

MILLENNIUM COMMISSION ASSESSMENT OF PAST PERFORMANCE AND FUTURE POTENTIAL

Section 1

Provide a brief overview, with examples, of what has been achieved with your share of Lottery funding. Within this you should give an assessment of the extent to which achievements have been additional to what would have been achieved without Lottery funding, either because they would not have happened at all or because they would not have happened so quickly.

The Millennium Commission funded many of the Lottery's greatest and most popular achievements - from Tate Modern to the Eden Project. It has given Scotland and Wales new world-class national stadiums and has played a key role in regenerating cities and communities across the UK. The Commission has been the most popular Distribution fund in terms of applications; has levered in more partnership funds than any other distributor; and has been the most efficient in terms of ratio of running costs to grant.

The Commission was established to fund projects "to mark the year 2000 and the beginning of the third millennium". Parliament did not restrict the Commission in deciding what kind of project would be appropriate, i.e. "Millennial", nor did Commissioners attempt to define this. Rather, they wanted to understand what the public thought was millennial. A public consultation process identified environment, regeneration of towns and cities, science and technology; community projects and information and learning as areas which the public thought appropriate.

Commissioners devised a strategy of funding four types of project - national or regional capital projects; local capital projects; a national Millennium Festival with an exhibition as its centrepiece; and a programme of grants for individuals. Applications were then invited and the Commission received ten times as many applications as it could fund – a greater rate of oversubscription than any other Lottery fund. The end result has been an astonishingly varied portfolio of projects which range the length and breadth of the UK. The total overall grant has been £2,165m, and the total cost of funded programmes was £4,474m.

Programme	Grant £	Total project cost £	Grant as % of Total Cost
Capital projects ¹	1,319,295,719	3,328,957,960	39.6%
Festival ²	30,345,363	80,461,239	37.7%
Awards ³	195,087,617	213,451,548	91.4%
Encore	2,535,819	3,613,045	70.2%
Urban Cultural Programme	13,500,000	40,500,000	33.3%
Experience ⁴	604,000,000	758,000,000	79.7%
Total	2,164,764,518	4,424,983,792	48.9%

Notes:

¹ includes ReDiscover grants

² includes New Year's Eve 2000 events

³ includes UnLtd endowment grant

⁴ It is anticipated that some £72m will be received by the Commission or its successors from the sale of the Greenwich peninsula over the next 25 years, which would have the effect of reducing the final net grant to approximately £532m.

Breakdown by programme

Capital programmes

No of grants	No of sites	Total grant £	Total cost £	Grant as % of cost
220	3,500	1,319,295,719	3,328,957,960	39.6%

The Commission capital funding has ranged from the very large grants (maximum £50m) for prestige, international scale projects such as the Tate Modern, to much smaller grants to fund the construction or rebuilding of hundreds of village and community halls across the UK. We have supported new science centres like "Life" in Newcastle and the National Space Centre in Leicester to promote public understanding of science; the provision of thousand of miles of cycle paths; restoration of canals; planting of new forests; creation of new village greens; and the construction of environmental awareness projects as disparate as Eden in Cornwall and Project Suzy in Middlesbrough. There have been significant urban regeneration projects such as the Heart of the City in Sheffield and the Coventry Phoenix project as well as rural projects providing paths or interpretation facilities and visitor centres. The Commission has supported 220 projects on 3,500 sites and virtually no-one in the UK lives more than 30 miles from a Millennium project. Millions visit Millennium projects every year - and tens of thousands use a Commission-funded hall for social and leisure events. The themes which the public identified at the beginning of the Commission's life have been well supported – indeed all the capital grants fall comfortably into one of the categories identified in the consultation process. Our capital grant expenditure by theme is:

	Grant
Encouraging Environmental Sustainability	£316m
Investing in Education	£239m
Promoting Science and Technology	£296m
Revitalising our Cities	£313m
Supporting our Communities	£155m

Many of the grants involved an element of calculated risk - and these have not always paid off, either because the projects did not get built (19 capital projects grants were withdrawn), or because the project failed (3 grants were withdrawn post opening). However, not all of this money has been lost. Some is still to be recovered - the recovery process may involve sale of land and assets and can be protracted. In other cases, the assets funded by the Commission will still be in public use, providing public benefits, but under the control of others.

Awards scheme

Grant type	No of Schemes	No of Award Winners	Total grant £	Total cost £	Grant as % of cost
Awards schemes	111	32,222	89,955,771	106,032,956	84.8%
Awards endowment (UnLtd)	1	n/a	105,131,846	107,418,592	97.8%
Total	n/a	n/a	195,087,617	213,451,548	91.4%

The Millennium Awards for individuals scheme was an unprecedented use of Lottery funds to enable people to achieve personal aspirations whilst also putting something back into their communities. The Commission used existing charitable bodies to develop and administer schemes which would recommend individual Awards. This meant that administrative costs could be kept low, that the people who knew what

needed to be done and how to do it could develop the schemes, but that funds they could never normally hope for could be made available to them.

Our youngest recipient was only 7 when she received a grant of £1,525 under the Quest Trust Millennium Award Scheme as part of a group project to improve play and recreational facilities in their community. Our oldest, at 99, received £2,370 under the Brent Generation Challenge Millennium Award Scheme to produce a book recording her life and times living in Brent. Millennium Awards schemes have dealt with an extremely wide range of subjects - from providing funding to sufferers of mental illness to assisting young people from less advantaged backgrounds to take part in Operation Raleigh. Some Award winners have travelled the world – others have tidied up local waste ground or worked in a nearby community.

The Commission decided early in its life to establish a mechanism to allow the work of the Awards programme to continue in perpetuity. Subsequently, a £100m endowment was established, with the charitable consortium UnLtd as the Trustee, to carry on this work.

Millennium Experience

The Millennium Experience at Greenwich was less successful than anticipated as an event. Whilst over 6m visitors made it the most popular paying visitor attraction in the UK and visitors evinced consistently high levels of satisfaction, income was far below target and the project needed additional £155m in grant, resulting in a total grant of £604m.

However, the Commission expressly chose the Greenwich site because of the unrivalled regeneration opportunities it offered, and in this respect the project has been a success. Regeneration of the peninsula was triggered by the construction of the Dome and is now proceeding apace, and as a result of the sale of the peninsula by English Partnerships, the Lottery will receive an income stream which is expected to generate over £70m in what will effectively be grant repayments by NMEC. The wider public purse will receive £550m and 25,000 new jobs and 10,000 new homes will be provided.

Millennium Festival

Festival type	No of events	Total grant £	Total cost £	Grant as % of cost
Small (less than £5,000)	1,712	4,825,991	4,944,546	97.6%
Large (more than £5,000)	371	20,046,264	62,391,147	32.1%
New Year's Eve 2000	49	5,473,108	13,125,546	41.7%
Total	2,132	30,345,363	80,461,239	37.7%

The Festival was the largest year-long programme of celebrations ever mounted in the UK, and the first collaborative venture involving all the Lottery distributors. In the year 2000 a huge number of festivals were supported by the Commission, often at grant levels close to 100%, across every part of the country. This funding enabled local communities to celebrate with something much more ambitious than a street party or fete, and helped Local Authorities to fund spectacular events. But there was a serious purpose to this funding - the events forged closer links within communities, and were for many the first introduction to the complex business of running a project: It was estimated that the festival events involved, in total, over 200,000 volunteer days.

Millennium Encore

No of visits	Total grant £	Total cost £	Grant as % of cost
1,440	2,535,819	3,613,045	68.1%

The Millennium Encore Scheme began in January 2002 and enabled more than 80,000 young people of school age to visit a range of professional performing arts productions. Three grants were made; the National Association of Clubs for Young People (CYP) used grant of £1,320,569 to take 45,000 young people to performances UK-wide. Grants totalling £215,250 to the Happy Days Children's Charity paid for some 8,000 special needs children UK-wide to attend professional performing arts productions. The grant was used for the provision of tickets, transport, subsistence, brochures and key carers.

A grant of up to £1m helped Arts & Business to set up the Arts & Kids scheme that will potentially enable every young person in the UK to get involved with the arts. So far 516,000 children have taken advantage of the scheme, of which over 27,000 young people have visited professional performing arts productions. This is nearly three times the original target and was made possible by Arts & Business obtaining significant business investment. Commission grant has also been used to help establish the Prince of Wales Arts and Kids Foundation, which will generate millions of pounds of additional business investment with a potential legacy of up to twenty years.

Urban Cultural Programme

No of grants	Total grant £	Total cost £	Grant as % of cost
11	13,500,000	40,500,000	33.3%

In March 2004 the Commission and the Arts Council of England, launched the Urban Cultural Programme which is providing £19.5 million of National Lottery funding for cultural projects taking place in 19 urban areas across the UK, mainly in 2005-06, with the aim of demonstrating that culture is central to the life of an urban area, contributing to its regeneration. Applicants awarded funding receive up to 50% of the total costs of their programmes with the rest being secured from other sources. The Commission awarded £13.5m to eleven recipients and ACE is providing £6 million for English programmes only.

Additionality

In 2001 the Commission arranged for an independent Economic Impact Appraisal of its work to be carried out. It examined the degree to which Millennium Capital projects were additional - in other words the extent to which projects would have proceeded in the absence of Millennium Commission grant. It determined that 89% of capital project programme cost was wholly additional; 5% was partly additional because it influenced the scale of the project (i.e. the project would have proceeded on the same timetable but at a smaller scale) and 6% was partly additional because it influenced both scale and timing of the project (i.e. the project would have proceeded at a later date and on a reduced scale).

Few would dispute that the Millennium Experience could not have happened without lottery funding. Even original proposals for a smaller exhibition involving extensive private sector involvement were demonstrated to be unviable without capital and

revenue funding, which was only available from the National Lottery. Whilst the remediation of the contaminated sites on the Greenwich peninsula would have happened eventually, this process, and the subsequent extraordinary regeneration of the peninsula, was accelerated dramatically by the Millennium Commission grant.

Festivals to mark the Millennium would have happened on a greatly reduced basis, but it is most unlikely that the hundreds of small festivals funded by the Commission, which allowed real local involvement at village or community level, would have gone ahead.

The Awards programme enabled individuals to access lottery funds in a unique manner and it is difficult to conceive of similar funding being available from any other source than the Commission. In the absence of future funders, even from within the lottery sector, the Commission has established a perpetual endowment to take this work forward.

Section 2

Provide an assessment, with examples if appropriate, of the degree to which all parts of the United Kingdom have had access to the Lottery funding you have provided. This can include equity of distribution across social and ethnic groups in addition to geographical distribution.

Capital Projects

The Commission has always aspired to a fair, rather than rigidly equal spread of grant across the UK. The quality of the application was afforded primacy. One key target was to fund a major project in every UK region and this has been achieved. One problem which we encountered was the failure of some areas and communities to make applications in the first place – something which was a particular problem in the East of England and the East Midlands, as the table below indicates. However, although the East had the lowest grant per head it was one of the more successful regions in terms of the percentage of its applications which secured grant. Because the bulk of the Commission's capital application rounds closed before the power to solicit was granted the Commission, the ability to counter this imbalance was limited to the targeting of publicity.

Geographical spread of capital grants and applications

RDA	Total value of applications Received £	Total value of Grants awarded £	% success rate	Amount sought per capita £	Grant per capita £	Population
East	432,970,661	66,179,812	15	80	12.28	5,388,154
East Midlands	493,627,042	68,170,271	14	118	16.34	4,172,179
Greater London	2,399,871,420	162,459,248	7	334	22.65	7,172,036
North East	714,211,941	70,764,710	10	284	28.13	2,515,479
North West	808,680,874	99,879,141	12	120	14.84	6,729,800
South East	1,041,585,804	102,864,807	10	130	12.86	8,000,550
South West	1,111,524,710	133,075,508	12	225	27.00	4,928,458
West Midlands	559,167,668	86,059,566	15	106	16.34	5,267,337
Yorks & Humber	513,076,754	118,995,954	23	97	23.97	4,964,838
England-wide*	208,408,000	-	-		N/a	
England total	8,223,124,874	908,449,017	11	167	18.49	49,138,831
Scotland	1,400,547,600	199,098,796	14	276	39.33	5,062,011
Wales	690,717,173	130,796,854	19	237	45.05	2,903,085
Northern Ireland	1,132,548,981	80,951,052	7	672	48.03	1,685,267
UK-Wide*	510,784,886	-	-		N/a	N/a
UK Total	11,957,723,514	1,319,295,719	11	203		58,789,194

* grants resulting from these applications have been proportionally allocated to the appropriate RDAs

Analysis of the Commission's first three capital funding rounds indicated that only five projects, with a total grant of £9.6m, had been made for projects led by or reflecting the priorities of ethnic minority groups. There was no doubt that minority communities were benefiting from Commission funds - our projects are open to and enjoyed by all sectors of the Community. However, the Commission was unhappy that these communities were not among the groups directly receiving funding. Unfortunately,

the issue was not that such groups were being unsuccessful; they were not applying for grant in significant numbers. As the Commission was unable to solicit applications until 1998, the only response before that date was to target publicity, but this had very limited success. However, in 1999 the Commission launched the Lottery's first solicited application round, seeking capital applications for projects reflecting the aspirations and achievements of black communities in the UK. This, the Commission's fourth capital applications round, attracted 74 proposals which eventually led to 7 grants totalling £9.8m. It was rapidly followed by a second solicited round aimed at all the UK ethnic minority communities, a two-stage round with the first stage offering some £700,000 in development funding. The second stage resulted in 10 grants totalling £23.6m. In total, the Commission made 22 grants totalling £43m to projects reflecting the aspirations and achievements of minority ethnic communities in the UK.

Festival events

Geographical spread of the festivals was equitable. An estimated 21 million people attended a Commission funded festival event. 80% of festivals were aimed by the organisers at all sections of the community, and the remainder had specifically targeted particular sections of the community (such as youth groups). Amongst the larger festivals, 20% were specifically multicultural, and 12% of the smaller festivals targeted either a specific group or a range of minority ethnic communities. 6% of festivals celebrated the different faiths of the UK. The age range of participants, except where they were specifically youth-oriented, was good.

Awards Scheme

Awards schemes were set targets for geographic spread (where relevant), ethnic minority involvement and success rates. Geographic spread tended to generally reflect population density. England, with 84% of the UK population, received 74% of the Awards by value: 16% of Awards by value were made in Greater London and the other English regions each received between 5% and 10% of the total by value. Scotland received 12% of Awards by value, Wales 7%, and Northern Ireland 7%. Some 18.5% of Awards have gone to members of black or minority ethnic groups, although this percentage is not reflected across all schemes because some are local schemes in areas with very low minority ethnic populations. 56% of all Award winners were women.

Section 3

Indicate the level of levered-in funding that has been possible as a result of your Lottery Fund.

Levered –in funding is defined here as the balance between the Commission grant and the total cost of the project. On this definition, the leverage for the main Commission programmes has been:

Capital Projects

Total Grant	£1,319,295,719
Total Cost	£3,328,957,960
Total Levered in	£2,009,662,241
Co funding as % of total cost	60.4%

Awards

Total Grant	£195,087,617
Total Cost	£213,451,548
Total Levered in	£18,363,931
Co funding as % of total cost	8.6%

Festival

Total Grant	£30,345,363
Total Cost	£80,461,239
Total Levered in*	£50,115,876
Co funding as % of total cost	62.2%

* n.b. Festival grants were for large and small festivals, and New Year's Eve events. The 1,712 small festivals, in which community benefits were prioritised, levered only £118,555 in – 2.4% of their cost.

Dome

Total Grant	£604,000,000
Total Cost	£758,000,000
Total Levered in	£154,000,000
Co funding as % of total cost	20.3%

Millennium Commission Overall*

Total Grant	£2,164,764,518
Total Cost	£4,424,983,792
Total Levered in	£2,260,219,274
Co funding as % of total cost	51.1%

* Includes UCP and Encore

Where has the co-funding come from?

The last detailed overall analysis of co-funding was carried out for the capital projects portfolio in 2001 and the total of co-funding generated was lower at that time, but the overall analysis remains broadly accurate.

Substantial contributions in kind were made to Millennium projects, often in the form of land, artefacts, or labour. In these cases the value accepted was not the open market value of the contribution but the value *to the Millennium project* of that contribution. This was because the project could not normally realise the open market value without losing the contribution in kind.

Funding Source	Co-funding by value £m (at 2001)	Percentage of total co-funding	Ranking by value
Applicant (Local Authority)	172.9	9.28%	5
Applicant (Other Public Body)	68.3	3.66%	11
Applicant (Non public body)	94.5	5.07%	10
Central Government ¹	142.4	7.64%	7
EU ²	224.5	12.05%	2
International (Non-EU)	3.5	0.19%	15
Local Authority ³	185.8	9.97%	4
Local Enterprise Councils	39.4	2.12%	13
NDPBs (non Lottery)	99.9	5.36%	9
Regional Funding ⁴	208.1	11.17%	3
Other Lottery bodies ⁵	25.3	1.36%	14
Sponsorship	60.6	3.25%	12
Donations ⁶	267.3	14.34%	1
Loans and Investments	112.3	6.02%	8
Other	158.8	8.52%	6
total	1,863.5	100%	

Notes:

¹ Coastal protection; DANI; DENI; DoE; DTp; Grant Assisted projects; Making Belfast Work; Regional Govt Offices; VAT benefits/rebates; Landfill tax; Commission for New Towns; SCOLAR programme; URBAN;

² ERDF; ESF; KONVER; RECHAR; RETEX; Marches SB Programme; RESIDER; Central Community Relations Unit

³ includes Parish and Town Councils; Police; State Schools; Transport Policies programme; Urban Regeneration; Section 106 Agreements.

⁴ Development Corporations; EP; Single Regeneration Budget

⁵ Bodies with Exchequer and Lottery revenue are included here only when funding from Lottery revenue, e.g. ACE could theoretically be recorded here in one instance and under NDPBs (Non Lottery) in another.

⁶ A very disparate category comprising Benefactors/Covenants/Pledges; British Academy; Charities; Clubs; Private schools; Higher Education Institutions; Housing Associations; Private Donations; Private interest-free loans; Privately-run museums; Religious Organisations; Societies; Trusts.

Analysis

The largest source of co-funding was donations, which provided 14.3% of the total raised. However, this is highly disparate category covering a wide range of funding sources. The largest single category of co-funding is therefore European funding, which comprised 12% of the total. This is probably because of a coincidence of unrelated developments – EU Objective 1, 2 or 5b status was given to large areas of the UK in the 1990s – just as the SRB and the National Lottery began to have an impact. The result was a “virtuous circle” of funding opportunities facilitating other funding opportunities. This view is reinforced by the fact that regional funding, comprising UK government regional budgets, was the third largest source of co-funding.

Funding from these three sources was, however, quite strongly aggregated. The Commission has made grants in excess of £15m to 28 capital projects. At the time of the co-funding analysis, these 28 projects were responsible for securing 56.6% of all donations received by MC projects; 83.4% of the EU funding and 65.1% of the regional funding.

Section 4

Provide, with relevant supporting information, evidence of the major social and economic impacts of your Lottery funding.

An independent Economic Impact Appraisal (EIA) of the Commission's grants was completed in 2001. This study did not include the Millennium Dome. The long term impacts of the regeneration of the Greenwich peninsula are estimated to include 25,000 new jobs and 10,000 new homes.

The EIA estimated that the long-term employment impacts were the creation of 6,900 permanent jobs at capital projects. This combined with short term employment impacts of our funding, which comprised construction and set-up of capital projects, festival and Awards employment impacts and were estimated to be:

Capital Projects –55,100 FTE employment years
Millennium Festival–3,300 FTE employment years
Millennium Awards–5,900 FTE employment years

The total, (64,300 FTE employment years) equates to 6,400 permanent FTE employment. With the 6,400 jobs at our projects this produced 13,300 jobs (FTE- full time equivalent).

The study also found that the Commission's funding had been used by grant recipients to support significant regeneration; projects were acting as catalysts for regeneration of surrounding areas, e.g.: Millennium Point (Birmingham), The Millennium Link (Glasgow), Our Dynamic Earth (Edinburgh). They were also leading to redevelopment of disused or contaminated land, e.g.: The Lowry Centre (Salford), The Millennium Link (Glasgow), International Centre for Life (Newcastle), Our Dynamic Earth (Edinburgh), ECOS (Ballymena). The study also found that projects were impacting on the regeneration of surrounding areas, e.g.: Millennium Point (Birmingham), The Lowry Centre (Salford), The Millennium Link (Glasgow), International Centre for Life (Newcastle), Our Dynamic Earth (Edinburgh)

The report identified that Commission grant was highly additional and had acted as a significant lever for attracting funding from other partners.

The major capital projects have tried to diversify their income generating activities. Their business models combine various forms of rental income with income from corporate activities, visitor activities, and other commercial activities. The success of these diversified business models will provide useful lessons for other visitor attractions but it was noted that many of the projects face a stern test of their sustainability in subsequent years when significant reinvestment will be called for. The Commission recognised this requirement by establishing a £34m science centre fund and providing up to £40m in funding to enhance existing capital projects.

Social Impacts of the Awards schemes were studied in a series of annual independent reports from 2000-2005.. These found that the total Awards scheme involved approximately 35 million hours work. It was estimated that some 2,500 people participated in or benefited from an average project, giving an average cost per beneficiary of £1. The scheme showed that by trusting and empowering individuals and communities, small grants can have large impacts – 90% of recipients believed their project had benefited them and 85.5% thought it had benefited their community. 60% of recipients planned to continue or extend their project. Awards had a strongly positive impact on recipients. Although *not* part of a

dedicated employment programme, Awards were judged by 30% of recipients to have helped them get a job and 69% said they were more likely to take part in training or education. Awards emphasised public involvement, innovation, and being demand led, and allowed recipients to frame projects in a way that was meaningful to them and their communities.

An independent Festival impact study was also carried out, which concluded that the festival programme mobilised nearly 37,500 volunteers (95% of festivals had such assistance) who contributed over 200 years worth of labour. The participants, voluntary or paid, benefited from the experience - 85% of recipients reported increased confidence by participants; 79% increased communication skills; 56% increased technical skills and 89% better teamworking skills. The events entertained their communities but also changed them, with 95% of recipients concluding that the festival had strengthened links within the community and 88% stating that it had increased local pride.

Section 5

Provide, with relevant supporting information, details of the most important lessons you have learnt during your time as a Lottery distributor.

The Commission's experience shows that **there is a high demand for a Lottery Distributor which does not confine its grants to themes but is willing to support a wide range of projects** - from village halls to science education projects. **There is a strong demand for both small and large capital projects which can transform communities.** Whilst the Lottery can help communities on many levels these large projects can make an enormous contribution.

The Commission offered the bulk of its funding in support of capital projects and these programmes were oversubscribed by ten to one; more than any other Lottery Distributor. **In not imposing a theme we were able to respond to demand.**

The demand was not uniform across the UK. England lagged behind the other nations. Within England there was a disparity, with London seeking four times as much on a grant per head basis as the east of England. The explanation of why some areas made more applications than others is not likely to be based on relative need – within such large areas there are always significant areas of need. It may be linked to the availability of partnership funding. The Commission demanded that partnership funding for capital projects accounted for at least 50% of the cost - more than any other Distributor. In the final analysis Commission grant only comprised 40% of the overall cost of projects and this shows that at the aggregate level, **there was clearly partnership funding available.** The Commission can take credit for leveraging more partnership funding than any other Distributor. However at the local level partnership funding is not uniformly available, e.g. more European Union funding is available in some areas. We also believe it to be that case that **some regions were better prepared to apply for funding because they had strong institutional structures**, e.g. the old Scottish and Welsh Offices and Urban Development Corporations.

Although the threshold we set was high at 50%, the Commission took a very broad view of partnership funding. We allowed contributions in kind which could be land, assets, or labour. And we allowed cash contributions to be raised by borrowing if a business case could be made to support the debt - for example the Millennium Stadium in Cardiff was effectively funded by a Commission grant of £46m and approximately £60m of debt. This proved to be a high-risk approach as **projects with significant levels of debt were severely exposed by failure or delay in achieving their business case.** The interest charges on a debt could mean the difference between success and failure of a struggling project. Unfortunately, in their zeal to secure Commission funding, applicants were inclined to understate these risks, and whilst the Commission was aware of this and sought independent opinions on business cases, the consultants' views often proved, with hindsight, to have been optimistic too.

Whilst wishing to see a fair spread of grant the Commission did not make available a budget to each region. Instead, over and above deciding to support a landmark project with a grant of up to £50m in each region we relied upon the quality of the applications. Although we did not achieve an even spread of grant it was nonetheless a fair one and we do not regret this decision. Without such a policy we probably not have funded two such excellent projects in the South West such as Eden and At-Bristol. The corollary is that we would have funded more in other regions but to do so we would have had to lower the standard we set for success.

Our policy also meant that we could support major projects in Scotland, Wales and Northern Ireland, such as Odyssey in Belfast, when a per capita allocation would not have made this possible. Such a policy might seem harsh but it should be remembered that we had to make grants quickly. If we had more time we could have waited for the regions which made few bids, either in total or in terms of quality, to catch up. **Whilst a fair spread must remain the goal there is real advantage in retaining a degree of flexibility to support the best ideas wherever they come from.** However, regardless of whether you have a regional budget or you set quality as the success parameter, we believe that **our experience shows that the organisational infrastructure must exist if all communities are to benefit from the Lottery.** Hopefully the growing strength of Regional Development Agencies will help in this.

The Commission's policy for most of its life was not to provide feasibility funding. We took the view that to do so would have led to significant expenditure and much would not have yielded worthwhile outcomes. The plethora of applications we received on this basis proves that there were many organisations prepared to apply without such early assistance. However, late on in our life, having reviewed the applications we received, we took the view that the absence of feasibility funding meant that some communities, notably minority ethnic communities, were not applying. We changed our policy and **we take the view that disadvantaged communities, like regions who are disadvantaged by lack of infrastructure support, need assistance if they are to benefit as they should from Lottery funding.**

We learned that **if we wanted to see successful projects, it involved more than the simple assessment of applications, making of grants and paying over money.** Failed applicants were allowed to reapply and naturally sought guidance on where they had gone wrong. It was important for us to ensure that we maintained our impartiality but we had a duty to explain, as far as was possible, why an application was rejected. This was sometimes a difficult balance to strike. However, we faced greater challenges in dealing with applicants who ran into difficulties as they set about delivering their projects after receiving a grant. The problems they faced were manifold. One of the achievements of which we are proud is that we funded new organisations – usually charitable trusts – and did not simply disburse money to public organisations or to those with a track record. These bodies had energy and new ideas but many also had weaknesses in terms of corporate governance and management capacity which did not become apparent until they started to deliver the project. They won a grant on the strength of their ideas but sometimes failed to put in place the mechanisms to deliver the vision. Sometimes they did not recognise that the person who conceived the vision was not the best person to get it built or that the person who got it built was not the person to run it in operation. At heart these are problems of corporate governance. However, the problems we encountered were not confined to new organisations. We came across instances of very poor performance by local authorities who one might have expected to be more experienced in delivering capital schemes. Underlying all this was the fact that some projects were built on optimistic business cases, despite being certified as being realistic by some of the best management consultants and accountants money can buy.

As a result **we had to become far more involved than we expected in helping projects resolve problems.** We found that after the euphoria of winning a grant many recipients ploughed on with getting the project completed without revisiting the business plan to check that it still held up or developing an operational plan to run the project once open. Some recipients failed to take into account the challenges they would face in operation, e.g. small voluntary organisations moving from small

inadequate facilities were not prepared for the costs and complexities of running bigger and better premises. We set up a process of reviewing the operational plans of recipients 12, 6 and 3 months before opening. Sometimes we had to help recipients confront difficult personnel issues at both corporate governance and management level. When projects ran into financial difficulties we had to help bring various agencies together to find a solution. In one case, we had to play a leading role in helping get a recipient out of Administration in order to safeguard the public benefits that we had funded. We had to do all this without stepping beyond the role of a grant giver to the role of running the project. Our powers are simply to give grant, to stop giving grant or to withdraw grant. We do not have powers of intervention as would a bank which is making an investment. Powers of withholding or withdrawing grant are nuclear options and would usually precipitate the crisis we were trying to avoid.

The expectations on us to save projects from failing were high but our powers were of limited use, being essentially designed to safeguard public money rather than to intervene in someone else's business. Where a project was complex and had more than one funder there was a danger that each monitors its own element and loses sight of the wider financial position. **We had to develop closer monitoring, not just of the construction, and to work closely with local organisations in order to anticipate problems but to be in a position to act quickly and effectively when needed. Any Distributor who wishes to help recipients succeed must be prepared to carry out such close monitoring, work in partnership and be prepared to be proactive in solving problems.**

Some of the projects which have run into difficulties failed to establish strong links with local and regional bodies. The Earth Centre was a good example. When times got difficult on such projects, the recipient relied heavily on the Commission. Whilst we worked hard to bring others to the table, and in some cases did so successfully, this was no substitute for local and regional bodies having a sense of ownership from the outset. In retrospect **we should have done more from the outset to ascertain that strong partnerships existed before we agreed to provide support, and monitored such partnerships, where they existed, to ensure that they remained effective.**

When projects ran into trouble we frequently faced demands to provide revenue funding. In exceptional cases limited revenue support can be helpful in buying time to secure a longer term solution. However in general terms we took the view that we should not provide revenue support. **We stand by our position that we took measured risks in supporting projects. If, as is perhaps inevitable, some of those risks did not pay off, e.g. the Big Idea in Irvine, we did not take the view that they should be supported by Lottery funding.** This is not to say that they did not deserve public support from other sources, such as the local authorities in the communities they serve, but if this was to be made available it should be won in competition with all the other deserving causes that exist.

A fundamental characteristic of the Commission's work load was that it had to act quickly. We were often dealing with organisations which had not attempted such significant projects. **This time pressure was a powerful creative force but we learned that delivering success takes time and that funders need to be prepared to stand by grant recipients and to work in partnership with them.**

The Festival and UCP were collaborative ventures with other funders, and we worked closely with the Wellcome Trust and the Wolfson Foundation in making grants to science centres. We found this to be a useful way of sharing expertise and making

the applications process easier for applicants. **We recommend that other Lottery bodies examine the scope for such joint working.** More generally we recognise the problems faced by applicants in dealing with more than one Distributor and in the later parts of our life we worked with other Distributors to ease the burden. We believe these efforts should continue. Recipients frequently cite the bureaucratic burden of dealing with Lottery grants. Distributors have increasingly worked to reduce these burdens but in some cases they face the demands placed on them by their Financial Directions. **These too should be kept under review to ensure a proper balance between the necessary protection of public money and the burden they place on recipients.**

Section 6

What more could be achieved with further future Lottery funding? What are the most significant gaps or priorities for funding in your good cause area?

The Millennium Commission was an extraordinarily broad funder. We did not have a natural constituency over and above the notion of “millennial” projects. Insofar as we supported arts and sports projects we can look to the specialist Distributors to provide for these sectors. However, in the future projects addressing the expansion of public understanding of science will have no obvious Lottery port of call. This is an area where the Millennium Commission has had a major impact. We took the view that enabling people to learn more about science and to engage with it provided advantages on many levels. Public understanding of and involvement in science and technology is a social good in itself at a time when these disciplines play a growing role in our lives. Encouraging young people to take up careers in these areas should also contribute to our economic wellbeing. We are glad to see that the Government has seen the case for supporting such institutions but it would be advantageous if there was a source of Lottery funding to help them develop and reach out to people in the future.

The Commission also made a significant contribution to the natural environment. This is partly covered by HLF in respect of heritage elements and also falls within the remit of BIG. We hope that the Lottery will continue to support projects such as cycleways and gardens. They are very popular and deserve support.

The Awards for individuals scheme was unique and there is strong evidence that it provided significant benefits and was cost effective. Our Endowment managed by UnLtd will continue to ensure that people benefit but we would like to see more grants made direct to people for community benefits.

<http://www.lottery2009.culture.gov.uk>