



In an increasingly competitive funding environment there is no guarantee of receiving Lottery funding from the Big Lottery Fund (BIG). Although BIG is a statutory body, accountable for public funds, the funding it provides is discretionary. This means that no organisation is automatically entitled to receive funding and we have to look at an organisation's capacity to handle public funds.

In order to ensure these funds are spent effectively and not misused we have a number of measures in place to ensure that organisations that receive Lottery funding have sufficient and appropriate governance arrangements.

We pay as much attention to your organisation's capacity to handle public funds as we do to the project you are hoping to run. We review your application form and the governance arrangements of your organisation as detailed before we assess the project proposal.

What do we mean by governance?

Governance means the way your organisation is set up and run. It is partly about the procedures, policies, documents and management arrangements you have in place for the way you administer and control your organisation, including its finances and delivery of what it has been set up to achieve. It is also about your organisation's relationships with the stakeholders and the aims and objectives of your organisation. The main stakeholders will include trustees, people and groups who use your services and activities, directors and employees. Other stakeholders include professional services, banks, regulators and the community at large.

Why is good governance important?

BIG does not have unlimited funds. We must ensure that our money is going to organisations that can effectively deliver projects to those most in need and is being used for the genuine benefit of the community. To ensure this, we will only make awards to organisations who can demonstrate that they have adequate governance to hold our funds 'on trust' whilst they deliver these aims. In 2006/07 we awarded around £600million of public money; this

is a substantial sum. However, in that same period BIG and Awards for All received applications for grants totalling over £8.5billion, which demonstrates how competitive our programmes are. For every organisation that we fund there will be thirteen that are unsuccessful. Unfortunately, there is never a guarantee of receiving funding from BIG or Awards for All; no organisation is automatically entitled to receive an award. You should not assume that having received one award, you will continue to receive other awards. You should never rely on Lottery funding to keep your organisation running. We have been established to fund delivery of projects to those most in need not the organisations themselves.

With competition for funding increasing we are looking for more evidence of your organisation's ability to manage public funds. It is essential that you can demonstrate to us that you have the sound governance structures required to ensure that your organisation can successfully manage and deliver the project you want to be funded. This is just as important as demonstrating that your outcomes will bring benefits to those most in need. If you do not have the governance structure to deliver the outcomes, then the real benefits will not be felt.

We are not asking for any additional governance arrangements than those already required by Charity or Company law or that a well set up organisation will have. If you are a public sector organisation we will expect that your governance and record keeping will be in accordance with the relevant statute and guidance issued by the relevant regulatory bodies. We are seeking reassurance that your organisation has sufficiently sound governance to enable you to concentrate upon the delivery of what your organisation has been set up to achieve, which includes the project we will be funding.

We therefore operate grant assessment processes that includes the screening of all organisations applying via a risk analysis process.

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What is risk analysis?

Risk analysis is a process that takes place when we first receive an application from an organisation regardless of its status, size and location. If this analysis highlights any areas we need to look at in more detail then the application undergoes further risk assessment.

If we have already identified concerns about an individual involved with your organisation or the application, who has unresolved issues with the Big Lottery Fund or its predecessors in the past, your application will be sent for a full risk assessment. This individual may be a signatory, referee or have some other connection to your organisation or application. Please note, we may be restricted in the amount of personal information regarding individuals we can share due to the Data Protection Act 1998.

What is risk assessment?

If an application needs to go through further risk assessment, then we check the governance arrangements in more detail before the application is assessed for project outcomes. If the governance arrangements are found to be below our acceptable threshold, the application is rejected without undergoing a full assessment and the reason given is that the application has not passed our risk analysis process.

If the application has undergone risk assessment because of an individual, and this person's history leads us to conclude that it would still be potentially unsafe to entrust the public funds to this person, the application will fail risk assessment and it will be rejected.

What do we expect of an organisation?

We strongly suggest that your organisation, when considering applying to any BIG or Awards for All programme, takes note of the following areas:

Read the application pack in detail

Firstly, and most importantly, managers, trustees and directors of your organisation should read carefully and understand the guidance notes, application form and terms and conditions of grant. Before applying to any BIG programme or Awards for All programme all relevant individuals in your organisation should understand what is required of them and the consequences of not complying with the terms and conditions. If successful in an application for funding, you will be entering a legally binding agreement with BIG; this makes it essential for you to understand what is expected.

We are not assessing anything in an application which we have not already told you about in the guidance notes. There are no trick questions. If we say that we expect you to have, for example, a child protection policy, we do expect you to have an up to date child protection policy and would be within our rights to ask to view that policy and evidence that it has been implemented. It is essential that you read and understand what is expected and ensure that you comply fully with all of our requirements.

Fill in the form and supporting documents carefully and correctly

Make sure that all personal information, such as names and addresses are spelt correctly and consistently. You should never use correction fluid or make amendments to your form. If you make a mistake when filling out your form, delete it with a single line only and initial your mistake. The application must be completed by your organisation, not a third party.

Organisation's address

The address for your organisation, which you provide on your application form, must be the up to date registered address. We recommend this to be the organisation's office address (if you have one), not the home address of a trustee or the main contact.

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Governing documents

Your governing documents must be up to date, correct and in line with the requirements of your regulatory body (if relevant). You should ensure that you send us the latest, correct, adopted and signed version of your governing documents if including them with your application.

Trustees and management teams

The information you provide about your current management team and trustees must be consistent with information currently registered at Companies House, Charity Commission or any other regulatory authority. We do check this.

Your supporting documents

We will look to see that your governing documents are consistent with other documents you submit or we ask to inspect. We require the information within your application form, governing documents and other supporting documents (such as accounts) to be consistent.

Banks statements

The organisation's name and address must be consistent with the registered address on your governing documents and application form. If you are awarded a BIG grant it is likely that we will ask you to ring fence any money you are awarded in a separate bank account so it can be accounted for.

If we make an award, we may fund you in advance of your expenditure on the project. These funds will be held by your organisation for the purpose of delivering your project and must not be used for any other reason. All relevant individuals should understand their responsibilities for holding and spending these funds, supported by clear audited accounts, to deliver the agreed funded project.

Accreditations

You should be sure that all professionals you employ, such as accountants, solicitors or architects, have the correct up to date accreditation and registrations. We will check this. As we are awarding public money, we must be sure that the professionals you employ have the correct and appropriate qualifications for the job they are asked to do. We appreciate that this can sometimes cost more money, but we believe that this is money wisely spent. It is not good governance to save money by using 'professionals' who do not have the correct qualifications. A simple check with the relevant authority will tell you whether the professional holds the accreditations that they claim.

Policies and procedures

Your organisation's formal policies and procedures must be up to date, meaningful and enforced. This in particular applies to policies and procedures regarding child protection and vulnerable adults. For projects involving work with children, young people and vulnerable adults we expect project workers, who have direct contact with any of these vulnerable groups, to have enhanced CRB clearance. Your policies must be relevant, accurate, up to date and implemented.

Signatories

You must be sure the correct people in your organisation are signing the forms and governing documents. If a trustee or director's name changes you should ensure that the name change is reported to the appropriate regulatory bodies and recorded on your governing documents. If a trustee or director is routinely known by another name or names, then only the registered name should be used on all application and monitoring documents.

Referees

Your referee must be appropriate for the project that you are applying for funding. We provide a list of acceptable referees and we expect you to seek approval from someone in one of these categories. A well governed organisation should have links to appropriate members of the community who can act as your referee. It is good practice to have different referees for different projects.

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What should I do if I have further questions?

The Big Lottery Fund cannot provide direct advice on how to fill in your application form, as we are not a development agency. You should contact your local Council for Voluntary Service, Citizens Advice Bureau or liaison officers at your Local Authority if you need advice on completing applications.

If you would like advice on which programme might be the most appropriate for you to apply to, you should contact the BIG advice line on 0845 4 10 20 30.

Comments or further questions on this document

Questions about good governance should be directed to BIG's Head of Corporate Governance:

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