

Findings at a glance

PART 1



NESTA awards are reasonably spread between the four nations but, within England, London receives a disproportionate amount, and overall there is a lack of clarity on social exclusion

- NESTA has spent over £40 million and made 343 awards
- The distribution of awards between the four nations is fairly even, except for Northern Ireland
- Within England, London receives a disproportionate amount of awards
- London is most over represented in the Fellowship and Learning programmes
- NESTA is developing a strategy to address regional distribution
- There is a lack of clarity concerning NESTA's contribution to tackling social exclusion
- The awards support a great variety of ideas and activities, and most projects are not yet complete
- NESTA is developing a framework for assessing the impact of its programmes

PART 2



Two programmes have done well to generate applications but one has been less successful

- The Invention and Innovation programme has been successful in generating a high level of interest and competition for funds
- There are concerns about nomination being the main route to the Fellowship programme
- The Learning programme has effectively combined a mixture of soliciting projects with being responsive to enquiries

PART 3

There are sound processes and criteria for selecting projects, and sound principles for managing the portfolios of awards

- Application processes and selection criteria have been tailored for each programme, but with some common principles
- Programme Committees are well supported by NESTA staff
- Projects are inherently risky
- There are several ways in which NESTA manages the risk of projects failing, and these generally work well



PART 4

The existing performance indicator is not a robust measure of operational efficiency

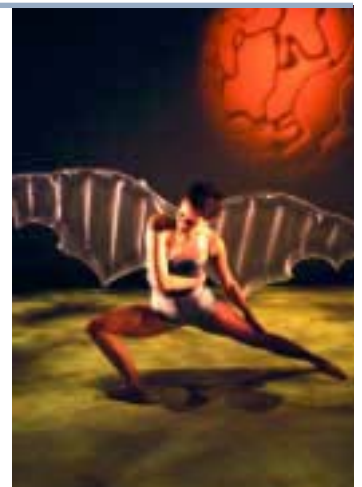
- Typically, over 50 per cent of NESTA's expenditure is on awards to projects
- The existing performance indicator has the potential to hide inefficiencies
- The existing performance indicator relates only to part of NESTA's non-award spending
- NESTA and the Department should agree a performance indicator for the level of programme support costs



PART 5

Falling interest rates caused severe financial difficulties

- Falling interest rates severely reduced returns from the endowment, and meant NESTA had to return to Parliament for additional funds to maintain its levels of activity
- The Financial Directions imposed restrictions on the investment instruments that NESTA could use and these are likely to have reduced income further
- NESTA's approach to investment of the interest from the endowment has been sound
- When public funds are used to make permanent endowments careful attention must be paid to sustainability and managing interest rate risk



Recommendations

REGIONAL DISTRIBUTION

- 1 NESTA should define and implement a strategy to address regional disparities in award distribution as soon as possible. This should prioritise areas in which there are relatively few NESTA awardees, and include regional targets for generating applications.

REPORT PARAGRAPHS: 1.8 - 1.17

SOCIAL EXCLUSION

- 2 NESTA and the Department should agree on what is expected of NESTA in terms of reaching socially-excluded groups.

REPORT PARAGRAPHS: 1.18 - 1.19

GENERATING APPLICATIONS

- 3 NESTA should re-consider the degree of emphasis on nomination as the means to generate applications for the Fellowship programme. It should accelerate its efforts to broaden the reach of the programme and increase the openness of access, taking particular account of the need for equality of access across potential applicants and for competitiveness in the application process.

REPORT PARAGRAPHS: 2.5 - 2.19

- 4 Whilst building on its activities to identify potential projects for the Learning programme, NESTA should publicise more widely its willingness to accept unsolicited approaches.

REPORT PARAGRAPH: 2.21

MANAGEMENT OF THE PROGRAMMES

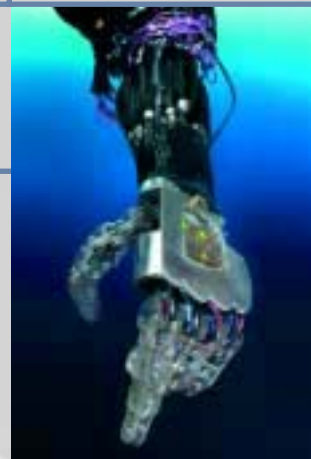
- 5 NESTA should take care to ensure that the project specific contributions of Programme Committee members are fully captured, and that they are then fully reflected in NESTA's oversight of the awards.

REPORT PARAGRAPHS: 3.7 - 3.8

- 6 As part of its management of the risk of projects failing NESTA should further improve the mentoring support provided to awardees by:

- providing more opportunities for networking between mentors;
- using mentors with different specialisms for different aspects of the same project; and
- ensuring that mentors understand their reporting responsibilities.

REPORT PARAGRAPHS: 3.14 - 3.16





MANAGEMENT OF THE PROGRAMMES (CONTINUED)

- 7 The risk mapping approach used in the Fellowship Programme should be extended to NESTA's other programmes. Other award-making bodies might also consider it.

REPORT PARAGRAPH: 3.19

- 8 The formal lessons learned review that is carried out under the Invention and Innovation Programme should be extended to the other programmes.

REPORT PARAGRAPH: 3.21

OPERATIONAL EFFICIENCY

- 9 NESTA should separate the costs of programme support from the costs of wider activities consistent with its broader remit. NESTA and the Department should then agree an appropriate ratio for the level of programme support costs in relation to the level of actual awards.

REPORT PARAGRAPHS: 4.12 - 4.17

INVESTMENT FREEDOM

- 10 When setting the parameters within which sponsored bodies must invest their funds, Departments should think carefully about whether any restrictions imposed have unintended side effects, such as preventing the body from managing interest rate risk effectively. They must then be clear that the benefits of the restrictions outweigh any threat to operating income that results.

REPORT PARAGRAPHS: 5.5 - 5.8

FUNDING BODIES THROUGH PERMANENT ENDOWMENT

Before providing permanent endowments, for activities that are intended to continue into perpetuity, Departments should ensure that they do the following.

- 11 Set out a clear value for money case for tying up the amount of public funds needed to generate the returns required to fund the body's operations. This assessment should take full account of the costs and burdens that managing an endowment will impose on a body. It should also consider what changes of circumstances might call for discontinuing the activity.

REPORT PARAGRAPHS: 5.13 - 5.18

- 12 Establish a detailed plan that will either allow the body to maintain the real value of its endowment or have another strategy in place to ensure its sustainability, such as a specific proposal for establishing a reliable alternative income stream.

REPORT PARAGRAPH: 5.17

