



Cabinet Office

Consultation on new policy directions for the Big Lottery Fund: distribution of National Lottery money in England and UK-wide funding programmes

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Contents

Ministerial Foreword	1
Background and Context	2
The Big Lottery Fund	2
About this Consultation	3
Scope of this Consultation	4
How to respond to this Consultation	5
How your information will be handled	5
Outline of the Policy Directions	6
Proposed Policy Directions	8

Ministerial Foreword

The Big Lottery Fund is an important national institution that contributes to the fabric and well being of communities in nearly every corner of the United Kingdom. Its distribution of National Lottery money tackles disadvantage, provides opportunities, and improves lives. It does this not just throughout the United Kingdom but also, albeit to a lesser extent, through its work with partners, such as Comic Relief, in some of the poorest countries in the world.

The National Lottery generates around £1.8bn for good causes each year and the Big Lottery Fund receives 40% of this total, around £700m each year. This is public money for which, ultimately, the Government is accountable to Parliament for how it is both managed and spent. Ministers therefore have a power to issue all Lottery distributors with policy directions; setting out the priorities they must take into account when distributing this money.

Given its size, scale and significance in every country in the United Kingdom, the Fund is unique in that it receives policy directions from the four governments in England, Scotland, Wales and Northern Ireland, setting out the key social and economic issues and aspirations to be addressed by Lottery money in each country. Cabinet Office Ministers issue these directions for the Fund's work in England, and also have responsibility for issuing, with the agreement of the Devolved Administrations, directions that cover the Fund's UK-wide funding portfolio, including its international work.

These directions are the subject of this consultation.

We have consulted the Big Lottery Fund in preparing the policy directions proposed in this document. The Fund published its own Strategic Framework in March 2015, after an extensive public consultation, to which you may indeed have responded or contributed. At the heart of the Fund's strategy is a focus on using the energy and assets people and communities have to improve their lives; an aspiration the Government fully supports.

Our intent while drafting these policy directions has been to respect and reflect the Fund's own commitments and strategic priorities, as outlined in its Framework, in combination with the Government's commitments and priorities for creating a bigger stronger society. These priorities include supporting the development of stronger, more resilient, more capable and empowered communities, improving the life chances of the most disadvantaged in society, and growing a more confident and capable voluntary sector, armed with the skills it needs to meet the challenges ahead. All of these are areas in which the Fund is already active.

I invite you to review the proposed policy directions and to send us your views on them, either as a member of the public, whether or not you buy a National Lottery ticket every week, or as a customer, stakeholder or partner of the Big Lottery Fund. After all the responses have been considered we will consult the Fund again on how best to amend the directions, before issuing a final version to the Fund in Autumn 2016.

Rob Wilson MP
Minister for Civil Society

Background and Context

The Big Lottery Fund

The Big Lottery Fund (the Fund) is the UK's largest single distributor of National Lottery money, responsible for distributing 40% of all funds raised for good causes by the National Lottery. It is the single largest funder of the Voluntary, Community and Social Enterprise (VCSE) sector across the UK, and as such supports charities and civil society organisations in tackling many kinds of disadvantage and in building strong and vibrant local communities.

What are policy directions and why are they necessary?

All Lottery distributors are public bodies which are answerable, through Ministers, to Parliament for the stewardship of the public money they distribute. How they do this and what they do, and ministerial responsibilities in relation to them, are governed by the National Lottery etc Act 1993 (the Act). The Fund is required by the Act to distribute all of its Lottery income to charitable causes or for projects connected with health, education or the environment. These criteria are very broad, so although Lottery distributors make individual funding decisions independently of Government, the Act requires distributors to comply with policy directions, which are issued to them by Ministers. In relation to the Big Lottery Fund the Act sets out that these directions may specify the **matters to be taken into account in determining the persons to whom, the purposes for which, and the conditions subject to which the Fund distributes money.**

The Minister for the Cabinet Office is responsible for issuing policy directions to the Fund for its distribution of Lottery income in England, and for distribution of its UK-wide funding portfolio, in which all four UK governments share an interest. The Devolved Administrations in Scotland, Wales and Northern Ireland individually issue policy directions to the Fund outlining funding priorities for the devolved money it distributes in their countries. The Fund is required by the Act to publish its policy directions in its Annual Report and Accounts each year:

<https://www.gov.uk/government/publications/big-lottery-fund-annual-report-2014-to-2015>

Why change the policy directions now?

Existing policy directions for the Fund's distribution of money in England and for UK-wide programmes have not been revised since 2012 and now need to be updated. Since 2012 there has been a change of Government and the Fund has also published a new Strategic Framework, after its own extensive public consultation throughout 2014. It is appropriate that both sets of new priorities are therefore reflected in the policy directions when they are issued to the Fund, with the intention that these should remain relevant and helpful at least for the remainder of this Parliament.

We have consulted extensively with the Fund while preparing the policy directions in this public consultation.

The Fund's Strategic Framework, including its "people in the lead" vision can be seen here:

<https://www.biglotteryfund.org.uk/about-big/strategic-framework/our-vision>

Relevant Government policies are outlined in key speeches here:

<https://www.gov.uk/government/speeches/building-civil-society-together-rob-wilson-speech>

<https://www.gov.uk/government/speeches/prime-ministers-speech-on-life-chances>

The Cabinet Office Single Departmental Plan outlines (in Section 3) key commitments towards building a stronger civil society:

<https://www.gov.uk/government/publications/cabinet-office-single-departmental-plan-2015-to-2020/cabinet-office-single-departmental-plan-2015-to-2020>

About this Consultation

What are we consulting on?

Public consultation is an opportunity to make sure there is nothing significant that the Cabinet Office and the Big Lottery Fund have overlooked when drafting the policy directions. It also enables us to iron out any lack of clarity identified by customers and stakeholders who review the directions and respond to this consultation. The key questions we are asking are:

1. Is there anything set out in these directions that the Big Lottery Fund should not be doing? If your answer is yes,

please tell us what it is and why they should not be doing it.

2. Is there anything else the Big Lottery Fund should be doing, not covered by these directions? If your answer is yes, please tell us what else they should be doing and why.

3. What is your view of the Fund's international work? Are you content with the policy direction (2.E) covering this work - is there anything more you would expect to see or are there any limits or conditions you would expect the Fund to apply to this work, which should be included in the final policy directions?

More information on the scope of this consultation and what we are trying to achieve is provided overleaf.

Length of consultation

This is a 12-week consultation, from Friday 20 May until midnight on Friday 12 August, with the aim of Cabinet Office Ministers being able to issue new policy directions to the Fund in Autumn 2016.

We have aimed to ensure that the directions reflect and do not cut across the commitments made by the Fund in its 2015 Strategic Framework, which itself was subject to a lengthy public consultation in 2014.

Scope of this Consultation

Topic of this consultation	New policy directions to be issued to the Big Lottery Fund by the Cabinet Office, specifying the matters to be taken into account in determining the persons to whom, the purposes for which, and the conditions subject to which the Fund distributes money in England and the Isle of Man, and on UK-wide funding programmes.
Purpose of this consultation	To gather views on the proposed policy directions to understand where there may be directions which lack clarity, possible omissions that should be considered for inclusion, or areas of funding about which stakeholders have some concerns.
Exclusions from this consultation	Policy directions issued to the Fund for distribution of devolved expenditure in Scotland, Wales and Northern Ireland. Those directions are issued by the individual Devolved Administrations and are not affected by the policy directions in this consultation.
Target audience for this consultation	Members of the public. Customers, stakeholders and partners of the Big Lottery Fund.
Previous engagement	We consulted extensively with the Fund throughout the drafting of the policy directions in this document. We have discussed the draft directions with officials in the Devolved Administrations and in other UK Government departments with an interest either in the voluntary and community sector or in the Big Lottery Fund itself. Cabinet Office Ministers have also written to Ministers in the Devolved Administrations to seek their views on the UK-wide directions.
Duration of this consultation	12 weeks, from Friday 20 May until midnight on Friday 12 August.
Enquiries and response	Enquiries about the scope and content of this consultation should be sent to blfpolicydirectionsconsultation@cabinetoffice.gov.uk Guidance on how to return a completed response is provided on page 5.
After this consultation	Responses to this public consultation and from the Devolved Administrations will be analysed and assessed to identify potential amendments to the policy directions before they are issued. Cabinet Office will consult with the Fund on these before re-drafting and finalising the policy directions. The new directions will be issued to the Fund and sent to Ministers in the Devolved Administrations by Cabinet Office Ministers in Autumn 2016. The policy directions will also be published on gov.uk in the Autumn, in a consultation outcomes report, including an aggregated summary of the consultation responses received and details of any actions taken as a result.

How to respond to this Consultation

Please respond by downloading and completing the response form (in Word) published with this document and emailing it to blfpolicydirectionsconsultation@cabinetoffice.gov.uk or posting it to:

Big Lottery Fund Public Consultation
OCSI Sector Support Team
Cabinet Office
4th Floor Blue Zone
1 Horse Guards Road
London
SW1A 2HQ

If for any reason you are unable to download the form, please email or write to us at one of the addresses above with your answers to the questions in it.

We welcome your views, whether you are a member of the public or are responding on behalf of, or as a result of your role within, an organisation.

This consultation closes at midnight on Friday 12 August 2016.

How your information will be handled

The new directions will be published on gov.uk with a report of the consultation outcomes. This will be an aggregated summary and **no individual responses will be published in full**. We may, however, use example quotes in the outcomes report, but these will not be attributed to named individuals or to named organisations - all contributions to the consultation will be anonymised if they are quoted.

The information you send may be passed to colleagues within Cabinet Office or other Government departments, and may be published in a summary of responses (although we do not intend to publish responses in full). All information in responses, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). If you want your response to remain confidential, you should explain why confidentiality is necessary and your request will be acceded to only if it is appropriate in the circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Cabinet Office.

Individual contributions to this consultation will not be acknowledged unless you specifically request this in your response.

Outline of the Policy Directions

In summary, the structure and nature of the sections in the proposed policy directions are as follows.

England, Isle of Man and United Kingdom Expenditure:

Applicable only to the Fund's decisions when distributing Lottery money from the England and UK-wide funding portfolios. Not relevant to the devolved funding which is covered by policy directions from the Devolved Administrations. However, all directions in this section are subject to consultation with the Devolved Administrations, as the four UK nations share an interest in the UK-wide funding portfolio (10% of total Fund income).

Direction/s	Summary explanation
1A & 1B	These directions reflect National Lottery “core values”, in common with the policy directions issued by the Department for Culture Media and Sport (DCMS) to other UK and England Lottery distributors. These are principles we would like the Fund to follow when distributing all of its expenditure, to support consistency across all distributors of Lottery funds; however, in Scotland, Wales and Northern Ireland these directions remain aspirational, subject to a view by each Devolved Administration on any future inclusion in their policy directions to the Fund.
1C	These update a set of principles that were included in the 2012 policy directions, to better reflect commitments in the Fund's own strategic framework and developments in the bigger stronger society agenda. These are general principles, which should underpin all of the Fund's work under these two funding portfolios.
2 (A to E)	A new section intended to provide, for the first time, explicit policy directions for distribution of the UK-wide funding portfolio. These directions are not applicable to the England funding portfolio.
2A	This appears in DCMS policy directions to other Lottery distributors. It commits the Fund broadly to spreading its funding equitably across the four UK countries.
2B	This allows the Fund to run country-specific projects and pilots as long as they will generate learning and future benefit for all four UK countries.

2C	This gives assurance that the Fund’s decisions under its UK portfolio will not cut across or conflict with the policy priorities of the four UK governments, as set out in the policy directions issued by each.
2D	This outlines the Fund’s own priorities when distributing grants from its UK-wide portfolio within the UK .
2E	This outlines the Fund’s own priorities when distributing grants from its UK-wide portfolio outside of the UK .

England and Isle of Man Devolved Expenditure:

Applicable only to the Fund’s decisions when distributing Lottery money from its England funding portfolio.

Direction/s	Summary explanation
3A & 3B	These were included in the 2012 directions and are still relevant in the context of the bigger stronger society agenda and the Fund’s own strategic framework.
3C	This section signposts the good causes and aims to be achieved through Lottery funding, rather than specific projects or programmes. The Fund already works in these areas or has emerging plans, under its own strategic framework, to do so. How it balances its funding across these priorities, which funding programmes it implements and the amount of money to be distributed through each programme, all remain entirely at the Fund’s discretion.
3D	The aim of this section is to highlight the priorities for the Fund to consider when planning the balance and spread of its distribution across different regions and interest groups in England, some of which may conflict. The Fund is already an exemplar in ensuring it does this.
3E	This direction supports the Fund’s ambitions to broaden its horizons and to innovate in the way in which it works with other organisations, including central and local government bodies where appropriate, to address mutual policy priorities most effectively. For example, its match-funding with the European Social Fund to create its Building Better Opportunities Fund.

Proposed Policy Directions

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

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

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

England, Isle of Man and United Kingdom expenditure

1. In determining the persons to whom, the purposes for which, and the conditions subject to which it distributes, under section 25(1), United Kingdom expenditure (through its “UK Funding Portfolio”) and English devolved expenditure, the Fund shall take into account the following matters¹.

A. As required of other England and UK-wide Lottery distributors, under directions given separately to those distributors, the need:

1. To involve the public and local communities in making policies and setting priorities.
2. To ensure money is distributed for projects which promote public and social benefit and are not intended primarily for private gain.
3. (a) For money to be distributed to projects only where they are for a specific, time limited purpose, (b) to ensure that the Fund has the necessary information and expert advice to make decisions on each application, and (c) for applicants to demonstrate the financial viability of projects.
4. Where capital funding is sought, (a) for a clear business plan showing how any running and maintenance costs will be met for a reasonable period, and (b) to ensure that assurance and management for major projects reflects the Infrastructure and Projects Authority (IPA) review standards.

¹ Directions 1A and 1B are a set of principles we would like the Fund to follow when distributing all of its Lottery expenditure, to support consistency across all distributors of National Lottery good causes funds; however, in Scotland, Wales and Northern Ireland these directions remain aspirational, subject to a view by each Devolved Administration on any future inclusion in their policy directions to the Fund.

5. To further the objectives of sustainable development.

6. To include a condition in all grants for recipients to acknowledge Lottery funding using the common Lottery branding.

B. As required of other England and UK-wide Lottery distributors, under directions given separately to those distributors, the desirability of:

1. Reducing economic and social deprivation and bringing communities together.
2. The Fund working jointly with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.
3. Requiring an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas.

C. The need to take into account the following principles:

VARIETY AND INNOVATION: Distributing funds to a wide spread of projects, primarily those delivered by civil society organisations, in particular small and medium sized charities, or the organisations that support them, backing new and innovative approaches and organisations, as well as tried and tested models.

LOCAL ENGAGEMENT: Engaging people and local civil society organisations in how funding is used in their communities, enabling and catalysing local partnerships and collaborations between communities, public, private and civil society organisations.

LONG TERM BENEFIT: Improving the life chances and opportunities of communities and the most vulnerable in society by tackling disadvantage and inequality, promoting social inclusion, and focusing on sustainable benefit for the communities supported through funding.

OUTCOMES AND IMPACT: Delivering measurable outcomes and impact of funding, sharing data, evidence and learning on what works to help the development of policy and practice beyond the Fund's own activities.

ADDITIONALITY AND COMPLEMENTARITY: Ensuring that the development of programmes and funding of projects is additional to and distinct from government funding, while complementing and adding value to it in areas of mutual policy interest.

2. In exercising any of its functions in relation to United Kingdom expenditure through its UK Funding Portfolio, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which, and the conditions subject to which the fund distributes its money under Section 25(1).

- A. In common with other UK-wide Lottery distributors, the desirability of ensuring equality of opportunity and that all areas of the United Kingdom have access to the money distributed.
- B. The desirability of funding innovative pilots and projects that will inform the Fund's practice across the UK, ensuring benefit to all countries even where the initial funding is not distributed UK-wide.
- C. The desirability of ensuring that funding supports the policy directions issued by the Devolved Administrations.
- D. The desirability of supporting projects across the UK that have a focus on learning, growing or bringing people and communities together.
- E. When funding UK-based organisations to provide benefit outside the UK and the Isle of Man, the focus should be on the exchange and interchange of best practice and new approaches, and should prioritise the involvement of communities and civil society organisations.

England and Isle of Man devolved expenditure

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

- A. The need to operate within the Big Society policy context in England, adding value where appropriate to the aim of creating a fairer, freer and more responsible society where everyone has a part to play in improving their community and helping one another.
- B. The need to ensure that money is distributed to projects that benefit local people and local communities.
- C. The need to ensure that the distribution of money addresses one or more of the following priorities:

1. Strengthening life chances, social mobility and opportunities for all, including and supporting early years child development and parenting, and by complementing the Government's Life Chances Strategy.
2. Supporting and strengthening volunteering, social action and community action, with a particular focus on engaging young people in this activity to give them opportunities to develop vital skills for life and work.
3. Supporting communities to become stronger, more resilient and safer; including by promoting fundamental British values that support integration and unite communities, helping them become more cohesive, inclusive and tolerant.
4. Enabling communities to improve their health, education and environmental outcomes and multiple benefits across these areas.
5. Supporting the use of social investment as a means to improve sustainability and impact.
6. Strengthening the confidence, capability and sustainability of civil society organisations, including support for digital innovation.
7. Supporting and strengthening organisational infrastructure, capability and provision, particularly the youth sector.

D. The need to have regard for the following when determining the balance and spread of funding:

1. The scope for taking effective action for England or the Isle of Man as a whole, and for different parts of England or the Isle of Man.
2. The relative population sizes and levels of economic and social deprivation in different parts of England and the Isle of Man.
3. The varying levels in social capital and in community capacity and capability to access funding.
4. The different social and economic issues experienced in urban and rural areas.
5. The different social and economic issues experienced at stages in a person's life cycle, from earliest years, through schooling, adolescence, adulthood and elderly life.

E. The need to collaborate, partner and match-fund with other social sector funders, private, public and civil society organisations in order to increase the scale and scope of public and social benefit achieved.

