**MEETING OF THE NATIONAL LOTTERY COMMUNITY FUND BOARD**

**6th December 2022**

**09.30 -15:30**

**Church House, Westminster, London, SW1P 3 NZ**

**MINUTES**

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| **BOARD MEMBERS PRESENT:** |  | **IN ATTENDANCE:** |  |
| Blondel Cluff CBE  Kate Still  Richard Collier-Keywood  Simone Lowthe-Thomas  John Mothersole  Paul Sweeney  Stuart Hobley  Rachael Robathan  Helen Stephenson  Peter Stuart  Danielle Walker Palmour | Chair and  Chair of UK Funding Committee  Vice Chair and Chair, Scotland Committee  Chair, Audit & Risk Committee  Chair, Wales Committee  Chair, England  Committee  Chair, Northern Ireland  Board member  Board member  Board member  Board member  Board member | David Knott | Chief Executive |
| Neil Harris  Carrie Deacon | Corporate Services Director  Strategy Renewal Lead (Item 5) |
| Stuart Fisher  Neil Ritch  John Rose  Phil Chamberlain  Emma Corrigan  Kate Beggs | Finance Director  Director, Scotland (Items 13-15)  Director, Wales (Items 13-15)  England Director (Items 13-15)  England Director (Items 13-15)  Northern Ireland Director (Items 13-15, 17) |
| Verity Prime | Funding Strategy, Comms and Impact Director |
| Melissa Eaglesfield  Michelle Everitt  Catherine Roberts  Katie Crystal  **EXTERNAL GUESTS:**  Becky Morrison  Dolyanna Mordichai  Stella Brown | Deputy Director, Funding Strategy/ UK Portfolio (Item 13-15)  People Deputy Director (Items 6-7)  Head of Governance (Minutes)  Senior Governance Officer (Minutes)  Director for Civil Society and Youth,  DCMS  CEO, Resources for Autism  Funding Officer |

1. **CLOSED SESSION** 
   1. The Board held a closed session.
2. **INTRODUCTORY REMARKS**
   1. The Chair welcomed all. She introduced Becky Morrison, Director for Civil Society and Youth, DCMS observer, and informed the Board that Dolyanna Mordichai, CEO of Resources for Austim, a grantholder, would join the Board over lunch to share reflections on her organisation’s experience of working with The National Lottery Community Fund.
   2. Apologies were received from Emma Boggis. Danielle Walker-Palmour would need to leave at 12.30, Helen Stephenson at 13.00. Becky Morrison would excuse herself between 12.00 and 13.00 to attend another meeting.
   3. There were no declarations of interest.
   4. The Head of Governance pointed out that an updated version of the draft minutes (Version 2) had been circulated including amendments received from the Board. The minutes (Version 2) of the meeting held on 14th October 2022 were approved subject to an amendment at paragraph 4.6 which should read Sub-Committee of the Board related to Strategy Renewal instead of Cost of Living. A signed copy would be published in due course.

**ACTION:** Governance

1. **ACTIONS ARISING – P53**
   1. The Action Log was reviewed and updated accordingly.
   2. Following the June presentation of the 2021/2022 Engagement Survey results, the Board queried whether there should be an in-depth discussion to better understand why scores had decreased. David reassured the Board that a plan of actions was in progress and activity in place to enable the organisation to move forward. The Board was interested in the effectiveness of the activity and there was a suggestion for possible future engagement with the new Colleague Council and People Sub-Committee.

**ACTION:** Neil Harris

1. **CEO REPORT – P54**
   1. Work on the Strategy Renewal had continued to progress and on schedule for proposals to be presented to the Board in March as planned.
   2. It had been a year since the publication of the Culture Inquiry report and an update had been issued. The dialogue had continued within the organisation with a commitment to a series of specific actions to address concerns and continue to build positive change. An update was available in Board papers today. The Chief Executive was looking forward to a new year with important focus on strategy renewal and organisational improvement, as well as new opportunities and ambitions within the National Lottery with a new license. He gave some practical updates including the report of the Select Committee into the future of the National Lottery.
   3. On the latter, the Board queried the level of public awareness of The National Lottery Community Fund’s small grant offer and how the Fund is operating in partnership with other organisations in that space. In addition to targeting existing grantees, they were keen to reach out to new groups and communities. The Board was also interested in the Fund’s work around loneliness, its position in that area and how this could be further integrated into our funding. The Board acknowledged the significant contribution of staff to support the strategy renewal work.
   4. The Chief Executive was proud of the drive and sense of purpose across the organisation and how staff had responded to the cost-of-living challenge and contributed to consultations on strategy renewal. He had been visiting teams across the country and was proud of the sense of momentum building up.
   5. The Board stressed the importance of good communications, leveraging all social media channels, with focus on putting communities first. A comms outlook for the year ahead would be presented at the next Board meeting. It was noted that the pre-pandemic meetings of the Advisory Group had ceased but the executive would look into building up Board’s involvement into external opportunities as well as sharing key events in advance. The Stakeholder Engagement and Government Relationship Sub-Committee would also take this on board.

**ACTION:** Verity Prime, Laura Lucking, John Mothersole

* 1. Finally, there was a request for more focus on impact reporting and discussion on the big themes that Board could re-enforce.
  2. The Chief Executive thanked the team who had helped to produce the report.

1. **STRATEGIC RENEWAL – P55**

*Carrie Deacon joined the meeting.*

* 1. David introduced Board(22)P55 recounting progress so far and setting out five proposed ‘shifts’ building on the best aspects of the previous strategy for Board steer. He outlined that the new strategy was an articulation of the Fund’s purpose around communities. Against the backdrop of cost-of-living pressures which were likely to persist in the longer term, the strategy was intentional in areas where the Fund makes a difference with an approach and methods that are confident and purposeful. He stressed that the process of consultation had been wide reaching and although there was still detail to work out and language to refine, it was hoped that after the end of March, the strategy would move into its last stage to be communicated and operationalised. He was looking forward to working with the Board in a more focussed way over this next period.
  2. The Board welcomed the latest proposals and shared their reflections. They felt it would be helpful to have a succinct articulation of the proposals in a definitional section. The connection with the previous strategy should also be clearly expressed in the document ensuring that the new proposals do not move away from empowering people and communities. David reassured the Board that the intention continued to be to unlock the remarkable power of communities.
  3. The Board recommended that the destination be clearly stated from the start, even if there were iterations at a later stage.
  4. The Executive noted the advice and work would continue, building on the best of the previous strategy. The Sub-Committees would start operating as soon as possible to support the shaping of the final articulation of the strategy review.

**ACTION:** David Knott, Carrie Deacon, Governance

*Carrie Deacon left the meeting.*

*Michelle Everitt joined the meeting.*

1. **PEOPLE ANNUAL REPORT – P56**
   1. Neil Harris and Michelle Everitt presented Board(22)P56 looking back at the achievements and opportunities of The Fund’s people strategy over the last year and highlighting the priorities for the year ahead.
   2. Michelle highlighted how turnover had increased in places, internal communications and staff forums such as the EDI group and Colleague Council had been launched. She made reference to the new employee assistance programme and counselling service which had been well received. The plan for the coming year would be included in the organisational improvement programme.
   3. The Board suggested that EDI could be more clearly referenced in the report. It was noted that the terminology Black Asian Minority Ethnic (BAME) be reviewed noting that the aggregate term was no longer used by some Government departments and other distributors.

**ACTION:** Verity Prime & Laura Lucking

* 1. The Board welcomed the progress reported and the executive gave reassurance that success is measured against aspirations through staff feedback including the new groups in place. The Board were interested in the new Colleague Council and would like more detail in time. They felt that understanding the experience of staff, particularly those with disabilities, and how the Fund supported them was crucial.
  2. The new strategy would provide an opportunity to pivot towards a talent based, positive culture that every member of staff could identify with. The Board were of the view that a strong leadership framework with clear values was instrumental in supporting a healthy culture. They noted that the newly developed Leadership Competency Framework was annexed to the report.
  3. The Board raised the 2022 engagement survey results, and the executive clarified that the overall response rate had been high, with a drop in the engagement scores. All results were benchmarked by the provider Qlearsite.
  4. With reference to the Culture Inquiry Action Log, it was noted that Actions 4 and 6 were not complete yet. The Board annual performance review was still in progress while a facilitated session was being rescheduled with DCMS. Board effectiveness would be part of the Governance review in the new year. All actions should be closed within 18 months.

**ACTION:** Neil Harris, Michelle Everitt

* 1. The Board discussed the importance for the Fund to be open to change as the economic pressures on communities would continue for the foreseeable future.

1. **ORGANISATIONAL IMPROVEMENT – P57**
   1. Neil Harris presented Board(22)P57. He explained that following the discussion at the October Board meeting the paper set out the key themes of organisational improvement for today’s discussion and provided clarity on how the programme would be phased.
   2. The initiation phase had brought useful insight and expertise in terms of optimum organisational design. From this point, we awaited the outputs of the strategy renewal programme to dovetail and sequence our organisational improvement priorities. The project would have a primary focus of operationalising the new strategy.
   3. The Chair raised the need to focus on the role of the UK Funding portfolio, its strategic position and performance.
   4. A query was raised on pensions and clarified.
   5. There was an acknowledgement that the approach to funding could be more cohesive across the organisation, without losing the ability to be a place-based funder.  A positive change narrative would be put in place for Phase 2. The Board also asked for an open and transparent approach with staff as the programme develops.
   6. The Board was updated on the situation with the initiation phase provider. Board members were reassured that a robust public procurement process had been followed, and further rigorous contract management of the supplier had been undertaken with focus on quality and value for money.

*Michelle Everitt left the meeting.*

*Neil Ritch joined the meeting.*

1. **COST OF LIVING – P58**
   1. Neil Ritch provided an update on the work done so far and the operating context.
   2. The real income to the UK charity sector was due to fall significantly in 2023/24 with organisations facing energy challenges. Teams in all portfolios had been working at a pace to provide an immediate response and commitment to organisations and communities experiencing cost of living pressures. Grant uplifts had been put in place, with 500 grant increases for a value of over £5m.
   3. The Board registered their thanks to the staff teams for pivoting funding so promptly to make cost-of-living grants.

**ACTION:** Neil Ritch

* 1. The Board were keen to ensure that cost-of-living funding was evenly distributed in line with the Fund’s share allocation. It was confirmed that existing grantholders had been approached to enable resources to reach communities as fast as possible. The lessons learnt during the Covid response had been built upon allowing rapid deployment on a large scale. In addition to existing grantees the Board raised the issue of geographical gaps and the importance of mapping the response to try to ensure an even spread.
  2. Despite the challenges that arose from the response funding all acknowledged the unique position of The National Lottery Community Fund as a funder of grassroot communities to help with the cost-of-living pressures.

*Neil Ritch left the meeting.*

1. **KPI PERFORMANCE REPORT – P59**
   1. Neil Harris presented the report which was taken as read. He reported that there had been little change since the last report.
   2. The Board noted that operating costs remained lower than the 7.75% threshold which took into account a number of factors including lower staff costs and a lower commitment than expected on organisational transformation.
   3. The Board discussed the change in working practice following the pandemic and its impact on staff with regards to energy costs in particular. The current HMRC allowance for working from home would be in place until the end of the financial year. The Executive would explore allowances and implications further.

**ACTION:** Neil Harris

* 1. The Board noted the progress towards the KPIs until the end of November 2022.

1. **FINANCIAL SUMMARY – P60 – INCOME AND GRANT AWARD BUDGET – P61**
   1. The Board received the financial summary until the end of October 2022. The paper was taken as read and Stuart Fisher highlighted a few key points. Stuart presented the Income and Grant budget at Board(22)P61 at the same time.
   2. Income was slightly above budget. Grant awards remained below the financial budget, mostly generated through England under-commitments against Reaching Communities and Partnerships programmes. Grant payments were below forecast. Stuart reported that the team had worked closely with portfolio colleagues and were confident that they would come closer to predictions.
   3. Stuart reported that after undertaking a review of NLDF balance forecasts SMT was recommending the release of an awards allocation of £100m in January 2023. The focus would be on smaller grants that have a rapid impact on communities, particularly in view of cost-of-living pressures over the next two years. He mentioned the relaxation of grant controls in NLA4A and variation increase which would support the distribution of additional funds.
   4. The Board APPROVED the recommendation to release an awards allocation of £100m from the NLDF to the portfolio budgets in January 2023.
2. **AUDIT AND RISK COMMITTEE REPORT – P62**
   1. The minutes of the Audit & Risk Committee (ARC) meeting held on 21st November (AR(22)M03) were noted.
   2. The Board received Board (22)P62, summarising the activities of ARC since November. It was noted that the process to award the internal audit contract had concluded and current supplier BDO had been re-appointed.
   3. Richard reported that ARC would hold an extraordinary meeting in January to review progress made in addressing the issues which led to the Head of Internal Audits’ Limited Assurance assessment for 2021-22.
3. **RISK APPETITE – P63**

*Austin Ruane joined the meeting.*

* 1. Austin Ruane presented Board(22)P63. The Board were asked to review the risk appetites set out in the context of the risk impact scales and whether this level of risk appropriately determines the risks the Fund is prepared to accept in delivering its corporate plan.
  2. Austin highlighted the contents of Annex A, which outlines how the Fund will approach risk in 2023, Annex B listing the risk appetites, and Annex C opening a conversation on how risk is measured.
  3. At Annex B he explained that a concern around the absence of legal risk appetite had now been included with a medium risk rating. He reminded the Board that the thresholds presented had been reviewed at SMT and ARC.
  4. Richard noted that ARC was looking forward to a deeper dive on simple products and the definition of fraud in that context.
  5. While the Board welcomed the RAG rating and vision statement, a Board member asked for greater clarity in the presentation of the information. The Chair of ARC would work with the team on improving the format and provide a guide.

**ACTION** (ARC): Richard Collier-Keywood, Stuart Fisher

* 1. The Board were also reassured that the risk attached to the Fund’s estate was covered under business continuity and captured under Theme 5 Operations.
  2. The Board acknowledged that the strategic review might have an impact on risk, and that there should be flexibility in how risk against any change is evaluated in real time during that period.
  3. The Board APPROVED the risk appetite as set out in the paper, and the risk impact matrix scales.

*Austin Ruane left the meeting.*

*Phil Chamberlain and Emma Corrigan joined the meeting.*

1. **ENGLAND ANNUAL FUNDING REPORT – P64**
   1. John Mothersole introduced the paper and extended his thanks to Emma Corrigan and Phil Chamberlain for their work within the portfolio since their appointments as England Directors.
   2. Phil addressed the Board, noting that he and Emma had been in post for five months. Both Directors have been involved in a significant number of staff sessions across England to gain perspective on how the portfolio functions and performs. A plan for improvements was being developed and would be presented to SMT for approval.
   3. Emma noted that one of the improvements aims would be to increase the percentage of funding awarded to organisations that have not previously applied to TNLCF. Additionally, EDI in funding had improved, however, continued efforts would be invested in this area.
   4. Phil informed the Board that he had attended impactful meetings with Mayors from the combined authority. These conversations would continue going forward. Phil also noted that most of the strategic programmes in England were now in the process of closing. As such, staff had begun to consider what the future strategic approach to funding would look like in England. Finally, it was noted that teams across England were currently participating in the strategy renewal deep dives. The outputs from the deep dives would be used to develop the new strategy.
   5. The Chair noted that she had been invited to present an award at the Queen Elizabeth II Platinum Jubilee awards. The award presented was given to a TNLCF grantholder.
2. **GRANT HOLDER PRESENTATION**

*Dolyanna Mordechai and Stella Brown joined the meeting.*

* 1. The CEO of Resources for Autism, Dolyanna Mordechai, and Stella Brown, Funding Officer managing the grant, joined the Board during lunch.
  2. In her presentation, Dolyanna addressed the impact of the current cost-of-living crisis, which had followed closely after Covid, and how TNLCF funding over the years had been transformative for her organisation. She explained that thanks to TNLCF funding in London and the Midlands, Resource for Autism is supporting over 5,000 beneficiaries a year. These beneficiaries include children and young people as well as their parents and siblings, providing holistic wrap around support for the whole family. With the funding, Resources for Autism were also trying to adapt their mission to support capacity building in the sector.
  3. Dolyanna shared feedback on how funders can best help at this time and stressed the importance of systemic change.
  4. The Board thanked Dolyanna and Stella.

*Dolyanna Mordechai and Stella Brown left the meeting.*

*Kate Beggs, Neil Ritch, Mel Eaglesfield and John Rose joined the meeting.*

1. **PORTFOLIO UPDATES – P65**

**Northern Ireland**

* 1. Kate Beggs introduced the paper, stressing that the portfolio continues to operate in a challenging external environment. It was noted that government support for the cost-of-living crisis had not yet been announced. Combined with the end of the European Social Fund, it was likely to have a significant impact on communities. Northern Ireland had reported a low uptake in variations for cost-of-living. The teams were speaking with organisations to further understand how best to support. It was reported that customer satisfaction remained stable.

**Scotland**

* 1. Neil Ritch addressed the Board, providing a brief overview of the paper. The portfolio was currently focused on responding to the cost-of-living crisis. Neil acknowledged the excellent work of the Communications Team in Scotland. The team had been very successful with regards to communicating the portfolio’s available cost-of-living support to the sector. It was also noted that the People’s Project was now live in Scotland and had received a healthy level of applications.

**UK Portfolio**

* 1. Melissa Eaglesfield introduced the paper, noting that the portfolio is currently undergoing a review. The focus of the review centred around the purpose and remit of the portfolio. The Board were provided with an update on the People’s Project in the UK portfolio. A healthy level of applications had been received and the assessment period was nearing completion.
  2. An overview of the approach to the cost-of-living crisis in the UK was provided. Partnership working across the UK had been at the core of the response within the portfolio.
  3. The Chair noted that the King’s Coronation was quickly approaching and emphasised the need to build upon the work of the Platinum Jubilee programme. Areas that are considered as cold spots should be embraced. The Board highlighted the King’s proactivity surrounding climate change and young people and suggested that the Coronation programme possibly amplify the Fund’s work in these areas.

**ACTION:** Verity Prime & Laura Lucking

**Wales**

* 1. John Rose introduced the paper, noting that the portfolio is currently focused on delivering the Fund’s cost-of-living response. The Board were informed that there is a lack of available funding to address the crisis from other funders in Wales.
  2. The Board expressed their thanks for the reports provided.

*Phil Chamberlain, Emma Corrigan, Kate Beggs, Neil Ritch, and Mel Eaglesfield left the meeting.*

*Nick Gardner joined the meeting.*

1. **ANNUAL ENVIRONMENTAL & PERFORMANCE REPORT – P66**
   1. John Rose introduced the paper which provided background to the Fund’s Environmental Strategy and updated the Board on the Fund’s progress since December 2021. The Board were informed that, in the coming years, the Fund would be focusing on rescoping the organisation’s emissions and establishing a new baseline. Once this is complete, stricter processes regarding emissions will be implemented.
   2. The Fund will also be developing its approach to influencing grant holders with regards to their environmental impact. Notable developments in this area included the implementation of a carbon action plan for all capital builds and refurbishments.
   3. Nick Gardner informed the Board that £450 million in funding to projects with environmental elements had been delivered in the last four and half years across the portfolios. An update on the Climate Action Fund was also provided. Nick noted that the Climate Action Fund has committed £40 million on the total ten-year £100 million budget. There had been a consistently high demand for funding in this area.
   4. The Board discussed the potential benefits of working with the private sector. John noted that the Fund was exploring how partnerships with the private sector could be approached. The Board also noted that one-off events could be very wasteful, and queried whether terms and conditions could be adapted to address this. The Board was informed that web-based advice is available to grant holders regarding best practices for holding events.
   5. In conclusion, John noted that the Fund will have a far stronger commitment to environmental measures once the new strategy is in place.

*John Rose and Nick Gardner left the meeting.*

1. **ANNUAL SAFEGUARDING REPORT – P67**

*Kate Beggs joined the meeting.*

* 1. Kate Beggs presented the annual safeguarding report, providing an update on the Fund’s safeguarding work since the deep dive session in December 2021. The Board’s views were also sought on the nomination of a Board Safeguarding Champion.
  2. Kate explained that the past year had been a period of consolidation and growing confidence in the Fund’s safeguarding work. Over 600 funding staff had attended grant making skills workshops. There was now a greater level of assurance and consistency around the approach.
  3. The Board was reassured by the continued collaboration with the Funder Safeguarding Collaborative (FSC) where the team could seek advice on practice and policies.
  4. Following best practice advice and to ensure there is a proactive safeguarding culture throughout the whole organisation, it was recommended that a Safeguarding Champion be appointed on the Board. The Champion would test assumptions with the team and offer support on an ongoing basis.
  5. It was AGREED that Peter Stuart would take on the role.

*Kate Beggs left the meeting.*

1. **EDI ANNUAL REPORT – P68**

*Mel Eaglesfield joined the meeting.*

* 1. Mel Eaglesfield presented the EDI annual report. She summarised progress and areas for further development emerging from the Fund’s Equity, Diversity and Inclusion work over the past year. The report also outlined how activities falling under the strategy renewal would help shape the Fund’s future EDI strategy.
  2. Mel pointed out that although it had been a year of incremental change, with two deep dive discussions in the context of the strategy renewal work, the approach remained inconsistent in places with scope for more ambition.
  3. The Board discussed disability funding and accessibility. They asked for more clarity around the support provided to disability groups. The executive acknowledged that greater cohesion was required in the approach. The Board suggested that the Fund should be intentional about the areas it supports with targets to measure against.
  4. The Board pointed out to some of the findings from the deep dive qualitative research commissioned in 2022. The small samples involved and findings which should be presented in a more thoughtful way.
  5. The need to reflect on a more nuanced approach to BAME was raised, which would acknowledge the multiplicity of cultural and ethnical backgrounds. The Board wanted to ensure that the Fund is an organisation embracing the vast range of communities in the UK.

**ACTION:** Michelle Everitt

* 1. In terms of accessibility, the Executive would explore the feasibility of providing access to other languages on the website.

**ACTION:** Verity Prime & Laura Lucking

*Mel Eaglesfield left the meeting.*

1. **BOARD GROUPS – P69**
   1. The Board had received draft Terms of Reference for the newly created three Board Sub-Committees for People, Stakeholder Engagement/Government Relationships and Strategy Renewal.
   2. Any comments from the Board should be sent to Governance as soon as possible including expression of interest for membership of Sub-Committees. The final Terms of Reference would be shared with the Board.

**ACTION:** Governance

* 1. Meetings would be scheduled as a matter of urgency, particular the Strategy Renewal Sub-Committee meetings as the timeframe was tight.

**ACTION:** Governance

1. **BOARD FORWARD LOOK – P70**
   1. The paper was taken as read. It would be updated before the next meeting following today’s discussion.
2. **ANY OTHER BUSINESS**
   1. There being no other business the meeting concluded at 15.04.