

## **Unclaimed Assets Distribution Mechanism: a consultation**

### **A CONTRIBUTION FROM FORWARD SCOTLAND**

#### **Introduction**

Forward Scotland welcomes the opportunity to respond to the UK Government's consultation on the proposed unclaimed assets distribution mechanism. We are happy to have this response placed in the public domain, and invite questions or further discussion on any issues raised in this document.

Forward Scotland supports action for sustainable development through practical projects and research. Our mission is to champion innovative approaches to sustainable development. We work to inspire a culture where the benefits of sustainable development are understood, valued and achieved. To do this we aim to promote sustainability in the widest sense in ways that change people's perceptions, attitudes and behaviour, while also achieving economic vitality, social wellbeing and a good quality environment for all.

Our response is based on ten years of experience promoting sustainable development in Scotland, and of managing and delivering grant schemes which have supported a significant number of communities, social enterprises and other organisations to contribute to sustainable development in a number of areas.

#### **Overall Comments on the Proposal**

Forward Scotland broadly welcomes the proposals set out in the consultation document. However it is our firm belief that the Scottish Executive should have the responsibility of determining the channel for distributing assets in Scotland, rather than this role simply falling to the Big Lottery Fund for the whole of the UK, as prescribed by the UK Government. The devolved administrations are best placed to make judgements on the optimum means of managing and distributing funds in their own areas of responsibility.

It maybe that the Scottish Executive would determine that BIG is the best mechanism for this distribution but Forward Scotland believes that consideration should be given particularly in relation to value for money if BIG itself would intend to use third party intermediaries to ensure funds fit with high level strategy in Scotland and reach communities.

Furthermore we believe that in determining the priorities of spend for these funds that the principles of sustainable development are embraced. This will ensure that both current and future generations will benefit from this legacy of funding.

Forward Scotland has responded to the UK Government's consultation questions with relevance to the devolved administrations in turn, offering the following comments.

## **1. Are the principles underpinning the distribution of the available surplus assets the right ones?**

Forward Scotland supports the principles for distribution outlined in the proposal. In particular, we welcome the decision for distribution to be managed on a devolved basis and for priorities for distribution to be determined by the devolved administrations.

However whilst commenting on the priority direction for funding in England, Forward Scotland does not see a strong justification for the direction of funding so explicitly for 'young people' when existing programmes of both government and the lottery already exist to target the young. The creation of yet another scheme will merely add to applicant confusion.

This is similarly true of the direction for social investment with the potential proliferation of another publicly accountable body, when there are already significant programmes targeted for the social economy already being delivered by the Big Lottery Fund and others.

## **2. Is the proposal to use the Big Lottery Fund as the primary UK-wide distribution vehicle for the available surplus assets the right one, based on the principles for distribution outlined in this document?**

Forward Scotland supports the Government's desire to deliver a 'light touch' scheme with available resources reaching communities as efficiently as possible. However, we would urge that the devolved administrations be responsible, not only for deciding priorities for distribution, but also for deciding the best channels for distributing the monies. It should be for the Scottish Executive to decide whether or not the BIG Lottery Fund infrastructure is the best channel for distribution of funds in Scotland.

Indeed if the Big Lottery Fund is to be the distributor it appears to be somewhat at odds with its aspiration of being an intelligent funder to have unclaimed assets funding appearing as a "separate and distinct funding stream, with its own unique branding and financial management arrangements" (5.18). Given that, with a very broad approach to funding already operated by the lottery, it is likely that there will be significant duplication of eligibility with existing programmes that can only lead to applicant confusion.

The distributing body should be experienced in delivering funding to communities and be flexible, fair, accessible, open and transparent with a strategic focus. The chosen distribution channel in Scotland should possess the following credentials:

- an established and credible community network on which to build
- experienced in activities that enable the provision of training and community capacity building
- experience of building strong, multi-member partnerships
- enjoy strong, positive relationships with other delivery networks
- offer a simple, straightforward service to effect change in communities
- track record of robust management and successful delivery of investment programmes
- flexibility of approach
- operate across the whole of Scotland

It is clear that BIG has a number of advantages in this respect; however the UK Government should not be too prescriptive in setting BIG as the distribution body across the whole of the UK. In order that the funding is managed effectively and efficiently in Scotland, Wales and Northern Ireland, it should be for the devolved administrations to decide on the optimum distribution channel in their own area. The economies of scale for the funds determined by the Barnett Formula in the devolved administration may be such that it may offer better value for money to use intermediaries directly.

**3. What are the different approaches that the Big Lottery Fund could take to the distribution of the available assets to ensure they deliver maximum benefit to communities? How should BIG best work with other intermediaries and delivery partners to ensure the best outcomes?**

In Scotland, the Scottish Executive must ensure that the principal distribution channel (be that BIG or another organisation) takes a strategic approach to deliver maximum benefit to communities, and that the mechanism is sufficiently flexible to allow communities to develop ideas and projects which are appropriate to local circumstances.

Forward Scotland would urge that priorities for funding in the devolved administrations be determined independently, in consultation with a range of stakeholders including the voluntary and community sector.

These funds must be designed to achieve long-term change and lasting benefits for communities. Funding should therefore be distributed and designed in ways which contribute to sustainable development. In particular, Forward Scotland believes that outcomes should have resonance with the four sustainable development principles that fit most readily with demonstrable community benefit, set out in the new UK Shared Framework for Sustainable Development (2005). These are:

- Living within environmental limits
- Ensuring a strong, healthy and just society
- Achieving a sustainable economy
- Promoting good governance

The outcomes will also link well with the UK priority areas for immediate action on sustainable development, namely:

- Sustainable consumption and production
- Climate change and energy
- Natural resource protection and environmental enhancement
- Sustainable communities

Which in Scotland are reflected in the Scottish Sustainable Development Strategy, Choosing Our Future (2005), through the areas of:

- The Well-being of Scotland's people
- Supporting Thriving Communities
- Scotland's Global Contribution
- Protecting Scotland's Natural Heritage and Resources

Significant contribution to these outcomes may be made through a variety of community projects focussing on schemes such as waste management, improving the quality of local environments, strengthening the local social economy, setting up local food networks, supporting sustainable travel initiatives or promoting energy efficiency and renewables.

Forward Scotland's experience of managing the distribution of funding among communities has shown that investment which leaves a legacy has the greatest impact on people's quality of life in the long-term. This may involve directing funds towards community ownership of assets or the increased involvement of the community in the management of assets. In some cases, directing funds towards building the capacity of communities to achieve this may be required.

We would also urge that recipients of funds be prioritised by those with the greatest need. Needs may not always be measured by traditional deprivation indices, however, which tend not to include direct environmental measures, may not be sensitive to certain community needs and do not address non-geographic 'communities'.

To maximise the impact on communities, these funds must be responsive to genuine needs and priorities. This can be assured by working with those organisations best placed to identify these needs.

In order to avoid displacing existing and emerging funders and investors in the social and community investment market, distribution should be conducted via intermediaries where possible. This approach is valued by BIG in particular through its use of 'Award Partners'. Our evaluations suggest that the specific expertise and support offered by award partners is valued by grant applicants.

Through the Scottish Funders Forum significant progress has been made to increase co-operation between funders. It is recommended that any new funding scheme would strive to integrate with those existing funders and their schemes as they work collaboratively to reduce the burdens on applicants.

It is recommended that those responsible for distributing monies should draw on the expertise of those funding organisations that are able to identify local needs and priorities and work with all funding bodies to ensure collaboration, rather than duplication. Existing channels should be utilised, making best use of experienced organisations with specialist knowledge and expertise of managing funds in local areas.

#### **4. Do you agree with the proposals for how legislation will work in relation to the distribution of these assets?**

Forward Scotland supports the proposal to allocate funding to the devolved administrations via the Barnett formula.

We support strongly the principles behind the scheme and, in particular, the aim to provide support for the voluntary sector where this is for social and environmental purposes.

Scottish ministers should determine and approve the mechanism by which the funds are allocated and the direction of priorities.

It is unclear from the consultation whether the government is proposing to increase the level of control it has with the Big Lottery Fund by having the “power to issue direction specifically in relation to unclaimed assets” rather than exercise what powers it already has in directing its work.

We are supportive of the approach BIG has taken over the distribution of funds it currently disburses including the use of intermediaries and specialist organisation.

Should another body be selected for this distribution then it should also comply with the governance standards demanded of BIG and other public funders.

## **Conclusion**

Forward Scotland broadly welcomes the proposals outlined in the consultation document. We would be delighted to offer our experience and expertise to advise on how best to manage and distribute unclaimed assets in Scotland.

The Scottish Executive has consistently supported the approach taken by Forward Scotland as we have worked across the spectrum of sustainable development related activity with public bodies, private companies and community organisations.

As a result the organisation has developed a range of skills and experiences that we intend to apply to meet the emerging challenges of sustainable development in Scotland. We welcome the opportunity to contribute to this consultation and we look forward to supporting the work of the Scottish Executive and the Big Lottery Fund in promoting sustainable development. We would be pleased to meet with you if clarification or further detail is required.

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