

**MINUTES OF THE
MEETING OF THE NATIONAL LOTTERY COMMUNITY FUND BOARD
HELD VIRTUALLY
ON 31st March 2022
09.30 - 13.30**

PRESENT:

Blondel Cluff CBE	Chair
Kate Still	Vice-Chair
	Chair, Scotland Committee
Emma Boggis	Board member, Chair of Audit & Risk
Perdita Fraser	Board member
Simone Lowthe- Thomas	Chair, Wales Committee
John Mothersole	Chair, England Committee
Elizabeth Passey	Board member
Rachael Robathan	Board member
Paul Sweeney	Chair, Northern Ireland
Danielle Walker Palmour	Board member

IN ATTENDANCE:

David Knott	Chief Executive
Neil Harris	Corporate Services Director
Emma Ackerman	Funding Strategy Director (Items 4, 6, 12)
Stuart Fisher	Finance Director
Jon Eastwood	Interim England Director (Item 13.1)
Alison Fraser	Head of Funding, Northern Ireland (Item 13.1)
John Rose	Director, Wales (Item 13.1)
Neil Ritch	Director, Scotland (Item 13.1)
Michelle Everitt	People Deputy Director (Item 4.1)
Carrie Deacon	Strategy Renewal Lead (Item 4.1)
Julia Parnaby	Senior Head of Insight (Item 7.1)
Catherine Roberts	Head of Governance (Minutes)
Hannah Malik	Director, Civil Society and Youth, DCMS (Observer)

1. INTRODUCTORY REMARKS

- 1.1 The Chair greeted all. No apologies had been received and no interests were declared.
- 1.2 Arrangements for the meeting were explained. The Chair mentioned that there would be goodbyes later in the meeting to Perdita Fraser and Elizabeth Passey who would be leaving the Fund at the end of May. The Chair also reminded the Board that Kate Still had stepped into the Vice-Chair role since 1st January following the departure of Sir Adrian Webb.
- 1.3 The Chair welcomed new Finance Director Stuart Fisher. She thanked Harnish Hadani on behalf of the Board for his services as Interim Finance Director over the past two years. She also welcomed Hannah Malik, DCMS observer.
- 1.4 The minutes of the meeting held on 9th December 2021 Board(22)M04 were approved. It was noted that two minor changes had been made at paragraphs 7.3 and 7.4 and the final version for approval circulated prior to the meeting.
- 1.5 The Action Log was reviewed and updated. A number of actions would be followed up as part of the Strategy Renewal work and upcoming governance review. It was noted that an impact data session which had been discussed at the previous

meeting would be added as an action and addressed at a next meeting. It was confirmed that the minutes of the Extraordinary Board meeting had been circulated to Board on 10th December 2021 and would be shared again if required.

ACTION: Governance

2. CHAIR'S INTRODUCTION -

- 2.1 Having been in post for a year the Chair continued to address the challenges of the past year as she strived to make the Fund the best amongst funders. Improvements would be augmented by the actions resulting from the DCMS Culture Inquiry and she invited the Board to provide their support in that endeavour to move forward as a unit. She had engaged with grantees, stakeholders and numerous members of Black, Asian and Minority Ethnic communities and had received encouraging feedback from stakeholders who had had a positive experience of the National Lottery family showing that the Fund stands in good stead. The work on the Jubilee programme was also well received and Jubilee projects covered most of the UK despite persistent cold spots that needed to be addressed.
- 2.2 The Chair had been working with Prof Geoff Thompson, Vice-Chair of the Commonwealth Games to look into feedback received from some communities. In that context she had also met with Spirit 2012 Trust, whom the Fund had endowed £47m in 2013 for legacy work.
- 2.3 The Chair had made further visits across the United Kingdom, citing a visit to Cornwall to meet business leaders, the Lieutenancy and a range of grantees and found out about a series of life saving projects funded by TNLCF. In Grimsby she had met with the Secretary of State for Levelling Up, Housing and Communities and held roundtables with the private sector, grantees and potential grantees, together with the local MP, Lia Nici.
- 2.4 The Chair had visited Birmingham twice and congratulated the team for the work they are doing on Commonwealth Games. In particular, it was important to continue building on projects bridging work between TNLCF and other National Lottery distributors, that enhanced our ability to produce sustainable outcomes for the communities we support.
- 2.5 The Chair had met with Ministers of State for DCMS and Levelling Up, Housing and Communities and the Minister of State for the Environment and she would endeavour to improve engagement at that level for England.
- 2.6 She shared with the Board that the programme of guest speakers at board meetings would continue. Finally, she encouraged Board members to also meet stakeholders, which the Board responded they would be delighted to resume doing more of.

3. CHIEF EXECUTIVE'S REPORT - P02

- 3.1 David summarised some of the progress achieved and challenges encountered after six months in post. He outlined three priorities set for the Fund going into this year, starting with the 'business as usual' of being an excellent community funder,

reminding the Board that an award is made every 7 minutes. Secondly, he highlighted the imminent launch of the Fund's strategy renewal which would set the direction of travel for the organisation in the future, and thirdly the plans for an organisational transformation to make sure the Fund is fit for the future and continues to build on lessons learnt from the Culture Inquiry.

- 3.2 He pointed to the clear EDI actions which would be discussed later in the meeting and the Corporate Plan with new focus on impact.
- 3.3 England director appointments were imminent. A new UK portfolio Deputy Director would also be announced, besides welcoming a new Finance director. The employee engagement survey had concluded recently and results would be presented at the June Board meeting.
- ACTION:** Neil Harris
- 3.4 On opportunities and challenges ahead, he highlighted the economic context post Covid bringing challenges for communities. In terms of return to the office the message to staff so far was a very gradual return based on individual circumstances. The civil service pay remit was not set yet, but as soon as that was known staff and the unions would be engaged to progress the pay review of the Fund as promptly as possible in the context of cost of living pressures.
- 3.5 Updating about different developments and programmes he drew out the Phoenix Way. £50m had been ringfenced within the England budget for allocation to Black, Asian and Minority Ethnic communities over a period of five years. It had taken some time to consider how best to deliver this effectively. He mentioned the demand arising around Ukraine with discussions held on how to respond.
- 3.6 The Dormant Assets Act was now passed, and the Government had agreed to consult on how the England portion could be used involving the Fund. The Fund would be consulted on the setting out of policy directions, linking with the policy renewal work.
- 3.7 The Board discussed the results of the employee engagement survey seeking assurance that they are a true reflection of the temperature of the organisation. David was open to any other inputs they would wish to see for a wider picture. Although face to face interaction had not fully resumed, all looked forward to the June meeting and the opportunity to meet in person and visit grantees. It was noted that face to face interaction with staff was important too.
- 3.8 To a query on impact at para 4.2 David explained that it is important that impact is weaved into the different steps of the funding process and that staff have that data available to inform decisions.
- 3.9 The Board noted that they had not been directly sighted on developments related to the Phoenix Way. It was explained that the decision-making rests with the England Committee which, unlike the board was a grant making body, and John Mothersole outlined the process followed since the decision was made in principle to ring fence £50mpounds in May 2021. A working group had reviewed the options for delivering the funding and a broader approach had been recommended. David

recorded progress in extending the reach of funding to Black, Asian and Ethnic Minority communities, setting clear ambitions and accountability, confirming that the funding had exceeded our goals, and noted that more development work had to be undertaken in respect of the disabled community. The Board were pleased to hear that the Fund's relationships with grantees and communities had been sustained throughout the pandemic, in different ways, by funding teams.

- 3.10 The Board suggested that the agenda and minutes of portfolio Committee meetings are shared with them before the Governance review, as well as feedback from the Country Chairs meeting. The potential increase in cyber security risk arising from the Ukraine conflict was acknowledged and it was noted that the paper presented to Audit and Risk Committee on the review of the Fund's cyber security arrangements would be circulated more widely.

ACTION: Neil Harris

- 3.11 The Board were also reassured that the Fund is compliant with all sanctions related to Ukraine. The executive would continue to monitor the position and update the Board accordingly. It was also agreed that Parliamentary questions would be reported via the CEO report, with noteworthy PQ reported out of cycle where appropriate.

ACTION: David Knott

4. STRATEGY - OUR APPROACH TO TRANSFORMATION - P03

- 4.1 Neil Harris positioned in broad terms the Fund's approach to the next 12 to 18 months which would be a period of internal change in service of acquitting the new strategy. It was noted that the past 12 to 18 months had been challenging in responding to external events, but the organisation was becoming more forward focussed and was about to launch the consultation and engagement phase of its strategy renewal process. In parallel it was building programme infrastructure and would report regularly against milestones at this forum. Some external expertise would be drawn in to help with the organisational development.

ACTION: Neil Harris, Strategy Team

- 4.2 Michelle Everitt explained that most of the people actions in response to the recommendations of the Culture Inquiry had been focussed on policy and practice and were progressing well. The team were now committed to looking at longer term foundational actions to support the systemic changes needed; some would be integrated into the organisational transformation programme. Structural changes were overdue and now was an opportune time to review the Fund's organisational design.

- 4.3 Great strides had been achieved in regular engagement with staff and more focus would be placed on leadership development and competencies. The Governance review in the autumn would be an opportunity to look at non-executive structures linking with strategy renewal and organisational transformation. Investment in EDI would continue at staff and infrastructure level.

5. CORPORATE PLAN - P04

- 5.1 The Board received the updated corporate plan and noted that the changes were not substantial for 2022/23, as a more comprehensive review would take place next year in line with the new strategy. KPIs remained the same and would be reviewed in the next iteration of the plan. Changes made focussed on the renewed EDI ambitions and impact and evidence. It was noted that the draft plan had been approved by DCMS. The Board felt that ambitions around sustainability and climate change were not sufficiently represented, hence modifications would be incorporated in the draft.
- ACTION:** Neil Harris
- 5.2 -An in-depth session would be held at a future Board on environmental matters.
- ACTION:** Governance, John Rose
- 5.3 Raising people's matters, the Board stressed the importance of transparent reporting. Neil clarified that issues raised around organisational design had been highlighted in previous annual people reports. The Board felt that a clear plan would be helpful to facilitate monitoring and the executive concurred that a programme approach should be taken.
- ACTION:** Neil Harris
- 5.4 Outsourcing was raised and Neil reassured the Board that external consultancy support had decreased. However, it was important at this point to ensure that the right expertise was brought in, whilst making sure it is proportionate and accountability remains with the executive.
- 5.5 Emma Boggis relayed that the Audit and Risk Committee had shared similar concerns with regards to people reporting and were hoping for greater sight of qualitative feedback from the survey. She also noted that 3 internal audit reviews in the audit plan covered the people agenda, and the Committee wished to increase their assurance in that area. Neil suggested that the survey provider presents the results to Board at their next meeting.
- ACTION:** Michelle Everitt
- 5.6 Those matters would be looked at again in June. David was committed that they should be addressed, and our future strategy amplified by solid structures.
- 5.7 Subject to changes discussed, the Board approved the corporate plan. The amended wording would be sent to Board for agreement.
- ACTION:** Neil Harris

6. STRATEGY RENEWAL - P05

- 6.1 Carrie Deacon introduced the strategy renewal process. This would bring colleagues together from across the organisation to design the process, trying to understand the cultural context as the organisation looks forward to a pivotal decade.
- 6.2 A governance process was in place and there would be regular discussions with Board in the coming year.

- 6.3 It was hoped that the new strategy would set out the direction for the Fund until 2030 and focus on the best ways the National Lottery Community Fund can support communities to thrive and prosper during what is anticipated to be an extremely challenging period. The first exploratory phase would start on 7th April and would then move to development, transition and implementation stages. Outlining the principles that underpin the strategy renewal process, Carrie stressed the commitment to be transparent and clear. She informed the Board that they would receive a letter and further information.

ACTION: Carrie Deacon

- 6.4 It was suggested that the strategic renewal becomes a standing item on Board agendas.

ACTION: Governance

7. EDI STRATEGY - P06

- 7.1 The Board received the proposed EDI strategy at Board(22)P06 for approval.
- 7.2 To a question on ethnicity dimensions of pay and seniority, the executive explained that this information had been published by the Fund for the past three years and in the last announcement that staff with Black, Asian and Minority Ethnic protected characteristics were outperforming in terms of pay. To another point about success measures and a commitment to work with others, it was suggested that the impact report be circulated more widely.
- 7.3 In the course of the Board's discussion, it was felt that the strategy was not sufficiently ambitious. David-reported that reach to BAME organisations and beneficiaries had increased to 19%, the highest level in 6 years. However, more work would be done to strive and stretch further. The Board also discussed that other EDI aspects such as social mobility and disability should be given appropriate coverage.
- 7.4 The strategy was not agreed in its current state and more work would be done. A steering group would be put together to take this forward, and input was invited from the Board.

ACTION: Emma Ackerman

8. GRANT HOLDER SESSION

- 8.1 The Board hosted two virtual visits from grant holders:
- 8.2 Jo Davies, Chief Executive Officer of WILD Young Parents (WILD) based in Cornwall, the largest single-cause charity in the UK focussing on young parent families presented their project Our Building Futures.
- 8.3 Jonah's Project CIC (JP), a BAME led organisation based at Oakland's Youth Centre in Handsworth, Birmingham. It provides services to young people aged 11-25 years who are convicted, involved in, or at risk of criminal activity. Their managing director Natalie Wilks presented the project funded by TNLCF, Fix Your Crown.

- 8.4 At the end of the presentations the chair reminded the guests that the Fund has a convening role in bringing organisations together. She thanked both Jo and Natalie for their dedication and for their time in sharing their projects with the Board.

9. IMPACT UPDATE - P07

- 9.1 Julia Parnaby presented an overview of the Fund's project to create its first impact report and shared some key headlines on the difference our funding makes.
- 9.2 The aim was to move away from relying on narrative to describe the impact of the National Lottery Community Fund makes and to blend data, evidence and insight to define its added value to communities. The process represented a strong proof of concept for the future. It had helped identify gaps in data and evidence and pointing to ways of how to gather those in the future, to inform future ambitions. Importantly it had also shown that grant holders are happy to provide data and to tell us the difference they are making, which represented huge potential for the future.
- 9.3 The data work would be part of the strategic renewal in terms of its implications on individual funding choices and for our wider strategic choices. This was also useful data for the sector, communities and other stakeholders. Julia and her team would continue to stretch our ambitions in the future and identify gaps and potential.
- 9.4 The Chair thanked Julia and her team for their excellent work that represents a positive milestone for the Fund. Board members were delighted to see how much progress had been achieved in harvesting and processing data. It was hoped that the information could be shared more widely and possibly turn into a regular publication for use within the Fund and amongst stakeholders.

10. PERFORMANCE AND FINANCE - P08

- 10.1 Neil Harris presented the Fund's progress towards its Key Performance Indicators (KPIs) to the end of February 2022.
- 10.2 KPI on customer satisfaction was unchanged at 86% above the 80% threshold. KPI2 was also within tolerance well within the 7.75% over three years and Board noted that operating costs were significantly lower than forecast due to reduced travel. KPI3 was out of tolerance at 31st January but expected to come within tolerance at year-end. KPI4 would be reported when results from the employee engagement survey were available and would be covered in more detail in June. KPI5 on people awareness that the National Lottery funds good causes showed a green rating at the end of January. An update would be available in June with the results of the public perception survey due shortly. KPI6 on people's perception of the Fund's purpose was below target and the next update was also expected shortly. Awards to Voluntary and Charity Sector organisations had seen a minor decrease in February but KPI7 remained with tolerance.
- 10.3 The Board noted the KPIs. It was suggested that the reports show a longer trend.
ACTION: Neil Harris

11. FINANCIAL SUMMARY - P09

- 11.1 The Financial Summary at Board(22)P09 was taken as read and Stuart Fisher outlined salient points. Lottery income was currently at £44m above projections. Grant awards at the end of February were on budget but due to increased activity in March forecasted to end above budget. Operating costs remained lower than budget, 6.1% against the upper threshold of 7.75%. NLDF was out of tolerance with more than anticipated funds due to unexpected Lottery income and grant payments were below forecast this year but expected to correct in the coming year. In February an additional £54m of dormant assets had been received from the Reclaim Fund.
- 11.2 The Board concurred with Stuart that KPI3 needed some reflective consideration, particularly at its upper cap. Given the discrepancy in income projections, the projection method was queried. Stuart confirmed that income projection is closely related to that of the Lottery distributors family and Gambling Commission.

12. INCOME UPDATE, GRANT AWARD ALLOCATION & PAYMENT FORECASTS - P10

- 12.1 Stuart presented the update on income projections, grant award allocation and payment forecast for 2021/22 onwards. Raising key points, he pointed to sections 2.7 and 2.8 explaining that the Gambling Commission forecast does not extend beyond the current license period and as a result the Fund's planned projections were cautious.
- 12.2 At Section 3 the Board noted the grant award allocation projections, based on the paper submitted to the December Board meeting when the forward look was approved. Stuart outlined that this position is reviewed quarterly and future grant award allocations may be revisited should the need arise.
- 12.3 The Board confirmed that they were content with the forecast outturn for 2021/22, the awards allocations set for 2022/23 and the indicative awards allocations presented in Table 1 of the paper.
- 12.4 Stuart shared some of his initial reflections after his first weeks at the Fund. He felt positive and was looking forward to helping drive change and improvement.
- 12.5 The Board suggested to review the status of the 2015 Cabinet Office triennial review recommendations to ensure these have been completed.

ACTION: Governance

12. BUDGET PROPOSALS - P11

- 12.1 The Board received Board(22)P11 setting out the Fund's operating cost budget for 2022-23, for approval. The paper was taken as read and highlights only presented.
- 12.2 The paper was approved as presented.

13. AUDIT AND RISK COMMITTEE REPORT - P12 and P12a

- 13.1 Emma Boggis, Chair of the Audit & Risk Committee, presented the minutes of the meeting held on 8th March 2021 with a short cover note outlining key points discussed by the Committee. The Chair of the Board raised the importance of having a compliance function in addition to the existing corporate functions such as Governance, Internal Audit and Investigation, and Risk and Fraud Management. She invited the executive to reflect further on this and return at a future meeting.

ACTION: Neil Harris

- 13.2 David informed the Board that a review of the Terms of Reference for the Operations Group co-chaired by Stuart and Neil was also underway. He would update on this in due course.

ACTION: David Knott

14. ANNUAL FUNDING REPORTS - P13/14

- 14.1 The Chair invited portfolio directors to share a key highlight from their reports.

WALES REPORT - P13

- 14.2 John Rose was pleased to report excellent results in public affairs with regards to both the level of familiarity and favourability reported by members of the Senedd. Further work would be done with MPs and in the South-East of Wales to improve on our perception results there.

NORTHERN IRELAND - P13

- 14.3 Alison Fraser mentioned the development of a Northern Ireland plan and explained that a number of activities that had been actioned, including changing the wording of the Northern Ireland section of the A4A website to include details on the environment impact. They had also completed their environmental top ups supporting grant holders to install renewable energy. 190 applications had been successfully assessed for the Living Places and Spaces programme and 750,000 awarded.

ENGLAND - P13

- 14.4 Jon Eastwood was pleased to report that England had committed their £461m total budget. The Fund had become more reflective of the communities that it serves. Although Awards for All applications had slowed at the end of 2021, the programme was now back and running past pandemic with the team working in collaboration with Arts Council on some grants.

SCOTLAND - P13

- 4.5 Neil Ritch highlighted the Life Changes Trust, a £50m endowment that was coming to an end after over ten years of work aimed at achieving a step change in quality of life outcomes for young people in the care system and people affected by dementia. There was significant learning in the development and delivery of the Trust and how they have put the voice of beneficiaries at the heart of what they do. He also mentioned the direct line between the establishment of the Life

Changes Trust and the that of the Independent Care Review in Scotland. Legacy work would perdure after the closing of the Fund within the portfolio.

UK PORTFOLIO - P14

- 14.6 Emma Ackerman reported that in this year of transition the team had managed to make awards coming just under £40m by end of the year which was a great achievement. They were in an excellent position to think of future strategy for the UK portfolio. The highlight had been the Jubilee funding programme which felt like a step change involving colleagues and programmes across the Fund in different ways. This national moment had marked a pivotal moment to invest in communities for the long term with focus on future generations, the environment and renewal. Emma also drew attention to the innovative use of data, which had facilitated an increase in the geographical spread of applications and enhance the diversity of funding and beneficiaries.
- 14.7 With regard to addressing cold spots on the map, the Chair explained that the Platinum Jubilee funding had been critical in pointing to and attempting to address gaps that seem to persist, and those efforts would continue.
- 14.8 Loren Elliot-Townsend updated on the Youth Voice teams in Northern Ireland, England and Wales and was invited to bring a deep dive at a future date.

ACTION: Governance

LEVELLING UP - P15 - With Guest Adam Hawksbee, Onward

- 15.1 David welcomed Adam Hawksbee, deputy director of Think Tank Onward.
- 15.2 Adam outlined the significant challenge that levelling up represents and highlighted aspects such as the need for the levelling up agenda to be measurable, pointing to the social fabric index as a starting point to measure the strength of communities, equally the need for a methodology to take advantage and promote social change. Cross sectoral place-based leadership was crucial to bringing people together with key stakeholders and local government. Building a sense of community was also essential to this agenda. Broad conversations about communities and what steps can be taken were needed, specifically what government and charities can do, and where the Fund could contribute.
- 15.3 The Board raised the economic aspect and highlighted the importance of providing economic opportunities in addition to a sense of place. It was felt that a continued conversation with government was needed to ensure that investments are complementary.
- 15.4 On behalf of the Board, the Chair thanked Adam for an insightful and thought-provoking presentation, suggesting that another session with Onward may be helpful at a future date.

FORWARD LOOK - P16

- 16.1 The Chair noted that a number of points had come up for the June agenda including in particular people matters and the Employee Engagement Survey results, an update on the Jubilee programme and a possible environment deep-dive.

ANY OTHER BUSINESS - P17

Board(21)M04

- 17.1 The Chair reminded the Board to complete their workplace essential modules.
- 17.2 There was no other business. The meeting closed at 13.30 and Board members moved to another room to say farewell to Perdita and Elizabeth.

Date 30 June 2022

Signed

A handwritten signature in black ink, appearing to read 'Blondel Cluff'. The signature is written in a cursive style with a long horizontal stroke extending to the right.

Blondel Cluff CBE, Chair of the Board