



Department for  
Digital, Culture,  
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Meg Hillier MP  
**Chair, Public Accounts Committee**  
House of Commons  
London SW1A 0AA  
Sent by email only

12 April 2021

Dear Chair,

### **Government support for charities during the Covid-19 pandemic**

Thank you for your letter of 26 March about Government support for charities during the Covid-19 pandemic in which you requested further detail regarding the involvement of other parts of government in decisions and the selection of Community Match Challenge partners as well as an update on distribution. I am pleased to be able to provide this information.

#### Involvement of other parts of Government in decisions

As part of the £750m funding package announced by the Chancellor on the 8 April, £360m was set aside for distribution across government departments. As the Voluntary, Charitable and Social Enterprise sectors cover a wide range of 'sub-sectors' and service delivery, this approach was able to make use of the specific connections and reach of the relevant government departments. Up to £200million of this was set aside for hospices, leaving £160million to be distributed by government departments via a DCMS led process to organisations which were either:

- providing priority services specific to supporting the Covid-19 response, to reduce the burden on the NHS or other public services; or
- providing critical frontline services to vulnerable groups affected by Covid-19 and the associated measures; and where
- there was a clear need for additional funding where need could not be met through access to existing Covid-19 support measures already announced.

DCMS received a total of 53 bids from ten departments, worth a combined £277.44m. DCMS officials assessed the 53 bids using a standard business case assessment approach covering the strategic, economic, management, financial and commercial cases for the funding.



In order to speed the usual consultation process by which advice is prepared for Ministers, all 53 bids were then discussed in a 'Star Chamber' process consisting of two sessions:

- a session on 23 April 2020 in which representatives from each bidding department was invited to discuss their bid in more detail and respond to points of clarification with Scott McPherson (Director General for Volunteering, DCMS), Jacinda Humphry (Finance Director, DCMS) and other officials from DCMS, HM Treasury and the Prime Minister's Office.
- a session on 27 April 2020 in which proposed recommendations for Ministers were discussed with Scott McPherson (Director General for Volunteering, DCMS), Jonathan Hellewell (Special Adviser, Prime Minister's Office), Samuel Kasumu (Special Adviser, Prime Minister's Office), Ross Kempell (Special Adviser, Prime Minister's Office), Nerissa Chesterfield (Special Adviser, HM Treasury), Mike Crowhurst (Special Adviser, DCMS) and officials from HM Treasury and the Prime Minister's Office.

Based on this assessment and consultation process, DCMS officials prepared advice for the Secretary of State for Digital, Culture, Media and Sport and Chief Secretary to the Treasury, who approved the overall allocation of funding via government departments. The advice sought to recommend a balanced package of funding covering a broad range of policy areas and needs but also bearing in mind how quickly funds could be awarded and disbursed. Where a policy or service delivery area crossed a number of different departments, the advice also recommended combining similar grant schemes to reduce the potential for duplication and make best use of the relevant departments' reach and expertise. This resulted in 42 applications being grouped into 21 projects, across 9 Departments which were recommended to Ministers for funding.

#### Selection of Community Match Challenge partners

Community Match Challenge partners were selected through a process involving:

- initial eligibility check and fuller assessment by DCMS officials following closure of the application window on 2 August 2020;
- consideration by an advisory panel on 18 August 2020 which was chaired by Georgia Hutchinson (Deputy Director, DCMS Covid-19 VCSE Funding) and also involving David Knott (Director, DCMS Office for Civil Society), Clare Dove (VCSE Crown Representative) and Sherry Coutu (Non-executive Board Member, DCMS); and
- consultation with and final decision by the Minister for Civil Society.

Due to the speed with which the process needed to be conducted, a number of points of clarification were being addressed alongside all three stages, including responding to queries about the eligibility of certain applications and seeking further information in relation to the assessment criteria which were: newness of matched funds; feasibility of delivery; match with scheme objectives; onward granting processes; and due diligence in relation to onward grantees.

Based on their understanding of the Minister for Civil Society's priorities, the advisory panel prepared four portfolio allocations for consideration by the Minister. These portfolio options sought to balance scoring in the assessment process against considerations of impact, the context of need in the developing Covid-19 situation, feasibility of delivery and diversification across a range of sub-sectors and service delivery areas. Following initial feedback from the Minister for Civil Society, officials sought further clarification on a number of outstanding issues and prepared a final recommendation for the Minister which resulted in the twenty successful partners being selected.

As a point of clarification, one organisation was awarded £2.5million funding through the Community Match Challenge but, on reflection, did not feel that it could commit to delivering the funding in the circumstances and rejected the offer. This organisation had planned to deliver through a network of partners. As the organisation had been awarded significantly less than it applied for, officials recommended to the Minister for Civil Society that the award be made directly to one of its proposed network of partners, Children in Need, which was able to commit to the required 100% match funding via their own fundraising efforts.

Update on distribution

In accordance with the grant agreements and drawdown schedules in place, DCMS and its funding partners, including other government departments, have continued to distribute money since the National Audit Office published its report on 23 March 2021. A breakdown of distribution to date is attached at [Annex B](#).

Some of the funding was always intended to be distributed in arrears. In addition, the Department for the Environment, Food and Rural Affairs agreed with HM Treasury that part of their allocation could be spent over a longer time frame. This means that distribution will continue into the 2021/22 financial year.

I trust that this information is helpful to the Committee and I look forward to the hearing on 15 April.

Yours sincerely,



**Sarah Healey**  
**Permanent Secretary, Department for Digital, Culture, Media and Sport**

## **Annex A 'Community Match Challenge Match Objective Criteria & Assessment Process'**

Applicants received scores based on if they had:

- Carried out an assessment of emerging needs and articulated that need clearly;
- Demonstrated that the beneficiaries had been particularly impacted by Covid 19;
- Demonstrated that the emerging needs were appropriate with the timing of funding i.e. as we moved away from the early emergency
- Demonstrated that funding would reach "front line" or service delivery onward grant recipients which could show they were meeting a Covid-specific need, OR if an infrastructure organisation, they had to demonstrate their front line impact.
- Demonstrated impact on hard to reach beneficiary groups including BAME, disability and LGBT.
- Demonstrated that the use of funds would meet the emerging need that had been identified.

Applicants scored highly if they demonstrated high impact and strong measurement  
No preference was given to any particular approach; we were interested in a range of diverse approaches.

### **Assessment Process**

All funding applications have been assessed against a set of agreed criteria, before being presented to the Panel for further discussion. This process is outlined below.

#### **Stage A: Eligibility**

- We have completed an eligibility check with a yes or no outcome against six criteria. This has been completed based only on information detailed within each submitted application.
  1. Type of Organisation  
*Who is the donor? Is the organisation/individual able to make grants?*
  2. Match Value  
*Is the match value requested greater than £1m and <=£20m?*
  3. Newness of Funds  
*Are the funds raised additional?*
  4. Timing of Expenditure and Funds  
*Will the funds be secured by 31 August 2020 and will the DCMS portion of the grant be spent by 31 March 2021?*
  5. Geography  
*Are the onward grantees based in England?*
  6. Onward Grantees  
*Is/are the onward grantee/(s) not primarily super-major charity/ charities?*

#### **Stage B: Assessment**

- We have completed an assessment check with a 1 to 5 rating against five criteria (1 being the lowest, 5 being the highest). This was initiated by an independent team of experienced grant assessors. All applications passed this stage.
  - a. Newness of Funds  
*Assessment against a scale of newness e.g. funding which was going to be spent anyway but not on this cause versus funds that were yet to be raised by the organisation.*

- b. Feasibility of Delivery  
*Assessment of the ability of the organisation to deliver grants at scale and within stipulated timescales.*
- c. Match with Objectives  
*Assessment of the alignment with the overall objectives of the fund.*
- d. Onward Granting  
*Assessment of the fairness and rigour of the proposed onward granting process.*
- e. Due Diligence of Onward Grantees  
*Assessment of the robustness of processes that are in place to ensure public money is well spent.*

### **Stage C: Pre-Panel Due Diligence**

1. Rapid Review  
*Similar to the CCSF, all applications went through the DCMS Rapid Review process, which assesses each application against a set of agreed criteria. This is largely focused on ensuring the grant awards would not undermine public trust in the integrity of the fund.*
2. Spotlight  
*All applications were assessed through this Government due diligence tool, which provides outputs on applicants' previous grant experience and verifies background information on each applicant organisation.*
3. Financial Due Diligence  
*Each organisation was run through our agreed financial due diligence model to provide assurances that an organisation has the stability and ability to correctly manage and account for monies. The outcome of this is a RAG rating and summary comment.*

### **Stage D: CMC Panel**

- The CMC final assessment Panel has been convened to review a shortlist of eligible applicants which meet the CMC's criteria and objectives, and to make a final recommendation to the Minister for Civil Society on which applicants to match fund.

### **Stage E: Submission to Ministers**

- Once applications have progressed through all five stages, we will make a submission to the Minister for Civil Society with recommendations for grant award.

### **Stage F: Post-Panel Due Diligence (as required)**

1. Panel Queries  
*To resolve any clarification questions that emerge from the Panel or during the stage A,B,C assessment. This will likely involve engaging with the applicants for further information where appropriate.*
2. Governance and Internal Controls  
*This will focus on how the organisation operates and makes decisions. We will review governance structures, risk management protocols and safeguarding policies to ensure appropriateness for the size of the grant.*

## **Annex B ‘Update on the Latest Distribution Figures’**

*The NAO’s report includes data up to 19 February 2021, the most up to date position at the point at which the work was completed. We have provided the most recent update on the distribution of the package below. Funding awards and disbursements continued to be made through March, and some funding will be paid in arrears over the coming weeks. Any funding not awarded now will be returned as underspend to HMT.*

<b>Funding Stream</b>	<b>Scope of Fund</b>	<b>Scheme Value (as at 07/04)<sup>1</sup></b>	<b>Awarded (as at 07/04)<sup>2</sup></b>	<b>Disbursed (as at 07/04)<sup>3</sup></b>	<b>Date of Final Disbursal</b>
Other Government Departments	Funds were allocated by Government Departments to VCSE organisations providing essential services and supporting vulnerable people.	£162.8m	£158.8m	£158.8m	Complete <sup>4</sup>
Coronavirus Community Support Fund (CCSF)	Aimed primarily at small to medium organisations in England. Had two main objectives: <ul style="list-style-type: none"> <li>• To increase community support to vulnerable people</li> <li>• To reduce temporary closures of essential charities and social enterprises</li> </ul>	£200.0m	£187.9m	£187.9m	Complete
Big Night In (BNI)	Funds were intended to support vulnerable people of all ages through the Covid-19 crisis, including those affected by issues such as hunger, domestic violence and abuse, homelessness and isolation.	£37.0m	£34.4m	£34.4m	Complete
Community Match Challenge (CMC)	This funding was aimed at vulnerable people who have been hardest hit by the coronavirus outbreak, with awards made principally to charitable grant makers providing aid to small and medium sized charities.	£85.0m	£81.9m	£81.9m	Complete
VCSEP	Funding for the Partnership’s work to help VCSE organisations and volunteers prepare for, respond to and recover from the Covid-19 emergency.	£4.8m	£4.4m	£4.4m	Complete

<sup>1</sup> The Scheme Value represents the total allocation and “headline figure” (inclusive of Administration costs) to each funding stream.

<sup>2</sup> The Awarded represents the total value of the fund that was available to end Grantees after any admin costs and underspends

<sup>3</sup> The Disbursed column represents the total value of funds (less admin) that has been distributed to charities.

<sup>4</sup> Complete with the exception of DEFRA, which has agreed unilaterally with HMT to roll over underspends from the Zoo Support Fund into the Zoo Animals Fund, which will run until June 2021.

Youth Coronavirus Support Fund	Was open to grassroots youth clubs, uniformed youth groups, and national youth and umbrella organisations, to mitigate the impact of lost income during the winter period due to the coronavirus pandemic, and ensure services providing vital support could remain open.	£16.5m	£14.6m	£2.6m <sup>5</sup>	June 2021
Winter Loneliness Fund	This funding package helped provide immediate and targeted relief to those most at risk of loneliness and was targeted at sectors that are well-known for having the power to bring people and communities together (the arts, libraries, charities and radio).	£7.5m	£7.5m	£5.4m <sup>6</sup>	June 2021

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<sup>5</sup> For the Youth Fund, grants are being paid in arrears as the scheme is covering core costs to 31 March 2021.

<sup>6</sup> A small amount of Loneliness Grants that have been administered by Arts Council England will be paid in arrears by the end of June, in line with Arts Council England accounting rules.