

**EXPLANATORY MEMORANDUM TO THE
NEW OPPORTUNITIES FUND (SPECIFICATION OF INITIATIVE) ORDER 2005**

2005 No.

1. This explanatory memorandum has been prepared by the Department for Culture, Media and Sport and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This Order specifies an initiative of making Transformational Grants, that is, grants concerned or connected with health, education or the environment and intended to transform communities, regions or the nation as a whole. Therefore, the Order allows the New Opportunities Fund (“the Fund”), a National Lottery distributor, to make grants which are designed to give effect to this initiative under section 43B(1) of the National Lottery etc. Act 1993.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 The Fund is the largest distributor of National Lottery money to good causes and was established by section 43A of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). The Fund distributes one third of the money received from the National Lottery.

4.2 The Fund may only distribute Lottery money to projects which are designed to give effect to initiatives concerned or connected with health, education or the environments. Such initiatives must be specified in an order made by the Secretary of State under section 43B of the National Lottery etc. Act 1993. Currently there are four orders under this section specifying a wide range of initiatives¹.

4.3 The new initiative in this Order adds to the current initiatives to allow the Fund to fund Transformational Grants.

5. Extent

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Minister for Arts, Estelle Morris, has made the following statement regarding Human Rights:

In my view the provisions of the draft New Opportunities Fund (Specification of Initiative) Order 2005 are compatible with the Convention rights.

¹ S.I. 1998/1598, S.I. 1999/966, S.I. 2001/1404 and S.I. 2004/143.

7. Policy background

7.1 The role of the Millennium Commission was to fund projects to mark the millennium and which would be lasting monuments to the aspirations and achievements of the people of the United Kingdom. However, the Commission stopped receiving any new Lottery money in August 2001 and the Department considers it important that Lottery money is continued to be used to fund such projects as the Eden Project in Cornwall, Odyssey in Belfast, the Millennium Stadium, Cardiff and Dynamic Earth, Edinburgh. Therefore, it announced in July 2003 in the National Lottery Funding decision document that there should be a new programme of transformational grants similar to some of those funded by the Millennium Commission.

7.2 The consultation which followed the publication of the decision document was very supportive with 36 of the consultees which responded on this issue supporting the transformational grant programme and only 4 disagreed. This included support from the voluntary sector, local government and the Lottery distributors. Full details of the consultation are available on the departmental website.

7.3 Concern was raised about the appropriate level of funding between projects of national significance and projects which benefited local communities with some consultees favouring both approaches. The Department's view, which is reflected in the drafting of the initiative in this Order, is that a balance was needed between the two types of projects and that such a balance should be drawn by the Lottery distributors.

7.4 It was initially intended that this programme would be carried out by the new distributor to be established, subject to Parliamentary approval, by the National Lottery Bill. However, the Fund and the Community Fund (who will be merged by the Bill to form the new distributor) want to start the programme as soon as possible and before the likely commencement dates of the Bill's provisions. As such they agreed on 1st December 2004 to create a joint scheme to carry out the transformational grants programme (attached). This Order is needed to give the Fund the power to participate in such a scheme. It has been subject to consultation with Scottish Ministers, the National Assembly for Wales, the Northern Ireland Department of Culture, Arts and Leisure and the Fund who have all agreed to the draft Order.

7.5 In addition to this Order the Secretary of State will give directions to the two distributors as to the matters to take into account (in addition to their current policy directions) in making transformational grants under section 26 of the National Lottery etc. Act 1993. In particular, the directions will respond to some of the comments raised in the consultation exercise to require the distributors to take into account the need to involve the public in decision making, to ensure that the projects are viable in the long term and to take into account the interests of all parts of the UK. The draft directions will be subject to consultation.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

9. Contact

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