

Grants made by the National Lottery Charities Board



Report by the
Comptroller and Auditor General

National Lottery
Charities Board

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Ordered by the
House of Commons
to be printed 4 April 2000

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

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Comptroller and Auditor General

National Audit Office
3 April 2000

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Executive summary

1 The National Lottery Charities Board (the Charities Board) had, as at November 1999, awarded some 28,000 grants totalling over £1.5 billion to mainly small charities and voluntary groups throughout the United Kingdom. The types of projects funded by the Charities Board vary considerably, but all are aimed at helping those at greatest disadvantage in society and improving the quality of life for their intended beneficiaries. This report looks at the progress made by projects funded by the Charities Board under their first three main grants programmes, when they were a new organisation, and examines the Charities Board's management of their grants programmes.



Progress made by projects funded by the Charities Board

2 We concentrated on grants of £20,000 and over – 4,789 grants, with a value of over £460 million, made between October 1995 and January 1997. These projects were at a sufficiently mature stage to allow us to reach a view about their progress. We examined a sample of 150 projects, with grant awards totalling £20 million, selected at random to ensure that they were representative of the first three grants programmes (paragraph 2.5).

3 For each project, we identified from the approved grant application the level of service or activity that the grant recipient had planned to provide. We then assessed the progress made, drawing as far as possible on the Charities Board's own monitoring records. To gain additional assurance we visited 75 of the 150 projects in the period October 1998 to March 1999. For each project, our assessment was based on the progress made against the tasks that the grant recipient had indicated would be completed by that time (paragraph 2.6).

4 As many projects were still underway at the time of our examination, the Charities Board examined each project in the period July to November 1999 to assess what further progress had been made. The results of this analysis showed that with the passage of time there had been an improvement in the overall position as regards whether planned services or activities are being provided. The updated analysis, which was completed in November 1999 and which we reviewed (paragraph 2.7), is shown below.

Current assessment of service or activity provided	Number of projects	Percentage of projects	Value of projects	Value of projects as a % of total
Fully provided	91	61	£11.1m	55
Mostly provided	31	21	£4.3m	22
Partly provided	23	15	£3.9m	19
Not provided	2	1	£0.3m	2
Not provided, no grant paid	3	2	£0.4m	2
Total	150	100	£20.0m	100

5 In summary, 122 (over 80 per cent) of the 150 projects examined appeared to be progressing much as planned. However, for 23 projects, with grant awards totalling £3.9 million, the level of service or activity provided was less than that set out in the approved grant application, although some progress had nevertheless been made. In the other five cases the service or activity had not been provided, but in three of these cases the Charities Board had not paid out any grant. The amount paid in the remaining two cases was £224,589 and the Charities Board are reviewing these cases (paragraphs 2.8 to 2.9).

6 We extrapolated the results of the project examination work to all the grants over £20,000 awarded under the Charities Board's first three grants programmes (almost 4,800 grants worth £460 million). The results, which fall in the ranges set out in the figure below, indicate that for the first three grants programmes grant awards of between £315 million and £393 million have been given to projects that are progressing as planned, and that awards of between £67 million and £145 million have been given to projects that are not progressing as planned (paragraph 2.10).

Extrapolation of the results of our project examination work

Category	Number of projects	Value of projects
Projects progressing as planned (fully and mostly provided)	Range: 3,700 - 4,370 projects	Range: £315 million - £393 million
Projects not progressing as planned (partly provided and not provided)	Range: 430 - 1,100 projects	Range: £67 million - £145 million

7 For those projects that had not progressed fully or mostly as planned, we identified the contributory factors. We found that projects that involve the acquisition or refurbishment of premises present special risks for the Charities Board, with grant recipients experiencing difficulty in three specific areas:

- obtaining planning permission and resolving tenancy issues;
- identifying suitable premises for the project; and
- estimating the cost of the work to be carried out.

The Charities Board recognised these difficulties and have recently introduced changes to their arrangements for assessing grant applications for such projects. In particular, they now intend to limit the level of the grant award until the project has been sufficiently developed, effectively introducing a two stage application process (paragraphs 2.12 to 2.14).

The Charities Board's management of grants programmes

8 The Charities Board's project monitoring arrangements have evolved over the period that they have been awarding grants and the arrangements they now have in place are, in most respects, in line with good practice for a grant making body of their size. However, there are a number of areas where their project monitoring arrangements could be improved further.

9 The Charities Board's approach of seeking self-assessments from grant recipients, both during and at the end of the project, reflects good practice within the charities sector, although the assessments are sometimes late and provide limited assurance about the progress of projects. Of the 150 projects we examined, 132 had reached the stage where the grant recipient should have completed a progress report and returned it to the Charities Board. Progress reports were received on time for 106 (80 per cent) of projects. However, for 15 projects, with grant awards totalling £1.8 million, reports were received between three and 12 months late; and for nine projects, with grant awards totalling £1.2 million, reports were received between 13 and 31 months late. In two cases, with grant awards totalling £400,000, reports had not been returned to the Charities Board. The Charities Board intend to introduce new procedures, by mid 2000, in an attempt to secure the timely submission of progress reports, particularly the end of grant report (paragraphs 3.6 and 3.11 to 3.13).

10 One particular feature of good practice in monitoring the progress of projects is that monitoring requirements should be proportionate to the size of the grant. The Charities Board request the same information for each project – it does not change to reflect the size of the grant or the risks associated with a particular project, although they do expect the amount of detail provided by grant recipients to reflect these factors (paragraphs 3.6 to 3.7).

11 Another feature of good practice is that the extent of monitoring should take account of the level of risk in delivering projects. The Charities Board carry out visits to all projects awarded £200,000 or more and to a random sample of five per cent of others. This approach reflects the size of grant awards, but it does not take account of all the other factors that can add to the risks associated with a project, such as new organisations and those where management is lacking in experience; capital projects; and projects involving revenue funding of several different activities. The Charities Board recognised the need to take greater account of risk. They commissioned consultants to undertake a comprehensive analysis of indicators of risk and are now piloting a risk assessment system which will categorise grants as high risk, medium risk, or low risk and enable them to focus their grant management and monitoring accordingly (paragraphs 3.6 and 3.8 to 3.10).

12 Where a grant recipient fails to provide the service or activity within a reasonable period of time, the Charities Board's policy is to reclaim all or part of the grant wherever practicable. Within our sample of 150 projects, we found three projects, with grant awards totalling £333,000, where it was not clear whether the grant recipient had used the grant wholly for the purpose for which it was given. For example, in one case, a significant portion of the grant had been used to pay off outstanding debts, a key member of staff had not been recruited, and the Charities Board did not have sufficient information about how the bulk of the grant had been spent. In each of these cases, we considered that the Charities Board could have acted more decisively when their monitoring identified problems. The Charities Board, who had already stopped grant payments to two of the three projects, re-examined their position and are considering how to proceed (paragraphs 3.31 to 3.35).

13 Our review of the Charities Board's monitoring of projects, including visits to projects, indicated that grants officers, who are responsible for the day to day monitoring of individual projects, needed additional training. The Charities Board have since produced a comprehensive manual on grant management, which sets out detailed guidance on project visits, and have provided associated training to grants officers. They are also in the process of providing training on financial skills and fraud awareness to all grants officers (paragraphs 3.22 to 3.24).

14 The Charities Board currently have no arrangements in place to obtain assurance that assets purchased with lottery funds are being used for the purposes intended after the period of grant. Over one third of the projects we examined, with grant awards totalling almost £6 million, involved the acquisition or refurbishment of buildings. The Charities Board have, however, developed a system for a computerised register of assets which they expect to be fully operational by autumn 2000, and they propose to carry out periodic checks on the existence and utilisation of assets (paragraphs 3.36 to 3.37).

15 The Charities Board recognise the need to assess the impact of their grants programmes to determine whether each programme has achieved its objectives. This evaluation work should provide an indication of the types of projects that have been most successful, along with an understanding of the factors that have hindered progress on others. The Charities Board have not yet implemented such a programme of evaluation, but have confirmed that they intend to commission evaluation work, covering particular beneficiary groups and specific types of projects, and that this will examine the impact of their funding (paragraphs 3.42 to 3.44).

Conclusions and recommendations

16 Our examination of 150 projects indicates that over 80 per cent of the projects funded by the Charities Board under their first three grants programmes have progressed as planned. The Charities Board have recognised that particular types of projects present additional risks and are acting to strengthen their application assessment arrangements as a result. The Charities Board's project monitoring arrangements are broadly in line with good practice for a grant making body of their size. However, there is scope for improvement in a number of areas and the Charities Board are acting to strengthen their arrangements accordingly.

17 In the light of our findings, we recommend that the Charities Board should:

- continue to identify factors that prevent projects progressing as planned and pay particular attention to those factors when approving grants and monitoring achievements;
- develop further their guidance and training for grants officers so that they have the necessary skills and expertise to monitor effectively the progress of projects and to carry out probing project visits;
- take prompt and decisive action as soon as their project monitoring indicates problems on individual projects;
- press ahead with the planned implementation of arrangements for obtaining assurance that assets obtained with the Charities Board's grant are being used for the purposes intended after the period of grant; and
- give early attention to developing and implementing a programme of evaluation which would assess the overall impact of the Charities Board's grant payments.

Part 1: Introduction

1.1 The National Lottery Charities Board (the Charities Board) was established by the National Lottery etc. Act 1993 to distribute money raised by the National Lottery. Under the terms of the lottery operator's licence, 28 pence of every pound spent on a lottery ticket is divided amongst the six good causes – the Charities Board's share is currently 4.7 pence. The six good causes and their share of lottery funding are shown at Appendix 1. As at 30 November 1999, the Charities Board had awarded some 28,000 grants totalling over £1.5 billion to charities and voluntary groups across the length and breadth of the United Kingdom, many of them small organisations with limited resources trying to tackle difficult social problems. This report focuses on grants made under the first three main grants programmes of what was then a new organisation.



Source: National Lottery Charities Board Annual Report 1998-99

The Charities Board's Aim

"To help meet the needs of those at greatest disadvantage in society and to improve the quality of life in the community".

1.2 The Charities Board operate within Policy and Financial Directions issued by the Secretary of State for Culture, Media and Sport (responsibility for oversight of the Charities Board was transferred from the Home Office to the Department of National Heritage – now the Department for Culture, Media and Sport – in 1996):

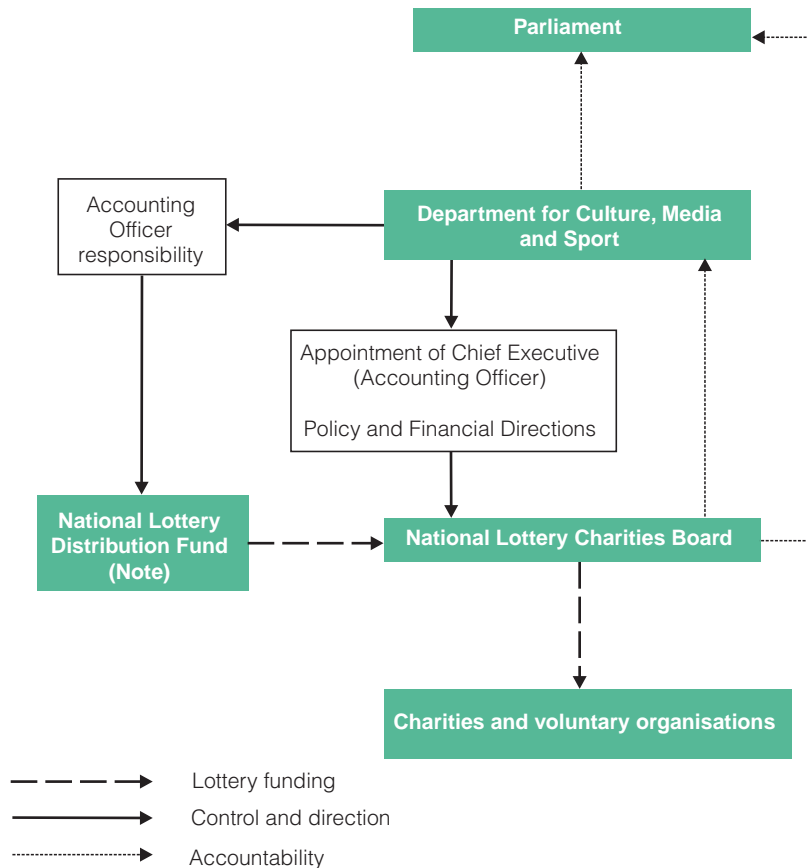
- the Policy Directions set out the factors that the Charities Board should take into account when considering applications for lottery grants (Appendix 2);
- the Financial Directions set out the broad framework of financial and management controls that the Charities Board must operate within.

The arrangements by which the Charities Board receive lottery funding and account to Parliament for that money are outlined in Figure 1.

Flow of lottery funding and accountability

Figure 1

The Charities Board are accountable to Parliament and the Department for Culture, Media and Sport for the way they use lottery monies



Note: The National Lottery Distribution Fund was established under section 21 of the National Lottery etc. Act 1993 to receive monies generated by the National Lottery for the good causes, to allocate these to the distributing bodies and to invest the funds, until such time as they are drawn down by the bodies for payment to approved grant applicants to meet expenses.

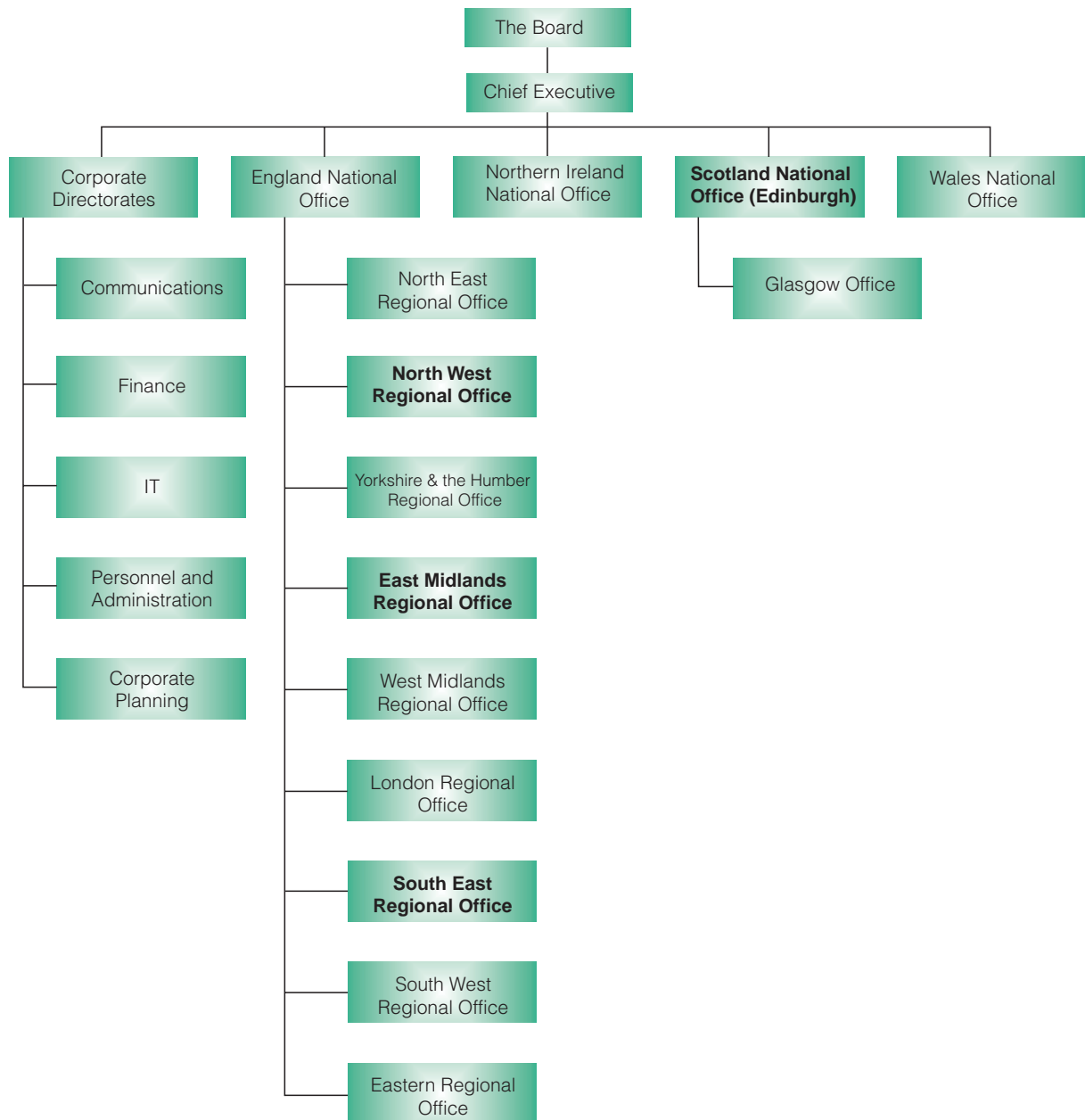
Source: National Audit Office

The Charities Board operate throughout the United Kingdom

1.3 The Charities Board currently employ some 450 staff, and their running costs were £24 million in 1998-99 – equivalent to eight per cent of their share of lottery proceeds for the year. Figure 2 shows how the Charities Board's business is organised.

Figure 2 How the Charities Board are organised

We based our examination on projects funded by the four offices (the Scotland national office and three regional offices in England) highlighted in bold below.



Source: National Lottery Charities Board

1.4 The key points about the way grant awards are made and monitored by the Charities Board are:

The Board **The Board** are appointed by the Secretary of State for Culture, Media and Sport and consist of a Chairman and 16 members. They are responsible for policy development, budgeting, grant making and the overall operation of the Charities Board.

National and regional offices The Charities Board have four **national offices**, plus nine **regional offices** in England and one in Scotland. Charities Board support for United Kingdom-wide projects, the international grants programme and the specialist programme on health and social research is the responsibility of the United Kingdom office, part of the Corporate Planning Directorate at Figure 2. The national and regional offices and the United Kingdom and international grants teams operate common systems for grant assessment, grant payment and grant monitoring.

Grant awards Within the national, regional and United Kingdom offices there are some 250 **grants officers** who assess grant applications (up to November 1997 independent external assessors carried out the assessment process, although the assessments were reviewed by Charities Board staff).

At the country level decisions about which grants to fund are made by country **Committees**, which comprise a mix of Board members and co-opted members. For the English regions, decisions are made by **Regional Advisory Committees**, whose members are appointed by the Board and comprise people with experience in the charitable and voluntary sectors, and more widely.

A **Director** heads each national office and the Corporate Planning Directorate which deals with United Kingdom-wide and international grants. The directors make the formal offers of grant to successful applicants.

Grant monitoring Once a grant has been awarded, the responsibility for monitoring the progress of projects and liaising with grant recipients rests with the grants officers. The tasks of assessing the grant application and monitoring progress for a particular project are handled by different grants officers.

1.5 The **Chief Executive of the Charities Board** is also their **Accounting Officer** and as such is accountable to Parliament for the distribution of lottery grants. The **Accounting Officer for the Department for Culture, Media and Sport** is responsible for setting the overall policy framework for the lottery distributing bodies; issuing Financial Directions that set out the broad framework of financial and management controls that should be established and complied with; monitoring the performance of the Charities Board; and providing best practice guidance.

There have been seven grants rounds, with different purposes

1.6 Over 88 per cent, by value, of the grants awarded by the Charities Board have been made through their main grants programmes and the first three of these are the focus of this report. The remainder of the Charities Board's grant making is done through their small grants schemes, international grants programme and specialist programme on health and social research¹. So far there have been seven main grants programmes (Figure 3), each with a different objective, and each has been significantly over-subscribed.

1 The small grants schemes award grants of between £500 and £5,000 and involve a simplified application process. The international grants programme awards grants to United Kingdom-based organisations working abroad. The health and social research programme awards grants for research projects undertaken by a range of organisations.

**The Charities Board's
main grants
programmes as at
30 November 1999**

Figure 3

This report focuses on grants made under the first three main grants programmes because most of the projects were sufficiently advanced to allow judgements about progress.

Theme of grants programme	Number of grants awarded	Value of grants awarded £m	Date grants announced
1. Poverty	2,464	159.6	October to December 1995
2. Youth issues and low income	2,230	159.2	June 1996
3. Health, disability and care	2,008	159.4	December 1996 and January 1997
4. New opportunities and choices and voluntary sector development	1,762	171.1	August and October 1997
5. Improving people's living environment and voluntary sector development	1,306	133.3	November 1997 and February 1998
6. Community involvement and voluntary sector development	3,715	427.7	From April 1998 (see note)
7. Poverty and disadvantage	778	110.8	From January 1999 (see note)
Total	14,263	1,321.1	

Source: National Lottery Charities Board

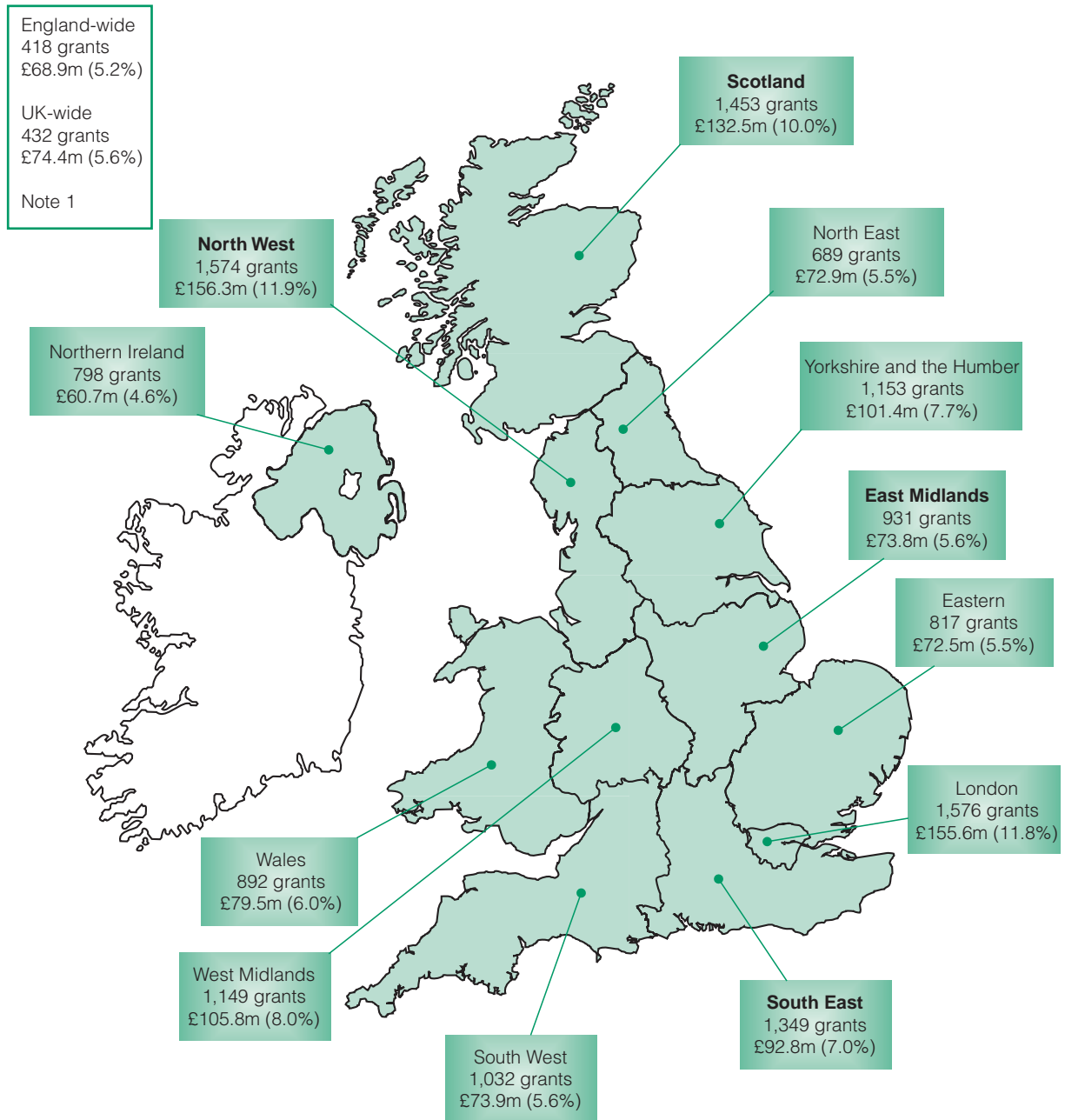
Note: Grants programmes 6 and 7 are continuous grant making programmes and grants are announced on various different dates.

1.7 Figure 4 shows the regional distribution of main grants by the Charities Board. Under the original Policy Directions the Charities Board were required to ensure that reasonable steps were taken to publicise widely the potential availability of grants. However, they could not solicit applications from individual organisations. Under the National Lottery Act 1998 the Charities Board now have the power to solicit applications.

Figure 4

**The spread of grants across the United Kingdom for main grants programmes
1 to 7 as at 30 November 1999**

The sample of projects examined by the National Audit Office was drawn from the Scotland national office and three England regional offices (highlighted in bold).



Total number of grants awarded = 14,263. Total value of grants awarded = £1,321m.

Note: 1. UK-wide grants are awarded to organisations whose activities reach out across the whole of the United Kingdom rather than just in a specific region or country. Likewise, England-wide grants are awarded to organisations whose activities reach out across the whole of England.

Source: National Audit Office analysis of Charities Board data

1.8 Unlike projects supported by other lottery distributors, there is no requirement for grant recipients to provide matching funding for projects – the Charities Board can fund 100 per cent of a project. The value of grant awards ranges from £500 to over £1 million, and has averaged £93,000. The Charities Board award grants for:



▶ **capital projects** – for example, to fund new buildings and equipment;



▶ **revenue projects** – for example, to finance salaries and running costs; and



▶ **mixed projects** – involving capital and revenue elements.

The Charities Board fund projects for one, two or three years. The spread of funding across the period of grant will depend upon the nature of the project – for example, whether it is purely revenue funding, or whether there is up-front capital expenditure. Once a grant award is made, the grant recipient has 12 months in which to draw down the first grant payment. This represents the start of the project. Revenue funding is usually paid quarterly in advance. As for capital funding, in the case of equipment and vehicles grant is to be paid on the basis of independent suppliers' quotes. For building work payment is to be made on the basis of builders' invoices, as certified by a surveyor or architect where the cost of the work is over £30,000.

This is our third report about lottery distributing bodies

1.9 This is our third examination of a lottery distributing body. Our first report, published in March 1998 (HC 617, 1997-98), examined the English Sports Council. The Committee of Public Accounts examined this subject in their 68th Report 1997-98. The second report, published in May 1999 (HC 404, 1998-99), examined the Arts Council of England. The Committee of Public Accounts examined this subject in their Sixth Report 1999-2000 (HC 129, 1999-2000).





This report is about the Charities Board's first three grants programmes

1.10 Our examination of the Charities Board covered:

- progress made by projects funded by the Charities Board (Part 2); and
- the Charities Board's management of grants programmes (Part 3).

1.11 We concentrated on grants of £20,000 and over from the Charities Board's first three grants programmes – 4,789 grants, with a value of over £460 million, made between October 1995 and January 1997. We chose these programmes as they were the ones where projects were mostly either completed or at a sufficiently mature stage to allow a judgement to be made on progress. To maintain a clear focus on what projects had actually delivered, we did not examine individual claims for grant payments, nor did we seek to provide any overall assurance on compliance with the Charities Board's grant payment arrangements. We did not specifically examine the Charities Board's grant assessment arrangements as these had only recently been fundamentally revised, although our examination of projects did identify some lessons for the future.

1.12 To assess the progress made by projects, we examined 150 projects selected at random and visited half of these. We carried out the bulk of our visits in October and November 1998, although we were unable to complete the programme until March 1999. We provided details to the Charities Board in July 1999 and the Charities Board examined each of the project files to establish how projects had progressed since we made our assessment and they carried out this exercise in the period to November 1999. To identify the scope for improvement to the Charities Board's management of grant programmes we also undertook two further exercises. We carried out a questionnaire survey of 35 of the Charities Board's grants officers and we commissioned consultants to identify good practice in grant monitoring and evaluation. The main strands of our work are outlined below and explained in more detail at Appendix 3.

<p>Project case file examination</p>	<p>We examined a sample of 150 projects from the first three grants programmes. Projects were randomly selected from four of the Charities Board's offices. Each project case file was reviewed to identify the aims of the project and the progress made.</p>	<p>Appendix 3 Appendix 5 lists the 150 projects examined.</p>	
	<p>Project visits</p>	<p>We visited 75 of the 150 projects. We met project managers and, where possible, beneficiaries to discuss the progress made.</p>	<p>Appendix 3 Appendix 5 lists the 75 projects visited.</p>
	<p>Questionnaire to grants officers</p>	<p>We conducted a questionnaire survey of a selection of 35 of the Charities Board's grants officers. The questionnaire sought feedback on the extent to which the Charities Board's grant management arrangements were operating as intended and possible areas for improvement.</p>	<p>Appendix 3</p>
	<p>Benchmarking against good practice</p>	<p>We commissioned Charities Evaluation Services, a 'not for profit' support and consultancy agency specialising in the promotion of good monitoring and evaluation practice in the voluntary sector, to identify good practice in grant monitoring and evaluation (Appendix 4). This provided us with a benchmark against which to compare the Charities Board's arrangements. The grant making organisations involved in this exercise supported the models of good practice developed by Charities Evaluation Services, which suggests that the models may be of use to other grant making organisations.</p>	<p>Appendix 4</p>
			

Part 2: Progress made by projects funded by the Charities Board

Introduction

2.1 This Part looks at the progress of 150 projects funded by the Charities Board, and draws out lessons for the future.



Many projects aim to achieve benefits that also depend on factors other than lottery funding

2.2 The types of projects funded by the Charities Board vary considerably, but all are aimed at helping those at greatest disadvantage in society and improving the quality of life for their intended beneficiaries. Before awarding a lottery grant, the Charities Board draw an overall conclusion about whether the proposed service or activity is likely to deliver the intended outcome – the ultimate impact from the project. However, the outcomes of projects also depend, to an extent, on other factors such as economic conditions, unemployment levels and the level of community support.

2.3 The range of intended outcomes from projects funded by the Charities Board under their first three grants programmes is illustrated by the examples set out below:

- **First grants programme: poverty.** £108,000 (to cover salaries and running costs for three years) to provide ‘outreach support’ for young women who have suffered sexual abuse. The project provides individual and group support aimed at helping young women remain in the community, develop their skills and break down social isolation. The overall aim is to lessen the effects of poverty.
- **Second grants programme: youth issues and low income.** £171,000 (to cover salaries and production costs for three years) to set up and run a youth arts team to target disadvantaged young people. The main activities of the project are theatre productions and supporting and developing youth theatre groups. The overall aim of the project is to empower young

people by giving them a voice in the community, raising awareness of relevant issues, providing training, and developing positive attitudes and behaviour.

- **Third grants programme: health, disability and care.** £116,000 (to cover salaries, running costs and publicity material for two years) to harness the creativity of disabled people. The project involves the creation, by disabled people, of a range of resources, including plays, sculptures, music and a CD, to provide positive images of disabled people, increase disability awareness and challenge prejudices. A longer term aim of the project is to empower disabled people to have more control over their lives.

To gain assurance about the likely achievement of the intended outcomes, we assessed whether projects were progressing as planned

2.4 We focused on whether projects were providing the planned levels of service or activity approved by the Charities Board. Details of how we categorised projects and the criteria we used are set out below.

Were services or activities being provided as planned?

Category	Criterion
<i>Fully provided</i>	The level of service or activity was being provided in accordance with the approved grant application.
<i>Mostly provided</i>	The level of service or activity being provided was slightly less than that set out in the approved grant application, but this was unlikely to have a material affect on the intended outcome.
<i>Partly provided</i>	The level of service or activity being provided was less than that set out in the approved grant application and this was likely to affect the intended outcome.
<i>Not provided</i>	The service or activity set out in the approved grant application was not being provided.
<i>Not provided, no grant paid</i>	The service or activity was not being provided but the Charities Board had not paid out any of the grant. This included projects that had not started or where the grant had not been taken up.
<i>Not known</i>	At the time of our assessment, the project had not been running long enough, or there was insufficient information available, for us to reach a judgement.

We based our assessments on the stage that each project should have reached given the proposals set out in the approved grant application.

2.5 We examined a sample of projects selected at random to ensure that they were representative and that we could draw more general conclusions from our results. We selected our sample from grants of £20,000 or more made under the Charities Board's first three grants programmes (Figure 3 on page 11). Grants over £20,000 accounted for 71 per cent (96 per cent by value) of all the grants awarded under these programmes. We took the sample from grants managed by four of the Charities Board's 14 offices (the Scotland national office and three England regional offices), again selected at random. Our sample comprised 150 projects, with lottery grants totalling £20 million. A detailed explanation of our approach is at Appendix 3.

2.6 For each project, we identified from the approved grant application the level of service or activity that the grant recipient planned to provide. We then reviewed the progress made, drawing as far as possible on the Charities Board's own monitoring records. To gain additional assurance we also visited 75 of the 150 projects. The projects we visited included those where we had concerns about the way in which the grant had been spent or about the Charities Board's monitoring information, along with a number that appeared to be progressing well. For each project, our assessment was based on the progress made against the tasks that the grant recipient had indicated would be completed by that time. The majority (122) of the projects were still underway, but by concentrating on grants made under the first three programmes, we ensured that we would be examining projects that should have been well advanced.

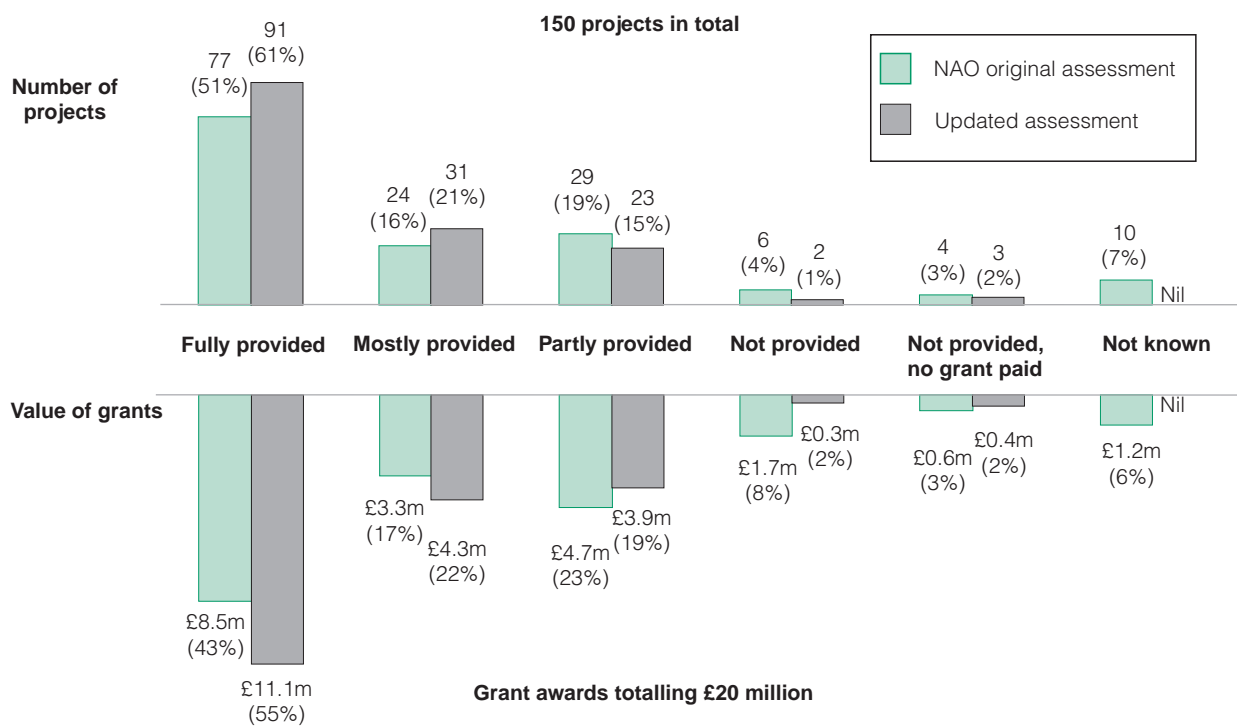
Most projects were delivering the planned level of service or activity, but a significant proportion had not progressed as well as planned

2.7 The overall results from our analysis of the 150 projects we examined are set out in Figure 5. Based on our examination of information provided by the Charities Board in November 1999 (paragraph 1.12), we have also shown in Figure 5 the updated position.

Figure 5

The extent to which the planned level of service or activity was being provided

By number and value, about 80 per cent of the 150 projects we examined are now progressing much as planned.



Source: National Audit Office

2.8 We found, at the time of our examination, that:

- for 101 (67 per cent) of the projects we examined the level of service or activity approved by the Charities Board was being fully or mostly provided – see case studies 1 and 2. The number of projects in this category is now 122 (82 per cent).

Case study 1: Theatre Workshop, Edinburgh

This group was awarded a grant of £162,483 in June 1996, for three years, to provide theatre training workshops and productions involving young disadvantaged people to help them improve their confidence and develop skills. From our examination of the Charities Board's records and our visit to the project, we confirmed that the group had recruited suitable staff and had set up and run creative projects with small groups of disadvantaged young people (as specified in the grant application form). We therefore assessed the project as 'fully provided'. £106,135 of the grant had been drawn down at the time of our visit.

Case study 2: Nottingham Vietnamese Community Project

This group was awarded £94,381 in December 1996, for three years, to improve access to health services for the Vietnamese community. From our examination of the Charities Board's records and our visit to the project, we confirmed that the group had recruited a health development worker and purchased a minibus to assist in transporting members of the community to activities organised by the group. In the first year of the project, to September 1998, the health worker attended 988 consultations at hospitals and surgeries to act as interpreter and all the group's members were sent translations of health care information sheets. The group also held open days on health issues such as giving up smoking, breast and cervical screening, pregnancy, and childbirth. We therefore assessed the project as 'fully provided'. £58,111 of the grant had been drawn down at the time of our visit.

- for 29 projects the planned level of service or activity was being partly provided – see case study 3. The number of projects in this category is now 23 (15 per cent).

Case study 3: The Script, Edinburgh

This group, working with youths in a deprived area, was awarded a grant of £138,563 in June 1996, for three years, to fund two project workers and office equipment and furniture to enable the youths to produce a 'teen' magazine. The group planned to produce 12 issues of the magazine each year, but only five magazines were produced in the first 18 months of the project. We assessed the project as 'partly provided'. At the time of our visit in October 1998, £108,840 of the grant had been drawn down.

The grant has now been fully drawn down. Although only a limited number of magazines have been produced, which the group has attributed to the project being led by young people, the Charities Board consider that the overall objective of involving young people and providing them with an opportunity to develop their personal skills and experience has been achieved. Based on our review of the Charities Board's papers, we consider that the assessment remains 'partly provided'.

- for ten projects the service or activity had not been provided. In three cases the organisations concerned were unable to resolve their difficulties and had not accepted the offer of grant (grants worth £436,683). In one case the project had been delayed to such an extent that the grant recipient had not drawn down any of the grant (case study 4). We categorised these four projects in Figure 5 as 'not provided, no grant paid'. The number of projects where the service or activity has not been provided is now five, including three where the Charities Board have not paid out any grant.

Case study 4: Preston Sea Cadet Corps

This group was awarded a grant of £185,578 in June 1996, for one year, to refurbish its clubhouse and build a re-locatable building within the grounds. The tenders obtained for the work were higher than estimated, so the scheme was re-drawn with a reduced specification. The Charities Board established that the group did not have the security of tenure required (their lease having expired), so the group had to negotiate a renewed ten year lease on the land. When we visited the project, the building work had not commenced and no grant payment had been drawn down. We therefore assessed the project as 'not provided, no grant paid'.

The Charities Board independently visited the project in July 1999 and found that the new building works had been completed, but refurbishment of the existing building was still outstanding. The grant recipient has confirmed that these works were completed shortly afterwards and that the availability of improved facilities has resulted in new recruits joining the corps. As at November 1999, the full grant had been drawn down. Based on our review of the Charities Board's papers, and the additional information provided by the grant recipient, we consider that the assessment is now 'mostly provided'.

- for ten projects we were unable to draw conclusions about the level of service or activity provided because the project had only just got underway or because there was insufficient information available for us to form a judgement. There are now no projects in this category.

2.9 In summary, the position is now that 122 of the 150 projects we examined appeared to be progressing much as planned. However, in 28 cases – columns 3 to 5 of Figure 5 – there was clear evidence that they were not progressing as planned. The total value of grants awarded by the Charities Board to these 28 projects (excluding those categorised as 'not provided, no grant paid') was £4.1 million. On further analysis we found that in 10 of these cases, including two of the projects where the service or activity had not been provided, the grant recipients had experienced difficulties relating to the provision of the assets (accommodation, people or equipment) needed for the project. This had resulted in a reduction in the scope of the project or the number of users expected to benefit – see case studies 5 and 6.

Case study 5: Lincolnshire Employment Accommodation Project

This group was awarded a grant of £250,000 in November 1995, for three years, to purchase and refurbish 10 houses (40 individual accommodation units) to provide accommodation for disadvantaged and unemployed youths. However, to comply with new housing regulations the group had to upgrade significantly the standard of the refurbishment and this, coupled with greater than expected purchase costs, resulted in only six houses being bought and refurbished. As a result, 16 (40 per cent) fewer people were able to benefit. The group intended to involve the youths themselves in carrying out the refurbishment work to enable them to learn and develop trade skills, but they found this to be too ambitious and training instead focused on basic living skills. The group informed us that over the period January 1996 to December 1999 they had provided accommodation to 115 tenants. At the time of our visit, the full grant had been drawn down. We assessed the project as 'partly provided' because, although the group is providing the nature of the service set out in the grant application, there are fewer accommodation units available and it has been unable to deliver the full extent of the training originally envisaged.

Case study 6: Test Valley Council of Community Service

This organisation was awarded £135,350 in June 1996, for three years, to provide meeting places and an information service for young people living in rural communities. The project commenced in April 1997. Two project workers and a vehicle were acquired. A key feature of the project was the building of five village 'shelters' (one in the first year of the project, two each in years two and three) where young people could congregate and information on youth issues could be displayed. In December 1996, the Charities Board approved the rescheduling of the building of the shelters to none in the first year, two in the second year and three in the third. Accordingly, at the time of our visit, 18 months into the project, £54,224 of the grant had been drawn down, but no shelters had been provided. The organisation had, however, established links with young people. We therefore assessed the project as 'partly provided'.

The Charities Board subsequently informed us that the first shelter has now been completed. Having resolved questions about the ownership of the shelter and the community service's security of tenure over the land on which the shelter has been built, the Charities Board are continuing to fund this project. As at November 1999, no further grant had been drawn down. Based on our review of the Charities Board's papers, we consider that the assessment for the project as a whole remains 'partly provided'.

2.10 We extrapolated the results of the project examination work for those projects which, based on the updated position in Figure 5, appeared to be progressing much as planned (service or activity fully and mostly provided) and for those projects which were not progressing as planned (service or activity partly provided and not provided) to all the grants over £20,000 awarded under the first three grants programmes (almost 4,800 grants worth £460 million). The results fall in the ranges set out in Figure 6.

Extrapolating the results of our project examination work

Figure 6

The extrapolation exercise indicates that of the 4,800 grants of over £20,000 (£460 million) awarded under the first three grants programmes, between 430 and 1,100 projects (£67 million to £145 million) were not progressing as planned (projects classified as partly provided and not provided).

Category	Number of projects	Value of projects
Projects progressing as planned (fully and mostly provided) ¹	Range: 3,700 – 4,370 projects	Range: £315 million - £393 million
Projects not progressing as planned (partly provided and not provided) ¹	Range: 430 – 1,100 projects	Range: £67 million - £145 million

Note 1: The margin of error attached to the results of our sample examination was plus or minus eight per cent at the 95 per cent confidence level and this is reflected by the ranges in Figure 6. Appendix 3 provides further details of our sampling strategy.

Source: National Audit Office analysis

2.11 The analysis should not be used to draw firm conclusions about how successful the projects funded by the Charities Board may be in the longer term because performance can fluctuate. However, the Charities Board confirmed that in their experience, for the majority of projects where there has been a delay the planned level of service or activity has been delivered in the end, and there was evidence from our sample examination to support this.

There are important lessons for the Charities Board

2.12 In carrying out our examination of projects, we identified the following aspects that merit the Charities Board’s attention.

i) Projects that involve the acquisition or refurbishment of premises present special risks



2.13 Many of the projects supported by the Charities Board involve capital expenditure – that is, the acquisition, construction or refurbishment of premises. Of the 150 projects we examined, 42 (29 per cent) involved major capital elements. Of the 28 projects that had not progressed as planned, eight (with grant awards totalling £1.8 million) involved major capital elements. The problems experienced on these projects related primarily to the acquisition of the capital assets. There were three key factors:

■ **difficulty obtaining planning permission and resolving tenancy issues.**

The Charities Board did not require proof of planning permission at the time of the grant application for the first two grants programmes. Subsequent difficulties encountered by grant recipients in resolving planning issues and obtaining planning permission caused significant delays on a number of capital projects. Since the third grants programme (grant awards announced in December 1996 and January 1997) the Charities Board have required applicants to say whether they have applied for planning permission and taken the response into account in deciding whether to award a grant. Also, the Charities Board require grant recipients to confirm that they have obtained planning permission, where required, before they make any grant payments (case study 7).

Case study 7: Age Concern, Liverpool

This organisation was awarded a grant of £592,580 in December 1996, for two years, to build a centre for elderly people as a facility for the provision of information, advice, support, and social and educational activities to reduce isolation, loneliness and depression. When the Charities Board awarded the grant they took account of the fact that the charity did not have planning permission and that it was still negotiating the acquisition of the site. Lengthy and complex lease negotiations, and then public objections, followed. The Charities Board extended the grant offer by a total of nine months while these difficulties were being resolved. The group informed the Charities Board in June 1998 that it had obtained planning permission and the lease was finalised in October 1998. At the time of our visit, the first grant payment of £25,397, to cover architectural and other professional fees, had just been made. As a result of these problems the planned services and activities have been delayed. We assessed the project as 'not provided' at the time of our visit.

Building work has now been completed and the centre opened in October 1999, by which time the full grant had been drawn down. Based on our review of the Charities Board's papers, we consider that the assessment is now 'fully provided'.

- **the availability of suitable premises.** We identified eight projects where it was clear that, at the time of the grant application, the grant recipient had not identified suitable premises. In two cases the premises eventually obtained were smaller than planned and the grant recipients were unable to provide the full range of facilities set out in their applications – see case study 8. Where premises are identified in the grant application, there is the risk that by the time the Charities Board make a decision on the application, the property might have been taken by another party. The Charities Board therefore sometimes make grants on the basis of evidence of availability of suitable property and general price levels and accept that there is a risk that the grant recipient might not be able to obtain the ideal property. From April 2000 the Charities Board will be changing their

procedures so that lottery awards will be made 'in principle' and on the basis of suitable premises being obtained, and will require grants officers to confirm this before finalising the grant.

Case study 8: Dingley Family and Playtherapy Group, Reading

This group was awarded £172,150 in December 1996, for three years, to set up and run two outreach schemes to provide care in the community for pre-school age 'special needs' children and their families. The group's activities at one of the outreach centres have been restricted by smaller than expected accommodation and this has resulted in less play and sensory equipment being available for use by the children. In June 1998 the group informed the Charities Board that when it had applied for the grant, it "had no idea what sort of accommodation would be open to it". At the time of our visit, £109,050 of the grant had been drawn down. We assessed the project as 'partly provided'.

The group has now secured additional accommodation and the Charities Board consider that this should enable the group to provide the level of services and facilities envisaged when they applied for the grant. As at November 1999, £132,600 had been drawn down. Based on our review of the Charities Board's papers, we consider that the assessment is now 'mostly provided'.

- **estimating the cost of the work to be carried out.** We identified six projects where the grant recipient had underestimated the cost of the work to be carried out and this had contributed to the problems experienced by these projects. In three of these cases the result was a reduction in the project specification – see case study 9.

Case study 9: Charnwood Bangladeshi Society, Loughborough

This community group was awarded a grant of £182,720 in June 1996, for three years, to refurbish an old warehouse to provide a community centre and pay for the salaries of project workers and for office equipment. The group subsequently told us that they could not afford to obtain professional estimates for the cost of the refurbishment. The planned refurbishment specifications had to be cut as a result of cost overruns. The Charities Board gave approval for revenue funding elements of the grant to be used to fund further cost increases on the refurbishment. At the time of our examination, the Charities Board had made grant payments totalling £133,000. In this case the group will be left with a community centre that has been reduced in scope and they will need to raise additional funds to meet staff costs for the project. We assessed the project as 'not known' because we were unable to establish what level of activity was being provided.

In view of subsequent developments in this case, we consider that the assessment is now 'not provided' (see case study 15).

- 2.14** The Charities Board recognise that projects that involve the acquisition or refurbishment of premises present special risks, particularly for the small voluntary groups that they fund. In 1998 they commissioned Bovis to undertake a review of these projects. The Bovis report recommended a series of changes to the

Charities Board's arrangements for assessing and monitoring capital projects. The Charities Board are changing their procedures to ensure that by mid 2000 they will:

- require, at the grant application stage, additional detailed information about the scope of the project and the work to be carried out;
- set specific guidelines about the extent of professional advice that grant recipients should obtain;
- provide additional training to grants officers and establish, at each regional office, a helpline facility for obtaining professional advice;
- limit the level of the grant award until the project has been sufficiently developed, effectively introducing a two stage application process; and
- ensure that the budget for each project contains an amount for unforeseen contingencies.

The Charities Board will also be introducing measures to strengthen their project monitoring for high value projects and consider that together these changes will in future minimise the difficulties that can arise on projects which involve the acquisition or refurbishment of premises.



ii) Applicants do not always provide reliable estimates of the number of people expected to benefit from projects

2.15 The number of applications received by the Charities Board far exceeds the number of grants they are able to make. In deciding whether to fund projects the Charities Board take into account, amongst other factors, the forecast number of beneficiaries stated in the grant application in relation to the service or activity to be provided. It is, therefore, important that they have an accurate and reliable assessment of the number of people that each project is intended to benefit. We identified eight projects where the level of demand turned out to be lower than indicated in the grant application – see case study 10. We recognise, however, that for new and innovative projects, it might be difficult to estimate precisely the number of expected beneficiaries and that, for some projects, the number of beneficiaries might be less significant than the impact the project has on the lives of those who do benefit.

Case study 10: Tak Tent Cancer Support, Glasgow

This organisation was awarded £77,610 in June 1996, for three years, to establish a network of support groups for young people. The organisation aimed, in the first year, to establish ten groups, each comprising 12 people. By the end of the first year it informed the Charities Board that the number of adolescent patients was relatively small, so a large network of groups would not exist. Fifty young people had benefited from the project. We were informed at our visit that there had been insufficient research at the outset (the task of ascertaining the number of potential beneficiaries in the target age group was very difficult, particularly in the short time available) and that there was less demand for the service than had originally been forecast. We assessed the project as 'partly provided'. At this point £44,550 of the grant had been drawn down.

By the end of the second year, three groups had been established, two for carers and one for patients. In excess of 100 individuals had benefited, either from participation in the groups, or by receiving direct support. As at November 1999, £64,230 of the grant had been drawn down. Based on our review of the Charities Board's papers, we consider that the assessment is now 'mostly provided'.

2.16 Seven of the eight projects were funded under the first and second grants programmes. Since then, starting in April 1996 with the third grants programme, the Charities Board have required grant applicants to specify what evidence they have collected to show that there is a need for the project. This is a useful advance, and one which we suggest could be taken further by requiring grant applicants to state specifically how they have determined how many people are likely to benefit from the project – see case study 11.

Case study 11: Medway and Swale Citizen Advocacy

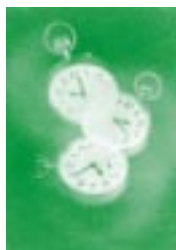
This group, which links volunteer advocates with people with mental health problems, was awarded a grant of £184,172 in December 1996, for three years, to provide crisis advocacy and to extend outreach services, particularly to people from ethnic minorities. The group's experience in this field had demonstrated the need for such services. It had also conducted research into citizen advocacy with ethnic communities, which showed the need for a specialist service in this area. At the time of our visit, £106,321 of the grant had been drawn down. We assessed the project as 'fully provided'.



iii) Although grant awards are capped, some projects incur significant underspends

2.17 The Charities Board's grant conditions make it clear that in the event of an overspend on a project, they will not increase the grant, and in none of the 150 cases we examined did they subsequently award extra grant. The grant conditions also make it clear that any unspent grant must be returned promptly to the Charities Board. They told us that as at 30 November 1999 they had recovered underspends totalling £724,710 in 403 cases. They do, however, consider allowing grant recipients to use any unspent grant if this will enhance the project and add value.

2.18 We analysed the projects that were completed at the time of our examination and on which there was unspent grant. There can often be good reasons for relatively small underspends, for example because the grant recipient has achieved lower than expected prices for assets or services by hard bargaining. However, over-estimates of cost can result in money that could be used for other projects being tied up unnecessarily. It can also lead to what is, in effect, supplementary funding without the requirement being formally competed against other grant applications. Underspends, totalling £26,000, occurred on five of the 28 projects in our sample that had been completed and which had received grant awards totalling £639,457. In all five cases, the Charities Board were satisfied that the grant recipients' proposals to use the unspent grant, either on additional items relating to the project or to extend the life of the project, would add value to the projects.



iv) Projects have not always started on time

2.19 The Charities Board allow grant recipients 12 months from the date of the grant offer to get the project up and running and to start drawing down grant. After 12 months the grant offer lapses but the grant recipient can apply to the Charities Board for an extension. From our sample of 150 projects we identified seven where the grant recipient did not draw down any grant until more than 12 months after the Charities Board's offer of grant. In each of these cases the Charities Board approved an extension of the grant offer. In five of these cases there was even further delay, suggesting that an inability to start projects within the Charities Board's 12 month deadline can indicate future problems for a project.

Part 3: The Charities Board's management of grants programmes

Introduction

3.1 The Charities Board have awarded grants totalling over £1.5 billion to some 28,000 projects in the charitable and voluntary sector. Although responsibility for managing individual projects rests with grant recipients, the Charities Board have a duty, under the Financial Directions issued to them by the Department for Culture, Media and Sport, to monitor the progress of projects and their outcome.



3.2 In reviewing the Charities Board's grant management arrangements, we drew on:

- the results of our project examination work (Part 2);
- a questionnaire survey of 35 of the Charities Board's grants officers (details of the survey methodology are at Appendix 3). From their experience in managing grants programmes, grants officers are well placed to comment on the Charities Board's detailed practical arrangements, though overall issues of cost and risk management are for the Charities Board's senior management. The survey was carried out with the agreement of the Charities Board who contributed to the design of the questionnaire; and
- good practice in the charities sector. Good practice was identified by our consultants, Charities Evaluation Services – they did this by drawing on their own knowledge and expertise in the sector and by identifying the monitoring and evaluation arrangements adopted by seven grant making organisations (details of this work are at Appendix 3). We use the results of the good practice work throughout the Part as a benchmark for assessing the Charities Board's grant management arrangements. The grant

making organisations involved in the exercise support the models of good practice developed by Charities Evaluation Services, which suggests that the models may be of use to other grant makers.

Monitoring is carried out independently

3.3 Individual grants officers within the Charities Board are responsible for monitoring the progress of projects. Their primary duties are:

- liaising with the grant recipient throughout the grant period;
- ensuring that the information required by the Charities Board is received, reviewed and the necessary actions taken;
- approving claims for payments of grant; and
- carrying out visits to projects.

3.4 Grants officers' duties cover the whole spectrum of the Charities Board's activities, from assessing grant applications to monitoring the progress of projects. However, to build independence into the arrangements the responsibility for assessing the grant application for a project and then monitoring its progress rests with different grants officers. In this way, grants officers obtain experience of the factors at the assessment stage that will have an important bearing on the way progress is measured, but avoid any direct conflict of interest.

The Charities Board could do more to target their monitoring of projects on those that involve the greatest risk

3.5 Effective monitoring is an essential element of any programme of grant giving. The Financial Directions issued to the Charities Board by the Department for Culture, Media and Sport require that the Charities Board's monitoring procedures should enable them to be satisfied that:

- lottery resources are being used for the purposes for which the grant was given and that the projects and schemes supported represent value for money; and
- assets purchased under the project are being used for the purpose for which they were intended.

3.6 There are two main elements to the Charities Board's arrangements for monitoring the progress of projects – the requirement for grant recipients to complete and submit a self-assessment progress report at the end of each year, and visits to a sample of projects. In reviewing these arrangements, we had in mind two particular features of good practice:

- monitoring requirements should be proportionate to the size of the grant and should be reasonable and fair, without placing an undue burden on the grant recipient, while providing proper protection of lottery monies; and
- the extent of monitoring (and, therefore, the cost) should take account of the level of risk in delivering projects.

3.7 We found that the information the Charities Board request in self-assessment reports is the same for each project – it does not change to reflect the size of the grant or the risks associated with a particular project, but they do expect the amount of detail provided by grant recipients to reflect these factors. On visits to projects, several of the grant recipients we spoke to expressed concern that the Charities Board's reporting requirements were excessive while others, typically the longer established organisations with larger grants, commented that the Charities Board's requirements are not as comprehensive as those of other grant making organisations. Thirteen of the 35 grants officers we consulted in our questionnaire survey considered that larger grant recipients regard the form of reporting as being too simplistic, while smaller organisations find the reports complex and struggle to interpret what is being asked of them.

3.8 The Charities Board visit all projects awarded £200,000 (£150,000 at the time of our study) or more and, below this threshold, a random sample of five (previously two) per cent of projects. This approach does not take account of all the other factors that can add to the risks associated with a project. However, the Charities Board do carry out 'targeted' visits where they have specific concerns about the way a particular project is progressing.

3.9 From our questionnaire survey, 30 of the 35 grants officers we consulted considered that decisions about which projects to visit should be on the basis of an assessment of the risk associated with each project. The size of the grant might be one aspect, but from their experience of managing projects grants officers identified other indicators of risk. These include:

- new organisations;

- organisations where management is weak or lacking in experience;
- small organisations, particularly those in receipt of large grants;
- capital projects (as confirmed by our project examination work in Part 2);
- organisations that have asked for numerous grant variations;
- innovative projects; and
- projects involving revenue funding of several different activities.

3.10 The Charities Board have recognised the need to take greater account of risk. They commissioned consultants to undertake a comprehensive analysis of indicators of risk and are now piloting a risk assessment system which will categorise grants as high risk, medium risk, or low risk and enable them to focus their grant management and monitoring accordingly.

Self-assessment by grant recipients reflects good practice but sometimes provides limited assurance about the progress of projects

3.11 The Charities Board's approach of seeking self-assessments from grant recipients (paragraph 3.6) accords with good practice. As the progress report to be provided by grant recipients at the end of each year of the project is the main source of information available to the Charities Board on individual projects, we examined the timing, completion and sufficiency of the self-assessment reports submitted. Grant recipients are required to provide information on:

- the extent to which the three most important tasks have been accomplished;
- whether the plans for the project have changed and if so, in what way and what effect this has had on the project;
- expenditure compared to the budget in the grant application;

- the number of people directly assisted by the project so far;
- the progress being made towards achieving the key benefits of the project; and
- the key tasks to be accomplished in the next 12 months (except where the project was in its final year).

Timing

3.12 Of the 150 projects we examined, 132 had reached the stage where the grant recipient should have completed an annual progress report or an 'end of grant' report and returned it to the Charities Board. We looked to see how many of these reports had been received by the Charities Board:

- for 106 projects (80 per cent), with grant awards totalling £13.7 million, reports were received on time;
- for 15 projects (11 per cent), with grant awards totalling £1.8 million, reports were received between three and 12 months late;
- for nine projects (seven per cent), with grant awards totalling £1.2 million, reports were received between 13 and 31 months late; and
- for two projects (two per cent), with grant awards totalling £400,000, reports had not been returned to the Charities Board.

These findings are broadly in line with the Charities Board's own more general assessment for all projects. In October 1998, their own assessment was that over 25 per cent of progress reports were outstanding at any given point in time.

3.13 For projects that span more than one year, the Charities Board do not release funds for the next year until they have received a progress report for the year just completed. However, where the project is just for one year (37 out of the 150 we examined) they do not have the option of withholding grant as their period of funding ends before the progress report (in effect the 'end of grant' report) is due to be received. This can result in difficulties for the Charities Board in obtaining the required reports from grant recipients. In the example below (case study 12), they had paid out the full grant of £132,500 yet had no indication of the progress of the

project. To help ensure that they receive reports, the Charities Board intend to introduce new procedures, by mid 2000, which would involve recourse to legal action and warnings about the treatment of any future grant applications.

Case study 12: Reading Industrial Therapy Organisation Limited

This organisation was awarded £132,500 in June 1996, for one year, to provide vocational training, guidance and work experience in agriculture and commercial horticulture to unemployed young people with physical and mental disabilities. The grant was to pay for salaries, training, and running costs. The final payment of the grant was made in July 1997. An 'end of grant' self-assessment report was sent out in October 1997 and the grant officer chased the grant recipient by phone in December 1997 and April 1998, sent out letters in May and June 1998, and phoned again in July 1998. We assessed this project as 'not known' for our analysis in Part 2 because we had no indication of the level of activity that the organisation was providing.

The Charities Board eventually received the 'end of grant' report in January 1999 and based on this we consider that the assessment is now 'fully provided'.

Completion

3.14 We reviewed the progress reports submitted to the Charities Board, and found that for the majority of projects grant recipients had provided the information requested. For six projects, with grant awards totalling £400,000, the grant recipients did not provide all the information required and the Charities Board had to pursue them to obtain the outstanding details. In four of these cases the grant recipient had not completed fully the section of the report that requires explanation of how the grant has been spent compared with the budget.

Sufficiency

3.15 Asked if completed self-assessment reports provide the Charities Board with adequate assurance about the progress of projects, more than half (20) of the 35 grants officers we consulted considered that they did not. Fourteen commented that the reports do not ask the right questions or do not ask for enough information. More specifically, nine thought that more information could be requested on project outputs, or that the grant recipient should be asked to provide a general report detailing how the project had provided added value. Although grant recipients are asked to include 'details of any measures they may be using to assess the achievement of the key benefits of the project', the question is phrased in a way that does not specifically require an answer.

3.16 The Charities Board have gradually increased the level of information that applicants are required to submit, in support of their grant application, on the planned level of service or activity and the benefits expected. From the seventh grants programme, in February 1999, grants officers have been required, as part of the application assessment process, to agree 'realistic projections' with applicants. These changes should provide a firmer baseline for assessing progress on projects and enable grants officers to press grant recipients for more accurate and relevant information on the progress made.

3.17 One aspect of good practice is that project beneficiaries should be involved in providing feedback on the progress of the project. Fourteen of the grants officers we consulted considered that the Charities Board need more third party information to support the position reported by grant recipients. This would provide the Charities Board with an additional insight into how projects are progressing.

The Charities Board have an extensive programme of visits to projects, but visits were sometimes delayed

3.18 The monitoring process can be much enhanced by meetings and personal contact between grant makers and recipients. Grants officers' visits to projects are important in this respect and enable the Charities Board to:

- obtain the independent assurance they need to satisfy the Financial Directions relating to the way grant has been used;
- assess the completeness and accuracy of information provided by grant recipients in end of year progress reports; and
- obtain first hand experience of the issues that grant recipients have to deal with and which influence the outcomes of projects.

3.19 At the end of each visit, grants officers reach a conclusion on whether the grant recipient:

- has made a reasonable attempt to undertake the activities described in the application;
- has made proper use of the grant;

- has been able to give adequate account of the use of the grant;
- has provided benefit to the intended beneficiaries; and
- will continue to provide benefits in the future.

3.20 The timing of visits will influence their impact – too early and there might be nothing to see; too late and there will be little opportunity to influence the course of the project. Of the 150 projects we examined, 45 had received a grant over £150,000 (the threshold for an automatic visit) and the Charities Board had visited 30 (67 per cent) of these. Of the other 15 projects, 12 had either not started or were less than half way through their period of funding. However, two projects were nearing completion and a third was causing particular concern for the Charities Board. This project (case study 9 on page 25) was one of the projects that we identified in Part 2 as not progressing as planned. The Charities Board had carried out visits to eight of the projects that we identified as ‘partly provided’ and ‘not provided’.

3.21 The Charities Board consider that the timing of visits should be for individual grants officers to decide. There was no consensus on the most appropriate point in the lifetime of a project to carry out a visit – the prevailing view amongst grants officers was that they should use their discretion in scheduling visits in the light of how projects are progressing. The majority (27) of the grants officers we consulted considered that visits were made at the most appropriate point in the lifetime of a project, but one third of grants officers considered that visits were often delayed because the assessment of new applications took priority. The Charities Board are now seeking to ensure that they have sufficient grants officers to deal with both assessment and grant management.

The Charities Board’s visits to projects cover the key issues, although grants officers needed additional training

3.22 We examined the way in which the Charities Board had carried out their project visits, in particular whether they had identified any difficulties being experienced and reflected these in their overall assessment of the project. They had visited 26 of the 75 projects we visited (paragraph 2.6), including eight of the projects that were not progressing as planned. Our analysis of the visit reports completed by the Charities Board confirmed that each visit had covered sufficient ground to enable the grants officer to reach a conclusion on the progress of the

project. Where the grants officer had identified a concern about the project prior to the visit, this was discussed during the visit and a course of action agreed with the grant recipient.

3.23 We asked grants officers, as part of our questionnaire survey, about the training they had received for carrying out monitoring visits. Twenty-three of the 35 consulted reported that they had not received adequate training to enable them to carry out monitoring visits effectively. They identified the need for additional training on:

- what to look for and how to identify problems;
- interview skills and interpreting answers;
- interpersonal skills and managing conflict;
- financial skills – to enable them to examine grant recipients’ accounts and records and detect cases of fraud; and
- assessing grant recipients’ arrangements for evaluating the outcomes of projects.

3.24 The Charities Board have since extended the training for grants officers. They have produced a more comprehensive manual on grant management which provides detailed guidance on project visits and all grants officers received training to coincide with the introduction of the manual. As at November 1999, over half of the Charities Board’s grants officers had attended a course on financial skills and the Charities Board were in the process of presenting a fraud awareness course to all staff.

Standard terms and conditions attached to grants are generally complied with

3.25 Each offer of grant by the Charities Board includes standard terms and conditions with which the grant recipient must comply. For the 150 projects we examined, we reviewed the Charities Board’s monitoring records for evidence that standard terms and conditions relating to the use of the grant, the timing of the draw down of grant, and the provision by the grant recipient of information required by the Charities Board had been complied with. We also used our

questionnaire survey to ask grant officers to what extent grant recipients generally (ie recipients as a whole, as distinct from our sample of 150 projects) had complied with terms and conditions.

3.26 Our review showed that the terms and conditions had been complied with for 136 projects (91 per cent) of the 150 projects we examined. In the remaining 14 cases (with grant awards totalling £2.4 million), information required by the Charities Board had not been provided. Of these 14 projects, four (with grant awards totalling £0.6 million) were among the 28 projects we identified in Part 2 as not providing the planned level of service or activity. The kind of information not provided to the Charities Board included:

- audited accounts (two projects) – the Charities Board require these to satisfy themselves that the grant recipient is in a financially sound position; and
- quotes for capital purchases (eight projects) – the Charities Board require these to satisfy themselves that grant recipients have obtained best value by way of competition.

Our results closely matched the views of grants officers in response to our questionnaire. Almost all (32) of the 35 grant officers we consulted considered that terms and conditions were generally complied with.

The use of special conditions, which have not always been complied with, is under review

3.27 Where a project has been recommended for a lottery grant, but the assessment process has identified unresolved risks, the Charities Board may attach special conditions to the grant. We tested compliance with special conditions, focusing on those relating directly to the provision of the planned service or activity, for example:

- the provision of written confirmation of the purchase of the site;
- for capital projects, the submission of detailed designs and costings;
- the provision of an updated business plan and organisation chart; and
- evidence of satisfactory procedures for financial control.

3.28 The Charities Board had attached special conditions to 79 of the 150 projects we examined. In 63 cases (with grant awards totalling £9.5 million), the conditions had been complied with, but in the remaining 16 cases (with grant awards totalling £1.6 million) there was nothing in the Charities Board's records to indicate compliance. Grants officers also had concerns about the extent to which special conditions had been enforced – 17 of the 35 surveyed considered that they were not fully complied with. Case study 13 below illustrates a situation where the Charities Board were particularly concerned about the lack of detailed planning and preparation and attached four special conditions to the offer of grant. None of these conditions was met, yet the Charities Board continued paying out the grant.

Case study 13: Pakistan Centre, Nottingham

This local community group was awarded £95,000 in December 1995, for one year, as a contribution towards the renovation and refurbishment of a building for use as a day care centre for the elderly. The offer of grant required, as special conditions, that the grant recipient provide the Charities Board with detailed plans for the building work; at least three quotes for the work; details of planning consents; and proof of tenure. The Charities Board paid the first tranche of money without any of these special conditions having been met. The Charities Board issued reminders to the grant recipient about the outstanding information, but did not halt their payment of grant. They visited the project in February 1998, by which time all the grant had been drawn down, and found that the project was behind schedule because of construction problems. However, the Charities Board were confident that it would be completed and provide a successful day care centre. At the time of our visit, the building was largely complete, but the provision of day care facilities had not commenced. We therefore assessed this project as 'not provided' for our analysis in Part 2.

The Charities Board did not receive the information they required. The 'end of grant' report submitted by the centre in December 1999 indicated that the building work had been completed, suggesting a 'partly provided' assessment. The centre stated in the report that the day care service would be launched in January 2000.

3.29 The Charities Board undertook a review of the use of special conditions in August 1998 and found that the majority were not essential to the effective running of projects. Whilst recognising the importance of ensuring that relevant special conditions are complied with, they are now seeking to reduce the number of special conditions used. The emphasis on a smaller number of significant special conditions should assist grants officers in monitoring compliance.

The Charities Board hold seminars for grant recipients

3.30 The Charities Board's standard terms and conditions set out the specific monitoring requirements with which grant recipients must comply. However, the Charities Board recognise that they need to establish a dialogue with grant recipients to ensure that they understand what is required of them. For example, six of the 35 grants officers we consulted considered that grant recipients need clarification on how to fill out the self-assessment progress reports. In one of the

four regions covered by our project examination, the Charities Board had begun holding seminars for grant recipients, shortly after the announcement of lottery awards, to set out the role of the Charities Board; to explain the purpose and importance of the monitoring requirements; and to provide an opportunity for grant recipients to ask questions. The aim is to make grant recipients more aware of their responsibilities at the outset and reduce the volume of follow-up work that grants officers have to carry out. The Charities Board have now extended this initiative to all their regions.

The Charities Board have not always taken prompt and firm action when their monitoring has identified problems

3.31 The Charities Board's standard terms and conditions of grant provide for grant to be withheld or repaid if:

- the organisation fails to duly complete the activity on time or within a reasonable period (where no time limit is specified); or
- members of the governing body, volunteers, or staff of the organisation have acted dishonestly or negligently at any time during the activity period and directly or indirectly to its detriment.

The Charities Board's policy, based on guidance from the Department for Culture, Media and Sport, is that in circumstances where there is no prospect of the situation being rectified, the Charities Board will consider whether the grant should be recovered. While there is a general presumption that recovery should be pursued, the Charities Board consider the particular circumstances of each case; for example, the value of the grant compared with the likely cost of recovery, whether the grant recipient has sufficient resources to repay the grant, and whether recovery would be in the public interest.

3.32 Within our sample of 150 projects, we found three projects, with grant awards totalling £333,000, where it was not clear whether the grant recipient had used the grant wholly for the purpose for which it was given. In one case, a significant portion of the grant had been used to pay off outstanding debts, key staff had not been recruited, and the Charities Board did not have sufficient information about how the bulk of the grant had been spent (case study 14). We drew the Charities Board's attention to the situation and they accompanied us on our visit to the project. We found that the lottery grant had not been used fully for the purposes

intended. The Charities Board have investigated this case and are considering withdrawing the remaining grant of £30,019 and pursuing recovery of £16,000, which the organisation has used to pay off existing debts.

Case study 14: Belgrave Adventure Playground, Leicester

This project was awarded £124,019 in December 1996, for three years, to purchase specialist play equipment and pay for a playleader. From the Charities Board's records, we were unable to determine how much of the grant had been spent and on what. Our visit, with the Charities Board, confirmed that some play equipment had been constructed. However, the playleader had not been recruited. We were still not able to establish fully how the grant had been spent. Following our visit, the Charities Board's review indicated that the organisation had used £16,000 of the grant to pay an Inland Revenue debt. The Charities Board had paid out a total of £94,000 at the time of our visit in late October 1998. We assessed this project as 'partly provided' for our analysis in Part 2.

The grant recipient subsequently provided audited accounts for 1997-98 and 1998-99, though the auditors' opinion was qualified. As at November 1999, the Charities Board were considering withdrawing the remaining grant (£30,019) and pursuing recovery of the £16,000 that had been paid to the Inland Revenue. Based on our review of the Charities Board's papers, we consider that the assessment remains 'partly provided'.

3.33 In the second case, the grant recipient is not providing the services set out in the grant application and has been unable to account for a significant part of the grant received (case study 15). The Charities Board are considering what action to take in this case.

Case study 15: Charnwood Bangladeshi Society, Loughborough

This community group was awarded a grant of £182,720 in June 1996, for three years, to refurbish an old warehouse to provide a community centre and pay for the salaries of project workers and for office equipment. The application was made under the Charities Board's first grants programme 'Poverty' and the facilities were to provide 'advice and activities on employment and regeneration, education and training, interviewing techniques, confidence building, and various general activities'. Case study 9 outlined how cost increases had resulted in the planned refurbishment having to be cut back. In November 1998, the Charities Board received evidence that there were further problems with the refurbishment and that the grant recipient was experiencing financial difficulties.

We suggested to the Charities Board that, given the concerns that had been identified, a visit to the project should be undertaken. The grant recipient did not respond to our request to arrange a visit to the project so, in March 1999, we visited the project unannounced. We informed the Charities Board of this visit in advance. The building work appeared to have been recently completed. However, the centre was closed and there was no indication of its opening hours. The Charities Board visited the project in June 1999 and again in November 1999. They reported that the building was a community centre with a separate prayer room, but that the centre was not in active use.

continued...

Case study 15: continued...

As at December 1999, the Charities Board had not received a self-assessment report from the grant recipient. Of the £133,000 that has been paid, the Charities Board have confirmation that £115,000 has been spent on the refurbishment. They do not know where the remaining £18,000 has gone. The grant recipient submitted financial accounts to the Charities Board in December 1999 and the Charities Board are scrutinising these. The Charities Board are asking for further details and are considering what action to take.

We initially assessed this project as 'not known' for our analysis in Part 2 (see case study 9). Given the developments in this case, we consider that the assessment is now 'not provided'.

3.34 In the third case, the Charities Board were concerned about the way the grant recipient had changed the nature of the project without their approval, but did not consider that there was a case for reclaiming the grant (case study 16).

Case study 16: Bangladeshi Welfare Association, Oxford

This community group was awarded £26,000 in December 1995, for two years, to promote the interests of the community throughout the county with a view to improving the level of education and social well being. The group modified an element of the grant, without the Charities Board's approval, to employ a specialist worker to deal with immigration cases. The Charities Board paid out the full amount of the grant and consider that, despite the change in the focus of the project, the group succeeded in reaching the beneficiaries outlined in the application. We assessed this project as 'partly provided' for our analysis in Part 2.

3.35 Where progress on a project is short of that expected, the Charities Board's policy is to withdraw that part of the grant that is not being used to fund the service or activity set out in the approved grant application. Their policy is to cease making payments and, where necessary, seek to recover the grant paid or, where this is not practicable, that amount of grant that has been paid but remains unspent. As at 30 November 1999, the Charities Board had made partial withdrawals of grant, totalling £6.4 million, from 169 projects and had withdrawn the full grants, totalling £8.8 million, from 135 projects. In most of these cases, the Charities Board had not actually paid out the grants concerned. They acted to recover grants, totalling £434,494, from 304 projects. The Charities Board withdrew their support for one of the 150 projects we examined (case study 17).

Case study 17: Granton Information Centre, Edinburgh

This organisation was awarded a grant of £141,429 in June 1996, for three years, to provide a home visiting service to people in a deprived area who were unable to visit advice centres. By the end of the first year, the group had set up the home visiting service and an outreach advice surgery, but staffing difficulties limited progress in the volunteer training aspects of the project. This resulted in an underspend of £29,000 in the first year. The Charities Board were unable to obtain the information they required from the organisation about the future of the project. As the group had not complied with grant terms and conditions in supplying this information, the Charities Board decided in October 1998 to withdraw the remaining grant and seek recovery of the amount unspent. The Charities Board had paid grant totalling £66,583 and £26,525 was returned by the group. We assessed this project as 'partly provided' for our analysis in Part 2.

The Charities Board have not monitored the use of assets beyond the period of their grant

3.36 The Financial Directions require the Charities Board to obtain assurance that assets purchased with lottery funds are being used for the purposes intended. The Charities Board's standard terms and conditions of grant provide that if any part of a grant has been made to purchase land, buildings or other assets, including equipment and vehicles, the grant recipient may not dispose of those assets without the prior written permission of the Charities Board. Further, if any assets are sold, the Charities Board can reclaim that part of the grant which was used to acquire the assets. For almost half of the 150 projects we examined, some or all of the Charities Board's grant had been used to acquire assets that should be available for use by the grant recipient well beyond the period of the Charities Board's grant. Over one third of the projects, with grants totalling almost £6 million, involved the acquisition or refurbishment of buildings.

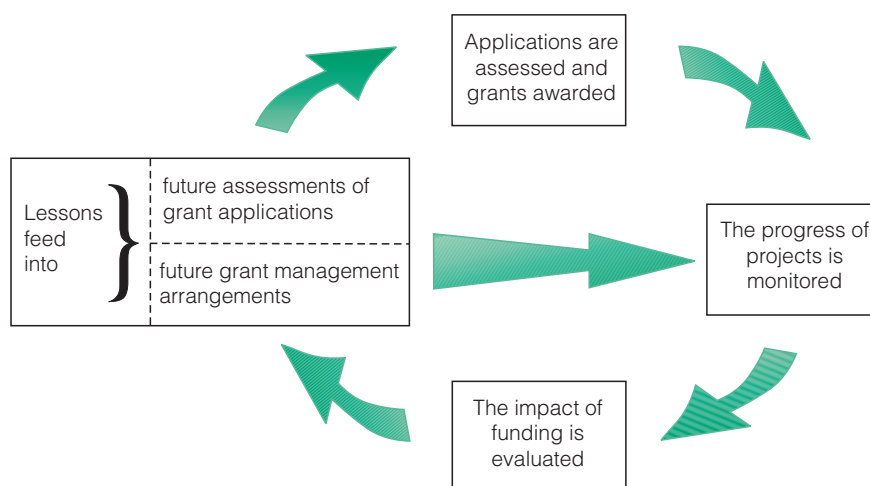
3.37 We found that the Charities Board have not maintained a consolidated register of capital assets funded through lottery grants, although details are held on individual project files. They have had no formal procedures, such as spot checks, for verifying periodically the existence and use of assets after the grant period. The Charities Board therefore have had no assurance that grant recipients continue to hold the assets acquired with their grant and to use them to provide the approved service or activity. However, the Charities Board have now developed a computerised register of capital assets, which they expect to be fully operational by autumn 2000, and propose to carry out periodic checks on the existence and utilisation of assets.

The Charities Board had not developed systems for identifying and communicating lessons learned

3.38 In an organisation such as the Charities Board, where there is an established cycle of activity, experience gained and lessons learned should be used to improve application assessment and grant management arrangements for the future (Figure 7).

The 'learning' cycle

Figure 7



Source: National Audit Office

3.39 There are two key aspects in this:

- identifying improvements to grant management arrangements in the light of experience; and
- evaluating the impact of lottery funding.

Lessons learned from grant management

3.40 To get maximum value from their investment in grant management activities, the information obtained from grant recipients' progress reports and grants officers' visits to projects should be analysed and the results, in the form of lessons learned, fed back to all grants officers. The Charities Board did not, however, have structured arrangements for identifying and disseminating lessons. Although each region makes periodic returns to the Corporate Planning Directorate (Figure 2 on page 8), these are high level (eg the number of

self-assessment progress reports received, whether key tasks have been performed) and not analytical in the sense of drawing out problems, and lessons for the future. Several of the grants officers we consulted indicated that they were not sure what was done with the information they provided – how it was acted on by the Charities Board – and commented that they received no feedback in terms of trend data or pointers for the future.

3.41 The Charities Board have now appointed a Business Review Officer to study trends emerging from monitoring and audit data and to propose improvements to procedures. And they have established an Operational Planning Unit which has instituted change control procedures so that lessons learned can be disseminated and procedures altered as necessary. This should enable grants officers to suggest changes to procedures and to see how these are dealt with. Also, reports by the Charities Board’s Internal Audit are disseminated widely. In addition, after the conclusion of each grants programme the Charities Board consider what improvements and changes can be made in the assessment process.

Evaluating the impact of lottery funding

3.42 A key feature of good practice is that monitoring and evaluation should be linked to policy development, either in relation to the grant giver’s funding policy or to the social policy issues they seek to address through their funding programmes. The Charities Board need to assess the impact of their grants programmes to determine whether each programme has achieved its objectives and to help determine the types of charitable and voluntary activity that are best suited to receive financial support in the future. Evaluation should provide an indication of the types of projects that have been most successful, along with an understanding of the factors that have hindered progress on others. The Charities Board can then apply these lessons in assessing which projects to support under future grants programmes.

3.43 Consistent with these aims, the Financial Directions issued to the Charities Board require them to establish a policy for evaluating their projects, and state that where analysis of individual projects may be impracticable, programmes of grants should be evaluated. The Charities Board’s policy is to evaluate the impact of their funding at the overall grants programme level. However, the Charities Board told us that they had not yet sought to evaluate grants programmes as a whole because of the varied mix of schemes funded under the earlier ‘broad brush’ programmes.

3.44 The Charities Board have analysed the progress of projects aimed at a particular beneficiary group, youth, across a number of grants programmes. This exercise, which was completed in January 1999, was carried out in-house and based on a telephone survey of grant recipients and focused on the number of people benefiting from projects funded by the Charities Board. 1,086 grant recipients, with grant awards totalling almost £90 million, took part in the research. The Charities Board found that 202,266 people were benefiting from the projects and that there were plans to help a further 238,699. They also established that the majority (94 per cent) of projects had achieved their objectives. However, the Charities Board’s research focused on the specific tasks that grant recipients had carried out – it did not attempt to assess whether the projects had achieved (or were likely to achieve) the longer term benefits set out in the grant applications. The Charities Board have confirmed that they intend to commission further programme evaluations, covering particular beneficiary groups and specific types of projects, and that these will examine the impact of their funding.

The Charities Board could strengthen their grant management arrangements

3.45 In helping us to identify good practice our consultants, Charities Evaluation Services, reviewed the grant management, monitoring and evaluation arrangements for seven grant making organisations. The organisations consulted, along with an indication of the number and value of grants made each year, are set out in Figure 8 below. We discussed and agreed the selection of the organisations with the Charities Board and we are grateful to these organisations for their helpful contribution to our work.

Details of the seven grant making organisations consulted

Figure 8

Organisation	Annual value of grants £m	Number of grants made each year
Wellcome Trust	210	1,922
Lloyds TSB Foundation for England and Wales	16.7	3,300
Comic Relief (formerly Charity Projects)	15.2	450
Bridge House Estates Trust Fund	10.1	283
City Parochial Foundation	5.1	240
The Wates Foundation	1.3	248
Allen Lane Foundation	0.3	119

Source: Charities Evaluation Services

3.46 There are several key factors which influence how each organisation manages their programme of grant activity:

- the vision, culture, values and history of the grant giving organisation;
- the structure, membership and authority of trustee committees;
- the accountability arrangements;
- the size of the grants;
- the nature of the relationship with grant recipients; and
- the resources available on the part of the grant maker.

3.47 Our consultants identified models of good practice (Appendix 4) that different grant making organisations might adopt, depending on the size of their operation and the environment within which they operate. They range from a relatively basic approach to a ‘thorough systematic’ approach. The organisations involved in the exercise support the models, which suggests that they may be of use to other grant makers.

3.48 It is for the Charities Board to determine the level of resources they are able to commit to managing their grant programmes, including the key tasks of day to day monitoring of progress and longer term evaluation of outcomes. It is clear, however, that with their grant making running at some £250 million a year, and the investment they have already made in monitoring projects – some 250 grants officers are directly engaged in this work – that the Charities Board aspire to a high standard of grant management consistent with the ‘thorough systematic’ approach.

3.49 In most respects the Charities Board are achieving this – for example, the self-assessments by grant recipients and independent visits to projects. Also, the Charities Board have plans in hand to strengthen their arrangements in other areas – for example, by varying the extent of monitoring to reflect the risk involved on individual projects. There are, however, areas in which their arrangements would need to be strengthened further to match the ‘thorough systematic’ approach. These areas, and our assessment of the action that the Charities Board might consider taking, are set out in Figure 9. The Charities Board agree that, while additional resources would be required for some aspects, these are sensible proposals to consider and they are already taking appropriate action in some cases.

Figure 9

The scope for improving the Charities Board's management of grants programmes

Area	Scope for improvement	Action to be considered
Targeted monitoring (paragraphs 3.5 to 3.10)	The selection of projects to be visited to be based on an assessment of all the risks involved as well as the value of the grant.	Development of additional criteria to take into account in deciding which projects to visit.
Self-assessment of progress by grant recipients (paragraphs 3.11 to 3.17)	Provision of additional guidance for grant recipients on the completion of self-assessment progress reports.	Development of additional guidance.
	Grant recipients to obtain feedback from project beneficiaries on the progress of projects.	Development of standard form of report for beneficiaries to complete, along with a system for feeding back results to the Charities Board.
Charities Board's visits to projects (paragraphs 3.18 to 3.24)	Grants officers to give greater priority to carrying out visits to projects that are experiencing difficulties or causing concern.	Grants officers to identify such projects and arrange to visit promptly.
Special conditions accompanying the grant offer (paragraphs 3.27 to 3.29)	Compliance with special conditions to be linked to the payment of grant.	Grants officers to ensure that special conditions are being complied with before approving payments of grant.
Action taken when monitoring has identified problems (paragraphs 3.31 to 3.35)	Prompt and decisive action to be taken, including earlier consideration of grant recovery.	The Charities Board to provide additional guidance and training for grants officers on how to deal promptly with problems identified.
Monitoring the use of assets beyond the period of grant (paragraphs 3.36 to 3.37)	Grant recipients to be required to confirm periodically that the assets purchased with lottery funds have been used for the purposes approved by the Charities Board.	Grants officers to send out forms and monitor their return.
Evaluating the impact of lottery funding (paragraphs 3.42 to 3.44)	The impact of each grants programme to be evaluated to determine whether it has achieved its objectives and to inform policy and strategy for future funding.	The Charities Board to carry out programmes of evaluation.

Source: National Audit Office

Appendix 1

How proceeds of the National Lottery are distributed

The share of proceeds raised by Camelot, the private sector operator of the National Lottery, for the 'good causes' is paid into the National Lottery Distribution Fund. The Fund was established under section 21 of the National Lottery etc. Act 1993 and the Permanent Secretary of the Department for Culture, Media and Sport is the Fund's Accounting Officer. The purpose of the Fund is to:

- receive monies generated by the National Lottery for good causes;
- allocate these to the distributing bodies; and
- invest the funds, until such time as they are drawn down by the bodies for payment to approved grant applicants and to meet expenses.

Monies not immediately required for distribution are invested by the National Debt Commissioners, in accordance with directions issued by HM Treasury under section 32 of the National Lottery etc. Act 1993.

Section 22 of the National Lottery etc. Act 1993 as amended by the National Lottery Act 1998, divides the National Lottery Distribution Fund between the six good causes: arts; sport; the heritage; charities; projects to mark the year 2000 and the beginning of the third millennium; and expenditure on or connected with health, education or the environment. Funds for these good causes are channelled through 14 distributing bodies as shown in the table overleaf.

Each distributing body is responsible for the way they distribute lottery funds. They are independent from day to day Government control, but operate within a framework of Policy and Financial Directions laid down by the Secretary of State for Culture, Media and Sport (or the Secretaries of State for Scotland, Wales and Northern Ireland).

Grants made by the National Lottery Charities Board

Distributing bodies and their share, from 1998, of the National Lottery Distribution Fund

This table shows the division of the National Lottery Distribution Fund between the 14 distributing bodies under section 22 of the National Lottery etc. Act 1993 as amended by the National Lottery Act 1998.

Good cause	Distributing body	Share of the National Lottery Distribution Fund %	
<i>Arts</i>	Arts Council of England	11.85	} 14.63
	Scottish Arts Council	1.48	
	Arts Council for Wales	0.83	
	Arts Council of Northern Ireland	0.47	
<i>Film</i>	Film Council	2.03	
<i>Sport</i>	Sport England	12.60	} 16.66
	Scottish Sports Council	1.35	
	Sports Council for Wales	0.75	
	Sports Council for Northern Ireland	0.43	
	United Kingdom Sports Council	1.53	
<i>Heritage</i>	Heritage Lottery Fund	16.67	
<i>Charities</i>	National Lottery Charities Board	16.67	
<i>Millennium</i>	Millennium Commission	20.00	
<i>Health, education and environment</i>	New Opportunities Fund	13.34 (Note 1)	

- Notes: 1. when the Millennium Commission is wound up, its share of the National Lottery Distribution Fund will go to the New Opportunities Fund making its share 33.34%.
2. the National Endowment for Science, Technology and the Arts has been endowed with £200 million from the National Lottery Distribution Fund, but is not a distributing body and does not receive an on-going share of the Fund.
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Appendix 2

Policy Directions issued to the National Lottery Charities Board under section 26(1) of the National Lottery etc. Act 1993

The following Policy Directions were issued by the Secretary of State for the Home Office in September 1995, in exercise of the powers conferred by section 26(1) of the National Lottery etc. Act 1993, to the National Lottery Charities Board.

The National Lottery Charities Board shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which it distributes money under section 25(1) of the Act:

- a) the need to ensure that reasonable steps are taken to publicise widely the potential availability of grants and to avoid soliciting applications from individual organisations;
- b) the need to ensure that the Board, in the policies it adopts from time to time as to the distribution of monies, achieves over time the distribution of money:
 - i) to a reasonably wide spread of recipients, including small organisations and those operating purely at a local level; and
 - ii) across a reasonably wide range of charitable (whether or not charitable in law), benevolent and philanthropic activity;
- c) the need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure;
- d) the need to ensure that money is distributed only for charitable (whether or not charitable in law), benevolent or philanthropic purposes;
- e) the need to consider in both financial and practical terms the likely viability of ventures in respect of which it is proposed to distribute money and also the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the period for which the Board is proposing to make a grant;
- f) the need to ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required;

g) the need to have regard from the outset to:

i) the interests of the UK as a whole;

ii) the interests of the different parts of the UK;

iii) the relative population sizes of, and appropriate socio-economic factors applicable to, the different parts of the UK;

and in addition, to consider the interests of organisations with a base in the UK and working overseas; and to distribute grants in the light of these considerations.

h) the need not to distribute money under section 25 to a company falling within section 27(2)(a).

Note: Departmental responsibility for the National Lottery Charities Board was transferred from the Home Office to the Department of National Heritage (now the Department for Culture, Media and Sport) in 1996. The Secretary of State for Culture, Media and Sport issued revised Policy Directions to the National Lottery Charities Board in June 1998.

Appendix 3

The methods we used

1 We undertook four main exercises during our examination of the National Lottery Charities Board.



Exercise 1: Project case file examination

2 The purpose of this work was to identify the progress projects had made in delivering the planned level of service or activity.

Method

3 We examined a sample of 150 projects. We devised a sampling strategy which enabled the sample to be randomly selected from four of the Charities Board's 14 offices yet allowed the results to be extrapolated across all the offices. The four offices, also randomly selected, were Scotland, North West (England), East Midlands (England) and South East (England). The 150 projects were selected from the population of grants of over £20,000, from the first three grants programmes, managed by these four offices. Grants of under £20,000 were excluded as our analysis showed that whilst they represented 29 per cent of the grants awarded by number, they represented just four per cent by value. The sample of 150 was stratified so that 90 projects of £100,000 and over were selected and 60 projects of under £100,000 were selected. Table 1 shows the number of grants selected from each office. The total value of grants awarded to the 150 projects selected was just over £20 million. Appendix 5 provides details of the 150 projects examined.

Table 1

Charities Board Office	Number of projects selected
Scotland	41
North West (England)	53
East Midlands (England)	22
South East (England)	34

4 We assessed the progress each project had made by reviewing the documentation on each project case file and visiting half of the projects (see Exercise 2). Details of the criteria used to assess whether services or activities were being provided as planned and how we categorised each project are set out in Table 2.

Table 2		
Category	Criterion	
Fully provided	The level of service or activity was being provided in accordance with the approved grant application.	
Mostly provided	The level of service or activity being provided was slightly less than that set out in the approved grant application, but this was unlikely to have a material affect on the intended outcome.	
Partly provided	The level of service or activity being provided was less than that set out in the approved grant application and this was likely to affect the intended outcome.	
Not provided	The service or activity set out in the approved grant application was not being provided.	
Not provided, no grant paid	The service or activity was not being provided but the Charities Board had not paid out any of the grant. This included projects that had not started or where the grant had not been taken up.	
Not known	At the time of our assessment, the project had not been running long enough, or there was insufficient information available, for us to reach a judgement.	

5 We extrapolated the results of our sample examination across the population of grants of £20,000 or more made under the first three grants programmes. We calculated the margin of error (the sampling error) relating to our results for two categories of projects: those that were fully or mostly providing the planned level of service or activity and those that were only partly or not providing it. We then adjusted the level of error to reflect the stratified nature of the sample. The sampling error relating to both categories was plus or minus eight per cent at the 95 per cent confidence level. In applying the results of our sample examination to the population as a whole, we used the level of sampling error to determine the upper and lower numbers of projects, and total value of grants, for each category of result.

Exercise 2: Project visits

6 The purpose of this work was to visit a selection of projects to meet project managers and, where possible, beneficiaries to discuss the progress that the projects had made.



Method

7 Following the case file examination of 150 projects (Exercise 1 above) we selected 75 projects to visit. Projects were selected for visits where we had concerns about the way in which the grant had been spent or about the Charities Board's monitoring information. We also visited projects that, from our case file examination, appeared to be progressing well. Table 3 shows the spread of visits across the four Charities Board's offices. Appendix 5 provides details of the 75 projects visited. On each visit we met the project manager and discussed the progress made in providing the planned level of service or activity and any problems that had been experienced. Most visits included a tour of the project to see the facilities acquired and the staff funded by the grant (depending upon the nature of the project). Where possible, we met the project beneficiaries to ascertain their views of the project.

Table 3

Charities Board Office	Number of projects visited
Scotland	20
North West (England)	26
East Midlands (England)	12
South East (England)	17

Exercise 3: Questionnaire to grants officers

8 The purpose of this work was to obtain feedback from the Charities Board's grants officers on the extent to which the Charities Board's grant management arrangements were operating as intended and to identify possible areas for improvement.

Method

9 The questionnaire was sent to all 23 of the Charities Board's Senior Grants Officers and to 14 (10 per cent) of the Charities Board's Grants Officers. We achieved a 100 per cent response rate. Responses from two Senior Grants Officers were excluded from our analysis of the questionnaire responses as they had no experience of managing grants under the first three grants programmes. The questionnaire contained 40 questions in total and was broken down into six sections that are shown in Table 4.



The six areas covered by the questionnaire to grants officers



Table 4

- Terms and conditions accompanying the grant offer
- Self-assessment progress reports
- Project monitoring visits
- Post-completion monitoring
- Monitoring specialism
- Other areas / issues

Exercise 4: Benchmarking against good practice

10 The purpose of this work was to identify good practice in grant monitoring and evaluation to provide us with a benchmark against which to compare the Charities Board's arrangements.

Method

11 Charities Evaluation Services, a 'not for profit' support and consultancy agency specialising in the promotion of good monitoring and evaluation practice in the voluntary sector, were commissioned to identify good practice in grant monitoring and evaluation. They contacted seven other grant makers in the United Kingdom (Table 5 below) to identify the monitoring and evaluation arrangements that they had in place.

The seven grant making organisations contacted by Charities Evaluation Services

Table 5

- Wellcome Trust
- Lloyds TSB Foundation for England and Wales
- Comic Relief (formerly Charity Projects)
- Bridge House Estates Trust Fund
- City Parochial Foundation
- The Wates Foundation
- Allen Lane Foundation

12 From their work, and their wide experience in the charitable and voluntary sector, Charities Evaluation Services identified good practice features in monitoring and evaluating grants. They used these features to develop four models of good practice, dependent on the resources available to grant making organisations. Details of the four models are provided at Appendix 4.

Appendix 4

Good practice for monitoring and evaluating projects funded by grants

The National Audit Office commissioned Charities Evaluation Services, a 'not for profit' support and consultancy agency specialising in the promotion of good monitoring and evaluation practice in the voluntary sector, to identify good practice in grant monitoring and evaluation (Appendix 3). Charities Evaluation Services developed four models of good practice (set out in Table 6 below). Determining which level is most appropriate for individual grant makers depends on their individual needs and remit and the extent of resources available to them. This is not a system where organisations must progress from one level to the next. It seeks solely to indicate good practice features at a range of levels to which grant makers can aspire and measure themselves by, according to their capacity and the standards they seek to meet. The following is a general, not definitive, guide to where grant makers should be aiming.

Resource Level 1

- no resources for administration
- no paid staff, grants managed by trustees and/or volunteers
- total grant giving per year less than £100,000

Resource Level 2

- 2-3 paid staff dealing with the whole grants management process
- equipment – personal computer for each staff member and basic word processing and database packages
- total grant giving per year between £100,000 and £2 million

Resource Level 3

- staff team of 4-6 people including grants officers and administration/secretarial support
- some staff have specific monitoring and evaluation role
- equipment – good personal computers for all and up-to-date database and grants management software
- total grant giving per year of £2-5 million

Resource Level 4

- staff team of 10 or more people including grants officers and administration/secretarial support
- staff have specific monitoring, evaluation and developmental role, eg. specific programme or policy area responsibilities
- clear staff structure and support including training and personal development
- latest IT equipment with sophisticated packages to track grants and ensure effective data flows
- total grant giving per year over £5 million

Table 6: Models of good practice in monitoring and evaluation

Resource Level 1	Resource Level 2	Resource Level 3	Resource Level 4
Policy			
Grant maker specifies areas for which grants are available and the application process. Grant is given subject to basic terms and conditions. Grant maker requires confirmation that money spent for purpose requested.	Grant maker has a clear funding policy specifying areas, objectives and criteria.	Monitoring and evaluation policy is clearly linked to funding policy; the reporting timetable of what, when and how is specified. Some discussion with applicants to ensure their understanding.	Funding and monitoring and evaluation policy regularly reviewed, improved and communicated. Discussion with applicants to help them with setting targets and measures, and to prepare for the reporting process.
Resources			
Resources for monitoring and evaluation not available, or very limited.	Grant maker has limited resources, probably one full-time person to manage the whole grant management process, plus a basic database.	Staff have a specific monitoring and evaluation remit. Grant maker has database and specialist software.	There is a dedicated monitoring and evaluation function; staff have appropriate skills and access to training. IT is sophisticated with an integrated management information system to track grants and ensure effective data flows, particularly into the policy development, strategic planning and operational planning processes of the grant maker.
Proportionality			
	Grant maker deploys resources on monitoring and evaluation in relation to the size of the grant.	Grant maker has a tiered approach in which grants are banded and then subject to more exacting requirements as grant size increases.	The tiered approach is systematic and structured, supported by efficient administrative and IT systems.
Reporting process			
Annual Report and audited accounts required at the end of grant. If not received, grant maker chases these selectively and not necessarily comprehensively.	A written report on the project/activity funded is required, confirming how the money was spent and the benefits obtained.	A written report is required in a specified format. This may include: number of beneficiaries; impact on organisation's success; benefits; problems and how addressed; users' involvement and feedback; financial information relating to the original budgeted bid; changes resulting from the grant; plan for funding after the grant ends; and views on the grant maker's processes. Occasional meetings and/or visits. Occasional external evaluation.	Comprehensive written report covering all aspects of the activity, outcomes and impact, with evidence of self-evaluation and consultation with users, partners and other stakeholders. Structured process of engagement and personal contact, eg. regular meetings and visits during the grant period for specified purposes. Process created whereby grantees make presentations on their funded activity. External evaluation carried out to specified brief by skilled and experienced agency.

Resource Level 1	Resource Level 2	Resource Level 3	Resource Level 4
What is evaluated	Grant maker monitors and evaluates some individual grants.	Grant maker monitors individual grants and, on a selective basis according to current interest/priority/amount of funding, monitors and evaluates key programme areas.	All grants and programme areas are routinely monitored and evaluated to show impact on policy objectives and overall benefit of grant maker's activity.
What is done with reports Reports are filed.	Reports are read, compared with application, and issues raised with the grant recipient if any disparity or variance.	Reports and feedback scrutinised for financial audit and policy development purposes. Feedback given to all grant recipients.	Reports and feedback scrutinised for financial audit. Detailed analysis of reports to: feedback to all grant recipients for their development; improve the funding policy and process; develop social policy in priority areas; and share learning and experience, whether internally across functions or externally, with others.
Making use of the information	Grant maker has some internal process for making use of reported information.	Monitoring and evaluation reports are discussed at relevant committees within the grant maker's organisation and further action may be decided.	Reports are discussed by decision-makers in the grant maker's organisation with a view to influencing internal policy and strategy, and deciding action which is routinely and systematically followed up.
Risk	Grant maker has an informal idea of risk and contingencies for dealing with it.	Grant maker has defined risk and has a range of strategies based on experience for dealing with it.	Risk is clearly defined and there is a written policy specifying how it can be dealt with through the monitoring and evaluation process.

Source: Charities Evaluation Services

Appendix 5

The projects we examined

Key:

1. YR – the period of grant funding, either one, two or three years
2. GP – the grants programme (one, two or three)
3. CO – the national or regional office which manages the grant: East Midlands (EM), North West (NW), Scotland (SC), and South East (SE)

Organisation	Grant award £	Purpose of grant	YR ¹	GP ²	CO ³	NAO visit
1 Allextion Youth And Community Centre	271,100	Refurbish youth and community centre	1	1	EM	Yes
2 Pakistan Centre	95,000	Provide accessible services for elderly and disabled people	1	1	EM	Yes
3 The Play Centre For Children With Disabilities	148,430	Extend services of the play centre to families in poverty	3	1	EM	Yes
4 Nottingham Counselling Centre	124,015	Assist disadvantaged black people to access counselling	3	1	EM	Yes
5 Shaw Trust	123,482	Tree-growing project to empower and support disabled people	3	1	EM	No
6 Leicester And County Mission For The Deaf	93,760	Empower and enable deaf people to combat social isolation	3	1	EM	No
7 Lincolnshire Employment Accommodation Project	250,000	Training and supported accommodation for young people at risk	3	1	EM	Yes
8 Northamptonshire Victims Support Scheme	28,820	Increased support to victims of racial harassment and attacks	3	1	EM	No
9 Advance Housing and Support	84,580	Provide a social meeting place for psychiatric patients	1	2	EM	No
10 The Growing Place Limited	122,025	Provide training in the horticultural business to young people	2	2	EM	Yes
11 Northamptonshire Society For Autism	103,050	Training employment programme for young autistic people and support for their carers	3	2	EM	Yes
12 Nottingham Law Centre	101,880	Outreach worker and receptionist to improve service and reach clients in areas of extreme social need	3	2	EM	No
13 Hazel Community Association	100,721	Assertive parenting strategies and self-help to raise parents' confidence in managing their children's behaviour	3	2	EM	Yes
14 Charnwood Bangladeshi Society	182,720	Refurbish and equip property as a community educational centre	3	2	EM	Yes
15 Fairplay	60,000	Extend current support and learning to people with disabilities	3	2	EM	No

continued...

Grants made by the National Lottery Charities Board

Organisation	Grant award £	Purpose of grant	YR ¹	GP ²	CO ³	NAO visit
16 Braunstone Summer Camp	21,636	Provide residential holidays for 120 children from low income families	3	2	EM	No
17 Matlock And District Mencap	20,593	Improve facilities for people with learning disabilities	1	3	EM	No
18 East Midlands Shape	116,235	Increase disability awareness and challenge prejudices	2	3	EM	Yes
19 Derbyshire Association For The Blind (DAB)	172,210	Expand services to visually impaired people	3	3	EM	No
20 Umbrella	122,560	Enable young disabled people to access mainstream recreational facilities	3	3	EM	No
21 Belgrave Adventure Playground	124,019	Provide specially designed adventure play equipment and activities for disabled young people	3	3	EM	Yes
22 Nottingham Vietnamese Project	94,381	Full-time health worker to provide interpretation and communication help	3	3	EM	Yes
23 Pre School Equipment And Resource Centre (perc)	134,176	Pre school equipment and resource centre promoting quality childcare	1	1	NW	Yes
24 Barrow & District Spastic & Handicapped Society	100,000	Provide enhanced quality of life for the disabled	1	1	NW	No
25 Demense Community Association	250,000	Refurbish community centre	1	1	NW	Yes
26 Hindley Community Association	42,500	Facilitate community provision including accommodation for people with learning difficulties	1	1	NW	No
27 Manchester And Salford Methodist Mission	79,648	Secure night shelter accommodation	1	1	NW	No
28 Orrell Park And District Community Association	56,353	Improve the quality of life for residents in the area	1	1	NW	No
29 Hospice Care For Burnley And Pendle	60,000	Facilitate the early provision of district beds for terminally ill people	2	1	NW	Yes
30 Dare To Care	183,000	Unique free service improving quality of life and reducing crime	3	1	NW	Yes
31 Manchester Rape Crisis	164,068	Outreach community support project for rape crisis	3	1	NW	No
32 Macclesfield Cradle Concern	108,508	Support outreach for prevention, care, education, security, etc	3	1	NW	Yes
33 Blackburn Racial Equality Council	128,877	Alleviate racial harassment and violence and counteract its affects	3	1	NW	No
34 Preston Women's Refuge	262,451	Combat violence, fear, poverty, overcrowding, and provide protection	3	1	NW	Yes
35 Woodlands Hospice Charitable Trust	167,139	Support people in a deprived area living with an incurable illness	3	1	NW	No
36 Disablement Resource Unit (dru)	135,000	Provide anti-poverty initiatives for people with disabilities	3	1	NW	No
37 Trafford Women's Aid	65,447	Women's aid refuge, children's support, care and services project	3	1	NW	Yes
38 Nacro Youth Activities Unit (Salford)	34,204	Provide football activities to young people at risk of offending	3	1	NW	No
39 Rice Lane City Farm	72,500	Project/education work with disadvantaged children and adults	3	1	NW	Yes
40 The Claire House Appeal	181,000	Provide respite and terminal care for children and support for their families	1	2	NW	Yes
41 Preston Sea Cadet Corps	185,578	Provide life-skills for young disadvantaged people	1	2	NW	Yes

continued...

Grants made by the National Lottery Charities Board

Organisation	Grant award £	Purpose of grant	YR ¹	GP ²	CO ³	NAO visit
42 Winsford Youth Forum	20,750	Identify and provide constructive recreational, cultural and educational experiences for young people	1	2	NW	No
43 5th Phoenix Ranger Group	42,600	Provide a variety of activities for local young people	1	2	NW	Yes
44 Manchester Youth & Community Service	73,300	Mobile bus running education or employment training programmes for young women	1	2	NW	No
45 Halton Accommodation Project (H.A.P.)	184,452	Create a half-way house and provide training for temporarily homeless young people	2	2	NW	Yes
46 Halton West Bank Community Association	169,900	Inexpensive holiday accommodation for disadvantaged and disabled young people	2	2	NW	Yes
47 Halewood Youth Club	176,795	Social, cultural and educational activities for children and young adults	3	2	NW	No
48 Birchwood Y.M.C.A	115,458	Establish a "Foyer" scheme for young people who are homeless	3	2	NW	Yes
49 West Cumbria Groundwork Trust	127,292	Activities for disadvantaged young people in rural communities	3	2	NW	No
50 Action Transport Theatre Company Ltd	171,119	New youth arts team to target disadvantaged young people	3	2	NW	Yes
51 Kendal Lads And Girls Club	100,000	A club providing a range of activities for young people	3	2	NW	No
52 Oaktree Education Trust	160,727	Informal educational opportunities that support disaffected young people	3	2	NW	No
53 Family Advice And Community Resource Centre	194,520	Information, advice and support service for people living in a disadvantaged inner city area	3	2	NW	Yes
54 English Touring Theatre	119,556	Use drama to help disadvantaged young people address issues facing them	3	2	NW	No
55 Fiona Trust Fund	37,850	Mobile youth information and advice project for the disadvantaged	3	2	NW	No
56 Resolve North West Mediation Services	92,252	Mediation and counselling service in areas of high deprivation	3	2	NW	No
57 Community Care Options/Bolton Shopmobility	50,144	Free access to motorised scooters for disabled people	3	2	NW	No
58 Wirral Brook Advisory Centre	77,934	Recruit and train young people to become peer educators on topical issues	3	2	NW	Yes
59 Vale Royal Committee For Deaf People	191,000	Extend and refurbish a centre run by and for deaf people with learning or mobility difficulties	1	3	NW	No
60 Northern Friends Of Arms Multiple Sclerosis Therapy Centre	200,000	New building and equipment to provide practical support, advice and facilities for people with multiple sclerosis	1	3	NW	No
61 Chorley Women's Refuge Group	92,543	Support, advice and accommodation for women and children victims of physical or mental abuse	1	3	NW	No
62 Wirral Branch Multiple Sclerosis Society G B & N I	22,000	Support and services for people with multiple sclerosis and their carers	1	3	NW	No
63 Age Concern Liverpool	592,580	Premises to encourage a healthy lifestyle for the elderly, retired and infirm	2	3	NW	Yes
64 Warrington Integrate	177,500	Respite facility for people with learning difficulties, disabled people and carers	3	3	NW	Yes
65 Greater Manchester & Lancashire Council On Alcohol	468,336	Free confidential support and advice service to people involved in alcohol and substance misuse	3	3	NW	Yes

continued...

Grants made by the National Lottery Charities Board

Organisation	Grant award £	Purpose of grant	YR ¹	GP ²	CO ³	NAO visit
66 Central Redevelopment Area Community Association	185,831	Telephone helpline, advice, information and outreach support for disabled people	3	3	NW	Yes
67 Orrell Park Advice Centre	110,581	Improve a welfare rights service for disabled people	3	3	NW	No
68 Neuromuscular Centre	178,398	Training young people with muscular dystrophy as fundraisers and business managers for the centre	3	3	NW	No
69 Chester And District Committee For Disabled People	155,904	Advice and support, training and recreational activities for young disabled people	3	3	NW	No
70 Awaaz Group	143,605	Improve access to employment and training opportunities for Asian mental health service users	3	3	NW	No
71 Manchester Black Health Forum	141,419	Expand day and home care project for ethnic minority elders	3	3	NW	Yes
72 Wigan Link	81,658	Provide support to people with learning disabilities who live at home	3	3	NW	Yes
73 Gay Healthy Alliance Project (G H A P)	98,524	Health promotion initiative aimed at gay men	3	3	NW	Yes
74 Age Concern Blackpool Dist.	50,980	Establish a day centre for up to 35 elderly people	3	3	NW	No
75 Cheshire Asbestos Victims Support Group	21,280	A home visiting and counselling service for housebound and disabled victims of asbestos related diseases	3	3	NW	No
76 Inverclyde Community Development Trust	626,096	Relief of poverty by providing premises for new business development	1	1	SC	Yes
77 Creich Community Association	31,000	Provide facilities for an isolated rural community	1	1	SC	No
78 Saint Aidan's Project Association Limited	80,000	Provide employment training facilities for disadvantaged groups	1	1	SC	Yes
79 Strathkelvin Women's Aid	39,768	Furbish new refuge for abused women	1	1	SC	No
80 Strathclyde Poverty Alliance	666,177	Equip and support community activists to combat poverty locally	3	1	SC	Yes
81 Pathway Project	107,632	Outreach service to address effects of poverty, sexual abuse and homelessness	3	1	SC	Yes
82 Edinburgh Sitters	177,850	Provide sitters and volunteering opportunities in disadvantaged areas	3	1	SC	No
83 CRUSAID Scotland	127,500	Hardship Fund For HIV/AIDS sufferers	3	1	SC	Yes
84 Castlemilk Law Centre	107,630	Improve living standards of people suffering from poverty and disability	3	1	SC	No
85 The Princes Trust	300,000	To give disadvantaged pupils a better chance to succeed	3	1	SC	Yes
86 All Women Centre	470,347	To support women in areas of multiple deprivation	3	1	SC	Yes
87 Gallowgate Drug Prevention And Family Support Group	44,715	Alleviate transport difficulties and reduce stress in drug addicted families	3	1	SC	No
88 Renfield Day Centre	85,089	Focus on a service developed for challenging behaviour	3	1	SC	Yes
89 Teen Scream Youth Magazine	138,563	Produce a 'Teen' magazine as a focus for empowerment, training, and confidence building for young people in a deprived area	1	2	SC	Yes
90 South Camlachie Youth Project	47,000	Enable young people in a disadvantaged area access to more life choices	1	2	SC	Yes
91 Stewarton Guide Association	40,000	Enable the group to develop its program of guide activities	1	2	SC	No

continued...

Grants made by the National Lottery Charities Board

Organisation	Grant award £	Purpose of grant	YR ¹	GP ²	CO ³	NAO visit
92 City Of Dundee Scout Association	69,738	Increase the number of people participating and provide facilities for girl Scouts	1	2	SC	No
93 The Albion Trust	375,000	Shared premises for local charities and community voluntary organisations	2	2	SC	Yes
94 Clackmannanshire Women & Girls Project	21,333	Provide specialist support groups for girls with learning difficulties who have suffered from sexual abuse	2	2	SC	No
95 Tangents	189,662	Peer group learning initiative run by and for young people	3	2	SC	Yes
96 Angus Mental Health Association	156,700	Drop-in centre providing help to young people with mental health problems	3	2	SC	No
97 Grampian Service Brokerage Ltd	121,807	Support for young people with disabilities who are leaving special education	3	2	SC	Yes
98 Gala Youth Project	139,223	Provide a befriending project for disadvantaged youth	3	2	SC	No
99 Theatre Workshop Edinburgh Limited	162,483	Provide theatre training involving young disadvantaged and vulnerable people	3	2	SC	Yes
100 Motherwell & Wishaw Citizens Advice Bureau	141,040	Training and development unit to assist people affected by low income and poverty	3	2	SC	Yes
101 Granton Information Centre	141,428	Provide an outreach welfare rights advice service for people with access difficulties	3	2	SC	Yes
102 Tak Tent Cancer Support - Scotland	77,610	Create self-help groups for young people to fight cancer together	3	2	SC	Yes
103 Inverness Area Scout Council	37,000	Provide a venue to centralise activities and store equipment for all Scout Groups in the area	3	2	SC	No
104 Young People Speak Out	29,904	Enable disadvantaged youth to express themselves through video making	3	2	SC	No
105 The Ayrshire Hospice	550,000	Extend the provision of specialist palliative care for people in the terminal stages of cancer or Motor Neurone Disease	1	3	SC	No
106 Shapinsay Lunch Club	31,383	Social and recreational activities and outings for the elderly and disabled	1	3	SC	No
107 Health Help For All	22,719	Survey the health needs of local males, increase community health awareness, and run support groups	2	3	SC	Yes
108 Scottish Equality Awareness Trainers In Disability	154,479	Provide disability awareness training for people with disabilities to enable them to deliver training to others	3	3	SC	No
109 Pilton Community Health Project	106,742	A befriending service for women suffering from postnatal depression	3	3	SC	No
110 Out Of The Darkness Theatre Company	139,696	Establish a performing arts group for people with learning disabilities	3	3	SC	Yes
111 Women's Health & Family Project	131,686	Provide a confidential advice and support service for women	3	3	SC	No
112 Voluntary Action Lewis	126,384	Mobile resource unit providing advice and counselling to people with disabilities and their carers in remote areas	3	3	SC	No
113 The Moray Association For Mental Health	149,499	Provide support and information for people experiencing mental health problems in isolated rural areas	3	3	SC	Yes

continued...

Grants made by the National Lottery Charities Board

Organisation	Grant award £	Purpose of grant	YR ¹	GP ²	CO ³	NAO visit
114 Saheliya	114,180	Health support and advice to ethnic minority women	3	3	SC	No
115 South Edinburgh Amenities Group	67,200	Elderly day care facilities and recreational services to other parts of the city	3	3	SC	No
116 Queensferry Care in the Community	29,816	Day care centre providing social and recreational activities for the elderly and people with disabilities	3	3	SC	No
117 Parish Of Forton: St John The Evangelist Church, Portsmouth	130,000	Provide an accessible, affordable, convenient, safe community venue	1	1	SE	Yes
118 Portsea Island Gateway Club	23,000	Provide holiday opportunities for disadvantaged people	1	1	SE	Yes
119 Bangladeshi Welfare Association	26,000	Improve the living conditions and family life of Bangladeshi women	2	1	SE	Yes
120 Community Daycare Project	120,000	Provide a community-run affordable daycare nursery	3	1	SE	Yes
121 Citizens Advice Bureau - Margate	134,200	Provide a mobile advice service in areas of poverty and high unemployment	3	1	SE	Yes
122 Isle Of Wight Citizens Advice Bureau	309,000	Establish a credit union and empower community through welfare rights	3	1	SE	Yes
123 Woodhill Visitors Centre And Support Group	195,967	Relieve the practical and emotional poverty of prisoners' families	3	1	SE	Yes
124 The Ark Charity	32,505	Rescue, guide, counsel, support, clothe, care, and teach family project	3	1	SE	No
125 Milton Keynes Women's Aid	64,793	Outreach project supporting survivors of domestic violence	3	1	SE	No
126 Arc - Young People's Information And Counselling Service	20,008	Improve access and facilities for young people's information and counselling	3	1	SE	No
127 Oxfordshire Relate	26,800	Bursaries for financially disadvantaged clients	3	1	SE	Yes
128 Reading Industrial Therapy Organisation Limited	132,500	Integrate disabled young people into the community through training, and work opportunities in agricultural and commercial horticulture	1	2	SE	Yes
129 Woking Community Furniture Project	139,800	Purchase a building to continue to provide low cost furniture	1	2	SE	No
130 Woburn Sands Youth Club	72,866	Convert a disused fire station to a permanent youth club building	1	2	SE	No
131 Short Term Accommodation For Youth (STAY)	38,930	A training/recreational facility for homeless young people	2	2	SE	Yes
132 Test Valley Council Of Community Service	135,350	Enhance the social and information needs of rural youth	3	2	SE	Yes
133 Andover & District Citizens Advice Bureau	146,575	Help mitigate the effects of poverty through an outreach service to low income families in rural areas	3	2	SE	No
134 Portsmouth Housing Trust	234,160	Enhance voluntary sector provision and opportunities for disadvantaged youth	3	2	SE	Yes
135 Sidley Community Association	150,829	Provide new premises and youth co-ordinators	3	2	SE	No
136 The Trinity Centre	53,588	Provide weekend social welfare support to disadvantaged young people	3	2	SE	No
137 W H A T S To Do	36,500	Provide activities for young people who are likely to turn to crime	3	2	SE	No

continued...

Grants made by the National Lottery Charities Board

Organisation	Grant award £	Purpose of grant	YR¹	GP²	CO³	NAO visit
138 Dover Counselling Centre	77,783	Outreach and awareness-raising work to target low income groups	3	2	SE	Yes
139 Ashford Citizens Advice Bureau	56,725	Provide independent, free advice on debt management, particularly aimed at people on low incomes	3	2	SE	No
140 Woking & District Society For Mentally Handicapped C & A	100,000	Build and refurbish a new centre for children and adults with learning disabilities	1	3	SE	No
141 Portsmouth Down's Syndrome Trust	346,595	Renovate a semi-redundant building to accommodate an expansion of services	1	3	SE	No
142 The Sussex Multiple Sclerosis Treatment Centre Ltd	44,000	Improve the condition of people suffering from MS, ME and Cerebral Palsy through various therapies	1	3	SE	Yes
143 Disability Information Services Kent	121,882	An outreach information service to people with disabilities and their carers	3	3	SE	No
144 Hampshire Coalition Of Disabled People	303,392	Promote and develop active participation and assertion of rights by disabled people	3	3	SE	Yes
145 Dingley Family and Playtherapy Group	172,150	Provide a pre-school playgroup for physically disabled children	3	3	SE	Yes
146 Medway and Swale Citizen Advocacy	184,172	Crisis advocacy and outreach to people with mental and health problems, especially those from ethnic minorities	3	3	SE	Yes
147 The Brighton Area Race Project	150,542	Develop the current services available to black and minority ethnic people	3	3	SE	Yes
148 Arun Dolphins S C	26,790	Provide supervised swimming sessions for people with physical disabilities and learning difficulties	3	3	SE	No
149 Advocacy Consortium	23,611	Advocacy service that recruits and trains volunteers to act as advocates for disabled people	3	3	SE	No
150 S N A P P S	30,174	Support and information to families with a disabled or ill member	3	3	SE	Yes