

# The Millennium Commission

Annual Report and Accounts 2004-05



Annual Report and Accounts  
of The Millennium Commission  
2004-2005

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# The Millennium Commission

The Millennium Commission was set up in 1994 to distribute funds from the National Lottery to projects which marked the new millennium.

Since then, it has invested over £2 billion of Lottery money in a huge range of initiatives across the UK, from world-class educational visitor attractions to small grants to individuals for projects to allow them to serve their communities.

Like all the distributing bodies, the Commission was not set up to fund its own ideas with Lottery money but to support other people's ideas. Applications for grant were sought for initiatives which would reflect either the UK's achievements or its aspirations for the future. This produced a wealth of ambitious schemes which ranged from planting woodlands to refurbishing village halls, from building bridges to setting up community support groups, from organising carnivals to establishing science centres.

The Millennium Commission stopped receiving funds from the National Lottery in August 2001 and is now overseeing the completion of its work. The Millennium Commission expects this work to be finished during 2006 when the task of monitoring completed projects will be handed over to the Big Lottery Fund, formed from the merger of the New Opportunities Fund and the Community Fund.

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## Chair's Foreword

Despite this being the eleventh and last year of the Commission's life, it has still been a busy and exciting one. We have made our final grants, under the ReDiscover and Urban Cultural Programmes, finished all payments under the Millennium Awards scheme and prepared for our closure and the passing onto the Big Lottery fund our skills in supporting major transformational projects.

As we approach the end of the Commission's life, it's a good time to reflect on what has been achieved.

Since 1994, the Millennium Commission has supported hundreds of projects around the country. These range from 500 village halls to huge projects such as Wales Millennium Centre, The Lowry and the University of the Highlands and Islands. They are very diverse and there has been no single theme. 194 capital projects have been funded over the life of the Commission. These projects will continue to capture the imagination, engage the enthusiasm and enrich those who visit and use them. The objective of the Millennium Awards Scheme in supporting individuals with good ideas, including the Millennium Awards Fellowship, has been passed to UnLtd with the support of a £100m Endowment from the Commission. They will continue to give grants to individuals, ensuring that our communities can continue to be supported by the people best placed to do so – those that live within them. 80,000 children have benefited from the magical experience of visiting live theatrical performances – often for the first time - through the Millennium Encore scheme. 40 science centres and museums have been given the opportunity to keep their exhibits at the cutting edge of science through the ReDiscover science centre renewal scheme run in partnership with the Wellcome Trust and the Wolfson Foundation. Finally, the Urban Cultural Programme will build on the successful Capital of Culture competition held in 2003. Working with the Arts Councils we will enable a host of activities to take place across the country spanning art, music, theatre and dance.

We are immensely proud of the work which has been made possible by the Lottery playing public. Iconic projects such as the Eden Project, the Gateshead Bridge and Tate Modern are now part of the fabric of this country and have been taken to the hearts of the British public. Indeed, we are very proud that Millennium Commission funded projects won two out of the six Helping Hand Awards for the nation's favourite Lottery funded projects as voted for by the public. The Awards formed part of the celebrations for the National Lottery's 10th birthday.

Our work will soon come to an end, but the influence it is having on communities across the country and the tangible legacy it has created will continue. We feel very proud to be leaving a legacy of visitor attractions, village halls, science centres, urban regeneration and cultural activity.

All the Millennium Commissioners and Commission staff are grateful to have been able to play a role in bringing Lottery money to both the grass roots of our society and to be leaving popular icons which will stand the test of time.



**Rt Hon Tessa Jowell MP**  
**Chair**

## **The Directors Report**

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This last year has largely been one of completing the Millennium Commission's programme but we have also made a number of new grants.

55 grants totalling £26m were made under ReDiscover, the science centre renewal fund run jointly with the Wellcome Trust and the Wolfson Foundation. Over its life, the Commission has invested over £290m of National Lottery money into bringing science alive for millions of people across the UK.

In addition, 11 grants totalling £19.5 million were made under the Urban Cultural Programme run jointly with Arts Council England. From the Highlands to Brighton & Hove and from Belfast and Cardiff to Norwich, over the next year the UK will see a host of cultural activities taking place. These programmes will inspire and enrich our communities. They will fire our children's imagination, promote social inclusion, celebrate our cultural diversity and help drive the regeneration of our cities.

The Millennium Awards grant programme has now been successfully completed. In total 32,000 Millennium Awards were made to individuals to benefit their communities. UnLtd have continued to administer grants and take forward the £100m Millennium Awards Fellowship.

The Millennium Encore scheme has also been successfully completed. Over 80,000 young people have been given the opportunity, often for the first time, to attend performing arts productions. By working in partnership with established organisations, the Millennium Commission harnessed their expertise to make sure Lottery money was delivered to where it would make a real difference by opening up the world of performing arts to thousands of young people right across the UK.

The Commission also played a large role in the celebrations to mark ten years of the National Lottery in November 2004. Two out of six of the National Lottery's first Helping Hands Awards for the nation's favourite Lottery funded projects as voted for by the public were won by Commission projects. The Commission was also very proud to see its final landmark project – the Wales Millennium Centre - opened by HM The Queen.

## **Millennium Awards**

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2004-05 saw the successful conclusion of the Commission's Millennium Awards Scheme which, since its inception in 1997, has been the most significant source of Lottery money for individuals. Millennium Awards provided grants of around £2,000 to people who wished to develop themselves and make a difference to their community. Through the very diverse projects undertaken Award winners have filled gaps in social provision, tackled issues of isolation and marginalisation, and tapped into a reserve of community energy and interest.

Over 32,000 individuals received a Millennium Award. Award winners were in every part of the country, of all ages from 7 to 99. Over 19% of Awards went to individuals from black and minority ethnic communities and over 9% to individuals who identified themselves as having a disability. Communities the length and breadth of the UK have benefited from this unique Lottery funding.

The final Impact Study of Millennium Awards (the fifth consecutive year this independent research had been produced) was published in October 2004. It identified

the key achievements and benefits of the Scheme, as well as strongly arguing the case for other funders to follow its model to show what can be accomplished by investing in individuals. It showed 90% of Award winners said that the community benefit of their project continued beyond the period of the Award; 65% continued their project, even after their Millennium Award project had ended and 25% said that their project helped them gain employment (even though that was not a stated purpose of the Scheme).

This impact would not have been possible without the expertise and dedication of some 100 Award Partners, the partner organisations through which Commission grant was channelled and who were vital to the success of the 111 individual Millennium Award schemes. Several Award Partners have built on the success of their schemes and obtained funding to carry on the programme, including Glasgow City Council, Groundwork UK and Link.

The Millennium Awards Trust, which was set up with a £100 million endowment to enable the Awards Scheme to continue in perpetuity, has made good progress. It is administered by UnLtd – The Foundation for Social Entrepreneurs – who have taken on responsibility for the Millennium Awards Fellowship, specifically to offer financial assistance to Fellows (Award winners who have successfully completed their projects) to develop their project. The Commission has provided ring-fenced funding for Millennium Awards Fellows and has helped to promote networking and offer other opportunities through the maintenance of the Fellowship website, a quarterly magazine and a major ‘finale’ event for members.

## **Capital Projects**

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Progress continues to be made in completing the final projects awarded grant in the Commission’s five rounds of grant awards. 185 projects are now either fully open or are already in use by the general public. Nine projects are yet to open.

During the year the Wales Millennium Centre in Cardiff was opened as was the Kuumba Imani project in Liverpool, the Multi-Faith Centre in Derby and the Afro Caribbean Millennium Centre in Birmingham. All of our umbrella projects’ elements, with the exception of one village hall in Wales, are complete and in use as are the complete Sustrans cycle track, the various canals and the walkway routes that the Commission has supported throughout the UK.

The Commission also offered existing grant holders a chance to build on success. In 2003 a total of 135 projects were offered enhancement grants and 98 are complete and in use. Notable projects included the new Headquarters building for the University of Highlands & Islands in Inverness, and the Sustrans Head Office which are both complete; as are the Ozone project at Dynamic Earth in Edinburgh, and the lighting scheme at Muncaster Castle in Cumbria.

Whilst throughout the UK our projects continue to prosper, receive visitors and many continue to receive awards either for their contribution to tourism or for their work and the facilities they provide within their communities, we were sad to see the loss of the Earth Centre in Doncaster. This ambitious project set out to educate people about the need to preserve our natural environment in the context of the threats our lifestyles are creating. Despite the growing relevance of its message it could not make ends meet and after five years it closed. The Millennium Commission worked very hard to help it survive as an asset for the region and the UK but unfortunately we could not save them.

## **ReDiscover**

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In July 2002 the Commission established ReDiscover, the science centre and museum renewal fund. The £33 million ReDiscover fund is a joint venture between the Millennium Commission, the Wellcome Trust and the Wolfson Foundation and represents the first major partnership between the Lottery and large grant-making charities. It was set up to help science museums and science centres to renew, replace, refresh or redevelop high quality science, education and technology exhibitions to keep up with advances in science and technology and remain at the cutting edge.

55 projects have been awarded grants through the 4 rounds of ReDiscover, 19 of which were awarded at the Commission meeting in March 2005.

Two ReDiscover projects; the Flight Experience at Ulster Museum in Northern Ireland and the redevelopment of Explore At Bristol now have been completed.

The remainder of the ReDiscover projects are progressing towards completion in financial year 2005/2006.

## **Millennium Encore Scheme**

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The Millennium Encore Scheme, which was established in January 2002, has continued to provide many young people with an opportunity to attend professional performing arts productions and to take part in arts based initiatives. The Scheme has encompassed three schemes, with grants totalling £2.5 million. The scheme run by the National Association of Clubs for Young People successfully completed in 2003 with over 45,000 participants, many of whom had never attended a performing arts production before.

During this year the other two schemes completed. Happy Days Children's Charity was awarded grants totalling £215,250 and their scheme finished in February 2005. Over the course of their project, Happy Days enabled over 8,000 special needs children to attend professional performing arts productions. Happy Days' scheme has proved so popular that they have decided to set up their own specially dedicated Arts Programme to ensure that many more special needs children get to enjoy arts productions in years to come.

The scheme run by Arts & Business completed in March 2005. The overall achievements of the scheme are still being analysed. However, early indications are that Arts & Kids managed to secure in the region of £15m of additional business investment into a wide variety of arts based projects. In addition to this, a Capital Reserve has been created which will ensure that the Prince of Wales Arts & Kids scheme continues in the longer term. Some 500,000 young people have benefited from the project to date, with 27,000 taking part in the Arts & Kids Visits Programme.

The Millennium Encore Scheme has been a great success enabling over 80,000 young people to attend a professional performing arts production. For many of the young people who have taken part in the Scheme it was their first experience of the theatre, an experience that will stay with them for the rest of their lives.

## **Urban Cultural Programme**

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The Millennium Commission and Arts Council England are working in partnership to deliver this programme, the Commission offering £13.5 million and Arts Council England £6 million. There were 40 bidders seeking £46 million in grant. In July 2004, National Lottery grant amounting to £19.5 million was offered to 19 of the 40 bidders.

The programme is intended to build on the momentum created by the 2003 competition between 12 cities for European Capital of Culture 2008. However, it went well beyond the 12 original bidders and the successful applicants were drawn from urban areas across the United Kingdom - from Inverness to Brighton and Hove, from Norwich to Belfast. Awards ranged from £500,000 to £2.75 million. It was clear that the initiative was welcomed throughout the country and resulted in many proposals that were exciting and innovative. The successful applicants demonstrated a clear understanding of the main aim of the initiative – to make culture and the arts central to the life of an urban area and contribute to its regeneration, as well as promoting cultural diversity and social inclusion. The programmes proposed covered all ages and cultures across the United Kingdom.

Importantly, the initiative has also encouraged many local authorities to work together in a way that might have been impossible without it. The programme is also an excellent example of how Lottery distributors can work together successfully.

## **Millennium Experience**

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In July 1997, the Commission awarded grant of up to £449m to the New Millennium Experience Company (NMEC) in respect of the Millennium Experience at Greenwich and an associated programme of activities throughout the UK. Additional grants were subsequently made to NMEC but in May 2004, recognising that payment of the total grant would not be necessary, the Commission reduced NMEC's grant award by £24m. This resulted in an overall grant commitment to NMEC of £602.8m of which just under £1.2m remains undrawn and which we expect to withdraw in 2005/6.

NMEC entered into a Members' Voluntary Liquidation ('MVL') on 18 December 2001. The Commission's grant to NMEC is governed by the terms of a Deed of Grant which took effect immediately before the commencement of the MVL. The Commission's focus since then has been to monitor the progress of the liquidation, and to work to ensure that the Lottery receives a fair share of the proceeds raised by any sale of the Dome.

In June 2004 a contract dealing with the sale of the Dome and development of the Greenwich Peninsula by Meridian Delta Ltd ('MDL') went unconditional. MDL is a consortium consisting of Lendlease plc, Quintain Estates and Development and the Anschutz Entertainment Group. The Millennium Commission was not involved in the sale process itself as the Dome and site were owned at that stage by English Partnerships ('EP'). However NMEC is entitled to a share of the proceeds from the sale, and once the Company is dissolved, it is intended that its rights to a 13% share of the sale proceeds will pass to the Millennium Commission. The Government has estimated that the total returns to the public sector from the development of the Dome and the Greenwich Peninsula should be £550m.

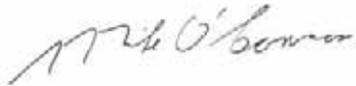
## **The Future**

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The Commission is still involved in completing its remaining projects and 2005/6 should see some important projects completed such as Rich Mix in London and Belgrave Baheno Peepul Centre in Leicester. Work should begin on new projects such as the Stephen Lawrence Centre and exciting new ReDiscover funded projects such as the Horniman Museum.

In 2004 the Government announced that the Commission would be wound up on 31<sup>st</sup> March 2006 and that any residual rights and responsibility would be passed to the Big Lottery Fund. The Bill designed to enable this to happen is currently before Parliament.

The end of the Commission's journey is now in sight and I would like to thank Commission staff – past and present – who have worked so hard to make a reality of the aspirations of so many public spirited people across the UK.



**Mike O'Connor CBE**  
**Director of the Millennium Commission**

# Millennium Commission grants activity since 1 April 2004

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As at 30<sup>th</sup> June 2005, by country and Regional Development Authority (RDA)

## Key

**TC:** Total Cost

**MCG:** Millennium Commission Grant

**GP:** Grant Paid as at 30 June 2005

● Grant awarded since 1 April 2004

+ Received additional grants of £100,000+ since 1 April 2004

◆ Grants over £5 million, project not completed as at 1 April 2004

## 1. Grants to Capital Projects

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### Scotland

#### **UHI Millennium Institute**, Scotland-wide +

UHI, Inverness

A multi-campus university for the Highlands and Islands of Scotland playing a pivotal role in education, economic, social and cultural development. Opened to the public December 2001. Enhancement grant is providing a new headquarters in Inverness and new facilities at Perth College.

**TC** £99,732,265

**MCG** £35,869,000

**GP** £34,627,166

### Wales

#### **National Botanic Gardens of Wales**, Carmarthen +

Middleton Botanic Garden Trust

A botanic garden of international significance, dedicated to conserving threatened plant species and promoting research on plants and biodiversity.

**TC** £43,110,000

**MCG** £22,243,375

**GP** £20,911,266

#### **Wales Millennium Centre**, Cardiff +

Wales Millennium Centre Ltd

A national centre for Welsh arts and culture, including a lyric theatre, a home for Welsh National Opera and a variety of other cultural organisations.

**TC** £108,173,704

**MCG** £31,700,000

**GP** £30,662,637

### North West

#### **Windrush Heritage Millennium Project**, Manchester +

The Moss Side and Hulme Community Development Trust

This project aims to create a new centre to accommodate and extend the applicant's current activities. The new facility will house a training centre, offices and business units for new businesses. The project will mainly focus on the local community in the Moss Side area of Manchester.

**TC** £3,669,741

**MCG** £ 1,578,576

**GP** £731,559

## Yorkshire and Humberside

### **The Deep, Hull +**

European Maritime Institute of Hull Ltd

An educational visitor attraction themed on the world's oceans, including research and learning areas, a business centre and a millennium bridge. Opened to the public March 2002. An Enhancement grant provided a new entrance and a unique display on the Twilight Zone - a vast area of the ocean where sunlight struggles to penetrate.

**TC** £52,140,562      **MCG** £23,961,000      **GP** £23,569,811

### **The Earth Centre, Doncaster +**

The Earth Centre

A landmark education complex and visitor attraction showing the challenges and benefits of sustainability, located on the site of two former coal mines.

**TC** £63,588,483      **MCG** £36,132,017      **GP** £36,132,017

## West Midlands

### **National Memorial Arboretum, Staffordshire +**

The National Memorial Arboretum Company

A National Memorial Arboretum to serve as a living memorial to the people of the 20th century. The focal point will be a purpose built education centre dedicated to the Far East Prisoners of War, and improved landscaping and access to the Arboretum and its buildings.

**TC** £4,986,560      **MCG** £2,394,547      **GP** £1,984,217

### **Afro-Caribbean Millennium Centre, Birmingham +**

Afro-Caribbean Millennium Centre Ltd

The Afro-Caribbean Millennium Centre aims to expand its current operations to create a multipurpose centre offering a range of training, welfare and employment services and business start up support, with a special emphasis on multimedia technology and community radio training.

**TC** £2,317,662      **MCG** £886,646      **GP** £646,325

### **The Phoenix Initiative, Coventry ◆**

Coventry County Council

The creation of a new quarter in Coventry City centre, providing new public spaces and improved links between the historic and new parts of the city.

**TC** £33,405,000      **MCG** £10,764,500      **GP** £8,390,716

## East

### **The Forum, Norwich +**

The Forum Trust Ltd

This project links three primary facilities; a Millennium Library, a Business and Learning Centre and a Heritage attraction around a new urban square creating a new civic meeting space within the historic centre of Norwich.

**TC** £67,992,195      **MCG** £32,490,730      **GP** £32,273,744

### **The Suffolk Cathedral Millennium Project +**

Cathedral Chapter of the Cathedral Church of St James

The completion of the cathedral in Bury St Edmunds which dates back to the 16th century with the nucleus of the project being the completion of the previously unfinished

tower. Enhancement grant is enabling the creation of cloister bays along the front elevation of the Cathedral and completion of the Apostles Chapel.

**TC** £12,584,670      **MCG** £5,902,335      **GP** £4,579,419

## Greater London

### **Bernie Grant Centre for Performing Arts, Tottenham +**

Bernie Grant Centre Ltd

A purpose built arts facility in North London, providing training and education in music, drama and new media – the inspired concept of the late Bernie Grant MP. Estimated completion date is February 2007.

**TC** £13,550,000      **MCG** £6,100,000      **GP** £267,679

### **Rich Mix Centre, London ◆**

Rich Mix Cultural Foundation

A multi-use cultural, arts and retail centre to foster inter-cultural understanding, inclusiveness and tolerance. It aims to celebrate cultural diversity by promoting the contribution black and minority ethnic communities have made to life in London.

**TC** £25,850,000      **MCG** £5,050,000      **GP** £60,000

## South East

### **Renaissance of Portsmouth Harbour ◆**

Portsmouth Harbour Renaissance Limited

A landmark project developing the harbour to create an international maritime leisure complex with two new visitor centres, 6 km of new walkways and a millennium tower. The millennium tower is the only element left to open.

**TC** £96,362,691      **MCG** £39,192,743      **GP** £36,657,600

## South West

### **The Eden Project, St Austell, Cornwall +**

The Eden Trust

A landmark project demonstrating and exploring the relationship between plants and humans. Opened to the public March 2001. Enhancement grant is providing a new Education Centre. This work is scheduled for completion summer 2005.

**TC** £115,097,976      **MCG** £55,396,367      **GP** £51,499,047

### **Reviving Spa Culture, Bath ◆**

Bath and North East Somerset Council

A new spa complex in the centre of Bath with the restoration of the Georgian bathhouses and a new modern spa featuring a rooftop pool.

**TC** £28,607,100      **MCG** £7,853,984      **GP** £6,535,899

## 2. Grants under the ReDiscover programme

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ReDiscover was launched in July 2002, as a joint venture between the Millennium Commission, the Wellcome Trust and the Wolfson Foundation. The Commission is investing £26 million in this £33 million scheme, which offered a unique opportunity for science centres and museums to renew and refresh their exhibits. The following grants were made under the final two rounds.

### Scotland

#### **Sensation, Dundee** ●

Roborealm – World of Robots

The project involves the development, construction and installation of new exhibits exploring the theme of robots. Through 16 new exhibits, the exhibition will show the many positive uses of robots and the key role they have in a range of industries. The project also includes the relocation of the café to create new space that will house the exhibition, and a new corporate area.

**TC** £1,360,236      **MCG** £604,814      **GP** £27,880

#### **Sensation, Dundee** ●

Sight, Brain Box, Sense

The 'Sight' and 'Sense' zones will be enhanced. A new zone 'Brain Box' will also be created.

**TC** £1,133,273      **MCG** £289,036      **GP** £0

#### **Our Dynamic Earth, Edinburgh** ●

Our Dynamic Scotland: A new outdoor gallery

The project will create a new external gallery around the existing amphitheatre to tell Scotland's geological story and link the themes of Dynamic Earth to the locality.

**TC** £577,279      **MCG** £ 432,959      **GP** £0

#### **Our Dynamic Earth, Edinburgh** ●

Our Dynamic Future - Redevelopment of the Showdome gallery

The project will redevelop the showdome gallery and deliver the Time Travel Experience. The dome experience will enable visitors to influence the show and present them with a vision of how the future for planet Earth may look. This will be based on their interactions with the scientific story.

**TC** £1,056,806      **MCG** £740,145      **GP** £0

### Northern Ireland

#### **W5 Science Centre at Odyssey, Belfast** ●

GET READY- refurbishing 'START' the under-eights gallery

The project will refurbish and expand the existing under-8s gallery 'START', involving the upgrade of the music studio, garage and engineering area, myself area (human biology) and water works area. A new 'GET READY' area for 2-5 year olds will also be developed.

**TC** £515,477      **MCG** £324,455      **GP** £15,800

## Wales

### Centre for Alternative Technology, Powys ●

Bringing The Future Forward (Phase 2)

The project will upgrade and update current displays and add multi-sensory exhibits and interactives to Energy and Power, Waste and Recycling and their 'Whole Home' display. Their objective is to make visitors understand the environmental impact of their own activities and encourage them to make changes to their daily lifestyles.

**TC** £550,965

**MCG** £409,979

**GP** £0

## West Midlands

### Thinktank, Birmingham ●

Future Horizons – revitalising Thinktank's Futures Gallery

The project will revitalise ThinkTank's Future's Gallery, with a multi-function, state of the art digital planetarium and science theatre. Three 'Future of Space' interactive exhibits will also be installed, chosen from the following themes: Understanding the Big Bang, Missions to Mars, Earth Watch Satellites or Space Travel. A flexible study/resource area and gallery events space will also be developed to highlight the latest developments in science, technology and medicine.

**TC** £898,055

**MCG** £499,058

**GP** £104,810

## North East

### International Centre for Life, Newcastle-upon-Tyne ●

Human Life: Past, Present and Future - Phase 1

The project will create an exhibition on the theme of human life on earth in the past, present and future.

**TC** £1,618,828

**MCG** £1,122,447

**GP** £0

### Nature's World, Middlesbrough ●

Project ReDiscover at Nature's World

The aim of the project is to implement a comprehensive programme of enhancement and refurbishment of the exhibitions and the whole interpretative story of Nature's World will take place.

**TC** £490,000

**MCG** £367,000

**GP** £0

## North West

### National Museums Liverpool ●

Reveal: The Science that Unlocks the Secrets of Art and History

In 'Reveal' visitors will discover the scientific principles, methods and techniques that enable us to understand, treat and interpret the wide range of objects encountered in museums, galleries and homes. A working laboratory will present the scientific work of conservators through direct explanation and demonstrations.

**TC** £760,622

**MCG** £470,466

**GP** £0

## Yorkshire and Humberside

### Magna Trust, Rotherham ●

Aqua-Tek exhibition

The project will extend the outdoor science and technology play area created by a grant in Round 2 of ReDiscover to include a water based exhibition. The interactive exhibition will incorporate themed water: spraying, squirting, misting areas and colourful ground space art to depict the Water Cycle and Water Treatment process.

**TC** £471,791

**MCG** £353,843

**GP** £0

**Eureka! Halifax ●**

SoundGarden

The Garden of Science will be an early years gallery to introduce under fives to living things and the natural world, explored through a giant sized but realistic garden setting. Individual exhibits will include; an oversize terracotta Flower Pot in which children can play; a Tree Trunk Theatre for role play opportunities and a giant Magpie's nest.

**TC** £325,052**MCG** £232,708**GP** £194,108**York Archaeological Trust ●**

The Dig – Developing the ARC

'The Dig' will create an interactive archaeological experience for the visitor whereby individuals discover replicated artefacts within the dig, then use scientific techniques to investigate what, why, when and where they fit into the history of York.

**TC** £995,601**MCG** £746,701**GP** £0**York Archaeological Trust ●**

Artefacts Alive - The Redevelopment of the Artefacts Gallery

A permanent exhibition combining traditional cases and more contemporary display methods. The aim is to enhance the Artefacts Gallery, one of three main galleries at JORVIK, by using scientific principles to explain the unique nature of the finds from Coppergate it displays. The project consists of six interactive multimedia installations, plus four 'Talking Viking Ghosts'.

**TC** £179,754**MCG** £84,815**GP** £0**The Deep, Hull ●**

Connecting With Our Primary Role

The project aims to reconnect the Deep with the primary school age group on the theme of The Past; The Present and The Future. The project plans to supplement this with a school's audio tour.

**TC** £395,803**MCG** £295,803**GP** £0**East****Inspire, Norwich ●**

Inspire - the next generation

The project seeks to renew or replace the majority of Inspire's current dated exhibition with purpose-built interactives. The new interactives will be on four main themes: medieval engineering exhibits, perception, forces and graphics. All exhibits are planned to be designed and constructed by Inspire's parent company, Science Projects. The project will also include some refurbishment of the church where it is currently housed.

**TC** £186,362**MCG** £133,418**GP** £0**East Midlands****National Space Centre, Leicester ●**

Humans in Space – a planetarium show

Production of a full dome show, with 360 degree animations on the theme of Humans in Space. The show will look at the implications of humans in space and the possibility of a more permanent presence in space. This work is scheduled to complete July 2005.

**TC** £892,973**MCG** £518,887**GP** £65,496

## Greater London

### **Horniman Museum, London** ●

'Glimpses of the Wonderful' - Horniman Museum Aquarium Redisplay Project

The current aquarium will be relocated to a larger basement area. The new aquarium 'Glimpses of the Wonderful' has, as its overall theme, the conservation and exploration of the nature of ecosystems. 24 proposed exhibit tanks will include; Pop into a Pond, Origins of Modern Aquaria, The Lab (microscopic aquatic animals), Jellyfish, British Rockpool, British Seahorses, South East Asian Coral Reef, Tropical Freshwater Jewel displays, Leafy Sea dragons, Guyana Rainforest.

**TC** £1,496,538                      **MCG** £952,404                      **GP** £0

### **Sir John Soane's Museum, London** ●

The Soane Model Gallery

This project will re-display Sir John Soane's historical architectural model collection and develop new, associated education and interpretation resources. The overall aim of the project is to create learning opportunities in the science of construction, architecture and engineering. This will be achieved through a specially commissioned interactive DVD 'Discovering Models' showing how contemporary architects and engineers use models and the development of workshops for children and adults.

**TC** £1,061,258                      **MCG** £47,000                      **GP** £0

### **National Maritime Museum, London** ●

The Bridge Gallery Refurbishment Programme

The project is an audio-visual simulation which will form the main focus of the new development of the Museum Bridge Gallery. The simulation will allow the visitor to control a cross channel ferry or other vessel as chosen from options available. The project's aim is to provide an experimental, hands-on component to complement the nearby 'All Hands Gallery'.

**TC** £190,942                      **MCG** £85,924                      **GP** £0

## South East

### **Oxford University Museum of Natural History** ●

Feeling Good! New interactive and online natural history displays

The project aims to install new, updated and revitalised displays throughout the museum. Individual elements include; Feeling Good! - a series of touchable displays and displays on Evolution, Biodiversity and History of Life.

**TC** £778,323                      **MCG** £296,072                      **GP** £0

### **Action Stations, Portsmouth** ●

Inter-Action @ Action Stations

The project will fit out the first floor to create a participatory gallery to show 'What Makes the Navy Work' and explain the science and technology behind the naval and marine engineering industries. 35 exhibits including physical and multi-media interactives and models will be developed around the 7 main themes of Environment, People, Propulsion, Navigation, Sensors, Communications and Structures.

**TC** £1,198,600                      **MCG** £823,950                      **GP** £0

### **National Marine Aquarium, Plymouth** ●

Explorocean

'Explorocean' aims to teach the public about the use of mineral and biological marine resources, how technologies are developed and how they can be applied for both exploitation and a sustainable future.

**TC** £3,595,626                      **MCG** £2,600,000                      **GP** £0

**The Living Rainforest, Newbury** ●

The Human Impact: Challenges for Science, Technology and Society

The project aims to create an exhibition for exploring the human impact on rainforests and the challenges this poses for science, technology and society.

**TC** £1,447,983

**MCG** £879,122

**GP** £0

**University of Oxford Botanical Garden** ●

The Struggle for Life: how plants survive in extreme environments

The project marks the completion of a 7 year programme to renew the glasshouses by creating two landscaped displays on carnivorous plants and arid land plants. The carnivorous plants will be moved to the former Orchid House, thereby creating a new larger Arid House. Both collections will be placed in landscaped open ground rather than the more traditional pots and shelves.

**TC** £118,715

**MCG** £89,036

**GP** £0

**Intech, Winchester** ●

Explore New Dimensions

The aim of the project is to enhance and refresh the Intech exhibition to facilitate improved learning through hands-on interaction. 9 simple new exhibits will be added and 19 modified to provide increased functionality, using measurement tools to display a variety of data during exploration. The exhibits will be complemented with additional workshop activities and information at the exhibits will be enhanced by the addition of graphics and text panels to provide challenging questions and real world applications.

**TC** £133,380

**MCG** £100,035

**GP** £0

**Imperial War Museum, Duxford, Cambridge** ●

How does an aeroplane fly?

The exhibition 'How Does an Aeroplane Fly' will be divided into three areas: What is an Aircraft?; Aeroplanes and Flight; How are aeroplanes designed and made? The display will support the Museum's science and technology work and seek to appeal to a wide range of visitors by making the displays relevant to everyday lives.

**TC** £383,775

**MCG** £137,831

**GP** £0

**Didcot Railway Centre, Didcot, Oxfordshire** ●

Science, Learning and Railways

The project will create a mobile science exhibition together with a learning centre that will be accommodated in two specially adapted railway coaches which can be available for loan to museums and events elsewhere. One coach will house the exhibition and the other will contain the learning centre.

**TC** £179,592

**MCG** £134,694

**GP** £0

## South West

**The Eden Project, St Austell, Cornwall** ●

The Arcade of Ideas and the Mechanical Theatre of Issues

The project aims to bring science issues, ideas and ethics alive through new interactive displays in the Visitor Centre. Its two main elements are; the Mechanical Theatre of Issues, an automated installation using cinematic, theatrical, mechanical and tactile techniques, and; The Arcade of Ideas, a mix of interactives and displays in the style of a fairground.

**TC** £976,462

**MCG** £551,462

**GP** £0

**The Eden Project, St Austell, Cornwall** ●

**Round the World in Healthy Ways**

Eden aims to create four hubs as start points for adult and children's trails on; food, health, biodiversity and future technologies. Eden want to refurbish some exhibits on the trail to reach a wider audience, communicate deeper levels of information and address current issues such as allergies, diabetes, obesity, famine and food miles.

**TC** £378,000                      **MCG** £158,500                      **GP** £0

**ss Great Britain, Bristol** ●

**Interactive Brunel engineering exhibit – ss Great Britain**

A glass plate will be installed around the ship in its dry dock then a dehumidification plant and environmental control system installed to manage the airflow required for the conservation of the ship's hull.

**TC** £3,998,000                      **MCG** £312,809                      **GP** £0

**ss Great Britain, Bristol** ●

**Recreating Brunel's great engine**

This project will recreate Brunel's 1845 engine from the SS Great Britain and replaces the current static engine display. The new engine will be located within the engine room onboard the ship and will be styled to look traditional, hiding modern technology.

**TC** £800,077                      **MCG** £450,058                      **GP** £0

**At-Bristol** ●

**Wildwalk redevelopment and launch of touring exhibition brand**

This project will refresh Wildwalk's final gallery, People and the Planet, with new and improved exhibits including a walk through coral reef tank. It will also enhance the existing Live Science Area.

**TC** £2,090,100                      **MCG** £1,167,575                      **GP** £0

**The Royal Signals Museum, Blandford, Dorset** ●

**Waveform Workshop**

The project is for a new display looking at the Electro Magnetic Spectrum (EMS) and how it has developed army communications and to explain how this relates to the progress of civilian communications. This will be done through a series of 9 kiosks which will explain the use of EMS through interactive experimentation, evaluation and audio-visual displays.

**TC** £239,700                      **MCG** £179,775                      **GP** £0

## **Cross Regional**

**ECSITE-UK Exhibition Consortium** ●

**Creating exhibitions on Animation, Colour and Sport for tour within the UK**

The Consortium, a partnership between ECSITE-UK, @Bristol, Magna, National Museums Liverpool, Science Projects and W5 will create three science-based interactive touring exhibitions of; Animated Adventures - revealing the science and creativity behind the animation process; Living Colour - exploring the nature of colour and the way it influences our lives and Faster, Higher, Stronger - the Science of sporting success.

**TC** £2,745,500                      **MCG** £1,937,360                      **GP** £0

**At-Bristol Ltd**

Let's Imagine - collaborative development involving At-Bristol, Inspire and Satrosphere

The project is for the creation of 3 touring exhibitions aimed at pre-school age and Key Stage 1 children on the themes of 'In the Jungle', 'Out in Space' and 'Dinosaurs'. The exhibits will tour Inspire in Norwich, Bristol, Satrosphere in Aberdeen, plus secondary centres in Inverness, Thurso, Lerwick and Kirkwell through Satrosphere, and The Observatory in Sussex through Inspire. The exhibits will then be toured commercially.

**TC** £685,822

**MCG** £435,822

**GP** £0

**Glasgow Science Centre**

Through the Looking Glass

The project is a partnership between Glasgow Science Centre and At-Bristol to create a touring exhibition on the theme of psychology of the illusions, aimed at audiences of all ages and designed around Alice's adventures in Wonderland.

**TC** £958,826

**MCG** £719,426

**GP** £0

### 3. Grants under the Urban Cultural Programme

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The Millennium Commission and the Arts Council of England together developed the Urban Cultural Programme. The programme funds a wide range of cultural festivals in areas across the UK. The Commission have invested £13.5 million as its contribution to the Programme.

**Live Hi, Highland**

The Highland Council

This is an eighteen month programme organised by Highland Council with activities in Inverness and throughout the region. The programme of events will include a traditional music festival with a youth and community focus; community arts events and touring theatre; a cutting edge urban centre focused arts festival and a youth arts development programme leading to a youth performing arts festival.

**TC** £1,000,000

**MCG** £500,000

**GP** £114,000

**Made in Belfast, Belfast**

Belfast City Council

The funding will be supporting the first year of a two-year programme of activities. It is co-ordinated by Belfast City Council and will build on existing festivals throughout the city as well as introducing new activities. A united vision of the city will be promoted. There will be an arts festival for children, a programme of public commissions and home grown talent will be celebrated.

**TC** £2,850,000

**MCG** £1,350,000

**GP** £0

**C21, Blackburn and Darwen**

Blackburn City Council

This programme will be delivered by Blackburn with Darwen Borough Council. It will celebrate links between Asia and Blackburn and involve a major trans-Asian art exhibition. Existing festivals will be enhanced, a programme of artists' residencies is planned and specific communities will have the opportunity to develop their virtual and media activities skills.

**TC** £1,100,000

**MCG** £500,000

**GP** £0

### **Building Liverpool's Capacity Towards 2008, Liverpool**

Capital of Culture Company

This programme will expand the capacity and reach of the cultural organisations in Liverpool within the overall themes of Create and Participate. 'Around the City in 80 days' and 'Creative Communities' project are based on a theme of 'Journeys'.

Community groups will work with artists to produce their own programme of art exploring stories about Liverpool, and a series of projects covering European, education, heritage, environment and health themes.

**TC** £2,400,000      **MCG** £1,200,000      **GP** £0

### **The People's Arts Festival, Swansea**

City and County of Swansea Council

City and County of Swansea is co-ordinating this eighteen month programme of interlinked cultural events and festivals. The regular Swansea carnival route will be extended to involve other communities. A series of neighbourhood festivals, parades and celebrations will also take place, and other existing activities will be extended and developed.

**TC** £1,400,000      **MCG** £650,000      **GP** £0

### **Let's Put The Show On Right Here! South Lanarkshire**

South Lanarkshire Council

New and refurbished arts venues in the area will act as a platform for projects such as Light Up Lanarkshire; Contemporary Culture Exhibition; Here's Tae Us and other festivals. Special projects will focus on those most at risk of social exclusion – children and young people at risk, individuals with physical disabilities and learning needs.

**TC** £1,700,000      **MCG** £700,000      **GP** £0

### **Creative Connections, Birmingham**

Birmingham City Council

This is a two-year programme of activities co-ordinated by Birmingham City Council and involves a huge range of arts and cultural organisations in Birmingham and the surrounding region. The programme is focused on strengthening existing connections and establishing new ones. It will include new works for theatre, dance, opera and orchestral music, contemporary art outside dedicated arts spaces, and world class opera at grass roots level.

**TC** £7,700,000      **MCG** £1,650,000      **GP** £0

### **Creative Bristol**

Bristol Cultural Development Partnership

This two-year programme will be based on the theme of Creative Bristol and activities include Electric Pavilion, involving an online project that creates a virtual centre for creative enquiry and illumination; Creative Renewal marking the redevelopment of the Arncliffe, and the City Museum and Arts Gallery; and Brunel 200 celebrating the 200th anniversary of the birth of Isambard Kingdom Brunel.

**TC** £5,100,000      **MCG** £1,550,000      **GP** £0

### **Illumination, Bradford**

City of Bradford Metropolitan District Council

This is a two-year programme of activity, involving a consortium of five key cities, co-ordinated by Bradford City Council. It will involve a series of exhibitions, commissions, festivals and performances and a network of cultural animateurs – 'Lamplighters' – will be established to promote community cohesion, civic pride and ownership of projects. The programme focuses on celebrating local cultural talent and encouraging personal creativity in young people and others.

**TC** £3,900,000      **MCG** £1,350,000      **GP** £0

**Cardiff 2005, Cardiff ●**

Cardiff Council

This is a twelve month programme organised by Cardiff City Council linked to the celebration of the 50th anniversary of Cardiff as a capital city. The programme will be a year of events including world-class touring theatre; spectacular events in Cardiff Bay; local regeneration projects and large scale participation projects.

**TC** £2,600,000

**MCG** £1,300,000

**GP** £0

**Culture 10, Newcastle and Gateshead ●**

Newcastle Gateshead Initiative

A two year programme of activities will celebrate Gardens, Fashion and Design and The River, The Sea and Music. Activities will include a river festival hosting the Tall Ships Race; numerous community participation events for arts and for sport; and a major celebration of new cultural buildings in the area with a series of trailblazing and spectacular launch events.

**TC** £10,800,000

**MCG** £2,750,000

**GP** £0

## Section 26 Directions

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### **Directions issued to the Millennium Commission under section 26(1) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998).**

The following Directions issued to the Millennium Commission by the Secretary of State for Culture, Media and Sport under section 26(1) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998) had effect during the year 2004-05 in determining the persons to whom, the purposes for which, and the conditions subject to which the Commission distributes money under section 25(1) of the Act:

- (A) the need to ensure that its powers to solicit applications under section 25 (2A) are used in connection with the pursuit of strategic objectives.**

The Commission's normal process of distributing funds is through unsolicited applications from independent parties, allocating funds according to the merits of individual applications and taking into account any assessment of needs and priorities identified by the Commission. At this late stage in the Commission's funding life, the powers of solicitation have been used to ensure that the remainder of grant remedies the imbalances of earlier funding rounds.

The Commission did not use its powers of solicitation during the year 2004-5.

- (B) the need to ensure that money is distributed under section 25(1) for projects which promote the public good (including the widening of public access) or charitable purposes and which are not intended primarily for private gain.**

This Direction is one of the key criteria for Millennium projects. This is ensured throughout the Commission's monitoring process.

- (C) the need for money distributed under section 25(1) to be distributed for the purpose of capital expenditure on projects and only to be otherwise distributed where the money:**
- (i) is distributed for the purposes of endowment or in the form of revenue grants where:**
    - (a) such costs are associated with a Millennium Project in respect of which money has been or is proposed to be distributed under section 25(1); and**
    - (b) the project would not otherwise be completed because no other finance for such costs is available; or**
  - (ii) is distributed for bursary or similar schemes; or**
  - (iii) is distributed in support of millennium celebrations.**

During 20045 no new grants to run bursary schemes were awarded and no Awards to individuals were made. The last Awards were made in March 2004.

The Commission has been keen to ensure that projects are additional – in essence that they have added to what might otherwise have been available.

- (D) the viability of projects and in particular the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project.**

Each long-listed application was thoroughly assessed before grant was offered so that the Commission could be satisfied that the long-term viability of the project was secure and running costs during the lifetime of the project were likely to be met. The Commission continues to monitor such issues throughout the grant payment process, and post-completion monitoring.

- (E) the need to require an element of partnership funding and/or contributions in kind from different sources, commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas, to obtain such support.**

The Commission will not normally provide more than 50% of the total capital cost of a Millennium Project, 50% of the cost of an Urban Cultural Programme award, 75% of a ReDiscover project, or 90% of a Millennium Award Scheme or Millennium Encore Scheme.

Contributions in kind are accepted as partnership contributions. This includes gifts of land and the donation of professional services, voluntary labour etc.

Funding support from other Lottery distributors may be acceptable as partnership funding for capital projects. However, the Commission reserves the right not to accept such monies as partnership funding and requires a reasonable proportion of partnership funding to come from sources other than the Lottery.

- (F) such information as it considers necessary to make decisions on each application, including independent expert advice when required.**

The Commission's application process ensures that detailed information is provided to the Commission when it makes its decisions on grants. In addition to the work of Commission staff and contractors, other Government and non-Government bodies are consulted throughout the process.

- (G) the need not to distribute money under section 25 to a company falling within section 27(2)(a).**

No money has been distributed to a company of which the Commission, or a wholly owned subsidiary of the Commission, is a member. The Commission is not a member of any company.

- (H) the objective of ensuring that major projects are supported in each country of the United Kingdom.**

The Commission has supported major projects in each country of the United Kingdom. These include Odyssey in Belfast, the Wales Millennium Centre in Cardiff, Millennium Point in Birmingham and Our Dynamic Earth in Edinburgh.

## Financial Directions

### **Financial Directions issued to the Millennium Commission under section 26(3) and (4) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998).**

The following Financial Directions issued by the Secretary of State for Culture, Media and Sport to the Millennium Commission had effect during the year:

- (i) The Millennium Commission shall comply with the requirements contained within the Statement of Financial Requirements attached as an Annex to these Directions when carrying out its functions under section 25 of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). Wherever specified in that Annex, the Millennium Commission must obtain the consent of the Secretary of State before carrying out certain activities.

During the year the Commission took full account of the Statement of Financial Requirements issued by the Secretary of State for Culture, Media and Sport in August 2002. These Requirements are intended to ensure the proper management and control of Lottery proceeds, and cover the role of the Accounting Officer, applications for grant and conditions of grant, control of costs, audit arrangements and general internal finance matters.

- (ii) The Millennium Commission shall devise and abide by a procedure for handling potential conflicts of interest which may arise in the evaluation of applications by the Body or individual members of that Body. This procedure, together with a statement confirming the arrangements that have been applied, should be provided to the Secretary of State for Culture, Media and Sport before the distribution of any funds under section 25 of the Act, and thereafter at the beginning of each financial year.

The Commission continued to abide by the agreed procedure for handling potential conflicts of interest in the assessment of applications.

### **Project monitoring**

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The Financial Directions require the Millennium Commission to operate monitoring and evaluation procedures to ensure that Lottery resources are used for the purposes for which the grant was given and that the projects and schemes supported represent value for money. In addition to regular meetings, the Commission has introduced the following systems to monitor its funding programmes. Regular reports are made to the Finance Committee and the Millennium Commission.

### **Capital Projects**

#### **Pre-completion monitoring**

Prior to the award of grant, every initial Capital Project application is subject to a detailed assessment either by independent professional advisors or Commission staff. Following the award of grant, formal monitoring reports have been produced on a monthly basis. Progress is measured and grant considered for release using information from these reports. Following completion of each project, a final audit is undertaken to ensure there are no outstanding issues and that all the conditions of grant have been fulfilled.

### **Post-completion monitoring (PCM)**

The Commission monitoring procedures differ slightly for stand alone and umbrella projects but both procedures cover the following core areas:

Project details	Benefits being delivered
Project purpose	Financial viability
Ownership of assets	Legal status of Recipient
Commission recognition	

#### **Stand-alone projects**

An annual visit is made to each of the completed stand-alone projects, (although after 3 years, some lower risk projects will have biennial inspections with a questionnaire return in the intervening year). During that visit the project is asked to provide sufficient information to confirm details concerning the seven core areas shown above and a questionnaire completed by the Monitoring Officer. The information requested covers such items as corporate governance; physical details and use; public accessibility; business plan including visitor numbers, expenditure, income etc; distribution of profits; budget and outturn capital costs and funding; borrowings; ownership of assets and disposals; security, insurances and consents. Each project is required to produce an asset register.

#### **Umbrella projects**

Where an Umbrella Organisation remains in existence and puts forward a PCM plan which is approved by the Commission's Finance Committee, it will be responsible for undertaking PCM. This will usually involve seeking information, via questionnaire, from its sub-recipients as well as visiting a percentage of sites and an annual report will be submitted to the Commission. The Commission will undertake its own visits as necessary.

Some Umbrella Organisations have disbanded following delivery of the project, or do not have the resources to fund PCM. In these cases, individual site contracts have been assigned to the Commission and the Commission undertakes monitoring, principally through an annual questionnaire. Commission personnel have also visited some sites, based on an assessment of risk.

During the year, the Commission monitored 147 completed stand-alone projects, through site visits and questionnaires. All stand-alone projects monitored continued to comply with the terms and conditions of grant. In addition, 16 umbrella projects and 762 individual umbrella sites have been monitored. Commission staff are not aware of any material failure to comply with the terms and conditions of grant in connection with umbrella projects.

#### **Millennium Awards**

There was a two-stage monitoring process for Millennium Award Schemes: Award Partners; and individual recipients. Award Partners were required to submit quarterly reports, and each Scheme is subject to an annual independent audit. Partners were also obliged to monitor individual Award winners. They used a variety of means, including regular reports, meetings, spot checks and financial statements.

During the year the Commission monitored the remaining 34 Award schemes through site visits/questionnaires/telephone calls.

All were found to be satisfactory with none displaying fundamental weaknesses. The Millennium Awards programme was completed in December 2004 by which time all

schemes had been successfully closed down except one that is the subject of further investigation into its financial reporting.

### **The Millennium Awards Trust**

The transfer of the £100m endowment to the Millennium Awards Trust took place in February 2003. As required by the Trust Deed governing the operation of the Trust, UnLtd submits its Annual Report and Accounts to the Commission. The first full year's Report, for the period April 2003 to March 2004 was received in September 2004 and reviewed by the Commission, with no cause for concern found. The £100m endowment has performed well with an end year value of £108.5m. The report detailed that during the year:

- 477 Level 1 Awards were offered to 861 individuals;
- 34 Level 2 Awards were offered
- A total of £1,949,653 was expended on Awards, constituting 80% of the total grant available for distribution.

### **Millennium Encore**

In January 2002, the Millennium Commission entered into Terms & Conditions of Grant with its three Millennium Encore recipients: the National Association of Clubs for Young People, the Happy Days Children's Charity and Arts & Business. The National Association of Clubs for Young People scheme successfully completed in this financial year with the two remaining schemes expected to complete in 2005. The Terms & Conditions of Grant set out the terms on which the Commission will release grant and what the recipient must deliver. In order to ensure that the projects are being delivered to timetable and budget recipients are required to submit regular monitoring reports in addition to an end of project report. Recipients submit grant claims quarterly in arrears and the claims must be supported by financial information. 10% of grant is withheld until the Commission is satisfied that the recipient has delivered the project as set out in the Terms & Conditions of Grant. At the time of writing the Commission has released grant totalling £1,931,238 from the £2.5m Millennium Encore grant budget.

### **Millennium Experience**

The New Millennium Experience Company ('NMEC') entered into a Members' Voluntary Liquidation to timetable on 18 December 2001 and KPMG, were appointed as liquidators. It is anticipated that, subject to the resolution of all outstanding business, the liquidation could will be concluded by the end of 2005... The Commission agreed at its May 2004 meeting to reduce NMEC's grant award by £24m. This reduced the Commission's overall grant commitment to NMEC to £606m (including just under £2m for the Millennium Festival London River Event 1999). Just under £1.2m remains undrawn.

Ownership of the Dome reverted as planned to English Partnerships ('EP') in mid-2001 when NMEC's lease on the site expired. In June 2004 contract dealing with the sale of the Dome and development of the Greenwich Peninsula by Meridian Delta Ltd ('MDL') went unconditional. MDL is a consortium consisting of Lendlease plc, Quintain Estates and Development and the Anschutz Entertainment Group. The Millennium Commission was not involved in the sale process itself as the Dome and site were owned by English Partnerships ('EP'). However NMEC is entitled to a share of the proceeds from the sale, and once the Company is dissolved, it is intended that its rights to a 13% share of the sale proceeds will pass, over a 25 year period, to the Millennium Commission or its successor body.

## Complaints

The Millennium Commission has a formal Complaints Procedure which relates to our assessment process, or the handling of issues by the Millennium Commission. This Procedure explains what to do and how the Millennium Commission will respond.

In addition any constituency MP can draw the activities of the Millennium Commission to the attention of the National Audit Office or the Parliamentary Ombudsman.

The Commission received no formal complaints under this Procedure during the year. From 1<sup>st</sup> April 2005 the Commission adopted the Lottery Distributors Common Complaints Procedure. The Common Complaints Procedure offers the same stages of internal and independent external scrutiny as the Commission's old policy.

## Freedom of Information

The Freedom of Information Act 2000 came fully into force on 1st January 2005. Under the FOI Act, each public body is required to produce a publication scheme setting out what information it will publish as a matter of course, how and when it will do so, and whether this information will be available free of charge or at a cost. The Commission's Publication Scheme is freely available on the Commission's website. During the period 1st January to 31st March 2005 the Commission received 11 formal requests for information citing the FOI Act.

## Performance targets

The Government requires all non-departmental public bodies to demonstrate how effectively they have discharged the mission which they have been set. To this end, the Millennium Commission has agreed certain key performance targets with the Government, against which annual performance can be measured. The table below sets out all quantified targets, and their outturns, for 2004-05.

Target definition	Target 2004-05	Outturn 2004-05
Capital projects in contract as % of total offered grant	100%	100%
Capital projects with work commenced as % of total in contract	100%	100%
Number of capital projects completed	193	188 <sup>1</sup>
Amount of capital projects grant spent as % of total awarded	95%	96%
Amount of Awards grant spent as % of total available	100%	100%
Total value of Awards funds awarded as % of budget to 2005	100%	100% <sup>2</sup>

<sup>1</sup> All figures are as at 31.03.05. By 30 June 2005 185 projects had been completed

<sup>2</sup> These figures do not include the Millennium Awards Endowment.

# The Millennium Commissioners

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The composition of the Commission is defined by the National Lottery etc. Act 1993 (amended by Order, December 2003). The Commission comprises: two Ministers, one of whom chairs the Commission; one member nominated by the Leader of the Opposition; and five independent members, drawn from across the UK and representing a range of interests. The Millennium Commissioners are appointed by Her Majesty the Queen on recommendation from the Government. The Commission normally meets monthly.

Members of the Millennium Commission who have been Commissioners during the year to 31 March 2005, were:

**Rt Hon Tessa Jowell MP (Chair)**

Chair of the Millennium Commission and Secretary of State for Culture, Media and Sport. Appointed 2001.

**Floella Benjamin OBE**

An actress and author who runs her own independent television company. Appointed 2000.

**Rt Hon Richard Caborn MP**

Minister for Sport and former TU official and Member of the European Parliament, representing Sheffield. Appointed 2002.

**Dr Heather Couper FRAS FInstP**

Broadcaster and writer on space and astronomy, founder of Pioneer Productions, one of the UK's leading factual TV companies. Appointed 1994.

**Matthew d'Ancona**

Journalist and Deputy Editor of *The Sunday Telegraph*, worked for the magazine *Index on Censorship* and was Assistant Editor of *The Times*. Appointed 2001.

**Judith Donovan CBE**

Health and Safety Commissioner; Chair of Postwatch North of England; Chair of Yorkshire Tourist Board (from January 2005) and Chair of DIY Direct Marketing. Appointed 2000.

**The Lord Glentoran CBE DL**

Opposition Front Bench Spokesman for Northern Ireland, House of Lords; Director of NHBC; Olympic gold medal winner 1964. Appointed 1994.

**The Rt Hon Lord Heseltine CH PC (Opposition nominee)**

Former First Secretary of State and Deputy Prime Minister, Chairman of the Haymarket Publishing Group. Appointed 1994, reappointed 1997 as Opposition nominee.

## Financial Report and Accounts 2004-05

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## Foreword

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The Commissioners present the Financial Statements of the Millennium Commission (“the Commission”) for the year 1 April 2004 to 31 March 2005.

### **History and functions of the Commission**

The Commission was created by the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998) and was established on 17 February 1994. It is one of the bodies responsible for the distribution of Lottery proceeds to good causes.

The Commission’s principal function is to assist communities in marking the close of the second millennium and in celebrating the start of the third. It uses money raised by the National Lottery to encourage projects throughout the UK which enjoy wide public support and which will be lasting monuments to the achievements and aspirations of the nation.

These include :

- landmark capital projects;
- capital projects of local or regional significance;
- the Millennium Awards Scheme, intended as a means of assisting individuals to fulfil more personal aspirations (ceased in December 2004);
- the Millennium Festival celebrations (ceased in July 2001);
- the Millennium Encore Scheme, enabling young people to attend a professional performing arts production;
- ReDiscover, grants to science centres to enable them to renew their exhibits;
- Enhancements, grants to existing capital projects to expand or enhance their original project;
- the Urban Cultural Programme, festivals and other cultural activities demonstrating that culture is central to the life of an urban area, contributing to regeneration; and
- the Millennium Experience.

The Commission is a Non-Departmental Public Body governed under Directions issued by the Secretary of State for Culture, Media and Sport, although the Commission is directly accountable to Parliament.

In December 2000 Parliament passed two Orders which extended the Commission’s funded life and thus fulfilled the pledge of the existing and previous Governments that additional grants to the Millennium Experience should not affect the Commission’s other programmes. The Orders stipulated that the Commission’s share of the proceeds from the Lottery should cease when it reached £2,286.5m. In August 2001 the Commission received its final allocation of funds from the National Lottery.

### **Review of activities**

During the year the Commission has continued to develop the Capital Projects and ReDiscover grant programmes. Since its launch, over £35m has been offered to Enhancement programmes, of which, £34.7m has gone into contract and total payments of £18.7 million made by the end of the year. The ReDiscover grant programme has gathered momentum, with awards totalling £26m and £2.9 million paid by the year end.

In March 2004 the Commission and the Arts Council England, launched the Urban Cultural Programme. The Commission awarded £13.5m to eleven recipients. The programme consists of festivals to be held mainly in 2005-06, whose aim is to demonstrate that culture is central to the life of an urban area, contributing to regeneration. Grant payments commenced in February 2005.

The Commission continues to plan for completion of its work by March 2006, in line with the timetable set out in the National Lottery Funding decision document published in July 2003. The Government introduced the National Lottery Bill on 24 May 2005. The Bill will formally establish the Big Lottery Fund (currently the working title of the New Opportunities Fund and the Community Fund) and dissolve the Commission. When the Commission is wound up its property, rights and liabilities will transfer to the Big Lottery Fund.

### ***Organisational structure***

During 2004-05 the Commission had five operational departments which dealt with grant programmes: Capital Projects, Millennium Awards, Urban Cultural, Millennium Experience and Millennium Encore. Nine core functional departments supported the operational departments: The Director's Office, Secretariat, Policy, Communications, Commercial, Personnel, Finance, Information Systems and Facilities Management. In December 2004 the Awards and Communications Departments were closed. From January 2005 the Commission has shared accommodation with the Big Lottery Fund. As a result of the co-location it has been possible for the Fund to take over an increasing number of the Commission's support functions. By April 2005 the Fund was providing services to the Finance, Facilities and IT Departments. Due to the reduction in activity staff numbers are reducing in line with a planned redundancy programme. During the year staff numbers declined from 55 to 36. An analysis of the staff complement is detailed in note 5 to the accounts.

Heads of departments meet on a fortnightly basis as the Senior Management Team to steer the Commission's operational strategy based upon the completion plan specified and agreed by the Board of Commissioners. Details of the Millennium Commissioners are listed at the end of the foreword.

The Commission's Director reports to the Commissioners and is also directly accountable to Parliament, as the Commission's Accounting Officer, for all aspects of the Commission's work. The Department for Culture, Media and Sport is the Commission's sponsor department and as such its Accounting Officer is jointly accountable to Parliament for the Commission's procedures and systems. As Accounting Officer for the National Lottery, the Department's Accounting Officer is also generally accountable for all lottery monies, including those distributed by the Commission.

### **Financial**

The Commission's results for the year to 31 March 2005 and financial position at the year-end are set out in the Income and Expenditure Account, Balance Sheet and supporting notes on pages 38 to 54. The accounts have been prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, Media and Sport with the approval of Treasury, in accordance with Section 43(2) of the National Lottery etc. Act 1993. A copy of the Accounts Direction can be obtained on request from The Secretary to the Millennium Commission at the address shown on the back of this document.

All the Commission's expenditure is met from the balance of income held on its behalf at the National Lottery Distribution Fund (NLDF). At 31 March 2005, the market value of balances held by the NLDF was £107.5m (previous year £155.6m). Operating expenditure for the year was £4.6m (previous year £6.1m). The Commission made hard commitments to applicants (i.e. grants for which the Commission has contractual obligations) in the year amounting to £46.0m (previous year £41.0m). There were also hard de-commitments (i.e. grant reductions or withdrawals) totalling £28.8m in the year (previous year £4.5m). As a result, hard commitments in the year charged to the Income and Expenditure Account amounted to £17.2m (previous year £36.5m). A total of £49.3m (previous year £61.5m) was paid to grant recipients in the year.

The Balance Sheet at 31 March 2005 shows total net reserves of £47.3m (previous year £63.3m) after providing for hard commitments. The hard commitments of £59.5m (previous year £91.6m) are for 51 Enhancement grants, 34 Capital Projects, 26 ReDiscover grants, 11 Urban Cultural Programme, 2 Millennium Encore grants, 1 Millennium Awards Scheme and the Millennium Experience. In addition, there were soft commitments (i.e. approved grants not yet contractually agreed) amounting to £23.5m (previous year £31.4m). Details of hard commitments by grant programme are included in note 16. Grant awards made during the financial year are detailed on page 7 of the Annual Report.

### Cash Management

Income from the National Lottery is retained in the National Lottery Distribution Fund until required by Lottery distributors. Since 1 April 2003 the Commission's balances in the NLDF have been 'ring-fenced' and increasingly invested in cash deposits to reduce the risk of market fluctuations having an adverse impact on the Commission's remaining life. At 31 March 2005 the balance of £107.5m in the NLDF was invested as follows:

	£m
Cash and cash deposits	105.2
Gilts maturing within 1 year	2.3

The Commission had hard and soft grant commitments against the balance held by NLDF totalling £83m.

Each week the Commission draws down money from the NLDF into a commercial bank account in accordance with forecast expenditure, with the aim of minimising balances held in current accounts. During the year the Commission successfully limited the average balance to £203k in line with recommendations made by the National Audit Office in their report on Managing National Lottery Distribution Fund Balances.

The Commission's lifetime budget for grants at 31 March 2005 was as follows:

Programme	Budget £ million	Paid to 31 March 2005 £ million
Capital Projects	1,302.3	1,273.8
Millennium Experience	604.0	602.8
Millennium Awards	195.1	195.1
Project Enhancement	35.6	18.7
ReDiscover	31.3	2.9
Millennium Festival	30.3	30.3
Urban Cultural	13.5	0.6
Millennium Encore	2.5	2.3
<b>Total</b>	<b>2,214.6</b>	<b>2,126.5</b>

The total number of recipients who received grant in the year was:

<b>Programme</b>	<b>2004-05</b>	<b>2003-04</b>
Capital Projects	44	42
Millennium Awards	15	50
Millennium Experience	0	1
Project Enhancement	65	69
Urban Cultural	2	0
ReDiscover	18	3
Millennium Encore	2	3
<b>Total</b>	<b>146</b>	<b>168</b>

### **Future developments**

The Government has indicated its intention that the Commission will be wound up in March 2006. By that time the Commission will have been in existence for just over 12 years and will have dispersed over £2.2 billion of Lottery money to a huge range of projects across the UK.

If the Commission is wound up by 31 March 2006 the requirement to carry out post completion monitoring and responsibility for the preservation of the public contribution to our capital projects will pass to the Big Lottery Fund. The Fund will also be responsible for the completion of any remaining grant programmes still outstanding at that date. In preparation for this, the Commission has begun to work with the Big Lottery Fund at all levels with the aim of transferring as much knowledge as possible before it is wound up. However for the remainder of its life the Commission has a busy programme of work. 17 Capital Projects out of the 203 we have funded have yet to open their doors and of the 116 Awards Schemes, one remains to be completed. Our Encore programme, which has enabled more than 80,000 young people to experience performing arts productions, completed during 2005. ReDiscover, the Science Centre renovation fund, run in collaboration with The Wellcome Trust and The Wolfson Foundation completed its final funding round in 2005. All projects are planned for completion before the end of the Commission's life. The 11 Commission grant recipients from the Urban Cultural Programme will continue to be monitored in collaboration with Arts Council England, Scotland, Wales and Northern Ireland as appropriate. The Commission will also continue to monitor the New Millennium Experience Company's (NMEC's) progress towards an orderly wind-up of the Company's affairs in 2005. As part of that wind-up it is expected that NMEC will enter into an agreement with English Partnerships to share in the proceeds of the disposal of the Dome and associated lands to MDL/AEG.

### **Funds for operating activities and other sources of cash**

The Commission receives two forms of interest; interest earned on the balance of funds held at the NLDF and interest from funds drawdown from the NLDF and placed on overnight deposit in our private bank accounts. On limited occasions throughout the year, funds available to the Commission have also increased due to decommitments of existing committed grants and grant refunds.

### **Liquidity**

The Commission has £107.5m held at the NLDF, against which £83m grant commitments were outstanding at 31 March 2005. We anticipate that on completion of all grant programmes and administrative expenditure there will be an uncommitted balance available to transfer to the Big Lottery Fund.

**Taxation**

The Millennium Commission is liable to corporation tax on income earned from interest paid on commercial bank accounts. In 2004-05 the accrued liability was £11k (previous year £5k).

**Fixed assets**

The movement in fixed assets shown on the Balance Sheet is detailed in note 10. As part of the move to new premises the Commission disposed of most of its furniture and equipment. Consequently the value of fixed assets in the Balance sheet is nil. Net receipts from the sale of assets and other inventory items were £6k. New furniture and equipment has been provided by the Big Lottery Fund under a service level agreement.

**Payment of creditors**

The Commission aims to abide by the Better Payment Practice Code and to pay all its creditors within 30 days of receipt of invoice, unless alternative terms and conditions have been negotiated. In the year under review 93% (last year 96%) of all creditors were paid within the agreed terms.

**Post balance sheet events**

Post balance sheet events are detailed in note 23.

**Auditors**

Under the National Lottery etc. Act 1993, the Commission is required to have its annual financial statements audited by the Comptroller and Auditor General. The cost of the statutory audit is shown in note 8. There were no other audit services provided. The auditor's certificate on the financial statements is shown on page 37.

**Gifts**

During the year no gifts were offered by the Commission. The total value of gifts received amounted to £110 (previous year £81), of which none were individually over £25 in value.

**Employees**

The number of full-time employees at the year end, including seconded staff, was 36 including 4 Directors (previous year 55 including 4 Directors). The average number of staff employed during the year was 48 (previous year 61).

The Commission complies with all legal requirements in respect of its policies towards equal opportunities and disabled people. The Commission has no formal employee consultation policy with the exception of the redundancy consultation policy.

**Commissioners**

The Members of the Commission, who have been Commissioners during the year to 31 March 2005, were:

The Rt. Hon. Tessa Jowell MP (Chair)

Floella Benjamin OBE

The Rt. Hon. Richard Caborn MP

Dr Heather Couper FRAS FInstP

\* Matthew d'Ancona

\* Judith Donovan CBE

\* The Lord Glentoran CBE DL

The Rt. Hon. Lord Heseltine of Thenford CH PC (Opposition nominee)

\* signifies member of the Finance and Audit Committees

All current Commissioners were reappointed from 1 January 2004 for a further term of three years until 31 December 2006. The number of Millennium Commissioners was reduced from 1 January 2004 by Statutory Instrument 2003 No. 3033, reducing Commissioner numbers to eight from nine.

Company directorships and other significant interests held by board members can be obtained by contacting the Secretary to the Millennium Commission on the address shown on the back cover of this document.



**The Rt. Hon. Tessa Jowell MP**  
**Chair**

Date: 14 July 2005



**Mike O'Connor CBE**  
**Director & Accounting Officer**

Date: 14 July 2005

# Statement of Commissioners' and the Director's Responsibilities

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Under section 43(1)-(2) of the National Lottery etc. Act 1993, the Commission is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport.

The financial statements are prepared on an accruals basis and must show a true and fair view of the Millennium Commission's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the Commission's accounts, Commissioners are required to:

- observe the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material differences in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Commission will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director of the Millennium Commission as the Accounting Officer for the Commission. The Director's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in 'Government Accounting' (TSO), and in the Financial Directions issued by the Secretary of State for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993.



**Mike O'Connor CBE**  
**Director & Accounting Officer**

Date: 14 July 2005

## Statement on Internal Control

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As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Millennium Commission's policies, aims and objectives, as set out by the Millennium Commissioners. It is also my duty to safeguard public funds and Commission assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 'Government Accounting' to ensure compliance with the requirements of the Commission's Financial Directions and Statement of Financial Requirements.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Millennium Commission for the year end 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The risk management process is led by the Senior Management Team in the light of guidance from Commissioners on the acceptable level of exposure. The framework of risk management is fully documented and the documentation is kept under review to ensure it reflects best practice. The risk management processes involve all staff in understanding and managing risks in their areas of responsibility.

The system of control is based on a framework of management processes including corporate policies, regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Commission has the following processes:

- a Board of Commissioners responsible for strategic planning and direction and a supporting non-executive Committee structure with defined responsibilities;
- a Senior Management Team that meets fortnightly and is responsible for the operational direction of the Commission;
- a set of policies agreed by the Board of Commissioners and a set of procedures agreed by the Senior Management Team in line with Policy and Financial Directions set by the Secretary of State;
- procedures to ensure the disclosure of interests before discussion and decisions on the issues take place;
- a risk management process to recognise, register and manage key risks to the fulfilment of the Commission's objectives, which is maintained and reviewed by the Senior Management Team and updated via a process of ongoing assessment;
- regular reports from managers on steps taken to manage risks in their areas of responsibility, including progress reports on key projects and new activities;

- risk management has been incorporated fully into the corporate planning and decision-making processes of the Commission;
- a financial reporting and monitoring process that informs management and Commissioners on a timely basis;
- an outsourced Internal Audit team, which operates to standards defined in the Government Internal Audit Manual. Internal Audit's annual plan has utilised the Commission's risk evaluation and all audit work is risk-focussed in line with the requirements of the Government Internal Audit Standards. They submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Commission's system of internal control together with recommendations for improvement. Internal Audit report directly to the Audit Committee; and
- proceedings of the Audit Committee are reported to the Board of Commissioners.

From 1 April 2005 the systems for making payments and maintaining financial records has passed to the Big Lottery Fund through a service level agreement. Under the terms of the agreement regular meetings are held to discuss its operation and the systems are open for inspection by the Commission.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and executive managers within the Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. Over the course of the year, I have discussed with the Audit Committee the effectiveness of the systems of internal control and issues arising from the work of the internal and external auditors. In producing this statement, I have reviewed, and again discussed with the Audit Committee the following:

- the results of the stewardship reporting process through which budget holders confirm compliance with their delegated responsibilities;
- the results of consideration of risks and risk management by the Senior Management Team;
- the arrangements for detecting and responding to conflicts of interest and fraud;
- the scope, authority and resourcing of Internal Audit and the Internal Audit Annual Assurance Report.

During the year I was informed that systematic fraud had been attempted against a number of public and voluntary sector organisations awarding small grants. A review of the records held by the Commission revealed a small number of cases where there were possible links with individuals who were under investigation as a result of involvement with other grant distributors. Under the Millennium Awards Scheme where grants were distributed through a number of charities up to £100,000 was identified as being at risk (total grant paid of £195 million). Other grants paid on the Commission's behalf by the Community Fund in 1999-2000 under the Awards for All programme have also been found to have links with the investigation. Up to £21,000 paid from the Programme has been found to have links with the investigation. We have worked with

Internal Audit from the Big Lottery Fund, other organisations and the DCMS to investigate the potential misuse of funds. The investigation of these cases is in the hands of the police. The Millennium Commission grant schemes affected by this issue are all complete and no further programmes are planned. From my review of all awards made by the Commission under these programmes (a total of £200 million) during its life I am satisfied that the sums involved are not material.

A handwritten signature in black ink, appearing to read "Mike O'Connor". The signature is written in a cursive, slightly slanted style.

**Mike O'Connor CBE**  
**Director & Accounting Officer**  
Date: 14 July 2005

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the financial statements on pages 38 to 54 under the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 41 and 42.

## **Respective responsibilities of the Commissioners, the Director and Auditor**

As described on page 33 the Commissioners and The Director, as Accounting Officer of the Millennium Commission, are responsible for the preparation of the financial statements in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, and for ensuring the regularity of financial transactions. The Commissioners and The Director are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 34 to 36 reflects the Commission's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

## **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commissioners and The Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Millennium Commission at 31 March 2005 and of the decrease in funds, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and Directions made thereunder by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**

**Comptroller and Auditor General**

Date: 15 July 2005

**National Audit Office**

157-197 Buckingham Palace Road

Victoria

London SW1W 9SP

## Income and Expenditure Account for the year ended 31 March 2005

	Notes	£'000	2004-05 £'000	2003-04 £'000
Investment income on balances at NLDF	2		6,175	7,519
Unrealised loss on investments	2		(264)	(1,233)
Grant repayment			3	1
Rent receivable			0	52
Bank interest receivable			57	27
<b>Total income</b>			<b>5,971</b>	<b>6,366</b>
Grant commitments made	16	45,969		41,022
Lapsed and revoked commitments	16	(28,766)		(4,546)
			<b>17,203</b>	<b>36,476</b>
Employee costs	4	2,235		2,655
Other operating costs	8	2,422		3,437
Depreciation: Tangible assets	10	5		13
<b>Total operating expenditure</b>			<b>4,662</b>	<b>6,105</b>
<b>Total expenditure</b>			<b>21,865</b>	<b>42,581</b>
(Decrease) in funds before tax			(15,894)	(36,215)
Corporation tax due on interest income	9		(11)	(5)
<b>(Decrease) in funds after tax</b>			<b>(15,905)</b>	<b>(36,220)</b>

There were no losses or gains other than those included above.  
All transactions are in respect of continuing activities.

The notes on pages 41 to 54 form part of these accounts.

## Balance Sheet as at 31 March 2005

	Notes	£'000	2004-05 £'000	2003-04 £'000
<b>Fixed assets</b>	10		<b>0</b>	17
<b>Current assets</b>				
Balance in National Lottery Distribution Fund	2	<b>107,534</b>		155,622
Debtors	11	<b>96</b>		397
Cash at bank and in hand		<b>274</b>		179
		<b>107,904</b>		156,198
Creditors: amounts falling due within one year	12	<b>(51,772)</b>		(68,591)
<b>Net current assets</b>			<b>56,132</b>	87,607
Creditors: amounts falling due after more than one year	13		<b>(7,925)</b>	(23,333)
Provision	17		<b>(850)</b>	(1,029)
<b>Net assets</b>			<b>47,357</b>	63,262
<b>Represented by:</b>				
Reserves				
Net reserves brought forward	18		<b>63,262</b>	99,482
Income and Expenditure Account	18		<b>(15,905)</b>	(36,220)
<b>Total reserves</b>			<b>47,357</b>	63,262

The notes on pages 41 to 54 form part of these accounts.



**Mike O'Connor CBE**  
**Director & Accounting Officer**

Date: 14 July 2005

## Cash Flow Statement for the year ended 31 March 2005

	2004-05 £'000	2003-04 £'000
<b>Operating activities</b>		
Cash received from NLDF	53,999	67,820
Cash received from grant repayment	2	1
Cash received from rent	0	71
Cash payments to grant commitments	(49,341)	(61,468)
Cash payments to suppliers	(2,193)	(3,510)
Cash payments to and on behalf of employees	<u>(2,424)</u>	<u>(2,820)</u>
<b>Net cash Inflow from operating activities</b>	<b>43</b>	<b>94</b>
<b>Return on investments</b>		
Interest received	57	27
<b>Taxation</b>		
Taxation received	(5)	(14)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	<u>0</u>	<u>(18)</u>
<b>Increase in cash</b>	<b>95</b>	<b>89</b>
<b>Reconciliation of (decrease) in funds before tax to net cash inflow from operating activities</b>		
	2004-05 £'000	2003-04 £'000
(Decrease) in funds before tax	(15,894)	(36,215)
Depreciation charge for the year	5	13
Interest receivable	(57)	(27)
Decrease in NLDF balance	48,088	61,534
Decrease in debtors	301	33
(Decrease) in admin. Creditors	(65)	(1,663)
(Decrease) in hard commitments	(32,156)	(23,365)
(Decrease) in terminal payment provision	<u>(179)</u>	<u>(216)</u>
<b>Net cash Inflow from operating activities</b>	<b>43</b>	<b>94</b>
<b>Reconciliation of net cash flow to movements in net cash</b>		
	2004-05 £'000	2003-04 £'000
Net cash inflow for the year	95	89
Net cash balance at 1 April	<u>179</u>	<u>90</u>
<b>Net cash balance at 31 March</b>	<b>274</b>	<b>179</b>

# Notes to the Accounts

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## 1 Accounting Policies

### (a) Conventions

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and current asset investments at their value to the business by reference to current costs where these are materially different to their value under the historical cost convention, and in accordance with the Accounts Direction given by the Secretary of State on 19 June 2002. A copy of the Accounts Direction can be obtained on request from The Secretary to the Millennium Commission at the address shown on the back of this document.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act 1985 and Accounting Standards issued or adopted by the Accounting Standards Board in so far as they are appropriate.

### (b) Going concern

The Government have stated that the Commission will be wound up in March 2006 and any remaining assets and liabilities will be transferred to The Big Lottery Fund. On this basis the financial statements have been prepared on a going concern basis.

### (c) National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Commission is as shown in the Accounts and, at the Balance Sheet date, has been certified by the Secretary for State of Culture, Media and Sport as being available for distribution by the Commission in respect of current and future commitments. From 1 April 2003, the Commission's remaining funds held at the NLDF have been ring-fenced from the main Lottery Fund and have been invested conservatively to minimise short-term market fluctuations.

### (d) Fixed assets

Fixed assets are capitalised in the Balance Sheet at cost, except for items costing less than £2,000, which are written off to the Income and Expenditure Account in the year of purchase.

Fixed assets are depreciated using the straight line method over their useful lives as follows:

Office equipment including computer hardware and software                      - 3 years

For 2004-05 the fixed assets have not been revalued with reference to current costs on the basis of immateriality.

**(e) Pension fund**

The Commission does not operate its own pension scheme. The majority of employees receive an allowance in addition to their salary from which private provision for pensions may be made. Secondees from the Civil Service have a contribution paid into the Principal Civil Service Pension Scheme by their originating department. Further information is provided in note 7. The Millennium Commission does not pay contributions on behalf of any staff into any pension scheme. As a consequence, FRS 17 disclosure requirements are not appropriate.

**(f) Operating leases**

Costs under the operating leases are charged to the Income and Expenditure Account in the period to which they relate.

**(g) Soft and hard grant commitments**

Hard commitments, defined as the grant sum payable over the life of a project on which the Commission has a contractual agreement, are written off in the Income and Expenditure Account in the year in which the contracts are signed. Soft commitments are defined as the potential commitment on projects for which the Commission has approval to enter into contractual negotiations with applicants. These are shown as a note to the accounts but are not treated as part of the Income and Expenditure Account.

**(h) Grant repayment**

In the event that a grant recipient disposes of a Project asset, the Commission can exercise their right to request a repayment of grant from the sale proceeds. Grant repayments are accounted for separately as income.

## 2 Proceeds from the National Lottery

	2004-05 £'000	2003-04 £'000
Balance brought forward as at 1 April	155,622	217,156
Interest earned in National Lottery Distribution Fund	6,175	7,519
Monies drawn down from the National Lottery Distribution Fund	(53,999)	(67,820)
Unrealised loss on investments	(264)	(1,233)
<b>Closing balance held by the National Lottery Distribution Fund at market value</b>	<b>107,534</b>	<b>155,622</b>

The cost value as at 31 March 2005 of the balances held by the National Lottery Distribution Fund (NLDF) was £107.5m (£156m last year). The Millennium Commission's Lottery funding ceased on 21 August 2001. The funds held in the NLDF are invested on the Commission's behalf by the Commission for the Reduction of National Debt.

## 3 Commissioners' emoluments

Commissioners do not receive salary or pension remunerations, instead they are entitled to receive an attendance allowance in respect of their services to the Commission. In consultation with the Department for Culture, Media and Sport, the Commission has determined that it will pay a £194 per day allowance (£97 for a half day). During the year to 31 March 2005, Commissioners received a combined total of £13,786 emoluments (2003-04: £8,140).

Commissioner	Entitled to claim	Waived entitlement to claim	Amount claimed in 2004-05 £'000	Amount claimed in 2003-04 £'000
The Rt Hon Tessa Jowell MP	X	n/a	n/a	n/a
Floella Benjamin OBE	√		0-5	-
The Rt Hon Richard Caborn MP	X	n/a	n/a	n/a
Dr Heather Couper FRAS FInstP	√		0-5	-
Matthew d'Ancona	√		-	-
Judith Donovan CBE	√		5-10	5-10
The Lord Glentoran CBE DL	√		0-5	0-5
The Rt Hon Lord Heseltine of Thenford CH PC	√		-	-

As nominee of the Leader of the Opposition, Lord Heseltine's appointment extends until the Opposition changes. All current Commissioners were reappointed from 1 January 2004 for a further term of three years until 31 December 2006.

**4 Employee information**

Employee costs were as follows:	<b>2004-05</b> <b>£'000</b>	2003-04 £'000 Restated
Wages and salaries *	<b>1,948</b>	2,311
Increase in terminal payments provision	<b>89</b>	94
Social security costs	<b>198</b>	250
<b>Total employee costs</b>	<b>2,235</b>	<b>2,655</b>

\*Prior year figures have been restated for comparative purposes.

**5 Employee numbers by category of employment**

	<b>2004-05</b>	2003-04
Projects	<b>20</b>	19
Millennium Awards	<b>5</b>	14
Experience, Festival and Encore	<b>0.5</b>	2
Other staff	<b>22.5</b>	26
<b>Average full-time equivalent employees in year</b>	<b>48</b>	<b>61</b>

The actual number of full-time equivalent employees at the end of the year was 36 including 4 Directors (last year 55 including 4 Directors).

**6 Employee remuneration over £40,000**

	<b>2004-05</b>	2003-04
Salary range: £40,000 - £50,000	<b>4</b>	2
Salary range: £50,001 - £60,000	<b>4</b>	7
Salary range: £60,001 - £70,000	<b>3</b>	1
Salary range: £70,001 - £80,000	<b>0</b>	3
Salary range: £80,001 - £90,000	<b>2</b>	2
Salary range: £90,001 - £100,000	<b>1</b>	-
Salary range: £100,001 - £110,000	<b>1</b>	1
Salary range: £110,001 - £120,000	<b>0</b>	-
Salary range: £120,001 - £130,000	<b>0</b>	-
Salary range: £130,001 - £140,000	<b>0</b>	-
Salary range: £140,001 - £150,000	<b>0</b>	1
Salary range: £150,001 - £160,000	<b>1</b>	-

## 7 Directors' remuneration disclosures

	Age (a)	Salary (b) £'000	Accrued terminal payment (c) £'000	Real pension increase at 60 (d) £'000	Total accrued pension at 60 at 31 March (b)(d) £'000
<b>2004-05</b>					
Mike O'Connor (e) Director	48	155-160	100-105	-	-
William Alexander Director of Projects	55	Declined	to disclose	-	-
Jerry Michell Director of Commercial	57	80-85	55-60	-	-
Ian Brack (h) Director of Policy	42	65-70	45-50	-	-
<hr/>					
2003-04					
Mike O'Connor Director	47	145-150	95-100	-	-
William Alexander Director of Projects	54	100-105	65-70	-	-
Jerry Michell Director of Commercial	56	75-80	50-55	-	-
Erica Roberts Director of Awards (until 8 August 2003)	37	75-80	-	-	-
Ian Brack Director of Policy	41	55-60	45-50	-	-
Helen Booth Director of Finance and IS (until 8 August 2003)	39	40-45	-	-	-

Footnotes:

- (a) Age last birthday as at 31 March.
- (b) The remuneration figures include all allowances, benefits in kind (company car and car parking allowance) and performance pay unless indicated in these footnotes. Salary figures do not include specific contributions towards a private pension; any such contributions are entirely at Directors' discretion and are met from their salaries.

- (c) The Commission operates a terminal payment scheme on behalf of its own employees to retain staff over its short life. The figures given above represent the level of terminal payment accrued at 31 March for each individual director. Staff on secondment may be entitled to an end of contract bonus in line with Cabinet Office guidance for Civil Servants.
- (d) Mike O'Connor was appointed the Director and Accounting Officer from 4 March 1998. During the year, The Director received emoluments amounting to £153k (2003-04: £146k), including the provision of a car parking space with a monetary value of £2.4k. The accrued terminal payment rights increased to £102k (2003-04: £97k).
- (e) Director's appointments are expected to end during 2005-06.

## 8 Other operating costs

	£'000	2004-05 £'000	2003-04 £'000
Professional fees:			
-Grant programme evaluation, monitoring and related costs	179		766
-Legal	340		329
-IT design, installation and support	181		232
-Internal Audit fees	108		86
External Audit fee	22		21
-Recruitment	12		18
sub-total		842	1,452
Leasing costs		633	573
Accommodation and related costs		251	341
Press and communications		35	209
Other staffing costs		124	138
Travel and related expenses:			
-Commissioner	18		20
-Employees	127		143
sub-total		145	163
Postage and couriers		71	149
Grant administration		73	95
Other administrative expenses		248	317
<b>Total other operating costs</b>		<b>2,422</b>	<b>3,437</b>

## 9 Corporation Tax

The Commission pays tax on bank interest received. Interest earned on monies held on the Commission's behalf in the National Lottery Distribution Fund is not taxable. The tax charge for the year is £11k (last year £5k).

## 10 Tangible fixed assets

	Total Office Equipment £'000
<b>Cost</b>	
Balance brought forward	98
Additions during the year	0
Disposals during the year	(58)
<b>Balance at 31 March 2005</b>	<b>40</b>
<b>Depreciation</b>	
Balance brought forward	81
Depreciation for the year	5
Depreciation on disposals	(46)
<b>Balance at 31 March 2005</b>	<b>40</b>
<b>Net Book Value at 31 March 2005</b>	<b>0</b>
Net Book Value at 31 March 2004	17

No assets were held under finance leases or hire purchase contracts.

## 11 Debtors

	2004-05 £'000	2003-04 £'000
Grant debtors	17	32
Other debtors	35	51
Prepayments and accrued income	44	314
<b>Total debts receivable within one year</b>	<b>96</b>	<b>397</b>

There are no amounts included in the above falling due after more than one year. Other debtors include £10k relating to interest free staff season ticket and training loans (previous year £17k).

The following Directors obtained an interest free season ticket loan:

	Balance b/f £'000	Payments in the year £'000	Bal c/f £'000	Balance b/f £'000	Payments in the year £'000	Bal c/f
£'000						
Jerry Michell	1	3	1	1	3	1

## 12 Creditors: Amounts falling due within one year

	2004-05 £'000	2003-04 £'000
Trade creditors	132	109
Taxation and social security costs	17	12
Accruals	68	170
Other hard grant commitments	51,555	68,300
<b>Total creditors due within one year</b>	<b>51,772</b>	<b>68,591</b>

## 13 Creditors: Amounts falling due after more than one year

	2004-05 £'000	2003-04 £'000
Other hard grant commitments	7,925	23,333

For a further breakdown of when hard grant commitments are expected to be paid see note 16d.

## 14 Commitments under operating leases

As at 31 March the Commission had the following annual commitments under operating leases.

	Leased Cars £'000	Land & Buildings £'000	Other £'000	Total 2004-05 £'000	Total 2003-04 £'000
Expiring within one year	4	0	14	18	9
One to five years	0	0	0	0	577
<b>Total operating leases</b>	<b>4</b>	<b>0</b>	<b>14</b>	<b>18</b>	<b>586</b>

## 15 Administrative capital commitments

There were no capital commitments for administrative purposes at 31 March 2005.  
(2003-04: nil).

## 16 Grant commitments

Grant commitments made in the year to 31 March 2005 consist of:

a) Soft commitments	Soft com- mitments b/fwd £'000	Soft com- mitments made in the last year £'000	Soft com- mitments transferred to hard £'000	Soft de- commitments made in the last year £'000	Soft commitments c/fwd £'000
<b>2004-05</b>	<b>31,391</b>	<b>39,998</b>	<b>(45,969)</b>	<b>(1,930)</b>	<b>23,490</b>
2003-04	26,820	48,986	(41,022)	(3,393)	31,391

Details of grants awarded during the financial year are provided in the Millennium Commission grants activity since April 2004 section of the Annual Report.

### b) Hard commitments

	Hard com- mitments b/fwd £'000	Hard commitments made in the last year £'000	Net hard commitments Met in the last year £'000	Hard de- commitments made in the last year £'000	Hard com- mitments c/fwd £'000
<b>2004-05</b>					
Capital Projects	38,362	15,186	(29,626)	(885)	23,037
Millennium Exhibition	25,198	-	-	(24,000)	1,198
Millennium Awards	3,710	1,006	(1,641)	(3,011)	64
Millennium Festival	-	-	-	-	-
Millennium Encore Project	676	50	(521)	(0)	205
Enhancements	21,447	9,740	(14,404)	(758)	16,025
ReDiscover	2,240	9,137	(2,592)	(112)	8,673
Urban Cultural	-	10,850	(572)	-	10,278
<b>Total</b>	<b>91,633</b>	<b>45,969</b>	<b>(49,356)</b>	<b>(28,766)</b>	<b>59,480</b>
2003-04					
Capital Projects	60,901	12,650	(34,945)	(244)	38,362
Millennium Exhibition	25,418	-	(220)	-	25,198
Millennium Awards	26,692	11	(18,700)	(4,293)	3,710
Millennium Festival	-	(1)	1	-	-
Millennium Encore Project	1,987	50	(1,360)	(1)	676
Enhancements	-	25,733	(4,278)	(8)	21,447
ReDiscover	-	2,579	(339)	-	2,240
<b>Total</b>	<b>114,998</b>	<b>41,022</b>	<b>(59,841)</b>	<b>(4,546)</b>	<b>91,633</b>

The charge to the Income and Expenditure Account for hard commitments made in the year is £17,203k (last year £36,476k). Grant de-commitments subsequent to the year end are detailed under post balance sheet events in note 23.

<b>c) Payments for grants</b>	<b>2004-05</b> <b>£'000</b>	2003-04 £'000
Total payment for grants in the year	<b>49,341</b>	61,468
Hard commitments b/f into current liabilities	-	(1,603)
Hard commitments c/f into current liabilities	-	-
Hard commitments b/f into current assets	<b>32</b>	8
Hard commitments c/f into current assets	<b>(17)</b>	(32)
<b>Hard commitments payable during the year</b>	<b>49,356</b>	59,841

**d)** Soft commitments made during the year totalled £40m. The balance of outstanding soft and hard commitments made since inception totals £83m and is lower than the balance of £107m available in the National Lottery Distribution Fund. The difference is partly due to funds earmarked for future grant awards not formally committed. Commitments remaining and remaining balances after the Commission's closure will be transferred to the Commission's successor.

Analysis of the forecast cash flow for hard commitments made to date:

	<b>2005-06</b> <b>£'000</b>	<b>2006-07</b> <b>£'000</b>	<b>Over 3 yrs</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
Hard commitments total at 31 March 2005	<b>51,555</b>	<b>7,925</b>	-	<b>59,480</b>

## 17 Provision for terminal payments

The Commission operates a terminal payments scheme on behalf of its employees and to retain staff over the organisation's short life. A provision has been made for the accrued potential cost to the Commission as at the year end, in relation to the scheme. A payment becomes due if a post is made redundant during the winding down of the Commission's activities over the period to closure. Therefore, the Commission is unable to specify precisely if and when the terminal payments should crystallise.

	<b>2004-05</b> <b>£'000</b>	2003-04 £'000
Opening balance	<b>1,029</b>	1,245
Terminal payments made in the year	<b>(268)</b>	(310)
Increase in provision	<b>89</b>	94
<b>Terminal payments provision</b>	<b>850</b>	1,029

## 18 Reconciliation of movements in reserves at 31 March 2005

	Balance s held at NLDF £'000	Balances at Millenniu m Commissi on £'000	2004-05 Total £'000	2003-04 Total £'000
<b>Opening balance</b>	<b>155,622</b>	<b>(92,360)</b>	<b>63,262</b>	99,482
Proceeds from National Lottery	-	-	-	-
Drawdown in the year	<b>(53,999)</b>	<b>53,999</b>	-	-
Investment income earned in NLDF	<b>6,175</b>	-	<b>6,175</b>	7,519
Unrealised loss on investments	<b>(264)</b>	-	<b>(264)</b>	(1,233)
Interest on bank balance	-	<b>57</b>	<b>57</b>	27
Grants committed	-	<b>(17,203)</b>	<b>(17,203)</b>	(36,476)
Operating expenditure	-	<b>(4,662)</b>	<b>(4,662)</b>	(6,105)
Grant repayment	-	<b>3</b>	<b>3</b>	1
Rent receivable	-	-	-	52
Taxation provision	-	<b>(11)</b>	<b>(11)</b>	(5)
<b>Net (decrease)/increase in reserves in year</b>	<b>(48,088)</b>	<b>32,183</b>	<b>(15,905)</b>	(36,220)
<b>Closing balance</b>	<b>107,534</b>	<b>(60,177)</b>	<b>47,357</b>	63,262

## 19 Financial instrument disclosures

FRS13, Derivatives and other financial instruments, requires disclosure of the role which financial instruments have during the year in creating or changing the risks the Millennium Commission faces in undertaking its role.

### Liquidity risks

In 2004-05, the Millennium's income was derived from investment returns from the balance held with the National Lottery Distribution Fund £6,175k and from Bank Interest £57k.

At the Balance Sheet date the Commission had liquid assets of £107.8m against net liabilities of £8.8m, an excess of £99m, excluding short term debtors and creditors as permitted by FRS 13. As explained in note 16(d), this difference arises from funds earmarked for future grant awards that have yet to be formally committed. Income is expected to be less than commitments over the life of the Commission.

Discussions take place during the year between the management of the Commissioners for the Reduction on National Debt and the Commission, to discuss the investment strategy. During the year balances at the NLDF have been mainly held in fixed term deposits. As the Commission approaches the end of its life the term of the deposits is reducing.

The Commissioners do not believe that the Commission is exposed to significant liquidity risks as they are satisfied that the Commission has sufficient current liquid resources

within the NLDF to cover its projected payments over the next financial year up to the completion of the Millennium Commission.

### **Interest rate risks**

In accordance with the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998), National Lottery income receivable in 2004-05 by the Millennium Commission is passed by the National Lottery Distribution Fund to the CRND. From 1 April 2003, the Commission's remaining funds held at the NLDF have been ring-fenced from the main Lottery Fund and invested more appropriately for a short-life organisation. Consequently, CRND invest the Commission's funds in a narrow band of low risk short term assets such as gilts, and cash deposits of varying periods.

At the Balance Sheet date the Market Value of the Millennium Commission's share of the National Lottery Distribution Fund was £107,534k (2003-04: £155,622k). In the year the average return on these investments was 4.56% (2003-04: 3.12%).

Funds which are drawn down by the Millennium Commission from the NLDF to pay grant commitments and operating costs are held in instant access variable rate bank accounts. The Commission strives to be as efficient as possible in the management of its funds, the interest earned on private account balances has been calculated on the lowest tier of interest rates. Cash balances drawn down in excess of £250,000 are placed on overnight deposit at predetermined fixed rates of return until they are paid over to the recipients. During 2004-05 the average interest rate on overnight deposits was 3.93% (2003-04: 4.14%). The Commission pays Corporation Tax on private bank interest received. The cash balance at the year-end was £274k. The Board of Millennium Commissioners consider that the Millennium Commission is not exposed to significant interest rate risks on its cash balances.

### **Foreign currency risk**

The Commission is not exposed to any foreign exchange risks.

## **20 Related party transactions**

Recognising the principles underlying the Financial Reporting Standard concerning related party transactions (FRS 8), the Commissioners make the following statement:

As a matter of policy and procedure, the Commissioners declare any direct interests in grant applications and commercial relationships of the Commission, avoid influence and exclude themselves from the relevant decision processes within the Commission. There are corresponding arrangements for staff, to recognise interests and avoid possible conflicts of interest.

Floella Benjamin is a Patron of the Horniman Museum. This has been recorded in the Register of Commissioner's interests and at meetings.

Judith Donovan was a Trustee of the Yorkshire Dales Millennium Trust from January 2003 until December 2004. This has been recorded in the Register of Commissioner's interests and at meetings.

There are no other Commissioners or members of close family of Commissioners who are members of any bodies to which Commission grants have been made.

The Millennium Commission is a Non-Departmental Public Body, sponsored by the Department for Culture, Media and Sport (DCMS). The DCMS is therefore regarded as related party.

The New Millennium Experience Company Ltd (NMEC) is a Non-Departmental Public Body funded by the Millennium Commission and sponsored by the Department for Culture, Media and Sport. NMEC is therefore regarded as a related party. The Rt Hon Keith Hill MP was the sole shareholder of NMEC during 2004-05, during which time he also exercised Ministerial responsibility in respect of NMEC.

No grant transactions were made with NMEC, in relation to the Exhibition. Lottery income transactions with DCMS are detailed in note 2.

In addition to the income transactions with DCMS there were the following transactions with bodies considered as related parties during the year:

	Expenditure £'000	Creditor balance c/fwd £'000
DCMS	89	23
Big Lottery Fund	81	0
Sport England	72	66
Arts Council of England	5	0

DCMS and Sport England expenditure relates to seconded staff costs incurred. Big Lottery Fund expenditure relates to seconded staff costs through the year and the provision of fully serviced accommodation from 1<sup>st</sup> January 2005. The Arts Council of England costs were incurred in connection with the project monitoring of the Urban Cultural Programme.

In addition, the Millennium Commission had a number of transactions with other relevant bodies: the Inland Revenue; the Property Advisors to the Civil Estates, Heritage Lottery Fund and the National Audit Office.

During the year there were no grant or commercial transactions in which Commissioners, staff or other related parties stood to benefit or where they had a material interest or influence.

## **21 The New Millennium Experience Company Ltd**

The Millennium Commission are aware that there were a number of procurement transactions entered into by the New Millennium Experience Company Ltd, which are the subject of review by the company in relation to allegations of irregularity, and in some cases these are under investigation by the Police. Such action is continuing and the Commission is therefore not able to conclude at present whether any steps are required in consequence of the terms and conditions of grant.

## **22 Losses and Special Payments**

During 2004-05, the Accounting Officer approved the write offs of Awards totalling £9k.

The Big Idea (Nobel Exhibition Trust) went into receivership in August 2003. Total grant paid to the project was £5.9 million. The site has now been sold to a third party and once all monies have been received, a decision will be taken on whether to write off the remaining grant, less any recovery and a deduction for usage.

## **23 Post balance sheet events**

Subject to the year end, grant de-commitments were made totalling £150k from Capital Projects; £621k from Capital Project Enhancements. In addition, further grant

commitments were made totalling £450k to existing Capital Projects; £600k to Capital Project Enhancements; £663k to ReDiscover and £4k to an Award Scheme.

In April 2005 the Earth Centre Company entered into liquidation. The liquidator has disclaimed the leases of the site on which most of the project was situated. Two remaining freehold sites are to be offered for sale by a Law of Property Act receiver. The Commission can expect to recover a proportion of the total grant of £36.3m. Once received it is expected that a write off will occur.

Finalisation of the Dome sale proceeds agreement between English Partnerships and the New Millennium Experience Company Ltd took place in June 2005. Under the grant agreement with the Commission, the Company is required to repay the Commission or its successor with any proceeds up to the amount of the original grant (£604 million).

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