

## BIG LOTTERY FUND

**MEETING OF BIG LOTTERY FUND ENGLAND COMMITTEE  
HELD ON THURSDAY 14 JULY 2011 at 9:30  
AT 1 PLOUGH PLACE, LONDON, EC4A 1DE**

**MINUTES****PRESENT:**

Nat Sloane	<i>England Chair (in the Chair)</i>
John Gartside	<i>Board Member and England Committee Vice- Chair</i>
Alan Billings	<i>England Committee Member</i>
Sue Charteris	<i>England Committee Member</i>
Margaret Hyde	<i>England Committee Member</i>
Danny Silverstone	<i>England Committee Member</i>
Albert Tucker	<i>Board Member and England Committee Member</i>
Nalini Varma	<i>England Committee Member</i>
Geoff Wilkinson	<i>England Committee Member</i>

**IN ATTENDANCE:**

Peter Wanless	<i>Chief Executive</i>
Dharmendra Kanani	<i>Director for England</i>
Linda Quinn	<i>Director of Communications &amp; Marketing</i>
Margaret Cooney	<i>Deputy Director England (Regions &amp; External Relations)</i>
Tim Davies-Pugh	<i>Deputy Director, Operations and Programme Management</i>
Andrew Morris	<i>Deputy Director Business Development</i>
Ambreen Shah	<i>Deputy Director England Policy</i>
Lyn Cole	<i>Strategic Business Executive</i>
Jon Fox	<i>Head of England Policy</i>
Carol Spekes	<i>Policy Assistant (Secretariat)</i>
Lorna Brewster	<i>England Programme Manager</i>
Amanda Todd	<i>England Committee Manager</i>
Dan Paskins	<i>Senior Policy Adviser (Item 5 only),</i>
Alex Dodds	<i>Policy Adviser (Item 8 only)</i>
Marcus Hulme	<i>Senior Evaluation and Research Analyst (Item 8 only)</i>

1. **APOLOGIES FOR ABSENCE**

1.1. No apologies had been received.

2. **DECLARATIONS OF INTEREST**

2.1 There were no declarations of interest

3. **MINUTES FOR APPROVAL OF ENGLAND COMMITTEE MEETING HELD ON TUESDAY 14 JUNE 2011 (EC/11/M05)**

3.1 With the following amendment, these were agreed and signed as a correct record of the meeting:

Paragraph 6.1: *The focus was still on Communities most in need and reflected the concern about the **widening** inequality in England ~~which still persisted.~~*

4. MATTERS ARISING FROM MINUTES OF ENGLAND COMMITTEE MEETING HELD ON TUESDAY 14 JUNE 2011 (EC/11/M05)

4.1 Consultation with Committee Members about open programmes (Item 5.9)

Officers have made some progress in terms of scoping out the project plan, for taking forward the different elements of the new portfolio, including mapping all interdependencies. The England Strategic Management Team will be discussing this at their July meeting and will then bring a firmer proposal to the September England Committee. **ACTION: Ambreen Shah**

4.2 Monitoring of BPR costs and effect on expenditure (Item 6.8viii)

Robust arrangements are in place to monitor commitment and expenditure on the England portfolio. Officers will address all variances working with Finance colleagues and escalate key issues to Committee through quarterly finance reports.

4.3 Reporting to lead Committee members on sustainable and resilient community programme development (item 6.10).

Tim Davies-Pugh and Elaine Warner are in regular contact with lead Committee members on the progress of this work. A paper for FDF Stage 1 sign off is scheduled for the 22 September Committee meeting.

Albert Tucker reported that he had met with the team and confirmed that they had responded to the discussion at the Committee. He confirmed that he was happy with the route of travel, creating a flexible and responsive initiative adopting a phased and semi-solicited approach with a focus on supporting community enterprises. The number of new developments coming from Government and the changes they will bring mean that communities have to be able to move quickly to take advantage of these changes.

4.4 Sustainable and resilient communities – regular review points (6.11iv)

Officers have ensured that these are built into the process

4.5 Improved information on Big Lottery Fund approach on solicitations (7.3ii)

The following actions had been undertaken to clarify BIG's position regarding solicitations:

- i. BIG's annual report will include a section on our approach to solicitations
- ii. Future press releases of awards that were made on the basis of a solicitation will state this in the release.
- iii. BIG's website will be updated to include an outline of our approach to solicitations.
- iv. Peter Wanless had given an interview to Third Sector magazine, mapping out the approach and restating the commitment to transparency and clarity in relation to BIG's funding processes.

Albert Tucker noted the importance of transparency and clarity, in view of the criticisms of BIG, and the Chair emphasised the matter was being treated seriously.

4.6 Big Local Trust - differentiation of costs (item 8.6iii); exploration of community representation on Trust Board and external assurance on investment plans (Item 10.3); development of milestones and discussions on governance arrangements (item 10.4).

Margaret Cooney updated the Committee on recent activity on the Trust and the action points from the last meeting.

- i. The Chair recently met with CDF's CEO and Deputy CEO to discuss the governance and the continued involvement of CDF during the start-up phase. CDF agreed to think through the governance model to ensure there is an effective functioning model for Big Local with the appropriate skill set, sufficient flexibility and ability to be effective for the long term task in hand.

- ii. Discussions on milestones had commenced, and will be based on the business plan, especially for the first eighteen months. These would be modified as necessary, provided it made sense for the programme.
- iii. After BIG met with CDF on 16<sup>th</sup> June CDF agreed it was important to review and rewrite the budget to move costs that are direct payments to local beneficiaries (such as loans or bursaries) out of support cost budget lines. They will also clearly distinguish capacity building, support and community engagement costs from administrative costs. They agreed it was important to find the right language to describe these costs.
- iv. CDF have also discussed 'star people' with UnLtd and they agreed to review together whether the Big Local part of the funding going to community entrepreneurs could be in the form of loans. This would not happen in the early stages but will develop as the other social investment work occurs elsewhere in the programme and will be informed by learning and evaluation.
- v. Margaret Cooney had sought external assurance on the investment plans, Rathbones PLC, who are also fund managers and who advise charities on investments provided this. Their main advice was that in filling Trustee vacancies there should be one or two financial experts who can support Trustees in monitoring CCLA's performance as Fund managers. Rathbones had also sought information about examples of investment arrangements for absolute return strategies. The Chair commented that absolute return strategies were a method of hedging against negative returns and there were risks. He would expect such investments to be minimal (2% or less) or capped. The Chair would be meeting with Michael Quicke to discuss the investment fund strategy.
- vi. John Gartside reported to the Committee on the appointment of the Protector for Big Local Trust (Peter Thurston), who has a background in finance, and for Forces in Mind (Simon Martin). The Chair thanked John Gartside for his work on these appointments.

*Dan Paskins joined the meeting*

## 5. IMPACT OF PUBLIC SECTOR SPENDING CUTS - UPDATE (EC(11)P45)

- 5.1. Jon Fox introduced the paper and invited the Committee to provide feedback on whether the paper captured the issues they were seeing and were concerned about.
- 5.2. The key features were that:
  - There were not the sudden 'cliff edge' changes expected; they were taking time to appear and there were some extensions of grants taking place, for example.
  - The pace of change was fast in some communities and rapid change was the new norm. It was therefore problematic to navigate in the changing environment.
  - There were significant cuts in preventative/early discretionary work which were 'easy' for first cuts. These areas were hard to evaluate and therefore there was often limited evidence to support the retention of the work.
  - There were levels of variation at local levels. This was informing BIG's thinking on the new Portfolio, intelligence gathering and how BIG makes decisions in a highly localised context.
  - Operating assumptions were changing. This was a challenge for projects already in grant management and BIG needed to be responsive and intelligent.

## 5.3. In discussion the main points raised included:

- i. The consensus was that the paper was very helpful. There was agreement that there were differences in the national picture and localism. This was difficult for BIG and the wishes of communities, for particular services, were important to understand.
- ii. The effect of the government policy of a shrinking state provision was not yet fully understood and withdrawal would impact on infrastructure in some areas. There was some evidence that public authorities making cuts locally were also finding this problematic. There were also impacts on BIG's additionality policy where local authorities were shedding responsibilities (for example with schools).
- iii. The effect on the voluntary and community sector of cuts and organisations closing could affect BIG's risk attitude over the longer term.
- iv. The analysis needed to be tempered to reflect the evidence – for example the increase in the level of applications to Reaching Communities in May 2011 against May 2010.
- v. The reduction in preventative work was worrying and Committee members experience was that historically previous cuts in areas of preventative work resulted in problems many years later, for example youth projects. Trying to draw projections of the effect of the withdrawal from this work would be useful and a desire for future proofing of preventative work going forward.
- vi. That BIG could look at its wider responsibilities and consider assisting in provision of funding of organisational mergers of organisations in the voluntary and community sector. There were time and cost issues involved in mergers which deflected from the key functions of the voluntary organisations.
- vii. Models for the voluntary sector to be able to demonstrate their impact were available. BIG could undertake research itself or direct the sector towards the models.
- viii. As part of BPR BIG had identified 12 inherent risks of funding and controls and monitoring where there was a heightened risk of insolvency. This thinking could be shared with the Committee. **ACTION: Andrew Morris**
- ix. There was an outline portfolio of spend until 2015 and it would be useful to marry that with the regional perspective and particularly widening divides in the experiences of different parts of the country
- x. BIG potentially had a role around helping people to look realistically at whether the provision of a service was viable and also using influence to encourage shared services. BIG would start to see issues arising from those already in grant management. There was a case to consider if funding would solve problems arising for grant holders and whether some money should be kept in reserve for this purpose. Part of this is building on what we have already funded rather than new things, this could include how to provide opportunities and also free up budget to help with mergers and acquisitions; developing new business models; and how to free up from current programmes to flex resources to offer support within the current financial year. This would mean also that we would be acting and funding intelligently with our legacy and current grantholders. **ACTION: Dharmendra to present a funding proposal for decision at the September Committee.**
- xi. How to maximise the impact of the research and learning function in BIG, which did not influence external policy and have the respect that it should. Also the need to free up the regional offices to focus on understanding what is happening. Margaret Cooney was leading on regional repurposing and this work would be completed in the autumn. The £130k People Powered Change initiative with the Manchester Evening News had been an easy and cost effective way of building on the existing newspapers infrastructure to reach people.
- xii. It was agreed that the Committee would receive regular updates as the information would help to inform the Portfolio. There was also a wish to see in future papers the effect on health, legal services and the north/south divide, with London also being a potential other divide. **ACTION: Jon Fox/Dan Paskins.**

#### 5.4 The England Committee agreed:

##### (i) To note the paper

*Dan Paskins left the meeting.*

#### 6. ADDITIONALITY (EC(11)P46)

6.1 Lyn Cole introduced the paper which provided an opportunity for the Committee to consider the approach to additionality in view of the Board's decision and in the current environment of government cuts.

6.2 In discussion the key points were:

- i. The use of complementarity by the Government in the draft policy directions to BIG is potentially helpful.
- ii. BIG will not replace Local Authority funding, and those seeking grants would need to understand that BIG would not necessarily replicate funding to do work in the same way. BIG would be looking for more creative approaches and this was a similar message to those organisations looking for repeat funding.
- iii. There were views as to the whether the additionality policy was sustainable in its current form, as a lot of providers were either gone or going and it was therefore difficult to frame additionality rules. There was a need for an evolving philosophy of thinking taking account of what structures are going to emerge.
- iv. The need for flexibility was important; part of flexibility was some rebalancing with beneficiary involvement. There was an opportunity to look at what BIG's money was buying and to make decisions based on why rather than what, making a distinction of funder rather than provider.
- v. There were issues around communication and BIG needed to know how to respond to requests for funding.
- vi. Discussions around the decision making arrangements and whether Committee members needed more information. Officials had always made the decision on additionality, moderated through peer reviews, and these did not get reported to Committee in detail. The UK Board framework/policy directions set out BIG's approach in this area. There were not many grant applications rejected because of additionality, just 0.6% rejected in 2010/11.
- vii. That regional information and intelligence input at an early stage would be useful to understand what was occurring locally.
- viii. There was an acknowledgement that the UK Board owned the definition of additionality but that the Board should receive input on the England Committee's view **ACTION – Lyn Cole and Chair**
- ix. The current fluid environment meant that the Committee might want to look at the issue again in a few months time. **ACTION: Lyn Cole and Secretariat**

6.3 **The Committee agreed:**

- (i) **To note the paper.**
- (ii) **To agree the recommendations outlined in the paper and to keep this issue under review.**
- (iii) **To ensure that the UK Board are aware of the Committee's views on additionality ACTION Chair.**

## 7 PEOPLE POWERED CHANGE

- 7.1 Linda Quinn introduced a presentation and film and tabled an update paper. The People Powered Change (PPC) initiative focused on individuals' collective efforts to change lives, change communities and change their world for the better. The three dimensions of influence had been through shaping opinion; celebrating organisations and enabling communities. Examples of activity included the launch event in Salford on 23 May, the addition of the Guardian online with 1800 engaged in real time and the awards through the Evening Standard in London and Manchester Evening News where 70% of applicants had not applied for funding from BIG before. The new round of Evening Standard applications would be launched on 20/21 July. The Manchester Evening Standard public voting would be week of 18 July.
- 7.2. The next step is to look at the development of a new investment that seeks to match volunteering hours with money from BIG. The aim of PPC was to support and unleash the talents of individuals and community groups; support people to unlock and inspire community action; create the space to celebrate the people and communities that make a difference to the lives of those most in need; and provide the opportunity to showcase collaborative activities and to have a long term impact.
- 7.3 In discussion the main points raised included:
- i. The Salford event had been successful and all involved in it should be congratulated. There was clear progress on the development of the overall initiative.
  - ii. The relatively small investment through the Evening Standard and Manchester Evening News had impact, and there was generally agreement that it should be extended into other regions, with a possible £100-£200k per region available. There were already discussions with other publications which had the infrastructure and reach to support this.
  - iii. The reach should extend to scattered communities and could include identifying a deeply rural part of England and to looking at alternative publications to extend the reach. There were already discussions with a broadband provider to install broadband at no cost into 700 rural communities.
  - iv. The partners for People Powered Change had been informed that the focus of their activities should be England wide and cover a rural and urban mix.
  - v. NESTA had recently assessed 600 applications for a project and as innovators there may be learning from them on how to process applications and reduce costs using a deliberative style. **ACTION: Lyn Cole to explore with NESTA**
- 7.4 **The England Committee:**
- (i) **Noted the helpful presentation**
  - (ii) **Agreed to the development of the community challenge fund.**

*Alex Dodds and Marcus Hulme joined the meeting*

## 8. OLDER PEOPLE PROGRAMME FDF STAGE ONE (EC(11)P47)

- 8.1 Andrew Morris introduced the paper which built on the discussions from the May Committee meeting. Albert Tucker reported that he had met with the team and was happy with the step change and fast movement in shaping the approach and the amount being proposed. The Committee were content the rural dimension was included as part of the proposed investment. Nalini Varma said the range of funding available and light touch approach should ensure that a range of projects would be funded and she hoped that the Committee could give in principle support to this. There was potential for collaboration with other organisations (e.g. Comic Relief and others) and that this presented good opportunities for the programme and that the team should look at this further.

## 8.2 The key points in discussion were:

- i. There was general support for the approach outlined in the paper.
- ii. The focus was on a positive approach to age and celebration of the asset they were to communities. This should be reflected in the overarching aim of the investment.
- iii. The Committee discussed the definition of 'Older person'. The current definition used was from The Office for Budget responsibility report on an ageing population. In addition research indicated that preventative action should commence at 50 to reduce problems later in life. The Committee's view was that they would want the focus to be on the later stages of life, and for clarity it was agreed that this would be taken as 50.
- iv. That the second outcome, reduction in isolation and neglect, was not covered in the overall programme aim. It was agreed that the aim would be revised to include this outcome. **ACTION: Andrew Morris and Alex Dodds.**
- v. The Committee would like to see reference to inter-generational work and also to the work being led by older people. The name of the expert advisory panel might be changed.
- vi. The People Powered Change branding would be used for the programme.
- vii. Under strand 5 it would be useful to pick up on the research of the Pew Foundation on childrens' services as this would be a useful model on which to base the proposal for a national research enquiry. If there were multiple providers of services it could be more difficult to measure across services.

## 8.3 The England Committee agreed:

- (i) The multi stranded investment package for older people in England**
- (ii) That officers should pursue collaborative funding opportunities, through an initial investment of up to £5 million**
- (iii) Proposals for the Older People's Challenge Fund**

*Marcus Hulme and Alex Dodds left the meeting.*

## 9. MICROGRANTS UPDATE

9.1 Tim Davies Pugh and Jon Fox introduced a presentation which provided an overview of the emerging work on micro-grants as stage 1 of the funding development framework, and provided an opportunity for the Committee to offer early steers and comments. There were three strands underpinning the development of this approach:

- The more flexible portfolio of funding in England, as well as the review of open programmes, provides an opportunity to test demand, costs and potential focus of smaller grants
- In the context of public spending cuts there was an interest in how community led solutions and initiatives can build quickly and whether small amounts of lottery funding can remove barriers and capture a moment within a community.
- Seeking to test and develop BIG systems and processes and how the expertise and skills of grants staff could be used to deliver fast decisions on small amounts of funding, with the overall aspiration for BIG to operate 'better, faster, cheaper.

- 9.2. Jon Fox said that the aim was to apply learning and evidence from a range of sources – including from other small grant schemes, Third Sector Research Centre’s work on ‘below the radar’ groups and international perspectives on asset based community development. The aim was for the grants to be relevant and accessible to informal community groups. The grants could be within the £100 to £1,000 range and may vary across the pilots; where quick access to funds will overcome a potential barrier to community initiative. The focus and prioritisation will be where there is significant potential for the initiative/group to build on this initial action for longer term community benefit, whilst recognising the grant itself is not long term. By focusing on relatively deprived areas (likely to be wards identified through a number of indicators) the aim was to shorten assessment by having access to some data and information on need and not looking for the applicant to provide this.
- 9.3. Tim Davies-Pugh said that the aim was not to create new barriers and to have telephone based assessment with a quick turnaround on ‘in-principle’ decision. The process and controls would be suitable to the level of risk involved in a small grant. The wish was to pilot at ward level in two regions – based on cluster of variables rather than league table and test in different areas including rural and urban, with sufficient local knowledge to add context. The proposal included the use of social media in reporting on awards and as an experiment on public accountability for award, and making links with other PPC awards (for example Media Trust).
- 9.4. Jon Fox said that the aim was to deliver a new approach and benefits, but the emphasis was on testing variables in pilots. There would be significant energy put into the learning approach around the pilots and setting scale so that lessons can be applied – not just for any future programmes, but other approaches too. The aspirations for learning were around:
- (i) **Outcomes:** is there a demand for this small amount of funding; could it attract a different kind of grant holder and extend BIG’s reach; do small amounts support useful activity that would not have happened otherwise; do any of these groups go on to provide long-term benefit to their communities and are there common success characteristics; what are the differences between working in rural and urban areas in the type of projects, the levels of applications and the communications used.
  - (ii) **Programme delivery:** Will we receive project ideas that could be funded through Awards for All; can we make small Awards for All grants by telephone; how well does telephone assessment work; can we provide microgrants at a local level that are administered centrally; will customers agree that funds have been easy to access; how well are we able to make links to BIG funded national initiatives and local agencies and support.
  - (iii) **Risks and controls:** What controls do we need to mitigate risk and would these work if rolled out nationally; how successful is the use of social media as a mandatory compliance tool; want to see frameworks to maximise learning even though some lessons will take longer to draw out.
- 9.5. The key points in discussion were:
- i. The Committee were interested in what would not receive funding. The current thinking was that one off activities would not receive funding and that it should lead onto something else and the emphasis would be on change and empowering that community.
  - ii. There were concerns around accountability and these would need to be addressed.

- iii. There was consensus that very small grants would meet a need, that there would be demand and showed that BIG was listening to communities and the Sector. Such grants had the capacity to be a catalyst to kick-start initiatives or activities in communities; quick access to small amounts had been a demand which had not previously been met.
- iv. There was agreement that the pilots would be essential to learn from and a view that learning should be translated back into the organisation. Local Authorities had some experience of doing similar small grant making and they could be approached to see if there was learning for their experience along with other administrators of similar schemes. **ACTION: Tim Davies Pugh and Jon Fox**
- v. There was concern that BIG was a highly centralised organisation and grant making was not devolved to regions. There was a view that grants at this level required local knowledge. With the focus on reducing costs there was some concern at introducing a new programme and whether the pilot would cost more than was available to spend.
- vi. A pilot with a local grant maker i.e. community foundations or CVS was suggested as a way of assessing if there is a better way of making small grants in a cost effective way, although it may not be as easy to capture the learning from the pilots in these circumstances. **ACTION: to consider adding an external distributor as part of the pilot: Tim Davies Pugh and Jon Fox.**
- vii. There were governance challenges and BIG might not be the best organisation to deliver this. The decision making process operated by BIG could not necessarily be imposed on another body.
- viii. The Accounting Officer would need to be satisfied with the risk, controls and accounting for spend before pilots could proceed. There were fundamental issues for the Accounting Officer and in terms of the Lottery Legislation.
- ix. Any pilots would need to be carefully assessed as success at pilot stage did not necessarily translate into success at a national level.
- x. The Chair and Albert Tucker would be the Committee leads for this work going forward.

#### 9.6 The England Committee agreed:

- (i) To note the presentation and work to date
- (ii) That the work on development of pilots should continue (Margaret Hyde dissented from this view)

#### 10. ANY OTHER BUSINESS

10.1 There were no matters raised. The meeting closed at 12.30.

#### 11. DATE, TIME AND VENUE OF NEXT MEETING

11.1 The next England Committee meeting will be held on Thursday 22 September 2011 in Plough Place, London.

*England Chair*