

To: All consultees and respondees

7 March 2004

Dear Sir/Madam

TRANSFORMATIONAL GRANTS PROGRAMME:

I am writing to consult you about the policy directions we intend to issue in relation to the Big Lottery Fund's Transformational Grants Programme. You will recall that this proposed new programme was outlined in paragraph 2.15 of the *National Lottery Funding Decision Document July 2003* and both phases of the Big Lottery Fund's own consultation.

So this is not a new consultation. In the past the Government did not consult anyone other than the Lottery distributor itself about directions issued to them. In moving forward towards the Big Lottery Fund, Ministers have decided to introduce a new level of transparency by making a draft available and seeking views on it. If you have views can I ask you to let me have them please by the end of April?

The key programme aim of the Big Lottery Fund's Transformational Grants programme is to inspire communities to transform, revitalise and regenerate where they live, through major infrastructure investments. The Transformational Grants Programme as it has been developed by the Fund will be essentially a UK-wide capital grants programme, but with a small non-core revenue funding stream to ensure that projects are sustainable and to promote access to capital facilities. The proposed overall budget is £140m, planned over a three year period, of which £20m will be set aside for development grants under a two-stage UK wide application process. One of the principles of consideration when identifying the short list will be regional and country spread, with the potential to impact and benefit all areas of the UK. The remaining £120 m would comprise one very large project (circa £50m), possibly linked to a TV programme and subject to public voting, and smaller grants under a separate strand between £10-25m.

The Big Lottery Fund is the joint operating name of the New Opportunities Fund and the Community Fund. An Order has been laid before Parliament in relation to the New Opportunities Fund. We have prepared draft Directions under existing powers, and subject to approval of the Order by both Houses of Parliament, to allow the Fund to prepare the programme in good time. The directions will be



issued separately in relation to the Community Fund and New Opportunities Fund and reflect the different statutory frameworks under which they each operate.

The Directions given to both the New Opportunities Fund and the Community Fund under section 26(1) of the National Lottery Act etc Act 1993 will require them to take into account the need for money to be distributed for the purpose of capital expenditure; the need for projects to be supported by significant partnership funding; the need to transform and revitalise communities; the need for widespread public participation in the decision to award grants; and to involve partnerships with broadcasting, electronic print and other media.

The Directions given only to the New Opportunities Fund under section 43C (1) of the National Lottery etc Act 1993 will require the Fund to commit funding to projects concerned with health, education or the environment and intended to transform communities, regions or the nation as a whole. The Fund will be required to commit £105million to projects within this initiative, the remainder to come from the Community Fund. Lastly the Fund can only commit funds under this initiative pursuant to the joint scheme entered into with the Community Fund.

As noted above, I would be grateful for any written comments no later than the end of April 2005. Please respond directly to Julie Moore within my team here in National Lottery Division at DCMS, telephone 020 7211 6454 or e mail; Julie.moore@culture.gsi.gov.uk.

I am sending this letter and attachments to all those on the list (at annex A).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon Broadley'. The signature is fluid and cursive, with the first name 'Simon' and last name 'Broadley' clearly distinguishable.

SIMON BROADLEY
Head of National Lottery Distribution and Communities Division

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ANNEX B

Consultation Draft

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

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

The Distributors shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to they distribute money under section 25(1) pursuant to the joint scheme entered into between the Distributors on 1st December 2004 and authorised by the Transformational Grants Joint Scheme (Authorisation) Order 2005:

1. The need for money to be distributed for the purpose of capital expenditure on projects and only to be otherwise distributed where the money:
 - (a) is distributed for the purposes of endowments or in the form of revenue grants where:
 - (i) such endowments or grants are associated with a capital project, in respect of which money has been or is proposed to be distributed; and
 - (ii) such endowments or grants support the delivery of the project outcomes, increase accessibility, reduce barriers to entry or ensure such projects are sustainable.
 - (b) is distributed for development funding to projects which have been assessed as suitable for such funding.
2. The need for projects to be supported by a significant element of partnership funding, and/or contributions in kind, from other sources.
3. The need to transform and revitalise communities and the physical environment.
4. The need for widespread public participation in the decision to award grants which:

- (a) involve consultation, voting systems or other suitable mechanisms;
- (b) are free from bias, corruption and manipulation; or
- (c) involve partnerships with broadcasting, electronic, print and other media.

DIRECTIONS GIVEN TO THE NEW OPPORTUNITIES FUND UNDER SECTION 43C(1) OF THE NATIONAL LOTTERY ETC. ACT 1993

The Secretary of State for Culture, Media and Sport, in exercise of the powers conferred on her by section 43C(1) of the National Lottery etc. Act 1993 and having consulted the New Opportunities Fund ("the Fund"), National Assembly for Wales, Scottish Ministers and Northern Ireland Department of Culture, Arts and Leisure, hereby gives the following directions to the Fund:

1. The Fund shall, by 31st March 2008, commit funds to projects concerned or connected with health, education or the environment and intended to transform communities, regions or the nation as a whole pursuant to the initiative specified in the New Opportunities Fund (Specification of Initiative) Order 2005.
2. The Fund shall commit a total of £105 million to projects within this initiative.
3. The Fund shall only commit funds under this initiative pursuant to the joint scheme entered into with the National Lottery Charities Board on 1st December 2004 and authorised by the Transformational Grants Joint Scheme (Authorisation) Order 2005.

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

[Signer's name
Position

Date]