

CMS 160762/DC

Anna Southall
Interim Chair
Big Lottery Fund
1 Plough Place
LONDON
EC4A 1DE

2 December 2010

Dear Anna

Sir Clive Booth's letter of 28 October responded to the request in my letter of 26 July for observations or comments on a proposed Policy Direction to the Big Lottery Fund.

I am very grateful to the Big Lottery Fund Board for the constructive suggestions and have considered them very carefully alongside the other consultation responses received. I have already arranged for the summary of consultation responses to be published on the Department's website at <http://www.culture.gov.uk/consultations/6566.aspx>.

There was a clear preference among respondents for Option 1 and you also agreed that it was preferable. I have considered whether it would be beneficial to amend the wording as you suggest, but have concluded that to do so would arguably have a more restrictive effect than my original wording, which is not limited to "public or social" benefits. I have decided, therefore, to maintain the original wording of Option 1, which I believe will achieve the policy aim with maximum flexibility, and in line with the views of the majority of respondents.

You also asked for my views on whether the Policy Direction should apply to UK wide expenditure as well as to England expenditure. This point was also raised by John Swinney MSP, for the Scottish Government. Having considered the matter, I have decided that the policy direction will apply to England only.

In accordance with Section 36E of the National Lottery etc Act 1993, and on behalf of the Secretary of State, I therefore issue the attached Policy Direction concerning matters which must be taken into account by Big Lottery Fund in England when distributing its share of the net proceeds from the National Lottery. It will be added to Big's other Policy Directions relating to England and should be read in conjunction with Big's powers under the National Lottery etc. Act 1993 (as amended by the National Lottery Acts of 1998 and 2006) and within the context of the normal principles of administrative law. It should also be read in conjunction with the Financial Directions and Statement of Financial Requirements.

Sir Clive mentioned in his letter a number of areas where he hoped the new Policy Direction would not impact on Big's ability to fund projects. It is, of course, for the Big Lottery Fund Board to decide which projects to fund, taking into account the Policy Direction. I have already indicated in my consultation letter my understanding that Big will continue to be able to fund charities, voluntary groups, social enterprises and also voluntary and community sector organisations working in consortia with local authorities. I am happy to confirm that remains my view and also that I can see no reason why the new Policy Direction should impact on Big's ability to continue funding veterans, parish councils or community projects in schools. I can also see no reason why Big would be inhibited from funding voluntary and community sector organisations that do not provide direct support to people or communities but offer essential support or development services that support frontline delivery.

The Policy Direction should not impact on existing award holders. I would expect that Big will be able to communicate this change, which has been a clear Coalition Government policy since May, to potential applicants and take the effect of the Direction into account in respect of new awards from 1 April 2011. This is when the first stage of the change to Lottery shares comes into effect, and will help protect the funding received by the voluntary and community sector through the Big Lottery Fund.

A handwritten signature in cursive script that reads "John Penrose". The signature is written in dark ink and is positioned above a long, thin horizontal line that extends across the width of the signature.

John Penrose M.P.
Minister for Tourism and Heritage

DIRECTION ISSUED TO THE BIG LOTTERY FUND UNDER SECTION 36E(1) OF THE NATIONAL LOTTERY ETC. ACT 1993

The Secretary of State for Culture, Olympics, Media and Sport, in exercise of the powers conferred on him by Section 36E of the National Lottery etc. Act 1993, and having consulted with the Big Lottery Fund ("the Fund") pursuant to Section 36E(5) of that Act, hereby gives the following Direction:

1. In this Direction any reference to a section is a reference to a section of the National Lottery etc. Act 1993.
2. In determining the persons to whom, the purposes for which and the conditions subject to which it distributes any money under Section 36B, the Big Lottery Fund shall take into account the following matters in exercising its functions in relation to England expenditure:

The need to ensure that, in England, money is distributed to projects that benefit people and local communities served by the voluntary and community sector.

Signed on behalf of the Secretary of State for Culture, Olympics, Media and Sport

John Penrose MP

Date: 2 December 2010

Minister for Heritage and Tourism
Department for Culture, Media and Sport