**THE NATIONAL LOTTERY COMMUNITY FUND
UK FUNDING COMMITTEE**
Tuesday 21st March 2023

09:30 – 12:00 *TNLCF Birmingham Office*

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| **MEMBERS:** |  |
| Blondel Cluff (Chair)Kate StillPaul SweeneySimone Lowthe-ThomasJohn Mothersole | Chair of the BoardScotland Committee ChairNorthern Ireland Committee ChairWales Committee ChairEngland Committee Chair  |
| **IN ATTENDANCE:** |  |
| David KnottStuart FisherHannah PatersonLiz WatchornEllen DunlevyMel EaglesfieldVerity PrimeLucy Taylor**OBSERVER:**Emma Gould - Deloitte | Chief ExecutiveFinance DirectorHead of FundingSenior Portfolio ManagerSenior Portfolio ManagerDeputy Director, Funding StrategyFunding Strategy, Communications, and Impact DirectorGovernance Officer (Minutes) |
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1. **CHAIR'S WELCOME**
	1. The Chair welcomed all to the meeting and introduced Emma Gould who was observing on behalf of Deloitte as a part of the Governance Review of the Board.
2. **APOLOGIES FOR ABSENCE**
	1. There were no apologies.
3. **DECLARATIONS OF INTEREST**
	1. There were no further declarations of interest.
4. **MINUTES OF PREVIOUS MEETING**
	1. The minutes and decisions of the previous meeting - UKFC(22)M05 - were approved as **submitted.**
5. **ACTIONS ARISING**
	1. The Committee reviewed the action log, noting the following updates.
6. Action 111 – High-level details of the UK Portfolio’s learnings from the Ikea partnership were presented in the meeting pack.
7. Action 112 – The project has now completed its wider recruitment in support of the funded project and the team will provide a short update within the June papers.
8. Action 114 – The team were planning on arranging a visit for Committee members to visit a CAF project.
9. **STRATEGY RENEWAL OVERVIEW**
	1. The CEO reported on the findings of the Strategy Renewal Sub-committee of the Board and reported that the full Strategy Renewal proposal will be presented for Board approval at the March Board meeting. The CEO highlighted that the Sub-Committee had placed emphasis on the link between communities and the National Lottery player. The Sub-committee reviewed the work on nature and climate, and placed emphasis on young people. UKFC members briefly discussed what they would classify as a young person and agreed they should discuss this in more detail at a later stage given the differing age ranges that fell within the definition.
	2. The Sub-committee emphasised the importance of healthy communities, and discussed various ways of working, with an emphasis on EDI. UKFC members advised that the strategy renewal work and the cost of living programme should be aligned.
10. **FINANCE UPDATE**
	1. Stuart Fisher provided an update on the financial status of the UK Portfolio. He highlighted that the Fund-wide 22/23 awards are forecast at £616.7m, which is within KPI3 tolerance at 2.9% above Financial Budget. However, the UK Portfolio awards are currently 41% below their individual Financial Budget at the end of February and are forecast to be 38% below by year-end.
	2. Stuart explained the method of calculation for the finance statistics as presented in the papers. The Committee noted the year-to-date updates to 2022-23 grant awards allocation. The latest 22/23 awards forecast has reduced expected awards allocation to £34.2m for the year, which is £23.7m below the Original Budget and 38% below Financial Budget.
	3. The Committee reviewed the proposed budget allocation of grant awards from 2022-23 onwards and noted that the proposed increase in future years would require a significant acceleration of funding programmes and pipelines from the end of 2022-23.
	4. Stuart explained the forecast payments and cash outflows. The current forecast payment profile shows no breach in max cash outflow in the next 5 years. However, the forecast relies on increasing unallocated grants in future years. The assumptions behind the payment profile of the unallocated budget may not reflect future award and payment requirements and, therefore, may be subject to further future revision.
	5. The Committee members advised that the Fund should consider reprofiling and repurposing in 23/24.
11. **UK PORTFOLIO 2023-24 AND PORTFOLIO REVIEW**

8.1 Mel Eaglesfield provided an update on the team's exploration of key priorities for the coming year, with a particular focus on the role of the UK portfolio in climate and its added value. Mel explained that the team was currently examining what the UK portfolio funds, its impact across the UK, strategic priorities, and opportunities for scaling.

8.2 The Committee discussed the role of the UK Portfolio and discussed the need to horizon scan for preventative funding, connect with other Lottery distributors, and look at business planning. Members discussed the importance of bringing together key learning and building infrastructure around it. Members noted the importance of the four themes emerging from the strategy and seeking differentiation, while other members emphasised the value of impact work.

8.3 The Committee discussed the distinguishing features of the UK Portfolio and agreed that the Portfolio should fund projects that provide a ‘UK wide benefit’ rather than funding projects that work across two or more countries. The benefit to the UK can be through learning, impact, influence, or delivery across and between the UK countries. The Committee also advised that the Portfolio should support projects to grow their work and where possible to connect with other projects by expanding into new geographies, developing their infrastructure, spreading or growing their delivery to better support new types of communities or increasing their beneficiary numbers. Furthermore, the Committee recommended funding new and emerging interventions for some of the UK’s newest challenges that can inform policy and practice across the Fund, the wider sector and government.

8.4 The Committee also explored a number of mechanisms for funding and modes of delivery. They agreed that the focus should be on long-term grants, partnerships and convening, and grants to support prevention and systems change.

8.5 The Committee commended the climate work as a flagship for the portfolio and highlighted the importance of differentiation of the portfolio with an emphasis on seeing additionality to the work of the Committees of all four nations. They noted the importance of legacy building from national events, with a view to funding centres of excellence that could be rolled out across the UK, and the need for economic stimulation as a platform for the sustainable prosperity of communities.

8.6 Mel raised the idea of prevention and systems change and asked if the Committee would be interested in pursuing this. The Committee queried what the value of this would add to the Portfolio, and suggested that if they did pursue it they should explore trends from think tanks and institutions and commission research where there are gaps as opposed to undertaking such work in-house. The Chair highlighted the need to consider how to best replicate successful programmes and whether the UK Fund had the resources to deliver large programmes as it was not a directorate in its own right.

8.7 Mel provided an update on how the UK Portfolio's funding, the one-door funding program, and the overall long-term focus of the Portfolio. The Committee discussed exploring different avenues for partnerships while considering the UK Portfolio's long-term goals and user experience. Members suggested using panels that included third party membership as opposed to delegation of decision making to third parties should be explored, as this would provide a more secure means of maintaining the Fund’s standards of Governance. Members also discussed pursuing more partnerships and strengthening the relationship with the private sector, proposing that preparatory work should commence.

1. **COST OF LIVING UPDATE**

9.1 Hannah Paterson introduced the cost of living (CoL) update. She explained that the UK team has worked with a range of stakeholders to identify gaps in the sector, and the goal is to fund a broad cohort of grants that will target the key components of poverty. UKFC has provided a steer for developing a CoL programme with an initial budget of £20m with targeted grant making of grants of up to £5m each. The UK team has developed a robust and evidenced approach to this programme that aims to avoid duplication of the work of others in the Fund, is deliverable with the available resources, and prioritises learning and legacy from the grants. As such, the Committee was invited to approve this approach for the CoL programme outlined in the paper, including the S36b for the evaluation contract and decision-making approach.

9.2 The Committee discussed the proposal to pursue the CoL programme at length, and advised that all UK programmes must align with the Fund’s new strategy. The Chair acknowledged the opportunity to mobilise the four pillars of the strategy. Furthermore, the Committee stressed the importance of targeting solicitation and reviewing policies on solicitation.

9.3 The Committee also advised considering practical matters, such as ensuring that sequencing works, testing and learning, and determining what works in alleviating the problem and reaching communities. The Chair advised the UK team to share their models nationwide.
 **ACTION: Mel Eaglesfield**

**9.4 The Committee decided not to allocate £20m to the CoL programme as proposed. Instead, the Committee invited the UK Team to develop a programme aligned with the strategic review and its four pillars.**

1. **VARIATION DECISIONS

Funding Decisions**
	1. **The funding decisions are confidential and can be found in Annex A.

	The Helix Project**
	2. The Committee was invited to approve the installation of an underground power cable by Scottish Power across the ground at the Helix Project, as well as the creation of a Deed of Servitude in favour of Scottish Power for future access. The Committee was also asked to approve the delegation of authority to the Scotland Director to provide consent and approval for operational and practical requests required for the timely completion of the M9 Road Improvement Works. **The Committee discussed the proposal and expressed their full support and approval of it.**
2. **DIGITAL FUNDING UPDATE**
	1. Hannah presented an update on digital funding and learning reports to the Committee, who praised the papers. The Chair suggested creating a second version of the papers for wider sharing, and affirmed the importance of disseminating the learning. Hannah noted that much work had been done through the funder collaborative hub.
3. **UK PORTFOLIO UPDATE**
	1. The Committee reviewed the UK funding maps and advised the team to focus on areas with lower funding levels. They also discussed the role of CAF in the maps and suggested funding projects on small UK islands that don’t have any current funding.
	2. The Committee welcomed the healthy pipeline that was presented and were supportive of the approach to folding the Bringing People Together pipeline into the Portfolio’s future plans. They commended the hard work of the team in what has been a transitional year. Ellen noted that the Bringing People Together programme is seeing a strong pipeline, while Liz added that a learning partner is in place to facilitate further learning on this programme.
4. **AOB**
	1. The Chair mentioned that opportunities may arise from the Coronation and committed to sharing as many opportunities as possible with the UK Team.

 **THE MEETING ENDED AT 12:00.**

**MINUTES AGREED DATE: 9th May 2023**



**BLONDEL CLUFF**

**UK FUNDING COMMITTEE CHAIR**