



House of Commons
Committee of Public Accounts

Heritage Lottery Fund

**Fifty-fourth Report of Session
2006–07**

*Report, together with formal minutes, oral and
written evidence*

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The Committee of Public Accounts

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The following were also Members of the Committee during the period of the enquiry:

Greg Clark MP (*Conservative, Tunbridge Wells*)
Helen Goodman MP (*Labour, Bishop Auckland*)
Mr Sadiq Khan MP (*Labour, Tooting*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Philip Jones (Committee Assistant), Emma Sawyer (Committee Assistant), Pam Morris (Secretary), and Alex Paterson (Media Officer).

Contacts

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Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 The equitable distribution of funding	7
2 Achievements	10
3 Making the money go further	12
Formal Minutes	15
Witnesses	16
List of written evidence	16
List of Reports from the Committee of Public Accounts 2006–07	17

Summary

The Heritage Lottery Fund has awarded £3.8 billion in grants to some 24,000 projects since it was established in 1994. The Fund operates within a framework of policy directions issued by the Secretary of State for Culture, Media and Sport and currently distributes 16.67% of the money raised by the National Lottery for good causes.

The Fund has provided funding to all parts of the United Kingdom although the amounts regions have received vary significantly, depending mainly on the number of large grants awarded in each. The Fund has also identified a small number of priority areas in each region for particular attention and appointed development officers to help local and community groups make successful applications. It also seeks to encourage applications from under-represented social and ethnic groups more generally but has found it difficult to target these effectively. To encourage applications, particularly from voluntary and community groups, the Fund plans to introduce a simpler application process to meet applicants' concerns about the burden involved.

Projects supported by the Fund cover all types of heritage and have achieved a wide range of benefits. The Fund, however, is not able to demonstrate effectively its impact in opening up the heritage to people from deprived or minority backgrounds. Although projects are largely delivered to time and cost, the Fund has done little to tackle the poor project management skills of some grant recipients. It intends now to invest more effort in helping less experienced applicants develop and deliver their projects.

From 1 April 2009 the Government intends to divert more than £160 million from the Fund to help pay for the 2012 Olympics and the Fund's income may be further reduced by as much as £95 million if ring-fenced income from Olympic lottery games diverts sales from other lottery games. In the past the Fund has awarded more money in grants each year than it has received from the Lottery, so that by March 2007 its outstanding grant commitments were 64% more than its National Lottery Distribution Fund balance. The Fund is confident that it can honour these existing commitments, but in future will only make grant awards each year roughly in line with its annual income. The Fund anticipates that from April 2009 it will award approximately £180 million a year in grants, compared to average annual awards of £325 million to date.

The Fund will therefore remain a significant funder of the nation's heritage, but it needs to find ways to make its money go further. To date the Fund has not generally tested whether applicants could raise more money from other sources to help pay for their projects, but will now put greater emphasis on ensuring that applicants have done as much as they can to maximise partnership funding. The Fund is also looking to keep its own running costs to a minimum.

On the basis of a Report by the Comptroller and Auditor General¹ we examined the Fund on the equitable distribution of funding, what is being achieved and how it can make its money go further.

1 C&AG's Report, *Heritage Lottery Fund*, HC (2006–07) 323

Conclusions and recommendations

Our specific conclusions and recommendations are as follows.

1. **In line with recommendations we made in a previous report,² the Heritage Lottery Fund has successfully reduced the amount of undistributed money it holds in the National Lottery Distribution Fund from £1,028 million to £660 million.** The Heritage Lottery Fund has achieved the reduction by awarding more in grant than it has received in income. Uncertainty about the levels of its future income and the need to be able to meet its grant commitments, however, are now inhibiting the Fund's willingness to further reduce its National Lottery Distribution Fund balance.
2. **Lottery money will be used to fund the 2012 Olympic and Paralympic Games, so the Fund expects its income to fall from £237 million in 2006–07 to around £180 million in 2009–10.** There are however two major areas of uncertainty: the diversionary effect of people switching to Olympic Lottery games; and how much might eventually be recouped when land in the Olympic park is sold following the games. The Department for Culture, Media and Sport should provide the Heritage Lottery Fund with a frank assessment of when and by how much its income will fall, and its goals and expectations for recouping money from the sale of land, particularly since although the Secretary of State has said that the existing lottery good causes should share in the profits that are expected to be generated from the sale of land in the Olympic Park after 2012, there is no guarantee that the Fund will recoup any of the £161.2 million diverted from April 2009. The Fund should set out its plans for managing with less income so that potential applicants understand the Fund's priorities.
3. **The Fund does not generally test whether applicants could raise more funding from other sources, so some projects may receive more grant than they need.** The Fund should seek to make its money go as far as possible by providing no more than the difference between what a project will cost and what an applicant can raise from other sources. It should require applicants to explain what they have done to seek other funding, and use its knowledge to point applicants to possible sources of support.
4. **The funding each region has received from the Fund since the National Lottery was set up varies from £744 million in London to less than £200 million in the East Midlands, North East, Wales and Northern Ireland.** The Fund has targeted 72 priority areas for special attention but the criteria for selection are inconsistent, and more than 40 of the 72 areas are not achieving the levels of grant applications the Fund is aiming for. The criteria should be compatible with the thrust of government policy on tackling deprivation. The Fund should also set measurable objectives which reflect its obligations to take into account the need for all parts of the United Kingdom to have access to funding, and the scope for reducing economic and social

2 Committee of Public Accounts, First Report of Session 2005–06, *Managing National Lottery Distribution Fund balances*, HC 408

deprivation; and develop an explicit rationale for selecting the priority areas it targets for special attention.

5. **The Fund can only award grants in response to applications, and there is a risk that those groups best equipped to prepare good quality applications will tend to get the lion's share of the money.** It has not issued guidance to its local development officers, who encourage applications from under-represented social and ethnic groups, on what constitutes under-representation. The Fund should stimulate good quality applications by identifying, with the help of local authorities, those groups who need help to develop ideas for projects and prepare funding applications which the Fund would be able to support. It should also publicise the availability of Lottery funding and the support it can make available, and define what it means by under-represented groups.
6. **Many applicants find the Fund's application and assessment processes confusing, off-putting, and unnecessarily burdensome.** The Fund is planning to introduce a more streamlined process, and in doing so should take into account the experience, capability and track record of applicants. For organisations with a record of successful projects it may be possible for the Fund to adopt a lighter touch, freeing resources to guide less experienced organisations through the application process. The Fund should also monitor application rates to check that smaller voluntary and community groups in particular are not deterred from applying.
7. **A quarter of projects are delivered late and one sixth are over budget.** Poor project management is one of the main causes of overruns but the Fund, although developing plans to offer more support for grant recipients who want it, is reluctant to intervene directly. The Fund's work will only be meaningful if projects are delivered in a timely and cost-efficient way, so it should not be reticent about stepping in and confronting project managers when things are going adrift.
8. **Increased access to and understanding of heritage is one of the main benefits the Fund is trying to promote through its funding, but it has little concrete information with which to judge its success.** The Fund supports a great variety of projects, many of which are likely to benefit a wide range of people. The Fund only started collecting the data it needs to tell who the beneficiaries of its funding are two years ago. For most of the £3.8 billion it has awarded it only has partial and largely anecdotal evidence of its success in encouraging and broadening access to the projects it has funded.
9. **The Fund spends almost £23 million a year on administration, around 9% of its income.** In the run up to the London Games, the Fund's income is likely to fall by 25%, although it should return to previous levels after 2012. Other lottery distributors will also suffer reductions in their income. The Department for Culture, Media and Sport should examine distributors' plans for managing their organisations through the run up to the Games and beyond, to assess whether distributors' costs can be reduced in proportion to their income.

1 The equitable distribution of funding

1. The Heritage Lottery Fund (the Fund) was established in 1994 to give grants to projects involving the local, regional and national heritage of the United Kingdom. It operates within a framework of policy directions issued by the Secretary of State for Culture, Media and Sport. The Fund had distributed 16.67% of the money raised by the National Lottery for good causes, and by 31 December 2006 it had awarded £3.8 billion to some 24,000 projects covering all types of heritage.³ The Fund was administered by a board of 15 trustees with a range of skills and experience, including two trustees from ethnic minority backgrounds and nine educated in state schools.⁴ The Fund hoped to attract a wide range of applicants for five trustee vacancies which will come up during 2008.⁵

2. The Fund is required by policy directions given by the Secretary of State to take account of the need for all parts of the United Kingdom to have access to funding. The amounts awarded to each region vary significantly, however, ranging from £744 million for London to £103 million for Northern Ireland (**Figure 1**).⁶ The Fund has not sought to define the 'right' level of funding for each country and region, and said that the overall level of funding received by a region depended mainly on the number of successful grant applications for large projects.⁷ Wales, for example, had been successful at getting small grants, and had the highest grant per capita for awards of under £2 million, but because it had not secured funding for many large projects, overall it had received the second lowest regional total (£157 million) for grants awarded.⁸

3. Policy directions from the Secretary of State also require the Fund to take account of the scope for reducing economic and social deprivation.⁹ In 2002 the Fund's twelve regional and country committees each selected between five and eight priority areas in which the Fund had made few grant awards, to be targeted for particular attention. In addition the Fund had appointed two or three development officers in each region to help local and community groups make successful applications.¹⁰ Development officers had used a range of approaches tailored to local conditions to raise awareness of the Fund within their regions, but it took time and effort to translate interest into actual applications.¹¹ In general, the Fund's work in priority areas had been successful in increasing the number and success rate of applications, with only a handful of areas showing no improvement at all.¹² However, by 31 December 2006, the number of applications had reached the regional average in only 29 of the 72 priority areas (40%), and the Fund was unable to explain

3 C&AG's Report, paras 1, 2

4 Q 149; Ev 34

5 Ev 34

6 C&AG's Report, paras 9, 10, Figure 5

7 C&AG's Report, para 10; Q 92

8 C&AG's Report, Figure 5; Q 91

9 C&AG's Report, para 11; Qq 137–138

10 Qq 30, 43–46, 81

11 Qq 31, 47–49, 166–167; Ev 18

12 C&AG's Report, para 12; Qq 31, 51–52; Ev 19

clearly how the priority areas had been chosen, or how economic and social deprivation had been taken into account in the selection process.¹³

Figure 1: Grant awarded by the Fund by region

Country or Region	Value of all grant awards: 1/4/1994 to 31/3/06		Population ¹ millions	Total grant per capita £	Value of grants <£2m awarded ² : 1/4/03 to 31/3/06 £m	Awards <£2m grant per capita £
	£m	%				
London	744	20.7	7.4	100.13	55	7.35
Scotland	429	11.9	5.1	84.55	54	10.62
North West	392	10.9	6.8	57.42	51	7.53
South West	376	10.5	5.0	74.68	42	8.41
South East	315	8.7	8.1	38.79	53	6.50
Yorkshire and The Humber	273	7.6	5.0	54.12	37	7.33
West Midlands	238	6.6	5.3	44.58	46	8.63
Eastern	226	6.3	5.5	41.13	34	6.16
East Midlands	183	5.1	4.3	42.75	26	6.15
North East	164	4.6	2.5	64.48	21	8.09
Wales	157	4.4	3.0	53.18	33	11.28
Northern Ireland	103	2.9	1.7	60.08	17	9.84
UK	3,559	100.0	59.8	60.15	469	7.84
England	2,910	80.9	50.1	58.09	365	7.28

Note 1 Population figures are mid-2004 estimates taken from Office of National Statistics: Focus on People & Migration, December 2005, Table 2.1

Note 2 The value of grants awarded under £2 million only includes programmes where the majority of awards are made at regional and country level.

Source: C&AG's Report, Heritage Lottery Fund

4. The Fund wanted to attract more applications from under-represented social and ethnic groups and had sought to convince such groups that it valued their heritage and would welcome applications from them.¹⁴ In recent years more projects run by black and minority ethnic organisations or aimed specifically at benefiting such communities had been funded, but the Fund had very little specific information to help it target under-represented groups.¹⁵ To overcome this information gap, the Fund planned to identify organisations it could work with that were operating within local communities and which knew how best to help and support community groups.¹⁶ For example, it had already worked with the Black History Foundation, the Race Equality Council and the Smallheath

¹³ Qq 112–113, 139, 142–144

¹⁴ Qq 27, 107

¹⁵ Qq 26–27, 30, 105, 107, 109, 116–118; Ev 21, 33

¹⁶ Qq 31, 163

Community Forum to identify and engage with black and Asian groups in Birmingham.¹⁷ Through co-operating with such local helper agencies the Fund hoped to increase awareness of its aims amongst groups that it found difficult to reach, and help potential applicants acquire the skills needed to develop projects and secure funding, without having to increase its own administration costs.¹⁸

5. The Fund recognised that the ease of the application and assessment process was important to encourage applications from voluntary and community groups.¹⁹ The Fund asks applicants to submit information covering a wide range of aspects of their projects before it will award a grant, to allow it to make judgements about the heritage value, risk and sustainability of projects; but many applicants have found the process burdensome, including the nature and timing of requests for information.²⁰ The Fund had listened to these concerns and had plans to ease the burden, which included reducing the amount of information required up front, simplifying the process, reducing assessment times, and encouraging successful applicants to mentor new ones.²¹

17 Ev 33

18 Q 163

19 Qq 24, 30

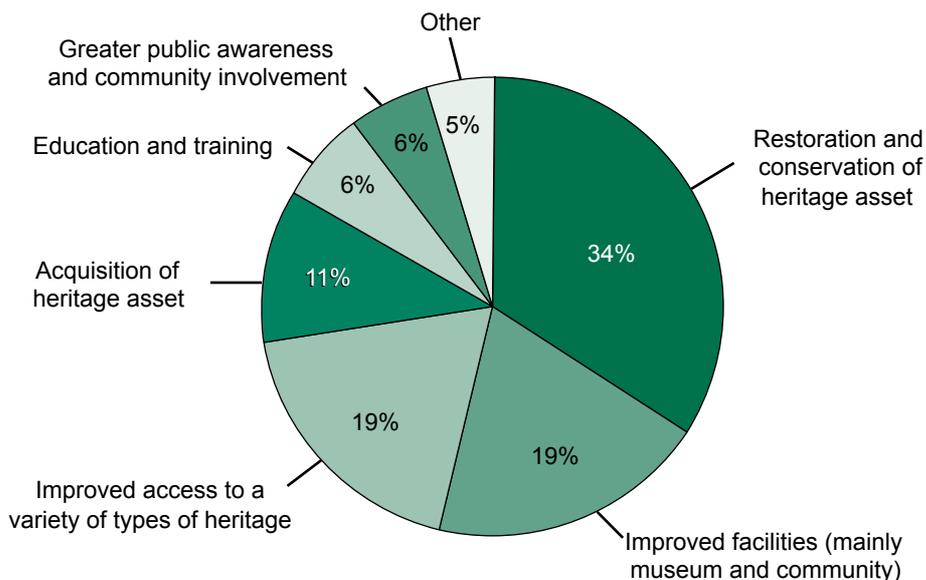
20 C&AG's Report, paras 32, 34; Qq 53, 57–58

21 Qq 24, 33, 87–90

2 Achievements

6. The Fund has supported all types of heritage through a range of general and targeted programmes.²² Projects supported by the Fund have achieved a wide range of benefits, including the acquisition, restoration and conservation of heritage assets, improved access to heritage and better facilities for learning about and enjoying heritage, and greater public awareness and community involvement in heritage (Figure 2).²³

Figure 2: The most important outcomes reported by Heritage Lottery Fund projects



Source: C&AG's Report, Heritage Lottery Fund

7. Ensuring that everyone can learn about, have access to, and enjoy their heritage is one of the Fund's key aims and, before awarding funding, it requires all applicants to demonstrate that their project will contribute to this aim.²⁴ Until recently, however, the Fund had not established whether public access had increased and broadened as expected once projects were up and running. Data collected since 2005 from projects with a visitor element show that the proportion of visitors from a black or minority ethnic background averaged 12% and the proportion of visitors from lower socio-economic groups averaged 28%.²⁵

8. Although the size and nature of projects the Fund supports varies greatly, many involve an element of construction or physical works. Most projects have been delivered to time and cost, but 26% were still late and 17% cost more than expected.²⁶ The likelihood of cost increases rises with grant size, with 39% of projects awarded over £2 million going over budget.²⁷ It is in the nature of heritage projects that there may be factors which cannot be

22 C&AG's Report, para 4

23 C&AG's Report, para 16, Figure 8

24 C&AG's Report, para 6; Q 152

25 Ev 37

26 C&AG's Report, para 23

27 C&AG's Report, para 24

anticipated.²⁸ Overruns have occurred, for example, when conditions on site were difficult, or the work required was more complex than expected.²⁹ The Fund, however, had given additional grant to only half of projects suffering cost overruns and, since 1994, 3% of its total funding (£114 million) had gone in grant increases.³⁰

9. Time and cost overruns can also arise through poor project management and over a quarter of all overruns were due, in part, to poor planning.³¹ While recognising the poor project management skills of some applicants, the Fund has been reluctant to intervene once projects are underway even when it has identified problems with project management.³² The Fund has also reduced its overall project monitoring effort but said that this was so that it could focus its resources on higher-risk projects where monitoring was most needed.³³ The Fund is now intending to support better project delivery by offering grant recipients mentoring and, where needed, tailored support to improve their project management skills.³⁴

28 Qq 59, 60

29 C&AG's Report, para 25; Q 60

30 Qq 37, 60

31 C&AG's Report, Figure 10

32 Q 35

33 C&AG's Report, para 26; Q 36

34 Qq 35, 88

3 Making the money go further

10. Over the four years beginning April 2009 the Government intends to divert £1,085 million of Lottery money from existing good causes to help fund the 2012 London Olympic and Paralympic Games, including £161.2 million from the Fund.³⁵ The Fund believed that any loss of funding would put at further risk heritage needs, which already outstripped the lottery money available.³⁶ The Secretary of State has said that the existing lottery good causes should share in the profits that are expected to be generated from the sale of land in the Olympic Park after 2012.³⁷ There is no guarantee, however, that the Fund will recoup any of the £161.2 million.³⁸

11. The Fund's future income also depends on the National Lottery operator's success in generating new sales for Olympic lottery games, which are intended to raise a further £750 million.³⁹ As much as 77% of this £750 million may be diverted from non-Olympic good causes because of players switching from existing games.⁴⁰ If this were to happen, the Fund's income would fall by a further £95 million.⁴¹

12. Proceeds from lottery ticket sales are paid into the National Lottery Distribution Fund where they remain until they are required by the lottery distributors to make payments to grant recipients or to meet their own costs. Following our 2005 report on Distribution Fund balances, the Fund has reduced its balance (which had peaked at £1,028 million in January 2003) to £660 million in March 2007.⁴² It has achieved this by awarding more in grants each year than it received in income. For example in 2006–07 it received £237 million from the Lottery, but awarded £290 million in new grants.⁴³ In March 2007 the Fund had outstanding grant commitments of £1,083 million—£423 million (64%) more than its balance with the Distribution Fund.⁴⁴

13. The Fund believed that it could honour all its current grant commitments because it would receive lottery income as a good cause until at least 2019, and because the money committed to projects would not be required all at once, but would be used over a period of several years.⁴⁵ The Fund's Trustees had, however, reached the limit of what they were

35 C&AG's Report, para 2; Qq 1, 5, 69, 131–133

36 Q 73

37 Hansard, 15 March 2007, Cols 450–452

38 Qq 4, 6–13

39 Qq 2, 69, 120–123

40 C&AG's Report, *Preparation for the London 2012 Olympic and Paralympic Games—Risk assessment and management*, HC (2006–07) 252, para 48

41 Q 70

42 Committee of Public Accounts, First Report of Session 2005–06, *Managing National Lottery Distribution Fund balances*, HC 408; Q 14

43 Qq 19–20

44 Qq 16, 18, 19

45 Qq 19, 77, 126–127

willing to over-commit, so from 1 April 2009 the Fund's awards would be reduced to roughly equivalent to its annual lottery income.⁴⁶

14. With its annual income set to fall, the Fund anticipated that it would award grants of approximately £180 million a year, compared to an average of £325 million to date.⁴⁷ There would therefore be greater competition for funding in the future.⁴⁸ The Fund had no plans, however, to stop funding any of its current areas of activity, and would continue to encourage potential applicants from all backgrounds to apply because of the importance it placed on all types of heritage.⁴⁹

15. The Fund's running costs are met from its lottery income, so anything spent on administration reduces the amount it has available to give as grants.⁵⁰ Between 1 April 2000 and 31 March 2004 the Fund's annual administration budget increased from £14.4 million to £24.0 million and staff numbers rose from 165 to 256.5 due mainly to it adopting its present regional structure.⁵¹ Since 1 April 2004, however, it had cut its administration budget by 6% and in 2005–06 the Fund spent 8.5% of its income on running costs.⁵²

16. The Fund has no plans for a major reorganisation of its activities, although it said that the balance of its work was likely to change with it having fewer new applications to assess.⁵³ It regarded its current regional structure as essential⁵⁴ but would look to make modest staff reductions and to push down hard on overheads such as utilities and accommodation to minimise its administration costs.⁵⁵ The Fund had looked for opportunities for closer working with other distributors and continued to keep this under review, although it had not yet identified any specific areas for co-operation.⁵⁶

17. For all grants over £5,000, the Fund requires applicants to raise money from other sources to make a contribution towards the project costs (partnership funding). The level of partnership funding increases with the size of the project, so the Fund would provide up to 75% of a £1 million project but 90% of a £100,000 project.⁵⁷ The Fund has not tested whether applicants could raise more partnership funding.⁵⁸ In some cases the Fund had been satisfied with proposals for partnership funding simply because they exceeded minimum requirements, but three-quarters of applicants indicated that they could have proceeded with less lottery funding, whilst 3% could have funded their projects entirely

46 Qq 19–21

47 Qq 20, 23, 134

48 Qq 24, 25, 76–77

49 Qq 24, 28–30

50 Q 128

51 C&AG's Report, para 1; Ev 21

52 Qq 96–100

53 Qq 128–129

54 Q 129

55 Q 128

56 Q 130

57 C&AG's Report, para 21

58 C&AG's Report, para 21; Qq 85, 165

from other sources.⁵⁹ The Fund intended to look harder at whether applicants had exhausted other sources of funding, although this approach needed to be balanced with encouraging applicants who could not raise money elsewhere, particularly as some alternative sources of money were now drying up.⁶⁰

59 C&AG's Report, para 22; Qq 85, 165

60 Qq 85–86, 119, 164

Formal Minutes

Monday 9 July 2007

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Mr David Curry

Mr Ian Davidson

Mr Philip Dunne

Ian Lucas

Mr Austin Mitchell

Mr Don Touhig

Draft Report

Draft Report (Heritage Lottery Fund), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 17 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fifty-fourth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 10 October at 3.30 pm.]

Witnesses

Wednesday 25 April 2007

Ms Carole Souter, Director, and **Mr Steve Willis**, Director, Resources and Planning, Heritage Lottery Fund

Ev 1

List of written evidence

Heritage Lottery Fund

Ev 18

Letter from the Comptroller and Auditor and General to the Chairman

Ev 40

List of Reports from the Committee of Public Accounts 2006–07

First Report	Tsunami: Provision of support for humanitarian assistance	HC 25 (Cm 7018)
Second Report	Improving literacy and numeracy in schools (Northern Ireland)	HC 108 (Cm 7035)
Third Report	Collections Management in the National Museums and Galleries of Northern Ireland	HC 109 (Cm 7035)
Fourth Report	Gas distribution networks: Ofgem's role in their sale, restructuring and future regulation	HC 110 (Cm 7019)
Fifth Report	Postcomm and the quality of mail services	HC 111 (Cm 7018)
Sixth Report	Gaining and retaining a job: the Department for Work and Pensions support for disabled people	HC 112 (Cm 7019)
Seventh Report	Department for Work and Pensions: Using leaflets to communicate with the public about services and entitlements	HC 133 (Cm 7020)
Eighth Report	Tackling Child Obesity—First Steps	HC 157 (Cm 7020)
Ninth Report	The Paddington Health Campus Scheme	HC 244 (Cm 7076)
Tenth Report	Fines Collection	HC 245 (Cm 7020)
Eleventh Report	Supporting Small Business	HC 262 (Cm 7076)
Twelfth Report	Excess Votes 2005–06	HC 346
Thirteenth Report	Smarter Food Procurement in the Public Sector	HC 357 (Cm 7077)
Fourteenth Report	Ministry of Defence: Delivering digital tactical communications through the Bowman CIP Programme	HC 358 (Cm 7077)
Fifteenth Report	The termination of the PFI contract for the National Physical Laboratory	HC 359 (Cm 7077)
Sixteenth Report	The Provision of Out-of-Hours Care in England	HC 360 (Cm 7077)
Seventeenth Report	Financial Management of the NHS	HC 361 (Cm 7077)
Eighteenth Report	DFID: Working with Non-Governmental and other Civil Society Organisations to promote development	HC 64 (Cm 7077)
Nineteenth Report	A Foot on the Ladder: Low Cost Home Ownership Assistance	HC 134 (Cm 7077)
Twentieth Report	Department of Health: The National Programme for IT in the NHS	HC 390 (Cm 7152)
Twenty-first Report	Progress in Combat Identification	HC 486 (Cm 7151)
Twenty-second Report	Tax credits	HC 487 (Cm 7152)
Twenty-third Report	The office accommodation of the Department for Culture, Media and Sport and its sponsored bodies	HC 488 (Cm 7151)
Twenty-fourth Report	Ofwat: Meeting the demand for water	HC 286 (Cm 7151)
Twenty-fifth Report	Update on PFI debt refinancing and the PFI equity market	HC 158 (Cm 7152)
Twenty-sixth Report	Department for Work and Pensions: Progress in tackling pensioner poverty—encouraging take-up of entitlements	HC 169 (Cm 7152)
Twenty-seventh Report	Delivering successful IT-enabled business change	HC 113 (Cm 7216)
Twenty-eighth Report	ASPIRE—the re-competition of outsourced IT services	HC 179 (Cm 7216)
Twenty-ninth Report	Department of Health: Improving the use of temporary nursing staff in NHS acute and foundation trusts	HC 142 (Cm 7216)
Thirtieth Report	The Modernisation of the West Coast Main Line	HC 189 (Cm 7216)
Thirty-first Report	Central government's use of consultants	HC 309 (Cm 7216)
Thirty-second Report	The right of access to open countryside	HC 91 (Cm 7216)
Thirty-third Report	Assessing the value for money of OGCbuying.solutions	HC 275 (Cm 7216)
Thirty-fourth Report	Recruitment and Retention in the Armed Forces	HC 43 (Cm 7216)
Thirty-fifth Report	BBC outsourcing: the contract between the BBC and Siemens Business Service	HC 118 (HC 1067)
Thirty-sixth Report	Reserve Forces	HC 729 (Cm 7216)
Thirty-seventh Report	Child Support Agency: Implementation of the Child Support Reforms	HC 812 (Cm 7216)
Thirty-eighth Report	Sure Start Children's Centres	HC 261 (Cm 7216)
Thirty-ninth Report	Preparations for the London Olympic and Paralympic Games—risk assessment and management	HC 377 (Cm 7216)

Fortieth Report	Dr Foster Intelligence: A joint venture between the Information Centre and Dr Foster LLP	HC 368 (Cm 7216)
Forty-first Report	Improving procurement in further education colleges in England	HC 477
Forty-second Report	The Shareholder Executive and Public Sector Businesses	HC 409
Forty-third Report	The Restructuring of British Energy	HC 892 (Cm 7216)
Forty-fourth Report	Tackling Anti-Social Behaviour	HC 246 (Cm 7216)
Forty-fifth Report	Standard Report on the Accounts of HM Revenue and Customs: VAT Missing Trader Fraud	HC 250 (Cm 7216)
Forty-sixth Report	Ministry of Defence: Major Projects Report 2006	HC 295
Forty-seventh Report	Improving quality and safety—Progress in implementing clinical governance in primary care: Lessons for the new Primary Care Trusts	HC 302
Forty-eighth Report	The Efficiency Programme: a Second Review of Progress	HC 349
Forty-ninth Report	Introduction of e-Passports	HC 362
Fiftieth Report	Assets Recovery Agency	HC 391
Fifty-first Report	Legal Services Commission: Legal aid and mediation for people involved in family breakdown	HC 396
Fifty-second Report	The Academies Programme	HC 402
Fifty-third Report	Helping newly registered businesses meet their tax obligations	HC 489
Fifty-fourth Report	Heritage Lottery Fund	HC 502

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts

on Wednesday 25 April 2007

Members present:

Mr Ian Davidson
Mr Philip Dunne
Mr Sadiq Khan
Dr John Pugh

Mr Don Touhig
Mr Alan Williams
Mr Iain Wright
Derek Wyatt

In the absence of the Chairman, Mr Alan Williams took the Chair.

Sir John Bourn KCB, Comptroller and Auditor General, and **Keith Hawkswell**, Director, National Audit Office, were in attendance and gave evidence.

Paula Diggle, Treasury Officer of Accounts, HM Treasury, was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

HERITAGE LOTTERY FUND

Witnesses: **Ms Carole Souter**, Director, and **Mr Steve Willis**, Director, Resources and Planning, Heritage Lottery Fund, gave evidence.

Q1 Mr Williams: Our subject today is the Heritage Lottery Fund and our witnesses are Carole Souter and Steve Willis. Mrs Souter is the Director of the Fund and Mr Willis is the all-important Director of Resources and Planning, so welcome to both of you. Obviously one of the pre-occupying considerations is going to be what is going to happen in the next couple of years as you are going to have a substantial diversion of resources into the Olympic Fund. How accurately do you know how much is going to be taken from you and over how many years? Can you give us some sort of gross figure?

Mrs Souter: Yes. We expect that £160 million will be diverted from money that would otherwise have come to the Heritage Lottery Fund as a result of the good causes funding.

Q2 Mr Williams: That does not fit in very well with the Report, or I suppose it does.

Mrs Souter: Perhaps I could add that that is the amount of money which we know will be taken directly. The scale of the impact depends on the extent to which money is diverted from ticket sales which would otherwise have gone to good causes, so Camelot, the Lottery operator, has a target of raising £750 million from ticket sales to support the Lottery. If all of that £750 million came from extra ticket sales, then the only amount of impact on the HLF would be the £160 million that is coming out directly. If, however, they do not sell all of those extra tickets, but there is some diversion, then there would be a larger impact on us.

Q3 Mr Williams: Have you any assurance that this is not just a start, that it could be altered later on? Have you had any assurances?

Mrs Souter: I think the Secretary of State was clear that there was no intention to take any further funding from Lottery distribution bodies before the Olympics in 2012.

Q4 Mr Williams: Is it a borrowing or is it a loss? Are you ever going to see any of it back?

Mrs Souter: The Secretary of State has announced that there is to be some consideration for the Lottery distributors once the scale of any increase in land values is known after the Olympics and that there will be a discussion and a re-examination of the Memorandum of Understanding with the Mayor about the funding prospects, so, if there were to be land released after the Olympics which had increased in value, then we understand that some of that increase in value would come back to the Lottery distributors, but I do not believe that the detail of that has yet been worked through.

Q5 Mr Williams: So you have a guarantee that, once the Olympics, is it, once they have started, when the building is completed, or at what stage do they start borrowing from you?

Mrs Souter: We are expecting the funds to be taken during the period from 2009 through to 2012–13, so I think the funds will be taken from our income during that period. I do not expect any further funding to be taken from us after that or indeed for the funding to be taken before.

Q6 Mr Williams: But have you assurances that the aim will be to give you full restoration, if possible?

Mrs Souter: I do not believe that the detail of that has yet been worked through.

 Ms Carole Souter and Mr Steve Willis

Q7 Mr Williams: So there has been no guarantee?

Mrs Souter: No, we have not received any detailed expectation.

Q8 Mr Williams: Nothing in black and white anywhere? As a Fund Manager, Mr Willis, does this not make your nerves twitch a little?

Mr Willis: Indeed it does, but risk in future income is something that we have had to deal with in the past and it is something that we can deal with in the future.

Q9 Mr Williams: You say some consideration will be given once the Olympics are over, once decisions have been made on the deployment of residual assets and so on, so that is going to be quite a time, and they will want to have retrieved the assets before they return them to you, so really it is going to be way beyond 2012 before you get any make-up. Are you guaranteed that from 2012 your funding will at least go back to something like parity with what you have at the moment and which you have been enjoying up to now?

Mrs Souter: I think that there are two factors for us here. One is what income we get, and whether we get it back from the disposal of surplus assets after the Olympics have taken place. We are currently planning on the basis that the £160 million is actually being removed; I think that is a prudent basis on which to plan. At the moment, we have no other basis to imagine what we might get back in the future.

Q10 Mr Williams: You mean you work on the basis that you have lost it?

Mrs Souter: Yes.

Q11 Mr Williams: It is slightly different from the impression one has been getting from the press where there have been implications that of course this is a temporary aberration, a necessary aberration, and one can understand that there are going to be political priorities there, but there has also been the impression that of course all will be made good in the end. If it is not made good, who gets the value of the assets that you have paid for?

Mrs Souter: I am afraid, that takes me into an area that I am not expert in and I would need to seek advice on that.

Q12 Mr Williams: There will be people with a lot of political clout, wanting to get their claws on that money once it becomes available.

Mrs Souter: I think at the moment we are not clear what that money will be or when it will come available, so, from our point of view, we are assuming that that amount of money will be diverted from our funding to fund the Olympics. If it becomes clear at a later date that there will be any repayment into the Lottery distributors, then obviously we can plan that back into our planning and we do have the advantage of being able to plan our commitment levels and expenditure some time in advance, so it is possible to do that.

Q13 Mr Williams: It does seem to be a strange decision to take it from the Heritage Fund on a permanent basis rather than on a temporary borrowing basis. It makes my PAC mind's nerve-ends tingle a bit. C&AG, is that how you understand it, that it is only a maybe that they will get their money back?

Sir John Bourn: Well, I think it is a doubtful matter. I think all experience suggests that, if you were putting odds on it today, you might say that they would not get the money back because of all the calls on public expenditure.

Q14 Mr Williams: You are sounding very cynical today! Coming from you, that is a very worrying projection. Well, in that case, let us look at your overall financial figures, and this comes to Mr Willis. You have your Lottery Distribution Fund and it looks to be, at first sight, very healthy; it has got £700 million sloshing around in it. That is a heck of a lot of money. Is there still £700 million?

Mr Willis: No, Mr Williams, it is £660 million at 31 March 2007.

Q15 Mr Williams: But is that then a comfort zone surplus to meet contingencies or is it money that is earmarked already for further commitments?

Mr Willis: Absolutely the latter, Mr Williams.

Q16 Mr Williams: Dedicated commitments?

Mr Willis: Yes, absolutely. We have actually committed £423 million more than we have available in the National Lottery Distribution Fund, so we have committed money that we have not yet received.

Q17 Mr Williams: Yes, I make it about the same figure myself. It says here that the outstanding grant commitments were 145% of the Fund and the Fund at the time was £702 million, so it really means that you have £702 million of money which is comfortable, but you had, at the time of the Report, just over £1 billion worth of commitments which looks uncomfortable.

Mr Willis: At the time of the Report, we had £1,028 million which was the peak figure that we ever accumulated. As the NAO explained at the time of the original Report on managing NLDF balances, it was inevitable that a large balance would accumulate because money was arriving from the success of the Lottery faster than the projects, such as those which we support, could draw it down.

Q18 Mr Williams: So, as we are going into the period of reduced means, what over and above the peak figure, the figure you gave, over and above the £700 million which I quoted?

Mr Willis: We have £660 million in the National Lottery Distribution Fund and we have committed an extra £423 million on top of that £660 million.

Q19 Mr Williams: Now, this puts a completely different perspective on your figures, does it not? Whereas what looks, at first sight, going through it, to be a very comfortable situation for you to be in,

Ms Carole Souter and Mr Steve Willis

what we now have is that you are about to go into a period when your income drops from £325 million, is it, down to under £200 million?

Mrs Souter: Perhaps I could be clear about the difference between our commitment levels and our income. As one of the strategies for reducing the amount held in the National Lottery Distribution Fund following the NAO Report on the balances, we have continued a policy of over-committing against our income because many of the larger projects that we fund are capital projects which take a period of time to spend the money, so that has been a conscious policy for some time. We are reaching the limit of our ability to do that without jeopardising future prospects, so our Trustees have tended to be of the view that two or three years' worth of future income was as far forward as they were prepared to go. The situation is helped obviously by the fact that last year the Government confirmed that heritage would be a Lottery good cause until 2019, so we can reasonably plan forward on the basis of income from the National Lottery until that date.

Mr Willis: If it helps, Mr Williams, our income last year, if you would like to know, was £237 million both from the sale of tickets and also the interest earned on the NLDF balance. The £325 million figure that you were quoting is the amount we commit rather than the amount we actually receive in income.

Q20 Mr Williams: So in the winter of financial discontent that you are about to enter, you are carrying £423 million which you cannot cover and your income over that time is going to go down over the three years, and repeat the figure you gave initially over the three years, you thought?

Mrs Souter: Our commitment levels will go down from £290 million this last year to £180 million in 2009–10. Our income levels will drop to some degree in 2007–08 as a result of a measure in the Lottery Act last year which affects the distribution of interest, but the money to be taken to fund the Olympics will not, we understand, be taken before 2009.

Q21 Mr Williams: We seem to be approaching this from slightly different directions. As I see it, you have a shortfall on pre-commitments at the very time you are entering into a position where, on the basis of the Report and the figures we have got, you are going to go into several years of a loss of £125 million a year each of available resource, which really would suggest that you are actually going into a blight period.

Mrs Souter: We are undoubtedly going into a period when we will be able to commit much less than, if you like, in the glory days, in the early days of the Lottery, because we will reach a point at which we can only commit roughly what we receive in income each year, and that is something that our Trustees have been very conscious of and planning for as they prepare our next strategic plan which will run from 2008 to 2013.

Q22 Mr Williams: Well, would you call “blight” a gross overstatement, a mild overstatement or a statement of actuality?

Mrs Souter: I think we are moving into a different era. Before the Lottery—

Q23 Mr Williams: I know that blight would be that. It is just a simple answer to a simple question: am I exaggerating in saying that you are going into a position of some considerable stringency compared with—

Mrs Souter: Yes, and there are a number of factors which lead to that, but yes, we are reducing our commitments considerably which will have a big impact.

Q24 Mr Williams: Then my final question before I throw it open: how then are you going to have to change, or are you going to have to change, your priorities in order to deal with these more limited circumstances?

Mrs Souter: Well, we have conducted a considerable consultation exercise over the last couple of years, talking to our customers and our stakeholders about the range of things that we fund and the way in which we operate, in order to get a clear view from them about what they value about what we do. The very, very clear message was that they did not want us to stop funding anything in terms of areas of activity that we currently fund. They felt that all of the areas that we funded were proper and appropriate to Heritage Lottery funding. They did ask us whether we could make it rather easier for them to apply and to deal with us, so the approach that we are taking is not to narrow the areas which we will fund, because that is part of our strength, but, rather, to make clear to people that it is still worth applying by simplifying the process even though the competition will be greater and, therefore, the chances of getting funding will be less.

Q25 Mr Williams: So you have started preparing a pile of refusal notices which you have not yet signed, standard letters?

Mrs Souter: The competition is getting worse, yes.

Q26 Mr Wright: I am going to take a slightly different tack from Mr Williams, and can I start with the assessment process. My understanding is that there is a policy decision to try and move away from the big projects towards smaller-value projects, but you are finding it very difficult to do that. Paragraph 7 says, “The Fund says it has not received sufficient good-quality applications for projects under £1 million to meet its target and has, therefore, committed its unspent funds to large projects because of their, often, national importance”. Why are we not getting good-quality, small projects?

Mrs Souter: In the strategic plan which is current, which was called *Broadening the Horizons of Heritage*, the Fund set itself an enormous task to generate applications for small projects from right across the UK from groups which did not perhaps have a tradition of thinking about themselves as having a role in the support of the heritage. We have

 Ms Carole Souter and Mr Steve Willis

made terrific strides in bringing forward those numbers of applications, but, at the time we set the targets, it was completely aspirational. This is more or less a new field, a ‘What do we think we want to achieve?’ sort of target, and we have not met those aspirational targets. We have had a fairly consistent level of applications for our small grant programmes for some time now and I think we need to keep working with potential applicants to identify what the barriers are and then to bring forward new applications.

Q27 Mr Wright: But you have not identified those barriers as yet?

Mrs Souter: There are some which are common to a number of grant-giving agencies. It is clear that there are some areas where there is not a tradition of applying for public sector funding of any kind for any programme or project. There are areas where the identification of the sort of heritage which might be appropriate for a small grant is not very well developed, there are not the groups, there are not the traditional supporters, if you like, and there are also communities where we need to do more to encourage and lead them to believe that we do really mean that their heritage is important as well and we want to receive applications from them.

Q28 Mr Wright: But, given the tighter financial circumstances Mr Williams has outlined, do you think it is reasonable for you to actually go out and publicise this to make sure that there are a greater number of applicants?

Mrs Souter: Yes.

Q29 Mr Wright: Is that what you are doing?

Mrs Souter: Yes, absolutely.

Q30 Mr Wright: But the perception is that the tap is going to be turned off because of the Olympics. Paragraph 42 says essentially that there is not going to be enough money there, therefore, why bother. How do you reconcile the fact that you are trying to push whilst at the same time the perception is, “And we’re not even going to bother”?

Mrs Souter: I think the two things work absolutely together. Our Trustees are very clearly of the view, and it is a view which informs everything that we do, that heritage matters to, is relevant to, and should be available to, everybody. Very often, that means making sure that the more local, perhaps intangible, heritage projects are supported and do have funds available to them. Often, those sorts of projects come from community groups or voluntary sector groups which do not have a tradition of working with heritage agencies, so they are exactly the sort of people who are likely to read in their paper that funds are declining and decide not to bother. Because it is so important that we have a whole range of engagement in heritage, we have development teams within all of our regional and country groupings that specifically focus on working in those geographical areas and with those groups that have not had, if you like, a fair share of that funding in the past.

Q31 Mr Wright: Paragraph 12 says that you are missing those targets as well in terms of regional groups.

Mrs Souter: We have not yet brought all of the development areas up to the average of their regions; that was one enormous task. It is a moving target. If you make an award outside your target area, if you like, in any given region, then you push up the average that you are working towards, but the development staff have made a very considerable difference. We have learnt from that, we only introduced them in 2002, and we found that in some areas, working with some groups, it can easily take two or three years of going backwards and forwards having conversations before you actually get an application. We have also learnt that, to some extent, there needs to be a slightly wider network of support to help that development work actually function properly. If we are the only people out there saying it is important, it is quite a big stone to push up the hill.

Q32 Mr Wright: Paragraph 39 says that there was an avoidable delay of between one and nine months and averaging two months for about half of the projects. In terms of the policy of the Fund, which seems to be to try to lever in partnership funding, presumably that is a real barrier to allowing organisations and applicants to do that. Have you made an assessment as to what potential funding in terms of leveraged funds has been lost as a result of avoidable delay?

Mrs Souter: I think it is very often the other way round. I am not aware of a project which has come to us and said, “You haven’t pushed this on and, therefore, you have caused us to lose partnership funding”.

Q33 Mr Wright: But paragraph 39 says that: “delays . . . occurred in half the 18 applications received . . . due to a lack of prompt action to begin the assessment, such as to appoint a case officer, complete the initial risk assessment and commission reports from expert advisers”. That all seems to be from your end rather than from other grant-funding bodies. Again, I will repeat the question: in terms of leveraged funds that potentially have been lost, have you put a figure on that?

Mrs Souter: We are not aware of any leveraged funds which have been lost as a result of that. Perhaps I can make two points which are very important in this. Avoidable delay in perhaps not assigning a grant officer or whatever does not directly translate into missing our assessment turnaround times or our targets. It means we might have done things faster, but it does not mean we have done things slower than we said we would. That is the first point, but secondly, and most importantly, we have listened very hard to the messages we have had from applicants about simplification and about speeding things up, and the new processes we are going to put in place during the next strategic plan will considerably reduce the assessment timetables, particularly for our major grants programme of Heritage funds.

Ms Carole Souter and Mr Steve Willis

Q34 Mr Wright: I want to talk briefly about project delivery and monitoring. It seems to me that one of the things in the Report from the NAO was that there was a very close relationship between the Fund and the applicant in the sort of pre-assessment and assessment and then, as soon as the grant is given, it is, “You’re on your own, chaps”, and in terms of project-monitoring, you are pulling away from a lot of it. That seems to me to be having overruns which is mentioned. I thought table 11 was actually very important, table 11 on page 20, with the detailed project delivery plan which is, symbolically, in the centre of that table. I am interested as to how the details of the financial controls, the procurement controls and processes are actually contained within that detailed project delivery plan to ensure against things like overrun and to ensure that things, like delivering on time and on budget, are actually achieved. My perception of that close hand-holding and then, “You’re on your own”, is that valid?

Mrs Souter: With respect, I think not in many cases. If it is a relatively small project, then the monitoring is likely to be light touch and it is likely to be—

Q35 Mr Wright: I do apologise for interrupting, but it does say in paragraph 27, for example, “Case officers and external project monitors were critical of the project management skills of some projects, but felt there was little they could do, once the project was under way, to intervene”. Now, why is that?

Mrs Souter: Partly because we do not run the projects and it would be wrong for us to do so, but we are going to tackle that in the new strategic plan period by offering mentoring, by offering financial support for development, where it is needed, and by offering support for the development of proper project management skills, where those are needed, within projects.

Q36 Mr Wright: I am slightly confused then because paragraph 26 says that there is a general moving away from some of the monitoring. “The Fund has recently reduced the amount of monitoring carried out by external project monitors, a move which project monitors themselves and some case officers regard as risky because they believe it reduces the ability of monitors to help applicants keep their projects on track.” I do not quite reconcile your comments with the comments from the NAO Report.

Mrs Souter: What we have done with the monitoring budget is to reassess the risks associated with the range of projects and actually, in light of the recommendations from the last Report on looking at balances and so on, to reassess our appetite for risk in some of those cases, but we do not think that we should be spending money on monitors on lesser-risk projects, but that we should focus that money on the higher-risk projects, and that is what we have been doing.

Q37 Mr Wright: I was interested to see that there was an inflation overrun, in terms of explanation, given that we have had historically very low inflation and I just wondered what the reason for that was. There

seems to be a tension between project monitoring, decent project management skills, and then paragraph 35 I found fascinating, the second bullet point, which says that local authorities were sort of resentful that you had to ask about these things, yet you should assume that their procurement and tendering policies are appropriate and being complied with. There is a tension there, I think. What are you trying to do to ensure that you do have confidence that those financial controls are actually operating and that costs do not overrun?

Mrs Souter: In terms of local authorities, we have listened to what they have said and we will look very carefully at whether we need public authorities which are publicly audited to give us all that detail or whether just to demonstrate that that is the sort of body they are. In terms of cost overruns, the original figures, the original estimates, are often put together without full knowledge of what the project is going to entail. Once you take the roof off a historic building, you tend to find things that you were not necessarily expecting to find at the time that you put your costings together, but the overruns, whilst always a concern and always an issue, do not translate by any means automatically into a grant increase and they compare pretty favourably with average construction sector figures for cost overruns.

Q38 Derek Wyatt: I wonder if you could tell me how much contact there was between DCMS and yourselves with respect to the Olympic decision to take the money away from you.

Mrs Souter: There was very considerable contact at all levels with the Department.¹

Q39 Derek Wyatt: A month? Six weeks? How much time did you have to look at this?

Mrs Souter: I am not sure I could remember honestly exactly how long, but over a period of time.

Q40 Mr Williams: Could you let us have a note on that?

Mrs Souter: Yes, of course, if that would be helpful.

Q41 Derek Wyatt: The other thing that Mr Williams has mentioned is that of course there could be a change in Lottery operator and the research in America is that, if there is a change in the Lottery operator, you lose, depending on the Lottery, between 12 and 25% of turnover. Have you factored that into your thinking, if there is a change in the Lottery operator?

Mrs Souter: We have not factored in any negative impact. The National Lottery Commission is clearly responsible for operating the competition and

¹ *Note by witness:* The Heritage Lottery Fund has an on-going dialogue with the Department for Culture, Media and Sport about issues affecting the National Lottery, including projections of future income likely to be received by HLF. The Department first discussed the possibility of an increased contribution from HLF to the 2012 Olympic Games towards the end of February 2007, and on numerous occasions between then and the Secretary of State’s announcement of the revised funding package on 15 March 2007.

 Ms Carole Souter and Mr Steve Willis

choosing the operator for the Lottery. I think one could make arguments on both sides about what is likely to be part of the ambition of anyone who wishes to become the operator.

Q42 Derek Wyatt: On the research, do you look to see what the catalytic or multiplier effect is of an award? For instance, if someone comes to say, “I’d like the Turner Art Gallery in Margate and I think it’ll cost £10 million and, by the way, I think it will employ X, Y and Z and have £100 million worth of tourist dollars or whatever”, do you look at that as part of that?

Mrs Souter: Yes, we do.

Q43 Derek Wyatt: So where there are poor areas, and you can have poverty and “poverty” can mean a poverty of leadership, but where people are not applying, where towns and villages are not applying, what are you doing proactively to make sure that they do? I am not sure you have got this, but we have been given this from the National Audit Office. Do you have that document? It is actually a constituency assessment and, if you go to Sittingbourne and Sheppey—I do not know why I have chosen that in particular—it says actually that the: “Success rate in priority area equals or exceeds other areas in the UK”, and it then says, “Not yet met”. Well, that is 12 years of “not yet met”, and it is not always heritage, I understand, but what are you doing? I have got a very poor area and, if you took the recent award away, which is just under £1 million, they have actually got only just on £200,000 in the time that you have been, and I am at a loss as to understand what you are going to do to improve that.

Mrs Souter: What we have done since 2002, and it is only since 2002, is to appoint a small development team within each of our regional and country teams, and each of those regional and country teams identified priority areas, of which this is clearly one. Those development staff are charged specifically with working with potential applicants to encourage applications to come forward, to explain what we can fund and perhaps to encourage people to think more broadly about what we can fund. What we—

Q44 Derek Wyatt: That is one person for the whole of South East England?

Mrs Souter: No, it is two or three people per team.

Q45 Derek Wyatt: Two or three per region?

Mrs Souter: Per region, yes.

Q46 Derek Wyatt: And the South East is the largest and most populated region, so it is done by region, it is not done by population and it is not done by application of the poorer? Presumably in the North East or sometimes in parts of Wales and parts of northern Scotland, it is poorer, so are there more or less people helping in those areas?

Mrs Souter: We have two or three people per team and the smaller regions and countries will have smaller teams.

Q47 Derek Wyatt: So how many visits have they made to Sittingbourne and Sheppey then since 2002, did you say?

Mrs Souter: I am afraid I could not tell you that offhand.²

Q48 Derek Wyatt: I have never been contacted by them which I find quite interesting. Do you do an analysis of whether a local authority or a borough council has a Lottery officer and are they instructed to come for tuition or do you rap them on the knuckles and say, “You haven’t sent anything in this year”? What is that relationship with the Lottery officer?

Mrs Souter: I am afraid we are not in a position to berate local authorities, if I may put it that way, for not applying, but we do work very hard to make contact with local authorities and also with voluntary sector groupings and so on because they are often the people who are most able to keep us in touch.

Q49 Derek Wyatt: So do you do a week’s roadshow a year? I am at a loss to understand what you do in my patch to actually improve the chances of us getting an award.

Mrs Souter: There are a range of approaches that development teams will take and they tailor them very much to the knowledge that they develop of the local areas. For example, they might join with other funders, both Lottery funds, and other public sector funders, to put on a funders’ fair in a given area and advertise that through voluntary sector and local authority contacts, those sorts of things.

Q50 Derek Wyatt: Let me just go back to the first question I asked. We do not have a museum, we do not have an art gallery, we have no visitor attraction and we have no theatre, and that has been the case since dot. What I really want to know is, if we were to bid for any of those, in order to bid we would need to know there was a multiplier impact and, since the local authority cannot do that work, we are not going to bid, so we are in a catch-22 here, and you are not coming often enough or you have not got enough officers or whatever it is. We are now in a sort of second phase of the Lottery and it is a mature environment that we are in, yet we are getting poorer or less and less applications from the weakest areas.

Mrs Souter: That is not true overall as a generality. What we are finding—

Q51 Derek Wyatt: Do you have a league table that you can give us on that so that you can give indicators from the poorest areas and you can definitely say that there is more money going in now?

Mrs Souter: We can certainly give you a table which would show in some detail the development areas for each of the regional and country teams and the difference that it has made, having staff working in those areas, to the amount of money going in, yes.³

² Ev 18–19

³ Ev 19–21

Ms Carole Souter and Mr Steve Willis

Q52 Derek Wyatt: I would love it if you would also consider a league table whereby you could say, “No Lottery officer, this much; four Lottery officers, this much”, or actually, “Two Lottery officers and actually no applications”. I would love to know who is assessing whether these people are doing their work and how we could actually make sure they were more accountable, but let me leave that aside. The Olympics, which is a big factor here, what plans have you got to celebrate the Olympic heritage of 1908, 1948 and in fact 2012? Will there be a special area? For instance, it is very, very, very rare to get a blue plaque for a gold medal, a silver medal or a bronze medal of any athlete since 1896. In fact we only have Roger Bannister on one, I think, and Christopher Chataway on another, neither of them gold medallists, but there we are. I just want to know what you are going to put out so that we can bid for something to celebrate locally the Olympics and where we are.

Mrs Souter: I am sure that English Heritage will be very happy to consider blue plaques for past Olympians of all kinds, subject to their normal rules about being dead and all that. In terms of what we would be likely to fund, we have decided not to have a separate pot of money for Olympic-related projects, but we have had on our website for some time now a range of frequently asked questions about potential Olympic bids which make clear that any scale of bid could be submitted to any of our open programmes at any time specifically to celebrate the Olympics, and I would hope that community groups, in particular, would think about doing that and would be looking at community-level applications.

Q53 Dr Pugh: Can I ask you about the assessment we have got here of the people who have applied and how they have felt they had been treated. There have been complaints from some applicants about the nature and the timing of requests for information as part of the process for developing a major project which obviously demands a lot of information being provided over a period of quite a few years. Just on the business of timing, what do you think they mean by that? What are they objecting to that you are doing?

Mrs Souter: I think it is not surprising that, having put a lot of effort into filling in the forms and submitting the application, there is always a concern if we go back to an applicant and say, “Could you explain this for us” or, “We’re not clear about that. Could you give us a bit more information” about something, and I can entirely understand that applicants do not welcome those sorts of additional questions. They are universally intended to help us understand the contents of the application. I think there are occasions when we have got an application in front of us, we have taken expert advice, that expert advice comes back and raises questions and perhaps we then want to ask some more of an applicant, and there can have been a period of some weeks between submitting and hearing that we have got extra questions.

Q54 Dr Pugh: Can I just look at the way in particular. Most Lottery projects last over four years or, in some cases, more than that, obviously the bigger projects. During that period of time, obviously case officers may change and there might be quite a churn in the case officers who are asking the questions and, as case officers change, they might not be asking quite the same questions. Do you monitor the number of case officers who stick with a project for a long period of time and the turnover for a particular project of case officers?

Mrs Souter: We are certainly monitoring the turnover of our staff at all levels all the time.

Q55 Dr Pugh: What does it look like?

Mrs Souter: It is variable. It is much higher in London at more junior levels, as you would expect; that is common to all organisations, I think. Within the regional teams, the turnover is greatest at the grants officer level?

Mr Willis: The typical case officer in our organisation would be a Grade E which is the equivalent of an executive officer in the Civil Service. In our London teams, the turnover last year was 20%. In the regional and country teams, the turnover varied between 0% and 11.4%.

Q56 Dr Pugh: So a five-year project—

Mr Willis: Could well see a change of case officer.

Q57 Dr Pugh: If a case officer then decides he wants something different from the case officer he has replaced and changes the parameters of the project, that creates a real problem for the applicant. I am familiar in my own constituency of where we did have an issue. We were very grateful for the money, but half-way along the process we were suddenly asked a different set of questions and a different set of parameters was laid down. If that happens, and obviously it is an inconvenience both to the applying authority and to you yourselves because it means a dislocation in the process, how is that issue resolved?

Mrs Souter: I think we should be talking about two different phases of the project, of during the pre-application discussion, which might be with a development officer, and then once the application is received during the assessment process. If there are changes there, that will be prior to any change in personnel, I can see that might lead to questions prior to the award of grant and the issuing of the contract and so on. Once the award has been made and the contract has been issued, it should then be very clear what the project is that we have said that we will contribute to. Whilst it may be, if a project is being monitored, that our monitors raise a question of clarification, there should not be any change then in the context of—

Mr Willis: Was the project that you are talking about Southport Pier?

Q58 Dr Pugh: No, Hesketh Park actually. I did come down to see you particularly because they were concerned that they had advanced some way down the road, as it were, and the parameters were being changed, making it very difficult to progress the

 Ms Carole Souter and Mr Steve Willis

project. I think they did actually threaten at one stage, or talk about, judicial review as the only way they could resolve an impasse which they certainly did not want and no doubt you probably did not want either.

Mr Willis: The only information we have on such an instance, usually the discussion, as Carole has explained, takes place during assessment. Once a project has been approved and awarded its grant, it is extremely unusual for anything to change, but in the case of Southport Pier, Sefton Council did introduce a modern feature on the pier which did not fit the criteria for our grant and, therefore, there had to be a discussion about how to deal with it.

Q59 Dr Pugh: Well, I am very grateful for the role you have played there, but that was not what I was asking about. Whilst projects will cost more than expected, do you think that figure is about right? Clearly projects will from time to time cost more than expected and some of the projects you are engaged in, such as heritage restoration, have a lot of uncertainties and imponderables attached to them, but are you quite proud of that figure? Is it quite a defensible figure, in your view?

Mrs Souter: I think so, yes. If you look at government-funded projects overall, it is about 40% and if you look at the target of achieving excellence in construction, it is no more than 30%, so whilst in an ideal world every project would be quite clear at the beginning what it was going to cost and would come in on that cost, I think 17% is a pretty good figure, given the sort of projects that we are funding.

Q60 Dr Pugh: When the cost does overrun for whatever reason, and obviously clearly where you are restoring some antique monument or something like there are going to be all sorts of factors in there that you cannot anticipate in advance, is it invariably the case that, if there is no blame attached, you produce the extra cash to complete the project, or do you sometimes, I suppose, walk away from the situation and say, "It's your problem" to the applicant?

Mrs Souter: I would hope that we would never walk away from a problem because we do aim to be as supportive as possible to applicants, but it is by no means the case that we would automatically provide a grant increase in those circumstances. We would talk to the applicant about whether there was anything they could do to look at the scope of the project in order still to deliver the key elements perhaps whilst making some savings elsewhere. We would ask them to think very hard about their other partnership funding and other sources of funds, and we have got much more demanding of applicants over the years. Over the whole life of the Fund, less than 3% of the total funding has gone in grant increases, and that figure is now much less and I think last year it was around 1% of the total funding.

Mr Willis: In terms of the number of projects that we have given grant increases to, the figure is 8.5%, which is exactly one half of the number of projects

which, the NAO found, did overrun in costs, so in half the cases the grantee is finding the extra costs, not us.

Q61 Dr Pugh: As a matter of interest, are there any substantial aborted projects in a sense where you do not find the money and the applicant does not either and the costs have simply overrun and nobody funds it?

Mr Willis: No.

Mrs Souter: No.

Q62 Dr Pugh: I have the impression that a lot of your work consisted of, and a lot of your money was spent on, restoring the fabric of old buildings and the like, but I found that figure was only something like 34% of total expenditure and actually an awful lot of other money was spent on improving access, community use and so on. Do you actually monitor that post hoc, as it were? In other words, when you have been persuaded to cough up money to improve access to a particular facility and that is thought to increase the use and value of that facility, do you do any sort of checking back to see that that is what it has actually done?

Mrs Souter: Yes, there are a range of mechanisms that we use and we try to be proportionate to the scale of the grant award and the scale of the project, so all projects are required to self-report so that we have got a baseline for everybody. We then have a range of research and evaluation programmes which will look at thematic programmes and will also look at a slice of our open programmes and projects within that to look in detail at what has happened to particular projects.

Q63 Dr Pugh: Can you point to some substantial failures where you had hoped to get better access or better community use or an increased value from the project, but have not done so?

Mrs Souter: No. I think there are occasionally difficult discussions to be had, for example, if hours of access need to be changed or whatever, but, in those circumstances, we would always talk to the applicant to see what more might be done to perhaps arrange timed groups or timed visits.

Q64 Dr Pugh: You spoke about a regional team. Have you regional budgets?

Mrs Souter: Yes. For all general programmes up to £2 million, the grant is allocated on a per capita basis per region and country.

Q65 Dr Pugh: Regardless of the amount of heritage they might have that needs restoring?

Mrs Souter: Yes, because, whilst all heritage is in a particular place, not all heritage is physical fabric, and we believe that all parts of the UK have heritage that deserves to be supported.

Dr Pugh: We all have equal heritage, okay.

Q66 Mr Touhig: The Olympics will cream off more than 30% of the funding you have available to distribute. Do you think that is fair?

 Ms Carole Souter and Mr Steve Willis

Mrs Souter: I am sorry, I should go back to the figures on that. It is not—

Q67 Mr Touhig: The Report we have says that the annual value of grants made by the Fund is £325 million likely to fall to under £200 million and a further possible fall if the Secretary of State needs more money for the Olympics.

Mrs Souter: Yes.

Q68 Mr Touhig: So it goes down by over 30%.

Mrs Souter: This is the difference between commitment levels and income levels, and our commitment levels, when they were at £320–330 million, that was the period of time when they were well in advance of our income levels. When we are £180-ish million, we will be back in balance and our commitment levels will be balanced with our income.

Q69 Mr Touhig: So what is the percentage you are giving up for the Olympics of your total expected spend?

Mr Willis: The amount of money that will be taken directly from the NLDF for the Olympics is £160 million. We do not know how much will be lost by people playing Olympic Lottery games rather than traditional Lottery games, so it is £160 million, but we will still have in excess of £1,900 million over the next 12 years to 2019.

Q70 Mr Touhig: Do you not have an idea of what percentage it is?

Mr Willis: No. We know that the NAO looked at this again quite recently and produced a figure which suggested that it might be as much as £575 million out of the £750 million that Camelot has got to raise. If we contributed our share to that, it would be £95 million in addition to the £160 million that we know will come out of the NLDF.

Q71 Mr Touhig: We cannot be clear then about the percentage, but do you think it is fair?

Mrs Souter: I think the Government, any government, will make decisions about how best to fund initiatives which it wants to support. In this particular case, the Government has looked at a package of measures and the House will have an opportunity to consider the diversion of funding.

Q72 Mr Touhig: So you have no opinion on it?

Mrs Souter: We are set up to distribute the funds that come to us.

Q73 Mr Touhig: Well, have you told the Secretary of State that you have got concerns about this?

Mrs Souter: We have made clear that the needs of the heritage outstrip even the funds we have available already and that, therefore, any loss of funding to the heritage is something that we can ill afford and, yes, we have made that very clear.

Q74 Mr Touhig: You have made that very clear?

Mrs Souter: Yes.

Q75 Mr Touhig: And what sort of response did you get back?

Mrs Souter: I think the Secretary of State is aware of the pressures on all of the sectors which are funded from the Lottery and indeed from DCMS's grant in aid, and it is clearly for her to make a decision about how she wishes to recommend the funding initiatives.

Q76 Mr Touhig: Projects like the restoration of the Newbridge Memo in my constituency, which is referred to in the Report we have got, the extra note we have got here, this is facing serious consequences as a result of the cutbacks in funding. What advice have you got to the people who are trying to use this wonderful facility and find the funding to keep it going?

Mrs Souter: I think it is very important, and it goes back to earlier questions, that we confirm for people that there will still be a very considerable funding stream available through to 2009.

Q77 Mr Touhig: They will be the applications under £50,000, but this needs £700,000.

Mrs Souter: If applicants have already received a grant offer or a grant award, that is absolutely guaranteed and that will not be at risk, and it is important that those applicants who have had a promise of funds are aware of that. In terms of future applications, we are being very straightforward with applicants, that our Fund's ability to commit will be considerably reduced, so competition will be greater, there is no doubt about that. What we would always, always encourage any potential applicant to do is to talk to the regional or country team at the earliest possible opportunity because they can give them the best advice about what programme might be appropriate, what other sources of funding there might be and so on.

Mr Willis: Would it be helpful if I said a word about Newbridge because I do have some information on it?

Q78 Mr Touhig: Yes, sure.

Mr Willis: It was awarded a project planning grant of £50,000, which is fine—

Q79 Mr Touhig: Which they are grateful for.

Mr Willis: Our team is expecting the full application for the main project to arrive in the next couple of months, but I am told that there seems to be some issue about securing some of the money from the Arts Council for Wales.

Q80 Mr Touhig: The information they have had back is that, because of the cutbacks that they are expecting from you, they will not provide the funding.

Mrs Souter: I think our understanding was that it was partnership funding.

 Ms Carole Souter and Mr Steve Willis

Q81 Mr Touhig: Perhaps I should write to you about it as a separate matter. We have no Heritage Lottery Fund priority areas in my constituency. Would we get more money if we had them? How do we go about it?

Mrs Souter: The development areas and priority areas are identified by the regional and country committees as being those areas where they are most concerned that there has not been the sort of level of funding going into the area that you would expect. Now, this autumn all of the regional and country committees will be re-examining what their priority areas are for the next strategic plan period, 2008 onwards, and they will obviously look at the history of what funding has gone in.

Q82 Mr Touhig: So we need to track our bid through the Arts Council for Wales?

Mrs Souter: I think we need to write to you separately about that.

Q83 Mr Touhig: It seems to me overall, and from the questions from other colleagues as well, that you have made the case to the Secretary of State about your concerns about, what I call, "top-slicing". No organisation, I think, probably knows better than yours the need for this funding across the country, but you have decided not to be David to the Olympics' Goliath, have you?

Mrs Souter: I think the Secretary of State has made it clear that she feels it is right for the Lottery to make a contribution, and we will handle the consequences of that as well, and as professionally, as we can.

Q84 Mr Touhig: The Prime Minister of course has made it quite clear that it should not be seen as the arts and so on versus the Olympics, but clearly you have a different requirement, a different decision there.

Mrs Souter: When the success of the Olympic bid was announced, we were strongly supportive of the opportunities that the Olympics would offer to celebrate heritage and cultures right across the UK. I am sure that will still be the case and we will need to manage the financial implications.

Q85 Mr Touhig: The Report tells us that three-quarters of grant recipients that were interviewed would have sought alternative funding if there had been a shortfall and you had not been able to offer them the full amount, yet paragraph 21 on page 15 tells us that you do not really press applicants to raise more resources themselves. Why is that?

Mrs Souter: We are increasingly pressing applicants to raise further funds for themselves. It is clearly the sensible thing for us to do, as our own resources are reduced and our commitment levels are reduced, to look even harder at what applicants tell us about where else they might find funding from. However, at the same time we are aware that some of the sources of partnership funding that have been very important are coming to an end in a number of parts of the country, so we must be reasonable in how far we push people to get funding from elsewhere.

Q86 Mr Touhig: Leading on from the Mr Williams's comments right at the beginning, it is the question at the beginning, that you are going to be in lean times, so, accepting that you are going to have chunks of the Fund top-sliced, you are really going to have to try encourage more organisations to find other sources.

Mrs Souter: Absolutely, yes.

Q87 Mr Touhig: On page 6, recommendation d says, "The Fund should review its approach to partnership funding to ensure that it is getting the most from the Lottery funding available". Have you considered the problems of a partnership in this sense: that, if you can give a project a certain amount of money, do you then give help and advice on guiding them as to where they can obtain the rest? It is easy to say, "Your project is £100,000, so we will give you £60,000, but go and find the rest yourselves", but many organisations do not know quite where to turn and some are handicapped. You have a body of knowledge, so is that not a worthwhile partnership to say, "Well, we can give you so much and give you advice on how you can raise the rest"?

Mrs Souter: Absolutely, and our grant staff and our teams in the regions and countries will very frequently do that.

Q88 Mr Touhig: You do that now?

Mrs Souter: Yes. It is also something that may benefit from the approach that we are developing in the next strategic plan of encouraging successful applicants to mentor new applicants and to give them advice and tips on how they have gone about doing it themselves.

Q89 Mr Touhig: What areas do you encourage them to go to—the private sector, local industrialists, whatever?

Mrs Souter: It will vary to some extent on the nature of the project, but, for example, there may be other trusts that operate in an area, it may be that, if there is still European Union funding available, that might be appropriate as matched funding, or it may be that, for example, landfill tax-type funds might be available for some projects in particular. We obviously are not in a position to provide a tailored fundraising service, but we do know a lot about who is around and who might be a possible source of income.

Q90 Mr Touhig: So that is on offer, is it?

Mrs Souter: Yes.

Mr Touhig: You have nothing against the Welsh, have you?

Mr Davidson: Why not!

Q91 Mr Touhig: North Wales, I am speaking about. I notice on page 12, figure 5, Wales does not do terribly well, does it? For instance, we are, what, two-thirds of the population of Scotland, yet we get less than half the money that the Scots get and we have a larger population than the North East, yet we get less money. Is there any reason for that?

 Ms Carole Souter and Mr Steve Willis

Mrs Souter: Yes, there is a very clear reason which is that Welsh applicants are extremely successful in getting small grants and there is a very strong tradition of applying to us for smaller grants, the smaller grants of money. We do not have such a track record of applications and big awards and it is the big—

Q92 Mr Williams: Are you saying that they have lacked ambition?

Mrs Souter: No, people may look more to their local patches perhaps. The big awards are what make the big difference in per capita spend, when you aggregate them with the regional and country budgets of under £2 million which are *per capita* distributed, so Scotland has been extremely successful in winning a number of major awards from the trustee-decided level, particularly in Glasgow and Edinburgh, and that has a very, very significant impact on the *per capita* spend.

Q93 Mr Touhig: Would it make sense for me to say to the friends of the Newbridge Memo, “Don’t ask for £700,000, ask for £1.5 million”?

Mr Willis: No, that is fine. If you look at table 5, you will see that Wales is actually top of the league table for grants of under £2 million.

Mrs Souter: I do not think that was an offer, incidentally!

Mr Willis: No, it was not absolutely, it was not a signed contract!

Mr Touhig: I will end my questions on Mr Willis’s answer, thank you.

Q94 Mr Khan: The £3.8 billion that has been awarded, is that money in the hands of applicants?

Mrs Souter: No, that is money that has been committed thus far and within that, as we were discussing earlier—

Q95 Mr Khan: So how much has gone?

Mr Willis: It is a contractual commitment. I do not have the figure of how much of the £3.8 billion is actually in the hands of applicants, but we can certainly give you a note.⁴

Q96 Mr Khan: How much, on top of the £3.8 billion, is spent on your administration? We know what your running costs per year are as there is a figure in there for the running costs per year, or, I beg your pardon, the running costs for one year are given, £23 million for 2005–06. How much money has been spent running your organisation over the last 12 years?

Mr Willis: I can give you the figures immediately for the last five years, not for the last 12, but I can certainly give you a note.⁵

Q97 Mr Khan: Yes, if you could you give us a note.

Mr Willis: I can help you immediately with some data. In cash terms, our administration budget has been cut by 6.3% since 2003–04 and in real terms our budget has been cut since 2003–04 by 19.2%.

Q98 Mr Khan: I have a question now for the NAO. I was not clear from the Report, but usually there is a section which deals with whether these guys, and I do not mean these guys in particular, but the organisation before us, are value for money in relation to the monies they are expending. The percentage of their budget is, I think, 8.5% for 2005–06, but we did not have a section, unless I have missed it—

Mr Hawkswell: No, there is not a section on that.

Q99 Mr Khan: How do we know if these guys are value for money?

Mr Hawkswell: I do not have figures for the distributors, but my sense is that those running costs are not out of line with other Lottery distributors.

Q100 Mr Khan: So employing 260 staff is not unreasonable, for argument’s sake?

Mr Hawkswell: Those running costs do seem to be in line with those of other distributors and, in a sense, the value for money that is being achieved is what is being done through the grant programmes and the HLF’s administration.

Q101 Mr Khan: Has it always been 260 since 1994?

Mr Hawkswell: I do not know about that.

Mr Willis: In 1996, when I first joined the Fund, we had 92 staff.

Q102 Mr Khan: That is what I am after, the direction of travel and whether your administrative costs have gone upwards in the last 12 years and that sort of stuff, which usually the NAO does. Mr Wright referred to, and you are doing a note for him, the discussions you had with the DCMS and you talked about the very close working relationship you have, and I look forward to the note. Presumably, a *per annum* reduction in the amount of money you can distribute was no surprise to you?

Mrs Souter: No, not at all.

Q103 Mr Khan: If so, on 5 or 6 July 5 2005, once you heard the fantastic news, you knew that there would be some reduction in that?

Mrs Souter: Yes.

Q104 Mr Khan: The Report also refers to two of your aspirations which are to reduce economic and social deprivation and to try and get more under-represented social and ethnic groups applying for the sort of figures we are talking about that are given out. Can I take you to the paper which includes a breakdown of the constituencies? Do you have a copy of this?

Mr Willis: I do.

Q105 Mr Khan: You will see that some constituencies get as much as £13 million. Between us, the constituencies of Mr Davidson and I get less

⁴ Note by witness: Of the £3.8 billion awarded, £2.633 billion has been paid to grantees.

⁵ Ev 21

 Ms Carole Souter and Mr Steve Willis

than half a million pounds. I suspect that there will be significant numbers of our constituents who are from ethnic minorities and who suffer from social deprivation. Why the snobbery against our constituents?

Mrs Souter: It is something that we are concerned to tackle. I do not wish to accept the comment about snobbery, obviously.

Q106 Mr Khan: I suspect that our constituents buy a disproportionately high number of lottery tickets that lead to these people having £13 million spent on them. I suspect the recipients and those who benefit from this buy a disproportionately low number of lottery tickets which I am sure Mr Davidson's constituents and mine find frankly staggering.

Mrs Souter: The distribution of the lottery playing public is not very different by social group from the distribution overall in the community. It is a very high percentage of the general public, broken down by social group, who play the lottery.

Q107 Mr Khan: If we discuss disposable income percentage, there are differences but how do you explain the snobbery?

Mrs Souter: There is no snobbery in the way in which we administer the process or in our application process. What we do need to do is to keep making clear to all sections of society and all communities that we believe they have heritage that is important. We want to help them achieve good heritage projects that will be good for them and their communities. We are working through our development teams to identify the barriers and why it is that we are not getting the applications.

Q108 Mr Khan: Can I ask the NAO again? In appendix one, in the methodology used by the NAO in the Report, how many of the projects or case studies that you looked at for your Report were black, ethnic minority heritage projects to the nearest five?

Mr Hawkswell: I am not sure I am going to be able to tell you that straight off.

Q109 Mr Khan: How much of the £3.8 billion you have distributed has gone to black and ethnic minority communities and/or projects?

Mrs Souter: I do not think I could give you a figure immediately.⁶

Q110 Mr Khan: Can I have a note on that?

Mrs Souter: Of course.

Q111 Mr Khan: What policies do you have to remedy what are I suspect low levels of the £3.8 million given to black and ethnic minority communities?

Mrs Souter: The overall approach is through our development teams.

Q112 Mr Khan: On that point, I see that Tooting has no criteria for the Heritage Lottery Fund.

Mrs Souter: With a team of two or three people working in each regional country, we are not going to be able to identify every area which has—

Q113 Mr Khan: Surprise, surprise: nor does Glasgow South West. Is that not funny?

Mrs Souter: I do not think it is because it is a reflection of the teams looking at those areas where five years ago, which is when the development priorities were set, they felt there was most evidenced need of working with communities to encourage applications. In September this year, our regional and country teams again will begin the process of looking at their priority areas for the next—

Q114 Mr Khan: You can tell me presumably how many applications you have received from each constituency across the country?

Mrs Souter: Yes.

Q115 Mr Khan: Could you also tell me the percentage of success or failure of those applications you have received?

Mrs Souter: Yes.⁷

Q116 Mr Khan: Can you also tell me the difference between those who are successful, who are the pukka, well established, well organised organisations and the BME led projects?

Mrs Souter: That would take a little more work but we probably could. We could certainly identify—⁸

Q117 Mr Khan: Bearing in mind your two targets of making sure of the equal heritage point but also targeting those who are socially deprived and those who are from ethnic minorities, that is what needs to be happening.

Mrs Souter: We need to make sure that we have proper, good quality information about the beneficiaries of our projects. One of the factors which we must not overlook is that the beneficiaries of a project in one constituency obviously often reside in another constituency and projects that are run by, for example, the National Portrait Gallery or the Victoria and Albert Museum may well have a particular focus on a minority community whilst coming from a traditional heritage grouping.

Q118 Mr Khan: Emotive words are used like “a raid on the lottery fund”, “creaming off money from the lottery fund” and those of us who think that the distribution so far has smacked of snobbery feel that there is an inversely proportionate benefit to, for example, the Olympics because those of us who have been deprived of heritage benefits that the pukka organisations and those areas have will at least get some heritage benefits and those, I suspect, will be the groups who are socially deprived and those who are from ethnic minorities. What do you think of that?

⁶ Ev 21–22

⁷ Ev 22–23

⁸ Ev 33–34

 Ms Carole Souter and Mr Steve Willis

Mrs Souter: 77% of our grant awards in the most recent year went to projects of less than £50,000. Those are the sorts of community based projects which are very often immensely powerful at local level. We have spent over £10 million now on a range of projects related to 2007. We have a range of projects which are supported through some of the major, national institutions but which are specifically working with minority communities. We are increasingly getting a range of applications directly from minority communities for projects which are important to them.

Q119 Mr Khan: Can I confirm that those groups who can put their hands in their pockets to contribute towards the projects you are talking about will now be asked to do so, as opposed to giving them 100% funding when they could contribute more themselves?

Mrs Souter: We do not give 100% funding, particularly for larger grants, at all. We will press very hard that applicants who can do so contribute but equally we have to be sensitive to the percentage that we do offer because some community groups, for example, simply cannot produce cash matching funding themselves. I do not want to do anything that will make it more difficult for those groups to come forward and apply for our funding.

Q120 Mr Dunne: I think I heard you refer, Mr Willis, to not monitoring the cannibalisation of the lottery gains income going towards the Olympics as opposed to traditional causes. Do you do any monitoring of the income coming into the lottery?

Mr Willis: Yes. We take great interest in Camelot and the National Lottery Commission's ticket sales for a variety of things. The difficulty is not knowing how many people are buying Olympic tickets who would otherwise have bought tickets that support the traditional games that go to good causes like our own. It is never going to be completely possible except in this sense: can Camelot sell more tickets overall. That is the only thing one can really test. One can never be quite sure how much of the Olympic game is additional and how much of it is diverted from us but we keep a close track of the success of Camelot in selling tickets.

Q121 Mr Dunne: What proportion of the lottery sales at the moment do you believe is going to Olympic causes?

Mr Willis: I do not have the figure with me but it was highlighted in the NAO's own Report recently. We can certainly let you have a note. It is on the National Lottery Commission's website.⁹

Q122 Mr Dunne: Indeed. In that Report I think the NAO anticipated some 59% of sales and that the running rate was over 70%, closer to 75%. What sort of impact would, say, a 10% shift in income towards the Olympics have on your funding expectations?

Mr Willis: The range of possibilities is that, at one end, Camelot manages to sell £750 million more tickets and fund the Olympics completely from new sales. At the other extreme, the possibility is that Camelot does not sell any new tickets and all of the £750 million is therefore out of Camelot's sales. The range of exposure to us is therefore between zero, if Camelot sell more tickets, and £125 million, one sixth of £750 million, which is what the Secretary of State has—

Q123 Mr Dunne: If they sell the full £750 million, at that point does all the funding revert to you? Is that your understanding?

Mr Willis: It is not as straightforward as that. The National Lottery Commission agrees with Camelot which games are designated to support the Olympic Games and which games are designated to support the traditional good causes. Nonetheless, the expectation is that the £750 million is the contribution for the Olympics and if Camelot sells £750 million more tickets we would hope that we would get our full income.

Q124 Mr Dunne: Do you think it should be transparent to the purchaser of the ticket whether the gain is going to fund the Olympics or traditional causes?

Mrs Souter: It would be helpful but my understanding is that there is always some indicator somewhere.

Q125 Mr Dunne: Do you think it is appropriate, given that answer, that the indication is in very small print on the back of the ticket and you would need a magnifying glass to tell?

Mrs Souter: I am afraid that the detail of the regulation of what Camelot can and cannot put on tickets and how it presents them is not something that I am familiar with.

Q126 Mr Dunne: Given the uncertainty of your income and the fact that you are not able to track it completely, how can you offer guarantees to applicants that you have already made commitments to that you will be able to honour those commitments?

Mrs Souter: Because, as we know that we will be a lottery good cause until 2019, I do not think it is possible to imagine any realistic scenario in which we would not be able to take £400 million-worth of income from future income to honour those commitments. Clearly, our ability to continue to over-commit is coming to an end and that is why we are rebalancing to a position where we just commit the amount of our income on an annual basis.

Q127 Mr Dunne: When you make a commitment, do you not give a commitment as to when it will be funded?

Mrs Souter: Yes. When we make a commitment, we say that that is the period of the grant award, we have a grant expiry date and we expect the grant to be fully drawn down within a given period.

⁹ Ev 34

Ms Carole Souter and Mr Steve Willis

Q128 Mr Dunne: On page eight, Mr Wright was referring to the number of staff and your annual running costs. If you anticipate that your activities will be significantly scaled down from 2009 to 2012, as we have heard, what are you anticipating you will do about your administrative overheads during that period?

Mrs Souter: We are aiming to reduce those to the degree that we can while still continuing to support, operate and monitor the enormous group of projects which is currently in train. In the short to medium term, the impact is primarily on assessment. There will be fewer awards; there will be less assessment, but the monitoring work is continuing to grow as our back catalogue, if you like, of funded project grows so we will be looking to make some modest reductions in staffing levels, but what we will also be continuing to do is to push down very hard on overheads such as utilities and accommodation. We have been very successful in doing that in recent years. We are very conscious of the context in which many of our grant applicants are working where money is very tight for them and they are having to be very careful about their own overheads. We feel a strong responsibility to exercise similar, tight control over our own expenditure in that area. As all expenditure comes from lottery funding, anything that we spend on administration is not spent on a grant, so it is a direct responsibility of ours to do that.

Q129 Mr Dunne: That raises the concern for the public purse of how you are going to manage to process these applications with fewer staff and the concern for your own staff that they are anticipating two or three years out that their period of employment may well come to an end. That is a difficult management challenge. How are you going to address that?

Mrs Souter: What we have said to our staff from the very first moment that we knew the Olympic bid had been successful and that we were going to need to contribute towards it is that we did not anticipate that there would be any need for any major reorganisation or complete restructuring of the fund's activities. One of the key areas for us is being a regional and country based organisation. We think it is absolutely essential that grant making is delivered, particularly at the smaller levels, from local teams. We have said that that is a structure which we aim to continue for the future. Of course we will look at every opportunity to make staff reductions, but we do not intend to freeze posts; we do not intend to take out a single level of the organisation. That is the message that we have given consistently.

Q130 Mr Dunne: Are you considering working more closely with other lottery funding bodies to be able to share facilities where possible, during this problem which is going to affect all of you?

Mrs Souter: We have looked in the past at whether there are areas where we could share facilities and that is something that we will all keep under review. The chief executives of the lottery distributors in the

UK meet regularly. It is the sort of area that we do need to keep under review. Because we all work in different areas with different types of grant programme, there is no immediate opportunity to have a single grant system or something of that kind because we are all funding different sorts of schemes and programmes. We are not only working with other lottery distributors but also working and taking advantage of the DCMS's own work on how NDPBs work together: that is something we will always do.

Q131 Mr Dunne: Can I try to clarify a topic that has been raised by several other Members? In the Report the reduction in your annual grant giving on page eight is coming down from £325 to £200 million. This was written prior to the Olympics budget being clarified and in that an additional £160 million is coming out of your grant giving. Is that correct? It is £40 million a year over the four years.

Mr Willis: No. It is another £90 million. The Secretary of State announced at the first stage that we would contribute a share of £410 million so that was already in the baseline.

Q132 Mr Dunne: That was the £160 million, was it?

Mr Willis: No. It is £160 million minus £90 million.

Q133 Mr Dunne: £70 million.

Mr Willis: Thank you. The original announcement was £410 million of which we would contribute one sixth. That original £70 million is in the baseline of the NAO's Report and is reflected in everything they say. The addition was another £90 million which was the most recent announcement by the Secretary of State.

Q134 Mr Dunne: Where the NAO talk about £200 million a year, we should now be looking at more like £180 million, which I think is the figure you talked about?

Mr Willis: Yes.

Q135 Mr Dunne: Part of the heritage of the Olympics is the cultural and historic heritage which this country has a great deal to be proud of going back to the 48 mentioned by Mr Wyatt and going back even further. Are you familiar with the origins of the modern Olympiad?

Mrs Souter: I am not sure I could answer detailed questions but—

Q136 Mr Dunne: I will not seek to trip you up in the way that the Permanent Secretary succumbed when he appeared before us. I had a meeting with him yesterday and I would urge you to have a word with him about the role which Much Wenlock—as it happens in my constituency—played in founding the modern Olympian movement and make sure that that forms part of your generous contributions over the next five years leading up to 2012 so that there is a legacy which the Heritage Lottery Fund can take pride in from the 2012 Olympics as well as the Olympics themselves.

 Ms Carole Souter and Mr Steve Willis

Mrs Souter: I am sure our regional team would be delighted to talk to your constituents about that.

Q137 Mr Davidson: People in my council schemes in Pollok speak of little else. Could I congratulate you for almost uniquely coming along not being surrounded by a phalanx of advisers? You obviously are more confident in your abilities than some of the people that come in front of us. Either that or you have no pals. We will see as we go on. One of the directions that you are given, as I understand it, is to take account of the scope for reducing economic and social deprivation. It seems to me from everything that we have heard that you do not take that all that seriously. What do you do to try and reduce economic and social deprivation?

Mrs Souter: The first driving force of the Heritage Lottery Fund is to—

Q138 Mr Davidson: I know that but what do you do to reduce economic and social deprivation?

Mrs Souter: We fund urban regeneration through the Townscape Heritage Initiative which is a joint programme where local authorities and the Heritage Lottery Fund work together. We concentrate our development activity and hence the encouragement of applications in areas which have not received as much funding from the HLF as other areas.

Q139 Mr Davidson: Areas which have not received as much funding as other areas do not necessarily correspond to areas of economic and social deprivation and therefore they would not qualify in this context.

Mrs Souter: When we are looking at the few areas that we choose in each region of the country we will look at economic deprivation and so on as well. We are looking at the moment at how best we can marshal the evidence for regions and countries when they are—

Q140 Mr Davidson: At the moment but how long have you been in operation?

Mrs Souter: We have had development teams since 2002.

Q141 Mr Davidson: No; how long have you been in operation?

Mrs Souter: 1994.

Q142 Mr Davidson: Now you are looking at criteria that could be used to select areas. It strikes me that you do not take this very seriously. Is that fair?

Mrs Souter: No, it is not. We are looking at refining the choice of areas for the future. Since 2002 we have had five to seven areas in each regional and country team and in Scotland the SIPP information has been used as a way of helping the development team focus their efforts.

Q143 Mr Davidson: Can I clarify how the priority areas are determined? It is on the basis of SIPP information, is it?

Mrs Souter: It is on the basis of a judgment by the regional and country teams and committees based on a whole selection of evidence which includes deprivation.

Q144 Mr Davidson: You can presumably give us a list of all the priorities. I am expressing some concern because my area has the third highest unemployment levels in Scotland and is not one of your priority areas. If you have eight of them, I would have thought the area with the highest unemployment would have a fair chance at least of coming within that. It would be helpful if you gave us a note indicating what the areas are and how you got them.¹⁰ It is the trustees, as I understand it, who make lots of these decisions. There are only two Scots, as far as I can see, amongst the trustees. One is the Earl of Dalkeith and the other is Sir Angus Grossart.

Mr Willis: They have retired.

Q145 Mr Davidson: I am operating off the annual Report ended 31 March 2005.

Mrs Souter: They have both come to the end of their term.

Q146 Mr Davidson: Have other earls replaced them?

Mrs Souter: Brian Lang is the current chair of our Committee for Scotland and he is a trustee of the fund and one of the deputy chairs of the Fund.

Q147 Mr Davidson: Can I ask about the background? You can understand my anxiety when at this time the two Scots who were on it—one was an earl and one was a sir and I think a merchant banker. It is a bit like when the Ministry of Defence were in front of us and they were explaining the fact that the only General in the Territorial Army was the Duke of Westminster, it was just a coincidence and that anybody who was a duke could rise to be a general in the Territorial Army, or words to that effect. What percentage of your trustees went, for example, to public school?

Mrs Souter: I could not tell you that but I suspect not very many.

Q148 Mr Davidson: Can you give us a note? What percentage are from Oxbridge?

Mrs Souter: I would need to check.

Q149 Mr Davidson: A note as well then, please. Have you any idea how many of them have ever been in a council house? I am seeking to identify how typical they are of real people and to what extent they are the snobs and toffs that my colleague referred to.

Mrs Souter: Our trustees come from a range of different backgrounds, experience and knowledge.

Q150 Mr Davidson: Earls and dukes?

Mr Willis: We have no earls or dukes on our Board at the moment.

¹⁰ Ev 19–21

 Ms Carole Souter and Mr Steve Willis

Mrs Souter: We have our process for recruiting trustees which obviously complies with the requirements of public sector appointments and indeed we have four trustee vacancies which will come up during the course of 2008 and our chair, which will be advertised. We are very much hoping for a wide range of applicants.

Q151 Mr Davidson: Like the people's peers. Can I ask how many of them are from a trade union background?

Mrs Souter: I could not tell you that.

Q152 Mr Davidson: Could you give us some information of the background of some of the trustees which will demonstrate to us that they come from a wide range of society, because I suspect like my colleague that they do not.¹¹ Can I ask what assessment you make about access to the facilities and projects that you have funded, to make sure that they are providing access to a wide range of society and it is not just one set of toffs giving money to another set of toffs for toffs to attend?

Mrs Souter: Access and involvement are our key aims and priorities. It is one of the areas in which we are most proud of what we have achieved over the years. We are very demanding of the big, pukka institutions perhaps and of all applicants to show us how they are going to expand the range of people who take advantage of their services.

Q153 Mr Davidson: You have statistics that can demonstrate that this has been successful?

Mrs Souter: We can give you a note on how access has been identified.¹²

Q154 Mr Davidson: We had the Victoria and Albert Museum along who, until we pressed them, indicated that they assessed all this but when we pressed them we found they did not really assess it adequately until just recently. I want to be satisfied that, in line with the first point I raised about economic and social disadvantage, that you are making assessments that demonstrate that access to social groupings who previously did not access facilities have been improved as a result of the money that is being spent. I certainly take the point that was made earlier on about people in my area disproportionately, as a percentage of their disposable income, spending money on the lottery as distinct from the more prosperous groupings. I am not sure that they get a fair deal out of it. On the point that was made about applications, in paragraph 13 it mentions: "... encouraging applications from under-represented social and ethnic groups." It goes on to say: "Nationally, however, the Fund has found it difficult to define and measure its success in ensuring equal access to funding by all parts of society ...". That sounds like a euphemism for either you are not interested in it or you are not trying. It has been done elsewhere. This is not rocket science. The fact that you have not got to a stage where you are able to define it, never mind

measure it, I would have thought is an indication that you are really not treating it seriously. Is that fair?

Mrs Souter: No. I think it is an indication of the enormous range of different sorts of projects that we fund from a dialect project in the North East recording the words and language of miners to a big mining project, the Blaenavon Project, through to what might be seen as much more traditional projects in national institutions. If we look at Glasgow, for example, the range of projects from the Merchant City THI, through to Kelvingrove to the prospective new transport museum, through to the storage centre at Nitshill, they are projects that have enormous reach and scope and will reach a whole range of different communities in different ways. What we do is press all of our applicants very hard on how they are going to open up their facilities and what they have to offer.

Q155 Mr Davidson: I understand all of that but it says here that you have found it difficult to define and measure. I have no doubt at all that you can produce individual examples of good practice but what I am concerned about is that it is not systematic. The Nitshill example is in my constituency. The vast majority of my constituents have no knowledge that it is there and will not attend it. Those who visit it tend to be car-borne from the posher suburbs outside the city. That is the reality of it.

Mrs Souter: And a lot of school children.

Q156 Mr Davidson: The fact that you have not got to the stage of developing a methodology even to define it, never mind measure it, has to give us some concern about the sincerity with which you are approaching the demand placed upon you about tackling social and economic disadvantage.

Mrs Souter: Perhaps I could give you an example from our research and evaluation programme that speaks exactly to this, an in-depth piece of work looking at 12 projects that we have done, interviewing people who lived in and around the area but who were not immediately involved with the project. We found that a third of the people interviewed on a properly put together survey process had not only visited the project, knew about it and knew where it was but actually felt it had improved the quality of their lives. That was a range of a dozen or more projects right across the country in very mixed areas indeed and a sample of people interviewed who came from a properly stratified—

Q157 Mr Davidson: I worry that we get responses like, "My auntie met a man in a pub who had seen somebody who knew of ...", sort of thing, and that it is not sufficiently systematic. I wonder if you could give us a note indicating what work has been done to make sure that access to facilities that you are funding has been broadened as a result. Maybe we can have that examined by the NAO to see the extent to which it measures up to best practice. That would

¹¹ Ev 34–38

¹² Ev 38–39

 Ms Carole Souter and Mr Steve Willis

perhaps be the easiest way of progressing that. How many council houses have been preserved by yourselves?

Mrs Souter: I could not tell you that, I am afraid.¹³

Q158 Mr Davidson: Any?

Mrs Souter: I simply do not know.

Q159 Mr Davidson: The halls of the famous have no doubt been preserved in their grandeur.

Mrs Souter: Not if they are in private ownership. I am afraid it does not count as a council house but the back to backs project in Birmingham is a project which has opened up the last remaining group of back to backs and illustrates very strongly what it was like for people to live in those properties.

Q160 Mr Davidson: That is excellent. What percentage of your spending is on projects like that that deal with the lives of ordinary people?

Mrs Souter: We do not categorise in that way.

Q161 Mr Davidson: I know you do not. That is part of the problem but if you did what sort of percentage is dealing with the lives of ordinary people?

Mrs Souter: Heritage is affecting the lives of ordinary people in whatever sort of project you are looking at. To try to say that it is simply a particular category of people—

Q162 Mr Davidson: Coming back to the tackling of economic and social deprivation, that is a bit like saying any spending anywhere improves the lot of everyone. It is a bit like the trickle down theory really, is it not?

Mrs Souter: On your point about access, I think it is saying that the important thing for us is to make sure that every aspect of heritage in all its different varieties is accessible to those who wish to be interested, who wish to attend and see it. For example, looking at the below stairs life, if you like, of servants, of people who have worked in great houses, I would argue is one way of saying that there is a depth and richness of stories in all of our heritage assets and that we should not simply be looking at them from one point of view.

Q163 Mr Davidson: I understand that. It is a question of striking a balance and I am just concerned that you do not have the balance right. The final point relates to my own constituency. There is a very small amount of money being spent there. It is noticeable that there are three that have gone to the council because the council is a big organisation and can work its way through the machinery of yourselves. One of them I see is for reinforcing breast plates. Given that many of my constituents have swords, it is probably quite a useful thing to have in the circumstances. The other two that have been given out there have gone to the Village Storytelling Centre which is one of the few organisations in the area that has full time staff. I think this quite clearly demonstrates that unless

organisations have full time staff who have the bourgeois skills of finding their way through the application system, they are not going to get any money. Areas like mine, unless they have a greater focus on them from helpers via yourselves, are not going to get their fair share. I am not sure that you are doing enough to address that. As a final response, can you clarify for me that I have that wrong?

Mrs Souter: There is an immense need to work with community level groups who are not used to getting funding from any external source at all. The practical way for us to do that, if we are not to employ legions more staff and increase our administrative spend at the cost of grant spend, is to work as closely as we possibly can with helper agencies, second tier agencies, local authorities, with the groups of people who know how best to help and support at a very local level. We are not going to be able to be a development agency or a development organisation with the primary focus that we have and the scale of staffing that we have, but we must and can do much better in terms of developing our links, knowledge and relationships with those agencies that are working very much on the ground.

Q164 Mr Williams: Did I misunderstand one of your answers to one of my colleagues? It may have been Mr Khan. Someone asked about funding from other sources and the impression I got from your answer was that you felt you adequately addressed that. Is that an incorrect interpretation?

Mrs Souter: I am sorry; I did not mean to give that impression. We need to look increasingly hard at whether applicants have really exhausted all other sources of funding. I simply wanted to balance that with the fact that we must make sure that that does not mean that applicants who do not have access to perhaps more traditional sources of funding are excluded from any money at all.

Q165 Mr Williams: The reason I raise it is in paragraph 21—this is an agreed Report—it does state quite clearly, “The Fund does not generally test whether applicants could raise more from other sources . . .”, so you signed up to that as being a statement of fact. In the next paragraph it says, “18 of 30 interviewees thought their project would still have gone ahead . . .” if the fund had required greater partnership funding and at the bottom of the page it says, “5% of applicants said that they would have been able to go ahead immediately with alternative funding.” That implies they could have gone ahead without your funding. Does this mean that you are giving money where it is not needed and thereby having to refuse money where it is?

Mr Willis: No. Perhaps I can help with some figures in respect of the 30 projects that the NAO did look at. 12 of the 24 projects that the NAO is talking about were for under £1 million, where we expect no more than 10% from the applicant. Of those 12, seven projects were offering 20% so they were doubling their contribution compared to what we asked. That is why we were satisfied with what they were proposing. In respect of the other 12 projects

¹³ Ev 38–39

Ms Carole Souter and Mr Steve Willis

which were over one million in the NAO sample, we will only give up to 75% and need 25% from the grantee. Five of those projects were offering 40% of the project cost. That is why we were happy with what the projects were proposing in respect of partnership funding in the sample of 30 that the NAO looked at.

Mrs Souter: With regard to the question about whether we are giving people money they do not need, it is always going to be the case for many applicants that they will say they will carry on regardless, come what may. Whether or not they would be able to raise those additional funds I doubt. They would almost certainly take three times as long and do a smaller project but the commitment of a lot of our applicants to their project means that, if asked, they are going to say, "Yes, we will do it whether or not we get the money" because that is the sort of people they are.

Q166 Derek Wyatt: Given our interest in the social deprivation area, do you have a best practice guide published for these areas to help them apply?

Mrs Souter: We have a whole range of tailored guidance on specific areas such as access and involvement, audience development plans, those sorts of things.

Q167 Derek Wyatt: On your website?

Mrs Souter: Yes. Everything is available on the website.

Derek Wyatt: It is published but you are not proactive about it. This is what I cannot get. I cannot understand what you are doing to the poorer areas. Let us not start that again. I have the answer I wanted, thank you.

Mr Williams: May I thank you for your evidence today. I hope it has not been too unpleasant an experience. The information has been very valuable, particularly to Don Touhig and myself who will go back to Wales and say we need to set out sights higher and find more major projects because we are losing out. We value the work that you do but I suspect the Report probably will, on the final point I raise, want to turn its attention to whether we could give greater emphasis to self-financing. Thank you very much.

Supplementary memorandum submitted by the Heritage Lottery Fund

Question 47 (Derek Wyatt): *South East Development Team activity and impact in Swale*

RESEARCH AND CONSULTATION UNDERTAKEN TO DATE

- Meeting with Borough Council External Funding Team, Town Centre Managers and Conservation Officers, and tour of Isle of Sheppey.
- Meeting with External Funding Team, Arts and Libraries Officer and Sittingbourne Society.
- Meeting with Tourism Development Officer.
- Meeting with Swale Volunteering and Community Development Centre.
- Members' briefing by HLF South East Committee Member.
- Thames Gateway Report, March 2007.

PARTNERSHIP DEVELOPMENT UNDERTAKEN

- Local heritage organisations identified.
- Local voluntary organisations identified.
- EH liaison on key local sites established.
- Liaison with local youth contacts /networks and promotion of Young Roots.
- Museums, Libraries and Archives South East involvement in Swale museum development project.

PROMOTION, MARKETING AND MEDIA WORK UNDERTAKEN

- Distribution of regional leaflets via BC.
- Mailing of regional newsletter to local voluntary and heritage organisations summer 2003 via Borough Council.
- Mailing of regional newsletter to youth organisation contacts.
- Oare Gunpowder Works release with development messages autumn 2003—regional manager Meridian TV interview.
- Young Roots grant announcement release.
- *Can we help you?* leaflet, 2004.
- Committee chair speech to local stakeholders at Fleur de Lys launch event, 2004.

- Priority area leaflet mailout, 2005.
- BBC Radio Kent interview: John Warnett, April 2005.
- HLF web link to borough external funding pages.

OUTREACH AND ADVICE SERVICES UNDERTAKEN

- Adjacent events in Thanet (November 2002), Ashford (February 2003).
- Swale BC reps attended Dartford BC funding fair October 2004.
- Kent County Council funding fair, 2003, 2004, 2005, 2006.
- Swale organisations workshop and presentation Spring 2004 with Borough Council.
- Follow-up advice day spring 2004.
- Advice surgery, Sittingbourne 2004.
- Themed workshop: “Local History, customs & traditions”—Faversham, 2005.
- Themed workshop: “Young Roots in Swale” Sittingbourne, 2005.
- Piece in CVS newsletter, 2006.
- Community Partners Funding event, Sheppey, 2006.

HLF GRANT-GIVING HISTORY IN SWALE

(a) *Heritage grants, Your Heritage, Young Roots*

- Since 1994, 30 applications have been received, of which 28 (93%) have been successful including:
- 10 Heritage Grants, the most recent being an award of £990,000 to restore the Sailing Barge Cambria (Mar 2007).
- Eight Repair Grants to Places of Worship.
- Three Young Roots awards.
- Six Your Heritage awards.
- One Project Planning Grant (Steam Paddle Tug “John H Amos”).

(b) *Local Heritage Initiative*

- Preston Village Millennium Project £4,807 (2001).
- Cheyne Middle School, Tales of Beachfields Park £7,214 (2001).
- Cheyne Middle School, Tales of Beachfields Park II £18,900 (2002).
- Faversham on the map—multi partner project including the BC, Shepherd Neame, Faversham Society, local schools.

(c) *Awards for All*

- A total of 33 applications have been received and 22 awards made, to a total of £82,347.

Question 51 (Derek Wyatt) and 144 (Mr Ian Davidson): *Equitable spread of funding across the UK*

To ensure a more equitable spread of funding across the UK, HLF has designated priority areas in each region and country, selected on the basis of historically lower levels of HLF funding and socio-economic deprivation, in which potential applicants receive additional support from our development teams. The success of these development areas is shown below:

Although we take account of deprivation in designating priority areas we give greatest weight to the level of HLF funding. East Dumbartonshire and East Renfrewshire are priority areas in Scotland not because they are areas of high deprivation but because they have received very little funding from HLF.

DEVELOPMENT AREA SUCCESS RATES

The table below shows the number of applications per head of population (multiplied by 1,000,000 in order to show a whole figure) and the success rate of these applications in each of HLF’s development areas for the periods immediately preceding and following the introduction of development teams in 2002.

<i>Local authority</i>	<i>1997–2002 No of applications</i>	<i>2002–06 No of applications</i>	<i>% change</i>	<i>1997–2002 Success rate</i>	<i>2002–06 Success rate</i>	<i>% change</i>
East Midlands						
Ashfield	125.7	269.3	114%	50%	60%	10%
Bolsover	571.3	613.1	7%	63%	73%	9%
Chesterfield	70.8	232.7	229%	43%	74%	31%
Corby	225.7	319.7	42%	50%	88%	38%
Leicester	128.6	339.4	164%	72%	72%	–1%
North East Derbyshire	288.8	536.4	86%	50%	83%	33%
North Kesteven	510.5	510.5	0%	67%	75%	8%
West Lindsey	515.6	691.7	34%	76%	76%	1%
East of England						
Basildon	30.2	156.9	420%	40%	81%	41%
Castle Point	46.2	92.4	100%	50%	88%	38%
King's Lynn and West Norfolk	192.1	591.1	208%	42%	74%	31%
Luton	75.9	222.4	193%	86%	85%	0%
Thurrock	174.7	251.5	44%	80%	86%	6%
Waveney	293.7	810.0	176%	61%	88%	27%
London						
Barking and Dagenham	79.3	134.2	69%	85%	68%	–16%
Brent	72.1	186.0	158%	79%	55%	–24%
Croydon	99.8	172.4	73%	55%	81%	26%
Hammersmith and Fulham	78.7	260.2	231%	54%	84%	30%
Newham	102.5	274.7	168%	68%	72%	4%
North East						
Berwick-upon-Tweed	809.3	1,734.2	114%	57%	82%	25%
Blyth Valley	73.8	369.2	400%	83%	97%	13%
Chester-le-Street	279.4	502.9	80%	93%	96%	3%
Easington	191.5	595.8	211%	61%	73%	12%
Stockton-on-Tees	112.1	313.9	180%	35%	79%	44%
Wear Valley	505.4	994.5	97%	52%	80%	29%
North West						
Blackpool	70.3	316.3	350%	70%	87%	17%
Bolton	118.8	249.0	110%	61%	77%	16%
Halton	186.1	363.8	95%	77%	81%	4%
Knowsley	119.6	232.6	94%	61%	80%	19%
St. Helens	107.4	288.4	168%	58%	86%	28%
Northern Ireland						
Ballymoney	74.4	334.6	350%	0%	44%	44%
Coleraine	142.1	319.6	125%	50%	83%	33%
Cookstown	337.6	767.3	127%	55%	56%	1%
Craigavon	99.2	917.3	825%	38%	85%	48%
Limavady	370.1	123.4	–67%	50%	75%	25%
Newtownabbey	75.0	75.0	0%	67%	100%	33%
Scotland						
Aberdeen City	108.4	141.4	30%	65%	87%	21%
East Dunbartonshire	120.1	129.3	8%	62%	86%	24%
East Renfrewshire	145.6	145.6	0%	46%	92%	46%
Moray	253.0	345.1	36%	64%	93%	30%
North Lanarkshire	84.1	93.4	11%	74%	90%	16%
South Ayrshire	231.9	285.5	23%	85%	91%	6%
South East						
Arun	135.0	255.8	89%	53%	81%	28%
Dartford	58.2	197.9	240%	80%	82%	2%
Eastbourne	122.7	423.8	245%	55%	71%	17%
Milton Keynes	130.4	198.0	52%	44%	63%	19%
Slough	84.0	285.6	240%	80%	82%	2%
Swale	211.7	407.2	92%	69%	80%	11%
South West						

<i>Local authority</i>	<i>1997–2002</i>	<i>2002–06</i>	<i>% change</i>	<i>1997–2002</i>	<i>2002–06</i>	<i>% change</i>
	<i>No of applications</i>	<i>No of applications</i>		<i>Success rate</i>	<i>Success rate</i>	
Bournemouth	67.3	165.2	145%	82%	81%	0%
Bristol, City of	123.5	362.6	194%	64%	76%	12%
Plymouth	132.9	290.8	119%	47%	86%	39%
Restormel	230.2	387.2	68%	55%	73%	18%
Torbay	123.4	416.3	238%	44%	81%	38%
Weymouth and Portland	141.4	455.6	222%	22%	83%	61%
Wales						
Blaenau Gwent	271.2	413.9	53%	32%	90%	58%
Merthyr Tydfil	196.5	250.1	27%	73%	93%	20%
Neath Port Talbot	200.8	238.0	19%	63%	69%	6%
Rhondda, Cynon, Taff	120.7	258.7	114%	46%	83%	37%
Swansea	228.4	344.8	51%	51%	81%	30%
Wrexham	194.6	233.5	20%	72%	77%	5%
West Midlands						
Birmingham	125.9	308.1	145%	65%	81%	16%
County of Herefordshire	674.8	1,383.9	105%	75%	79%	3%
Coventry	106.4	242.6	128%	78%	78%	0%
North Warwickshire	242.5	808.3	233%	53%	82%	29%
Nuneaton and Bedworth	92.3	151.1	64%	55%	78%	23%
Telford and Wrekin	164.2	296.9	81%	77%	81%	4%
Yorkshire and the Humber						
Doncaster	149.9	237.0	58%	70%	76%	7%
City of Kingston upon Hull	110.8	320.2	189%	52%	81%	29%
Kirklees	211.0	293.4	39%	55%	71%	16%
North East Lincolnshire	151.9	202.6	33%	58%	88%	29%
North Lincolnshire	150.5	425.3	183%	61%	63%	2%
Rotherham	278.0	294.1	6%	75%	85%	10%

Question 96 (Mr Sadiq Khan): *How much money has been spent running your organisation over the last 12 years*

The table below sets out running costs and staff numbers for this financial year and for the previous 12 years.

	<i>Budget (gross)</i>	<i>Staff (FTE)</i>
1995–96	£4,480,000	31.0
1996–97	£11,143,000	72.0
1997–98	£12,304,000	111.0
1998–99	£12,175,000	151.5
1999–2000	£14,490,000	159.0
2000–01	£14,406,000	165.0
2001–02	£17,577,000	181.0
2002–03	£23,435,000	245.0
2003–04	£23,951,000	256.5
2004–05	£23,211,000	260.7
2005–06	£22,845,000	261.3
2006–07	£22,765,000	260.2
2007–08	£22,453,000	257.4

In 2002 we recruited development teams in Scotland, Wales, Northern Ireland and all English regions. We also opened offices for the first time in the English regions.

Question 109 (Mr Sadiq Khan): *How much of the £3.8 billion you have distributed has gone to black and ethnic minority communities and/or projects*

HLF assembles data on the number of projects which are defined by applicants as run by BME-led organisations and/or as having a specific focus on benefiting people from BME groups. Many other HLF funded projects, especially those supporting public amenities such as parks, museums and townscapes, will involve and benefit BME groups.

Projects defined by applicants as run by organisations led by people from BME groups

	<i>Number</i>	<i>% of all projects</i>	<i>Value</i>	<i>% of total value</i>
1995–96	1	0.3%	£60,000	0.0%
1996–97	2	0.3%	£474,000	0.1%
1997–98	4	0.5%	£480,000	0.2%
1998–99	5	0.5%	£361,000	0.1%
1999–2000	31	1.6%	£295,000	0.1%
2000–01	46	2.1%	£390,000	0.1%
2001–02	69	3.6%	£788,000	0.2%
2002–03	94	4.2%	£1,209,000	0.4%
2003–04	111	4.0%	£1,587,000	0.5%
2004–05	110	3.0%	£1,238,000	0.4%
2005–06	148	2.8%	£3,340,000	1.1%
Total	621	2.7%	£10,221,000	0.3%

Projects defined by applicants as having a specific focus on benefiting people from BME groups

	<i>Number</i>	<i>% of all projects</i>	<i>Value</i>	<i>% of total value</i>
1995–96		0.0%	0.0%	
1996–97	2	0.3%	£474,000	0.1%
1997–98	1	0.1%	£42,000	0.0%
1998–99	4	0.4%	£248,000	0.1%
1999–00	32	1.7%	£634,000	0.2%
2000–01	52	2.4%	£342,000	0.1%
2001–02	79	4.1%	£1,385,000	0.4%
2002–03	136	6.1%	£1,416,000	0.4%
2003–04	161	5.8%	£2,302,000	0.7%
2004–05	160	4.4%	£4,261,000	1.3%
2005–06	202	3.8%	£6,498,000	2.2%
Total	829	3.7%	£17,601,000	0.5%

530 projects appear in both tables as they have been defined by applicants both as being led by, and as having a specific focus on benefiting people from, BME groups.

Question 115 (Mr Sadiq Khan): *Could you tell me the percentage of success or failure of those applications you have received*

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Aberavon	26	77%
Aberdeen North	38	66%
Aberdeen South	28	68%
Airdrie and Shotts	21	81%
Aldershot	24	58%
Aldridge-Brownhills	26	85%
Altrincham and Sale West	21	62%
Alyn and Deeside	35	66%
Amber Valley	85	67%
Angus	67	70%
Argyll and Bute	189	58%
Arundel and South Downs	69	57%
Ashfield	43	53%
Ashford	95	67%
Ashton-under-Lyne	51	65%
Aylesbury	69	67%
Ayr, Carrick and Cumnock	80	75%
Banbury	73	53%
Banff and Buchan	63	59%
Barking	21	52%
Barnsley Central	33	64%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Barnsley East and Mexborough	50	68%
Barnsley West and Penistone	63	67%
Barrow and Furness	66	70%
Basildon	32	69%
Basingstoke	27	56%
Bassetlaw	51	57%
Bath	96	66%
Batley and Spen	36	67%
Battersea	42	55%
Beaconsfield	37	57%
Beckenham	29	59%
Bedford	40	70%
Belfast East	41	71%
Belfast North	51	78%
Belfast South	112	56%
Belfast West	39	69%
Berwickshire, Roxburgh and Selkirk	133	74%
Berwick-upon-Tweed	179	66%
Bethnal Green and Bow	159	64%
Beverley and Holderness	112	62%
Bexhill and Battle	65	66%
Bexleyheath and Crayford	10	80%
Billericay	18	67%
Birkenhead	32	63%
Birmingham, Edgbaston	52	69%
Birmingham, Erdington	23	83%
Birmingham, Hall Green	21	86%
Birmingham, Hodge Hill	17	82%
Birmingham, Ladywood	168	71%
Birmingham, Northfield	21	67%
Birmingham, Perry Barr	38	58%
Birmingham, Selly Oak	34	82%
Birmingham, Sparkbrook and Small Heath	52	56%
Birmingham, Yardley	12	92%
Bishop Auckland	120	68%
Blaby	68	66%
Blackburn	60	70%
Blackpool North and Fleetwood	38	74%
Blackpool South	37	76%
Blaenau Gwent	57	60%
Blaydon	58	79%
Blyth Valley	40	93%
Bognor Regis and Littlehampton	33	67%
Bolsover	104	64%
Bolton North East	53	64%
Bolton South East	25	64%
Bolton West	31	61%
Bootle	20	75%
Boston and Skegness	58	72%
Bosworth	68	63%
Bournemouth East	18	72%
Bournemouth West	23	83%
Bracknell	18	67%
Bradford North	22	68%
Bradford South	22	77%
Bradford West	78	63%
Braintree	67	64%
Brecon and Radnorshire	178	58%
Brent East	34	68%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Brent North	23	48%
Brent South	18	50%
Brentford and Isleworth	59	68%
Brentwood and Ongar	33	58%
Bridgend	29	66%
Bridgwater	93	65%
Brigg and Goole	90	70%
Brighton, Kemptown	47	64%
Brighton, Pavilion	70	73%
Bristol East	54	67%
Bristol North West	33	76%
Bristol South	26	69%
Bristol West	104	62%
Bromley and Chislehurst	30	73%
Bromsgrove	30	67%
Broxbourne	15	47%
Broxtowe	32	84%
Buckingham	93	66%
Burnley	45	69%
Burton	36	75%
Bury North	43	67%
Bury South	25	56%
Bury St Edmunds	139	67%
Caernarfon	70	57%
Caerphilly	57	65%
Caithness, Sutherland and Easter Ross	148	74%
Calder Valley	46	63%
Camberwell and Peckham	41	66%
Cambridge	92	64%
Cannock Chase	25	88%
Canterbury	90	67%
Cardiff Central	70	66%
Cardiff North	15	67%
Cardiff South and Penarth	46	59%
Cardiff West	25	52%
Carlisle	44	57%
Carmarthen East and Dinefwr	81	64%
Carmarthen West and South Pembrokeshire	151	59%
Carshalton and Wallington	19	63%
Castle Point	15	73%
Central Ayrshire	20	55%
Central Suffolk and North Ipswich	115	63%
Ceredigion	133	59%
Charnwood	46	57%
Chatham and Aylesford	34	71%
Cheadle	16	75%
Cheltenham	42	57%
Chesham and Amersham	40	70%
Chesterfield	27	74%
Chichester	128	68%
Chingford and Woodford Green	15	73%
Chipping Barnet	25	72%
Chorley	70	76%
Christchurch	28	64%
Cities of London and Westminster	378	58%
City of Chester	78	72%
City of Durham	132	80%
City of York	140	64%
Cleethorpes	59	59%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Clwyd South	65	63%
Clwyd West	60	73%
Coatbridge, Chryston and Bellshill	17	71%
Colchester	37	70%
Colne Valley	61	70%
Congleton	43	70%
Conwy	57	54%
Copeland	82	65%
Corby	86	67%
Cotswold	99	55%
Coventry North East	21	71%
Coventry North West	23	70%
Coventry South	75	69%
Crawley	13	69%
Crewe and Nantwich	25	64%
Crosby	29	79%
Croydon Central	31	74%
Croydon North	41	59%
Croydon South	29	59%
Cumbernauld, Kilsyth and Kirkintilloch	23	61%
Cynon Valley	32	59%
Dagenham	18	72%
Darlington	39	67%
Dartford	30	73%
Daventry	110	55%
Delyn	44	80%
Denton and Reddish	32	59%
Derby North	26	58%
Derby South	70	66%
Devizes	91	59%
Dewsbury	33	61%
Don Valley	24	71%
Doncaster Central	51	67%
Doncaster North	28	68%
Dover	65	60%
Dudley North	37	76%
Dudley South	23	70%
Dulwich and West Norwood	54	56%
Dumfries and Galloway	140	57%
Dumfriesshire, Clydesdale and Tweeddale	111	66%
Dundee East	33	82%
Dundee West	67	60%
Dunfermline and West Fife	26	62%
Ealing North	17	59%
Ealing, Acton and Shepherd's Bush	39	64%
Ealing, Southall	39	51%
Easington	59	69%
East Antrim	55	73%
East Devon	65	77%
East Dunbartonshire	23	74%
East Ham	36	58%
East Hampshire	64	58%
East Kilbride, Strathaven and Lesmahago	17	53%
East Londonderry	46	61%
East Lothian	72	69%
East Renfrewshire	30	60%
East Surrey	28	54%
East Worthing and Shoreham	21	76%
East Yorkshire	114	65%
Eastbourne	55	62%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Eastleigh	37	65%
Eccles	16	75%
Eddisbury	57	68%
Edinburgh East	205	67%
Edinburgh North and Leith	131	59%
Edinburgh South	31	68%
Edinburgh South West	22	45%
Edinburgh West	39	67%
Edmonton	25	64%
Ellesmere Port and Neston	50	70%
Elmet	36	56%
Eltham	23	78%
Enfield North	33	73%
Enfield, Southgate	19	58%
Epping Forest	39	74%
Epsom and Ewell	15	53%
Erewash	52	54%
Erith and Thamesmead	15	60%
Esher and Walton	30	57%
Exeter	81	69%
Falkirk	16	75%
Falmouth and Camborne	114	68%
Fareham	18	39%
Faversham and Mid Kent	109	62%
Feltham and Heston	18	61%
Fermanagh and South Tyrone	104	63%
Finchley and Golders Green	41	54%
Folkestone and Hythe	65	62%
Forest of Dean	103	58%
Foyle	66	61%
Fylde	33	55%
Gainsborough	107	69%
Gateshead East and Washington West	16	69%
Gedling	33	58%
Gillingham	25	80%
Glasgow Central	132	65%
Glasgow East	17	82%
Glasgow North	57	70%
Glasgow North East	17	71%
Glasgow North West	11	100%
Glasgow South	22	77%
Glasgow South West	18	56%
Glenrothes	27	81%
Gloucester	71	52%
Gordon	52	67%
Gosport	51	67%
Gower	52	62%
Grantham and Stamford	83	58%
Gravesham	35	57%
Great Grimsby	30	70%
Great Yarmouth	78	62%
Greenwich and Woolwich	113	65%
Guildford	50	66%
Hackney North and Stoke Newington	75	48%
Hackney South and Shoreditch	122	62%
Halesowen and Rowley Regis	13	85%
Halifax	61	64%
Haltemprice and Howden	50	70%
Halton	56	71%
Hammersmith and Fulham	55	67%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Hampstead and Highgate	76	66%
Harborough	65	68%
Harlow	28	61%
Harrogate and Knaresborough	52	63%
Harrow East	26	62%
Harrow West	33	76%
Hartlepool	84	76%
Harwich	37	62%
Hastings and Rye	71	65%
Havant	20	50%
Hayes and Harlington	16	56%
Hazel Grove	28	71%
Hemel Hempstead	31	48%
Hemsworth	44	75%
Hendon	25	52%
Henley	79	67%
Hereford	122	79%
Hertford and Stortford	75	72%
Hertsmere	30	73%
Hexham	150	61%
Heywood and Middleton	26	77%
High Peak	100	72%
Hitchin and Harpenden	40	53%
Holborn and St Pancras	235	60%
Hornchurch	19	68%
Hornsey and Wood Green	46	65%
Horsham	48	69%
Houghton and Washington East	40	73%
Hove	25	56%
Huddersfield	68	50%
Huntingdon	71	70%
Hyndburn	38	53%
Ilford North	14	64%
Ilford South	37	57%
Inverclyde	29	79%
Inverness, Nairn, Badenoch and Strathsp	85	69%
Ipswich	67	72%
Isle of Wight	164	68%
Islington North	66	59%
Islington South and Finsbury	139	55%
Islwyn	21	67%
Jarrow	54	65%
Keighley	57	75%
Kensington and Chelsea	116	55%
Kettering	69	61%
Kilmarnock and Loudoun	59	76%
Kingston and Surbiton	32	53%
Kingston upon Hull East	31	74%
Kingston upon Hull North	33	79%
Kingston upon Hull West and Hessle	61	62%
Kingswood	29	66%
Kirkcaldy and Cowdenbeath	57	77%
Knowsley North and Sefton East	24	71%
Knowsley South	49	67%
Lagan Valley	96	76%
Lanark and Hamilton East	54	74%
Lancaster and Wyre	61	66%
Leeds Central	80	61%
Leeds East	28	75%
Leeds North East	42	69%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Leeds North West	47	70%
Leeds West	19	74%
Leicester East	35	69%
Leicester South	94	65%
Leicester West	32	50%
Leigh	33	52%
Leominster	246	72%
Lewes	102	70%
Lewisham East	28	64%
Lewisham West	39	62%
Lewisham, Deptford	52	69%
Leyton and Wanstead	37	73%
Lichfield	61	69%
Lincoln	80	66%
Linlithgow and East Falkirk	53	72%
Linlithgow and East Falkirk	1	100%
Liverpool, Garston	17	76%
Liverpool, Riverside	206	67%
Liverpool, Walton	26	69%
Liverpool, Wavertree	30	63%
Liverpool, West Derby	24	79%
Livingston	26	88%
Llanelli	37	57%
London, Deptford	1	0%
Loughborough	34	65%
Louth and Horncastle	105	72%
Ludlow	157	69%
Luton North	17	88%
Luton South	48	75%
Macclesfield	44	80%
Maidenhead	33	36%
Maidstone and The Weald	53	72%
Makerfield	25	72%
Maldon and East Chelmsford	69	71%
Manchester, Blackley	39	59%
Manchester, Central	175	70%
Manchester, Gorton	48	71%
Manchester, Withington	35	69%
Mansfield	43	67%
Medway	156	78%
Meirionnydd Nant Conwy	78	71%
Meriden	28	79%
Merthyr Tydfil and Rhymney	42	74%
Mid Bedfordshire	96	63%
Mid Dorset and North Poole	35	57%
Mid Norfolk	133	60%
Mid Sussex	30	53%
Mid Ulster	88	57%
Mid Worcestershire	80	58%
Middlesbrough	57	75%
Middlesbrough South and East Cleveland	52	71%
Midlothian	63	70%
Milton Keynes South West	35	57%
Mitcham and Morden	18	61%
Mole Valley	34	50%
Monmouth	125	61%
Montgomeryshire	89	69%
Moray	57	75%
Morecambe and Lunesdale	56	57%
Morley and Rothwell	26	65%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Motherwell and Wishaw	14	57%
Na h-Eileanan an Iar	88	66%
Neath	38	55%
New Forest East	51	59%
New Forest West	39	69%
Newark	113	62%
Newbury	55	53%
Newcastle upon Tyne Central	106	57%
Newcastle upon Tyne East and Wallsend	40	68%
Newcastle upon Tyne North	39	77%
Newcastle-under-Lyme	35	71%
Newport East	17	94%
Newport West	41	76%
Newry and Armagh	114	68%
Normanton	27	78%
North Antrim	83	60%
North Ayrshire and Arran	65	80%
North Cornwall	129	53%
North Devon	104	63%
North Dorset	70	61%
North Down	37	59%
North Durham	58	86%
North East Bedfordshire	82	66%
North East Cambridgeshire	72	71%
North East Derbyshire	74	68%
North East Fife	89	65%
North East Hampshire	46	70%
North East Hertfordshire	72	64%
North East Milton Keynes	43	47%
North Essex	80	63%
North Norfolk	184	59%
North Shropshire	86	65%
North Southwark and Bermondsey	99	64%
North Swindon	35	57%
North Thanet	34	76%
North Tyneside	31	71%
North Warwickshire	75	71%
North West Cambridgeshire	72	71%
North West Durham	127	68%
North West Hampshire	63	60%
North West Leicestershire	104	75%
North West Norfolk	65	58%
North Wiltshire	101	48%
Northampton North	24	67%
Northampton South	82	66%
Northavon	45	64%
Norwich North	32	75%
Norwich South	107	64%
Nottingham East	67	70%
Nottingham North	11	55%
Nottingham South	79	70%
Nuneaton	35	63%
Ochil and South Perthshire	67	75%
Ogmore	31	61%
Old Bexley and Sidcup	26	69%
Oldham East and Saddleworth	47	64%
Oldham West and Royton	31	68%
Orkney and Shetland	134	65%
Orpington	33	67%
Oxford East	34	82%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Oxford West and Abingdon	91	52%
Paisley and Renfrewshire North	21	62%
Paisley and Renfrewshire South	39	56%
Pendle	41	63%
Penrith and The Border	182	58%
Perth and North Perthshire	80	65%
Peterborough	49	73%
Plymouth, Devonport	26	77%
Plymouth, Sutton	77	70%
Pontefract and Castleford	36	58%
Pontypridd	31	55%
Poole	26	54%
Poplar and Canning Town	84	67%
Portsmouth North	5	40%
Portsmouth South	58	67%
Preseli Pembrokeshire	122	61%
Preston	82	68%
Pudsey	25	60%
Putney	13	62%
Rayleigh	20	55%
Reading East	61	66%
Reading West	13	62%
Redcar	50	70%
Redditch	12	92%
Regent's Park and Kensington North	70	51%
Reigate	31	55%
Rhondda	38	74%
Ribble Valley	74	53%
Richmond (Yorks)	119	50%
Richmond Park	72	51%
Rochdale	62	66%
Rochford and Southend East	27	70%
Romford	12	75%
Romsey	47	55%
Ross, Skye and Lochaber	170	62%
Rossendale and Darwen	52	69%
Rother Valley	47	79%
Rotherham	80	76%
Rugby and Kenilworth	42	69%
Ruislip—Northwood	14	57%
Runnymede and Weybridge	40	60%
Rushcliffe	100	67%
Rutherglen and Hamilton West	14	79%
Rutland and Melton	131	54%
Ryedale	125	62%
Saffron Walden	93	57%
Salford	58	71%
Salisbury	92	51%
Scarborough and Whitby	137	77%
Scunthorpe	20	65%
Sedgefield	77	73%
Selby	96	78%
Sevenoaks	47	51%
Sheffield Central	111	64%
Sheffield, Attercliffe	22	82%
Sheffield, Brightside	17	53%
Sheffield, Hallam	37	62%
Sheffield, Heeley	30	87%
Sheffield, Hillsborough	42	86%
Sherwood	79	67%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Shipley	46	72%
Shrewsbury and Atcham	123	66%
Sittingbourne and Sheppey	35	71%
Skipton and Ripon	166	67%
Sleaford and North Hykeham	113	66%
Slough	49	76%
Solihull	16	81%
Somerton and Frome	107	61%
South Antrim	43	79%
South Cambridgeshire	128	68%
South Derbyshire	107	77%
South Dorset	84	73%
South Down	130	68%
South East Cambridgeshire	125	69%
South East Cornwall	140	65%
South Holland and The Deepings	87	67%
South Norfolk	141	60%
South Ribble	23	74%
South Shields	57	79%
South Staffordshire	21	86%
South Suffolk	110	65%
South Swindon	34	62%
South Thanet	77	60%
South West Bedfordshire	44	61%
South West Devon	45	49%
South West Hertfordshire	46	52%
South West Norfolk	133	72%
South West Surrey	71	65%
Southampton, Itchen	59	73%
Southampton, Test	18	78%
Southend West	8	63%
Southport	44	57%
Spelthorne	9	89%
St Albans	41	66%
St Helens North	28	79%
St Helens South	49	71%
St Ives	173	58%
Stafford	64	66%
Staffordshire Moorlands	61	79%
Stalybridge and Hyde	39	56%
Stevenage	34	56%
Stirling	99	69%
Stockport	47	70%
Stockton North	47	70%
Stockton South	43	44%
Stoke-on-Trent Central	48	71%
Stoke-on-Trent North	29	79%
Stoke-on-Trent South	16	88%
Stone	76	67%
Stourbridge	32	66%
Strangford	48	71%
Stratford-on-Avon	87	66%
Streatham	37	65%
Stretford and Urmston	22	64%
Stroud	102	62%
Suffolk Coastal	143	69%
Sunderland North	58	66%
Sunderland South	48	81%
Surrey Heath	22	45%
Sutton and Cheam	13	69%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
Sutton Coldfield	32	63%
Swansea East	27	63%
Swansea West	68	63%
Tamworth	32	66%
Tatton	53	75%
Taunton	110	73%
Teignbridge	81	65%
Telford	60	77%
Tewkesbury	69	62%
The Wrekin	43	67%
Thurrock	54	72%
Tiverton and Honiton	112	62%
Tonbridge and Malling	48	69%
Tooting	21	76%
Torbay	48	73%
Torfaen	55	73%
Torrige and West Devon	159	76%
Totnes	132	67%
Tottenham	67	55%
Truro and St Austell	107	57%
Tunbridge Wells	31	74%
Twickenham	52	62%
Tyne Bridge	135	70%
Tynemouth	63	73%
Upminster	15	67%
Upper Bann	128	73%
Uxbridge	12	67%
Vale of Clwyd	48	75%
Vale of Glamorgan	62	55%
Vale of York	118	60%
Vauxhall	125	63%
Wakefield	79	63%
Wallasey	44	68%
Walsall North	29	93%
Walsall South	59	69%
Walthamstow	45	69%
Wansbeck	56	66%
Wansdyke	59	63%
Wantage	66	65%
Warley	35	86%
Warrington North	39	64%
Warrington South	27	67%
Warwick and Leamington	80	70%
Watford	29	59%
Waveney	104	78%
Wealden	53	58%
Weaver Vale	50	76%
Wellingborough	57	61%
Wells	99	59%
Welwyn Hatfield	32	66%
Wentworth	26	69%
West Aberdeenshire and Kincardine	76	59%
West Bromwich East	35	71%
West Bromwich West	34	82%
West Chelmsford	57	79%
West Derbyshire	197	73%
West Dorset	170	67%
West Dunbartonshire	50	72%
West Ham	59	61%
West Lancashire	34	65%

<i>Constituency</i>	<i>Total applications</i>	<i>Success rate</i>
West Suffolk	89	64%
West Tyrone	76	58%
West Worcestershire	84	75%
Westbury	76	59%
Westmorland and Lonsdale	169	70%
Weston-Super-Mare	66	70%
Wigan	52	71%
Wimbledon	36	64%
Winchester	137	60%
Windsor	21	62%
Wirral South	37	59%
Wirral West	19	63%
Witney	83	60%
Woking	46	76%
Wokingham	25	36%
Wolverhampton North East	10	80%
Wolverhampton South East	22	86%
Wolverhampton South West	67	70%
Woodspring	77	62%
Worcester	57	74%
Workington	82	70%
Worsley	31	77%
Worthing West	39	74%
Wrexham	36	61%
Wycombe	36	50%
Wyre Forest	54	70%
Wythenshawe and Sale East	22	77%
Yeovil	66	59%
Ynys Môn	64	58%
Grand Total	38,996	66%

The data in the table on pages Ev 22-33 in response to question 155 (Table B) is not directly comparable with the data given in response to questions 51 and 144 (Ev 19-21) (Table A) The latter shows success rates for local authorities, rather than constituencies. In addition Table A gives data for two time periods before and after HLF established development teams in 2002 while Table B gives data from 1994 to March 2007.

Question 116 (Mr Sadiq Khan): *Can you also tell me the difference between successful applicants that are well established organisations and the BME led projects*

It is not currently possible to compare success rates for BME groups with other groups as the analysis that is needed to distinguish projects led by people from BME groups, or with a specific focus on benefiting BME groups, is only carried out on successful applications.

All of HLF's work to broaden access to heritage funding and to HLF-funded projects will help to broaden access to BME communities, but HLF also undertakes work to specifically target BME groups to increase their capacity to access HLF funding.

In response to local need several HLF offices in regions with large BME communities have included their own BME-focused action plans as part of their development priorities, with the aim of making HLF funds more easily accessible to potential applicants and bringing about a more equitable spread of grants by being locally responsive. These strategies have been designed to provide a range of support mechanisms to build the capacity of potential applicants to improve the quality of their projects.

One of the most effective ways is to collaborate with organisations and agencies who work directly with BME communities. HLF's partnership initiatives have included working with the Black History Foundation and the Race Equality Council in Birmingham to identify and reach Black groups to encourage and support applications; with the Smallheath Community Forum in Birmingham to engage Asian communities and taking a stall at the 2006 Mela at the NEC in partnership with "Coming to Coventry", an HLF-supported project; and with Slough Council for Voluntary Service to attract BME groups and provide appropriate advice and guidance through tailored events and accompanying one-to-one surgeries.

In order to engage BME groups HLF has developed funding literature in a variety of community languages. Specific guidance to help support the planning of heritage projects which explore the presence of BME communities in the history of the UK has also been produced.

Since 2001, the HLF press office has specifically targeted BME media in order to highlight HLF's support for the UK's diverse heritage and to show that HLF works at a community level and is trying to open up the UK's heritage to new audiences.

Much recent work has focused on supporting the commemoration of the Bicentenary of the Parliamentary abolition of the slave trade. In recognition of this important event HLF has identified the funding of Bicentenary projects as a UK-wide priority and to date has funded projects in every country and region, distributing more than £11million to over 115 projects. Approximately half of these awards have gone to voluntary and community sector organisations, many of which are BME-led groups, including the Watford African Caribbean Association, Cettie and the African Women's Forum.

HLF has also funded major national organisations to undertake work to further their engagement with BME communities. For example, a recent award of almost £500,000 to the National Trust will enable it to develop and implement strategies for increasing its engagement with BME communities at four of its properties.

Question 121 (Mr Philip Dunne): *What proportion of the lottery sales at the moment is going to Olympic causes*

According to the National Lottery Commission, the first designated Olympic scratchcard was launched in July 2005, two weeks after the International Olympic Committee announced its decision. Since then, a series of further Olympic scratchcards has been launched, along with Dream number, the draw-based game that replaced Lotto Extra in July. In addition, all Interactive Instant Win Games available to play on the National Lottery website are now designated Olympic games.

The Commission reports that £87,100,000 has been raised for the Olympic Distribution Fund since designation began—£33,200,000 of which in the third quarter of 2006–07, the most recent figures available. In the same quarter, the National Lottery Distribution Fund (ie for non-Olympic good causes) received £362,300,000. (Source: National Lottery Commission website—www.natlottcom.gov.uk)

It is not possible to know to what extent Olympic designated games have reduced proceeds from non-Olympic designated games.

The National Audit Office Report *Preparations for the London 2012 Olympic and Paralympic Games* said:

*48 The Olympic lottery games are expected to reduce the money available to the other good causes by diverting sales from the mainstream lottery games. As we reported previously, prior to the introduction of the designated games, Camelot estimated that 59% (some £440 million over seven years) of the £750 million to be raised might come from players switching from existing games. This "cannibalisation" rate varies according to the assumptions underlying the calculation but, using the same set of assumptions, the latest estimates supplied by Camelot to the National Lottery Commission are that 77% (some £575 million) may be diverted from the non-Olympic good causes. The Department estimates that this represents about 5% of the total income expected to be raised for the non-Olympic good causes in the period to 2012. Camelot aims to mitigate the effect of the designated Olympic lottery games on the returns to the other good causes by increasing ticket sales across the board. (Source, *Preparations for the London 2012 Olympic and Paralympic Games—Risk assessment and management*, Report by the Comptroller and Auditor General, HC 252 2006–07, 2 February 2007)*

Question 152 (Mr Ian Davidson): *Could you give us some information of the background of some of the trustees which will demonstrate to us that they come from a wide range of society*

Appointments to HLF's Board of Trustees are made by the Prime Minister on the advice of the Secretary of State for Culture, Media and Sport. The process is managed by the Department for Culture, Media and Sport and complies with guidance from the Commissioner for Public Appointments. Appointments are made against a pre-agreed set of criteria considered to be essential or desirable for the role.

DCMS has recently asked all its NDPB's to work towards producing a diversity plan for its Board appointments. This is timely for HLF as between December 2007 and October 2008 five of its trustees, including the Chair, will be standing down. This group includes both of HLF's trustees from BME groups, and three of the present four women on the Board. As DCMS works on the recruitment of new trustees, HLF hopes to take the opportunity to test a range of strategies to broaden the pool of applicants.

Biographies of HLF's trustees are given below. Of 15 Trustees, six attended a fee-paying, independent school at some point in their educational career, six studied at either Oxford or Cambridge Universities, and eight consider themselves to come from a trade union background or have been a trade union member.

As already explained, HLF does not hold information on which trade unions Trustees have been members of or for how long they held membership: the information is not material to the office that they hold at HLF. To answer Mr Davidson's original question we contacted Trustees and asked them if they considered that they came from a trade union background. In response to Mr Davidson's further question Trustees have now provided a range of memberships and experiences as follows:

A number of Trustees have at various times been members of trade unions, including:

Post Office Union, National Union of Journalists and the National Union of Teachers.	1970–1991
AMICUS/UNITE.	2005 to date
Dansk Magisterforening, Association of Salaried, Technical and Managerial Staffs and First Division Association	1971–1980
National Union of Journalists	1968–1980
Civil Service Union.	1975–1980
Association of University Lecturers, Institution of Professional Civil Servants and First Division Association	1970–2000

In addition, two Trustees are members of the Labour Party and a third was born and raised in council housing and had a father who was a lifelong member of the TGWU and the Labour Party.

The information came from eight Trustees and the six lines of the table represent the individual responses of six different Trustees.

The Trustees who have been or are currently members of trade unions, the Labour Party or were born and raised in council housing are:

Brian Lang

Catherine Graham Harrison

Dan Clayton Jones

Derek Langslow

Doug Huyler

Liz Forgan

Mike Phillips

Tristram Hunt

MADHU ANJALI

Ms Anjali has extensive experience in local government, education and diversity. She is the former Head of Equality Services at Berkshire County Council and is currently a non-service member of the Extended Interview Board with the Home Office. Previously, she worked as Assistant Education Officer at Berkshire County Council and was a Research Fellow at the University of Keele.

Ms Anjali is a General Commissioner of Taxes in Reading, and has served on boards and committees of numerous public bodies. She has carried out research on several educational subjects, including acting as principal researcher on a Government funded enquiry into vocational and educational experiences of young people in Britain 1981–84. She has published three works on education, including *Educational and Vocational Experiences of Young People of Ethnic Minority Groups* DES 1984.

Ms Anjali became a Trustee of the National Heritage Memorial Fund in July 2002.

DAN CLAYTON JONES

Dan Clayton Jones was born in Porth in the Rhondda, Wales. He was educated at Cowbridge Grammar School, Llandovery College, Carmarthenshire, and King's College, London University where he read law, and was a recipient of an ESU Scholarship to study in the USA.

He began his career in marketing with Ford of Europe as PA to the Vice-President of Marketing, based in Brussels. Over the following twelve years he held senior marketing appointments with the Wales Tourist Board (Marketing Manager) and the Rank Organisation (Marketing Director Leisure Division).

In the mid 1980's, in partnership with his brother, he founded Crown & Co in South Wales, selling his interest to Royal Insurance Plc in 1990. He is a Director of Cord Investments Ltd and J J & F Property Holdings Ltd, both leisure and commercial property companies.

A life-long supporter of the heritage in Wales, he was Secretary of the Historic Houses Association in Wales for 12 years and is a founding Life Member of the Historic Gardens Trust. Dan has been the Vice-Chairman of the National Trust in Wales and was the first Chairman of the National Botanic Garden of Wales, a £44 million Millennium project. In the last three years he has chaired Hendreff Building Preservation Trust, Cowbridge Physic Garden Trust and is the Chancellor of the Order of St John in Wales.

A former High Sheriff of his County, since 1999 he has held the appointment of Hon. Consul for Canada in Wales and was made a Deputy Lieutenant of Mid Glamorgan in 2001.

He was appointed as Chair of the Committee for Wales in September 2005.

MIKE EMMERICH

Mr Emmerich is currently Chief Executive of Manchester Enterprises Ltd, the economic development agency for Greater Manchester. Previously Mr Emmerich was Associate Dean, External Relations, in the Faculty of Humanities and Director of the Institute for Political and Economic Governance at the University of Manchester. Prior to this he was a senior adviser in the Prime Minister's policy directorate where his brief included local government, regeneration, planning and housing, social exclusion, the voluntary sector, community cohesion and race.

He previously worked at HM Treasury and before that Mr Emmerich was a management consultant.

DAME LIZ FORGAN

Dame Liz Forgan OBE was formerly Managing Director of BBC Radio. Following an early career in journalism, she moved to television with the start of Channel 4 where she became Director of Programmes. She joined the BBC in 1993.

She is a former Chair of the Churches Conservation Trust and also former Trustee of the Phoenix Trust. She is the Chair of the Scott Trust and a board member of the Conservatoire for Dance and Drama.

Dame Liz Forgan joined as Chair in April 2001.

KATHY GEE

Has had a 30 year career in museums, working initially with the independent and voluntary sectors. She has been Chair on the Devon Museums Group and on the Board of the Area Museums Council in the south west. For the last 17 years she has been Chief Executive first of the West Midlands Regional Museums Council and then its successor MLA West Midlands. Kathy is now standing down from this role and will be working as an executive coach in the cultural sector.

CATHERINE GRAHAM HARRISON

Ms Graham Harrison is a management consultant working in the cultural and educational sectors, with the media and with charities. She is a former Citibank Vice President and has been Director of the Hamlyn Foundation.

She is currently on the Board of the Joseph Rowntree Foundation and Chair of Womankind Worldwide, and has previously been Vice Chair of London Arts.

DOUG HULYER

Mr Hulyer has been employed in wildlife conservation, environmental education and sustainable development for almost 30 years. He was a council member of English Nature from 2002 and has been appointed to the Board of Natural England. He is the former Director of Conservation Programmes at the Wildfowl and Wetlands Trust and was Project Director for the London Wetlands Centre.

TRISTRAM HUNT

Dr Tristram Hunt is a journalist and author and is one of Britain's leading young historians. He is an expert in Victorian urban history and is currently a visiting professor at Arizona State University and a lecturer in history at Queen Mary, University of London.

Educated at Trinity College, Cambridge and the University of Chicago, he was previously an associate fellow at the Centre for History and Economics, King's College, Cambridge and research fellow at the Institute for Public Policy Research (IPPR).

He is also author of numerous books and articles, the most recent being the critically acclaimed *Building Jerusalem: The Rise and Fall of the Victorian City*. This book charts the history and architecture of the 19th Century city and concludes with debates on urban regeneration. In addition, he has worked extensively to generate a broader public interest in heritage through his articles in *The Times*, *The Observer*, *The New Statesman* and specialist journals.

He has written and presented a number of radio and TV series including *Civil War* (BBC2), *Isaac Newton: Great Briton* (BBC2) and *Past Presence* (Radio 4) and is currently working on a new project for Channel 4.

DR BRIAN LANG

Dr Brian Lang is Principal and Vice-Chancellor of the University of St Andrews.

Dr Lang was born in 1945 in Edinburgh and educated at the Royal High School and Edinburgh University, where he studied social anthropology. Following a period in Kenya studying and living among the Kamba people, he lectured in social anthropology for some years at Aarhus University, Denmark. Returning to Britain, he joined the scientific staff of the Social Science Research Council.

In 1979 and 1980 he was head of the Historic Buildings Branch of the Scottish Development Department, and for the following seven years was Director of the National Heritage Memorial Fund, based in London.

After four years as Director of Public Affairs for the National Trust, he was appointed Chief Executive and Deputy Chairman of the British Library. He oversaw the successful move, after years of controversy, of the British Library into its very large new building at St Pancras, while simultaneously introducing new strategies designed to bring the library fully into the digital information world.

In 2000, Dr Lang was a Visiting Scholar at the Getty Institute, Los Angeles. He is a Board member of Scottish Enterprise Fife.

DR DEREK LANGSLOW

After graduating from Cambridge University in Natural Sciences and a PhD in Biochemistry, Dr Langslow worked as a post-doctoral Fellow in Cambridge before becoming a lecturer in Biochemistry at Edinburgh University. In 1978 he joined the Nature Conservancy Council as Senior Ornithologist and became Chief Executive of English Nature in 1990. He left English Nature in 2000. Particular interests at English Nature included chairing the UK Biodiversity Targets Group, improving the accessibility, interpretation and size of National Nature Reserves, developing partnerships with SSSI owners and modernising the management of statutory nature conservation practice.

Between 1987 and 1993, he was vice-president of IWRB, an international NGO concerned with wetland conservation. From 1993–98, he was chairman of the Asian Wetland Bureau based in Kuala Lumpur.

His interests include being a non-executive Director of British Waterways and Harwich Haven Authority; being Chairman of the Rail Passengers Committee for Eastern England; leading and completing the Quinquennial Review of the Royal Botanic gardens, Kew for DEFRA; leading the QR for Horticulture Research International, and ornithological fieldwork.

Dr Langslow became a trustee in February 2002.

DR MIKE PHILLIPS

Dr Phillips was born in Guyana and came to Britain in 1956. After graduating from the University of London he took graduate courses in literature, politics and education and worked as a teacher, community worker and lecturer and more recently as a journalist, TV producer and editor.

He is a published author. Together with his brother Trevor Phillips he wrote and produced *Windrush*, a four part television series on West Indian migration to this country.

He is a fellow of the Royal Society of Literature and an honorary Doctor of Middlesex University.

Dr Phillips became a Trustee in January 2002.

MATTHEW SAUNDERS MBE

Mr Saunders is the Secretary of the Ancient Monuments Society, concerned with listed buildings of all ages and types, and has just recently stepped down as Secretary of the Joint Committee of the National Amenity Societies in order to devote time and energy to his new role at HLF and NHMF.

He is also Honorary Director of the Friends of Friendless Churches which own 34 historic but disused churches, half in England, half in Wales. He has also been a member of the HLF Places of Worship Advisory Committee and the Historic Buildings and Land Panel.

Mr Saunders has written a number of articles and books on a variety of subjects including railway architecture, bank architecture, the adaptation of churches and other historic buildings to new uses, and the philosophy of conservation. He was awarded his MBE in 1998.

RONALD SPENCE

Mr Spence was appointed as a Trustee and Chairman of the Committee for Northern Ireland in April 2006.

He was educated at Methodist College Belfast and at Queen's University Belfast where he studied Modern History. He was a member of the Northern Ireland Civil Service from 1963 to 2001, including serving over seven years as Permanent Secretary of the Department of the Environment and the Department for

Regional Development. He was heavily involved in initiatives in the areas of housing, urban regeneration, protection of the environment, tourism, equality, community divisions, regional planning, transport, cultural diversity and social exclusion.

He was Chairman from 1995 to 2001 of the Northern Ireland Partnership Board which delivered through local partnerships an innovative European Community Peace and Reconciliation Programme. He chaired from 1997 to 2002 the Northern Ireland Events Committee which promoted quality events to improve the region's image and to bring the different parts of the community together. He was the joint chair of partnership boards that prepared long term vision statements for Armagh, Belfast, Craigavon and Derry/Londonderry. Mr Spence is Chairman of the Probation Board for Northern Ireland and a member of the Northern Ireland Legal Services Commission. He has a keen interest in improving the performance of organisations and is a director of a consultancy company. He is an Honorary Senior Fellow of the Institute of Governance, Public Policy and Social Research at Queen's University Belfast.

RICHARD WILKIN LVO MBE

Mr Wilkin was until 2005 the Director General of the Historic Houses Association. Prior to this, he pursued a career in the Army and then in the Diplomatic Service (1964 to 1995), serving in Germany, Arabia, Switzerland, Africa and the Caribbean.

He has been a Member of the British Tourism Development Committee, the Executive Committee of the Historic Environment Review, and a Trustee of Heritage Link and is now Secretary of the Estates Business Group and Chairman of the National Trust Wessex Region.

CHRISTOPHER WOODWARD

Christopher Woodward is Director of the Museum of Garden History. He was previously Director of the Holburne Museum of Art in Bath, and has worked as Assistant Curator at Sir John Soane's Museum. He was a member of the team which set up The Building of Bath Museum, which opened in 1992.

He is author of "In Ruins"—a book about how artists and writers have been inspired by British ruins.

Questions 153 & 157 (Mr Ian Davidson): *You have statistics that can demonstrate that grantees have expanded the range of people who take advantage of their services*

Could you give us a note indicating what work has been done to make sure that access to facilities that you are funding has been broadened

HLF has four strategic aims, three of which make specific reference to broadening access to the UK's heritage:

- to encourage more people to be involved in and make decisions about their heritage;
- to ensure that everyone can learn about, have access to and enjoy their heritage; and
- to bring about a more equitable spread of its grants across the UK.

We seek to achieve these aims in a number of ways.

HLF does not define heritage, instead asking its applicants to demonstrate what has meaning to them from the past that they wish to hand on to future generations. This has enabled HLF to fund the broadest spread of heritage—including not just museums, galleries and traditional built heritage, but also industrial, maritime and transport heritage, landscapes and species, historic public parks, and the intangible heritage of local and regional tradition, dialect and oral history. For example, HLF has awarded over £88 million to more than 145 projects relating to the UK's historic canal network and has funded many projects relating to the UK's mining history, including Big Pit in Blaenau Gwent, the National Coal Mining Museum for England in Wakefield and the Scottish Mining Museum, as well as several miners' banner restoration projects.

HLF recognises that many smaller community groups need extra support and encouragement to apply to the Fund. HLF offices, based in each region and country of the UK, have small development teams. The role of these teams is to work with communities to generate interest and involvement in local and regional heritage and help local groups develop successful projects. To date, 65% of HLF awards have gone to community, charitable and voluntary organisations and social enterprises, 74% of HLF awards have been for grants of less than £50,000 and 95% have been for awards of under £1 million.

To date, 40% of HLF funding has been awarded to projects in the 25% most deprived local authority areas in the UK. Success rates for deprived areas are consistently around 2 percentage points higher than the UK average.

Although HLF takes into account the scope for reducing economic and social deprivation at the same time as creating heritage benefits HLF is not a regeneration agency. The projects that we support will always focus on delivering benefits to the heritage and will not be designed primarily to reduce deprivation in a community.

HLF's Townscape Heritage programme specifically targets areas of economic and social deprivation and uses heritage as a means of regeneration. More than 150 projects, worth more than £190 million are regenerating historic areas of towns and cities across the UK. HLF's Public Parks programme has awarded over £440 million to regenerate more than 300 popular historic public parks in the heart of towns and cities.

In 2001, HLF identified that it needed to make a special effort to engage more young people in heritage and subsequently launched its Young Roots programme. This targeted programme offers grants of between £5,000 and £25,000 to groups of 13–20 year-olds (up to 25 for those with special needs) to enable them to find out about their heritage, develop skills, build confidence and promote community involvement. Over 500 Young Roots projects have benefited from more than £11 million.

Improving physical access to heritage is important and HLF asks applicants to include improvements to access in projects—for example, at Kew Palace, there is now lift access to all floors; disabled visitors to the stony beaches of Chichester can borrow all-terrain wheelchairs; whilst SS Great Britain has hand-held video guides to enable deaf people to get the most out of their visits. HLF has also given more than £15 million to projects specifically benefiting disabled people, including over £5 million to 171 projects led by disability organisations, and £1.5 million to help disabled people explore their own heritage.

Every major project that HLF funds is asked to demonstrate how it will use National Lottery funding to broaden access to heritage. For example, Glasgow Riverside Museum, which is being created with an HLF grant of £17 million, will attract new audiences for Glasgow's industrial and transport heritage and work to make sure that the demographic profile of its visitors matches that of the city itself.

Establishing the impact of our funded projects is important. For example, we undertake contract compliance and output surveys which ask completed projects questions about the numbers of visitors and volunteers, including their ethnicity and socio-economic status. Our 2005 and 2006 surveys showed that for those projects which had a visitor element, the average proportion of visitors from people of a BME background was 12% and the average proportion of visitors from lower socio-economic groups was 28%. For the same two year period the sampled projects reported that the average proportion of volunteers from people of a BME background was 6% and those from lower socio-economic groups totalled 26%.

To put that those results into context, the last census records 8.2% of the population as being in black or minority ethnic groups and 33% of the population as being in lower socio-economic groups.

Supplementary memorandum submitted by the National Audit Office

Question 108 (Mr Sadiq Khan): *How many projects or case studies that you looked at for your Report were black, ethnic minority heritage projects to the nearest five*

In Appendix One, in the methodology used by the NAO in the Report, how many of the projects or case studies that you looked at for your Report were black, ethnic minority heritage projects to the nearest five?

The National Audit Office gathered evidence through a survey of 8,000 grant applicants, irrespective of the applicants' background, and the survey was supplemented by an examination of thirty projects. Projects supported by the Heritage Lottery Fund are usually designed to benefit the community in general, so their benefits will normally extend to include the black and minority ethnic community.

The Report reflects the full range of responses to the survey, which was sent to all projects completed by 31 March 2004 that had received a grant of £5,000 or more, and to all applicants who applied after 1 April 2002 for a grant of £5,000 or more. Using the following parameters, we selected at random 30 projects for more detailed examination:

- Geographical coverage: we selected ten projects from each of the Eastern and North West regions, and from Wales;
- Range of sizes: we selected eight projects awarded grants of between £5,000 and £50,000, fourteen projects awarded grants between £50,000 and £1,000,000 and eight projects with grants of over £1,000,000; and
- Range of application dates: twelve applications date from before 31 March 2002, the remaining eighteen from after 1 April 2002.

Only 3.7% of projects supported by the Heritage Lottery Fund are defined by applicants as having a specific focus on benefiting people from black and minority ethnic groups. Of the 30 projects which we looked at in more detail, none were focussed specifically on black and minority ethnic groups.

Letter from the Comptroller and Auditor General to the Committee Chairman

At the Committee's hearing on 25 April 2007 I was asked by Mr Davidson to examine whether work that the Heritage Lottery Fund does to assess if its projects have broadened access to all sections of society measures up to best practice.

My recent report on the Heritage Lottery Fund referred to the fact that the Fund has recently developed a framework against which to plan its evaluation work and assess the effects of its funding, including for the first time, capturing data on project outputs such as visitor number and activities.¹ We have confirmed that the framework, which has been in place since 2005, draws on Cabinet Office, Treasury and Department for Culture, Media and Sport guidance.² It uses a combination of quantitative and qualitative tools to evaluate the Fund's generic and targeted grant programmes, including the extent to which projects have broadened access to people from all socio-economic and ethnic backgrounds. A number of published evaluation reports are available on the Fund's website.³ The Fund is unable, however, to provide comparative information for earlier years because it did not systematically gather such data before 2005.

The main source of quantitative data on the demographic characteristics of people accessing funded projects is the Standard Output Data survey, which the Fund sends to projects one, five and 10 years after completion. The survey was first sent out in January 2005 and asks projects to report annual numbers of visitors, volunteers and people who have received training through the project according to age, sex, ethnic group, disability and socio-economic group for the last two years and, where possible, to provide comparative figures for the year prior to Heritage Lottery funding.

Some projects, however, are uncertain about how to gather demographic data about visitors and participants.⁴ Of the 600 projects with a visitor element that completed the survey to 31 December 2006, 40% reported on the ethnicity of visitors and 20% on their socio-economic background. To improve the amount and consistency of information provided by projects the Fund plans to distribute guidance to help projects develop appropriate monitoring systems.

Since 2005 the Fund has also collected more in-depth information on a sample of recently completed larger projects (receiving grants of over £100,000) by an annual survey of visitors to visitor attractions and residents living close to parks and other public spaces. The surveys are face-to-face, collect demographic data about respondents and ask questions about their frequency of visits, enjoyment and understanding of the heritage.

The success of the Fund's approach will depend on projects following its guidance and collecting good quality data in the first place. Overall, however, the Fund now has a framework in place that should enable it to evaluate in the future how well its funding has helped broaden access to the heritage for all sections of society.

Sir John Bourn KCB
Comptroller & Auditor General

5 July 2007

¹ C&AG Report, *Heritage Lottery Fund*, HC 323 Session 2006–07, para. 15

² Cabinet Office, *The Magenta Book: Guidance Notes for Policy Evaluation and Analysis*; HM Treasury, *The Green Book: Appraisal and Evaluation in Central Government*; Department for Culture, Media and Sport, *The White Book: DCMS Guidance on Appraisal and Evaluation of Projects, Programmes and Policies*.

³ <http://www.hlf.org.uk/English/PublicationsAndInfo/AccessingPublications/Research+and+consultation.htm>

⁴ Applejuice Consultants, *Social Impact of Heritage Lottery Funded Projects: Evaluation Report 2004–05*, June 2006, pp 24–26, 60–61.