

NPC RESPONSE TO THE CONSULTATION ON POLICY DIRECTIONS FOR THE BIG LOTTERY FUND

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Patrick Murray

NPC exists to support charities and funders to deliver the greatest possible impact for the causes and beneficiaries they exist to serve. NPC works with a broad range of charities and funders, many of whom work with the Big Lottery Fund (BLF). Our response to this consultation is built from this experience. In our General Election 2015 manifesto, *[A vision for change](#)*, NPC called for BLF to create an innovation fund to support new ideas, whilst using its strategic funding to support charities able to demonstrate the impact of their interventions. We therefore welcome moves in these policy directions to support charities to deliver impact, and a greater emphasis on sharing learning more widely. However, there is still more that could be done to enable charities and funders across the sector to deliver the greatest possible impact.

NPC's consultation response

The Big Lottery Fund is a very important funder in the sector, so spending wisely is crucial. But it also sets trends—so its approach to impact has wider repercussions; for example its stance on making its own data accessible and open influences the whole funding sector.

In this time of change BLF itself is not alone in needing adequate managerial capacity and investment in its own infrastructure. The limits on its overhead spending are unhelpful in this regard, and government should consider increasing them. Placing strict constraints on BLF's capacity is unhelpful for the effectiveness of its funding programmes and hence bad for increasing the impact of the wider sector.

Question 1. Is there anything set out in these directions that the Big Lottery Fund should not be doing? If yes tell us what and why

Direction 1.C—principle of additionality and complementarity

The principle of additionality and complementarity could potentially be problematic. In an era where the state is being radically reformed, and retreating in many areas, it may not be appropriate for BLF to take an approach which precludes it from funding projects which may once have been wholly funded by central or local government. Indeed as the state's position changes, civil society has a crucial role in working with communities to ensure issues and challenges are not ignored, and charities and funders need to be free to respond to need as it arises. If the policy directions lead to BLF moving in this way then it is critical that the government and BLF are open and transparent about why, to avoid the public feeling short-changed.

Direction 3.C.5—social investment

The policy directions set out are very broad. However, there may be a question over to what extent BLF should immerse itself in the world of social investment. There are already a large number of bodies and policy initiatives seeking to support the growth of the social investment market. If BLF choose to pursue work here, NPC suggests that it could add the greatest value by supporting innovative models in this field, rather than duplicating work by Big Society Capital, the Access Foundation, the Center for Social Impact Bonds, and others.

Question 2. Is there anything else the Big Lottery Fund should be doing, not covered by these directions? If your answer is yes, please tell us what else they should be doing and why.

1.C—Outcomes and impact

NPC welcomes the increased focus on outcomes and impact in policy direction 1.C. However, we believe this focus could go further, particularly in supporting shared measurement tools that enable collaboration between organisations and that support increasing the impact of sub-sectors rather than organisations on their own.

NPC argued in our 2015 General Election manifesto, [*A vision for change*](#), that BLF should limit funding in its strategic programmes to charities that can prove their impact. We repeat this call here.

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We recognise that BIG has made significant progress in this area, but it can do more. Its strategic spending programmes makes large grants to tackle four key areas of social need, and it is essential that this money is used effectively. Quite simply, we believe that if a charity cannot prove that it is having the impact it claims, it should not receive money from the strategic programmes.

[*A vision for change*](#) NPC, 2015

2.B—Innovation

NPC welcomes the focus on funding innovative pilots and projects in policy direction 2.B. However, we believe this focus could go further. NPC argued in our 2015 General Election manifesto, [*A vision for change*](#), that BLF should establish a separate innovation fund, which would support innovative approaches and evaluation of these pilots so that learning can be better shared across the sector. We repeat this call here.

The Big Lottery Fund should establish a new Innovation Fund, based on the principles of the BIG Innovation Programme (Wales), with an eventual value of over £30m.

We believe that this fund should be specifically designed to support projects that test new ways of tackling emerging and existing social problems. The fund should be prepared for some of these innovations to fail and should ensure that this outcome does not affect a charity's prospects when bidding for other BIG funding. Acknowledging and accepting the reality of 'failure' would encourage more creative innovation. The lessons from this fund should be shared and used as a learning opportunity for the charity sector. It would be advisable to start with a small fund in the region of 1% of the Fund's budget—

£6.7m—rising to 5% (£33.5m) over the next parliament. The fund structure should be flexible: grants could range from £20,000 to £1m for projects running up to five years. *'We wanted to support imaginative approaches to address unpopular or challenging issues neglected by other funders. We were prepared to take risks with our funding; recognising that some projects may fail. But others will demonstrate the success of new approaches that can be taken up by other projects working in the same field'*

A vision for change NPC, 2015

Direction 3.C.1—Life Chances agenda

Direction 3.C.1 relates to the Government's Life Chances agenda. NPC has previously argued that [charities have a real role to play](#) here, and we support the inclusion of this direction. However, it is crucial that funding decisions support approaches that can demonstrate a real impact on the ground. At the [Queen's Speech](#) the government announced plans to draw-up indicators for measuring the Life Chances agenda. Whilst these metrics are currently being developed, future funding decisions on the life chances agenda, including those from BLF, should support approaches that can demonstrate impact against a robust set of metrics.

Direction 3.C.3—supporting communities to become stronger, more resilient and safer

The direction 3.C.3, related to community resilience and cohesion, is even more crucial in a post-referendum world where divisions have clearly been sharpened within communities. It is unclear what 'British values' means in this context, and it is critical that this does not become an exclusive agenda which makes it harder to bring divided communities together.

There is a clear, and welcome, link with BLF's [People in the Lead](#) strategy. However, to date it is not clear how this strategy is flowing through, and BLF could do more to collaborate with other community-based funders. Indeed if funders such as BLF are to build on people's strengths and assets to support stronger and more resilient communities, then infrastructure at a local level will need greater support than is currently available. NPC recommends BLF examines the possibility of establishing a bottom-up infrastructure fund to support the mobilisation of assets in communities.

Directions 3.C.6 and 7—related to infrastructure

NPC welcomes the inclusion of directions 3.C.6 and 7, which relate to infrastructure. As we argue in our report [Boldness in times of change](#), infrastructure presents a particular problem in the third sector. Much of the current direction of government funding on infrastructure is supporting social investment, which will not be right for every organisation. Meanwhile the sector remains [significantly behind on the digital agenda](#), and local voluntary sector organisations are struggling more generally.

In [Boldness in times of change](#), NPC identifies ways in which harnessing the power of digital could enable much better sharing and collaboration of existing knowledge and assets within the sector, as a way of facilitating learning and new approaches. However, the sector desperately needs the skills, networks and shared infrastructure to make this a reality. BLF could take a leadership role in working with other funders, NPC and others to ensure the sector can make the most of the digital revolution.

NPC has also called for improving governance structures at charities, including around digital innovation, to create the best possible infrastructure from which to pursue greater impact and including digital innovation. We repeat here the recommendations from our paper [It comes from the top](#).

In addition to these headings, NPC would draw attention to other omissions from the proposed policy directives:

Governance

BLF should consider whether governance is due significant investment, to build both governance capacity and the market to support it.

Balance between reactive and strategic funding

For a funder with as broad a reach as BLF this is clearly difficult, because the remit set out in these policy directions potentially covers every sub-sector, every social issue, and the health of voluntary organisations generally. Within responsive programmes this allows greater flexibility, but when it comes to being strategic it is difficult to see how BLF can avoid the necessity to prioritise. With early action work, for example, it will be necessary to identify some priority issues and areas where BLF can make the most difference.

Spreading learning across the sector

NPC welcomes BLF's increased emphasis and focus on learning and evaluation in their work. However, BLF could do more to share this learning with the sector so that others can benefit from this work, and the sector's impact can be increased. Specifically, the policy directions could include a recommendation to publish research on which decisions are based, including internal research. The BLF work with NPC on [prevention and early intervention was](#) a good example of sharing knowledge to help support others in the sector increase their impact.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

New Philanthropy Capital
185 Park Street, London SE1 9BL
020 7620 4850
info@thinkNPC.org
[@NPCthinks](https://www.thinkNPC.org)

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www.thinkNPC.org