

MEETING OF THE NATIONAL LOTTERY COMMUNITY FUND BOARD
29th JUNE 2023
09:30-15:30

TNLCF Office, One Canal Parade, Dumballs Road, Cardiff, CF10 5FE

MINUTES

**BOARD MEMBERS
PRESENT:**

Blondel Cluff CBE	Chair and Chair of UK Funding Committee
Paul Sweeney	Vice Chair and Chair, Northern Ireland
Kate Still	Chair, Scotland Committee
Simone Lowthe- Thomas	Chair, Wales Committee
John Mothersole	Chair, England Committee
Emma Boggis	Board Member
Danielle Walker Palmour	Board member
Stuart Hobley	Board member
Peter Stewart	Board member
Helen Stephenson	Board member

IN ATTENDANCE:

David Knott	Chief Executive
Phil Chamberlain	England Director (Items 3, 7, 8)
Neil Harris	Corporate Services Director
Shane Ryan	Senior Advisor (Items 7, 8)
Laura Lucking	Funding Strategy, Communications & Impact Director (Items 3, 5, 7, 8)
Stuart Fisher	Finance Director
Kate Beggs	Northern Ireland Director (Item 7, 8)
Neil Ritch	Director, Scotland (Item 7, 8)
John Rose	Director, Wales (Items 7, 8)
Melissa Eaglesfield	Deputy Director, Funding Strategy/ UK Portfolio (Item 8)
Mark Purvis	Deputy Director, England (Item 3)
Hannah Rignell	Deputy Director, Policy & Partnerships, England (Item 3)
Catherine Roberts	Head of Governance (Minutes)
Katie Crystal	Senior Governance Officer (Minutes)

EXTERNAL GUESTS:

Dr Tracy Long	Observer, DCMS
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1. INTRODUCTORY REMARKS

- 1.1. The Chair welcomed all and opened the meeting.
- 1.2. Apologies were received from Richard Collier-Keywood and Loren Townsend-Elliot.
- 1.3. There were no declarations of interest.
- 1.4. The Board had received the draft minutes of the March meeting ahead of the meeting. Suggested amendments submitted by Board members were discussed and agreed. It was agreed that the updated minutes would be circulated.

ACTION: Governance

- 1.5. With the discussed amendments considered, the minutes of the meeting held on March 30th, 2023 were approved.

Actions Arising - P18

- 1.6. The Action Log was reviewed and updated accordingly.
- 1.7. It was noted that all short-term actions resulting from the inquiry were closed. The remaining medium and long-term actions had been included in the forward planning for the organisational improvement programme. It was recommended that a deep dive on this topic be carried out in the People Sub-committee and then shared with the Board.
- 1.8. The Board requested that they be provided with regular updated on the status of the inquiry actions tracker.

ACTION: Neil Harris/Governance

2. CEO OVERVIEW - P19

- 2.1. The paper was taken as read. David first conveyed his thanks to John Rose and the whole Welsh team for their hospitality.
- 2.2. His key update was the launch of the strategy, he described his pride in the Fund as a whole and how the new strategy was testament of the hard work of colleagues throughout the Fund and acknowledging the invaluable support of the Strategy Renewal Sub-Committee.
- 2.3. Paul Sweeney conveyed the Board's thanks to David and team and Richard Collier-Keywood for this leadership of the Sub-Committee.
- 2.4. All were looking forward to the Parliamentary Event on 4th July. On a request from the Board, the updated list of attendees would be shared.

ACTION: Governance

- 2.5. They also noted that work had moved into the 4th phase, the implementation at funding and organisational level would include values and ways of working and would be a holistic strategy. Changes will be reflected in the refreshed Corporate Plan.
- 2.6. The Board were reminded that a meeting would be scheduled on 24th July to discuss the outcomes of the Deloitte Board Effectiveness Review. It was hoped that the report could be circulated in time for this meeting.
- 2.7. David reported on changes to the office estate. Changes in London would be socialised to colleagues once the arrangements were formalised.
- 2.8. The Board were also informed of a potential move of headquarters to Birmingham. The Board were invited to share their comments and reassured that this would not have staffing implications and the designation of headquarters was somewhat more fluid these days and considered more as the registered office of the organisation. The Board were broadly supportive.
- 2.9. More work would be done on office attendance and home working to define expectations in the future. This would be part of the broader culture discussion, which would involve working with Board members through the People Sub-Committee on future ways of working.
- 2.10. Within the context of staff in a decentralised way, the Board were reassured that the Fund's security and control framework was regularly reviewed at ARC. The Board also noted that the Fund meets cyber security government standards.
- 2.11. The Board requested that they be informed of or invited to upcoming evaluation and learning seminars to be held at the Fund.

ACTION: Governance

- 2.12. A request was made to have a forward look of upcoming events and project visits, with relevant briefings in the style of the recent Wales briefing.

ACTION: Laura Lucking/Verity Prime

3. STRATEGIC

'It starts with community' - Implementing our 2030 Strategy

Laura Lucking, Phil Chamberlain, Mark Purvis and Hannah Rignell joined the meeting.

- 3.1. David introduced this item providing a summary on the current status of the strategy and the plans for the year ahead. He acknowledged that the governance review recommendations would be a significant project in that context.
- 3.2. It was hoped that the competition to appoint a Deputy Director for digital currently ongoing would contribute to necessary development of the Fund's website in the autumn.
- 3.3. The Board also recognised that there was a potential IT and digital skills gap amongst members, and this should be fed into Board skills planning and future recruitment efforts.

- 3.4. The Board suggested that there should be more explicit reference to how the Fund's investment in communications is being used to raise the profile of the new strategy. It was also felt that the Board should have clear expectations for portfolios to take forward the new strategy. It was suggested that this be developed via a meeting of Country Committee Chairs and the respective directors with a subsequent report back to the Board.

ACTION: Country directors, Governance

- 3.5. The Board welcomed the ambitions in the new strategy and asked about the sequencing of change.
- 3.6. They also discussed assurance around the people risk and the appropriateness of this being provided through a standing People Committee. It was suggested that chairs of sub-committees engage to avoid duplication.

ACTION: Sub-Committee chairs, Governance

- 3.7. The Chair highlighted the changes in UK Funding in service of the strategy, and David outlined the significant changes to Awards for All grants, which would be delivered in the autumn.

England Third Party

- 3.8. Phil Chamberlain greeted the Board and introduced Mark and Hannah. An overview of the current third party opportunities within the England portfolio was provided. It was noted that the Million Hours Programme had recently been approved by the Board through a decision via correspondence. The Board were asked to approve the delivery of the Community Organisations Cost of Living Support Fund on behalf of Government.
- 3.9. It was noted that both third-party opportunities had been reviewed by the England Committee prior to being presented to the Board.
- 3.10. Phil noted that the delivery of the cost-of-living fund will be informed by learning from the Corona Virus Community Support Fund. The executive will ensure that there is organisational capacity to deliver the funds. Models for facilitating the Fund to scale up and scale back down quickly and efficiently are currently being explored. The Board noted the need to ensure that processes are in place for delivering in circumstances where decision-making becomes compressed. The Board was assured that appropriate decision-making structures will be made and the necessary resources sourced to deliver the funding. Temporary staff will be recruited and onboarding provided.
- 3.11. The Board queried the tight timelines as organisations will be required to spend any awarded funds by March 2024. It was noted that this is a relatively common timeframe, and that post award monitoring will be taking place until the end of quarter one in the 24/25 financial year.
- 3.12. The Board unanimously approved the Community Organisations Cost of Living Support Fund.

- 3.13. The Board thanked the executive for all of their hand work and dedication to ensuring that the programme would be successful.

Dormant Assets

- 3.14. Phil informed the Board that the Fund is expected to be included and named in the technical consultation surrounding the Community Wealth Fund. Consideration is being given to the Fund's approach to stakeholder engagement with the broader Community Wealth Alliance.
- 3.15. It was noted that a draft proposal to DCMS surrounding the Fund's ability to deliver the funding was currently in development. Given the uncertainty regarding the total amount of funding and timing of delivery, the Fund would seek a partnership approach.
- 3.16. The Board acknowledged the potential of the opportunity and thanked Phil for his contribution.

Laura Lucking, Phil Chamberlain, Mark Purvis and Hannah Rignell left the meeting.

4. GOVERNANCE

Sub Committee Chair's Report: People

- 4.1. Kate Still provided the Board with an update on People Sub-committee. Kate extended her thanks to Helen and Danielle for attending the first meeting. It was requested that the minutes of the meeting be circulated to the Board.

ACTION: Governance

- 4.2. It was noted that the purpose of the Sub-committee would be to support the executive and assist in developing the people strategy. Additionally, it would focus on building on the values, behaviours and frameworks that already exist within the Fund.
- 4.3. The Board was informed that the Sub-committee would hold a separate session on the EDI review. Going forward, focus would also be given to supporting the implementation of the employment framework and the organisational improvement programme.
- 4.4. Peter Stuart expressed his desire to join the People Sub-committee. This was agreed.

Sub Committee Chair's Report: Stakeholders

- 4.5. John Mothersole provided the Board with an update on the work of the Stakeholder Engagement Sub-committee. The purpose of the Sub-committee is to shape and develop the Fund's current approach to stakeholder engagement. The Sub-committee will provide the Board with the required assurances that work in the area is progressing positively. It was noted that individual Board member involvement will be sought to develop relationships where there is clear added value. The goal is for the Fund to be regarded as a trusted and valued partner by stakeholders. A matrix of stakeholders will be presented to the Sub-committee in July and then shared with the Board in due course.

Sub Committee Chair's Report: Strategy Implementation

- 4.6. David Knott provided the Board with an update on the Strategy Sub-committee. The most recent meeting had taken place in April and had focused on the development of the strategy. Following the Board's approval of the strategy in March, the Sub-committee began considering stakeholder plans to launch the strategy. The Board were asked to consider how best to take the Sub-committee forward now that development was completed. It was recommended that the Sub-committee now focus on implementation and advise on the forthcoming changes to the corporate plan and the adjustment of the KPIs. It was noted that the terms of reference for the Sub-committee should be updated to reflect these changes.

ACTION: Governance

5. CURRENT PERFORMANCE AND FINANCE

KPI Performance Report

- 5.1. Laura updated the Board regarding the current position of the Fund's key performance indicators. It was noted that reporting is currently light due to it being relatively early in the financial year.
- 5.2. It was noted that KPI2 had an overspend. A reforecasting exercise would be carried out to ensure that it is brought back into tolerance. Additionally, KPI was above tolerance for the end of year but at the time of meeting was under tolerance. This KPI will also be rebalanced due to an external delegated agreement that will launch in England.
- 5.3. The Board noted the need to ensure that the revised KPIs that will be developed for the new strategy are able to be monitored. Additionally, the members requested that further context be provided surrounding KPIs that are out of tolerance. This should include explanations of the ramifications of out of tolerance KPIs as well as what can be done to bring them back into tolerance.

ACTION: Laura Lucking & Verity Prime

Financial Summary Period 2

- 5.4. Stuart introduced the paper, noting that it was being taken as read. A cautious approach to income budgets had previously been adopted. This meant that by the end of May, the Fund was slightly behind in budget. This was not a point of concern and would be monitored going forward. At the time of meeting, it was not necessary to make adjustments to the grant budgets. The Fund was in the process of working down the NLDF balances. It was noted that income forecasting would be provided by the fourth license holder in July.
- 5.5. Operating costs were reported as being 6.3 percent of the total permitted threshold of 7.75 percent. SMT expects to be closer to the 7.75 percent mark than in previous years due to the opportunity to do more to address colleagues pay. The government has allowed for a one-off costs of living payment of £1,500 to be made to all staff except for SMT members. SMT had made the decision to make the full payment in the June payment at a total cost of c£1.2m. This additional cost would be met from already identified underspends on the operating cost budget, however there would

be a requirement to continue to closely monitor overall financial performance throughout remainder of the financial year to ensure ongoing affordability for other planned areas of expenditure.

Grant Award Budget

- 5.6. Stuart introduced the paper, noting that it was being taken as read.
- 5.7. Members queried the increase in funding allocation to the UK portfolio despite the lag in spending. It was noted that the UK fund is currently in a period of transition but will launch the first programme in the organisation in support of the strategy launch. David reflected that the Fund has previously used an index of multiple deprivation to calculate allocations. The executive was currently exploring alternative indexes that can be used for allocations in the countries but also at more local levels. Internal planning for this had begun. A paper would be presented to the Board prior to any implementation of new indexes.

Annual Report and Accounts

- 5.8. Stuart remarked that the Fund had experienced a successful year. The audit undertaken with EY had run very smoothly due to efficient management of the process. Stuart extended his thanks to Emma and Kate for providing feedback on the draft. The audit was expected to deliver an unqualified audit opinion without modifications, and with only one medium-priority recommendation having been made.
- 5.9. The report would be brought back to the Board ahead of the CEO signing it off. It will then be laid before parliament prior to the summer recess. The report has already been given pre-ministerial approval with no changes required.
- 5.10. David noted that the Head of Internal Audit had provided an annual assurance assessment of moderate assurance, which was an improvement on the limited assurance he provided in 2022. This was noted as a significant achievement.
- 5.11. The Board unanimously approved the annual report and accounts.

Expenses and Declarations of Interests

- 5.12. Stuart introduced the paper, noting that it was being taken as read. The Board were asked to approve the Board, Audit and Risk Committee, Directors' and Country Committee travel and expenses for 2022/23, together with a summary of gifts and hospitality received. The expenses were approved, however, the Board noted that some declarations of interest had not been included in the paper and amendments were required.

ACTION: Stuart Fisher

6. AUDIT AND RISK COMMITTEE (ARC) REPORT

Minutes of ARC meeting held 12 June

- 6.1. In Richards absence, Emma provided the Board with an overview of the minutes of the June meeting of the Audit and Risk Committee.

- 6.2. The Chair requested that formal training for Audit and Risk Committee members be explored. It was felt that providing training opportunities may help encourage new membership.
- 6.3. Emma noted that the Committee has reflected that the ability to report on and interrogate risk has improved over the last few years.

ARC Annual Report to Board

- 6.4. Emma introduced the report, noting that she would highlight several important areas for consideration. Reflections on progress would be provided, as well as a discussion on the Fund's approach to risk management. It was noted that the Fund, in consultation with the Committee, had made a strategic decision with regard to how internal audit is managed. BDO had been reappointed and improvement had been built into the tendering process.
- 6.5. Changes to the Committees membership were noted. In June 2022 the Board approved the appointment of Rachael Robathan to Audit and Risk Committee and she attended her first meeting on 7 June 2022. In September 2022, the Committee welcomed new Board member, Richard Collier-Keywood to the Committee. Following the Board meeting in October, Richard took over as Chair of the Committee. Emma Boggis remained a member.
- 6.6. It was noted that the Head of Internal Audit had given the Fund a limited assurance rating in the previous financial year. The issues that had caused this rating had been addressed and robust processes put in place. As there remains a small number of independent internal audits with limited assurance, there is still additional work to be done.
- 6.7. Stuart provided an update on the existing backlog of fraud cases. This backlog had been reduced from 18 months to 12 months. The goal of the finance team is to ensure that the review period is less than 12 months. This could potentially be achieved through a recruitment drive to allow for cases to be processed more quickly.
- 6.8. The Board noted the need to ensure that all recommendations from audits are implemented in a timely manner, especially those that are deemed to be of high priority.

Kate Beggs, Phil Chamberlain, Neil Ritch, John Rose and Shane Ryan joined the meeting.

7. NORTHERN IRELAND PORTFOLIO ANNUAL REPORT

- 7.1. Kate Beggs presented the Northern Ireland Annual Report to the Board. The Challenges surrounding the external environment were highlighted and it was noted that there has not yet been a devolved government in the current year. Most government departments are facing severe cuts which coincide with inflationary pressures. Spending allocated to the most vulnerable and core funding to voluntary and community organisations is being reduced.
- 7.2. Kate expressed her apprehension regarding the potential for the portfolio to face overwhelming demand from the sector. She highlighted the Dormant Asset fund in particular as a programme which required a different approach to assessment, and

which would require insight and learning to inform a wider review. It was noted that the strategy launch had been very well received, serving to provide both internal and external clarity in a time of growing instability.

- 7.3. Kate expressed her pride in how the Northern Ireland team have navigated the external context. Important progress has been made in the areas of environment and data collection and high levels of customer satisfaction maintained. It was also noted that the Northern Ireland portfolio had experienced an 18 percent improvement in the directorate score in the 2023 annual engagement survey. Lastly, two new members had joined the Northern Ireland Committee and have contributed to assisting with the shaping of the new strategy within the portfolio.
- 7.4. The Chair thanked Kate for the report and acknowledge that the work in Northern Ireland was improving the lives of individuals and communities.

8. PORTFOLIO UPDATES

England

- 8.1. Phil Chamberlain introduced the paper. As an update on the ongoing efforts surrounding third party programmes had been discussed earlier in the meeting, the paper was taken as read.
- 8.2. The Board discussed instances of retrenching taking place in Local Authorities, and where this might generate opportunities for the Fund which aligned with its four missions.

Scotland

- 8.3. Neil Ritch introduced the paper, noting the strong demand for funding in Scotland in the face of fiscal public spending. It was noted that the Scottish First Minister had recently changed and a new Cabinet was in place. The Board discussed the work around participatory grant making in Scotland. Neil reflected that working in partnership provides a useful approach. The team in Scotland will be taking time to consider what they have learned with regards to participatory grant making and how to take it forward.

Wales

- 8.4. John Rose introduced the paper, noting that the portfolio was currently under discussions regarding a refresh of policy directions relating to the dormant assets scheme. The expectation was that a consultation would be run in the autumn.
- 8.5. John noted that the team in Wales was currently considering the shape that the portfolio would take over the next several years. Research will be undertaken in relation to cold spots and understanding the portfolios' role in Welsh language communities. Priorities will be identified and announced in the spring of 2024.
- 8.6. The Board queried whether initiatives were in place to ensure that the Fund operates as more than a funder. John informed the Board that an event had been held in March that brought projects together to share learning. Additionally, 7 similar projects were meeting in the coming week to work towards improving their

local environment. The Wales team is currently exploring further ways to bring together grant holders under specific thematic areas.

- 8.7. The Board acknowledged the role of the Wales portfolio in leading on the organisations approach to climate change. The members thanked John and the team for a valuable experience in Wales which involved visiting projects, meeting grant holders and deepening their understanding regarding the context that the portfolio operates within.

UK

- 8.8. Laura introduced the paper, noting that it would be taken as read. Twenty percent of the UK annual budget had been committed within the first quarter of the financial year. Customer testing had been undertaken to explore what is needed by organisations and a new programme would be launched in the coming week.
- 8.9. The Climate Action Fund had awarded £6.5 million in June. An additional theme surrounding energy networks worth £1.5 million would be launched shortly. Planning will take place through the summer and autumn to explore how the Climate Action Fund might be developed into larger activity to further support the Fund's climate ambitions. A proposal in this area will be presented to the UK Funding Committee in September.
- 8.10. Laura informed the Board that the Peoples Project results had been announced on the 1st of June. This programme would be paused in 2024 as a result of the activity that will surround the Fund's 30th birthday.

Kate Beggs, Phil Chamberlain, Neil Ritch, John Rose and Shane Ryan left the meeting.

9. COMMUNICATIONS OUTLOOK AND UPDATE

- 9.1. Laura introduced the paper which provided a review of communications activity so far in the current year. The paper also included a forward look at planned activity for the remainder of the year.
- 9.2. Overviews of the key national moments such as the Coronation, Eurovision and Windrush were provided. It was noted that there had been 184 pieces of news coverage on the weekend of His Majesty the King's Coronation referencing National Lottery funding. Laura expressed her thanks to the Chair and Peter for their involvement with the streeting committee. It was noted that the programme had delivered funding to different places to what was expected. Taking this learning forward and continuing to engage with those applications would be important.
- 9.3. Laura informed the Board that the team is currently developing a communications plan that will provide Board members with information regarding communications relating to the work on the Fund.
- 9.4. Reflections on the recent launch of the Fund's new strategy were provided. From a communications perspective the launch had been very successful. Social media channel engagement had been exceptionally high and the attention from the press was excellent. A parliamentary launch would be occurring in the coming week, with MPs from across the UK in attendance.

10. BOARD FORWARD LOOK

- 10.1. It was noted that the Board Forward Look had been streamlined to account for the new Sub-committees.
- 10.2. The Board were informed that the location or date of the March 2024 Board meeting may change due to the current plan for the meeting to take place in Northern Ireland the day before Good Friday. It was recommended that the date be maintained, however, the Board would meet in Northern Ireland in June of 2024 as opposed to March.
- 10.3. The need to review the deep dives in the forward look was discussed. It was recommended that the suggested deep dives be ranked by the Board from highest to lowest priority. Once this exercise had been completed, deep dives could be assigned to specific meeting dates.

ACTION: Governance

11. ANY OTHER BUSINESS

- 11.1. The Chair extended the Board's appreciation to Simone, John, and his colleagues for their significant contribution to the Board's successful schedule in Wales. The project visits and community-based evening event had been inspirational and most informative.
- 11.2. Being that there was no further business, the meeting concluded at 15:30.