

Review of Lottery Funding:

Summary of analysis of responses to the consultation paper
on Lottery Distribution Policy

**National Lottery Distribution and Communities Division
January 2003**

Section 2: Making the lottery more responsive to the needs and priorities of communities

2.2 Public Awareness of the Lottery

The majority of responses felt that Camelot's recent campaign promoting good causes had little or no effect in raising awareness of lottery projects or encouraging applications for funding.

Although many did not believe raising awareness would increase ticket sales, some felt that it could help keep lottery players who hadn't won from stopping playing.

There was support for work to be increased (but concern about costs involved) in raising awareness and strengthening the Lottery brand, primarily at a regional or local level.

MPs and Government:

There was a recognition that more needed to be done in this area and most agreed that while the national campaign had shown little impact, regional publicity had helped raise awareness of local/regional lottery funded projects. There was support for increasing local awareness of the type of projects/organisations Lottery funding is aimed at. Suggestions on how to achieve this included the use of local networks, information on local awards at point of sale and the inclusion of a small sum to allow recipients to use local media to publicise their award.

Voluntary and Charity:

The Voluntary sector and charities were also of the opinion that the Camelot campaign failed to significantly raise awareness and were unaware of any applications that had been generated by it. They were concerned that the costs of promotion should not outweigh the benefits, and suggested that costs should be met by Camelot and kept to a minimum. It is worth noting that there was some support for raising awareness in order to underpin the post purchase satisfaction of those playing, thus improving ticket sales.

There was support for the measures already taken (DCMS database and joint portal), and many called for a generic "Lottery funded" brand to cut through the complexity of Lottery branding and to balance public awareness of local projects with high cost Lottery projects like the Millennium Dome. They leaned towards local promotion through the existing network of volunteer councils and local authorities or frequent local/regional campaigns delivered through press and local news and radio. There was also a suggestion that charities could display "Lottery Funded Recipient" on their websites.

One respondent pointed out that raising awareness of projects and charities that have received awards from the Lottery is also a useful way of promoting the recipients, which could be most valuable for smaller charities or those who find it difficult to attract publicity.

Distributing bodies & Camelot:

Views on the success of the Camelot campaign were split between those who saw a limited short-term impact on the public's awareness of the good causes and those who believed the national campaign had no effect. Some distributors recognised the joint work already being done by Camelot, and the Heritage Lottery Fund suggested that DCMS might bring alive the Lottery grants and activity by including case studies and features on the DCMS databases accessed via the website.

A number of distributors, especially those from the Devolved Administrations, felt that increasing understanding of the way the Lottery has impacted at local, even community level, was the key to real public awareness, while some called for a balance between a UK wide campaign and local promotion. A few felt that some form of (cost effective) research should be carried out to demonstrate the effect of awareness on the propensity to buy tickets. It was felt that a balance was needed between promotion, effectiveness and value for money.

While most distributors were already committed to improving public awareness, some felt that promoting the Lottery and stimulating applications were, at this stage of the game, two different things. A few agreed that while they must be pro-active in stimulating applications, this should be done by targeting towards strategic priorities and areas of low take up, alongside any generic nation wide promotion. A few were also cautious about raising expectations while income from ticket sales was declining.

Local Authorities:

There was general agreement that the Camelot campaign had not significantly raised public awareness, and that local authorities were unaware of an increase in applications. Many commented that the campaign was too short and would need to be repeated more regularly to have any true impact.

Most agreed that there was work to be done in raising awareness, especially as a means to capacity building and to provide 'accountability' to lottery players for the use of their money. This said, the majority felt that the focus should be at the local level rather than national campaigns with broad messages. A number of respondents felt that one aspect of the campaign that had been particularly successful was the display of local award information at the point of sale. One said that local advertising of this sort "increases public confidence that part of their Lottery £1 is reaching their community".

There was general concern about the cost of future campaigns. Several responses stressed the need to ensure that the potential benefits of promotional activity were not outweighed by the financial costs. In regard to the future, opinion was generally divided as to whether Camelot should meet the cost of further campaigns, or whether efforts should be concentrated on raising awareness at grass roots level, through Local Authorities and the voluntary sector. Some recommended putting the onus on award recipients to advertise locally through local newspapers and radio, with one suggesting that an additional amount should be attached to the award to meet these costs.

There was broad support for a single Lottery brand. It was felt that this would reduce confusion among the public and help to raise awareness of Lottery funded projects at a local level.

2.3 A Joint Approach

There was broad support for Camelot and distributors to work together on promotional activities but little support, mainly on cost grounds, for a separate body to do this.

MPs and Government:

Limited response. General support for joint working and promotion. Though support for the creation of a single promotional body was balanced by caution that the running costs of such a body should be proportionate to benefits received.

Voluntary and Charity:

While the majority supported joint promotional work, there was concern that it would introduce an additional layer of administration and that the public may perceive it as funds being diverted from good causes.

Some supported a single promotional body (with reservations about the cost) to improve knowledge of the Lottery generally, promote the huge range of successful projects already funded, to tackle the misconceptions about the Lottery, and to raise awareness of how to apply. Again there was support for improving local awareness and using award recipients to advertise locally. One respondent made the point that with many charities finding it difficult to get publicity, the promotion of an award locally would be an ideal opportunity for them.

Distributing bodies & Camelot:

There was strong support here for a professional, coherent and consistent approach to promotional activities. Many believed that this work should not duplicate or detract from the individual distributor's work in promoting their own programmes amongst their specialised audience.

The majority supported the creation of a single body to promote and market the generic value of the Lottery and the causes it supports. This was balanced with a call to ensure that the role, aims and objectives of this body would be defined before a final decision is made.

Some concern was voiced that a UK wide promotional body would have no regional distinctiveness, and would not have the capacity to respond to issues in the Devolved Administrations or to target messages effectively. There were various suggestions to combat this, including developing a devolved structure for the Devolved Administrations, and also establishing a link between regional Government offices and the Devolved Administrations.

Many responses suggested that there was a need to balance promotion with strict consideration of effectiveness and value for money, and many of the distributors expressed concern about the public perception of top slicing funds for the promotional body directly from the NLDF.

Several distributors suggested the use of a well briefed and quality controlled professional

agency, which could be accountable to a joint steering group. Others suggested that the licence holder should meet the costs of promotion, and that this could be built into the bidding process. It was felt that it would be within the licence holder's interest to encourage ticket sales, especially at a time when ticket sales were falling. There was also support for a continuation of the current joint working with Camelot, distributors and DCMS.

Local Authorities:

There was overwhelming support for Camelot and the distributors to carry out joint promotional activities to raise awareness of a single cohesive brand for the Lottery. However, there was little support for a separate body to achieve this. Local Authorities were concerned about the administration costs of such a body, and possibly more criticism of the use of Lottery money. They also had concerns that the public were already confused by the number of lottery bodies and an additional body would add to this. Having said that, many recognised the benefits of a joint promotional body that could provide an integrated approach to marketing and had the ability to move quickly and effectively to counter negative stories.

A number of Local Authorities suggested that a promotional body could be created by pooling ability from existing resources from distributors in a joint initiative with Camelot. A few responses suggested that a single promotional body would need a Regional infrastructure, and suggested cross working with the government offices.

2.4 National Lottery Day

<i>divided responses on this issue</i>
<i>concerns that it would cost too much, achieve little and take money away from good causes. Also that there were already too many themed national days.</i>
<i>Others thought it could be a good idea and should be linked to heritage open days etc,</i>
<i>much of the support was for focusing events locally and regionally.</i>

MP's and Government:

Limited response. The general feeling was that it could help raise awareness if marketed correctly, on a national and local basis, and in conjunction with work being done by individual distributors within their own sectors and with other campaigns that might arise from the creation of the single promotional body.

Voluntary and Charity:

Many had mixed feelings about this. Although it was considered a good idea, many registered their concerns that having too many national days can reduce their effectiveness and levels of public interest. There were also worries about the costs involved in staging such a day and whether this would be better spent on the good causes.

Some were concerned that as Camelot was a profit making company, the day must be linked to the good causes and the charities that benefit, and that the day should not undermine perceptions that the distributors were independent.

Other respondents were more positive about having a National Lottery day, with many reflecting that it would provide an opportunity for the media to focus on the Lottery's success stories. Suggestions included 100% of the ticket sales going to the good causes in a special draw, ensuring good local and national media coverage, and the use of the single promotional body to implement – working alongside the voluntary sector and local stakeholders. There was also support for using the day to foster community spirit. One recommendation was for a link to local businesses to find out which projects needed help, allowing companies to lend staff and resources for a day. Individuals could also be encouraged to give up a day to support local activity, by sharing skills or expertise. It was also suggested that, if free/ reduced price entry to Lottery funded projects, be included as part of the day, it should be restricted to local residents.

Distributing bodies & Camelot:

There was support for this from most of the distributors. It was seen as a focus for promotional efforts to increase awareness of the achievements of the Lottery, and again good television and media coverage was considered essential to maximise impact.

There was concern about the costs involved. Many questioned the feasibility of introducing free entry to organisations which have received Lottery funding. This could have an adverse effect on the viability of attractions and would involve a net cost, thus they would seek some form of reimbursement. There were also concerns that the implementation of such a day would be complex and resource intensive.

Local Authorities:

The responses we had from Local Authorities on this issue were divided into three groups. Many had concerns about cost and public perceptions related to a National Lottery day, some put these concerns on the record but went on to support the idea and many were keen to see a National Lottery day run in conjunction with local agencies.

Those respondents with concerns about the resources and costs involved in setting up and running such a day, were also concerned that a public with a poor perception of the way their £1 was allocated may see this as a further waste of money. Some were dubious that with so many "National days" this could be lost and may not add any further value than a well-targeted campaign that might be delivered for the same cost. Several respondents mentioned that this was not necessary since the Lottery was already associated with particular days, Wednesday and Saturday.

However, there was also strong support from others for a "National Lottery" day to show players what was being done with their money and to boost local/ community interest and involvement. The majority of Local Authorities that supported the idea said that it must have a regional and local emphasis. A number of respondents suggested the organisation should be based on Local Authority areas, allowing LA's to coordinate local agencies and successful applicants. Others suggested that, should a single promotional body be established, they could coordinate the day.

It was felt that since many lottery funded projects were revenue based the success of such a day would depend on good media coverage at National and local level and many were keen to see such a day based on the Comic Relief/Children In Need models which had a proven track record. Several suggested linking a central studio to a network of central regional

events, to report on local activities etc. There was general agreement that there should be a link to the National Lottery draw and some agreed that there could be a special jackpot. Others suggested that for that one draw all proceeds could go to the good causes.

2.5 Consultation

<i>recognition of work distributors already do (particularly at the regional level)</i>
<i>support for piggybacking on to existing consultation networks where possible (e.g. Citizen's Panels)</i>
<i>general opposition to tickboxes and local referenda largely because of concerns that "unpopular" projects will lose out</i>
<i>concerns over cost of additional consultation/local consultation fatigue/building in delay – needs to be managed carefully</i>

MPs and Government:

General consensus for greater consultation (apart from GO East) using local partners (e.g. voluntary groups, LSPs, etc.) Some MPs (Challen group) felt that tick boxes were a good idea, particularly with an option for players to decide on a proportion of money to be earmarked for their locality.

Voluntary & Charity:

Although there is broad support for greater consultation, this tends to be with local organisations and umbrella groups rather than individual members of the public. Where there is support for consulting the public there is a tendency to go for the proposals of using Citizen's Panels and Regional workshops to determine priorities and programmes, rather than consulting on individual projects. There is great opposition to the possibility of 'tick-boxing' or using local referenda to decide where Lottery money should go - many respondents felt that small and 'unpopular' charities would receive much lower levels of funding in future.

Distributing bodies & Camelot:

Distributors tended to feel that wider consultation was important, but were concerned as to what this might entail. They believe that they already consult widely as part of the development of their strategic plans. Heritage Lottery Fund's consultation for its latest strategic plan was particularly comprehensive using a wide variety of methods. Distributors were most concerned at using methods such as tick-boxing and local referenda, as they felt this could lead to greater support for popular causes at the expense of the minority. Camelot provided a number of suggestions for greater public consultation.

Local Authorities:

General consensus for greater consultation by using existing mechanisms. Most local authorities thought that tapping into existing research about the priorities of the local area, mainly through the development of Community Plans and Cultural Strategies, would save money and also reduce the possibility of consultation fatigue. Local Authorities, LSPs and voluntary umbrella organisations and Citizens' Panels could feed into consultation and co-ordinate with the public if this was needed. There was strong support for consulting on

priorities rather than individual awards and that any consultation should be on actual proposals rather than seeking blue skies proposals. A few LAs thought that consultation was pointless as there was a perception that priorities had already been set centrally and that their views were unlikely to be acted upon.

2.6 Public involvement in national and regional awards committees:

<i>broad support for existing arrangements</i>
<i>Some local authorities suggested councillors should be involved</i>
<i>many of the other respondents, particularly voluntary organisations, were against this</i>

MPs & Government:

Limited response. Three respondents were against councillors' involvement, one believed that they should be involved as they would be aware of local issues. There was some agreement for locally appointed representatives on awards committees.

Voluntary & Charity:

There was broad support for the current system of appointing members to regional awards committees - Heritage Lottery Fund's open advertisement and interview method was supported and so was Community Fund's 'by lot' (as long as the participants were experienced/had the capability). There were also some suggestions to include both community leaders and representatives from a wide range of voluntary organisations on the panels. There was no support for involving councillors, local politicians and MPs as it was felt that this would politicise the process and such members would be open to local lobbying. It was felt that this could also blur the concept of additionality.

Distributing bodies & Camelot:

There was general agreement to the setting up and use of regional committees, apart from Northern Ireland distributors on grounds of scale. Most committee members are appointed through open advertisement and interview. Although some distributors (Arts Council England and Sports Council Wales) involve local authorities in their awards committees, most distributors were against the involvement of councillors and representatives from the regional assemblies, as they believed this would compromise independent decision taking. There was however some support for looking at the Community Fund's 'by lot' approach.

Local Authorities:

Many thought that existing committees were fairly effective, but agreed that they should be extended to include representatives from a wider variety of backgrounds and local organisations. This sector showed much stronger support for involving local councillors on the committees than any other, arguing that they were best placed to assess local needs and they were generally aware of other projects going on. One also argued that, while they were democratically elected, councillors would add a level of accountability. Many respondents also felt that members of public and representatives from the voluntary section should be appointed through an open process. There was broad support for HLF and CF models, so long as appropriate training was involved.

2.7 Local decision-making

broad support for regional decision making (following local consultation for strategic priorities)- seen as striking the right balance between local knowledge and impartial decisions.

some support for smaller grants to be delegated to local panels and some support (particularly in Wales) for devolution to countries.

Some concerns about delegating decisions to a more local level, particularly over cost, additional bureaucracy and delay in making decisions.

MPs & Government:

Delegation of decision-making was supported by most of these respondents and a couple thought that delegating funding to other umbrella/local groups could be useful.

Voluntary & Charity:

There were mixed views about this section. Some believed that devolving decision-making further could increase bureaucracy and administration costs. Others felt that decisions should be made as locally as possible and there was a view that capacity may need to be built to facilitate this. There was reasonable support for the concept of allowing distributors (as with NOF) to allocate funding to local organisations for distribution - most of those who supported this felt that local voluntary umbrella organisations would be best for this role as long as their costs were covered and there was enough local capacity. (A couple of respondents suggested Local Authorities could distribute funding.) There were some concerns that this could increase administration costs overall, and that Lottery funding should be application led.

Distributing bodies & Camelot:

Most distributors have already devolved many of their decisions to a regional level and there was general consensus that this achieved the right balance between local priority setting and regional strategic overview. There were concerns that devolving to too great a level would incur greater administration costs and delay applications, although NOF has said that it will look to greater devolvement with some of its programmes in the future.

Local Authorities:

Although Local Authorities believed that distributors were not doing too bad a job in assessing local needs, there was a general consensus that they should be more involved. Views about local decision making were mixed - some felt that LAs and local partnerships should make decisions on awards as they were the best placed, while others believed that regional decision making (with awareness of local needs) provided a good balance between cost and strategic overview. There were also mixed views about allocating funding and NOF's awards partners. Some felt that distributing funding in this way provided a better chance of funding for those who would not otherwise be successful at bidding, and that this would encourage applications. Others felt that it made Lottery funding indistinguishable from other forms of funding.

2.8 Micro Grants

support for this as a 'first step on the lottery ladder' – could be used for capacity building using a very simple application process such as that adopted by "community chest".

some thought that it would add another layer of admin costs and that several other funders already provided these types of grants. Also a belief that Lottery money plugs a gap in larger additional funding and that is where the need is.

If micro grants were introduced local authorities, voluntary organisations and an expanded Awards for All were variously suggested to administer it.

MPs and Government:

Respondents welcomed the proposal to make smaller grants available at local level, though it was suggested that a Micro Grants scheme might not be the best way to do this. There were concerns that, even with streamlining, the scheme would be costly to administer for the amount of money involved.

Various alternatives were suggested, including delegation of distribution using the award partners' model via Local Authorities and Local Strategic Partnerships. There was also a suggestion that DCMS could consider the Small Grants Action Plan proposal to deliver all government funding via a single grants distributor in each (appointed by the Government Office for the Regions).

Voluntary and Charity:

These respondents were broadly supportive and recognised the benefits of running such a scheme and saw it as an opportunity to bring hard to reach groups into the funding mechanism. Mencap believed that it would be "a speedy way to get small grants to the very grass roots with a strong emphasis on good use of the money and maintenance of low overheads". The Black Environment Network agreed, saying that they have previously even given out "£20 or £50 to great effect for groups to do things. This is one of the truly infrastructural ways of allowing people to grow through undaunting small scale projects."

There were, however, concerns that cost of administration should not exceed the value of the grant, and calls to strike a balance between decision making on a local level and disproportionate cost. Again there was agreement, in line with the consultation document, that success would rely upon keeping applications simple and keeping administration, monitoring and related paperwork to a minimum.

There were some requests for an evaluation based on the cost efficiency of administering small grants, delegation of grant making at this level and whether there were already sufficient sources of funding for such sums, while others suggested a trial scheme to assess take up and costs.

Some Voluntary Organisations suggested that the scheme should compliment local Authority "Grant Aid" to prevent a reduction of the Community grants that Local Authorities already administer at a similar level. Most, however, favoured using umbrella voluntary organisations to administer the scheme at local level. There were a number of respondents who praised the work of Awards for All and suggested that they could administer the scheme, with decision making happening at a sub-regional level, allowing the

involvement of local stakeholders and utilising their knowledge of local circumstances and need.

Distributing bodies & Camelot:

Opinion was divided on this. Many were supportive, seeing the scheme as an opportunity to promote joint working, local decision taking, innovation and community benefit. Some distributors commented that they are already providing grants at this level. For example, the Millennium Commission mentioned that its Millennium Awards Scheme "already gives out what may be described as 'Micro Grants' to individuals, and it has proved both successful and popular."

Like many other respondents, there were concerns about administration costs exceeding grants, inability to monitor on a value for money basis and duplication of effort across the country (substitution or collision with other funding sources such as trusts and LAs).

The majority of respondents felt that, should the Government decide to go ahead, Awards for All should administer the scheme from the joint pot, through further delegation to local level. Based on an analysis of their applications, Awards for All have suggested that there may not be significant demand for awards under £500. However, they recognise that there are other sources of funding in the Micro Grants sector and that the market for Micro Grants may have different characteristics from the Awards for All market. They are interested in further research and have put forward a proposal to pilot the delivery of Micro Grants on a targeted sub-regional geographical basis. This would require a radically streamlined application process, and officer delegated decision making at, or shortly after, the point of application.

Local Authorities:

Many Local Authorities welcomed the idea of Micro Grants delivered at the local level, and agreed that small grants could have a tremendous impact at grass roots level. However, there was concern that considering the small scale of the grants, it would be imperative to keep administration costs and bureaucracy to a minimum. Some felt that since many localities already had access to Micro Grants through various funding sources, an additional funding source may cause confusion, lead to abuse (double funding) and flood the capacity to spend at this level. Several respondents suggested a cost benefits analysis.

There was general agreement that the decision making process must reflect local needs and priorities. Some suggested that the scheme could add value to the work with Local Strategic Partnerships, regeneration activities and other local providers. Decision makers would have to be aware of these activities.

The potential for Micro Grants to assist in capacity building, alongside the funding role, was identified. The process of application would develop the skills of organisations and individuals, enabling them to get on the first rung of the ladder. For many groups success at this level may encourage them to apply for larger grants.

A number of respondents suggested that through joint working at the local level Micro Grants could be used as a targeting scheme for pockets of deprivation that were not counted in larger indices. This could help neighbourhoods that missed out on other forms of small scale funding.

The majority of respondents favoured the use of local agencies to administer the scheme,

including CVS's, Community Councils and Local Authorities. They felt that delivery through existing conduits for funding would save setting up and administration costs, avoid duplication, prevent the confusion that a number of different funding bodies could cause, and would make best use of their knowledge and expertise. Others felt that rather than create an additional body, or layer of bureaucracy it would be simpler and equally effective to extend the Awards for All scheme, if changes could be made to the decision-making structure and quicker turnaround for assessments was introduced.

Section 3: Ensuring that funding is more fairly distributed to all areas and communities across the UK

3.2 Capacity Building

<i>There was a general acceptance of the need for this, but opinion was split between the need for building capacity generally and targeting deprived areas.</i>
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<i>Opinions also varied as to who would be most suited to provide and fund this role - Lottery distributors, Local Authorities or the voluntary sector (the last two possibly funded by the Lottery).</i>

<i>Some favoured an ad hoc approach with local arrangements to suit local conditions</i>
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MPs and Government:

The Regional Coordination Unit (RCU) believed that capacity building should be universally applied but with specific targeting to deprived areas and that distributors should engage in the current Community Capacity Building Review led by the Active Community Unit in the Home Office. They also suggested that Lottery distributors address capacity issues with the neighbourhood renewal teams in the Government Offices (GOs) and the Regional Development Agencies (RDAs).

Kevin Hughes MP (Doncaster North) said: "a multi sector approach building on existing good work. Local authorities and local voluntary sector have good local knowledge but sometimes lack the detailed knowledge about Lottery funding processes. The reverse can be true of Lottery distributors."

Voluntary and Charity:

The majority of responses from the voluntary sector felt that the greatest deficiencies exist in areas of the greatest deprivation. They favoured a universal approach but with extra positive action towards those groups and geographical areas where take up is low. Citizen's Advice Scotland said: "There should be universal provision to ensure equality as not all problems are known, or are obvious."

Respondents welcomed the work done by Local Authority Lottery Officers in many areas to provide advice and support to local voluntary sector organisations and commented that in many parts of the country the CVS received funding to carry out advice and outreach work. However the level of support was patchy and not necessarily available in the areas with the greatest need. Some respondents felt there was scope for distributors to fund more

external organisations to carry out capacity building in areas where there is an identified need.

Distributing bodies & Camelot:

Lottery distributors (LDBs) are keen to work with partner organisations to build on existing strength and expertise rather than duplicate existing provision. The majority expressed the view that it should be universal and take into account the Treasury Cross Cutting Review.

Some distributors thought the concept of support should be applied throughout all the stages of a project, not just at the application level, and especially after admission to a programme or a grant has been awarded.

Local Authorities:

Local authorities (LAs) were split between those who favoured either universal or targeted provision with a smaller number opting for a mixture of the two options. The Local Government Association (LGA) said: "As the Community Empowerment Fund is aimed at the 88 most deprived local authorities only, this (universal provision) would counterbalance existing targeted provision." LAs agreed that the 'variety of network' approach was most suitable and must be for longer than the initial application period, perhaps months or even years. This would vary from area to area depending on local circumstances and could be offered through the CVS or LA. This approach would require adequate training and funding from the Lottery to develop a sustainable network. Camden Borough Council said: "As there is no statutory requirement to provide such a service, the present ad hoc approach might be the best answer. There are arguments for such staff to be based in the voluntary sector given that they would have autonomy from the local authority. The use of private sector consultants, other than within specified and complex projects, is not a good idea as their motives are not necessarily consistent with local priorities."

ILAM & CLOA said: "There is no one route. People gather information, support and advice from a range of sources often dictated by their own expertise. Supporting applicants requires more than one phone call or visit and could last for months, even years. Lottery distributors need to make more use of existing local and regional networks, but it is acknowledged that they are the most knowledgeable sources of advice in respect of their own areas of responsibility."

Coalfields:

The Coalfields Communities Campaign said that targeting resources to specific areas/groups held merit. They identified that this would not address the problem for everyone as there are many more deprived areas than could be targeted.

3.3 Targeting areas and groups

Organisations and local authorities connected to coalfields, deprived, and rural areas tended to be in favour of targeting.

Others took the view that applications should be based upon merit only - deserving projects should not fail to receive funding as result of targeting.

There was broad support for indicative allocations rather than ring fencing as this would provide flexibility.

3.3.1 Should funds be targeted at local authority, ward or constituency level?

MPs and Government:

Lindsay Hoyle MP (Chorley), said that despite wanting a more equitable spread, it is important to ensure that "grants and funding are distributed on merit as opposed to allocating local authorities with a sum of money to distribute as they see fit". He also thought that targeting based on a constituency basis would not work because of the variances between wards in constituencies. For example, constituencies may vary dramatically between the wards with pockets of deprivation severely effected by drugs, unemployment and crime.

However, Peter Luff MP (Mid Worcestershire), did see the need for the introduction of "some kind of levelling mechanism", to ensure that the application process was not dominated by "metropolitan areas with large concentrations of professionals good at submitting lottery applications."

Mark Todd MP thought that ring fencing was an acceptable mechanism in extreme cases and referred to the Brass for Barnsley programme.

Voluntary and Charity:

There was a range of opinions from the voluntary sector concerning this issue. The huge disparities between wards and constituencies was recognised and there was concern that an applicant's address could often be more influential in the successful outcome of an application than the quality of the project. N. I. Council for Voluntary Action said: "Funds ought to be targeted at the area of need rather than at geo-political boundaries such as LA, ward or constituency boundaries." There was a concern that targeting funds to particular areas goes against the principles of fairness and equality. However, if funds are to be targeted, there must be scope for non-targeted areas to be in with a chance.

Some felt it was better to set indicative targets rather than ring-fencing money for particular groups or areas. The N. I. Council for Voluntary Action recommend using indicative targets and where they are not met, ring fencing funds could be an option. Many felt that indicative targeting would have a much longer lasting effect on influencing long-term investment.

Distributing bodies & Camelot:

Distributors commented that requirements for different types of targeting were not just governed by geographical location as there were other factors e.g. young, black and ethnic minority. Individual wards were believed to be most suitable for targeting as Local Authority

districts were not homogenous in character or deprivation and neither were parliamentary constituencies. In general they were in favour of indicative target setting as ring fencing was viewed as unfair by some local groups and was not always the most suitable option. It could make groups/areas, which are not included in the programme feel they have little opportunity of receiving a grant because of targeting and ring fencing.

Local Authorities:

Some Local Authorities thought that the concept of ring fencing went against the principle of equal access to Lottery funding, and good projects in other areas could lose out on funding. Others felt that rural areas would lose out to urban communities which could demonstrate a higher incidence of deprivation, and so funding should therefore be based solely on the application form. The LGA said: "Clear criteria and objectives for funding applications should be enough to encourage a degree of targeting without the need to ring-fence".

Although most Local Authorities preferred the concept of indicative targets, they showed concern about the size of the geographical area. It shouldn't be too large or it could perpetuate the current imbalance, but if it was too small would be too restrictive. Some thought Lottery distributors should be made to provide indicative allocations on an area basis to ensure the transparency of the process.

Those that supported ring fencing felt it would address target priorities that should be agreed at local level. It was supported where it would deliver social inclusion outcomes. Local Authority areas were suggested as the most useful administrative area to consider when targeting funds, as Local Authorities themselves were best placed to identify local areas of need. There was however recognition that pockets of deprivation exist which do not show up on deprivation indices and some areas of need straddle existing administrative boundaries.

It was suggested that Lottery distributors needed to work in close partnership with local organisations e.g. Local Authorities and CVS in order to successfully target locally. Durham County Council referred to the importance of targeting groups as well as geographical location. They said: "When targeting funds it is important to acknowledge that of targeting certain user groups as well as geographical locations."

Coalfields:

Coalfields groups felt that Brass for Barnsley had been a successful example of where ring fenced funding could work in a deprived area. Fairness needs to be defined by need, and not by skill in applying for funds. The Coalfields Communities Campaign said: "Setting indicative allocations for all parts of the country is the best way to iron out the big differences in grant receipts between areas".

3.4 & 3.5 Applications and application forms

little support for a single application form generally, given the wide variety of detailed and often specialist information required by different distributors. Instead the view was that core information requirements (e.g. applicant details) should be standardised across distributors.

support for a single application form for cross-distributor projects (e.g. Community Halls)

suggestion from distributors to investigate a single pre-application form

more support for the idea of a 'single front door' rather than a single application form.

MPs and Government:

These responses were fairly brief and understandably did not display the same depth and breadth of knowledge of Lottery application processes as the local authority or voluntary sector responses. Responses from the Treasury and the RCU called for a single application form, but neither gave detailed proposals as to how this would work in practical terms, or how the problems and pit-falls identified by local authorities, the voluntary sector and distributors might be overcome. Government responses did flag up the benefit of distributors liaising with the ACU, RCU and NRU in any further initiatives on small Lottery grants.

The MP responses concentrated on targeting rather than aspects of the applications system. Those who did mention applications (3) called for a single application form.

Voluntary & Charity:

There was recognition by the voluntary and charitable organisations of the substantial work done by distributors to simplify application processes for grants under £100,000 in response to the QUEST report. Responses from the historic and museums trusts were particularly complimentary of the measures taken by HLF to simplify its application process. The general opinion was that a single application form across distributors would be neither practicable nor helpful. There was support, however, for a single form for cross distributor projects. In this category of responses, the emphasis was not on a single point of entry as a means of simplifying Lottery funding processes (though this was mentioned by the East of England Regional Assembly), but rather the standardisation of forms. Forms should have a common look, structure and terminology. The Samaritans suggested the introduction of a separate common information form for all Lottery bodies. Both the NVCO and the East Midlands Regional Assembly suggest that distributors examine the scope for "passporting" information when organisations apply to more than one distributor or funder or make multiple applications to one distributor. A number of respondents said that the language in forms could be clearer.

Distributing bodies & Camelot:

Distributors were convinced, having examined the issue, that a single application form would not help applicants and would only make the process more complicated as all distributors needed to ask different questions. Heritage Lottery Fund was open to the idea of a common pre-application form. Other distributors were willing to look at how they might further standardise their application forms, for example, by using the same format and terminology for the core information requirements common to all distributors. (It is worth noting that agreeing a set of common core questions was a commitment they signed up to following the first QUEST report.)

Local Authorities:

Local authority responses on the whole have been comprehensive and considered,

displaying a good working knowledge of the distribution bodies and their application processes. There has been general recognition of the work already carried out by distributors to simplify their individual application forms. Most local authority respondents viewed the proposed single application form as impractical and a step that would only serve to complicate and put at risk what distributors have already achieved in terms of simplifying their individual forms. There was, however, support for having a single cross distributor application form in certain circumstances, for example, for smaller grants, and for multi-use community halls, or other situations where an applicant has to apply to more than one distributor. A substantial number of respondents suggested that a common doorway for pre-application information, advice and support would be much more helpful to applicants as many groups did not know to which distributor or programme to apply. This approach would mean that at the interface with the public, the Lottery would function as a single entity. There was also mention of the need to make application forms more standardised where possible.

Coalfields:

Recognition of the difficulties of devising a single application form - as the CRT states a single form "really is a holy grail and unlikely to be achieved ". Both the CCC and the Leicestershire & South Derbyshire Trust see the application processes being best simplified by a single point of entry, with distributors, not the applicant, deciding which is the most appropriate distributor and programme for a particular project. The CCC confirms that there is a need for development support from project development to completion and beyond where necessary. This support would be provided by means of one-stop Lottery shops and developmental workers. Costs should be seen as project costs.

3.6 Electronic Applications:

<i>broad support for increasing the availability of electronic applications, as long as paper copies were available to those that did not have computer access/technical skills.</i>
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<i>Should be a standardised, user friendly format</i>

<i>Interactive application forms also broadly welcomed, but respondents generally preferred them to be downloadable or on disk, rather than filled in on-line.</i>
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MPs and Government:

Little comment from this group of respondents on electronic application forms, but those who did comment were in favour of the further development of this mode of application.

Voluntary & Charity:

All respondents who commented on this issue were in favour of the further development of electronic forms. The following points, which largely echo the comments from local authorities, were flagged up: all distributors should use the same format, not a plethora of different formats as was currently the case; applications should be in a protected Microsoft Word format, electronic forms in web-based formats or Adobe Acrobat required a standard of computer and a level of IT skill that was not universally available to voluntary groups; it should be possible to e-mail forms as different organisations often had to contribute to the completion of application forms for large capital projects; and the need to ensure that paper applications continued so that no-one was disadvantaged.

Distributing bodies & Camelot:

Distributors were in favour of the further development of electronic applications, but were aware of the need to continue to provide hard copies.

Local Authorities:

There was a great deal of support for the further development of electronic application forms. Many local authorities, however, sounded a note of caution that distributors should continue to maintain hard copy application packs as not everyone had access or the expertise to complete forms electronically. Particular issues were flagged up: work needs to be done on the signature issue- currently not all application forms can be submitted electronically because of the need for an original signature; formats should be consistent across distributors; the prevalent PDF format was difficult for applicants to use unless they bought the Adobe Acrobat software, which meant extra costs, so it would be preferable for application forms to be in a standard Microsoft Word format; also Community Fund forms completed electronically could not be e-mailed to a Windows-based computer which was inconvenient for those groups who wanted to send their application to others for checking or advice.

3.7 Lottery distributors as investors:

<i>need for early and honest feedback about applications' merits with the opportunity to re-submit with support was a consistent theme</i>
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<i>some support for greater investment in deprived areas, towards capacity building.</i>
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<i>some respondents felt that distributors should invest throughout life of project, whilst others thought that this would add too much to administration costs.</i>
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<i>need to maintain independence of both applicant organisation and distributor</i>

MPs and Government:

The majority of respondents in the category did not comment on this theme. Kevin Hughes MP noted that it was a good idea to have a named case officer and that better quality and earlier feedback would be helpful to applicants.

Voluntary & Charity:

Respondents broadly supported the idea of distributors working with applicants to help them secure a positive outcome. This general agreement was qualified. Balance would be needed- too much support might mean that groups were succeeding with applications but struggling to manage their projects afterwards. Such support should not be available across the board but would be appropriate in areas of disadvantage or where capacity building was required. Also mentioned was the need to maintain the independence of the applicant organisation. Distributor should give this support in partnership with local agencies, which would not only be an effective delivery mechanism but would keep down costs. Responses

vary as to whether expenditure on support should be met from project or administrative costs. The Samaritans suggested that evidence be presented as to how other funders who had adopted an investor approach account for its resource use. The NVCO response stipulated that the value of such an approach must be assessed.

A named caseworker was considered a good idea by most. One respondent stated that the standard of grants officers was "appalling" as they were overloaded and had no time to take an interest in projects. Another noted the rapid turnover of Lottery staff. Glasgow Preservation Trust stated the availability of regular informed communication with a case officer over the duration of a project application was essential but probably only possible if comfortable levels of core staff were available. There was a general call for earlier and more detailed feedback. The Directory of Social Change suggested that a scored application form be returned to applicants whether they were successful or not.

Distributing bodies & Camelot:

Distributors generally agreed that there was a need to support applicants. However, as such support was expensive it should be targeted. Those distributors operating a two-stage application saw this as an effective means of providing support. Most distributors consider that the costs of such support should not be regarded as administrative, but project-related. The Community Fund would welcome an accounting framework that enabled development and outreach work costs to be identified separately within its overall administration costs. Most distributors agreed there should be a named case officer for cases above a certain scale, with HLF, SAC and ACW stating that they had already adopted this practice. Those who have commented on feedback said that they did provide detailed feedback to failed applicants.

Local Authorities:

Overall, local authorities agreed that distributors should be investors as well as grant givers. Support was considered to be particularly helpful for larger grant applications. Some respondents, however, highlighted the need to keep the roles of project owner and funder separate in order to ensure proper assessment of the project and its long-term sustainability. A number of local authorities mentioned Sport England's two-stage application process as a model of support through the process that other distributors might examine with a view to use for particular projects. There was a very mixed response on whether distributor support should come from administration or project costs. Most of the respondents called for earlier and more detailed feedback from distributors. Initial feedback would allow applicants to review their bid at an early stage and amend their applications or apply to another funder if their application was ineligible or did not meet the distributor's funding priorities. The majority who commented on the issue regarded a named case officer as a good idea for projects over a certain value.

3.8 One-stop-shops

There was more support for support for 'virtual' one-stop-shops than for fixed physical locations since the latter could be expensive and less flexible. Ideas included expanding the hotline and telephone helpline.

However some concluded that physical one-stop-shops/ road shows could be useful in deprived areas.

If we were to go down the route of physical shops the feeling was that they should provide information about all kinds of funding, not just Lottery.

MPs and Government:

Most believed it was better to invest in existing networks and provide training to deliver such a service. Peter Luff MP (Mid Worcestershire) thought that information centres run by local authorities could offer Lottery and other advice. The Home Secretary's view was that one stop shops might be better integrated into a generic funding advice facility on the High Street or a website.

Voluntary and Charity:

The voluntary sector believed that the introduction of new forms of assistance should build on the existing support services that are already receiving public funding, rather than undermine or fragment these. Some felt the existing telephone help line is all that is needed.

Other suggestions included the setting up by regional Lottery distributors of shared offices that could offer development support and provide hands on help, including free technical support. To cut costs it was thought that one-stop shops could be established in the regional distributors' own reception areas. For the further flung applicants, a mobile exhibition/consultation facility or full-time Mobile one-stop shops was suggested.

Distributing bodies & Camelot:

Lottery distributors were broadly in favour of one-stop shops, although they commented that costs and added value would need to be assessed properly. The South West joint distributor partnership referred to the success of their pilot one stop shop in Plymouth, located in a lottery sales outlet. Distributors thought the provision of one-stop-shops should not be UK but country based, with regional provision in England. Distributors were keen to examine existing organisations and build upon what is already there.

Local Authorities:

Most local authorities were in favour of one-stop shops although some thought there was little value to be gained. The London Borough of Camden said: "They are too problematic to implement. In remote areas they would be worthless for all but those located within a couple of miles of 'the shop'." A small number felt that the local authorities and the voluntary sector should be developed which would make the concept of a one-stop-shop redundant. Most responses were in favour of a universal programme to assist all applications. Experience of the applicant would dictate the level of support required.

The majority of LAs think the service should cover any funding available and serve a local area e.g. local authority area. ILAM & CLOA said: "There may be benefits for having a genuine one stop shop which gives advice not only on Lottery funding but other funding schemes appropriate to the arts, sport and heritage applicant as well. A multiplicity of advice mechanisms should be used as at present."

Overall the LAs want a regional UK wide scheme with the possibility of local schemes to be developed, perhaps integrated with delivery. The Local Government Association said: "A

website could provide a national service.”

Coalfields:

The Coalfields Regeneration Trust said the shops should be established in targeted areas where take up is low and where there is evidence of deprivation. While most respondents felt these initiatives were necessary for areas of deprivation throughout the whole of the UK, they will need to vary in character depending on the circumstances of each area.

3.9 Working Partnerships

Partnerships between distributors and local organisations were generally seen as essential, but there were concerns about Lottery funding being merged with other funding – losing principle of additionality.

MPs and Government:

There was a recognition that Lottery distributors already consult with local authorities, regional development agencies and the organised voluntary sector. The RCU suggested referring all programmes to the RCU and Government Office Network for assessment during the early stages of policy formation, to achieve better synergy with other funds. Also Lottery distributors need to build better consultation with the Government Offices and Local Strategic Partnerships for the delivery process.

Voluntary and Charity:

The voluntary sector stressed the importance of Lottery distributors independence from national, regional and local government. This helps to ensure that Lottery funds remain distinct from other public funds while ensuring they achieve synergies with these same funds. To the same end Lottery distributors should continue to take decisions on the choice and design of funding programmes, but based on a thorough assessment of needs and priorities and in consultation with all relevant stakeholders (as in the case for the Community Fund, for example). A clear distinction between the funding of Lottery projects and statutory services remained essential. ILAM & CLOA went further, commenting that the Lottery is there to fund work the Government cannot do and therefore synergy is not desperately relevant.

Distributing bodies & Camelot:

Lottery distributors are developing relationships with Local Strategic Partnerships and have involvement with regional organisations e.g. Regional Sports Boards. There was an acceptance that the Lottery can't be considered in isolation, and that strategic synergies are needed between Lottery distributors and other national, local and regional agencies (and demonstrated in the latest published distributor strategic plans). Lottery distributors drew attention to the existence of The Lottery Forum, which consists primarily of LA Lottery Officers, reps of Lottery distributors, Regional GOs, RDAs, Trusts, Foundations and other relevant bodies. However they felt strongly that these important partnerships should not erode the principle of additionality.

Local Authorities:

Local Authority felt that Lottery distributors must align their strategic plans more closely to local and regional strategies. Distributor's aims and delivery strategy must be clear, concise and regularly reviewed. This can only be achieved through working in partnership with local and regional agencies, including cultural regional sectors, RCCs and LSPs. To do this, the Lottery distributors would need to be at the table, locally, regionally and nationally. They were clear on the need to achieve synergy with other funding streams, but strongly emphasised that in doing so the principle of additionality should be maintained.

Coalfields:

The Coalfields Regeneration Trust wants the development of joint programmes that bring together distributors such as NOF, Community Fund and the HLF. Such programmes to be set within the surrounding sub regional and regional planning context.

Section 4: Managing the distinctive challenges of Lottery funding

4.2 Additionality

<i>strong support for the concept of additionality but with recognition of the need for Lottery funding to complement other funding streams</i>

<i>some called for a re-definition of additionality</i>

<i>a few felt that it was no longer relevant</i>
--

<i>significant support for the continued independence of distributors.</i>
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MPs and Government:

There was general commitment in this group to the principle of additionality and to the independence of distributors, although the RCU felt that distributors should nevertheless develop programmes that complemented Government's strategic priorities. However Des Browne MP commented that added value was more important than additionality per se.

Voluntary and Charity:

Most of this group considered the additionality principle to be vital and that Lottery funding should never be used to substitute for exchequer funding. The Northern Ireland Council for Voluntary Action said "additionality ought to fund primarily those activities outside of Government obligation, and not just those which Government do not fund". But many also felt that it was important that Lottery funding complemented exchequer and other funding, while retaining its separate identity. The National Council for Voluntary Organisations said "A clear distinction needs to be maintained between Lottery programmes and any mainstream initiatives they complement". A number of organisations expressed concerns

about the New Opportunities Fund with one saying that "Funding directed towards NOF has compromised the principles of additionality".

However some organisations felt that a more flexible definition of additionality was needed and a few, including the Minority Rights Group, considered that additionality to be no longer particularly relevant.

Distributing bodies & Camelot:

The majority of Lottery distributors believed that additionality should continue to be a fundamental principle of Lottery distribution. The Arts Council of Wales commented that the Lottery was the primary source for one off grants, and that additionality was as relevant today as ever. All believed that Lottery funding should complement other funding and that, as the Community Fund put it, " Lottery funding is part of the overall pattern of local funding for projects", and the Heritage Lottery Fund pointed out that " the principle of additionality remains, but Lottery funding can still support wider Government social and economic objectives".

However the Scottish Arts Council commented that while the principle of additionality was still relevant, there was a need to be more flexible in our interpretation of it. The New Opportunities Fund argued that Lottery funding existed to "complement mainstream funding, innovate, pump-prime", and to remain distinct from mainstream funding while meeting strategic priorities.

The Film Council were not as committed to the principle of additionality, believing that distributors should have more discretion to put Lottery funding where they saw the need.

Local Authorities:

Most local authorities came out strongly in favour of additionality. Barnsley Metropolitan Borough Council's comments put the general feeling most succinctly: "additionality and not substitution should remain the purpose of Lottery funding". However they go on to say "Lottery distributors should continue to work strategically with other funding agencies both at national and regional level in order to ensure 'complementarities' with other funding priorities". This is a common theme. As the London Government Association put it, "distributors need to work in partnership with central government, regional bodies including the Government Offices, local government and Local Strategic Partnerships in order to ensure that funding aims and objectives complement each other". Camden Borough Council's method of ensuring this was straightforward: " joined-up thinking and better liaising between distributors".

On the other hand a few local authorities felt that additionality was less important than identifying and funding projects that worked.

4.3 Sustainability:

<i>all recognised sustainability as a key issue: mixed views on how it should be resolved</i>

<i>need to explore sustainability at outset of project</i>
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recognition that not all projects are sustainable

need for closer working between Lottery and statutory funders

Voluntary & Charity:

The voluntary sector felt that projects were currently spending a disproportionate amount of time seeking new funding streams and developing exit strategies during their time-limited funding period. It was felt that distributors should spend more time with new projects during the development stages to coach them through the end phases of their plans and explore ways to sustain them beyond their Lottery funded period.

Again there was a view that projects tend to turn to Local Authorities for support once their Lottery funding has run out, so strategies for segueing in statutory funding at the end of Lottery funding periods need to be explored. One respondent suggested that distributors should look at the infrastructure needs across the Voluntary sector. Funders should get together to understand what a balanced sustainable community should look like.

Distributors & Camelot:

Among distributors there was an understanding that a willingness to innovate and take risks meant that certain projects would necessarily fail, but they also understood that some projects deserved to be supported beyond the time-limited funding period currently provided by many distributors. Some distributors were already addressing sustainability issues, most notably the Community Fund and the New Opportunities Fund (NOF).

There was general agreement that the issue of sustainability was one which statutory authorities needed to take partial responsibility for. It was felt by some distributors that the Government and Local Authorities should step in to provide core funding to guarantee the sustainability of projects which were of National or Regional importance. NOF in particular felt that "...a clearer statement of the Government's practical expectations for the sustainability of Lottery-funded activities would be helpful...".

4.4 Extended revenue funding:

most supported the idea of funding being made available for longer periods (around 5-6 years) particularly for deprived areas

the Community Fund's tapered funding approach was commended

however extended revenue funding should not be a substitute for statutory funding

some supported revenue funding throughout the life of projects in deprived areas

MPs and Government:

MPs were in favour of tipping the balance towards extending the funding for projects which have proven to be an asset to the community. The Treasury suggested a cautious balance between extended revenue funding and time-limited funding.

Voluntary & Charity:

Most voluntary sector bodies welcomed the idea of extended revenue funding for some projects. The projects would need to meet certain standards in terms of outcome and viability but a balance between funding new and innovative projects and sustaining successful projects could be sought. Three years was not generally seen as a long enough time for projects to establish themselves effectively and set up their own income streams. Most voluntary sector bodies agreed that five or more years of time-limited funding was the ideal approach as long as projects were monitored and assessed after their first term of funding. Depending on their success, projects could then be offered tapered time-limited grants. There was general agreement that applications for extended funding should be considered on a case-by-case basis.

Many voluntary sector bodies suggested a tapered approach to extended funding as an alternative to time-limited funding. (For example, 30% of the initial grant one year, falling to 15% the next year.) There was agreement that distributors should avoid providing extended funding for all projects as this would lead to a dependency culture among funded projects. That being said, many Voluntary sector bodies suggested that the Government or Local Authorities should take on the funding of successful projects.

Generally, voluntary sector bodies were in favour of extended funding for deprived areas although this would have to be heavily means tested and not based on current deprivation indexes. A few, however, again took the view that targeting extra funds to some areas at the expense of others went against the principles of fair and open competition.

One respondent suggested that providing extended funding would make it easier for projects to attract EU match funding. At present, the length of time for which projects are currently funded, prohibits applications due to the length of time it takes to apply to the EU.

Once again, an emphasis was placed on the statutory responsibility for capacity building in local communities. Lottery funding should not be a substitute for statutory funding.

Distributing bodies & Camelot:

There was a mixed response from distributors in terms of extended funding. Many distributors suggested that what was required was a balance between sustaining projects, which required and justified longer-term funding, and retaining funds to kick-start new projects.

Some respondents were sympathetic to the idea of distributors providing limited extensions to funding which would be assessed using strict criteria on a case-by-case basis. They felt, however, that longer term funding for cyclical or ongoing projects should be a bridge to mainstream funding- not a substitute for it.

Local Authorities:

The majority of Local Authorities were in favour of some sort of extended revenue funding being offered by distributors, presumably for the reasons expressed above, that projects tend to turn to Local Authorities for funding once their Lottery allocation has been used up. That being said, most Local Authorities who were in favour of extended funding added a caveat. Some suggested that tapered second grants should be offered to projects that have proven their value and others suggested extending the usual present maximum period of funding from three years to five years.

There was general consensus that a balanced approach to funding would work best. The East Midlands Regional Assembly, suggested an approach where certain funds would be ring fenced to provide longer-term support for projects that met certain strict criteria:

"There is a case for determining a maximum percentage (say no more than 50%) of NLDB funds that can be used to contribute to on-going organisational costs for organisations which are:

- Meeting identified needs and priorities
- Delivering activities to agreed standards that would otherwise have difficulty in sustaining projects long-term."

The general view was that deprived areas or those areas that had difficulty securing Lottery funding should have the benefit of targeted longer-term funding. There was, however, the occasional response, arguing that deprived areas already had access to enough ring fenced funds, and that applying for grants should be seen to be subject to fair and open competition.

4.5 Core funding

most believed that it was right to fund core costs associated with Lottery projects

some believed there was a case for more general core funding of groups which were delivering a useful service - particularly in deprived areas

Government departments & MPs:

There was some support for core funding of projects from this group, albeit on a limited basis. The Home Secretary felt that there was a case for full cost recovery of core costs associated with particular projects, and this reflected the general view. There was no support for general funding of core costs for organisations from Departments, although Kevin Hughes MP felt that there was a great need for help with core funding costs in deprived areas. Some Government Agencies believed that distributors should have discretion to fund core costs for smaller organisations in certain circumstances.

Voluntary and Charity:

Most of this sector believed that it was right to fund core organisational costs associated with individual Lottery projects.

However a smaller number also believed that it was right to provide longer term core funding for successful organisations. As the Council of Ethnic Minority Voluntary

Organisations put it, "there is a need for core funding, which is a far more effective deployment of resources than the current emphasis on short-term projects". Others recognised, however, that long term core funding would lessen the funding available to new projects.

Distributing bodies & Camelot:

Mixed views here. Some felt there was a need for a flexible approach in the short term, perhaps best represented by the Community Fund's policy of funding core costs associated with specific Lottery projects, at least for smaller organisations.

Others, such the Sports Council for Wales, felt that core funding should only be provided via exchequer funding, although Arts and Sports Councils generally recognised that their position as dual funders gave them a degree of flexibility not possessed by other distributors.

Local Authorities:

A majority of Local Authorities believed that it was right for distributors to meet core costs associated with particular Lottery projects although " the provision of core funding should not extend beyond the recent (and appropriate) review of Community Fund policy" (East Midlands Regional Assembly).

However many, like the London Government Association, felt that there was also a case for wide core funding, "particularly in deprived areas, for groups which are delivering a valuable community resource". However for some this was not an appropriate use of Lottery funding.

4.6 Endowments

<i>some were in favour of endowments to provide secure revenue funding for certain types of projects</i>
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<i>others were against it as they considered it would tie up too much lottery money in too few projects.</i>
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<i>Some were in favour of introducing enabling powers, so that distributors could offer endowments sparingly in very specific circumstances</i>

<i>some support for the concept of expendable endowments</i>
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MPs and Government:

Endowments were given cautious support by MPs and Government Departments, the Treasury being the least supportive. Tony Wright MP supports the removal of the anomaly that currently prevents distributors funding endowments. This is, of course, being addressed by a Private Members Bill, currently being actioned by NOF and CF Branch. The ODPM pointed out that endowments had been successfully pioneered in the English Regions.

Voluntary & Charity:

There was once again a split in opinion on endowments depending on the type of voluntary sector body responding. Generally the view among charitable trusts and community and volunteer groups was that endowments were a risky idea that tied up too much money.

Some groups, however, accepted that the limited use of endowments could be useful in setting up national organisations to offer micro-grants.

The heritage sector on the other hand was most keen on the use of endowments. These would be used to cover maintenance costs once the capital costs of buildings had been covered. The Heritage Lottery Fund was held up as an example of how a balanced approach between revenue funding and limited use of endowments could address the issue of sustainability in the sector.

Overall, the limited use of endowments for exceptional projects that were of proven national or local significance was considered acceptable but on the whole endowments were treated with scepticism.

Distributing bodies and Camelot:

There was limited acceptance of the idea of endowments by distributors. Distributors were largely sceptical because of the huge amounts of money needed to set up the endowments and the expertise required to manage them. The general view was that endowments should only be set up under exceptional circumstances.

Sport England was against the idea of endowments but proposed that the Treasury could instead consider granting a holiday from its 12% tax revenue on Lottery turnover to set up an expenditure endowment fund that could help stabilise the income for good causes. This could also be used to top up the NLDF.

Local Authorities:

The field divided fairly evenly into yes, no and maybe camps. Some Local Authorities were particularly keen to see how the Fairshare local trust initiatives performed before making judgements on endowments. Community Foundations were also suggested as test cases. Walsall Metropolitan Council suggested that the Endowment funding in the Fairshare areas could be used as a benchmark to ascertain the operation and success of this type of funding. There was also a proposal that 10% of unclaimed prize money could be used to fund endowments.

4.7 & 4.8 Innovation and risk, Reducing red tape for low-risk projects:

<i>Most replies were in favour of a reduction in red tape</i>
<i>The idea of proportionality – a longer process for projects with higher risks – found favour</i>
<i>Proper business planning and exit strategies were seen as essential</i>
<i>The fact that projects may fail was noted by many replies</i>
<i>Some replies commented that the controls currently in place served a good purpose.</i>

On a general level, the idea of giving greater discretion and reducing the levels of paper work needed were well received and received support from all quarters.

On the issue of innovation, there was much support for giving distributors further powers through a loosening of the wider control framework. The response from West Lothian Council contained a characteristic remark. 'Key elements in the added value of Lottery funding lie in its potential to encourage innovation and social entrepreneurship, both of which involve an element of necessary risk.' Lindsay Hoyle MP made the link between innovation and capacity building. Greater information about what the Lottery can and cannot fund, including innovative projects, would be of value. The value of innovative projects in sustaining the notion of additionality was also noted in several responses, including that from the Millennium Commission.

The issue of risk drew a similar response, and was seen by some to go hand in hand with innovation and wider controls, as implied in the consultation text. The Arts Council of Northern Ireland, for example, said that they would strongly support "risk taking with rationale," but accountability would need to reflect this. Several responses commented that some applicants, particularly smaller ones, would welcome more support in handling and managing risk. Many saw a place for the distributors to this end. 'With more support at the outset and realistic targets set out, it is possible to minimise risk. The development of simple management tools is needed, helping project leaders to better manage their projects, through training or by using written/web-based material.' Some felt that a definition of risk would be useful to have in the system. Many responses which endorsed the greater acceptance of risk, mentioned a preference for proportionality in the application system with smaller projects having lighter controls, though there was a ready assumption that large projects by definition were high risk and vice versa.

For both innovation and risk, numerous respondents called for comprehensive and thoroughly assessed business planning to be in place – a very strong message.

The thrust of reducing red tape was broadly welcomed across all sectors with, as noted above, most saying that the current system was overbearing for smaller grants. Some, especially Local Authority respondents, suggested that an applicant's controls could be taken into account in the application process. A shorter process could then be put in place for well-controlled organisations. The clearest message to emerge was that more proportionality was wanted, though no responses suggested a level or ladder of levels by which controls could be graded. One response from a rural area commented that a reduction in red tape would build capacity in these areas, 'as far removed from the audit

driven world of the National Lottery as it is possible to imagine.'

Some replies suggested that a preference in relation to innovation, risk and reduced application process could be given to applicants with a good track record. Moreover, the current distribution system came in for some praise.

Overall there was a lingering impression that 'innovation' could become an end in itself. Some responses noted that communities are content with what works and that change could be confusing and destabilising. There was also concern that 'standard' projects could be squeezed out of Lottery funding to make way for innovation.

On the risk and red tape issues, concern was expressed that controls, which have been successful in keeping down levels of fraud over the past eight years, may be diminished. Indeed, a number of the responses that requested a reduction in red tape did acknowledge

the good reasons for them being in place. There was also concern that distributors may become too powerful with, 'a danger of creating bids that meet the funders criteria and not the needs of the community. In an open, equitable bidding round, some bids will be successful, some will not.' Likewise, distributors' risk rationale could discriminate in favour of those bidders with a proven track record. There was also a query raised over the prospect of distributors bearing much risk for little, if any, reward.

A range of respondents also pointed out that an inevitable corollary of accepting riskier projects was that a higher rate of failure would follow. To some, this posed difficult issues about the accountability for Lottery money and the criticism that would follow. Others argued, 'that should not preclude Lottery funding any more than we would withdraw NHS funding for transplant surgery just because it had a sub 100% success rate.'

Disappointingly, there were very few fresh ideas put forward. The response from West Dumbarton Council took the idea in the text a stage further and suggested a clearly defined separate funding stream for these schemes. This would have the advantage of demonstrating how the Lottery can fund these ideas, but would be at the price of more complexity in the system. A private reply proposed that one 'innovative' project could be solicited each year, thus achieving a clear mix of innovation and conventional Lottery funding. One response suggested that the way to ease the red tape issue was to adjust the monitoring procedures. 'Distributors need to liaise sensitively with major projects to understand the individual project dynamics and to combine flexibility with pragmatic management to achieve agreed outcomes.' This would imply a move from looking simply at forms to a revision of the entire grant making process.

Despite these reservations, however, the thrust of the paper was well received and implied that a wide and full review of the entire grant process with a view to loosening restrictions would be welcome. The three issues of risk, innovation and levels of detail in applications are seen as linked and any review would need to consider all three.

4.9 Supporting Capital Projects

<i>The concept of major lottery funded projects was firmly endorsed</i>
<i>Partnership funding was a favoured method for financing large projects</i>
<i>It was felt that distributors have a role in working with other funders</i>
<i>The question of renewal funding provoked very mixed reactions</i>

The overwhelming majority of replies on this issue felt that there was very much a place for major Lottery funded projects. The few dissenting voices tended to couch their objections in terms of previous failures, most notably the Millennium Dome. Large projects were seen as more readily identifiable with the Lottery and some noted they were too often only seen as national. The West Midlands Cultural Consortium commented that, 'without Lottery support many of the most important projects of the last few years in this region would not have come about.'

No definition of a major project was offered by any of the respondents.

Most of the responses commented on the need for solid and well assessed business plans and exit strategies fell firmly within this ambit. The replies often stressed that distributors

should work with other funders where possible or necessary to ensure that projects were a success. Dumfries and Galloway council's statements that, 'applicants should be encouraged to secure a wider funding package,' and, 'distributors should have a fundamental role in assisting applicants from project development through to implementation and exit strategies and these should be built into every project,' sum up the majority view well. Some responses acknowledged that this may cost more in administration and could involve up-front payments. The need for full and consistent written procedures for cross distributor working was frequently suggested along with full project monitoring.

Fewer responses contained suggestions about how major projects should be funded. However a consensus emerged that the Lottery should not fund 100% of a major project, though few suggested any set maximum percentage. The Dome experience appeared to inform some of this view. Partnership funding was mentioned as the preference for financing major capital projects by most replies. Again, the requirement for full planning and rigorous assessment was mentioned. The responses arguing a distributor's role should not encompass planning in a major way, often mentioned other development agencies such as local government.

The questions of long-term viability, renewal funding and the issue of business planning were largely bound together in the replies. This matter also produced more marked divisions. The majority (though by no means all) of the responses were cool about renewal funding, regarded as being the exception rather than the rule. Comments indicative of this included, 'Many attractions will need to develop and renew themselves in order to keep up interest and sustainability... the question is how is all of this going to be achieved with a decreasing pot of money.' 'The renewing of Lottery funding to attractions should be dependent on the success of the project to date and should be time limited.' Several replies suggested that renewal funding should be subject to application procedures and competitive bid like other projects. Public support was also mentioned as a condition for renewal funding. Where there was opposition to renewal funding, it was usually observed that other projects should be given a share of Lottery funding in the context of declining income or that a good project should not need regular Lottery cash injections.

The few replies that mentioned the OGC raised no objections.

There were few fresh ideas for improving the Lottery's performance in terms of major projects. One reply commented that one way around the problem of focusing Lottery major projects on London, thus reducing community interest, could be to restrict each area (including London) to one large Lottery project annually. Another suggested a separate and more highly controlled pot of money for major projects. This chimed with comments that the chances of deprived areas under schemes such as Fair Share can be distorted by a single large grant to an area. Other responses mentioned a vague need to consult with local people about large projects; presumably this could include Lottery funding arrangements.

4.10 Funding social enterprise:

<i>need to tie in with existing social enterprise networks to identify and encourage likely projects</i>
<i>empower distributors to accept greater risk</i>

need for better awareness of Lottery funding and opportunities it presents

MPs and Government:

Points made here included the need for Lottery distributors to work with existing social enterprise networks such as the DTI social enterprise unit, Neighbourhood Renewal Unit, Regional Development Agencies and local social enterprise partnerships.

Voluntary and Charity:

The main themes here were the need for more capacity building and greater promotion and awareness of Lottery funding, together with the need to free up distributors to enable them to accept greater risk. The need to work with existing agencies was also highlighted. The National Council for Voluntary Organisations said "the Lottery should work with the Social Enterprise Unit at the DTI and with the Small Business Unit." However they went on to say, "the Lottery should not erect barriers between the social enterprise and the voluntary sector, as they possess a high degree of overlapping needs."

Distributors & Camelot:

Broadly the same themes here with the Arts Council of Northern Ireland, Scottish Arts Council, Sports Council Northern Ireland and Sport England all referring to the need for distributors to be freed up to take managed risks for innovative projects. Arts Council Wales pointed out the need for closer working with local authorities, the voluntary sector and individual communities to target those with most to contribute. The Millennium Commission believed there was a need to reduce bureaucracy, particularly for small grants.

Local Authorities:

Again the two main themes here were allowing distributors to take greater risks, changing Lottery regulations to do so if necessary and using existing social enterprise networks to identify and encourage likely projects. (Social Enterprise Unit and Community Action Network were mentioned as useful contacts.)

Walsall Borough Council commented that encouraging social enterprise was dependant on individuals and organisations knowing about Lottery funding. Targeting marketing and promotion of funding was therefore vital, particularly in areas of deprivation. They added: "the Lottery should fund innovative projects and take risks, but that should go hand in hand with robust monitoring of projects."

The London Government Association called for "clear signposting of what the Lottery funds and good delivery at local level. Make the Lottery less bureaucratic and easier to apply for." Surrey County Council said, "ensure that those who have most to contribute get funding - and accept that these might not always be in priority areas."

Section 5: Making the delivery of Lottery funding more efficient and effective

5.2 Increasing Joint Working

Distributors' individual expertise has been greatly valued and responses believed that they covered different areas

The main problem highlighted was for those applying for funding for buildings with a multiple use. Many respondents referred favourably to the West Midlands pilot for joint working with community buildings applications and expressed interest in the outcome

Top-slicing was generally not supported, but a lot of respondents were in favour of more joint working. Awards for All was seen as a good example of this

MPs and Government:

There was general support for increased joint working particularly with applicants who deal with more than one LDB. There was also support for a greater local involvement with Local Strategic Partnerships. On the question of whether distributors should be allowed to distribute other funding, the few that responded to this issue saw no problem with it providing that no other distributing organisations were in the area.

Voluntary & Charity:

The voluntary sector is very much in favour of the principle of increased joint working. With their main concerns being the reduction of administration costs and increasing joint schemes with a focus on Community, local projects and youth. The majority of the voluntary sector was in favour of top-slicing providing the focus was on a joint fund for Community halls and local projects. Some respondents, however, were eager to keep top-slicing at the current rate so as to ensure that other applicants and grants would not lose out on funding availability. A significant number of the voluntary sector responses supported joint schemes, pointed to the success of Awards for All and encouraged increased joint-working along the same lines.

A high percentage of the responses thought that Lottery funding could be streamlined by focusing on the joint funds, joined-up working, greater planning at strategic level and through cross-cutting programmes. Although few respondents commented on whether distributors should be allowed to distribute funds on behalf of other funding bodies, the majority felt that this would not be a good idea as it would increase their already heavy workload as well as increasing the amount of bureaucracy and administration. It would also create more confusion for applicants as there would be more types of funding.

All the charities that responded showed enormous support for the principle of increased joint working, particularly in relation to increased joint working at a local and regional level. There was equal support for and against top-slicing in the limited number of responses we received on the issue. The RSPB "would support top-slicing of funds for a small number of discreet causes, such as youth funding and community halls, provided that all top-sliced funding is guided by a cross-distributor funding strategy for that cause." However some thought that top-slicing would create more confusion and added bureaucracy for both distributor and applicant.

A number showed support for joint schemes and funds especially for community halls and the youth fund. A few thought that the delivery of Lottery funds could be streamlined by a crosscutting strategy between distributors in line with the joint-working principle, and some

thought that this could be done by increased local delegation of decision making, certainly for small projects. Of the few that discussed the issue of allowing distributors to distribute funds on behalf of other bodies, there was a very slight majority that were against this proposal. The ones that were generally supportive of it remained cautious about how it would be organised so as not to confuse the identity of the distributor. As the Samaritans pointed out: "Where there is capacity and capability to do so this would seem a wise use of resources. However this should happen only as long as the distinct identity of the contracted distributing body is not confused by such an activity, nor where significant new resources are required to suggest that the contracting funder might be better placed to take on this role themselves. It is questionable why a funder would ask another to distribute their funds for them and suggests that there is a lack of monitoring and accountability in the contracting funder."

Distributors & Camelot:

All distributors were in favour of increased joint working. Some also suggested that increased joint working should be extended to the applicant as well. "Cooperation by the distributors needs, however, to be mirrored by cooperation between applicants," commented the Millennium Commission. A significant proportion of the distributors disapproved of the suggestion of top-slicing Lottery funds to fund joint schemes. Some suggested a partnership agreement, outlined in policy/financial directions, to nominate a lead distributor for leading on joint working, so that formal responsibility is highlighted. This would ensure joint working on schemes without proving detrimental to other schemes trying to secure funding.

A number of distributors gave suggestions for streamlining the delivery of funds. These suggestions mostly focussed on applicants, recommending a developed feedback and applications advice service, as well as agreeing on a common approach including a common code of practice, customer charter and customer complaints procedure. The vast majority of distributors thought that distributors should be allowed to distribute funds on behalf of other funding bodies. Most distributors felt that they had the experience, infrastructure and credentials to be able to distribute funds as well as being able to accomplish wider aims in terms of community focused initiatives and objectives.

Local Authorities:

Without exception, all the Local Authorities wanted to encourage increased joint working, particularly between distributors, applicants, local agencies and local strategic partnerships. There seems to be an equal amount of local authorities, that commented on the issue of top-slicing Lottery funds for joint schemes, both for and against top-slicing although the balance seems to be in favour of top-slicing. Those LAs that were in favour of top-slicing however, were keen for it to be streamlined by local delegation or by joint assessment panels. There was strong support for Joint Funds and Schemes to focus on Community Halls and Youth, although not necessarily through the use of top-slicing.

With regard to streamlining the delivery of funding, the general consensus was that this could be achieved through increased joint working with distributors, applicants and local agencies. There was also strong support for local delegation and local strategic partnerships. The question of whether distributors should be allowed to distribute funds on behalf of other funding bodies had an equal amount of support both for and against. Some thought that it would help streamline funds to particular areas of focus, however, others thought that it would make the administration more lengthy, thus making the cost higher and reducing efficiency.

Coalfields:

The Coalfields Regeneration Trust supports increased joint working. They feel that top-slicing Lottery funds would be a good idea. "The type of scheme should depend on need in the local area." Distributors should be allowed to distribute other funds on behalf of other funding bodies but that this should be a two-way flow between the distributors and local agencies.

5.3 Reducing the number of the distributors:

The majority of respondents were against the idea of a single distributor as they believed this would lose individual expertise, add another layer of bureaucracy, lose reduce money/focus on less popular good causes

Some respondents felt that Community Fund & NOF could be merged, but there would be a need to ensure that a sound financial and efficiency case is made for any rationalisation

The Voluntary sector particularly wanted CF to remain independent. Support for HLF from the significant number of heritage sector respondents

There was strong support for the idea of a "single front door" for those who wanted it (ie first time applicants, smaller groups, cross-cutting projects)

Government & MPs:

There was no support for reducing or merging the number of distributors as they too thought that it would result in a loss of expertise as well as being costly to implement. A single point of entry was popular in principle, but it would be better achieved by the distributors providing more information and advice on applications at the first stage, instead of creating another 'body'.

The general view was that increased joint working between distributors could be achieved by the greater sharing of premises and functions.

Voluntary & Charity:

The vast majority of respondents from the voluntary sector felt that reducing the number or merging some of distributors would be a mistake for the same reasons that have been stated before; namely, the loss of expertise. Although some respondents thought that there might be a case for merging NOF and the Community Fund due to some overlap in the areas they deal with. The idea of having a single distributor was frowned upon because of the loss of expertise as well as the fact that it would not be cost effective to implement. The NCVO commented on this, saying: "while we agree that the public are primarily aware of 'the Lottery' rather than individual distributors, this is not in itself a case for creating one single distributor. Initiatives such as the joint national telephone help line and internet portal can provide the public and potential applicants with a single point of contact (or entry point) while retaining the distinct knowledge and expertise of each of the Lottery distributors- and their distinct streams of funding-behind the 'front door'."

Some, however, thought that creating an umbrella distributor to oversee the administration and core organisational activities of the grant making process or as the first point of contact

for all applications would be a good idea. However, the majority considered that apart from the additional costs it would incur, it would also add another layer of bureaucracy. Of the few respondents who commented on the sharing of premises and functions, all were in favour as this would be a good way to cut down administration costs as well as encouraging joint working.

From the charitable sector there was the very strong view that distributors should not be merged or reduced in number. The general consensus was that it would cause huge disruption, not only to the expertise gained but also to the applicants as well as the processing of applications. However, some thought that merging a couple of the distributors might be justifiable providing there was significant overlap of the roles to warrant this movement. The idea of a single distributor was also unpopular. RSPB said they "would prefer a process of constant evolution towards standardised distribution methods and simplified harmonised branding. We do not want to see Lottery distribution merged under one, single distributor as we believe its culture and function would be too broad to oversee effectively under one management structure." There was some support for a joint promotional body to try and promote the Lottery and its importance to communities.

A greater sharing of premises and functions was strongly supported with a view to cutting down admin costs and bureaucracy as well as developing increased joint working.

Distributors & Camelot:

All the distributors were against merging some distributors and having a single distributor as this could lead to a loss of expertise as well as an increase in bureaucracy.

Most distributors highlighted the potential for greater sharing of premises and functions to reduce costs, especially in administration, as well as increasing joint working.

Local Authorities:

A strong majority of Local Authorities were against reducing the number of distributors especially if there was to be increased joint working. But the reason for this was mainly because there would be a loss of expertise. There was a case put forward by a small but significant minority of LAs for considering merging some of the distributors, and it was suggested that this be carried out by review in terms of need and running costs. The idea of having a single distributor was not popular although a significant few thought that maybe there should be an additional umbrella body to act as administrator for the distributors and to be a single point of access.

Having a common, single point of access was an idea shared by a number of LAs. However, many felt this didn't justify an additional umbrella body especially due to the increased bureaucracy it would bring. Instead, they suggested that the Lottery Hotline and portal already achieved this to an extent, and so the way forward for the single point of access would be to extend the ability and powers that this gives.

With one exception, there was overwhelming support for the greater sharing of premises and functions between distributors, as this would help reduce overheads and administration costs, which is a high concern for Lottery funding.

Coalfields:

CRT thought that there was a strong case for merging some of the distributors like CF and NOF but not to turn them into one single distributor as the range of distributors allowed a sharper focus and protected the independence of Lottery funds.

5.4 Reducing the number of programmes:

most supported reducing number of programmes in favour of wide generic grant programmes

MPs and Government:

The few that commented on reducing the number of programmes thought that if this was to happen it should be by a review made by the distributors but not reduced to the extent that funding options were limited.

Voluntary & Charity:

The voluntary sector produced quite a number of responses which thought that reducing the number of programmes was unnecessary as a number of distributors were already working on a smaller, wider, more generic number of programmes like HLF. However, it was generally considered that those distributors that had a high number of programmes, namely NOF, should reduce their number of programmes as it confused applicants. Although some thought that reducing the number of programmes should be left to distributors to decide, based on a regular review and funding commitments.

Reducing the number of programmes was generally supported by charities too. Those that didn't support it generally had experience of applying for grants under a generic programmed distributor such as HLF or Community Fund. The main outcome of this was that people wanted to see a simplification of the number and type of programmes so that applicants weren't confused at the first stage and then a more specific programme could be established by the distributor, once it had been accepted.

Distributing bodies & Camelot:

It was generally felt that reducing the number of programmes would be beneficial as this would make it easier for applicants and there would be less complications and bureaucracy. There were some that thought the number of programmes should stay the same, however, these were the distributors that already run a small number of programmes.

Local Authorities:

Reducing the number of programmes had strong support. The general consensus was that the vast number of programmes proved to be confusing for applicants, and so reducing the number of programmes, at least for the first stage of applications, would be a good way of encouraging and simplifying applications as well as streamlining the approach to funding. North Shropshire District Council commented that, "A more generic programme with clear criteria would enable more innovative approaches and be more accessible to community groups."

Coalfields:

With regard to reducing the number of programmes, CFT said “Breadth and flexibility are important and Lottery Distributors can focus their spend through broad thematic programmes.”

5.5 Outcome funding:

Many agreed the need for evaluation, but there were concerns over prescribing generic outcomes: there was a clear view that these should be arrived at by agreement between grant recipient and distributors

There was general support for greater overall evaluation by distributors of the wider effects of their programmes

MPs and Government:

Again, few commented on outcome funding but all that did were in support of an increased focus on outcome funding. However, like all the other sectors, they do not want to see the distributors prescribe outcomes otherwise they would, in effect, be managing the projects and the ‘arms length’ principle may be discredited. They would like to see outcomes decided by the applicants through consultation and agreement with the distributors. The distributors should also provide clear guidance on this, including a way of ensuring that projects that are less easy to quantify are not excluded. It was generally considered that a focus on the evaluation of programmes was needed to acknowledge success and outline any improvements that may be needed.

Voluntary & Charity:

None of the voluntary sector organisations were against the method of measuring outcome funding at the outset. However, the vast majority were careful to make it clear that these should not be prescribed by distributors and that they should consult with the applicant on the targets and outcome. All respondents thought that there should be more focus on the evaluation of the distributors programmes.

From the charities there was strong support for a focus, but not a prescription, on outcomes to projects. Any strengthening of focus on the outcomes of projects needs to be introduced alongside adequate guidance and consultation with applicants, and a criterion that supports qualitative projects and benefits to the community. Otherwise there is the danger that distributors may end up managing as opposed to evaluating grants, and projects that are not so easy to quantify in terms of outcomes and benefits to the community may lose out. This is in line with the view that there should be more focus on evaluation of their programmes so that outcomes are assessed for success as well as any necessary improvements that may be needed. The general view is that there needs to be more focus on evaluation and specifically self-evaluation of what the distributors are delivering so as to accommodate the needs of applicants.

Distributing bodies & Camelot:

On the whole there was wide-ranging support for prescribing outcomes for the projects they fund from the outset. However, most distributors emphasised that the outcomes should be outlined by the applicants from the outset, perhaps in consultation with the distributing body to avoid overly prescriptive outcomes as well as leading the distributors into the

management of projects. It may also restrict the progress and funding of other grants, particularly for those projects whose outcomes may be hard to quantify. Every distributor agreed that there should be more focus by distributors on the evaluation of their programmes so that success can be noted and improvements identified.

Local Authorities:

There was strong support for more focus on prescribing outcomes for projects from the outset. However, this was based on the condition that it would not be too prescribed by the distributors as it could stifle projects that have more of a qualitative outcome as well as other projects that are hard to quantify. In light of this, the vast majority proposed that outcomes should be outlined by the applicants at the outset with adequate guidance from and consultation with distributors. Distributors should also take into account the problems with quantifying outcomes and make arrangements to avoid this, as necessary.

With one exception, there was overwhelming support for more focus by distributors on evaluation of their programmes. This would enable them to both outline success, which would be good for the promotion of the Lottery, as well as highlighting any necessary improvements. This would help distributors to ensure that Lottery money was well spent, thus achieving one of the Secretary of State’s pledges.

Coalfields:

Like the results from the LAs, the CRT thought that Distributors should not prescribe outcomes for applicants but should work with applicants in consultation to agree outcomes at the outset. This would require a clear criterion and means of measuring outcome, bearing in mind the difficulties of quantifying outcomes. Evaluation, once again, was highly encouraged but with more of a focus on evaluation as opposed to monitoring projects and programmes to determine the success of Lottery funding.

5.6 NLDF Balances:

<i>The idea of flexible payment proved popular</i>
<i>Replies suggested that draw down timings could be linked to risk</i>
<i>Many replies commented that high balances had positive effects</i>
<i>Some respondents noted the good reasons for high balances</i>

The text of the consultation paper made clear that although there can be good reasons for high balances, their existence represents an issue to be resolved. Many of the responses agreed with these general points. Many also commented on the three possible solutions offered (although these were only examples of a much wider range of possible measures).

All three of the proposals were seen as useful by replies from all sectors. In terms of advance payments, which was the most frequently mentioned, the thrust was very much about the cash-flow implications the current system has, especially for smaller grant recipients who could incur extra costs. 'Advance payments are very important. It is a great strain or an impossibility for some organisations to claim in arrears.' Some replies commented that lower risk projects could have speedier draw down and that grantees with a good Lottery track record in the use of Lottery funds could possibly be given some sort of preference. In terms of partnership funding, more flexibility in the process was encouraged.

The idea of releasing funds for project planning was taken up in lesser numbers but was slightly more developed with suggestions including making draw down timing and profiles part of a bid. Improved project planning was noted and some payments to improve this and to conduct a needs assessment were mentioned.

Few ideas beyond the three put forward in the text were mentioned. One interesting thought was to allow a body such as a grant receiver's parent organisation to act as a guarantor for Lottery funds drawn down. Similarly, South Tyneside Council suggested an approach where distributors could be indemnified in some way so a full grant could be drawn down earlier. One distributor, the Arts Council of Wales recommended a greater level of over-commitment than at present.

There were also some vague but often repeated ideas of, 'generally streamlining the system,' and, 'better distributor staff and processes.' These were largely not developed further. Delegation of decision making to a lower local level was also proposed.

There was a strong undercurrent of opinion across all sectors that considered the issue of balances to be of little importance and indeed, a number of replies expressed surprise at the suggestion that balances were too high. Surrey CC said, 'these [high balances] seem like good housekeeping to us!' Some replies commented that more of a virtue should be made of the fact that the interest from high NLDF balances is going to the Good Causes. Other responses seemed accepting of a high balance, and of the system. To this extent there was also an understanding of why balances would be high and that there were good reasons for it. 'Often there are good reasons why funds can not be drawn down...many of the causes for these delays are outside the control of the National Lottery Distributors.'

The Sports Council of Northern Ireland also commented that for small distributors there is often a need to save prior to making a large- scale grant, thus creating high balances.

Many of the changes proposed would require a diminution of control at some level and it is unclear whether the changes called for could be given practical effect. Overall there was a feeling that financial control was a virtue not a vice.

The analysis of the responses to the consultation paper on Lottery distribution policy was carried out in November and December 2002 by:

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