



**Response to 'Big thinking', the Big  
Lottery Fund's consultation on their  
2009-15 programmes**

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## 1. Introduction

The National Council for Voluntary Organisations (NCVO) is the largest general membership body for charities and voluntary organisations in England. Established in 1919, NCVO represents over six thousand organisations with members in every local authority area, from large 'household name' charities to small groups involved in all areas of voluntary and social action at the local level. NCVO champions voluntary action, our vision is of a society in which people are inspired to make a positive difference to their communities. A vibrant voluntary and community sector deserves a strong voice and the best support. NCVO works to provide that support and voice.

Over three thousand of our members are locally based Voluntary and Community Organisations (VCOs) and one third of our members have an income of less than £100,000. A number of our members are umbrella organisations themselves, at the regional, sub-regional and local levels - through them, our reach among VCOs is estimated to be between 180,000 and 200,000 and our reach among the individuals that work and volunteer for these organisations extends far beyond this.

In November 2008 The Big Lottery Fund (BIG) launched 'BIG thinking', a consultation document to help inform its strategic framework and country plans for the period 2009-15. This paper sets out our formal response to the consultation. It includes:

- an overview of our position;
- responses to the ten UK-wide 'big questions';
- response to the England questions.

1.4 If you would like further information or to discuss any of the points made in this response please contact Louisa Darian on 020 7520 2475 or email [louisa.darian@ncvo-vol.org.uk](mailto:louisa.darian@ncvo-vol.org.uk).

## 2. Overview

The Big Lottery Fund is the largest of the Lottery distributors, awarding half of the money that the National Lottery raises for good causes. It provides funding to projects that contribute to community learning and creating opportunity, community safety and cohesion, and promoting well-being. Its mission is to support communities and individuals most in need.

It is an essential source of income for the voluntary and community sector (VCS), which has received awards of more than £1,275 million since BIG's inception in June 2004. BIG's funding is likely to become even more important for the VCS during a recession as other income streams are squeezed, sale of lottery tickets potentially reduce, and the services many organisations deliver are called upon further. At the same time expectations of BIG continue to rise.

During this period, it is important that BIG is realistic about what it can deliver and that attempts to 'be all and do all' do not hamper its existing achievements and reputation. The following principles, which have underlined our work on the lottery, must be sustained:

- **Independence:** lottery funds should be distributed by independent bodies that are free from government interference, but accountable to Parliament. Distributors should have the freedom to take final decisions on funding priorities and specific grant allocations, after consultation.

- **Additionality:** funding from lottery distributors must be additional to that which is properly funded by government and not a substitute for it. It should not be used to fund essential services or government-inspired programmes.

**This principle should be applied more rigorously in the coming years.**

- **Sustainability:** lottery funding should support the development of a sustainable funding environment for the voluntary sector. In particular, lottery grants should cover the full cost of the activity being funded

**In addition to this NCVO considers that BIG should commit 100% of its funding to the VCS in the future.**

### 3. The ten 'Big Questions'

The consultation seeks views on ten 'Big Questions' which will help set the strategic framework across the UK. This response deals with each of the questions in turn.

#### *Transitions and Isolation*

BIG propose basing their funding on the themes of *isolation* and *transitions*. These are interesting and worthy themes, but we have the following concerns and questions:

- How do these themes fit with BIG's priority outcomes or with their policy directions from government?
- Who would lose out as a result of the application of these themes to funding decisions? Has an assessment been made of who the winners and losers would be?
- The themes are very broad in definition and potentially ambiguous. Careful thought needs to be given to how they are communicated to applicants in order to minimise confusion.

#### *Focussing on need*

The consultation asks respondents whether BIG should focus its money on those in greatest need.

We understand that BIG has to prioritise its funding to some extent and therefore a focus on needs, including multiple needs, is sensible. However, we would not want to see BIG's money being used to fund activities that should be funded by Government.

The Big Lottery Fund will be exploring its use of different methods of finance in the coming years, including loans, endowments and annuities. BIG needs to be clear whether it is best placed to do this, or whether another agency is better placed to.

If BIG does decide to go down this route, it should keep the following at the forefront of its attention:

- BIG is primarily a grant funder. Provision of other forms of finance must be a minority activity.
- Loan finance will not be appropriate for all organisations or activities.
- Lessons should be learnt from other funders. For example, the experience of Futurebuilders has demonstrated that voluntary organisations can require sufficient support to become 'investment-ready'.

- Appropriate finance should be provided. Research by Venturesome<sup>1</sup> has demonstrated that the types of social finance VCOs require are small sums of high risk finance like patient capital and quasi-equity.

#### *Building partnerships*

BIG wants to further explore their role in brokering links between grant-holders and partners in the VCS, public and private sectors. They ask how they should do this and whether there are joint funding opportunities they should take up.

NCVO fully supports partnership working across and between different sectors where there are shared objectives and where it is a genuine and well thought through partnership. This, as well as sufficient resource for the activity, is what makes for a lasting partnership.

We are pleased to see that BIG is considering how to work more closely with private sector partners. Corporate donations to the VCS have always been relatively low, and yet business should play an important role in the community. We encourage BIG to work with organisations such as Business in the Community to explore this important role further.

NCVO has recently launched a Funding Commission to look at VCS funding opportunities and challenges over the next decade. One of the issues that has already come to our attention is the need for greater partnership working among funders so that they are aware of the 'inter-connectedness' of their interests to help VCOs to obtain an integrated package of income<sup>2</sup>. This maybe something the Intelligent Funders Forum, which shares ideas and best practice about funding, could consider further.

#### *3.4 The Voluntary and Community Sector*

In 2004 BIG gave an undertaking to direct 60-70% of its funding to the voluntary and community sector. BIG wants to know whether they should continue this guarantee beyond 2012.

We fully support the current undertaking as recognition of the vital role the VCS plays in civil society. As a bare minimum this commitment should continue. However, NCVO consider that in the coming years, when funding is likely to come under further pressure, BIG should commit 100% of its funding to the VCS.

BIG should also more rigorously apply the principle of additionality. The existing definition means that, in practice, BIG will fund activities that government fund on a discretionary basis. Local Government fund a lot of services on a discretionary basis, because their statutory duty is fairly limited and because there is an expectation for them to do so. The danger is that Lottery money will replace government money.

#### *3.5 Becoming a better funder*

In this section BIG ask how they can become a better funder. For example, they suggest a potential role in bringing policy-makers together to highlight certain issues and share learning.

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<sup>1</sup> Venturesome (2008), *'Financing Civil Society: a practitioner's view of the UK social investment market'*, London: Charities Aid Foundation

<sup>2</sup> Carrington, D (2009) *'Funding our future: opportunities and challenges over the next decade'*, London: NCVO

In some cases it will make sense for BIG to consider engaging in new activities where there is a clear connection with the projects they fund. However, this will demand sufficient resource. In a tighter fiscal climate, this type of activity should not come at the expense of BIG's primary purpose: grant-funding.

### *3.6 Balancing accessibility and impact*

BIG has led the way in best practice over the last few years, providing five year funding in cases where longer-term interventions are required. BIG ask whether they should fund fewer projects for longer or whether they have got the balance right.

We agree that there will be cases where longer-term funding is necessary. This may mean providing funding to fewer projects. In the future BIG may also want to consider funding certain projects for an eight or ten year period.

However, BIG must balance this with funding to enable it to respond to a changing environment. This will be particularly important in a recession where new problems are more likely to arise. This was the experience in the 1980s when a number of projects started up to respond to the rise of homelessness.

### *3.7 Funding risk*

BIG want to know whether they should take more risks with their funding to promote innovative solutions.

In a tighter funding climate it will be increasingly important for BIG to fund activities that are higher in risk i.e. untried or untested. In funding risk, dissemination of learning from unsuccessful and successful projects should be supported and encouraged.

VCOs can find it particularly hard to fund campaigning<sup>3</sup> and innovation and yet, where successful, these activities can provide very positive lessons and outcomes.

BIG should also consider how it can actively support organisations to access continuation funding so that, once identified, a successful pilot can continue.

### *3.8 UK or country level*

BIG's funding is predominantly devolved to the country level. However, around ten per cent of their funding is managed at the UK level and BIG expect this to rise.

It is important for BIG's funding to respond to local need, in recognition of the different issues and challenges experienced in different parts of the UK. BIG's devolved structure has facilitated this and we support this continued approach.

However, we also see merit in a component being managed at a UK level. For example, where the scale of the intervention required to achieve BIG's outcomes demands a UK-wide approach or in cases where BIG wants to pilot something in several locations across the UK.

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<sup>3</sup> Rosser, A and Shimmin, S (2008) '*Funding for sustainable change: exploring the extent grant-making trusts fund campaigning, advocacy and influence*' Directory of Social Change in partnership with NCVO.

### *3.9 Engaging the public*

BIG highlight the benefits of public engagement in their work to raise the profile of lottery funded projects and to attract new groups to the Lottery. They want to know how to do this more effectively.

This is an important activity. However, BIG needs to give careful thought and consideration to how to do it. For example, we know from research on charitable giving in the UK that certain causes are more popular with the public than others<sup>4</sup>. And certain people are more likely to participate. We would not want to see public involvement result in some causes no longer receiving funding or lottery funding being used to fund activities that should be funded by government.

### *3.10 Non-lottery money*

BIG distribute non-lottery money where it helps them achieve their mission and where they think they are the right organisation to do so. They want to know if there are other sources of funding they should deliver either alone of in partnership.

NCVO has always supported this role providing that it is distinct from and secondary to the distribution of lottery money. Most recently, during the passage of the Dormant Bank and Building Societies Accounts, we identified BIG as our preferred distributor of unclaimed assets because of its expertise in the Government's chosen priority areas, in particular financial capability and youth provision.

In our response to the Conservative Green paper on the Voluntary Sector, we have made a case for the work of capacitybuilders and Futurebuilders to be managed by the Big Lottery Fund. In our view this would help ensure that each of the funding streams complemented each other and could result in further efficiencies.

## **4 Priorities in England**

In this section of the consultation, BIG explore how to build on the investments they have made in England to make the most of their funding in the years ahead.

### *4.1 Priority outcomes for 2009-15*

BIG ask whether the following outcomes are the right priority outcomes and whether tighter outcomes should be developed for their larger grants:

- helping those who are isolated and are facing transitions at particularly critical points in their lives;
- supporting approaches that address the needs of people with complex and inter-related problems;
- helping communities to feel more empowered by enabling people to participate in local activities;
- promoting better links within communities to foster cohesion;
- promoting activities that are economically, socially and environmentally sustainable.

We have always supported BIG's aim to be an outcomes funder. This gives greater scope for organisations to determine the best way to achieve the end result.

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<sup>4</sup> Clegg S, Goody, L (CAF) and Walls, P. and Wilding, K (NCVO) (2008) 'UK Giving 2008: an overview of charitable giving in the UK 2007/08'

In cases where BIG is distributing larger amounts, developing tighter outcomes will help ensure that both funder and funded are clear about what needs to be achieved. It will be important for BIG to ensure that these are kept under review, and in doing so that they talk to a broad range of voluntary and community organisations. This will help ensure that funding is available for new and emerging issues that arise.

#### *4.2 The way BIG funds*

BIG propose moving away from thematically-based programmes to fund under the following broad approaches:

- Open funding – this will provide small or medium-sized grants to local projects suggested by local voluntary and community groups. Broad eligibility criteria will apply and applications will be able to be made on a continuous basis.
- Community funding – this will fund clusters of projects that share a specific theme or location and will be targeted to areas where they can make the most difference.
- Targeted funding – unlike the open and community funding which take local need as its starting point, the emphasis of targeted funding will be on trying out new ways to make an impact on persistent social issues.

We agree with this approach as it will enable organisations to approach BIG with an issue rather than having to fit their work to a particular programme. It should also provide an easier entry point for applicants who will no longer be required to identify which programme they can apply to.

A mixture of the three approaches described will help ensure that BIG is accessible while achieving a range of levels of impact.

#### *4.3 Improving access to funding*

BIG want to know whether it is better to give early decision on applications or whether to gather more information over a longer period before deciding which projects to fund.

Provided that clear guidance is given to applicants so that they know what information to submit, we consider it more appropriate to make early decisions. In doing this BIG will need to take into account the needs of those with less experience of grant applications and will need to ensure that applicants are aware of the process.

Policy Team  
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