



National Audit Office

Report

by the Comptroller
and Auditor General

The Big Lottery Fund and the Cabinet Office

Follow-up: grants to the Big Society Network and the Society Network Foundation

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National Audit Office

The Big Lottery Fund and the Cabinet Office

Follow-up: grants to the Big Society Network and the Society Network Foundation

Report by the Comptroller and Auditor General

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National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

26 November 2014

This investigation focused on grant awards only. It sought to identify whether the Big Lottery Fund, the Cabinet Office and other government organisations followed their own procedures and guidance in soliciting and assessing the initial bid applications, monitoring project progress and making payments to grant recipients.

Investigations

We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.

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Summary

1 In July 2014 we published a report on an investigation into two grants awarded by the Big Lottery Fund and one awarded by the Cabinet Office to three related organisations. These grants were:

- the Big Lottery Fund's grant of £830,000 in February 2011 to the Big Society Network for the *Your Square Mile* project;
- the Big Lottery Fund's grant of £997,960 in April 2013 to the Society Network Foundation for the *Britain's Personal Best* project; and
- the Cabinet Office's grant of £299,800 in April 2012 to the Society Network Foundation for the *Get In* project.

2 The report found issues with how the Cabinet Office and the Big Lottery Fund awarded and managed those grants. As such, we have taken the decision to investigate whether these issues were isolated or there are wider systemic problems. Appendix Two contains more detail on the findings of our previous report.

3 Part One of this report sets out findings on other grants made from central government and non-departmental public bodies to the Big Society Network, the Society Network Foundation and related parties. Part Two sets out findings on other grants given out by the Cabinet Office and by the Big Lottery Fund as part of the same programmes from which the grants examined in our initial report were made.

Scope of the investigation

4 This investigation focused on grant awards only. It sought to identify whether the Big Lottery Fund, the Cabinet Office and other government organisations followed their own procedures and guidance in soliciting and assessing the initial bid applications, monitoring project progress and making payments to grant recipients. We have not sought to assess the value for money of any grant awards.

5 Appendix One to this report sets out our investigative approach.

Key findings

6 We did not find any evidence of systemic issues with programmes we examined from the Cabinet Office or the Big Lottery Fund. The Cabinet Office and the Big Lottery Fund assessed, awarded and monitored other grants alongside those previously investigated in line with procedures. We saw evidence that the Big Lottery Fund had taken one applicant's previous poor performance into account in rejecting an application.

7 The Big Society Network and Society Network Foundation were awarded £980,000 in government grants in addition to the £2,130,000 previously investigated. In August 2010 and November 2010, the National Endowment for Science, Technology and the Arts (which was abolished in 2012 and its activities transferred to the charity Nesta) gave grants totalling £480,000 to Big Society Network for various projects. In May 2012 and May 2013 the Cabinet Office gave £350,000 and £150,000 respectively to the Big Society Network and the Society Network Foundation to run the Big Society Awards. It made these awards under Charities Act powers through which successive ministers have since been able to choose to award grants without a competitive process.

8 The Minister for Civil Society sought advice from officials within the Cabinet Office and the Prime Minister's office and decided to continue funding the Society Network Foundation despite concerns. The Cabinet Office withdrew funding from the Big Society Network for the *Get In* programme in December 2012, due to poor performance. In February 2013 the Minister for Civil Society judged the Big Society Network to have performed poorly in its work on supporting the government's objectives for the Big Society, and in April 2013 officials provided him advice about its financial sustainability. Prior to awarding the Society Network Foundation a further grant, the Minister for Civil Society also asked for advice from officials in the Prime Minister's Office, citing issues with the Society Network Foundation's performance and financial sustainability. Following discussions with the Policy Unit and having met representatives of the Society Network Foundation, the Prime Minister's Office asked the Minister for Civil Society to renew funding. From the £150,000, it also recommended advancing an immediate £12,500 bridging grant to cover the costs of delivering the Big Society Awards. The Minister for Civil Society awarded the grants, under Charities Act 2006 powers, and the Cabinet Office paid the amounts as advised. Given the concerns raised about financial sustainability and weak performance of the organisation, the Cabinet Office introduced increased controls over the grant from the first year, including regular progress meetings and more detailed objectives.

9 Nesta has reported that its predecessor was asked by a government adviser to support the Big Society Network, but made its awards following standard procedures. Nesta has published its own review into the grants by its predecessor. It states that the National Endowment for Science, Technology and the Arts was asked to consider providing support to the Big Society Network by Lord Wei, the government's adviser on the Big Society. Lord Wei was co-founder of Big Society Network and had resigned as its executive chair on taking his government role in May 2010. Nesta reported that the applications went through its standard approval processes. We have seen evidence that its predecessor produced proposals with reasoning for each of the grants. It subsequently found Big Society Network's performance to be disappointing.

10 The Cabinet Office does not maintain a detailed database for grant programmes. The only comprehensive record of grant payments held by the Cabinet Office is its finance system and it has not maintained a database of wider information such as the process through which grants were awarded. It was unable to identify within the report's timescale whether it had changed criteria partway through competition for any other grant programmes. From the information reviewed, it did not identify any further examples.

Part One

Grants given to the Big Society Network, the Society Network Foundation, and related parties

1.1 This part of the report sets out the details of:

- other grants made from government to the Big Society Network, the Society Network Foundation, and related parties; and
- the awarding, management and monitoring of those grants.

The grants given

1.2 The previous investigation was of grants given to related organisations. The Big Society Network is a trading subsidiary of the Society Network Foundation. Directors of the Big Society Network also set up Your Square Mile Limited. We identified 17 further organisations linked to the Big Society Network and the Society Network Foundation. We identified these on the basis that they:

- shared a Companies House registered director who took on the role between 2008 and 2014; and
- were not large established charities already regularly receiving government funding.

1.3 Through contacting departments and non-departmental public bodies (NDPBs), searches of Charity Commission and Companies House records, searches of ledger data and other sources, we attempted to determine whether any other payments had been made from government to the Society Network Foundation, the Big Society Network or those related organisations.

1.4 We identified four payments which we investigated further, as set out in **Figure 1** overleaf together with the grant payments from the original investigation. **Figure 2** on page 9 shows the flows of funding and relationships between the organisations.

Figure 1

Grant awards covered by our two investigations

Original investigation

Grant funder	Grant recipient	Amount	Project	Date
Big Lottery Fund	Big Society Network	£830,000	Your Square Mile	February 2011
Big Lottery Fund	Society Network Foundation	£997,960	Britain's Personal Best	April 2013
Cabinet Office	Society Network Foundation	£299,800	Get In	April 2012

Current investigation

Grant funder	Grant recipient	Amount	Project	Date
NESTA	Big Society Network	£80,000	Your Local Budget	August 2010
NESTA	Big Society Network	£400,000	Various	November 2010
Cabinet Office	Big Society Network	£350,000	Supporting objectives for the Big Society, including the Big Society Awards	May 2012
Cabinet Office	Society Network Foundation	£150,000	Big Society Awards	May 2013

Source: National Audit Office analysis of documents from grant funders

1.5 We chose not to investigate further two other payments, as set out in **Figure 3**. We also identified further funding applications from the Big Society Network and the Society Network Foundation that were rejected by government departments or non-departmental public bodies, as set out in **Figure 4** on page 10.

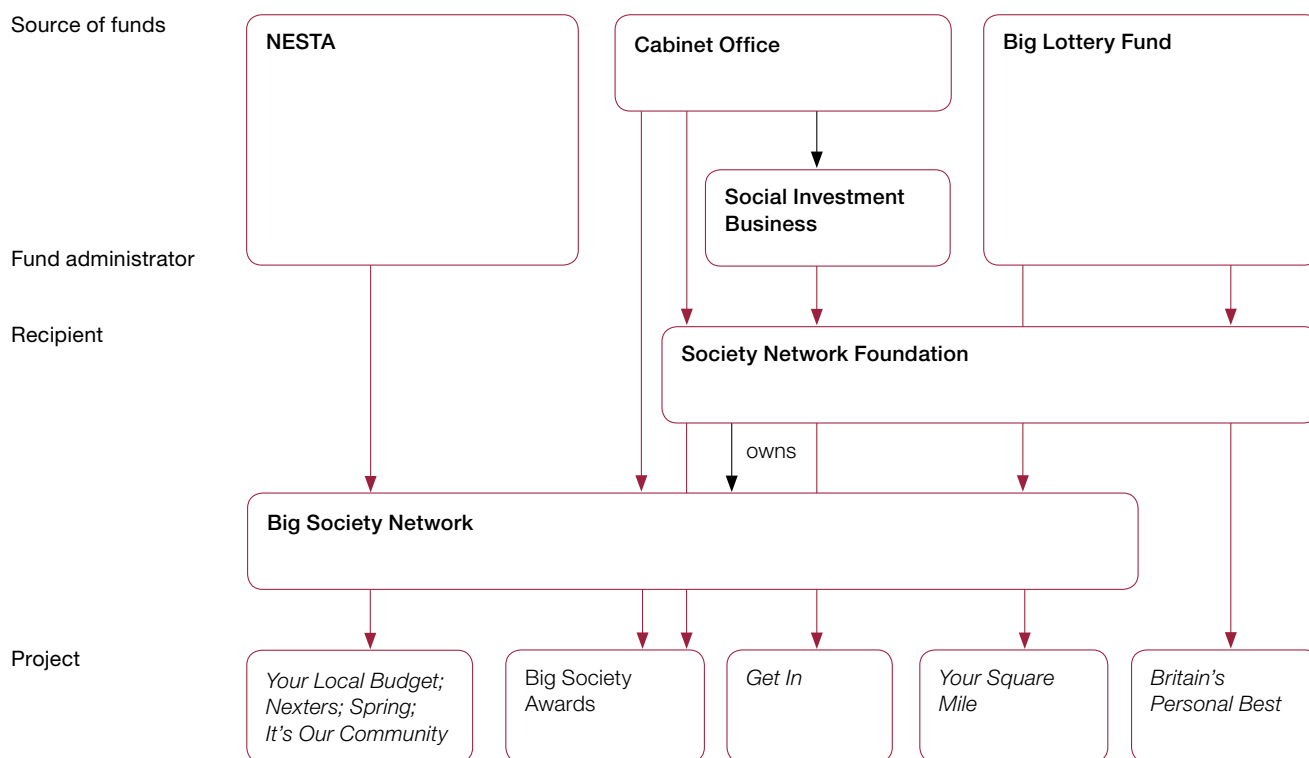
The awarding, management and monitoring of the grants

National Endowment for Science, Technology and the Arts

1.6 In 2010 the National Endowment for Science, Technology and the Arts (NESTA, which was abolished in 2012 and its activities transferred to the charity Nesta) was an NDPB responsible for promoting innovation. In August 2010 it paid £80,000 to the Big Society Network for the *Your Local Budget* project. In November 2010 it agreed a further grant of £400,000 to the Big Society Network. This grant was split between £150,000 for core running costs and £250,000 for 3 specific projects: *Nexters*, *Spring* and *It's Our Community*.

Figure 2

Flows of funding for the grants examined



Note

1 Red arrows show the flows of funding. Black arrows show contractual relationships.

Source: National Audit Office analysis of documents from grant funders

Figure 3

Grant awards we chose not to investigate further

Grant funder	Grant recipient	Amount	Project	Date	Reason for not investigating further
Department for Communities and Local Government	Your Square Mile Limited	£18,000	Your Square Mile	September 2011	Formed a small part of previously investigated project
Runnymede Local Authority	Achieve Lifestyle	£169,000	Operation of a leisure centre	2011 to 2013	Distance from central government funding of the Big Society

Notes

1 Your Square Mile Limited was a company set up by 2 directors of the Big Society Network.

2 Achieve Lifestyle shares a director with the Big Society Network.

Source: National Audit Office analysis of documents from grant funders

Figure 4

Rejected funding applications

Grant funder	Grant applicant	Amount	Project	Date	Reason for rejection
NESTA	Big Society Network	Various	<i>Your Square Mile, Britain's Personal Best, Get In</i>	September 2011	Various
Big Lottery Fund	Society Network Foundation	£1,600,000	<i>Charlie's Angels</i>	January 2012	Rated as fundable but alignment with programme not assessed as strong enough
Big Lottery Fund	Society Network Foundation	£661,000	<i>Nexters Social Tech Accelerators</i>	October 2012	Unable to secure required match funding

Source: National Audit Office analysis of documents from grant funders

1.7 In September 2014 Nesta published its own internal review of the grants its predecessor NESTA made to the Big Society Network.¹ This was partly in response to a claim by a former trustee, Liam Black, that NESTA was ‘forced’ to support the Big Society Network. The review concluded that NESTA had followed its procedures in making 2 grants to the Big Society Network and that the grants were within its remit.

1.8 Nesta’s report highlighted that NESTA had made the grants at a time when it was working closely with the government and had concerns about its own future as an NDPB. The report confirmed that NESTA was asked by Lord Wei, the government’s adviser on the Big Society and co-founder of the Big Society Network,² to consider providing support to the Big Society Network. However, it stated that the grants were only approved after being subject to NESTA’s standard approval processes, and NESTA rejected other applications from the Big Society Network.

1.9 We have seen evidence of the proposals that set out its reasons for giving both grants to the Big Society Network, and board minutes concerning approval of the £400,000. Nesta states that the £80,000 was approved by the then chief executive under delegated authority in line with NESTA’s internal processes.

1.10 NESTA reported that the Big Society Network technically met the milestones set out in the grant agreements, but that the impacts and outputs from the projects were consistently disappointing. This was partly because the Big Society Network’s expectations of significant corporate funding did not materialise. NESTA ended its two grants in August 2011 and December 2011.

¹ Internal review of NESTA support for the Big Society Network and related projects, September 2014. Available at: www.nesta.org.uk/sites/default/files/internal_review_of_nesta_support_for_the_big_society_network.pdf

² Lord Wei was co-founder and executive chair of the Big Society Network, but resigned his position upon becoming government adviser for the Big Society in May 2010.

Cabinet Office

1.11 In April 2012 the Office for Civil Society within the Cabinet Office awarded a grant of £350,000 to the Big Society Network, to be given in four payments across 2012-13. This grant was made under the Charities Act powers, which allow the government to make payments of financial assistance to charities, and did not require a competitive process. The Cabinet Office and the Big Society Network agreed objectives of promoting and supporting the Big Society agenda and operating the Big Society Awards.

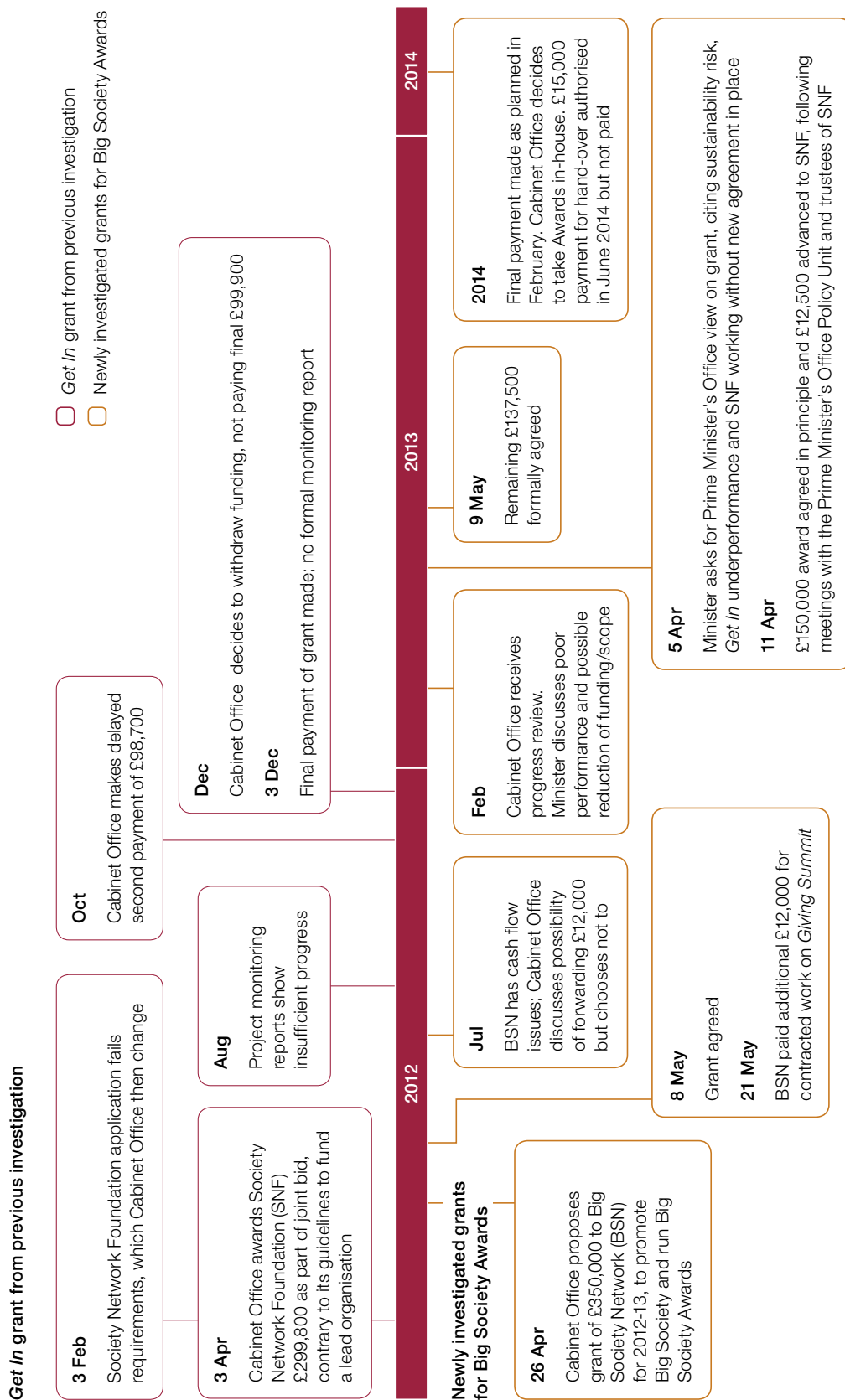
1.12 The Cabinet Office awarded the grant as unrestricted funds, but subject to achievement of outcomes and activities within agreed timescales. It paid the grant as planned after receiving financial information from the Big Society Network. The grant's objectives were broad and we have not found evidence of any detailed reporting against those objectives. Such reporting was not a requirement of the Memorandum of Understanding.

1.13 The Cabinet Office awarded the grant after seeking references from 3 other organisations that had previously funded the Big Society Network. It received 2 positive references from non-governmental organisations, but no response from NESTA. By that point, NESTA had completed its grants to the Big Society Network and judged their outcomes as disappointing. The Cabinet Office told us that its common practice is to proceed with grants on the basis of 2 out of 3 references where they are positive.

1.14 In May 2012 the Cabinet Office paid an additional £12,000 to the Big Society Network for a contract to assist in running its *Giving Summit* event. During July 2012 the Big Society Network suffered cash flow issues and the Cabinet Office internally discussed advancing a payment of £12,000. The Cabinet Office did not advance any payment at that point. In December 2012, as discussed in our previous investigation, the Cabinet Office withdrew funding for the Big Society Network's *Get In* programme. **Figure 5** overleaf shows the timelines for the two programmes alongside each other.

1.15 The Cabinet Office's records show that it had assessed the Big Society Network as having underperformed against many of its objectives for the grant. The Cabinet Office considered this alongside the issues with *Get In* and was unsure about renewing funding for 2013-14. By the time it determined its approach, the Society Network Foundation (which owns the Big Society Network) had already continued work on the Big Society Awards after the previous grant period had ended. The Cabinet Office was not in a position to immediately take over the running of the awards.

Figure 5 Timeline of the Cabinet Office's payments to the Big Society Network and the Society Network Foundation



Notes

- As described in our previous investigation, the Society Network Foundation owns the Big Society Network. The Society Network Foundation initially asked for the grant to be paid to the Big Society Network, but when it was renewed it asked to be paid directly.
- BSN – Big Society Network; SNF – Society Network Foundation.

Source: National Audit Office analysis of Cabinet Office documents

1.16 In April 2013 Cabinet Office officials suggested the option of reducing the scale of the grant in scope and amount, to £150,000. The Minister for Civil Society also sought advice from officials in the Prime Minister's office on whether this additional funding should be made. The briefing to the Prime Minister's office cited sustainability risks and poor performance on *Get In* and supporting the government's objectives for the Big Society.

1.17 The Cabinet Office's officials advised that it "would not be appropriate to grant fund an organisation that is in financial difficulty or that is struggling to appropriately manage its financial affairs". In particular, the Cabinet Office's records show that it was aware that the Big Society Network had not filed its accounts for the year ending 31 March 2012 with Companies House within the required 9 months. The Cabinet Office checked the Companies House website to confirm that the Big Society Network was not in the process of being struck off, but did not check that its accounts were filed. It eventually filed the accounts in May 2013, by which time the Cabinet Office had already approved the grant. The accounts showed a deficit of £181,000.

1.18 The Head of Campaigns and Strategy in the Prime Minister's office sought advice from the Policy Unit and met with Steve Moore and Martyn Rose, director and chair of the Society Network Foundation. Following this, the Prime Minister's office asked the Cabinet Office to continue with the new grant funding. It also asked it to pay a bridging grant to cover the costs of the Big Society Awards while a memorandum of understanding was agreed for the grant. The Minister for Civil Society decided that the grant should go ahead, but subject to clarity over the key performance indicators. He also noted his concerns at the financial sustainability of the Big Society Network, and that he had raised these with Giles Gibbons, a trustee. On 12 April 2013 the Cabinet Office gave an advance of £12,500 from its planned funding to the Society Network Foundation.

1.19 In May 2013 the Cabinet Office formally agreed a grant of the remaining £137,500. It paid the full amount, in instalments, as planned. The Cabinet Office set objectives covering the continued running of the Big Society Awards, and with the aim of improving the Society Network Foundation's performance. It also increased its performance monitoring, including introducing regular progress meetings. Although results improved against some measures, in February 2014 the Cabinet Office decided to take over the operation of the awards.

1.20 In June 2014 the Cabinet Office agreed a further payment of up to £15,000 to be made to the Society Network Foundation on condition of receiving a financial reconciliation of amounts spent in 2014-15. It agreed this amount in order to promote a smooth transfer of the Big Society Awards from the Society Network Foundation to the Cabinet Office. It has so far received a reconciliation for £6,600 but has not made any payments.

1.21 In August 2014 the Society Network Foundation made an application to Companies House to be wound up. In October 2014 the Charity Commission published a report on concerns that the Society Network Foundation had broken regulations by transferring restricted funds intended for the *Get In* scheme to unrestricted funds. The Charity Commission reported that it could not conclude if it had done so without permission. However, it was critical of the trustees for “proceeding to spend the grant funds on general purposes based on a verbal discussion, without obtaining written confirmation that the terms of the grant had been varied”.³ The Cabinet Office denies having given any permission to transfer the funds, and is seeking to retrieve the money.

³ Operational compliance report, Charity Commission, 16 October 2014. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/364424/ocr_society_network_foundation.pdf

Part Two

Wider Big Lottery Fund and Cabinet Office grants

2.1 In this part of the report we cover:

- the wider grant programmes which the previously investigated grants by the Big Lottery Fund and the Cabinet Office formed a part of; and
- whether the Cabinet Office changed the entry requirements for other programmes in a similar manner.

Big Lottery Fund grants

2.2 The award to the Big Society Network for the *Your Square Mile* project formed a part of the Big Lottery Fund's *People Powered Change* programme. The Big Lottery Fund made payments to 4 organisations as part of the programme, totalling £6 million:

- The Big Society Network (covered in our previous report).
- The National Endowment for Science, Technology and the Arts (NESTA).
- Unltd.
- The Young Foundation.

2.3 The award to the Society Network Foundation for the *Britain's Personal Best* project formed part of the Big Lottery Fund's *Spirit of 2012* programme. This began with an initial tranche of grants in March 2013, totalling £4 million, to 4 organisations:

- British Olympic Foundation.
- The Join In Trust.
- The Society Network Foundation (covered in our previous report).
- Sustrans.

2.4 In May 2013 the Big Lottery Fund awarded an endowment of £40 million to an independent trust tasked with helping to secure the legacy of the London 2012 Olympic and Paralympic Games. The Big Lottery Fund later awarded a further tranche of further grants, totalling £8 million which were then novated to the trust and awarded to 7 organisations:

- British Paralympic Association.
- The British Red Cross Society.
- Culture and Sport Glasgow.
- UK Active.
- UK Sports Association.
- Voluntary Arts.
- The Youth Sport Trust.

People Powered Change

2.5 The Big Lottery Fund's *People Powered Change* programme aimed to support local, community-led innovation. The Big Lottery Fund based the programme on soliciting applications from organisations which it felt could best make a contribution to those objectives, rather than on an open funding competition. Its internal guidance on using solicited grants states that such grants must be awarded based upon specific funding criteria and a business case, and then be managed in line with wider grant guidance.

2.6 The Big Lottery Fund produced a proposal and business case for soliciting applications from NESTA, Unltd and the Young Foundation. This was separate from its grant to the Big Society Network covered in our previous report. The Big Lottery Fund based the proposal on its existing knowledge of the organisations' work and how their particular specialised expertise could contribute to its plans to help communities.

2.7 The grant proposals were assessed against detailed criteria relating to the ability to meet an identified need and the organisations having the capacity to successfully deliver the project. Assessment of capacity included analysing budgets for the planned projects. All criteria received good or satisfactory ratings. The Big Lottery Fund requested quarterly monitoring information from each of the recipients and recorded carrying out additional informal monitoring processes.

Spirit of 2012

2.8 The grants awarded under both stages of the *Spirit of 2012* programme were awarded following a detailed assessment process, which recorded the reasons for decisions to fund or reject. It rated each project on its identification of need, outcomes, delivery approach and capacity.

2.9 The Big Lottery Fund chose to fund the 7 projects identified above, all of which it had rated at least satisfactory on all areas. It identified areas of risk for each project prior to its decisions and set up mitigation measures in each case. The measures introduced across the projects comprised additional terms and conditions, more detailed work plans and higher degrees of monitoring for compliance and outcomes.

2.10 During assessment for the second stage of awards, the Big Lottery Fund rejected two applications. It rejected one after rating it as weak in two application categories and high risk. The rejection was due to insufficient funding being secured and a lack of UK-wide plans. It also rejected another application, which it rated as good in all assessment categories and as a medium risk. The decision committee rejected the application after discussing the lack of evidence of the project's UK-wide scope and the reputational risk of funding the organisation as it had previously had funding withdrawn by the Cabinet Office for an unsuccessful project. The Big Lottery Fund regularly monitored all grants awarded, and received detailed end-of-project reports at their completion.

Cabinet Office grants

2.11 The award to the Society Network Foundation for the *Get In* project formed a part of the Cabinet Office's Social Action Fund, a £24 million fund with 45 recipients. The programme was operated by the Social Investment Business on Cabinet Office's behalf.

2.12 As discussed in the previous investigation, the Cabinet Office changed its eligibility requirements for the grant programme. Four organisations became eligible as a result: the Big Society Network, CSV, Volunteer Centre Lewisham and Trees for Cities.

2.13 The Cabinet Office assessed each of the organisations on a clear scoring framework. Its framework included minimum required scores for each category within several categories: the strength of the proposed project; its impact; its fit with the Social Action Fund theme; likely funding prospects; and the organisation's strength.

2.14 The Cabinet Office carried out a detailed assessment of the applications of each of the 4 organisations. It decided to fund CSV, and rejected the applications from the other 2 organisations as they failed to meet the minimum scores on some criteria. Funding for CSV was approved by the Cabinet Office, following recommendations from a panel including representation from the Social Investment Business and other organisations. In line with the grant agreement, CSV provides regular performance updates against the programme's objectives. It is currently exceeding projections for its key measure, volunteer numbers.

Changes of criteria

2.15 One of the key findings in our previous investigation was that the Cabinet Office expanded the eligibility criteria partway through the competition process for its grant programme without re-opening applications. We asked whether there were any other situations in the past 5 years where it had taken similar action.

2.16 The only list of grants the Cabinet Office was able to provide us was a basic extraction from its finance system. The Office for Civil Society does not maintain a central database of grants detailing, for example, monitoring and performance information. Instead, individual staff members are responsible for overseeing grants and the storage of associated documentation on the corporate electronic filing system. The Cabinet Office has had a high staff turnover and changes of records storage systems during the period for which we asked for documentation, and also awards many grants via third-party organisations. As a result, the Cabinet Office was unable to identify, within the timescale of this investigation, whether it has taken similar action on other occasions. From the information reviewed, it did not identify any further examples.

Appendix One

Our investigative approach

Scope

- 1 We conducted an investigation into three areas:
 - Other grants given by central government to the Big Society Network, the Society Network Foundation and related parties.
 - Other grants given out by the Cabinet Office and by the Big Lottery Fund as part of the same programmes as the grants we previously investigated.
 - Whether the Cabinet Office had also changed eligibility requirements without re-opening applications for other programmes.
- 2 Our investigation focused on whether the Big Lottery Fund, Cabinet Office and other organisations followed their own procedures in soliciting and assessing grant applications, monitoring project progress and making payments to the projects. We have not sought to assess the value for money of the grant awards, nor have we drawn conclusions on other grants made than those mentioned in the report.

Methods

- 3 To identify related parties and other payments made in central government, we used:
 - information from Companies House and the Charity Commission;
 - information from relevant departments, including financial records; and
 - our audit records from other departments across government.

4 To examine the issue set out above we interviewed officials from the Big Lottery Fund, the Cabinet Office and reviewed supporting documents from those and other grant-givers to establish:

- the general grant-making procedures for the programmes under which the grants were made;
- the solicitation, subsequent consideration and approval of grant applications;
- the approach to monitoring each project's progress; and
- the payments made to projects.

Appendix Two

Findings of previous investigation into grants made to the Big Society Network and the Society Network Foundation

Scope

1 In response to questions raised with us by Gareth Thomas MP, the former shadow Minister for Civil Society, we investigated two grants awarded by the Big Lottery Fund and one awarded by the Cabinet Office to three related organisations. These grants were:

- the Big Lottery Fund's grant of £830,000 in February 2011 to the Big Society Network for the *Your Square Mile* project;
- the Big Lottery Fund's grant of £997,960 in April 2013 to the Society Network Foundation for the *Britain's Personal Best* project; and
- the Cabinet Office's grant of £299,800 in April 2012 to the Society Network Foundation for the *Get In* project.

Key findings

The Big Lottery Fund's grants to the Big Society Network and the Society Network Foundation

2 The Big Lottery Fund's decision to solicit applications for the funding of the *Your Square Mile* project and the *Britain's Personal Best* project was in line with its procedures. It also followed, in both cases, its standard approach to assessing the bids, and concluded that both applications fully met its application criteria.

- 3 However, with regard to the *Your Square Mile* project, the Big Lottery Fund:
- did not challenge the Big Society Network's ambitious target for recruitment of members to the mutual organisation created by the project, which was critical to the project's success, nor did it consider the impact of failure to achieve these targets on the project overall;
 - allowed the responsibility for the *Your Square Mile* project to transfer, along with the payment of the grant, from the Big Society Network to Your Square Mile Limited without assessing whether the new team had the necessary specialist IT skills to deliver the project;
 - limited its own ability to influence the project by funding it for just the first year of its 3-year life, and also by making its final payment 3 months early; and
 - did not enforce a £76,457 VAT refund from Your Square Mile Limited, despite clear evidence that the project was not achieving its aims.
- 4 With regard to the *Britain's Personal Best* project the Big Lottery Fund did not:
- take into account the fact that senior staff at the Big Society Network who had scoped the *Your Square Mile* project (a project which was struggling to achieve its objectives) had also scoped the *Britain's Personal Best* project, and the projects shared similar delivery risks; and
 - consult the Cabinet Office to take into account the performance of the Social Network Foundation in managing the *Get In* project.

The Cabinet Office's grant to the Society Network Foundation

5 The Cabinet Office subcontracts the administration of its Social Action Fund (from which the *Get In* project was funded) to the Social Investment Business. The Cabinet Office and the Social Investment Business considered the bid from the Society Network Foundation for its *Get In* project, but the programme's Advisory Panel recommended rejecting the bid because the Society Network Foundation did not meet eligibility requirements. However, the Cabinet Office did subsequently fund the *Get In* project and in doing so it:

- expanded the eligibility criteria for organisations that could apply to the Social Action Fund after the closing date for applications, and asked the Social Investment Business to reconsider 4 bids, including 1 from the Society Network Foundation, that had been originally assessed as ineligible;
- solicited and approved a joint bid from the British Sports Trust and the Society Network Foundation, but did not establish a lead organisation to receive the funding and it issued separate grants to the 2 organisations, which was contrary to the Cabinet Office's own guidelines;
- made the second payment to the Society Network Foundation to cover the cost of remedial action to try and bring the project back on track; but
- did not, in making the second payment, consider the latest financial information from the Society Network Foundation which showed the project was in surplus.

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