efficiency is the share of our Lottery income that we spend on distributing it. We exclude from this measure costs that we recharge to other people, for example the costs of distributing non-Lottery money. We also exclude one-off costs that are investments to achieve future efficiencies. On this basis the cost of distributing Lottery money was **£53 million** (2009/10 £58 million). This represents 6.8 per cent of Lottery income (2009/10 7.4 per cent).

The Coalition government has asked Lottery distributors to reduce their operating costs to meet two targets: Lottery operating costs are to be limited to 8 per cent of Lottery income, while core administration costs are to be limited to 5 per cent of Lottery income. We have been asked to meet these targets by 2014-15. The basis of the 8 per cent target is very similar to the current measure above, so we are meeting this target at present, but the reduction in our income share to 40 per cent means that we will need to reduce our Lottery operating costs to about £51 million to meet the target in 2014/15, including absorbing any inflation between now and then.

The narrower target of 5 per cent for core administration costs applies to Lottery costs excluding those costs which are considered to provide frontline support to grant applicants and recipients and to the public. For example, the provision of advice and assistance to organisations applying for Lottery funding and activities to involve the public in Lottery decision-making. Core administration costs are mainly the costs of processing applications and managing grants once made, including all the support costs. We are still completing our analysis of the costs which will fall into each category, but at present we estimate that our core administration costs in 2010/11 were around £44 million and will need to fall to around £32 million by 2014-15.

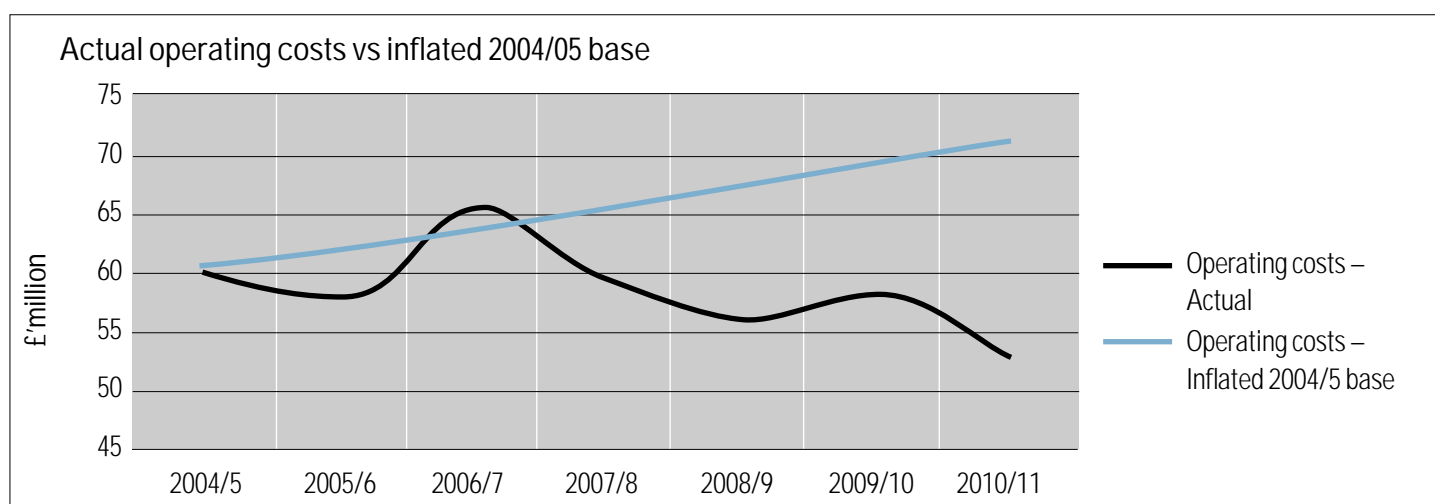
This is clearly a demanding target. We are currently finalising our plans to meet it. Our aim is to do so without compromising either the quality of our programmes or our customer service standards. Open programmes that make large volumes of small grants are more expensive to run than programmes that make a small number of large grants to a restricted group of applicants. What type of programmes we run has been driven by what best delivers the outcomes, not the cost of delivery, and we do not intend to change this. A large part of the savings will come from the implementation of our business process re-engineering programme (BPR) which will move a large part of our business online. We will also continue to reduce our accommodation costs and make other operating savings wherever we can do so.

These savings will build on the substantial reduction in costs that we have already achieved since the merger of our predecessor organisations in 2004.

Like all public bodies we have restrained discretionary spending, including the recruitment of permanent staff during 2010/11.

How our costs have reduced over time

The chart below shows how BIG's distribution costs have fallen since 2004/05, the year that BIG was formed through the merger of the New Opportunities Fund and the Community Fund, compared with what would have happened if they had simply risen in line with inflation.



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

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

Section four

Statutory disclosure items

Financial position

We have made a surplus for the year of **£273 million** (2009/10 £105 million).

This surplus reduces our cumulative deficit from previous years and we now have a deficit on retained reserves of **£357 million** (2009/10 £630 million). This financial position was approved by our Board after taking into consideration the cash flow requirement of grant awards, a number of which are to fund three-to-five year projects.

Fixed assets

The movements in tangible and intangible fixed assets during the year are set out in Notes 10 and 11 to the accounts. During the year we invested £3 million (2009/10 £2 million) in capital expenditure which substantially relates to the investment in our new funding system.

Loss of data

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

During 2010/11 there were no reportable losses of personal data.

Post balance sheet events

There are no significant events having a financial impact on the annual accounts between 31 March 2011 and the date these accounts were authorised for issue, 14 July 2011.

Auditors

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





Section five

Our governance framework: how we work

Our history and statutory framework

BIG came into being as an administrative body on 1 June 2004 and was established formally on 1 December 2006, through the legal merger of the Community Fund and New Opportunities Fund, and the transfer of residual activities and assets from the Millennium Commission. BIG is a non-departmental public body with a UK-wide remit. Our work is governed by the National Lottery etc Act 1993, as amended by the National Lottery Acts 1998 and 2006.

The regulations that govern us

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

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

We have a wide funding power that enables us to make grants (or loans) to many different types of organisation in the charitable, voluntary and community, public and private sectors. We also can distribute non-Lottery funding.

From 13 April 2011 responsibility for BIG's Policy Directions in England and the Isle of Man as well as our UK-wide expenditure transferred to Cabinet Office, which became our sponsor Government Department.

Our internal governance arrangements – our Board and country committees

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

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

The Board meets every two months and members of the senior management team attend meetings.

The Audit and Risk Committee meets four times a year. It approves the internal audit programme, endorses the risk register and scrutinises the outcome of internal and external reports. The committee's terms of reference allow for two external members. Hilary Gay and Angela Marshall have served in this capacity during the year. These external members bring additional expertise and perspective to the committee.

The Resources Committee meets four times a year. It scrutinises the annual budget and oversees expenditure. Angela Marshall temporarily transferred from the Audit and Risk Committee to the Resources Committee from 1 December 2010.

The Remuneration Committee meets at least once a year and is responsible for overseeing the performance and salaries of the Chief Executive and the senior management team.

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

The Board

The Board is made up of 12 members: the Chair, four country committee chairs and seven general Board members including the vice-chair. The full list of Board members and their responsibilities is set out on page 51. Further details are set out in the remuneration report.

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



Sir Clive Booth
Chair (until 30 November 2010)
Chair, Remuneration Committee (until
November 2010)



Alison Magee
Chair, Scotland Country Committee



Anna Southall
Interim Chair (from 1 December 2010)
General member and vice-chair (until
1 December 2010) Legacy Trust member
(resigned in 2010)



Rajay Naik
General member



Sanjay Dighe
Chair, England Country Committee



Huw Vaughan Thomas
Chair, Wales Country Committee
(until 30 September 2010)



Judith Donovan CBE
General member
Chair, Resources Committee



Janet Reed OBE
Interim Chair, Wales Country Committee
(from 1 October 2010)



Roland Doven MBE
General member
Chair, Audit and Risk Committee



Albert Tucker
General member



Frank Hewitt CBE
Chair, Northern Ireland Country
Committee



Diana Whitworth
General member



John Gartside OBE
General member

Section five

Country committees

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

From time to time additional members are recruited to specific programme committees. Details of membership of programme committees are available on our website.

The **England Country Committee** has nine members and one vacancy.

Sanjay Dighe (Chair)
Dr Alan Billings
Sue Charteris
John Gartside OBE
Margaret Hyde OBE
Danny Silverstone (from December 2009)
Albert Tucker
Nalini Varma
Geoffrey Wilkinson

The **Scotland Country Committee** has 10 members.

Alison Magee, Chair
Tim Allan
Elizabeth Cameron
Helen Forsyth
David Green
Alistair Grimes
Kristofer McGhee
Maureen McGinn
Lucy McTernan
Shirley Young

The **Wales Country Committee** has six members and one vacancy.

Huw Vaughan Thomas (Chair) until 30 September
Graham Benfield OBE
Fran Targett OBE
Gareth Newton
Janet Reed OBE (Interim Chair from 1 October 2010)
Mike Theodoulou
Barbara Wilding CBE, QPM, CCMI

The **Northern Ireland Country Committee** has six members.

Frank Hewitt CBE (Chair)
Geraldine Campbell
Paul Cavanagh
Julie Harrison
Claire Keatinge
Peter Osborne

The senior management team

The Chief Executive is appointed by the Board; he has also been appointed by the Accounting Officer of the Department for Culture, Media and Sport as Accounting Officer for BIG. The Chief Executive chairs the senior management team, which supports the Board in its strategic management.

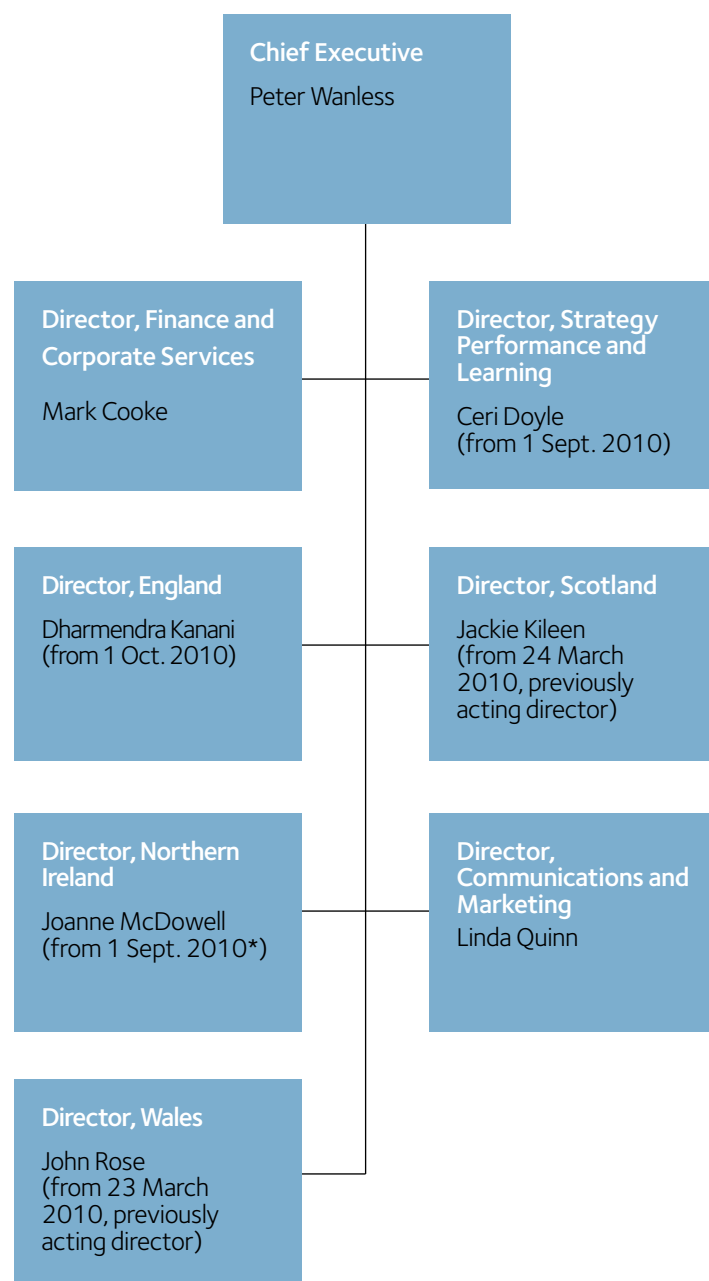
The senior management team considers policy and key strategic and operational matters, which require the approval of the Board and its main committees. The senior management team also maintains an overview of the day-to-day work of the organisation. During 2010/11 the senior management team underwent a restructuring which is reflected in the diagrams on page 53.

The senior management team is made up of the Chief Executive and seven directors. Each director's responsibilities during 2010/11 were:

Previous SMT structure



New SMT structure



* Between 1 September 2010 and 30 September 2010 there was a handover period for the Director, Northern Ireland role. During this period Walter Rader was formally Director, Northern Ireland.

Section five

Register of interests

All our Board and committee members, assessors, advisers and members of any advisory panel must declare relevant interests under our code of ethics. This code complies with the Cabinet Office code of practice for Board members of public bodies. Interests declared by Board members are posted on our website.

Details of such interests for all decision-making committee members are available by writing to the Head of Board Secretariat.

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



Board or Committee member	Nature of relationship	Existing transactions	Awarded in 20010/11	Paid in 20010/11	Outstanding balance at 31 March 2011
Tim Allan	Chair, Young Enterprise Scotland	1 award of £845,100	£-	£260,672	£447,377
	Interest, Trossachs Area Community Transport	1 award of £419,398	1 award of £419,398	£384,275	£32,517
	Member, Royal Society of Arts	1 award of £500,000	£-	£77,626	£08,260
Graham Benfield	Chief executive, Wales Council for Voluntary Action	£-	3 awards totalling £728,146	£142,507	£1,440,232
Geraldine Campbell	Shadow Membership and Standards Committee member, Citizens Advice Northern Ireland	£-	1 award of £799,578	£210,220	£589,358
Paul Cavanagh	Adviser, North West Community Network	£-	1 award of £296,217	£46,959	£249,258
Helen Forsyth	Regeneration director, Places for People	1 award of £15,669,999	£-	£5,770,892	£570,176
John Gartside	Trustee and company secretary – Tim Parry Johnathan Ball Trust	3 awards totalling £1,382,066	1 award totalling £489,498	£353,110	£439,926
	Warrington Wolves Community Learning and Sport Foundation – Trustee	2 awards totalling £173,960	£-	£88,110	£63,768
Julie Harrison	Consultant, Bridge Community Association	1 award of £956,322	£-	£137,965	£746,473
	Associate consultant, Community Evaluation NI	£-	1 award of £84,835	£31,787	£53,048
	Adviser, East Belfast Independent Advice Centre	£-	1 award of £500,000	£91,251	£ 408,479
Frank Hewitt	Spouse is patron, Spirit of Enniskillen Trust	1 award of £134,892	£-	£11,892	£-
Claire Keatinge	Former salaried employee, Age Concern Northern Ireland	1 award of £484,006	1 award of £18,500	£116,622	£-
	Trustee and Chair, Community Development and Health Network	1 award of £499,957	£-	£94,946	£333,366
	NI Committee member, Rethink	1 award of £910,888	1 award of £15,384	£218,075	£253,188

Board or Committee member	Nature of relationship	Existing transactions	Awarded in 20010/11	Paid in 20010/11	Outstanding balance at 31 March 2011
Alison Magee	Fellow, Royal Society of Arts	1 award of £500,000	£-	£77,626	£408,260
	Former convener, Highland Council, Inverness	£-	1 award of £2,610	£2,610	£-
	Former director of the Sutherland Partnership	1 award of £375,9000		£79,375	£78,413
Kristofer McGhee	Fellow, Royal Society of Arts	1 award of £500,000	£-	£77,626	£408,260
	Trustee/director, British Youth Council	£-	3 awards totalling £20,150	£20,150	£-
Maureen McGinn	Chairperson and trustee, Action on Smoking and Health Scotland	1 award of £499,662	£-	£216,064	£256,978
	Unpaid ambassador, Tomorrow's People Trust	2 awards of £950,649	£-	£216,574	£654,784
	Trustee, Focus Charity	£-	1 award of £3,501	£3,501	£-
	Spouse is Advisory Board member, University of Edinburgh	1 award of £457,134	2 awards of £2,711	£192,874	£266,971
Lucy McTernan	Former deputy chief executive, Scottish Council for Voluntary Organisations	1 award of £8,143,844	£-	£2,287,990	£3,073,098
	Spouse is former trustee Citizens Advice Scotland, Angus Citizens Advice Bureau	£-	1 award of £794,643	£2,000	£758,066
Gareth Newton	Personal, Crossroads Care Cwm Taff	£-	1 award of £126,397	£-	£-
Peter Osborne	Former elected member, Castlereagh Borough Council	1 award of £1,066,811	£-	£203,573	£674,725
	Former non-executive director, South and East Belfast Health Trust	£-	1 award of £37,701	£-	£37,701
Janet Reed	Trustee, Welsh Scout Council	1 award of £142,218	£-	£47,807	£12,129

Board or Committee member	Nature of relationship	Existing transactions	Awarded in 20010/11	Paid in 20010/11	Outstanding balance at 31 March 2011
Fran Targett	Trustee, Wales Council for Voluntary Action	16 awards totalling £854,593	3 awards totalling £728,146	£142,507	£1,440,232
	Director, Wales CAB, Llandoverly Young Men's Christian Association	£-	3 awards totalling £195,302	£25,497	£169,805
	Director, Wales CAB, Rhondda Housing Association Group	£-	5 awards totalling £212,512	£38,664	£238,431
	Director Wales, CAB, Canolfan Cyngchori Ynys Mon CAB	£-	8 awards totalling £125,868	£43,632	£50,594
	Director Wales, CAB, Vision Impaired West Glamorgan	£-	1 award of £51,222	£-	£51,222
Mike Theodoulou	Executive chairman, Mid and West Wales Chamber	£-	4 awards totalling £1,562,235	£348,693	£1,465,215
	Executive chairman, Mid and West Wales Chamber, Towy Community Church Trust	£-	3 awards totalling £798,202	£-	£798,202
Albert Tucker	Non-executive director, Places for People Group	1 award of £15,669,499	£-	£5,770,892	£1,144,164
Diana Whitworth	Former joint chief executive, Grandparents Plus	1 award of £167,916	£-	£58,011	£14,732
Geoffrey Wilkinson	Non-executive director, Eden Project	4 awards totalling £5,177,669	1 award totalling £3,500,000	£1,296,505	£2,893,631
Shirley Young	Professional service provider, Kindred (formerly SNIP)	1 award of £1,156,514	£-	£270,140	£207,874
	Child is former salaried employee, Kindred (formerly SNIP)	1 award of £1,156,514	£-	£270,140	£207,874
	Professional service provider, Manchester City Council	1 award of £1,095,060	£-	£128,798	£125,927
	Professional service provider, EDG (Edinburgh Development Group)	£-	1 award of £10,000	£10,000	£-
	Professional service provider, Contact a Family SPACE	7 awards totalling £1,818,919	2 awards of £535,371	£474,882	£1,056,947

Section five

Remuneration report

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

Remuneration Committee

The Remuneration Committee, a committee of the Board, sets the remuneration policy for BIG's senior management team. This committee comprises the Chair of the Board, Sir Clive Booth (until 30 November 2010) the vice-chair, Anna Southall (interim Board Chair from 1 December 2010), the Chair of the Resources Committee, Judith Donovan, and one other Board member, John Gartside. At the request of the Chair of the committee the Chief Executive, the deputy director, Human Resources or other officers may be in attendance at meetings or for selected agenda items.

The committee's responsibilities are to:

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

The committee meets as required.

Senior staff remuneration policies

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

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

Remuneration of the senior management team

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

The Chief Executive is eligible for a consolidated annual pay award at the same level as the rest of BIG's staff. His contract includes a performance related element of up to 20 per cent of basic pay. Up to 2 per cent of this is consolidated for pension purposes and the balance of any award is paid as a non-consolidated payment, in compliance with guidance from HM Treasury relating to the appointment of chief executives. This year the Chief Executive decided to give all the money he received from the performance-related element of his pay to charity.

Directors receive a consolidated annual pay award at the same level as negotiated for BIG's staff and a non-consolidated performance related payment of up to 8 per cent of their annual salary. The total salary and pension entitlement of the senior management of BIG was as set out in the table below. There were no non-cash benefits paid in the year.

	Salary 12 months ended 31 March 2011 (2010)	Performance related payment relating to 12 months ended 31 March 2011 (2010)	Real increase in pension at 60	Total accrued pension at 60 as at 31 March 2011	Cash equivalent transfer value (CETV)	Real increase in CETV payable by employer
<i>2009/10 comparatives shown in brackets</i>	£'000	£'000	£'000	£'000	£'000	
Peter Wanless (Chief Executive)	140-145* (130-135)	20-25 (10-15)	2.5-5.0 plus 7.5-10 lump sum	40-45 plus 120-130 lump sum	604 (519)	39
Mark Cooke (Director, Finance and Corporate Services)	95-100 (95-100)	5-10 (5-10)	0 - 2.5	5-10	113 (86)	15
Ceri Doyle (Director, Wales) from 1 September 2010 (Director, Strategy, Performance and Learning)	95-100 (85-90)	0-5 (0-5)	2.5-5	20-25	235 (178)	38
Dharmendra Kanani (Director, Scotland)) from 01/10/2010 (Director, England)	90-95 (85-90)	5-10 (0-5)	0-2.5 plus 5-7.5 lump sum	10-15 plus 35-40 lump sum	172 (138)	21
Adrienne Kelbie (Director of Operations) Left 9 July 2010	25-30 annual equivalent 100-105 (100-105)	- (5-10)	0-2.5 plus 0-2.5 lump sum	15-20 plus 55-60 lump sum	204 (198)	2
Gerald Oppenheim (Director, Policy and Partnerships) Left 30 September 2010	50-55 annual equivalent 100-105 (100-105)	- (0-5)	-	40-45 plus 130-135 lump sum	1,016 (954)	-
Linda Quinn (Director, Communications and Marketing)	75-80 (75-80)	0-5 (0-5)	0-2.5 plus 0-2.5 lump sum	20-25 plus 65-70 lump sum	529 (498)	6
Walter Rader (Director, Northern Ireland) Left 30 September 2010	40-45 (80-85)	- (0-5)	0 - 2.5 plus 0-2.5 lump sum	10-15 plus 40-45 lump sum	338 (322)	4

*This figure reflects a contractual agreement related to the appointment of the Chief Executive that provided a contractual entitlement to 2 percentage increments over a 2 year period.

Section five

<i>2009/10 comparatives shown in brackets</i>	Salary, including performance bonus for the 12 months ended 31 March 2011 £'000	Performance related payment relating to 12 months ended 31 March 2011 £'000	Real increase in pension at 60 £'000	Total accrued pension at 60 as at 31 March 2011 £'000	Cash equivalent transfer value (CETV) £'000	Real increase in CETV payable by employer
Joanne McDowell from 01 September 2010 (Director, Northern Ireland)	40-45 annual equivalent 65-70	0-5 (-)	2.5-5 plus 2.5 - 5 lump sum	10 - 15 plus 15 - 20 lump sum	158 (117)	34
Jackie Killeen from 01 October 2010 (Director, Scotland)	35-35 annual equivalent 65-70	0-5 (-)	0-2.5 plus 2.5 - 5 lump sum	5 - 10 plus 20 - 25 lump sum	81 (60)	16
John Rose from 06 September 2010 (Director, Wales)	35-40 annual equivalent 65-70	0-5 (-)	10-15	5 - 10	83 (63)	14

The factors used in the CETV calculation have been revised during this year. This accounts for the change from the use of RPI to CPI to calculate future pensions increase. This means that the opening CETV value shown in this year's report will differ to the amount shown as the closing CETV value in last year's report.

Pension benefits are provided through the Principal Civil Service Pension Scheme. Further pension disclosures are made in note 22.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. Column 4 of the previous table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. Column 5 reflects the increase in CETV effectively funded by BIG as it excludes increases due to inflation and contributions paid by the employee.

Senior management team are reimbursed for out of pocket expenses incurred in undertaking their duties on behalf of BIG. Details of these expenses are available on the website, www.biglotteryfund.org.uk

The former Director of Policy and Partnerships, Gerald Oppenheim took early retirement on 30 September 2010 as part of the restructuring of the senior management team. He received the standard Civil Service Compensation Scheme terms which included a payment of £50,669 and in addition BIG has incurred costs relating to the early draw down of his pension totalling £48,784.



Higher paid employees

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

	Year ended 31 March 2011	Year ended 31 March 2010
Total remuneration	No of staff (FTE)	No of staff (FTE)
£50,000 - £54,999	7	8.7
£55,000 - £59,999	5	8
£60,000 - £64,999	5	7
£65,000 - £69,999	4	6
£70,000 - £74,999	1	2
£75,000 - £79,999	2	1
£80,000 - £84,999	1	1

Board members remuneration policy

The post of Chair of BIG is a part-time appointment, two days per week. The four country committee chairs are also part-time appointments, up to eight days a month. The Chair and country committee chairs are appointed, and their remuneration determined, by the Secretary of State for Culture, Olympics, Media and Sport. The remuneration received by the Chair and country committee chairs is set out below. They receive no contributions to pension.

Chairs	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Sir Clive Booth, Chair of the UK Board	26,485	39,728
Anna Southall, Interim Chair of UK Board (from December 2010)	13,243	(as Interim Chair) -
Sanjay Dighe, Chair of the England Committee and UK Board member	25,256	25,256
Frank Hewitt Chair of the Northern Ireland Committee and UK Board member (From December 2009)	25,256	8,271
Alison Magee, Chair of the Scotland Committee and UK Board member	25,256	25,256
Huw Vaughan Thomas Board, Chair of the Wales Committee and UK Board member (until September 2010)	12,628	25,256
Janet Reed, Acting Chair of the Wales Committee and UK Board member (from October 2010)	12,628	-

All Board members of BIG are appointed by the Secretary of State for a fixed period. Board members are entitled to receive remuneration for their time spent on the activities of BIG. These activities, for which Board members can claim a daily rate fee of £218 (2009/10 £218), mainly consist of meetings in BIG's offices. The daily rate is as advised by DCMS each year. No Board member received contributions to pension.

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

Total emoluments paid to Board and committee members to 31 March 2011 were £243,400 (2009/10 £263,800) as set out below:

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
UK Board		
Judith Donovan	11.0	12.9
Roland Doven	13.0	9.7
John Gartside (also a member of the England Committee)	16.1	18.3
Rajay Naik (from February 2009)	11.1	4.0
Anna Southall (Vice Chair until October 2010, then Interim Chair. Remuneration paid as Chair)	12.7	21.2
Albert Tucker (also a member of the England Committee)	14.5	16.9
Diana Whitworth	8.8	10.0
England Committee		
Dr Mohammed Amran (until January 2010)	-	8.5
The Rev. Dr Alan Billings	13.7	11.0
Sue Charteris	5.6	8.2
Margaret Hyde	10.3	9.9
Danny Silverstone (from December 2009)	4.8	1.2
Nalini Varma	17.3	14.0
Geoffrey Wilkinson	12.6	13.1
Scotland Committee		
Tim Allen	4.0	3.6
Elizabeth Cameron	3.3	3.6
Helen Forsyth	5.3	4.0
David Green	4.7	7.1

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Alistair Grimes	4.8	5.9
Kristofer McGhee	5.5	6.8
Maureen McGinn	6.4	7.8
Lucy McTernan	3.0	3.5
Shirley Young	5.4	6.1
Wales Committee		
Graham Benfield	2.0	1.3
Fran Targett	4.5	1.1
Gareth Newton	7.3	6.2
Janet Reed (from April 2010-August 2010)	3.3	6.2
Mike Theodoulou	9.4	5.4
Barbara Wilding	8.0	0.4
Northern Ireland Committee		
Geraldine Campbell	4.3	8.3
Paul Cavanagh	3.4	7.0
Julie Harrison	2.7	9.7
Claire Keatinge	1.5	5.6
Peter Osbourne	3.1	5.3

Board and committee members are reimbursed for out of pocket expenses incurred in undertaking their duties on behalf of BIG. Details of these expenses are available on the website, www.biglotteryfund.org.uk

Peter Wanless

Chief Executive and Accounting Officer

7 July 2011

Section six

Annual accounts

This section contains the Statement of Accounting Officer's responsibilities; the Audit Certificate; the Statement on internal control; and the financial statements.

Statement of Accounting Officer's Responsibilities

Under Section 36A of the National Lottery Act etc. 1993 (as amended by the National Lottery Acts 1998 and 2006), BIG is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Olympics, Media and Sport.

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

In preparing the accounts, the Board members are required to:

- ▶ Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- ▶ Make judgements and estimates on a reasonable basis.
- ▶ State whether applicable accounting standards have been followed, and disclose and explain any material departures in the annual accounts.
- ▶ Prepare the statement of accounts on the going concern basis, unless it is inappropriate to presume that BIG will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of BIG as the Accounting Officer. My relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' memorandum issued by the Treasury and published in 'Managing Public Money', and in the Financial Directions issued by the Secretary of State for Culture, Olympics, Media and Sport under Section 36E of the National Lottery etc Act 1993.

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

Delegated responsibilities

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

Joint schemes

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

During 2010/11 BIG has participated in the following joint schemes:

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

Award partners

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

As part of the New Opportunities for Health Programmes:

- ▶ British Heart Foundation – Heart Failure Support Networks

As part of the New Opportunities for PE and Sport in Schools programme:

- ▶ sportscotland – SFA Youth Action Plan

As part of the Young People's Fund:

- ▶ Youthnet – BIG Deal

As part of the Countryside Communities programme:

- ▶ Carnegie Institute

As part of the Changing Spaces programme:

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

As part of the Reaching Communities England programme:

- ▶ Manx Lottery Trust
- ▶ Make your Mark

As part of our People Powered Change outcomes:

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

Peter Wanless

Chief Executive and Accounting Officer

7 July 2011

Section six

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

I certify that I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2011 under the National Lottery etc. Act 1993. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Fund, Accounting Officer and auditor

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

Scope of the Audit of the Financial Statements

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

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Big Lottery Fund's affairs as at 31 March 2011 and of its surplus after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

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

14 July 2011

Section six

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of BIG's aims and objectives while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned through 'Managing Public Money' and ensuring compliance with the requirements of BIG's Management Statement, Policy Directions, Financial Directions and Statement of Financial Requirements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BIG's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ended 31 March 2011 and up to the date of the approval of the annual report and accounts. It accords with Treasury guidance.

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

Control environment

- ▶ The Department for Culture, Media and Sport has designated me, the Chief Executive of the Big Lottery Fund, as Accounting Officer. I hold a separate letter of engagement to this effect that clearly sets out my responsibility and accountability for maintaining a sound system of internal control within the Big Lottery Fund.
- ▶ A senior management team, with clear terms of reference and defined membership, which meets at least every month to consider the plans and operations of BIG and compliance with the Management Statement.
- ▶ A Board which meets every two months to consider the strategic direction of BIG. The Board comprises a Chair and non executive members and is attended by members of the senior management team.
- ▶ The Audit and Risk Committee, whose terms of reference require the committee to approve the internal audit programme, to endorse the risk register and to scrutinise the outcome of reports by internal and external audit. To provide additional skills and perspective the Audit Committee includes two external members. The Chair of the committee reports to the Board on the matters discussed by the committee.
- ▶ The Remuneration Committee, whose terms of reference provide for oversight and approval of remuneration and performance for senior staff members including myself.
- ▶ The Resources Committee, whose terms of reference require the committee to approve the annual budget, to receive regular financial reports and to challenge and oversee expenditure.
- ▶ A published corporate plan that sets out our objectives and performance measures.
- ▶ Quarterly performance management reports to the senior management team reporting progress in achieving corporate objectives, performance and service delivery targets. We have made good progress towards achieving these targets as detailed in section three of the annual report. Where targets have not been met, action is identified to improve efficiency and effectiveness.
- ▶ Monthly financial summary reports to the senior management team and quarterly reports to the Resources Committee, reporting progress against financial targets, including grant commitment budgets, NLDF balance targets and operating cost budgets.

- ▶ A fraud policy, whereby suspected frauds are dealt with by liaison with police and other agencies where appropriate and those above £10,000 are reported to DCMS. A number of cases are currently under investigation. Throughout the investigation, whether or not fraud is proven, we review procedures and processes to learn lessons and improve systems of internal control, fraud prevention and detection where necessary.
- ▶ A wide range of policies dealing with control issues for corporate governance, financial management, project management, health and safety, training and development, IT data handling, security and risk management.
- ▶ A wide range of controls to ensure grant assessment and monitoring activity is adequately managed and that losses of Lottery grant are minimised. These controls include written procedures for grant assessment and grant management tasks, defined management supervisory tasks, clear delegations for decision-making and a training programme which includes fraud awareness training.
- ▶ A project management framework, with defined responsibilities, including a project sponsor. This project framework is used for developing new programmes.
- ▶ A formal project management structure, using Prince 2 methodology, to oversee the progress of the business process re-engineering project including the design and implementation of revised business processes and the new funding system. In addition we have commissioned the Office of Government Commerce to carry out Gateway reviews to inform major decision-making points within the project.
- ▶ An internal communications process that ensures that all staff are informed about key decisions on a timely basis through appropriate media, including cascaded briefings by line managers and presentations by the Chief Executive and directors.
- ▶ An external communications strategy that ensures that stakeholders, parliamentarians, press and members of the public receive appropriate and reliable information.
- ▶ An Internal Audit Unit that operates to standards defined in the Government Internal Audit manual. The work of internal audit is informed by the corporate risk register and an assessment of the assurance requirements and most significant risks facing BIG and gives emphasis to the key day to day processes and systems in place within BIG. The annual internal audit plan is based on this analysis; it is approved by me and endorsed by the Audit and Risk Committee. The Head of Internal Audit meets with me on a regular basis and provides me with periodic progress reports including the findings of follow up reviews building to an annual report on internal audit activity. This annual report includes his opinion on the adequacy and effectiveness of the systems that internal audit have reviewed.
- ▶ The Head of Internal Audit also regularly meets with the Audit and Risk Committee with no officers present. The Audit and Risk Committee reviews the periodic progress reports and the annual assurance report.

Risk management

Capacity to handle risk

At the start of the year the senior management team formally considered and updated their documentation of the corporate risks faced by BIG. The outcome of this review was discussed with the Audit and Risk Committee, on behalf of the Board, to seek their agreement to management's assessment of corporate risks. This exercise was repeated quarterly throughout the financial year to ensure that the risk register and our responses remain relevant.

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In addition to the corporate risk register each director is responsible for conducting regular reviews of risks within their directorate. These reviews are periodically considered by the senior management team focusing on areas where urgent action is required. Risk management principles, including consideration of risk and recommendations for appropriate mitigation, are integral to our grant assessment, grant management, new programme development and project management procedures.

During 2010/11 we have continued developing our risk management capacity through rolling out of tailored training to management teams across BIG.

Risk and control framework

The 2010/11 corporate risk register was agreed by the Audit and Risk Committee in June 2010, superseding the previous year's register. The register highlighted 17 corporate risks. During the year several risks were closed out and a number of new risks added, in particular risks relating to the delivery of the new funding system and the fit of our business model to operating cost targets that government might set. The potential impact of each risk and the likelihood of it being realised have been assessed, our appetite for each risk identified and appropriate controls to mitigate these risks have been determined. These actions have been recorded in the corporate risk register. As detailed above, this is reviewed and updated quarterly.

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

- ▶ The funding development framework, which supports the development of all new grant programmes, requires an assessment of the key risks for each new programme, which in turn are reported to the relevant country programme board.
- ▶ A similar process is followed with regard to business development projects.
- ▶ Fraud risk, including loss of confidence in our systems.

- ▶ Within an IT risk register we manage the risk of internal or external security breaches.
- ▶ Grant assessment and grant management procedures set out the requirement for each grant to be allocated a risk rating, which informs the level of intervention during grant management.

During the period to date the corporate risk priorities have included:

- ▶ Political risk, in particular a failure to respond to a changing political map including the impact on existing business models of loss of income or reduction in operating costs.
- ▶ Grant-making risk, including failure to deliver our strategic funding framework outcomes, manage demand or achieve targets through: a) inadequate organisational capacity to deliver intelligent funding; b) failure to commit all the agreed grant budget; c) failure to manage grant payments.
- ▶ Systems development risks, including procurement failure for the business process re-engineering project, and failure to deliver the expected benefits to the business in the expected timescale and budget.
- ▶ Business change risks, including lack of capacity or capability to deliver the business change programmes necessary to deliver the funding framework.
- ▶ Legal and regulatory risk, including compliance with our new legislation and general compliance with existing legislation.
- ▶ Non-Lottery funding risks, including failure to deliver a corporate strategy for raising the level of third party income we manage.
- ▶ Reputational risk, including the risks associated with Ministerial and public perceptions about our funding decisions.
- ▶ Unpredictable risks, including systems failure and disruption to business.

- ▶ Financial risk, including both a fall in Lottery income leading to cuts in grant budgets or failure to forecast spend accurately so that NLDF balances are higher than necessary.

Review of effectiveness of internal control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by: i) the work of the internal auditors including the annual assurance report, interim progress reports and the reviews of outstanding audit recommendations; ii) Statements of Assurance from directors providing confirmation that sound and effective systems of internal control have been operated effectively during the period and that risks have been identified, prioritised and managed as intended; iii) the executive managers within BIG who have responsibility for the development and maintenance of the internal control framework; and iv) comments made by the external auditors in their management letter and other reports.

The written assurance report on internal controls that I received from the Head of Internal Audit provided moderate assurance on the design, adequacy and effectiveness of the system of internal control. However, there were some discreet aspects where the assurance was limited. Weaknesses have been found in the design and/or operation of internal controls across some systems but none is considered significant enough to impact on the achievement of organisational objectives. No internal audit reports in the year have identified inadequate internal controls. In addition the Head of Internal Audit has reported that where significant control weaknesses have been identified he is satisfied that they are being resolved in an appropriate manner.

The Head of Internal Audit has also provided me with regular updates on the progress made by my senior management team in implementing outstanding audit recommendations and has provided me with an independent assurance that the reported actions have been implemented.

Compliance

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

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

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

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

Peter Wanless

Chief Executive and Accounting Officer

7 July 2011

Statement of comprehensive income

	Note	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Income			
Lottery income			
Proceeds from the National Lottery	13	773,162	740,257
Investment income from the National Lottery Distribution Fund	13	8,528	6,000
Bank and other interest receivable	2	(146)	3,538
Recoveries of grant	2	5,012	35,684
		<u>786,556</u>	<u>785,479</u>
Income from other sources			
Other income	2	7,237	7,021
Total income		<u>793,793</u>	<u>792,500</u>
Expenditure			
Programme expenditure			
Grant commitments made	3	290,831	440,222
Less lapsed or revoked commitments	3	(8,037)	(20,747)
		<u>282,794</u>	<u>419,475</u>
National Endowment for Science, Technology and the Arts	21	-	15,000
Olympic transfer	21	171,728	171,728
Direct expenditure in support of programmes	4	4,953	7,927
		<u>459,475</u>	<u>614,130</u>
Operating costs			
Operating costs for distributing Lottery income	5	53,103	58,280
Recharged operating costs	5	7,237	7,021
Restructuring and investment	8	379	5,542
Total operating costs		<u>60,719</u>	<u>70,843</u>
Total expenditure		<u>520,194</u>	<u>684,973</u>
Surplus before taxation		273,599	107,527
Taxation	9	146	(1,016)
Surplus after taxation		<u>273,745</u>	<u>106,511</u>
Other comprehensive expenditure			
(Decrease)/Increase on revaluation of investment	13	(1,056)	(1,889)
Total comprehensive net income		<u>272,689</u>	<u>104,622</u>
General reserve			
Brought forward at 1 April 2010		(630,000)	(734,622)
Total comprehensive income for the period		272,689	104,622
As at 31 March 2011		<u>(357,311)</u>	<u>(630,000)</u>

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

The notes on pages 75 to 93 form part of these accounts.

Statement of financial position

	Note	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Property, plant and equipment	10	3,847	4,201
Intangible assets	11	5,237	2,235
		<u>9,084</u>	<u>6,436</u>
Current assets			
Trade and other receivables	12	16,895	18,675
Cash at bank and in hand		6,501	12,815
Investment balance in National Lottery Distribution Fund	13	523,406	474,142
		<u>546,802</u>	<u>505,632</u>
Total assets		<u>555,886</u>	<u>512,068</u>
Current liabilities			
Trade and other payables	14	(5,425)	(7,043)
Grants committed for payment	16	(450,550)	(471,842)
		<u>(455,975)</u>	<u>(478,885)</u>
Non-current assets less net current liabilities		<u>99,911</u>	<u>33,183</u>
Non-current liabilities			
Trade and other payables	14	(1,726)	(1,914)
Grants committed for payment	16	(447,177)	(650,599)
		<u>(448,903)</u>	<u>(652,513)</u>
Provisions	15	(8,319)	(10,670)
Assets less liabilities		<u>(357,311)</u>	<u>(630,000)</u>
Represented by:			
General reserve		<u>(357,311)</u>	<u>(630,000)</u>

Signed on behalf of the Big Lottery Fund Board on 7 July 2011.

Peter Wanless
Chief Executive and Accounting Officer

Peter Ainsworth
Chair

The notes on pages 75 to 93 form part of these accounts.

Statement of cash flows

	Note	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Cashflows from operating activities			
Funds drawn down from the National Lottery Distribution Fund		731,370	815,345
Recoveries of grant and cash from other sources		5,012	35,685
Other income		6,431	5,102
Interest received		(146)	3,538
Payments to suppliers		(27,426)	(28,269)
Payments to and on behalf of employees		(36,803)	(38,380)
Payments to grant recipients		(512,493)	(612,172)
Transfer to NESTA		-	(15,000)
Transfer to OLDF		(171,728)	(171,728)
Cash paid and held by third parties		3,740	(9,247)
Tax paid on interest received		(990)	(267)
Net cash flow from operating activities	19	(3,033)	(15,393)
Cashflows from investing activities			
Payments to acquire property, plant and equipment		(279)	(212)
Payments to acquire intangible assets		(3,002)	(1,583)
		(3,281)	(1,795)
(Decrease)/increase in cash		(6,314)	(17,188)
Net (decrease)/increase in cash and cash equivalents			
Cash balances carried forward		6,501	12,815
Less cash balances brought forward		(12,815)	(30,003)
(Decrease)/increase in cash		(6,314)	(17,188)
Statement of Changes in Equity			
General reserves			
Balance bought forward		(630,000)	(734,622)
Total comprehensive income		272,689	104,622
Balance carried forward		(357,311)	(630,000)

The notes on pages 75 to 93 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Culture, Olympics, Media and Sport in accordance with Section 36A of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Big Lottery Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Big Lottery Fund for 2010/11 are described below. They have been applied consistently in dealing with items that are considered material to the accounts. We have not adopted any IFRS that have been issued but are not yet effective.

1.1 Accounting convention

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

For 2010/11 BIG does not believe that current costs are materially different to the historic cost shown in the Statement of Financial Position. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act, FReM and International Financial Reporting Standards, where appropriate.

1.2 Going concern

The annual accounts have been prepared on a going concern basis. The grant commitments for future years have been entered into after consideration of the cash requirements of grant recipients (these can extend over three to five years) and after taking account of income forecasts provided by the Department for Culture Media and Sport including the transfer of funds to the Olympic Lottery Distribution Fund. In taking this view of future income the Board assumes as a matter of public policy the continued operation of the Lottery. The Board has taken into consideration the impact of the changes to income share agreed by Parliament during the year and have considered the impact on existing commitments recorded in these accounts.

1.3 National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. However, the share of these balances attributable to BIG is as shown in the accounts and, at 31 March 2011, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by BIG in respect of current and future commitments.

1.4 Property, plant and equipment

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

Notes to the accounts

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

Leasehold improvements	Over the life of the lease
IT equipment	3 years
Office equipment, furniture and fittings	3 years

1.5 Intangible assets

In accordance with IAS 38 'Intangible Assets', development costs that are directly attributable to the design and testing of the identifiable and unique grant management software product are recognised as an intangible asset. Directly attributable costs include external contractors' fees and employee costs. On the commissioning of the software, intangible assets are amortised over their useful life.

1.6 Pension fund

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme. Pension benefits are paid by the PCSPS. BIG's liabilities are limited to a charge, which is set by the Chief Government Actuary, related to salaries paid in each year.

1.7 Operating leases

Lessee

Leases where BIG has substantially none of the risks and rewards of ownership are classified by BIG as an operating lease in accordance with IAS 17 'Leases'. The costs of operating leases held by BIG are charged to the statement of comprehensive income (net of incentives) in the period to which they relate. The benefits of rent-free periods on leaseholds are apportioned over the period to the end of the lease on a straight-line basis.

At 31 March 2011 all BIG's property leases are classified as operating leases. The lease payments for property cannot be reliably allocated between the land and building components. However it is clear that both elements of the lease arrangements do not transfer substantially all of the risks and rewards of the ownership to BIG and therefore both elements have been classified as operating leases.

Lessor

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

1.8 Expenditure on programmes

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

Grant offers and commitments

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

Hard commitments are defined as the grant sum payable over the life of a scheme on which BIG has a written contractual agreement with the applicant. Hard commitments are charged to the statement of comprehensive income in the year that the contracts are signed. Hard commitments are shown on the Statement of Financial Position as a liability, the balance being reduced as payments to grant recipients are released.

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

Grants repaid and recovered

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

Recoveries of grants are recognised as income on receipt of the repayment.

Direct expenditure on programmes

BIG records as 'direct expenditure on programmes' those costs incurred in delivering services directly to beneficiaries or grant recipients as arrangements under s 43 of the National Lottery Act. For example provision of grant applicant and recipient support structures and quality assurance for the direct benefit of grant recipients.

1.9 Taxation

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

BIG is registered for valued added tax (VAT). VAT is charged and recovered on BIG's activities that comply with the definition of business activities as set out in VAT legislation. This includes much of our non-lottery activities.

1.10 Cash and cash equivalents

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

1.11 Provisions

Provisions for restructuring costs and onerous lease transactions are recognised when BIG has a present legal obligation as a result of a past decision, it is probable that resources will be required to settle the obligation and the amount has been reliably estimated.

1.12 Grant management

Delegated partners

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

Joint schemes

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

1.13 Third party assets

BIG holds as custodian certain assets belonging to third parties. These are not recognised in the accounts since BIG has no direct beneficial interest in them. The bank balances held on behalf of third parties are shown in note 23.

Notes to the accounts

2. Income

Recoveries of grant £5,012,000 (2009/10 £35,684,000) represent income received back from grant holders (see note 1.8). In 2009/10, the bank and other interest receivable included £3,489,000 from the interest element on the recovery of three large grants through the Renewable Energy programme, that supported the construction of an offshore wind farm and two biomass power stations. These grants were returned due to a change in Government regulations.

The bank interest adjustment relates to an historic overstatement of bank interest receivable which has been rectified during the year.

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Bank and other interest receivable		
Bank interest receivable	27	49
Bank interest adjustment	(173)	-
Other interest	-	3,489
	<u>(146)</u>	<u>3,538</u>
	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Other income		
Other income		
Income from delivering non-Lottery funding	4,468	4,387
Income from delivering Lottery funding on behalf of other distributors	514	663
Rental income	1,854	1,743
Other	401	228
	<u>7,237</u>	<u>7,021</u>

3. Programme expenditure

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

BIG is a UK-wide funder. The allocation of funding between the four UK countries is a matter for BIG's Board. We do not allocate income but manage each country's share through determination of grant budgets. As set out in Section four of the annual report our grant budgets are set based on available cash resources. The Board has allocated indicative funding for the 2009 – 2015 Strategic plan to each country after a share of budget, up to 10 per cent, is top sliced for UK programmes. Of the remaining budgets England receive 77.5 per cent; Scotland 11.5 per cent; Wales 6.5 per cent and Northern Ireland 4.5 per cent. Over the plan period each country committee has discretion, within certain constraints, on the phasing of grant decisions. The following table sets out grant commitments charged to the statement of comprehensive income in the year.

	Year ended 31 March 2011						Year ended
	UK	England	Scotland	Wales	Northern Ireland	Total	31 March 2010
	£'000						£'000
Grant commitments made	18,576	202,871	26,495	35,616	7,273	290,831	440,222
Less lapsed and revoked commitments	(476)	(4,749)	(2,096)	(284)	(432)	(8,037)	(20,747)
Net grant commitments made	18,100	198,122	24,399	35,332	6,841	282,794	419,475

4. Direct expenditure in support of programmes

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

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Support provided directly to grant applicants and recipients	3,518	4,572
Scottish Youth Football award	1,435	3,355
	<u>4,953</u>	<u>7,927</u>

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

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Sportscotland – Scottish Youth Football	-	1,455
Highlands and Islands Enterprise – Growing Community Assets support contract	144	199
18 Contracts (2009/10 – 6) to deliver the Lifeskills programme in Wales	4,403	3,191
5 (2009/10 – 4) other support and development contracts	2,774	1,077

Notes to the accounts

5. Operating costs

Included in operating costs are:

	Year ended 31 March 2011			Year ended 31 March 2010
	Operating costs for distributing Lottery income £'000	Recharged operating costs £'000	Total operating costs £'000	Total operating costs £'000
Employee remuneration	33,222	2,322	35,544	37,426
Travel and expenses				
– Staff	1,517	82	1,599	2,018
– Board and committee members	80	-	80	111
Payments under operating leases				
– Property	3,496	2,518	6,014	6,034
– Other	549	-	549	1,507
Other accommodation costs	2,944	-	2,944	2,700
Communication costs	2,723	165	2,888	3,491
Externally provided support for grant programmes	1,399	207	1,606	1,985
Programme evaluation	1,113	66	1,179	454
Staff recruitment and training	1,236	6	1,242	1,626
Professional fees	1,208	1,788	2,996	3,218
Auditors remuneration for audit work	106	-	106	106
Auditors remuneration for audit work (IFRS)	-	-	-	5
Auditors remuneration for grant certification work	-	5	5	-
IT infrastructure costs	1,972	-	1,972	3,385
Other costs	907	77	984	485
Non cash items:				
– Depreciation	631	1	632	748
– Write down of property, plant and equipment				2
	53,103	7,237	60,340	65,301

6. Financial performance indicator

Our financial performance indicator is the proportion of our share of Lottery income that we spend on distributing it. We exclude from this measure costs that we recharge to other people, including the costs of distributing Lottery and non-Lottery money for other organisations and sub-let properties. We also exclude the one-off costs of investment to achieve future efficiencies. On this basis the cost of distributing our share of Lottery income was 6.8 per cent of that income (2009/10 7.4 per cent).

7. Staff numbers and costs

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

	Year ended 31 March 2011	Year ended 31 March 2010
	£'000	£'000
Wages and salaries	28,059	28,998
Social security costs	2,179	2,298
Other pension costs	4,884	5,046
Agency staff costs	1,446	1,749
Capitalised salaries	(1,024)	(755)
	<u>35,544</u>	<u>37,336</u>

These costs include £142,527 for staff seconded out to other organisations. Recoveries of £153,599 are included in other income. The salary and pension entitlement of the senior management and Board members of BIG are included above; details are disclosed in the Remuneration Report. It is not possible to identify the number and cost of members of staff within the total who are not employed on a permanent basis with the exception of those employed through agencies.

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

	Year ended 31 March 2011			Year ended 31 March 2010
	Average number of temporary staff	Average number of employees	Total average no. of staff (FTEs)	Total average no. of staff (FTEs)
Grant-making	35	570	605	625
Support to customers and stakeholders	7	179	186	197
Governance and administration	5	165	170	210
Staff engaged on capital projects	-	21	21	15
	<u>47</u>	<u>935</u>	<u>982</u>	<u>1,047</u>

At 31 March 2011 BIG employed 994 full time equivalent employees (2009/10 988). This included 75 full time equivalent temporary employees (2009/10 30).

Notes to the accounts

Payments on termination of employment

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

Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
£10,000	1 (7)	0 (0)	1 (7)
£10,000 - £25,000	7 (2)	0 (0)	7 (2)
£25,001 - £50,000	5 (1)	0 (0)	5 (1)
50,001 - £100,000	8 (4)	0 (0)	8 (4)
£100,001 - £150,000	0 (0)	0 (0)	0 (0)
£150,001 - £200,000	3 (0)	0 (0)	3 (0)
Total Number of exit packages by type	24 (14)	0 (0)	24 (14)
Total cost £000	1,347 (340)	0 (0)	1,347 (340)

Figures in brackets are prior year comparatives.

8. Restructuring and investment costs

We continually look at the way we are structured and make changes to deliver fit for purpose, efficient and effective services. As part of this process, during 2010/11, the costs of this restructuring included termination payments and property transactions. The main property transaction was the relocation of our Cardiff office, moving from Kingsway to Belmont House. Additionally, we exercised the break clause in our Newcastle office to surrender the fourth floor. This came at a cost of £246,000, however, BIG will receive substantial future benefits from this action.

In 2009/10, we sublet a floor of our Plough Place, London premises at market rent which is less than we are currently contracted to pay. In accordance with IAS 3 'Provisions, contingent liabilities and assets', we have provided in full for this difference. No new provisions have been created in the period and the movement relates to this release of existing provisions (see note 15).

We have invested in a review of our business processes including a new funding management system to improve customer service and increase efficiencies. Most of this expenditure is capitalised in accordance with IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (see notes 10 and 11).

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Termination payments net of provisions released	57	349
Property rationalisation	765	249
Onerous lease provision	(637)	3,262
Business process re-engineering review	194	1,682
	<u>379</u>	<u>5,542</u>

9. Taxation

BIG only pays corporation tax on bank and any other interest received.

The tax refundable for 2010/11 is £146,000 (2009/10 £1,016,000 payable). This relates to an over provision of tax of £173,000 in 2008/09. Investment income generated on balances held and invested by the National Lottery Distribution Fund on BIG's behalf is not taxable.

10. Property, plant and equipment

	Leasehold improvement £'000	IT £'000	Office equipment, furniture and fittings £'000	Total £'000
Cost				
At 1 April 2010	6,588	1,863	300	8,751
Additions	227	52		279
Disposals	-	-	-	-
At 31 March 2011	6,815	1,915	300	9,030
Depreciation				
At 1 April 2010	3,099	1,239	213	4,551
Charge for the year	353	240	39	632
Disposals	-	-	-	-
At 31 March 2011	3,452	1,479	252	5,183
Net cost				
At 31 March 2011	3,363	436	48	3,847
Cost				
At 1 April 2009	6,537	2,571	228	9,336
Additions	51	89	72	212
Disposals	-	(797)	-	(797)
At 31 March 2010	6,588	1,863	300	8,751
Depreciation				
At 1 April 2009	2,696	1,722	182	4,600
Charge for the year	403	311	31	745
Disposals	-	(795)	-	(795)
At 31 March 2010	3,099	1,238	213	4,550
Net cost at 31 March 2010	3,489	625	87	4,201
At 31 March 2009	3,841	849	46	4,736

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

Notes to the accounts

11. Intangible assets

	Funding system software – under development £'000		Funding system software – under development £'000
Cost		Cost	
At 1 April 2010	2,235	At 1 April 2009	1,294
Additions	3,002	Additions	1,768
Impairment	-	Impairment	(827)
At 31 March 2011	5,237	At 31 March 2010	2,235
Amortisation		Amortisation	
At 1 April 2010	-	At 1 April 2009	-
Charge for the year	-	Charge for the year	-
Disposal	-	Disposal	-
At 31 March 2011	-	At 31 March 2010	-
Net cost at 31 March 2011	5,237	Net cost at 31 March 2010	2,235
		Net cost at 31 March 2009	1,294

12. Trade and other receivables

	At 31 March 2011 £'000	At 31 March 2010 £'000		At 31 March 2011 £'000	At 31 March 2010 £'000
Amount falling due within one year			Balances payable are as follows:		
Held by delegated partners for payment of grant commitments	8,815	12,555	Amounts due from other Government bodies	965	3,423
VAT	-	97	Amounts due from local authorities		12
Deposits and advances	1,573	891	Amounts due from bodies external to Government	15,930	15,240
Other receivables	2,727	1,589			
	13,115	15,132			
Prepayments and accrued income	3,780	3,543			
	16,895	18,675			

13. National Lottery Distribution Fund

	£'000	£'000
Balance as at 1 April 2010		474,142
Proceeds from the National Lottery	773,162	
Investment income from the NLDF	8,528	
Funds drawn down from the NLDF	(731,370)	
Net increase in balance		50,320
Cost as at 31 March 2011		524,462
Unrealised loss on investment		(1,056)
Market value at 31 March 2011		523,406

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

14. Trade and other payables

	At 31 March 2011 £'000	At 31 March 2010 £'000
Amount falling due within one year		
Other taxation and social security	1,164	1,245
VAT	109	-
Trade payables	15	80
Other payables	200	1,139
Accrual and deferred income	3,937	4,579
	5,425	7,043
Amount falling due after more than one year		
Other payables, accruals and deferred income	1,726	1,914
Total	7,151	8,957

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

Amounts due to other Government bodies	885	2,634
Amounts due to local authorities	-	11
Amounts due to bodies external to Government	6,266	6,312

Notes to the accounts

15. Provisions for liabilities and charges

	Unavoidable lease payments	Early retirement contributions	Redundancy provisions	Redundancy support	Total provisions
	£'000	£'000	£'000	£'000	£'000
Brought forward at 1 April 2010	7,023	1,485	2,024	138	10,670
Net charged to expenditure in the year	(637)	-	-	21	(616)
Payments made	-	(475)	(1,192)	(68)	(1,735)
Carried forward at 31 March 2011	6,386	1,010	832	91	8,319

Unavoidable lease payments

BIG has sublet part of its Plough Place London premises to three tenants. The provision represents the difference between the rent charged to BIG's tenants and that which BIG is contracted to pay to its landlords. The provision for the difference in market rent is calculated using an assumed inflation rate of three per cent. The provision will be realised over 12 years.

At 31 March 2011, we have discounted the provision for unavoidable lease payments using the discount rate advised by HM Treasury, 2.2 per cent.

There have been no new provisions created during the year (See Note 8).

Restructuring: retirement, redundancy and support

As a result of restructuring in the current and earlier years, certain posts have been identified as no longer required or have been relocated. As a result staff have been made redundant or have taken early retirement.

- ▶ Where eligible staff take early retirement BIG is contracted to meet certain pension contributions until these staff reach statutory retirement date. An estimate of these future contributions is provided. Payments against this provision will continue to be made for up to ten years.
- ▶ A provision has been made for the estimated redundancy costs of those staff with whom BIG has entered into consultation prior to 31 March 2011, but for which settlement was not paid by that date. Redundancy payments are made in accordance with contractual arrangements and terms set out in the Principal Civil Service Pension Scheme arrangements. It is expected that the majority of this provision will be realised over the course of the two years to 2012–13.
- ▶ Other costs directly relating to providing support to staff being made redundant have also been provided.

16. Grants committed for payment (hard commitments)

	£'000	£'000
Hard commitments		
Brought forward at 1 April 2010		1,122,441
Grant commitments made	290,831	
Lapsed and revoked commitments	(8,037)	
Grant commitments met	(507,508)	
Net movement in hard commitments		(224,714)
Carried forward at 31 March 2011		897,727

Ageing of hard commitments

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

	At 31 March 2011 £'000	At 31 March 2010 £'000
Grants committed for payment within one year	450,550	471,842
Grants committed for payment in more than one year	447,177	650,599
	<u>897,727</u>	<u>1,122,441</u>

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

	At 31 March 2011 £'000	At 31 March 2010 £'000
Grants committed for payment to other Government bodies	38,042	27,563
Grants committed for payment to local authority bodies	93,586	287,096
Grants committed for payment to the National Health Service organisations	6,923	76,484

17. Soft commitments

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

	£'000	£'000
Soft commitments		
Brought forward at 1 April 2010		63,179
Soft commitments made	289,117	
Lapsed and revoked soft commitments	(6,673)	
Soft commitments transferred to hard commitments	(290,831)	
Net movement in soft commitments		(8,387)
Carried forward at 31 March 2011		<u>54,792</u>

18. Joint schemes

Parks for People

Included within hard commitments are £21 million (2009/10 £23.8 million) of new grant commitments; and grant commitments carried forward at 31 March include £51.1 million (2009/10 £42.2 million) representing BIG's contribution to the Parks for People joint scheme. BIG will contribute up to £80 million to the total expected funding of £140 million. This scheme is administered by the Heritage Lottery Fund on behalf of all parties to the agreement.

Notes to the accounts

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

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Surplus for the period	272,689	104,949
Depreciation of property, plant and equipment	632	745
Write down of disposal of property, plant and equipment	-	2
Write down of intangible assets	-	500
Surplus adjusted for non cash transactions	273,321	106,196
Decrease/(Increase) in trade and other receivables	1,748	(9,372)
(Increase)/Decrease in NLDF balance	(49,264)	70,977
Decrease in trade and other payables	(1,773)	(1,322)
(Decrease)/Increase in provisions	(2,351)	2,401
Decrease in provision for grant commitments	(224,714)	(184,273)
Net cash (outflow)/inflow from operating activities	(3,033)	(15,393)

20. Financial risks

Liquidity risks

At 31 March 2011 BIG had net liabilities of £357 million and soft commitments of £54.8 million. Although BIG has a net liability, the Board does not consider that BIG is exposed to significant liquidity risks as many of its commitments will not be paid until after the next financial year end. Grant holders can only draw down monies once they have proved their need to receive the next tranche of grant funding allocated to them.

	£m
Liquid assets at 31 March 2011	
Market value of NLDF investments	523
Cash	7
	<u>530</u>

Forecast cashflows during 2011/12

Income from the National Lottery	678
Less transfer to the London 2012 Olympics	(172)
Other income	15
Operating cost payments	(55)
Grant payments	(609)
Net forecast outgoings	<u>(143)</u>

Forecast liquid assets at 31 March 2012	<u>387</u>
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The income forecasts are based on projections provided by the Department for Culture, Media and Sport. The forecast grant payments are based on expected draw down profiles as compiled at 31 March 2011.

Interest rate risks

Cash balances are invested in the NLDF. As set out in Note 1.3 the Board has no control over the investment of funds in the NLDF. This is managed by the National Debt Commissioners on behalf of the Secretary of State for Culture, Olympics, Media and Sport. The market value of investment in the NLDF at the year-end was £491.9 million. In the year the average return on these investments was 1.13 per cent.

Cash balances which are drawn down from the NLDF to pay grant commitments and operating costs are held in instant access variable rate bank accounts which on average carried an interest rate of 0.20 per cent in the year. The cash balance at the year-end was £6.5 million. The Board considers that BIG is not exposed to significant interest rate risks.

Foreign currency risk

BIG is not exposed to material foreign exchange risks.

Credit risk

BIG's only financial instruments relate to contracts to buy non financial items in line with BIG's expected purchase and usage requirements and therefore BIG is exposed to little credit or market risk.

21. Financial commitments

Olympic transfer

In 2007/08 Parliament agreed to the transfer of up to £1,085 million from the NLDF to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games. BIG is committed to contribute up to £638 million between February 2009 and August 2012 in quarterly instalments.

Commitments under operating leases

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

	As at 31 March 2011 £'000	As at 31 March 2010 £'000
Property leases held as a lessee:		
Not later than 1 year	6,355	6,493
Later than 1 year and not later than 5 years	24,555	25,369
Later than 5 years	29,301	35,026
	<u>60,211</u>	<u>66,888</u>
Property leases where we are the lessor:		
Not later than 1 year	1,423	1,584
Later than 1 year and not later than 5 years	5,019	5,168
Later than 5 years	5,452	1,050
	<u>11,894</u>	<u>7,802</u>

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

Notes to the accounts

22. Pension scheme

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

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos members build up pensions based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with CPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits permitted by tax legislation.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers.

The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

For 2010/11, employers' contributions of £4,876,047 were payable to the PCSPS (2009/10 £4,937,000) at one of four rates in the ranges set out below. Employer contributions are to be reviewed every four years following a full scheme valuation. The latest valuation, carried out by Hewitt Bacon and Woodrow, was on 31 March 2007. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates for 2010/11 are in line with recommendations from the Actuary.

Bands	Year ended 31 March 2010
£21,000 and under	16.7%
£21,001 - £43,500	18.8%
£43,501 - £74,500	21.8%
£74,501 and over	24.3%

Bands	Year ended 31 March 2009
£20,500 and under	16.7%
£20,501 - £42,000	18.8%
£42,001 - £72,000	21.8%
£72,001 and over	24.3%

The PCSPS is multi-employer defined benefit scheme, BIG cannot identify its share of the assets or liabilities of the scheme.

23. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2011 we have written off losses of £2,216,257 representing 140 awards. (2009/10 £1,428,863 representing 132 awards). There was one write off that exceeded £100,000 as detailed below.

Training for All Foundation	£246,487
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Special payments arise where:

- a grant has been made inadvertently to an organisation that is ineligible under the law but where the grant is within the broad intention of statutory legislation. All these awards were spent on project objectives in accordance with the grant terms and conditions
- ex gratia payments are approved.

In the financial year to 31 March 2011 four special payments totalling £27,110 (2009/10 £86,952 representing 19 awards) were made in relation to grant transactions.

24. Related party transactions

BIG is a non-departmental public body and at 31 March 2011 was sponsored by the Department for Culture, Media and Sport (DCMS). The DCMS is considered to be a related party.

During the year, BIG has had various material transactions with the DCMS and other bodies for which the DCMS is regarded as the sponsor department: Heritage Lottery Fund, Sport England, Arts Council of England and the Olympic Lottery Distributor.

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

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

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

Board members

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

Where any committee decisions are taken which would reasonably be seen as giving rise to a conflict of interest, principally over grants to voluntary bodies, the chair of the meeting ensures at the outset that disclosure is made and the committee member withdraws for the duration of any discussion of the relevant item. BIG's procedures also ensure that grant officers are not engaged in processing applications in which they would have an interest.

A number of Board members have declared interests with public, voluntary and charitable bodies with which BIG has non-material business interests. These are disclosed from page 54.

Notes to the accounts

25. Third party assets

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

At 31 March 2009 the following bank balances were held on behalf of third parties:

	31/03/10 £	Inflows £	Outflows £	31/03/2011 £
Department for Education; the <i>myplace</i> programme	6,394,858	86,269,330	(72,976,383)	19,687,806
Office for Civil Society; The Community Assets programme	954	8,573,892	(8,573,699)	1,147
Arts Council England; Awards for All England	88,629	34,310	(71,135)	51,804
Heritage Lottery Fund; Awards for All; England, Scotland, Northern Ireland	101,682	31,782	(49,621)	83,843
Sport England; Awards for All England	54,453	45,126	(74,406)	25,173
Arts Council Scotland; Awards for All	41,859	401,899	(390,501)	53,257
Arts Council Northern Ireland; Awards for All	8,361	660	(9021)	-
Sports Council Northern Ireland	5,693	12,409	(18,002)	100
Olympic Lottery Distributor	26,284	1,056,029	(1,082,313)	-
National Lottery Promotions Unit	846,103	3,001,304	(2,290,255)	1,557,152
Community Assets Transfer; Welsh Assembly Government	-	362,456	(281,956)	80,500
Community Wildlife; Scottish National Heritage	-	250,000	(206,528)	43,472
Transition Fund; Office for Civil Society and Department of Health	-	15,973,229	(15,934,474)	38,755

26. Joint Venture – National Lottery Promotions Unit

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

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

More information and the accounts of the NLPU is available on their website: www.lotterygoodcauses.org.uk

Section seven

Our statutory background

Policy Directions

The Secretary of State for Culture, Olympics, Media and Sport is given power under the Act to give Directions as to matters to be taken into account in grant-making and the conditions under which money is distributed.

Following consultations between the Government and the Big Lottery Fund, a set of themes, outcomes and priorities were agreed, which allowed the development of policies and programmes for the Big Lottery Fund. Directions were issued in November 2006 on the commencement of the Big Lottery Fund. These are set out below.

The Big Lottery Fund has complied with these Directions throughout the financial year 20010/11 in every material aspect.

England and UK

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

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

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

General Directions

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

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D. The need to further the objectives of sustainable development.
- E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

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

Transformational Grants

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

- A.** The need to ensure that the Fund achieves over time the distribution of money to projects in each country of the United Kingdom.
- B.** The need for money to be distributed for the purpose of capital expenditure on projects and only to be otherwise distributed where the money:
 - (i) is distributed for the purposes of endowments or in the form of revenue grants where:
 - (a) such endowments or grants are associated with a capital project, in respect of which money has been or is proposed to be distributed; and
 - (b) such endowments or grants support the delivery of the project outcomes, increase accessibility, reduce barriers to entry and ensure that such projects are sustainable; or
 - (ii) is distributed for development funding to projects which have been assessed as suitable for such funding.
- C.** The need to transform and revitalise communities and the physical environment.
- D.** The need for widespread public participation in the decision to award grants which:
 - (i) involve consultation, voting systems or other suitable mechanisms;
 - (ii) are free from bias, corruption and manipulation; and
 - (iii) involve partnerships with broadcasting, electronic, print and other media.

Section seven

English And Isle Of Man Devolved Expenditure

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

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

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

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

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

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

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

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

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

D. Healthier and more active people and communities.

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

A. Improving family skills.

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

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

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

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

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

G. Supporting the training needs of volunteers.

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

I. Strengthening volunteering and voluntary sector infrastructure.

J. Building capacity for community engagement.

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

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

- M.** Supporting citizenship, leadership and local planning and delivery.
- N.** Ensuring safer places, free from anti-social behaviour and crime.
- O.** Better designed, clean and well-maintained public places and public art.
- P.** Increasing community usage of local parks, play facilities, public places, community building and the countryside.
- Q.** Enabling communities to tackle local environmental problems and improve their local environment.
- R.** Promoting environmental awareness through educational projects.
- S.** Increasing community participation in sport, dance, play and physical and creative activity.
- T.** Developing better approaches to tackling mental health problems, including through education, public awareness and the arts.
- U.** Improving opportunities for healthier eating and promoting the relationship between methods of production and the environment.
- V.** Addressing health inequalities through educational and information projects.

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

Scotland

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

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

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

General Directions

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

Section seven

- F.** The need:
- (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - (ii) where capital funding is sought:
 - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
 - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.
- G.** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.
- H.** The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- I.** The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas, to obtain such support.
- J.** The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- K.** The need to involve the public in making policies, setting priorities and making grants.
- Scottish Devolved Expenditure**
- 3.** In exercising any of its functions in relation to Scottish devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
- A.** The need to operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategy; supporting a fairer Scotland with the development of opportunities for everyone to flourish within a more successful and sustainable Scotland.
 - B.** The need to ensure that the Fund, achieves over time the distribution of money to address the priorities of tackling disadvantage, the advancement of well-being and addressing inequalities; while ensuring a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises and organisations with a base in Scotland and working overseas.

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

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

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

- A.** SMARTER: People having better chances in life.
- B.** SAFER AND STRONGER: Communities work together to tackle inequalities.
- C.** GREENER: People have better and more sustainable services and environments.
- D.** HEALTHIER: People and communities are healthier.

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

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

- B.** SOLIDARITY and COHESION – ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate in, and benefit from a more successful Scotland.
- C.** SUSTAINABILITY – to improve Scotland's environment today and for future generations while reducing Scotland's impact on the global environment.
- D.** ADDITIONALITY and COMPLEMENTARITY – the development of programmes should complement and add values to the strategies and activities of partners and stakeholders.
- E.** COLLABORATION – where possible, the outcomes of projects and programmes should benefit from effective collaboration between organisations and between public, private and third sector partners.

Signed on behalf of Scottish Ministers by John Swinney, Cabinet Secretary for Finance and Sustainable Growth, a member of the Scottish Government, July 2009.

Section seven

Wales

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

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

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

General Directions

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

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.

- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D. The need to promote and support the Welsh language and reflect the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages. This should be achieved by including specific conditions on language in grants and monitoring and overseeing the performance of grant recipients with regard to those conditions.
- E. The need to further the objectives of sustainable development.
- F. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- G. The need:
 - (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - (ii) where capital funding is sought:
 - a). for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - b). to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce’s Gateway Reviews.

- (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.
- H.** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy.
- I.** The need to ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- J.** The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.
- K.** The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- L.** The need to involve the public in making policies, setting priorities and making grants.
- M.** The need to ensure an outcome focused approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales. Where appropriate the experiences of other organisations should be utilised to enhance development and delivery of funding mechanisms.

Welsh Devolved Expenditure

- 3.** In exercising any of its functions in relation to Welsh devolved expenditure, the Fund shall take into account the following matters in determining to whom the Fund may make grants or loans, the purposes for which the Fund may make grants or loans, the process used to determine what payments to make and the terms and conditions on which the Fund makes grants or loans:
- A.** The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Wales and working overseas.
 - B.** The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:
 - (i) the promotion of community learning;
 - (ii) the promotion of community safety and cohesion; and
 - (iii) the promotion of physical and mental well being.
 - C.** The need to have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales, and the need to encourage public service bodies, collaborating together, to deliver better service outcomes to citizens.

Section seven

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

- A.** people of all ages equipped with the skills and learning to meet the challenges of a modern society;
- B.** people working together for stronger communities, social justice and better rural and urban environments; and
- C.** healthier and more physically active people and communities.

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

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

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

Northern Ireland

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

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

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

General Directions

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

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D. The need to further the objectives of sustainable development.
- E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- F. The need:
 - (i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - (ii) where capital funding is sought:
 - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
 - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.
- G. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.
- H. The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- I. The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.
- J. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- K. The need to involve the public in making policies, setting priorities and making grants.

Section seven

Northern Ireland Devolved Expenditure

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

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

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

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

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

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

A. People have the opportunity to achieve their full potential

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

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

D. Improved physical and mental health for all people.

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

A. Improve essential skills to meet social and economic needs

B. Increase opportunity for community based learning

C. Build community capacity

D. Increase opportunity for volunteering and engagement within and between communities

E. Build community and voluntary/statutory partnerships

F. Improve community facilities, access and services

G. Increase community involvement in protecting, restoring and sustaining the urban and rural environment

H. Help individuals and communities to develop skills to make healthier lifestyle choices

I. Promote mental health and emotional well-being at individual and community level.

Signed on behalf by Secretary of State NI

FINANCIAL DIRECTIONS

The Financial Directions set out below apply across all our operations in all four UK countries. We have complied with these directions through implementation of procedures throughout the organisation to ensure the requirements of the Statement of Financial Requirements are followed. We maintain an internal audit service to check on a sampling basis that all officers and departments are following the agreed procedures, and to ensure that these procedures are properly documented and disseminated. The full Statement of Financial Requirements can be obtained from the Department of Media Culture and Sports' website:

http://www.culture.gov.uk/what_we_do/national_lottery/4202.aspx

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

The Big Lottery Fund was established under section 36A of the National Lottery etc. Act 1993 ("the Act") and became fully functional on 1 December 2006.

The Big Lottery Fund shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of directions under section 36E(3) of the National Lottery etc. Act 1993.

The Statement of Financial Requirements complements, and should be read in conjunction with, the Big Lottery Fund's Management Statement, which deals with corporate governance and management matters

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

Appendix

Large grants

During 2010/11 we made two awards of £5 million or greater. We now manage a total of 36 awards with a value of £5 million or greater. In this appendix we summarise the progress of each of these awards. This appendix is not subject to audit.

UK portfolio

International programme

Organisation: Helpage International
Grant scheme name: Preventing HIV/AIDS and alleviating its impact in multi-generational households
Grant awarded: £5,110,820

This portfolio of nine projects across Eastern and Southern Africa aims to address the needs of older people, people living with HIV/AIDS and orphans and vulnerable children who live in multi-generational households where, due to sickness or death of the middle generation, the burden of care for supporting the family lies with the older family members.

This grant was awarded in 2007/08 and in 2009/10 a grant increase was approved as part of a package of additional support for International grants affected by the global economic downturn.

By 31 March 2011 we had paid out £2,903,116. The project is expected to complete by April 2013.

Organisation: Care International
Grant scheme name: Enhancing mobile populations' access to HIV/AIDS services, information and support
Grant awarded: £ 5,102,419

The aim of this five year portfolio of projects is to develop a model of working with marginalised mobile populations in high mobility routes between Bangladesh, India and Nepal who are vulnerable to HIV/AIDS.

The grant was awarded in 2008/09 and in 2009/10 a grant increase was approved as part of a package of additional support for International grant holders affected by the global economic downturn.

By 31 March 2011 we had paid out 1,186,659. The project is expected to complete by August 2014.

Organisation: University College London – Institute of Child Health
Grant scheme name: Improving maternal, newborn and child health in low-income countries
Grant awarded: £5,168,087

This five year portfolio of projects aims to decrease maternal and child mortality in target rural areas in Bangladesh and India by improving home care practices, such as early breastfeeding and use of safe delivery kits, and increasing health care use for pregnant women and babies, by reducing delays in seeking and reaching care.

This grant was awarded in 2007/08 and in 2009/10 a grant increase was approved as part of a package of additional support for International grants affected by the global economic downturn.

By 31 March 2011 we had paid £2,796,788. The grant is expected to complete by March 2013.

Living Landmarks

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

The project aims to connect people to people and people to places by addressing the causes of 'severance' within communities, such as busy roads and railways, which make travelling from one place to another more difficult.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid £9,357,443 to the recipient. It is expected that this project will complete by 2013.

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

Located between Falkirk and Grangemouth, the project will create a new canal link, a 'Kelpie' boatlift, canal hub and a new 'Helix' park.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid £2,180,997 to the recipient. It is expected that this project will be completed by March 2013.

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

The project will transform a 7.5 hectare brownfield site in Pool, including 4.5 hectares of derelict wasteland and Robinson's Shaft, a group of listed mine buildings to create a network of green spaces and multi-use facilities.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £10,618,070. It is expected that this project will be completed in 2012.

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

The project will create a linear park through east Belfast following the course of the Connswater River and its tributaries, the Loop River and the Knock. This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £906,640 to the recipient. It is expected that this project will complete in 2013.

Replication and Innovation

Organisation: Social Finance Limited
Grant scheme name: Social Impact Bond - HMP Peterborough
Grant awarded: £6,255,751

This project is to establish the success of the Social Impact Bond preventative model and to reduce the rate of reoffending among prisoners in HMP Peterborough.

The project will raise money from investors to fund interventions such as housing support, employment and debt advice, to support beneficiaries in prison and an average of four months from release. If these interventions are successful in sufficiently reducing the reoffending rate, BIG will then provide part payment based on these successful outcomes. The project beneficiaries will be male prisoners serving short term sentences and the communities from which they are drawn.

The project was awarded in June 2010. By 31 March 2011 we had paid out £299,863. The project is expected to complete in July 2018.

Appendix

Organisation: Social Finance Limited
Grant scheme name: Building a market for Social Impact Bonds
Grant awarded: £5,000,000

This project is to develop the Social Impact Bond (SIB) funding model to address a number of deep-rooted social issues. Social Finance plans to develop a SIB programme in a number of thematic areas to develop a new asset class that drives significant funding to address the root causes of social issues. This market place will be created by developing a range of SIB pilots, engaging government and other stakeholders in the development of SIBs and disseminating best practices and tools to enable rapid replication.

The project was awarded in August 2010. By 31 March 2011 we had paid out £1,200,000. The project is expected to complete in September 2013.

England portfolio

Advice Plus

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

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

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £5,714,742. The project completed on 31 March 2011.

BASIS

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

This project is establishing England-wide infrastructure support for the delivery of support and capacity building to Refugee Community Organisations (RCOs). 400 RCOs will benefit from advice on their development, sustainability, governance and management.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £2,833,862. It is expected that this project will be completed by autumn 2012.

Changing Spaces

Organisation: Building Research Establishment Ltd
Grant scheme name: The Community Sustainable Energy Programme
Grant awarded: £11,661,838

This portfolio awards grants to eligible not-for-profit community based organisations for the installation of microgeneration technologies, such as wind turbines and solar panels, along with energy saving measures.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £8,002,280. It is expected that this project will be completed by March 2012.

Organisation: Groundwork
Grant scheme name: Community Spaces
Grant awarded: £57,500,000

Groundwork is using the funding to award grants to not-for-profit community groups to create better local environments and increase access to local spaces, as well as improving local green spaces and increasing the number of people actively involved in developing and running environmental projects.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £28,527,971. It is expected that this project will be completed by March 2014.

Organisation: Natural England
Grant scheme name: Access to Nature
Grant awarded: £28,750,000

Natural England is using the funding to award grants to voluntary, community and public sector organisations to work with people who have little knowledge or contact with nature. The projects encourage people to learn about the natural environment and also to create/improve wildlife spaces to meet the needs of local communities.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £8,586,003. It is expected that this project will be completed by March 2013.

Organisation: Royal Society of Wildlife Trusts
Grant scheme name: Local Food
Grant awarded: £57,500,000

RSWT is using the funding to make awards to not-for-profit community groups for projects that give people the opportunity to grow and buy food locally through, for example, allotments and box schemes. Projects aim to stimulate economic activity through the development of social enterprises related to local food and promote the link between food and healthy lifestyles.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £20,161,404. It is expected that this project will be completed by December 2014.

Organisation: MIND
Grant scheme name: Ecominds
Grant awarded: £8,886,126

MIND is using the funding to make awards to not-for-profit community groups for projects that integrate mental health service users into the community.

This grant was awarded in 2008/09 and by 31 March 2011 we had paid out £4,709,669. It is expected that this project will be completed by September 2013.

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

The Crime Concern Trust is providing a range of environmental projects for young people at risk of anti-social behaviour or offending. The projects involve young people improving their neighbourhoods, giving them a sense of pride in their community.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £5,396,160. It is expected that this project will be completed by September 2012.

Organisation: Imperial College
Grant scheme name: Open Air Laboratories Network
Grant awarded: £13,022,441

The network of projects is working with people in their communities, alongside leading scientists to develop the skills and experience to explore, study, enjoy and protect their natural environment. The data is being collected to provide a new educational resource which the communities can access.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £9,243,855. It is expected that this project will be completed by November 2012.

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

The Plunkett Foundation is using the funding to make awards to projects working with local people to grow their own food and run their own shops and co-operatives. It aims to reconnect consumers to the land by increasing access to fresh, healthy local food.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £6,800,613. It is expected that this project will be completed by September 2012.

Appendix

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

This funding is facilitating a range of projects to create and improve green spaces for people living in social housing, particularly on estates where anti-social behaviour is a problem.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £14,525,835. It is expected that this project will be completed by September 2012.

Well-being

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

MEND is running a national programme of community based family orientated treatment and prevention projects for overweight and obese children aged 7-13.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £7,908,598. It is expected that this project will be completed by August 2011.

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

This national portfolio is establishing 20 flagship communities in each of the nine government regions. By using local schools as hubs the portfolio's aim is for children and families to improve their skills, knowledge, and access to healthy and sustainable foods.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £15,015,603. It is expected that this project will be completed by March 2012.

Organisation: West Midland Leaders Board (formerly West Midlands Regional Assembly)

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

This portfolio of 31 projects contributed to a reduction in regional obesity levels, improved mental health and greater participation in physical activity.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £6,682,340. This portfolio completed its work in January 2011.

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

This national portfolio of projects aims to achieve a positive impact on the eating behaviour of school age children, their families and the wider community.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £13,316,756. It is expected that this project will be completed by January 2013.

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

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

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £8,489,333. It is expected that this project will be completed by May 2012.

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

This portfolio covers the North West of England and includes 'arts on prescription' projects for those with mild to moderate mental health difficulties, 'soup and salad' cook and eat workshops, and 'fit for life' programmes.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £4,439,493. It is expected that this project will be completed by November 2012.

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

This portfolio covers the Yorkshire and Humber region and projects aim to help people to eat better, be more physically active and to improve their mental health.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £5,154,505. It is expected that this project will be completed by March 2013.

Organisation: Age UK (formerly National Council on Ageing)
Grant scheme name: Fit as a Fiddle
Grant awarded: £15,177,417

This national portfolio of projects aims to stimulate the interest of older people in physical activity and healthy eating, as well as addressing issues of mental and physical health.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £9,778,714. It is expected that this project will be completed by March 2013.



Appendix

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

This national portfolio of projects aims to stamp out stigma and discrimination by improving public understanding, raising people's aspirations and encouraging them to stand up for their rights.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £13,275,289. It is expected that this project will be completed by June 2012.

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

This national portfolio of projects aims to enable individuals identified as currently inactive or insufficiently active to walk and cycle as part of their everyday lives, improving their physical and mental well-being.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £15,275,832. It is expected that this project will be completed by August 2012.

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

This portfolio covers the North-West region and comprises 91 projects to improve the well-being of people living in the most disadvantaged communities by delivering activities that improve mental well-being, increase physical activity levels and encourage healthy eating.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £7,019,437. It is expected that this project will be completed by November 2012.

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

This portfolio covers the South-East region and comprises 62 projects to tackle the most socially, economically and geographically excluded groups and individuals seeking a legacy of permanent health improvement.

This grant was awarded in 2007/08 and by 31 March 2011 we had paid out £4,887,187. It is expected that this project will be completed by February 2012.

Scotland portfolio

Investing in Communities – Dynamic, Inclusive Communities

Organisation: Scottish Council for Voluntary Organisations (SCVO)
Grant scheme name: Supporting Voluntary Action
Grant awarded: £8,143,844

The grant is to co-ordinate a strategic programme of activity designed to improve the functioning and effectiveness of the CVS network as a whole, and to increase and improve the way it works with other voluntary and equalities sector networks across the country. This grant was awarded in 2007 and by 31 March 2011 we had paid out £5,070,746.

The project was expected to complete in 2012 but due to delays in the development of some project activities it may be extended into early 2013 to allow time to ensure project delivery.

Northern Ireland portfolio

Building Change Trust (Northern Ireland)

Organisation: Building change Trust Ltd
Grant scheme name: Building Change Trust
Grant awarded: £10,000,000

The Building Change Trust will invest £10 million to help community groups and larger voluntary organisations adapt and develop new ways of working to ensure that the sector will be fit for purpose in the future. The funding will be invested over 10 years.

This grant was awarded in 2008/09. By 31 March 2009 £10,000,000 had been paid. It is expected that this project will complete in 2019.

Legacy programmes

Fair Share Trust

Organisation: Fair Share Trust Ltd
Grant scheme name: Fair Share Trust
Grant awarded: £50,000,000

The Fair Share Trust is targeted at 77 areas across the UK that missed out on Lottery funding prior to 2002. Community Foundation Network is the sole trustee for the programme throughout the UK, and manages delivery agents in each Fair Share area.

The programme helps communities to take control of their own needs and priorities by involving them in deciding what those needs and priorities are and how they should be met. It has built community skills, confidence, experience and networks to leave a positive lasting impact in each area.

The full grant was paid into the Trust in 2002/03. In Scotland the programme ended in 2010 and will finish in the rest of the UK in 2013.

Community Sport

Organisation: sportscotland
Grant scheme name: Youth Football Action Plan
Grant awarded: £6,000,000

This arrangement part funds the youth football action plan run by the Scottish Football Association. This is a Scotland-wide programme which funds all aspects of youth football from grassroots level.

This grant was awarded in 2006 and by 31 March 2011 we had paid out £5,980,000. The project activity completed in 2010 and we will close the grant in 2011.

Legacy Trust

Organisation: Legacy Trust UK
Grant scheme name: Legacy Trust UK
Grant awarded: £29,000,000

This grant was awarded in 2007/08. Our grant comprised £29 million. Separate awards were made by DCMS and Arts Council England to create a £40 million endowment for the Legacy Trust UK.

The Legacy Trust UK will help communities nationwide build a lasting legacy from the London 2012 Olympic and Paralympic Games. Their projects will unite culture, sport and education; make a lasting difference to all those involved; support grassroots initiatives, often small in scale; and unite communities of interest at local and regional level. LTUK has committed most of its regional and national programme funding already and will complete its work by 2013.

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Email: general.enquiries@biglotteryfund.org.uk
Our website: www.biglotteryfund.org.uk

Accessibility

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

Our equality principles

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

We care about the environment

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

Our mission

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

Our values

We have identified three values that underpin our work: being supportive and helpful, making best use of Lottery money and using knowledge and evidence. You can find out more about us, our values and the funding programmes we run by visiting our website www.biglotteryfund.org.uk

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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