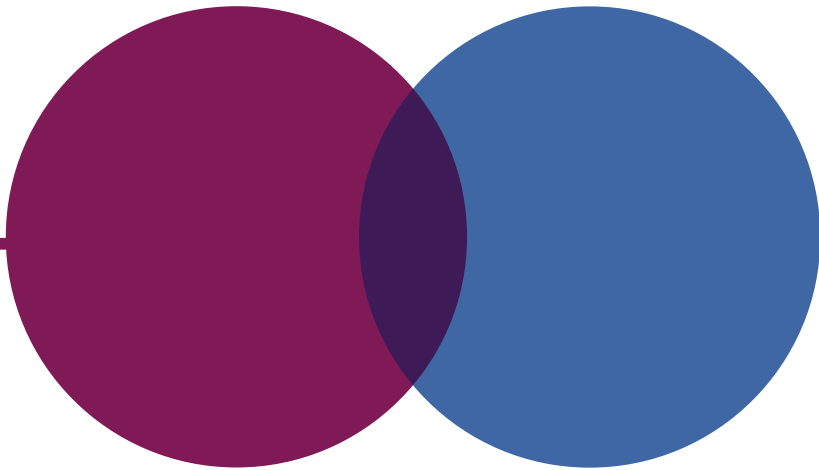




National Audit Office



Investigation into government funding to charities during the COVID-19 pandemic

Department for Digital, Culture, Media & Sport


REPORT

**by the Comptroller
and Auditor General**

SESSION 2019–2021

23 MARCH 2021

HC 1236



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National Audit Office

Investigation into government funding to charities during the COVID-19 pandemic

Department for Digital, Culture, Media & Sport

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 22 March 2021

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

Gareth Davies
Comptroller and Auditor General
National Audit Office

17 March 2021

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.

We investigated the Department for Digital, Culture, Media & Sport's distribution and oversight of £513 million of the government's financial support package to charities during the COVID-19 pandemic.

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What this investigation is about

1 On 8 April 2020, government announced a £750 million financial support package for frontline charities. It designed the package as part of its response to the COVID-19 pandemic. It targeted its support at those organisations in the voluntary, community and social enterprise sector providing vital services to the vulnerable. In this report we refer to organisations in this sector as charities. Government expected tens of thousands of charities to benefit, helping them meet increased demand for some services due to the pandemic. It did not intend to support or save every charity.

2 The £750 million government announced for charities included:

- £360 million for government departments to distribute in England;
- £370 million to be distributed through other organisations to small and medium-sized charities (£310 million for England and £60 million for the devolved nations); and
- £20 million to the National Emergencies Trust, a charity established in 2019 partly with government funding, to raise funds in the event of a national disaster.

3 The government intended departments to distribute £360 million to charities in England with which they had pre-existing links, and which were providing key services and supporting vulnerable people. Some charities were named in the announcement, such as St John Ambulance and Citizens Advice. Up to £200 million of this amount was allocated to the Department of Health & Social Care to purchase bed capacity in charitable hospices, to ensure they remained open and continued providing services the NHS rely on them to supply, supporting the national response to the COVID-19 pandemic.

4 The £370 million for small and medium-sized charities was to support local communities, including charities delivering food, medicines and financial advice. In England this included £310 million to be distributed through The National Lottery Community Fund, which government considered to be the quickest way to distribute funds to charities. Where charitable services are devolved, government applied the Barnett formula and expects at least £60 million to be provided to the devolved governments of Scotland, Wales and Northern Ireland.

5 Following its initial announcement, government increased the amount of funding which resulted in the Department for Digital, Culture, Media & Sport (the Department) being responsible for allocating £513 million of the package, including funds distributed through itself and other government departments, public-sector organisations and other partners. It is directly accountable for how £354 million of the £513 million is distributed. The Department is not responsible or accountable for the £60 million of the package provided to the devolved governments, or the £200 million set aside from the package for the Department of Health & Social Care to support charitable hospices.

6 Since government announced its financial support package on 8 April 2020, concerns have been raised by Parliament and charities relating to the:

- transparency of funding decisions;
- speed at which funds have been distributed to charities; and
- deadlines by which charities must spend funds or return them.

7 These concerns relate to the Department's responsibilities. We have therefore investigated its distribution and oversight of £513 million of the package. We have considered how the Department allocated funds, how financial support could be accessed by the sector and where financial support was received. As the package continues to operate until 31 March 2021, our report does not represent the final position on how the entire package has been allocated, awarded and disbursed. Our focus on the Department and its accountabilities excludes from scope how the devolved governments have distributed funds, and how the Department of Health & Social Care has distributed funds to charitable hospices.

8 As an initial factual report, this investigation does not consider how individual charities may have benefited, nor the impacts on charity service users. It also does not consider whether this package, or the Department's administration of it, offers value for money to taxpayers.

9 We undertook our investigation between November 2020 and February 2021. Data is as at 19 February 2021, the most up-to-date data available at the point fieldwork concluded, unless otherwise stated.

Summary

Key findings

How the Department allocated the package

10 The Department for Digital, Culture, Media & Sport (the Department) allocated the £513 million of funding across a range of schemes and a network of at least 198 partners. Since April 2020, the Department has announced a range of funding schemes and partners through which charities could access funding, with the most recent scheme being announced in December 2020.¹ Partners include at least nine government departments, three other public-sector organisations and 186 other partners (**Figure 1** on pages 8 to 10). The Department allocated the £513 million package across seven schemes:²

- £199 million allocated to the Coronavirus Community Support Fund (CCSF) through The National Lottery Community Fund (TNLCF) to support small and medium-sized charities in England;
- £164 million allocated to the Government Departments Scheme, across nine government departments to fund 21 sector-specific projects. This included some pre-determined direct awards to charities;
- £85 million allocated to the Community Match Challenge to match-fund the fundraising efforts of philanthropic groups, foundations and grant-making organisations;
- £37 million to match donations raised through the BBC *Big Night In* fundraising event and allocated to the National Emergencies Trust (£20 million), BBC Children in Need (£9 million), and Comic Relief (£9 million);³
- £17 million allocated to the Youth COVID-19 Support Fund, to support local and national youth organisations, including youth work qualifications and training;

1 As the package continues to operate until 31 March 2021, our report does not represent the final position on how the entire package has been allocated, awarded and disbursed.

2 As the values of the seven schemes have been rounded in the bullets for presentational purposes, they sum to £515 million. We refer to the value of the package as £513 million as this more accurately reflects the sum of the unrounded values of each scheme.

3 As the values allocated to the National Emergencies Trust, BBC Children in Need and Comic Relief have been rounded for presentational purposes, they sum to £38 million. We refer to the Big Night In scheme as £37 million as this more accurately reflects the sum of the unrounded values.

- £8 million allocated to the Loneliness Fund to support organisations that bring people and communities together and reduce loneliness during winter; and
- £5 million allocated to the Voluntary and Community Sector Emergencies Partnership, a partnership to bring together local and national organisations to deliver a more coordinated response to emergencies (paragraphs 1.1, 1.2, and 1.4 and Figure 1).

11 The Department set objectives for each scheme, including funding charities supporting vulnerable people and relieving pressure on public services during the pandemic. Only charities whose activities supported each scheme's objectives are eligible for funding, and funds provided could only be used to meet these objectives. Objectives for schemes typically included:

- ensuring essential services are provided to vulnerable people through increased community support;
- providing critical frontline services to vulnerable groups affected by COVID-19;
- reducing the closure of charities providing essential services to vulnerable people by ensuring they have the financial resources to operate, thereby reducing the burden on public services; and
- providing key services specific to supporting the COVID-19 response, to reduce burden on the NHS or other public services (paragraphs 1.3, 2.3, and 2.4).

12 The Department received applications for support worth £277 million from government departments, £117 million more than it had made available.

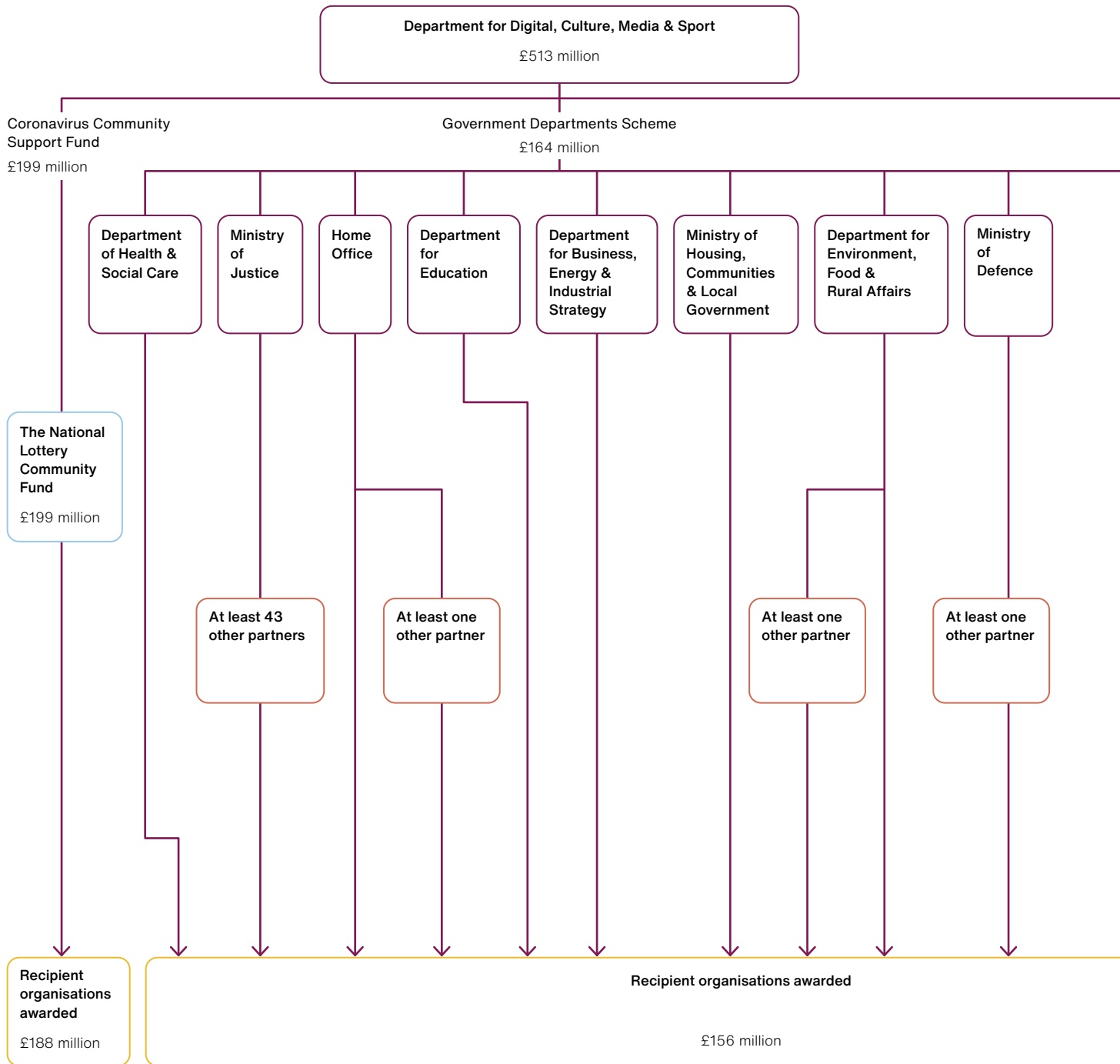
The Department initially ringfenced £160 million, which later increased to £164 million, for distribution by government departments to charities within their sectors providing key services or supporting vulnerable people. The Department received 53 applications worth £277 million from 10 government departments. These included applications covering some sector-specific charities that had already been pre-selected and announced as beneficiaries, for example St John Ambulance and Citizens Advice (paragraphs 1.5, 1.6, 1.8 and 2.2).⁴

⁴ St John Ambulance and Citizens Advice were named as beneficiaries when government announced the financial support package on 8 April 2020. The funding these charities received was decided through the process managed by the Department.

Figure 1

The Department for Digital, Culture, Media & Sport’s distribution of £513 million to voluntary, community and social enterprise (VCSE) organisations

The Department is responsible for the distribution of this funding through seven schemes, with £471 million awarded to VCSE organisations by 19 February 2021



□ Government department □ Other public-sector organisation □ Other partner □ Recipient organisation(s) → Funding

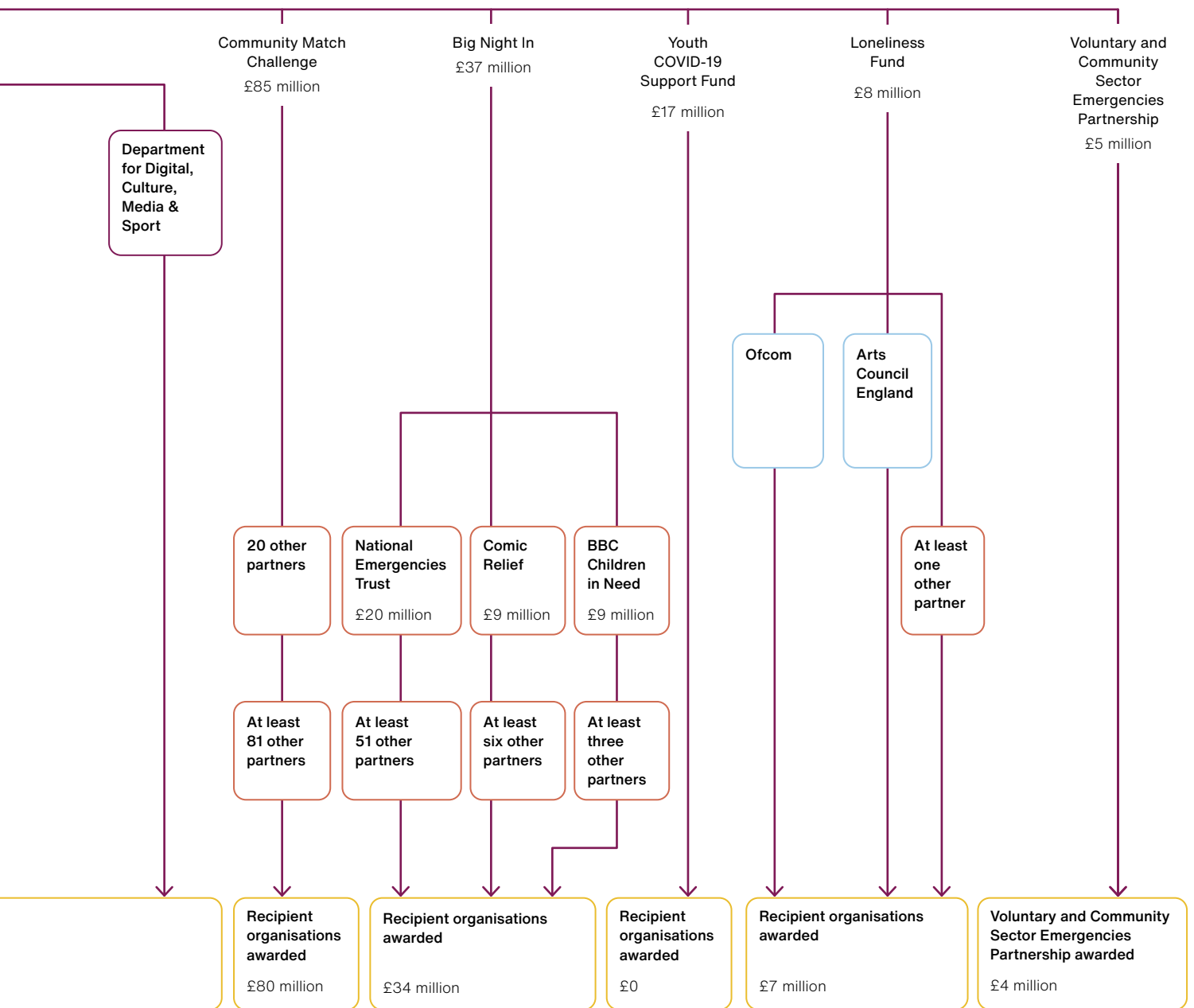


Figure 1

The Department for Digital, Culture, Media & Sport's distribution of £513 million to voluntary, community and social enterprise (VCSE) organisations

Notes

- 1 Financial values are based on management information reported by the Department for Digital, Culture, Media & Sport (the Department) as at 19 February 2021.
- 2 The Department intends to award funds until 31 March 2021.
- 3 All financial values reported against schemes or partners are the values allocated by the Department to itself and its partners to disburse, which total £513 million. This includes £19 million in administration and evaluation costs, leaving £494 million available for disbursement to VCSE organisations.
- 4 Some government departments are awarding funds directly, some are awarding funds through other partners, and some are awarding funds through both methods.
- 5 In total there are at least 198 partners involved in distributing funding. This includes nine government departments, three other public-sector organisations and 186 other partners. Some of the other partners will distribute funds as part of more than one scheme, therefore the total number of other partners in the figure will sum to more than 186.
- 6 Funding from the Government Departments Scheme, the Loneliness Fund, and Youth COVID-19 Support Fund is targeted at projects being delivered across the United Kingdom.
- 7 Funding from the Coronavirus Community Support Fund is targeted at small and medium-sized charities running projects being delivered in England.
- 8 Funding from the Big Night In awarded by the National Emergencies Trust is targeted at projects being delivered across the United Kingdom and Crown Dependencies.
- 9 Funding from the Big Night In awarded by BBC Children in Need and Comic Relief is targeted at projects being delivered across the United Kingdom, with most of this funding to be distributed in England.
- 10 Funding awarded by Community Match Challenge partners and to the Voluntary Community Sector Emergencies Partnership is targeted at projects being delivered in England.
- 11 Financial values are rounded to the nearest £ million. Totals do not sum due to rounding.

Source: National Audit Office analysis of Department for Digital, Culture, Media & Sport data

13 The Department allocated £164 million to the Government Departments Scheme to support 21 projects. The Department assessed all applications, including its own, against criteria including whether charities would be unable to continue to provide services, or if they could access other government support such as the furlough scheme. After applications were scored by departmental officials, they were considered by a panel including special advisers from the Department, HM Treasury and Number 10. The panel grouped some applications by theme and ministers were asked to approve 21 projects worth £160 million, including one of the Department's own projects. Funds available through departments subsequently increased to £164 million through additional departmental match-funding (paragraphs 1.7 and 1.8 and Figure 3).⁵

⁵ All approved projects included match-funding from departments, and some departments provided more match-funding than initially expected. This brought the total value of funding delivered through departments to £164 million.

14 The Department initially allocated £310 million to TNLCF to distribute to charities but later reduced this to £199 million. The Department planned to distribute £310 million through TNLCF, a non-departmental public body of the Department. It considered TNLCF to be the only organisation capable of distributing funds in the timeframe it aspired to. Around the week before the scheme was launched, the Department reduced the amount available through TNLCF from £310 million to £200 million. HM Treasury approved the change once the Department had responded to its concerns and confirmed that it was confident the change would not slow down the distribution of funding to charities. In late 2020, TNLCF's allocation was reduced from £200 million to £199 million because the Department funded some evaluation costs and there was an underspend on the scheme. This means that after deducting administration and evaluation costs of £11 million, £188 million was available for charities from TNLCF. TNLCF opened applications on 22 May and by the end of October 2020 had disbursed more than £180 million, more than 95% of its funding available for the sector (paragraphs 1.10, 1.11, and 1.13).

15 Using funds that were initially planned for TNLCF, the Department allocated £85 million to 20 philanthropic, foundation and grant-making organisations for onward distribution. The Department repurposed £85 million of the funds it had intended to distribute through TNLCF and instead chose to distribute this funding through other organisations which would match-fund the government funding. Twenty organisations were selected by the Department through an open competition based on criteria including how quickly they could distribute funds, and the fairness of their onward granting processes. The first charities to receive funds from these organisations did so in the week commencing 23 November 2020 (paragraphs 1.14 to 1.16).

16 The Department held back £20 million to distribute over winter. The Department allocated £5 million of the funds initially planned for distribution through TNLCF to the Voluntary and Community Sector Emergencies Partnership and held back £20 million for distribution over winter. In late 2020, it combined this £20 million with underspends elsewhere in the package to create two new schemes: a £17 million Youth COVID-19 Support Fund, and a £8 million Loneliness Fund (paragraphs 1.17 and 1.18).

How charities can access the package

17 The Department's decisions mean that at least £306 million of the package was to be awarded to charities through open competition, and £95 million without competition. Of the £513 million, a maximum of £19 million may be used by the Department and its partners for administration and evaluation costs, leaving a minimum of £494 million available to charities.⁶ The Department did not specify to all partners the level of competition they should use to award funds. Charities could compete for £188 million from TNLCF and at least £118 million from some government departments and other partners through open competitions. At least a further £17 million was to be open to competition among a pre-selected group of charities. Also, at least £95 million was to be awarded to charities without competition. This includes direct awards from departments.⁷ There is £77 million where it is not stated what level of competition is being used to distribute funds (paragraphs 1.13, 1.21, and 2.2, and Figure 4 and Figure 5).⁸

18 The Department reviewed all TNLCF's proposed awards worth £10,000 or more prior to TNLCF finalising its award decisions. TNLCF received more than 13,800 applications worth nearly £342 million for funding from the CCSF. Applications were reviewed by TNLCF according to criteria agreed with the Department, including the type of charity and if there was evidence of an increase in demand or decrease in income. The Department then reviewed all proposed awards to identify any it considered contentious or high value (more than £300,000).⁹ In July 2020 the Department changed the process so it only reviewed proposed awards worth £10,000 or more. All proposed awards identified as contentious or high value were then reviewed at a joint TNLCF and Department panel before TNLCF made the final award decision. The Department was not involved in the decision-making process for competitions run by other partners such as other government departments or the 20 Community Match Challenge partners (paragraphs 2.4 to 2.6).¹⁰

6 The Department expects that a maximum of £19 million of the £513 million may be spent on administration and evaluation by the Department or its partners. Therefore £494 million is the minimum amount available for disbursement to charities.

7 The £95 million awarded to charities following no competition includes direct awards from departments. Some of these were a result of the applications the Department approved in April 2020 for funding specific charities, or in the case of St John Ambulance and Citizens Advice, were included in the government's original announcement of the package on 8 April 2020.

8 All values are calculated based on the Department's planned or actual distribution. Amounts distributed through an unstated level of competition reflect where the level of competition is not known by the Department, or where multiple distribution methods with different levels of competition are used and the breakdown is not known. Of the £77 million for which the distribution method is unstated, £53 million represents funds distributed by other government departments, for which the Department is not accountable. Values are rounded to the nearest £ million and will not sum.

9 The Department defines contentious applications as those where there is uncertainty as to whether they meet criteria, including the risk that they do not meet criteria on undermining public trust in funding decisions.

10 With the exception of funds allocated through TNLCF, the criteria, timing and advertisement of any competitions run by other partners were determined by those partners.

The Department's progress distributing the package

19 As at 19 February 2021, £454 million (92%) of the £494 million available to charities had been disbursed. When the government announced the package on 8 April 2020, it stressed the need to distribute funding at pace. By the end of July 2020, more than three months after the announcement, charities had received £103 million, 21% of the £494 million available for disbursement.¹¹ This rose to £359 million (73%) by the end of October 2020 and £431 million (87%) by the end of January 2021. As at 19 February 2021, just over one month before the Department expects all funding to be disbursed, £454 million (92%) had been disbursed. A further £18 million had been awarded to charities but not yet disbursed. The remaining £23 million had not yet been awarded or disbursed to charities. The Department intends to award and disburse funding until 31 March 2021, and any funds remaining undisbursed or unspent by the Department, its partners or recipient charities after this date are expected to be returned to HM Treasury (paragraphs 3.3 and 3.4, and Figure 6 and Figure 7).

20 The Department requires partners and charities to regularly submit data on the speed of disbursements, and the types of services it is supporting. This includes data on the geographical distribution of funds and the types of services being funded, such as supporting charities providing services for specific health conditions. However, the Department does not have complete or accurate data across all schemes. Its information on the geographical distribution of funding is at times missing or inconsistent, making it difficult to determine the geographical spread of funding (paragraphs 3.1, 3.2, 3.5, 3.9, and 3.11, and Figure 8, Figure 9 and Figure 10).

¹¹ £494 million available for disbursement reflects the £513 million package net of £19 million of administration and evaluation costs.

Part One

How the Department allocated the package

1.1 On 8 April 2020, government announced a £750 million financial support package for organisations in the voluntary, community and social enterprise sector in 2020-21.¹² Government expected tens of thousands of charities to benefit, for example by helping them meet increased demand due to the COVID-19 pandemic. It did not intend to support or save every charity. The Department for Digital, Culture, Media & Sport (the Department) is responsible for £513 million of the total package and is directly accountable for how £354 million is distributed.

The Department's schemes and partners

1.2 Since April 2020 the Department has announced different schemes at different times, with the most recent announced in December 2020 (Loneliness Fund) (see **Figure 2** on pages 16, 17 and 18). The Department has allocated £513 million across seven schemes:^{13,14}

- £199 million allocated to the Coronavirus Community Support Fund (CCSF) through The National Lottery Community Fund (TNLCF) to support small and medium-sized charities in England;
- £164 million allocated to the Government Departments Scheme, across nine government departments to fund 21 sector-specific projects. This included some pre-determined direct awards to charities;
- £85 million allocated to the Community Match Challenge to match-fund fundraising efforts of philanthropic groups, foundations and grant-making organisations;

¹² In this report we refer to organisations in this sector as charities.

¹³ Allocated funds refer to those provided by the Department to a partner. Awarded funds refer to funds assigned by the Department or partner to either a partner for onward distribution or to an end recipient charity. Disbursed funds refer to funds paid to an end recipient charity. The distribution of funds refers to the process by which funds are allocated, awarded and disbursed.

¹⁴ As the values of the seven schemes have been rounded in the bullets for presentational purposes, they sum to £515 million. We refer to the value of the package as £513 million as this more accurately reflects the sum of the unrounded values of each scheme.

- £37 million to match donations raised through the BBC *Big Night In* fundraising event and allocated to the National Emergencies Trust (£20 million), BBC Children in Need (£9 million), and Comic Relief (£9 million);¹⁵
- £17 million allocated to the Youth COVID-19 Support Fund, to support local and national youth organisations, including youth work qualifications and training;
- £8 million allocated to the Loneliness Fund to support organisations that bring people and communities together and reduce loneliness during winter; and
- £5 million allocated to the Voluntary and Community Sector Emergencies Partnership, a partnership to bring together local and national organisations to deliver a more coordinated response to emergencies (paragraphs 1.1, 1.2, and 1.4 and Figure 1).

1.3 The Department set objectives for each scheme, which included funding charities supporting vulnerable people and relieving pressure on public services during the pandemic. Only charities whose activities supported each scheme's objectives are eligible for funding, and funds provided could only be used to meet those objectives. Objectives for schemes typically included:

- ensuring essential services are provided to vulnerable people through increased community support;
- providing critical frontline services to vulnerable groups affected by COVID-19;
- reducing the closure of charities providing essential services to vulnerable people by ensuring they have the financial resources to operate, thereby reducing the burden on public services; and
- providing key services specific to supporting the COVID-19 response, to reduce the burden on the NHS or other public services.

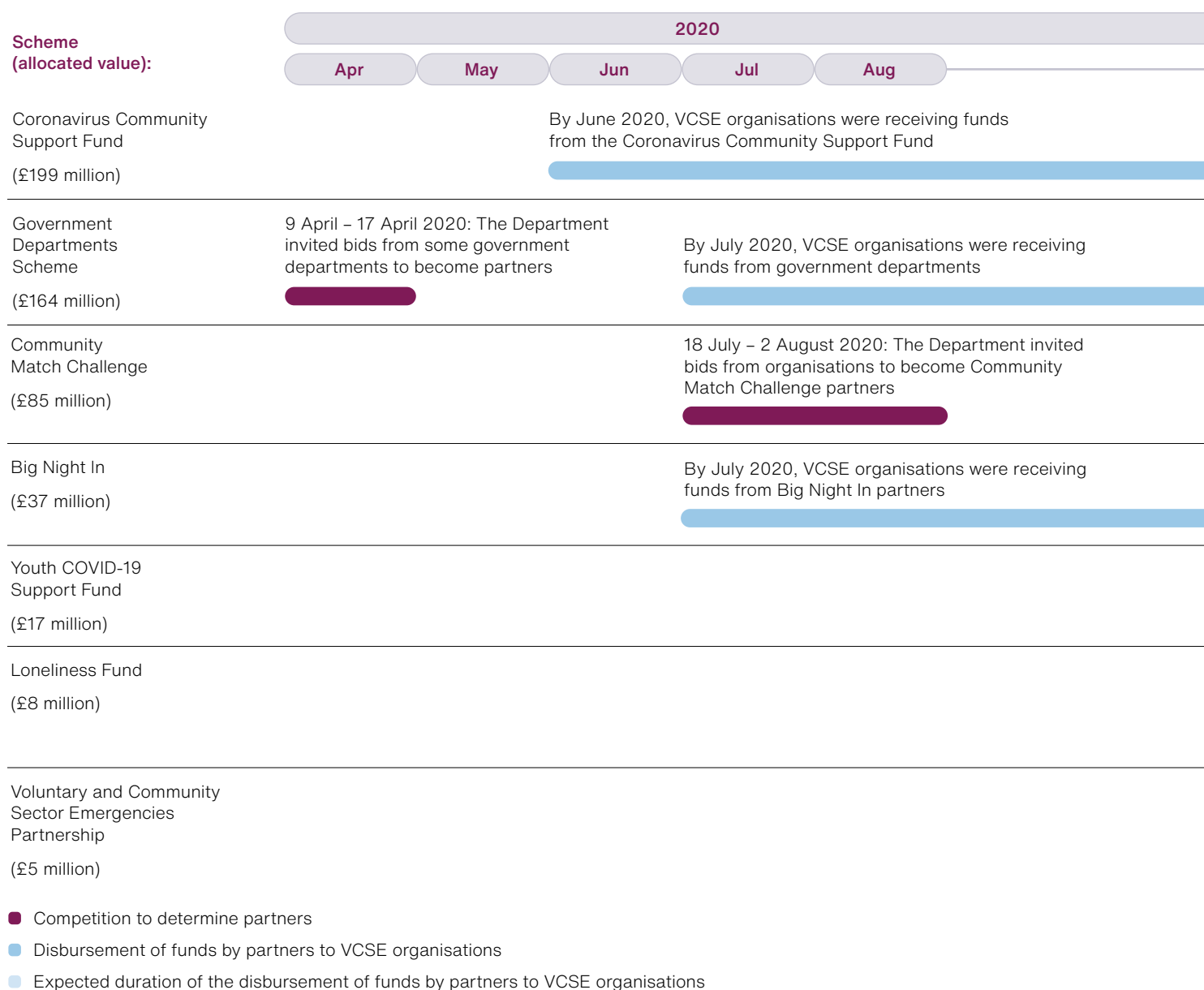
1.4 Each scheme has a different mechanism through which charities might access funds, such as competitions and direct awards from the Department's partners. Within each scheme there may be individual projects where funding is made available at different times. There are at least 198 partners involved in distributing funds to charities, including nine government departments, three other public-sector organisations and 186 other partners (see Figure 1).

¹⁵ As values allocated to the National Emergencies Trust, BBC Children in Need, and Comic Relief have been rounded for presentational purposes, they sum to £38 million. We refer to the Big Night In scheme as £37 million as this more accurately reflects the sum of the unrounded values.

Figure 2

When the Department for Digital, Culture, Media & Sport (the Department) held competitions to determine its partners and when funds were disbursed to voluntary, community and social enterprise (VCSE) organisations for each scheme, April 2020 to March 2021

Schemes began disbursing funds to VCSE organisations at different times



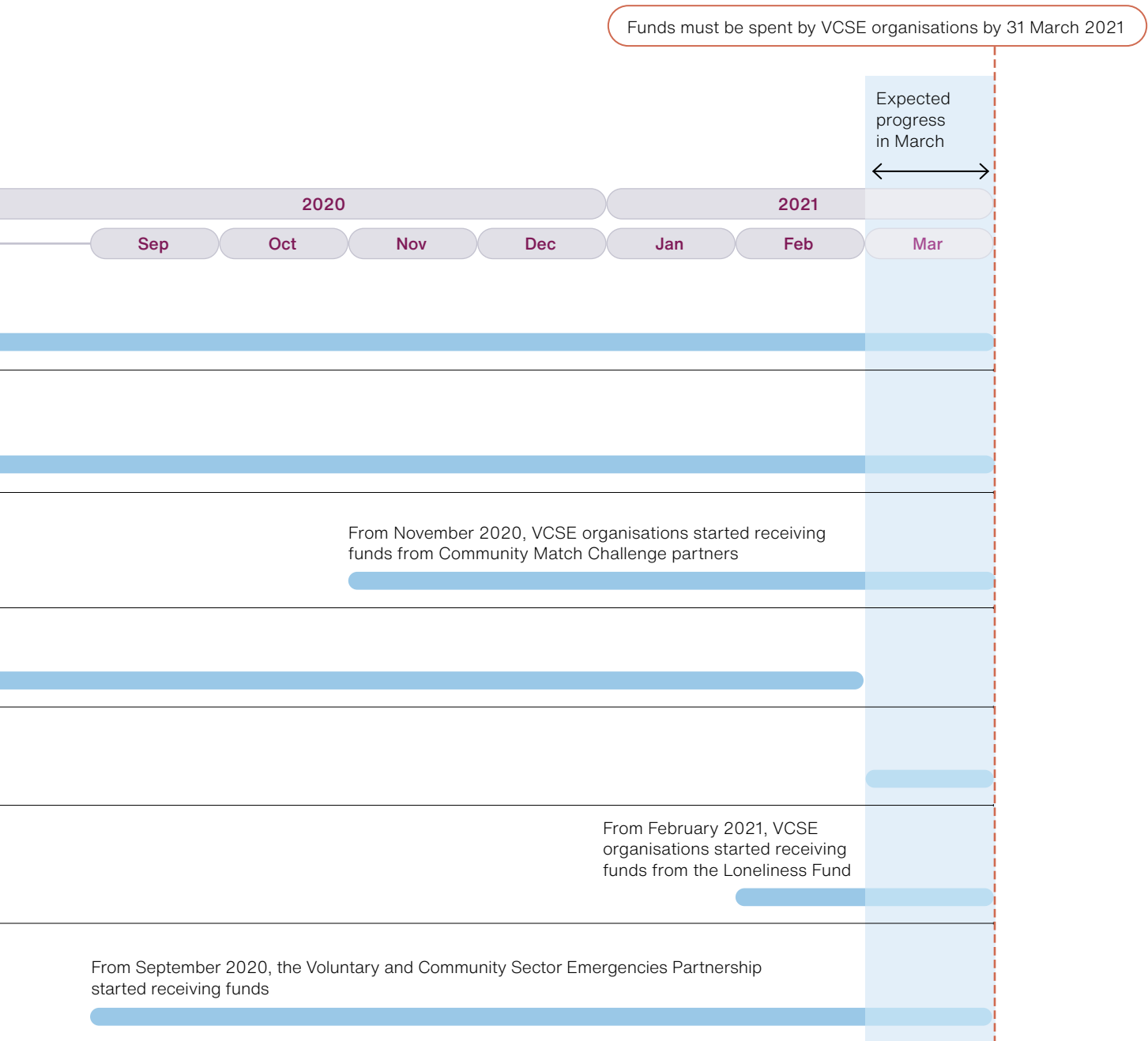


Figure 2 *continued*

When the Department for Digital, Culture, Media & Sport (the Department) held competitions to determine its partners and when funds were disbursed to voluntary, community and social enterprise (VCSE) organisations for each scheme, April 2020 to March 2021

Notes

- 1 Dates of disbursements are based on the Department for Digital, Culture, Media & Sport's (the Department) management information collected from July 2020. As management information is not available earlier than July 2020, reported disbursements before this date are based on other data held by the Department.
- 2 Some disbursements may have occurred for each scheme before the dates reported.
- 3 The timeline reflects management information available up to 19 February 2021.
- 4 As at 19 February 2021, funding from the Big Night In scheme has been fully disbursed and no funding has been disbursed from the Youth COVID-19 Support Fund.
- 5 The Department intends to disburse funds until 31 March 2021.
- 6 Funding from Government Departments Scheme, the Loneliness Fund, and Youth COVID-19 Support Fund is targeted at projects being delivered across the United Kingdom.
- 7 Funding from the Coronavirus Community Support Fund is targeted at small and medium-sized charities running projects being delivered in England.
- 8 Funding from the Big Night In awarded by the National Emergencies Trust is targeted at projects being delivered across the United Kingdom and Crown Dependencies.
- 9 Funding from the Big Night In awarded by BBC Children in Need and Comic Relief is targeted at projects being delivered across the United Kingdom, with most of this funding to be distributed in England.
- 10 Funding awarded by Community Match Challenge partners and to the Voluntary Community Sector Emergencies Partnership is targeted at projects being delivered in England.
- 11 All values are rounded to the nearest £ million.

Source: National Audit Office analysis of Department for Digital, Culture, Media & Sport management information and other data

How the Department allocated funds across the Government Departments Scheme

1.5 The Department initially ringfenced £160 million for distribution by government departments to charities within their sectors providing key services or supporting vulnerable people. The Department was responsible for allocating these funds across government.

1.6 The Department invited 11 departments to apply for funds to support charities relevant to their sectors. Ten departments submitted 53 applications, seeking £277 million in financial support, £117 million more than the Department had made available through this scheme. Many of the applications named individual charities that departments intended to award funds to, some of which had previously been named in the government's 8 April 2020 announcement of financial support to charities, including St John Ambulance and Citizens Advice.

1.7 Departmental officials scored each application, including its own, against assessment criteria including whether charities would be unable to continue to provide services or if they could access other government support, such as the furlough scheme. The Department aimed to provide funding to address short-term needs only and not to support any charities likely to fail in any case. The Department prioritised causes where there was evidence of additional urgent need due to the impact of COVID-19. The Department's assessments were considered by a panel including special advisers from the Department, HM Treasury and Number 10. The panel made recommendations to the Secretary of State, the Minister for Civil Society and the Exchequer Secretary to the Treasury for their approval.

1.8 When considering applications, the panel combined some into projects it then recommended. From 53 applications, the panel selected 42 (see **Figure 3** overleaf). These included all four that officials had rated in the highest-scoring 'Green' category, but also nine out of 13 in the lowest-scoring 'Red' category (including four of the five lowest-scoring applications). After grouping some applications by theme into projects the panel recommended that ministers approve 21 projects. These projects involved nine departments, were worth £160 million, and included one project being led by the Department. One department received no funding as the Department felt some other applications would address the need identified by this department. No department was allocated the full funding it applied for, with successful projects allocated between £125,000 and £25 million.¹⁶ Funds available through departments subsequently increased to £164 million through additional departmental funding.

1.9 Each department is accountable for how it distributes its funds but the Department maintains an oversight role. Each department must distribute funds within the terms agreed with the Department and get permission from the Department or HM Treasury for any changes to those terms.¹⁷ They must also submit monthly data to the Department relating to the speed of disbursement and the characteristics of charities funded.

¹⁶ In addition to funding provided by the Department, all departments contributed funding from their existing budgets to their approved projects, totalling £32 million. Four departments also provided further funding totalling £4 million.

¹⁷ The Department for Environment, Food & Rural Affairs (Defra) agreed with HM Treasury that amounts not disbursed from the Zoo Support Fund will be rolled into a Zoo Animals Fund, a separate Defra fund unconnected to the financial support package for charities. As at 19 February 2021, £7 million had not been disbursed from the Zoo Support Fund.

Figure 3

Ratings by officials of applications from government departments, compared with recommendations to ministers for approval

Of the 13 applications rated 'Red' by officials, nine were recommended to ministers

	Ratings based on assessment by officials			
	Green	Amber	Red	Total
Officials' assessment of all applications	4	36	13	53
Applications recommended to ministers for approval	4	29	9	42

Notes

- 1 Officials from the Department for Digital, Culture, Media & Sport (the Department) scored applications from government departments for funding from the government's financial support package for charities. A panel including special advisers from the Department, HM Treasury and Number 10 then made recommendations to the Secretary of State for Digital, Culture, Media & Sport, the Minister for Civil Society and the Exchequer Secretary to the Treasury for approval.
- 2 Officials scored applications against criteria including whether voluntary, community and social enterprise organisations would be unable to continue to provide services, or if they could access other government support such as the furlough scheme.
- 3 Officials used a scoring system from 1 (worst) to 20 (best) and rated applications scoring 16–20 as 'Green', between 10 and 15 'Amber' and under 10 'Red'.
- 4 The Department was involved in ratings and decisions relating to its own applications.

Source: National Audit Office analysis of Department for Digital, Culture, Media & Sport data

How the Department allocated funds to The National Lottery Community Fund

1.10 In April 2020 when the government announced support for the charitable sector, it expected £310 million to be available to small and medium-sized charities. The Department initially allocated £310 million as the CCSF to TNLCF, a non-departmental public body of the Department, to distribute to charities through a competitive application process. The Department decided not to run a competition in the open market and chose TNLCF as it considered it to be the only organisation capable of distributing funds in the timeframe the Department aspired to. In 2019-20, TNLCF awarded more than 14,000 grants across the UK worth more than £588 million. The Department also considered TNLCF's local knowledge and fraud-prevention measures meant it could deliver what was required.

1.11 TNLCF opened the CCSF to applications from charities on 22 May 2020. Around a week before, the Department reduced the amount available through this scheme from £310 million to £200 million. The Department wanted to assess if there was un-met need before allocating the remaining £110 million. HM Treasury approved the change after the Department responded to its concerns. The Department stated that the change would not compromise its ability to distribute funds quickly, appear critical of TNLCF or undermine the initial rationale for selecting TNLCF without competition. Although the Department did not have an approved plan for distributing the £110 million at that time, it was confident it could distribute these funds within the original timeframe and also felt it would provide it with more direct control over this portion of the funding.

1.12 In response to this reduction in its allocation, TNLCF increased its focus on small and medium-sized charities. This narrowed the original intention from also supporting key sector players, organisations considered strategically important to communities.

1.13 In late 2020, TNLCF's allocation was reduced by a further £1 million. This included funding for evaluation planned in 2021-22, which the Department is now expecting to fund from its budget rather than the package. It also included funding TNLCF was unable to award at a late stage.¹⁸ This means that after deducting administration and evaluation costs of £11 million, £188 million was available to charities from TNLCF. TNLCF opened applications on 22 May 2020 and by the end of October 2020 had disbursed over £180 million, more than 95% of its funding available for the sector.

How the Department repurposed £85 million to the Community Match Challenge scheme

1.14 The Department repurposed some of the funds previously allocated to TNLCF to a new scheme it called the Community Match Challenge. It believed that the use of new partners would enhance the speed of delivery, reduce dependency on TNLCF and that the new partners would better understand local funders to help maximise impact. The Department also considered that this new scheme would boost national philanthropic giving, a wider departmental objective.

1.15 The Department invited philanthropic, foundation and grant-making organisations to apply to become partners through an open competition for this new scheme in July and August 2020. The Department committed to match-fund the successful applicants' own fund-raising between 18 July and 31 August 2020. It expected to match-fund each organisation in the range of £5 million to £20 million.

¹⁸ The allocation was reduced by £640,000 for evaluation during 2021-22, which is now expected to be funded by the Department instead. It was also reduced by £620,000 due to an underspend on the scheme. The total of £1,260,000 has been rounded to £1 million for presentational purposes.

1.16 Thirty-five organisations submitted applications worth £179 million.

The Department's officials assessed these against criteria including how quickly they could distribute funds and the fairness of their onward granting processes, and made recommendations to the minister. The minister selected 20 organisations, including seven out of 10 of the highest-scoring applications and all four of the lowest-scoring applications, three of which officials were unsure if they were eligible. One organisation selected by the Department refused the award offered. This organisation had intended to distribute funding through six partners, and the Department considered it could achieve its objectives by providing this funding directly to one of these. In all, the Department provided £85 million in match-funding to 20 partners to distribute, with the average award being £4 million.¹⁹ Charities first received funding from Community Match Challenge partners in the week commencing 23 November 2020.

How the Department repurposed the remaining £25 million

1.17 Based on its assessment of need, the Department allocated £5 million to the Voluntary and Community Sector Emergencies Partnership (VCSEP) to help co-ordinate volunteers across the sector during the pandemic.²⁰

1.18 The Department held back £20 million to distribute over winter. In late 2020 it combined this with underspends in other schemes to fund a £17 million Youth COVID-19 Support Fund, and an additional £8 million Loneliness Fund, which builds on the Department's £5 million fund it originally secured as part of the £164 million funding provided to government departments.²¹ The Department announced these funds in November 2020 and December 2020 respectively.

The Department allocated funds to the BBC's *Big Night In* fundraising event

1.19 In the government's initial announcement on 8 April 2020, it committed to match public donations to the BBC *Big Night In* fundraising event, including providing the first £20 million to the National Emergencies Trust (NET), a charity set up to raise funds in the event of a domestic disaster or emergency. Any further government match-funding would be split between the BBC Children in Need and Comic Relief charities. In total, government match funded £37 million through this scheme, including £20 million to the NET and £9 million each to BBC Children in Need and Comic Relief.²²

¹⁹ The 20 Community Match Challenge partners are The Henry Smith Charity, Smallwood Trust, OnSide Foundation, Global's Make Some Noise, Localgiving Foundation, Charities Aid Foundation, Lloyds Bank Foundation, Pears Foundation, The Peter Vardy Foundation, The Stefanou Foundation, The Coalfields Regeneration Trust, Founders Pledge, Church Revitalisation Trust, Comic Relief, Absolute Return for Kids (Ark), Greggs Foundation, The Rank Foundation, Steve Morgan Foundation, BBC Children in Need, UK Community Foundations. BBC Children in Need and Comic Relief also received government match-funding through the Big Night In scheme. UK Community Foundations also received government funding from the National Emergencies Trust.

²⁰ The Voluntary and Community Sector Emergencies Partnership is co-chaired by the British Red Cross and NAVCA charities.

²¹ The Department initially allocated itself £5 million for loneliness funding through the Government Departments Scheme, which is included in the £164 million Government Departments Scheme total. The £8 million announced in December 2020 is in addition to the original £5 million.

²² As values of the amounts allocated to Comic Relief, BBC Children in Need and the NET have been rounded for presentational purposes, they sum to £38 million. We refer to the Big Night In scheme as £37 million as this more accurately reflects the sum of the unrounded values.

Costs associated with the package

1.20 As part of its work to oversee the distribution and use of the package, the Department contracted a professional services firm, Pricewaterhouse Coopers (PwC), to provide strategic consultancy support during 2020-21 at a cost of almost £2 million. This is funded from the Department's budget and not from the package. The services provided include:

- performance and risk monitoring including data collation from partners;
- due diligence checks on potential partners, and on charities bidding for funding from TNLCF (paragraph 2.5); and
- analytical support to design the evaluation of the package.

1.21 The Department also expects there to be administration, management and evaluation costs in 2020-21 and 2021-22 across each scheme. Those incurred in 2020-21 will be funded from the £513 million package. The Department and its partners expect that a maximum of £17 million of their allocated funding will be used on administration, representing 3.4% of the Department's total allocations to these schemes.²³ The Department considers the industry standard for administration costs to be between 3% and 5% of allocated values. Included in this £17 million of administration costs are partner administration costs of £16 million, and up to almost £1 million in costs that the Department will incur as it has contracted out the administration of the Youth COVID-19 Support Fund (**Figure 4** overleaf). The Department and its partners expect to spend a maximum of £2 million on post-award checks and evaluation in 2020-21.²⁴ This brings total administration and evaluation costs to £19 million, leaving a minimum of £494 million available for disbursement to charities.

1.22 The Department recognised that the more the package was separated into different funding schemes, the higher the administration costs and the lower the amount of the package that would be available for projects on the ground. The Department had expected administration costs of nearly £11 million from the TNLCF allocation of £310 million, and now expects administration costs of £9 million from the allocation of £199 million. The proportion of TNLCF's allocation that would be spent on administration increased from 3.5% to 4.5% because some administration costs were fixed. Administration costs on the four schemes created using the £110 million removed from TNLCF range from 0.1% to 7.4%, and average 4.9%.²⁵ These costs are expected to be up to nearly £6 million, increasing the overall administration costs associated with distributing £310 million of support by nearly £4 million.

23 Other than the Government Departments Scheme, £17 million represents administration costs across all schemes. Administration costs incurred by other government departments must be met by the relevant department, not from the allocation given by the Department.

24 This includes costs due to some professional services firms.

25 The four schemes created using the £110 million removed from TNLCF are the Community Match Challenge, the Youth COVID-19 Support Fund, the Loneliness Fund and VCSEP.

Figure 4

Administration costs met from the £513 million allocated by the Department for Digital, Culture, Media & Sport (the Department)

The Department expects administration costs for four of the seven schemes to be at or below 5% of the allocated value of each scheme¹

Scheme	Allocated value	Administration costs within allocation		Amount available to disburse
	(£m)	(£m)	(%)	(£m)
Coronavirus Community Support Fund	199	9	4.5	188
Government Departments Scheme	164	- ⁵	-	164
Community Match Challenge	85	4	5.0	80
Big Night In	37	3	7.1	34
Youth COVID-19 Support Fund	17	1	6.1	16
Loneliness Fund	8	<1 ⁶	0.1	7
Voluntary and Community Sector Emergencies Partnership	5	<1 ⁶	7.4	4
Totals	513	17	3.4	494

Notes

- 1 The Department for Digital, Culture, Media & Sport (the Department) considers the industry standard for administration costs to be between 3% and 5% of allocated values.
- 2 Allocated values represent the funding provided by the Department to each partner to distribute to voluntary, community and social enterprise organisations.
- 3 Administration costs within allocations represent the maximum amount of the allocated values that the Department expects to be spent on administration by itself or its partners.
- 4 Amounts available to disburse represent the allocated value net of administration and evaluation costs of £19 million. The Department's expected administration costs are £17 million and evaluation costs are £2 million. These evaluation costs include £1,560,000 for the Coronavirus Community Support Fund, £70,000 for the Voluntary and Community Sector Emergencies Partnership (VCSEP), and £8,000 for the Loneliness Fund.
- 5 Administration costs incurred in the the Government Departments Scheme are met by the relevant department from their own budgets. Allocations for all other schemes include an allowance for administration costs.
- 6 Administration costs included in the allocation for the Loneliness Fund are £8,000 and those for the VCSEP are £355,784. Both have been rounded to < £1 million for presentational purposes.
- 7 Financial values are rounded. Totals may not sum due to rounding. Percentages are calculated based on unrounded values.

Source: National Audit Office analysis of Department for Digital, Culture, Media & Sport data

1.23 Administration costs incurred within the Government Departments Scheme must be met by the relevant department, and not from the allocation provided by the Department.

Financial risk and assurance

1.24 The Department considers that it relaxed some pre-award controls that would normally be designed to manage risks, for example those to prevent fraudulent applications, organisations receiving more funding than required, or multiple payments. As a result, the Department relies on more post-award checks than normal to identify potentially fraudulent, duplicated or mis-spent funds. These include completing retrospective checks on charities to ensure they were eligible for the funds they received, and reviewing data submitted by partners to identify how charities have spent funds.

1.25 As at 17 February 2021, the Department and its partners were in the process of conducting post-award checks for fraud. The Department told us it had so far identified 76 fraudulent applications, 70 of which resulted in awards. The Department estimated up to £614,000 had been disbursed to fraudulent applicants, all of which relate to CCSF.²⁶ Disbursements worth £400,000 had so far been reported to the police. The remaining disbursements worth £214,000 had not been reported to the police as they were still under investigation. The Department estimates that overall fraud levels could be between 0.5% to 5% across all schemes but will not know this until it completes its post-award checks across all funding schemes which it expects to conclude in May 2021.

1.26 The Department plans to decide whether it will claw back funding disbursed as a result of fraudulent applications after it has completed all post-award checks across all schemes. In May 2020 it recognised a high residual risk that, despite mitigations, it might be unable to discover or recover all funds disbursed as a result of fraudulent applications. The Department considers this to be due to factors including insufficient data retained to identify fraud and the use of multiple intermediaries. As at the 17 February 2021 it had not clawed back any funds. Any funding clawed back will not be redistributed within the package.

²⁶ This £614,000 represents the total value of fraudulent applications that were awarded funds.

Part Two

How charities have accessed the package

2.1 Charities have accessed funding from the Department for Digital, Culture, Media & Sport (the Department) and its partners by various methods, including bidding through open competition, and receiving direct awards without competition. The Department did not specify to all partners how they should distribute funds to charities. The Department, therefore, does not know the full extent to which each funding approach was used.

Extent of competition across schemes

2.2 Based on the Department's data, its allocation of funds meant that of the £494 million available for disbursement:

- at least £306 million (62%) was to be open to competition from charities, including £188 million from The National Lottery Community Fund (TNLCF) and at least £118 million from some government departments and other partners;
- at least £17 million (3%) was to be open to competition among a pre-selected group of charities;
- at least £95 million (19%) was to be awarded to charities without competition. This includes direct awards of £54 million by departments to charities; and
- £77 million (16%) is being awarded through an unstated level of competition which includes £53 million distributed through other government departments for which the Department is not accountable (**Figure 5**).²⁷

2.3 The Department is involved in the decision-making process for competitions it and TNLCF manage, but not those run by any other partner. For these other partners, while funding must be awarded in line with the Department's objectives, the specific criteria, timing and communication of these competitions to charities are determined by each partner, as are the award decisions.

²⁷ All values are calculated based on the Department's planned or actual distribution. Values are reported net of administration and evaluation costs of £19 million. Amounts distributed through an unstated level of competition reflect where the level of competition is not known by the Department, or where multiple distribution methods with different levels of competition are used and the breakdown is not known. Values are rounded to the nearest £ million and may not sum.

Figure 5

How the Department for Digital, Culture, Media & Sport (the Department) and its partners expect to award £494 million to voluntary, community and social enterprise organisations in 2020-21

The Department and its partners expect to award £494 million through a mix of different levels of competition

Scheme	Minimum amount to be awarded through...			Maximum amount for which there is an unstated level of competition	Amount available to disburse
	open competition	open competition among a pre-selected group	no competition		
	(£m)	(£m)	(£m)		
Coronavirus Community Support Fund (CCSF)	188	–	–	–	188
Government Departments Scheme	53	5	54	53	164
Community Match Challenge	43	10	28	–	80
Big Night In	8	–	2	24	34
Youth COVID-19 Support Fund	14	–	2	–	16
Loneliness Fund	<1	2	5	–	7
Voluntary and Community Sector Emergencies Partnership	–	–	4	–	4
Total	306	17	95	77	494

Notes

- 1 The Department for Digital, Culture, Media & Sport (the Department) is responsible for distributing £513 million of which £494 million will be disbursed to voluntary, community and social enterprise (VCSE) organisations after deducting administration and evaluation costs of £19 million. All values are calculated net of administration and evaluation costs.
- 2 Open competitions are those run by the Department or its partners, in which all VCSE organisations can apply.
- 3 Open competitions among a pre-selected group are those run by the Department or partners in which only a pre-selected group of VCSE organisations can apply.
- 4 Amounts awarded through no competition reflect direct awards from the Department or its partners to VCSE organisations they have selected.
- 5 Amounts distributed through an unstated level of competition reflect where the level of competition is not known by the Department, or where multiple distribution methods with different levels of competition are used and the breakdown is not known.
- 6 The Voluntary and Community Sector Emergencies Partnership (VCSEP) has disbursed its funds to its members. VCSEP is therefore an end recipient of this funding, awarded to it without competition by the Department.
- 7 All values are calculated based on the Department's planned or actual distribution.
- 8 Funding from the Government Departments Scheme, the Loneliness Fund, and Youth COVID-19 Support Fund is targeted at projects being delivered across the United Kingdom.
- 9 Funding from the Coronavirus Community Support Fund is targeted at small and medium-sized charities running projects being delivered in England.
- 10 Funding from the Big Night In awarded by the National Emergencies Trust is targeted at projects being delivered across the United Kingdom and Crown Dependencies.
- 11 Funding from the Big Night In awarded by BBC Children in Need and Comic Relief is targeted at projects being delivered across the United Kingdom, with most of this funding to be distributed in England.
- 12 Funding awarded by Community Match Challenge partners and to VCSEP is targeted at projects being delivered in England.
- 13 Financial values are rounded to the nearest £ million. Totals may not sum due to rounding.

Source: National Audit Office analysis of data from the Department for Digital, Culture, Media & Sport

The Department's involvement in awards made by the TNLCF

2.4 TNLCF invited applications for funds from its Coronavirus Community Support Fund (CCSF) between 22 May and 17 August 2020. It received more than 13,800 applications worth nearly £342 million, 182% of the funding available. Applications were initially reviewed by TNLCF according to criteria agreed with the Department, to determine its proposed awards. These criteria included:

- the type of organisation;
- whether there was evidence of increased demand or a decrease in income; and
- whether the organisation's activities supported the scheme's objectives.

2.5 The Department, assisted by Pricewaterhouse Coopers (PwC), then reviewed all awards proposed by TNLCF, based on criteria determined by the Department, to identify any contentious applications (paragraph 1.20).²⁸ The Department intended this extra process to provide additional oversight over TNLCF's award decisions given the scale of the programme and heightened risks involved in disbursing grants in emergency situations. Following concerns about the efficiency and effectiveness of this process during the first two months, from the 24 July 2020 the Department changed from requiring all awards to be subject to its review to only those proposed awards of £10,000 or more. A panel of representatives from the Department and TNLCF met to consider all proposed awards which were either more than £300,000 or identified as contentious during the Department's review process, before TNLCF made a final decision.

2.6 Of the 8,282 awards made by TNLCF, the Department reviewed 5,451 proposed awards worth £169 million. The Department's review identified 230 proposed awards worth £13 million which required further consideration and the joint panel reviewed 23 of these worth more than £6 million.²⁹ Following the panel's review, 21 of these worth £6 million were funded from the CCSF, one worth £40,000 was rejected and one worth nearly £300,000 was rejected but TNLCF opted to award it through its own funds.³⁰

28 The Department defines contentious applications as those where there is uncertainty over whether they meet criteria, including the risk that they do not meet criteria on undermining public trust in funding decisions.

29 Included in the 23 applications reviewed by the panel were 11 above £300,000 worth more than £5 million, and 12 considered contentious worth almost £1 million.

30 The Department's review process flagged a further 207 proposed awards worth £7 million as requiring further consideration; however, these were not discussed by the joint panel. For these 207 proposed awards, TNLCF reviewed the outcome of the Department's review and finalised its own due diligence procedures, which ran in parallel with the Department's review, before making a decision. Of the 207 proposed awards, 158 worth £5 million were funded through CCSF, 31 worth £1 million were rejected but awarded by TNLCF through its own funds, 15 worth £236,000 were rejected and three worth £71,000 were withdrawn by the applicant.

Part Three

The Department's progress in distributing the package

3.1 When government announced its financial support package to charities on 8 April 2020, it stressed the need to distribute funding at pace. It stated that its aim was for charities to start receiving funds in weeks. The Department for Digital, Culture, Media & Sport (the Department) collects information on the distribution of the package through regular data returns from partners and charities, a requirement of its grant agreements. The Department relies on these data returns to monitor how quickly partners are disbursing funds to charities and how funds are being used.

3.2 The information available on the geographical distribution of funding is at times inconsistent or missing, making it difficult to determine the geographical spread of funding awarded. While the Department has some data on the location of awards, it does not know exactly how much funding has been used to support charities in different parts of the country. For example, data available on the distribution of funds through the Coronavirus Community Support Fund (CCSF) contain a mix of the location where some projects are being delivered, and the location of some local offices and charity headquarters which may not reflect where funds are being used. In addition the Department does not have details of the geographical distribution of funds from the Community Match Challenge scheme. As at 19 February 2021, 18% of awards (worth £101 million) had no information on the location of where funds are being used (Figure 9).³¹

Progress in distributing funding to charities

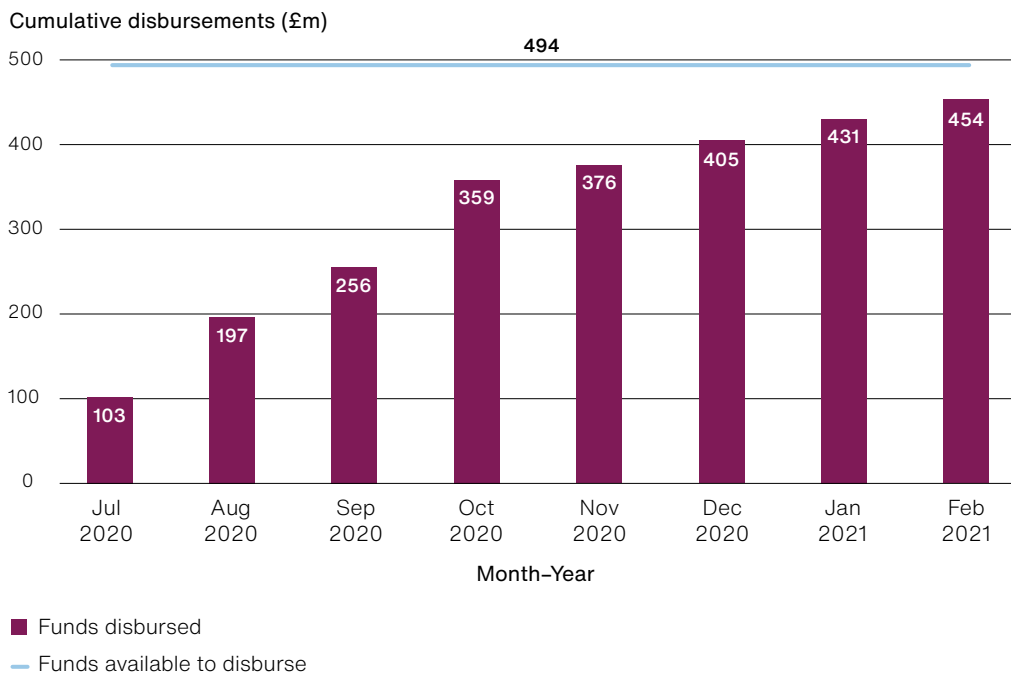
3.3 The Department expects up to £19 million of the £513 million package to be used on administration and evaluation costs (see paragraph 1.21). By the end of July 2020, more than three months after the package was announced, £103 million (21%) of the £494 million available had been disbursed to charities. This rose to £359 million (73%) by the end of October 2020, and £431 million (87%) by the end of January 2021. By 19 February 2021, £454 million (92%) had been disbursed to charities (**Figure 6** overleaf).

³¹ This is based on the Department's management information for CCSF, Big Night In, Community Match Challenge and Government Departments Schemes as at 19 February 2021. There are no project locations reported for 2,882 out of 16,229 awards.

Figure 6

Cumulative value of funds disbursed by the Department for Digital, Culture, Media & Sport and its partners to voluntary, community and social enterprise organisations between July 2020 and February 2021

As at 19 February 2021, £454 million had been disbursed to VCSE organisations out of £494 million available to disburse



Notes

- 1 Financial values are based on management information collected by the Department for Digital, Culture, Media & Sport (the Department) from partners on a weekly, fortnightly or monthly basis.
- 2 Financial values are based on the management information available at the end of each month. Some disbursements may have occurred before the dates reported. February includes only data up to 19 February 2021.
- 3 July 2020 is the earliest month for which management information is available. Some funds may have been disbursed before July 2020.
- 4 The Department intends to disburse funds until 31 March 2021.
- 5 The Department is responsible for distributing £513 million, of which £494 million will be disbursed to voluntary, community and social enterprise organisations after deducting administration and evaluation costs of £19 million.
- 6 Financial values are rounded to the nearest £ million.

Source: National Audit Office analysis of management information from the Department for Digital, Culture, Media & Sport

3.4 The £41 million that had yet to be disbursed includes £16 million from the Department's Youth COVID-19 Support Fund, £10 million from the Government Departments Scheme, £7 million from the Department's Loneliness Fund and £6 million from Community Match Challenge partners (**Figure 7** on pages 32 and 33).³² Within this £41 million, £18 million had been awarded to charities but not yet disbursed and £23 million had not been awarded or disbursed. The Department intends to award and disburse funding until 31 March 2021, and any funds remaining undisbursed or unspent by the Department, its partners or recipient charities after this date are expected to be returned to HM Treasury.

3.5 Awards have been made to charities supporting a range of different activities. As at 19 February 2021, of the £471 million that had been awarded to charities, those supporting children and young people to achieve their potential have been awarded the most funding, at £70 million.³³ Charities supporting local community activity have been awarded £1 million, as have charities tackling gender inequality (**Figure 8** on page 34, 35 and 36).

Progress in distributing funds through the Community Match Challenge

3.6 Of the £85 million awarded to Community Match Challenge partners, the Department expects administration costs of up to £4 million, meaning more than £80 million is available for disbursement to charities. As at 19 February 2021, £80 million from this scheme had been awarded to charities and £74 million (92%) had been disbursed to charities (**Figure 7**). The remaining £6 million must be disbursed to charities and spent by 31 March 2021.³⁴

Progress in distributing funds through the Government Departments Scheme

3.7 With administration costs covered by departments' core budgets, the total allocation of £164 million to government departments is available to disburse to charities. As at 19 February 2021, £156 million (95%) had been awarded, and £154 million (94%) had been disbursed (**Figure 7**). All except three departments have disbursed all their funding available.

3.8 Of the £10 million yet to be disbursed, £7 million relates to funding provided to the Department for Environment, Food, & Rural Affairs (Defra) for the Zoo Support Fund. Defra has agreed with HM Treasury that funds not disbursed from the Zoo Support Fund can be rolled into its Zoo Animals Fund, a separate Defra fund unconnected to the financial support package for charities (**Figure 9** on page 37).

32 The Department for Environment, Food & Rural Affairs (Defra) agreed with HM Treasury that amounts not disbursed from the Zoo Support Fund will be rolled into a Zoo Animals Fund, a separate Defra fund unconnected to the financial support package for charities. As at 19 February 2021, £7 million had not been disbursed from the Zoo Support Fund.

33 Funds are awarded before they are disbursed. As at 19 February, not all funds awarded had been disbursed.

34 Financial values are rounded to the nearest £ million. Totals may not sum due to rounding.

Figure 7 Funds available to disburse, awarded and disbursed by the Department for Digital, Culture, Media & Sport (the Department) and its partners for each scheme as at 19 February 2021

The Department had not yet disbursed any funding from the Youth COVID-19 Support Fund scheme

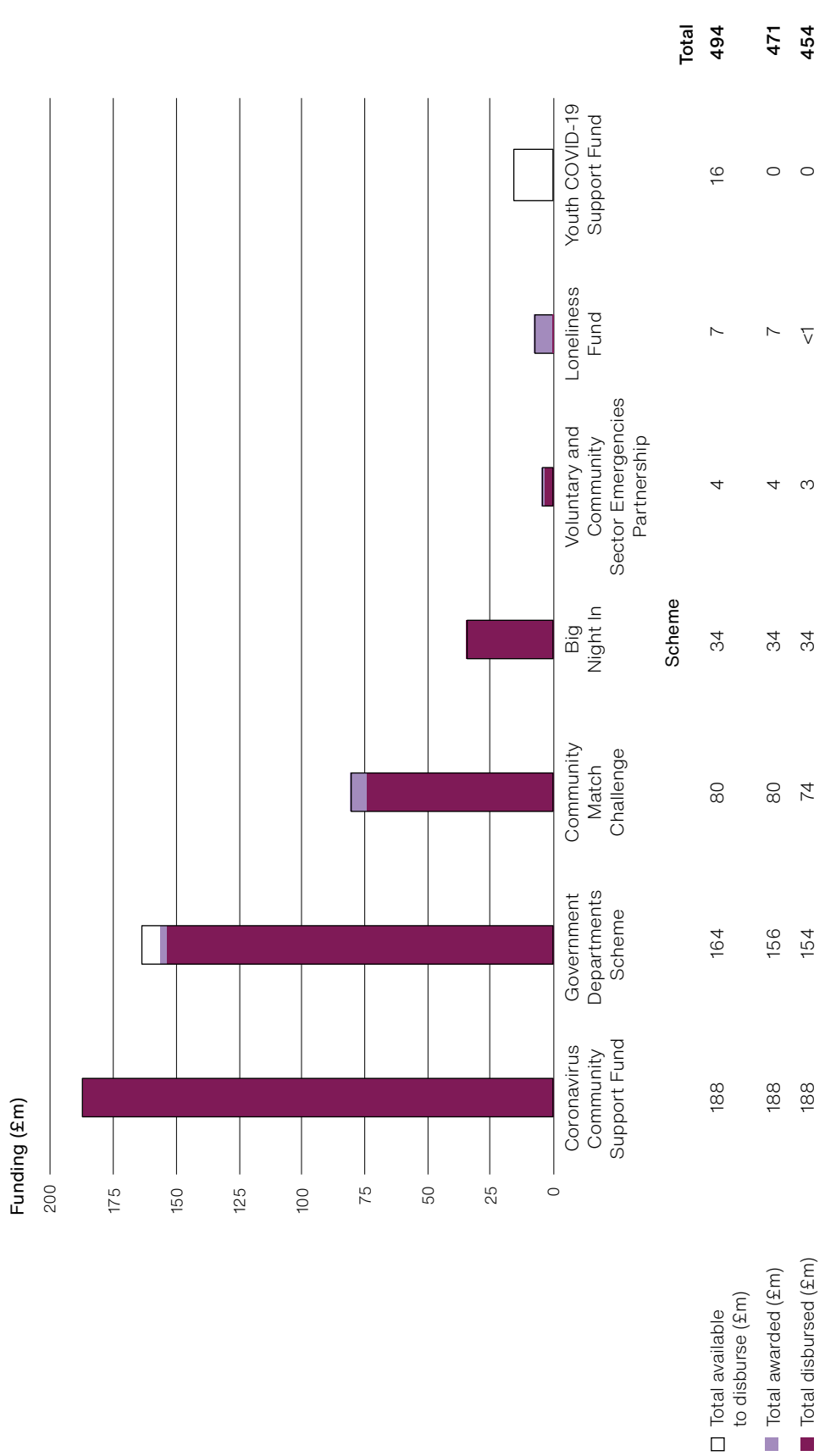


Figure 7 *continued*

Funds available to disburse, awarded and disbursed by the Department for Digital, Culture, Media & Sport (the Department) and its partners for each scheme as at 19 February 2021

Notes

- 1 The Department for Digital, Culture, Media & Sport (the Department) collects data from partners and voluntary, community and social enterprise (VCSE) organisations on a weekly, fortnightly or monthly basis. It uses these data to produce summaries of funds allocated, awarded and disbursed.
- 2 Financial values are based on management information reported by the Department as at 19 February 2021.
- 3 The Department is responsible for distributing £513 million of which £494 million will be disbursed to VCSE organisations after deducting administration and evaluation costs of £19 million.
- 4 Funding from Government Departments Scheme, the Loneliness Fund, and Youth COVID-19 Support Fund is targeted at projects being delivered across the United Kingdom.
- 5 Funding from the Coronavirus Community Support Fund is targeted at small and medium-sized charities running projects being delivered in England.
- 6 Funding from the Big Night In awarded by the National Emergencies Trust is targeted at projects being delivered across the United Kingdom and Crown Dependencies.
- 7 Funding from the Big Night In awarded by BBC Children in Need and Comic Relief is targeted at projects being delivered across the United Kingdom, with most of this funding to be distributed in England.
- 8 Funding awarded by Community Match Challenge partners and to the Voluntary Community Sector Emergencies Partnership is targeted at projects being delivered in England.
- 9 Funds may be awarded and disbursed up to 31 March 2021.
- 10 Financial values are rounded to the nearest £ million.

Source: National Audit Office analysis of management information from the Department for Digital, Culture, Media & Sport

3.9 Due to inconsistencies in the geographical data (paragraph 3.2) it is difficult to determine exactly where funds have been used. Of the £156 million awarded by government departments, £106 million specifies only the nation or combination of nations where funds have been awarded and there is no detail for £10 million of awards. Of the £40 million where the Department has details of the region of England that awards have been made to, London appears to have received £8 million, the largest amount of funding awarded to a region from government departments. Awards to the North East totalled £2 million, the least amount of funding awarded to a region from government departments (**Figure 10** on page 39 and 40). Due to the possibility of some charities having headquarters or offices based in a different location to where projects might be delivered, the Department cannot state with confidence how funds have been distributed across the United Kingdom.

Figure 8

Total funding awarded by the Department for Digital, Culture, Media & Sport and its partners to voluntary, community and social enterprise (VCSE) organisations by service type as at 19 February 2021

VCSE organisations supporting children and young people to achieve their potential were awarded the most funding

Service type	Coronavirus Community Support Fund	Government Departments Scheme
	(£m)	(£m)
Support for children and young people to achieve their potential	25	12
Advice and support to people who are pushed into crisis	30	14
Support for people who experience poor mental health	29	11
Connecting with disabled people	18	12
Supporting survivors of domestic abuse	0	27
Provision of essential items directly to families hit hardest	25	1
Support for people experiencing loneliness and social isolation	17	6
Supporting food supply	0	16
Support for people who experience health inequalities	21	1
Connecting with older people	15	1
Supporting those who are in medical care or end-of-life care	8	8
Tackling homelessness	0	6
Support for victims and their children to receive accommodation	0	10
Supporting refugees	0	0
Supporting community and sector infrastructure	0	1
Supporting digital, data and technology capabilities	0	1
Supporting local community activity	0	<1
Tackling gender inequality	0	0
Other	0	11
Unknown	<1	18
Total	188	156

Award values by scheme					Total
Community Match Challenge	Big Night In	Loneliness Fund	Voluntary and Community Sector Emergencies Partnership	Youth COVID-19 Support Fund	
(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
23	10	0	0	0	70
7	2	0	0	0	53
6	5	0	0	0	50
5	1	0	0	0	36
3	1	0	0	0	31
1	1	0	0	0	29
3	1	7	0	0	34
5	5	0	0	0	26
3	1	0	0	0	25
2	2	0	0	0	21
2	<1	0	0	0	18
3	1	0	0	0	10
0	0	0	0	0	10
2	1	0	0	0	3
2	<1	0	0	0	3
1	1	0	0	0	2
1	<1	0	0	0	1
<1	1	0	0	0	1
12	2	0	0	0	26
0	0	0	4	0	21
80⁵	34⁶	7	4⁷	0	471

Figure 8 *continued*

Total funding (£ million) awarded by government departments and partners to voluntary, community, and social enterprise organisations by service type as at 19 February 2021

Notes

- 1 The Department for Digital, Culture, Media & Sport (the Department) collects data from partners and voluntary, community and social enterprise (VCSE) organisations on a weekly, fortnightly or monthly basis. It uses these data to produce summaries of funds allocated, awarded and disbursed.
- 2 Financial values are based on management information reported by the Department as at 19 February 2021.
- 3 Service type categories reflect those reported in the Department's management information.
- 4 The Department's management information for service type categories did not sum to £471 million, so we have calculated that there are awards worth £21 million where the service type provided is unknown to the Department.
- 5 Community Match Challenge partners reported that they awarded over £0.7 million more than was available to disburse to charities. We have subtracted this from the total amount awarded by the scheme as this will not be funded by the Department.
- 6 Big Night In partners reported that they awarded nearly £1.5 million more than was available to disburse to charities. We have subtracted this from the total amount awarded by the scheme as this will not be funded by the Department.
- 7 The amount awarded to the Voluntary and Community Sector Emergencies Partnership includes administration costs. We have reported the total amount awarded net of administration costs.
- 8 The Department's management information does not include details of the types of services funded by VCSEP. However, the Department's grant agreement with VCSEP states the aim of funding is to meet the needs of people in vulnerable situations affected directly or indirectly by COVID-19.
- 9 Funds may be awarded and disbursed up to 31 March 2021.
- 10 Funding from the Government Departments Scheme, the Loneliness Fund, and Youth COVID-19 Support Fund is targeted at projects being delivered across the United Kingdom.
- 11 Funding from the Coronavirus Community Support Fund is targeted at small and medium-sized charities running projects being delivered in England.
- 12 Funding from the Big Night In awarded by the National Emergencies Trust is targeted at projects being delivered across the United Kingdom and Crown Dependencies.
- 13 Funding from the Big Night In awarded by BBC Children in Need and Comic Relief is targeted at projects being delivered across the United Kingdom, with most of this funding to be distributed in England.
- 14 Funding awarded by Community Match Challenge partners and to the Voluntary Community Sector Emergencies Partnership is targeted at projects being delivered in England.
- 15 Financial values are rounded to the nearest £ million. Totals may not sum due to rounding.

Source: National Audit Office analysis of management information from the Department for Digital, Culture, Media & Sport

Figure 9

Funds available to disburse, awarded, disbursed, and yet to be disbursed from the Government Departments Scheme, as at 19 February 2021

As at 19 February 2021, three government departments had £10 million in total yet to disburse by 31 March 2021

Government department	Funds available to disburse	Funds awarded	Funds disbursed	Funds yet to be disbursed
	(£m)	(£m)	(£m)	(£m)
Ministry of Justice	30	30	30	0
Department for Environment, Food & Rural Affairs	30	23	23	7
Department of Health & Social Care	24	24	24	0
Department for Education	22	22	20	2
Ministry of Housing, Communities & Local Government	16	16	16	0
Home Office	16	15	15	<1
Department for Business, Energy & Industrial Strategy	15	15	15	0
Ministry of Defence	6	6	6	0
Department for Digital, Culture, Media & Sport	5	5	5	0
Total	164	156	154	10

Notes

- 1 Financial values are based on management information collected from departments.
- 2 Financial values are based on management information reported by the Department for Digital, Culture, Media & Sport (the Department) as at 19 February 2021.
- 3 Funds yet to be disbursed are calculated as funds available to disburse minus funds disbursed.
- 4 Funds may continue to be awarded and disbursed up to 31 March 2021.
- 5 Administration costs incurred by other government departments must be met by the relevant department not from the allocation given by the Department.
- 6 The values associated with the Department in this figure do not include the Loneliness Fund and the Youth COVID-19 Support Fund. These Funds are administered by the Department but are separate to the Government Departments Scheme.
- 7 Financial values are rounded to the nearest £ million.

Source: National Audit Office analysis of management information from the Department for Digital, Culture, Media & Sport

Progress in distributing funds through the Coronavirus Community Support Fund

3.10 The CCSF had an allocation of £199 million. After deducting administration and evaluation costs of £11 million, £188 million was available to disburse to charities. As at 19 February 2021, The National Lottery Community Fund (TNLCF) had disbursed almost all £188 million of the CCSF (Figure 7).

3.11 Of the £188 million awarded through the CCSF, £18 million is categorised as being awarded across England. As for other funding schemes, the Department cannot determine the geographical spread of awards due to the way in which data are captured and reported. Based on available data, of the £170 million where the Department has details of the region of England where awards have been made, those in London were awarded £35 million, the largest amount of funding received by a region from the CCSF. Those in the North East were awarded £11 million, the least amount of funding awarded to a region from the CCSF. However, the Department is unclear on how much of this funding has been used in each region.

Progress in distributing funds through the Big Night In

3.12 Of the £37 million allocated to the Big Night In partners, £3 million will be spent by partners on administration costs, leaving £34 million to be disbursed to charities. By 19 February 2021, all £34 million had been disbursed (Figure 7).

Progress in distributing the Youth COVID-19 Support Fund and the Loneliness Fund

3.13 In late 2020, the Department announced the Youth COVID-19 Support Fund (£17 million including £1 million of administration costs), and the Loneliness Fund (£8 million including £8,000 of administration costs) (see paragraph 1.18). Funds from these two schemes were intended to be distributed over winter. By 19 February 2021, none of the Youth COVID-19 Support Fund had been awarded or disbursed. In the same period, almost all of the Loneliness Fund had been awarded, of which £300,000 had been disbursed. The Department intends to award and disburse funding until 31 March 2021.

Progress in distributing funds through the Voluntary and Community Sector Emergencies Partnership

3.14 The Department has allocated £5 million to the Voluntary and Community Sector Emergencies Partnership (VCSEP). As at 19 February 2021, the Department had disbursed £3 million to VCSEP, leaving just under £2 million to be disbursed by 31 March 2021.

Figure 10

Total funds awarded by the Department for Digital, Culture, Media & Sport (the Department) and its partners to voluntary, community and social enterprise organisations by location of organisation headquarters, local office or project as at 19 February 2021

Information on the geographical distribution of funding is inconsistent and the Department has no information as to which geographical region at least £101 million has been awarded to

Location of organisation headquarters, local office or project	Award values by scheme										Total (£m)	
	Coronavirus Community Support Fund (£m)	Government Departments Scheme (£m)	Community Match Challenge (£m)	Big Night In (£m)	Loneliness Fund (£m)	Voluntary and Community Sector Emergencies Partnership (£m)	Youth COVID-19 Support Fund (£m)					
Across England	18	74	Data unavailable	1	Data unavailable	Data unavailable	0					93
Across England and Wales	0	25	Data unavailable	0	Data unavailable	Data unavailable	0					25
Across UK	0	4	Data unavailable	5	Data unavailable	Data unavailable	0					8
Across Scotland	<1	2	Data unavailable	4	Data unavailable	Data unavailable	0					6
Across Wales	<1	2	Data unavailable	2	Data unavailable	Data unavailable	0					4
Across Northern Ireland	0	<1	Data unavailable	2	Data unavailable	Data unavailable	0					2
London	35	8	Data unavailable	5	Data unavailable	Data unavailable	0					47
East Midlands	26	7	Data unavailable	4	Data unavailable	Data unavailable	0					37
North West	25	6	Data unavailable	3	Data unavailable	Data unavailable	0					34
South East	20	5	Data unavailable	3	Data unavailable	Data unavailable	0					28
West Midlands	20	4	Data unavailable	2	Data unavailable	Data unavailable	0					27
Yorkshire and The Humber	17	4	Data unavailable	2	Data unavailable	Data unavailable	0					23
South West	16	4	Data unavailable	2	Data unavailable	Data unavailable	0					22
North East	11	2	Data unavailable	1	Data unavailable	Data unavailable	0					14
Region unknown	<1	10	80	0	7	4	0					101
Total	188	156	80	34⁶	7	4	0					471

Figure 10 *continued*

Total funds awarded by the Department for Digital, Culture, Media & Sport (the Department) and its partners to voluntary, community and social enterprise organisations by location of organisation headquarters, local office or project as at 19 February 2021

Notes

- 1 The Department for Digital, Culture, Media & Sport (the Department) collects data from partners and voluntary, community and social enterprise (VCSE) organisations on a weekly, fortnightly or monthly basis. It uses these data to produce summaries of funds allocated, awarded and disbursed.
- 2 Financial values are based on management information reported by the Department as at 19 February 2021.
- 3 Geographical distribution categories are those as reported in the Department's management information.
- 4 Data on the geographical distribution of awards in the Department's management information do not include the Community Match Challenge, Loneliness Fund and Voluntary and Community Sector Emergencies Partnership (VCSEP).
- 5 The Department's management information for geographical distribution did not sum to £471 million, so we have calculated that there are awards worth £101 million where the geographical distribution of awards is unknown to the Department.
- 6 Big Night In partners reported that they awarded nearly £1.5 million more than was available to disburse to charities. We have subtracted this from the total amount awarded by the scheme as this will not be funded by the Department.
- 7 The amount awarded to the Voluntary and Community Sector Emergencies Partnership includes amounts for administration costs. We have reported the total amount awarded net of administration costs.
- 8 Community Match Challenge partners reported that they awarded over £0.7 million more than was available to disburse to charities. We have subtracted this from the total amount awarded by the scheme as this will not be funded by the Department.
- 9 Funding from the Government Departments Scheme, the Loneliness Fund, and Youth COVID-19 Support Fund is targeted at projects being delivered across the United Kingdom.
- 10 Funding from the Coronavirus Community Support Fund is targeted at small and medium-sized charities running projects being delivered in England.
- 11 Funding from the Big Night In awarded by the National Emergencies Trust is targeted at projects being delivered across the United Kingdom and Crown Dependencies.
- 12 Funding from the Big Night In awarded by BBC Children in Need and Comic Relief is targeted at projects being delivered across the United Kingdom, with most of this funding to be distributed in England.
- 13 Funding awarded by Community Match Challenge partners and to the VCSEP is targeted at projects being delivered in England.
- 14 Financial values have been rounded to the nearest £ million. Totals may not sum due to rounding.

Source: National Audit Office analysis of management information from the Department for Digital, Culture, Media & Sport

Appendix One

Our investigative approach

Scope

1 On 8 April 2020, government announced a £750 million financial support package for frontline charities, which included funding for each UK nation as well as specific funding for the hospice sector.³⁵ It designed the package as part of its response to the COVID-19 pandemic. Following its initial announcement, government increased the overall amount of funding available, which resulted in the Department for Digital, Culture, Media & Sport (the Department) being responsible for allocating and distributing £513 million of the package through itself and other government departments, public-sector organisations and other partners. The Department is not responsible or accountable for the £60 million of the package provided to the devolved governments, or the £200 million set aside from the package for the Department of Health & Social Care to support charitable hospices. These are excluded from scope.

2 We conducted an investigation into how the Department allocated funds, how financial support could be accessed by the sector and where financial support was distributed. As the package continues to operate until 31 March 2021, our report does not represent the final position on how the entire package has been awarded or disbursed.³⁶

3 As an initial factual report, this investigation does not consider how individual charities may have benefited, nor the impacts on charity service users. It also does not consider whether this package, or the Department's administration of it, offers value for money to taxpayers.

4 This investigation is part of a programme of work the National Audit Office is undertaking to support Parliament in its scrutiny of government's response to the COVID-19 pandemic.

³⁵ In this report, we refer to organisations in the voluntary, community and social enterprise sector as charities.

³⁶ Allocated funds refer to those provided by the Department to a partner. Awarded funds refer to funds assigned by the Department or partner to either a partner for onward distribution or to an end recipient charity. Disbursed funds refer to funds paid to an end recipient charity. The distribution of funds refers to the process by which funds are allocated, awarded and disbursed.

Methods

5 In examining the Department's responsibilities for the package, we drew on a variety of evidence sources.

6 We interviewed working level and senior officials at:

- the Department to determine how it is distributing funds, and its oversight of distribution;
- the Cabinet Office to understand its role in relation to grant-making and managing grants; and
- The National Lottery Community Fund, a non-departmental public body of the Department, to understand its role in distributing the package.

7 We reviewed a range of official documentation, including:

- business cases, board minutes and ministerial submissions that detail the case for funding and how decisions were taken;
- assessments for determining allocations to the Government Departments Scheme, and partners to the Community Match Challenge scheme;
- grant agreements between the Department and its partners; and
- the Department's approach to due diligence, and fraud and error.

8 We reviewed the Department's management information, which details progress in distributing the package, the geographical regions that funds are going to, whether funds are targeting people or groups with specific characteristics and the types of services being funded. Financial values in the report are based on management information reported by the Department up to 19 February 2021. This represents the most up-to-date data available at the point fieldwork concluded.

9 We conducted fieldwork between November 2020 and February 2021.

Data limitations

10 We have relied on management information and other data supplied to us by the Department. There are limitations to these data as a result of some missing and inconsistent data. These limitations could impact the accuracy of some of the financial values we present in our report. We have not sought to quantify the impact of these limitations. We have described these limitations in Part Three.

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National Audit Office

Design and Production by NAO External Relations
DP Ref: 009352-001

£10.00

ISBN 978-1-78604-366-5



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