

**MINUTES OF THE
MEETING OF THE NATIONAL LOTTERY COMMUNITY FUND BOARD
HELD VIRTUALLY
ON 9th DECEMBER 2021
09.30 - 13.30**

PRESENT:

Blondel Cluff CBE	Chair
Adrian Webb	Vice-Chair
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
Kate Still	Chair, Scotland Committee
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 3,4, 12,17)
Harnish Hadani	Interim Finance Director (Item 6. 8)
Jon Eastwood	Interim England Director (Item 11.1)
Kate Beggs	Director, Northern Ireland (Item 12.1)
Ruth Bates	Interim Deputy Director, UK (12.3)
John Rose	Director, Wales (Item 9.1, 12.3)
Neil Ritch	Director, Scotland (Item 11.2)
Nick Gardner	Head of Climate Action (Item 12)
Sarah Rossiter	Head of Controls Assurance (Item13)
Baroness Laura Wylde	Non-Executive Director, DCMS
Catherine Roberts	Head of Governance (minutes)

1. INTRODUCTORY REMARKS

- 1.1 The Chair greeted all. No apologies had been received and no interests were declared. She acknowledged that this was Sir Adrian Webb's last meeting and there would be a special farewell at the end of the meeting.
- 1.2 She reminded the Board that Kate Still would be stepping into the role of Vice-Chair of the Board as the position continues to rotate between the four nations.
- 1.3 She welcomed back Loren Townsend-Elliott, Young Representative on the Board.
- 1.4 There were no changes to the agenda.
- 1.5 The minutes of the meeting held on 28th September 2021 Board(21)M03 were approved as an accurate record, subject to Simone Lowthe-Thomas's name being added to the attendance list.
- 1.6 The Action Log was reviewed and updated. The Board noted the positive outcome following the data breach earlier in 2021. The Information Commissioner Office had been satisfied that all necessary actions had been taken by the Fund in a very timely manner and there had been no detriment to data subjects. The Audit and Risk Committee had been kept updated on actions planned and taken.

- 1.7 Neil explained cyber security arrangements at the Fund, noting that the Fund has certification from Government backed Cyber Essentials scheme.
- 1.8 With regards to in person Board meetings, the changing Covid situation was under review and when the circumstances allowed such meetings would resume.
- 1.9 It was agreed that the minutes of the Extraordinary Board meeting would be circulated after this meeting.

ACTION: Head of Governance

- 1.10 It was also requested that comments regarding incorporating roll-in averages rather than one year average under KPIs as well as the suggestion to actively look at benchmarking should be captured in minutes or actions.

ACTION: Head of Governance

2. CHAIR'S INTRODUCTION -

- 2.1 The Board welcomed the fact that the Spending Review had seen no changes in Lottery shares. The organisation was at a crossroad and faced significant changes, and the Chair hoped that the DCMS Inquiry would be a constructive step towards the future, working closely with DCMS.
- 2.2 A large number of applications for Board positions had been received; they represented a robust range of skills which would address current gaps.
- 2.3 The Chair had endeavoured to engage with stakeholders as much as was possible, having recently undertaken two project visits in Birmingham where TNLCF funding had life-saving impact. She had taken this opportunity to meet with staff and listened to their views.
- 2.4 The Chair had also met with the Archbishop of Canterbury to discuss the Platinum Jubilee legacy. It was suggested that more work could be done on the subject of legacy together with exit strategies for the Big Lunch and the most effective way to ensure the most sustainable outcomes for the Fund's investment. There was , potential to hold a session at Board in the future.

ACTION: Governance

- 2.5 The Chair had engaged with Lord Lieutenants with a view to improving connections with local communities and businesses supported by the sharing of local intelligence. Referring to portfolio reviews she felt that these were imperative, and a more substantial presentation to Board at an appropriate time would be helpful.

ACTION: Governance

3. CHIEF EXECUTIVE'S REPORT - P47

- 3.1 David Knott referred to his monthly report at Board(22)P47. He highlighted recent activities, including engagement with staff following the Culture Inquiry results, and the recruitment underway for a Finance director and two England directors. On wider developments he mentioned the conclusion of the post-event assurance work which meant that the Annual Report and Accounts would now be laid in Parliament

ahead of the Christmas recess. Referring to the positive outcomes of the Spending Review and Data Breach, he emphasised the importance of learning the lessons and taking proactive action for the future.

- 3.2 Plans were in place for a return to offices in line with pandemic guidance. The Fund would continue to respond to this context in an agile way. The Board were reminded that the hybrid model of working had worked successfully during the restrictions and would be considered as part of a blended mix where appropriate.
- 3.3 The Dormant Assets bill continued through Parliament and David had received directions from the Secretary of State for the allocation of funding in England via the existing bodies accredited by the Fund. The fourth licence competition was still underway and should conclude in the spring.
- 3.4 David recorded his personal thanks for the hard work of staff during the pandemic enabling the organisation to move into 2022 with confidence and purpose. The Chair thanked David for the second edition of the Impact Report, a valuable asset for the Fund. It was suggested to hold an impact data session with the Board at a future date.

ACTION: Governance

- 3.5 The Board welcomed the Impact Report. They were also pleased to hear about the positive sessions held with staff.
- 3.6 The Board was reassured that there was a focus on providing the best possible conditions to return to work and they welcomed the support offered to staff. They hoped that lessons had also been retained from similar exercises in the past.
- 3.7 The Chair acknowledged that the recruitment process of new Board members that was led by DCMS had been very effective.

4. OVERVIEW OF YEAR AHEAD - P48

- 4.1 David presented an overview of Fund's plans for strategic renewal in the coming year. The next 18 months would be a period of both organisational and strategic renewal, which would be sequenced in two phases, one between now and spring prioritising people and groundwork for wide strategic renewal reflected in the corporate plan, then wider measures building longer term strategy work, with milestones such as the England and UK policy directions.
- 4.2 The Board was informed that Emma Ackerman and Faiza Khan were SROs for strategy work, Neil Harris SRO for organisational improvement and Michelle SRO for people and culture with Adrian remaining as an expert adviser. It was suggested that young people could feed into the strategy moving forward and Loren Townsend-Elliott was invited to present to Board at a future meeting.

ACTION: Governance

- 4.3 With regards to Inquiry recommendations, it was agreed that an implementation tracker would be available in March for further clarity.

ACTION: Michelle Everitt

- 4.4 A point was made about being clear that while a strategy review was under way the current strategy remained very much in place.
- 4.5 Some of the Board members re-iterated their interest in being ambassadors for the Fund and having more opportunities for engagement, particularly for General Board Members. Board involvement would be reviewed at the June meeting.

ACTION: Governance

- 4.6 David reassured the Board that the people survey would launch in early 2022, with 360 feedback and the establishment of leadership competencies. SMT had been reduced by one and there had been conversations already on how ARC and internal audit could collaborate on people work.
- 4.7 The Board were also reminded that the corporate plan was in year 2 of 3. SFAs and goals would likely remain the same, and the strategic renewal would start alongside.

5. KPI PERFORMANCE REPORT - P49

- 5.1 Neil Harris presented the Fund's progress towards the Fund's Key Performance Indicators (KPIs) to the end of October 2021. Reflecting on a point raised in actions he informed the Board that the Fund is investing in Management Information Systems in parallel with focus on impact and data in the expectation that it will bring significant improvement to the KPIs and provide deeper insight to the Board. It was hoped to have an update in March.

ACTION: Neil Harris

- 5.2 KPIs were reviewed individually. It was noted that KPI3 at the end of October showed an over commitment of £500,000, and the forecast year end figure had been revised to 10.9% over forecast, primarily due to bringing forward future years grant budgets to the current year within England portfolio.
- 5.3 On KPI4 Board members were informed that the employee engagement survey would run in Q4. The organisation had benefitted from a high level of insight both from the engagement survey and a deep listening exercise through the Culture Inquiry.

6. FINANCE

6.1 Financial Summary - P50

- 6.1.1 The Board received the financial summary at Board(21)P50 which was taken as read. Harnish Hadani presented the highlights. The summary showed an operating cost underspend, grant commitments slightly over budget, with income performing well. Following the outcome of the Spending Review the proposal was to release more income and grants.

- 6.1.3 Year to date grant awards were in line with financial budget within KPI3. In terms of full financial year outturn the expectation was a 62.4% commitment over budget. The main driver being programmes in England portfolio. Operating costs were 10% below budget. As a result, the cost threshold currently sat well within the 7.75% cost threshold.
- 6.1.5 The Board enquired about the significance of KPI3 being out of tolerance over the total year and the relevance of the KPI. The executive explained that it was a helpful indicator which informed strategic choices.
- 6.1.6 The Board queried whether the KPI measure should be over a 3-year period, however there was an important in year dimension to allow the executive to make decisions which rolling would not allow. A point was made about communicating where the over commitments are.

6.2 *Income update - P51*

- 6.2.1 The Board noted the Fund's latest income projections with some context provided on the two key factors used to consider future income projections, namely the consideration of the risk that income will vary and setting a threshold for cash reserves. At this point in time a cautious view was taken recommending to release an additional £150m income for grant distribution.
- 6.2.4 The Board was content to confirm the Fund's income projections as set out in tables 1 and 2. They approved the release of £150m for 2022/23.

6.3 *Update of grant award allocation and payment forecasts*

- 6.3.1 The Board noted the latest review of cashflow in relation with the NLDF. Income was currently outperforming the Gambling Commission central case projection for 2021/22. In terms of payment forecast, the Fund was operating well within the threshold.
- 6.3.3 The Board was content with the grant allocations and financial outturn and agreed to recommend the release of another £150m to the grants budget.
- 6.3.4 Reassurance was given that there was sufficient budget for programmes coming out of development.
- 6.3.5 The Board recorded grateful thanks to Harnish for excellent papers and useful explanatory notes.

7. AUDIT AND RISK COMMITTEE REPORT - P53-54

- 7.1 Emma Boggis, Chair of Audit & Risk Committee, presented the minutes of the meeting held on 22nd November 2021 and a short cover note outlining key points discussed at the Committee. These included the Culture Inquiry, data breach and progress on the Internal Audit recommendations.
- 7.2 On future ways of working, there had been a planning workshop principally around the audit plan and which other assurances ARC would be seeking to continue providing the organisation assurance through the internal audit plan, deep-dives and regular reporting.

- 7.3 The Board discussed co-sourced internal audit and ARC's concern around follow up of actions from internal audit; they noted that some progress had been achieved but work was still in progress. David confirmed that internal audit recommendations had become a standing item at the Operations Group.
- 7.4 The proposed role of the Audit and Risk Committee in seeking assurance around the implementation of the Inquiry recommendations was acknowledged.

8. RISK APPETITE - P55

- 8.1 The Board reviewed the risk appetite 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 or to propose any variations required.
- 8.2 Austin Ruane pointed out that the number of risks assessed had risen from 7 in 2021 to 11 in 2022. This was to increase transparency with regards to underlying risks which had been previously captured across broader categories The risk descriptions had been updated to be more accurate and would be used to benchmark in the future.
- 8.3 The final change was that the financial risk was increased from low to medium. This reflected the differentiation in reporting about external and internal financial risk factors.
- 8.4 It was hoped that by breaking risks out in different categories and spanning out so that descriptions are more accurate, more detailed analysis of risks would be provided going forward. Austin and Danielle would further discuss the model outside the meeting.
- 8.5 At Annex B Board suggested that given the current context cyber risk should be more explicitly represented. They raised several other comments, namely on the legal structure and relationship to DCMS, acknowledging unknown risks in a rapidly changing world and the importance of providing a visual representation of change as well as trend data. The risk on engagement with stakeholders which had a medium risk appetite would also be looked at after the meeting in the context of the Culture Inquiry.

ACTION: Austin Ruane

- 8.6 Harnish reminded the Board that the regular review of risks by the executive was cross functional and comprehensive, and appetite was rigorously monitored on a quarterly basis. He thanked the Board for their useful comments.

9. AUDIT AND RISK TERMS OF REFERENCE - P56

- 9.1 The Board noted the updated Terms of Reference. There were no significant changes, but a review had been due.

- 9.2 The Board noted that there is no vice-chair in the Committee; this could be considered under para 1.3, although the review had been done in alignment with the provisions of the Treasury's Audit and Risk Assurance Handbook and the current arrangement satisfied the requirements.

ACTION: Head of Governance

- 9.3 Subject to the points raised, the Audit and Risk Committee Terms of Reference were approved.

10. GRANT HOLDER PRESENTATION

- 10.1 The Board was joined by two grant holders Rebecca Clarke, from Green Squirrel, Cardiff and Jacinta Linden, Bolster Community, Newry who presented their projects, describing the impact National Lottery funding had had on their beneficiaries and community.

11. ANNUAL FUNDING REPORTS - P57

England

- 11.1 John Mothersole presented the external context for the England portfolio. He highlighted the 'new normal', response funding and audits on impact and value for money which were very strong. He raised the importance of lessons learnt and what could be replicated going forward. He also mentioned that major strategic programmes would come to an end in 2022 and the crucial learnings to take from those.
- 11.2 The England interim directors summarised progress over the past year. The impact of the regional model had been demonstrated by positive feedback from customers. Progress had been made around fairness and inclusion and there was a nuanced regional picture in terms of demand, particularly for Reaching Community grants, which had increased by up to 40% in some locations.
- 11.3 There was high demand for small grant programmes as the organisation continued to adapt to a changing environment. Now was the opportunity to reflect and review small grassroot funding, with a potential ambition in the next few years to increase this funding.
- 11.4 The last couple of years had been challenging for everyone and the teams could be proud of what they had achieved successfully delivering National Lottery and Government funding. Although EDI targets had been achieved under 3 characteristics, there was still work to do.
- 11.5 The Board acknowledged the fast-moving nature of technology and how crucial it is to think forward. In terms of new normal learning could be extended to digital platforms and tapping into that learning. A point was made about having collective impact and working with other funders.
- 11.6 The role of advisory groups and external voices was raised and Board was reassured that views from other fora are always welcome and the Fund has geographic and thematic leads also channelling input. The Board noted that resourcing is always a

consideration when developing new initiatives. The CCSF had demonstrated the ability to work even more efficiently.

- 11.7 Dormant Accounts and third-party funding were discussed and the potential for the Fund to widen its operations working with others was raised.

Scotland - P58

- 11.8 Kate Still presented the complex operational context in Scotland. She highlighted scale, equality and disadvantage as well as political tension. The position of third sector organisations had been cemented over the pandemic and there was an opportunity to build on this and strengthen TNLCF expertise as a funder.
- 11.9 In terms of levelling up, the Fund had a chance to play a pivotal role in adopting collaborative approaches to support community cohesion and impact, whilst ensuring the relevance of National Lottery funding for all.
- 11.10 Although the past year had been challenging, Board members were heartened by the data and to hear how the eight place-based teams had reached into communities. A lot had also been achieved through digital service delivery. The chair welcomed the streamlined grant making.
- 11.11 The Board noted from Neil Ritch how National Lottery funding had supported communities over the pandemic with colleagues able to adapt ways of working. The second half of 2021 had seen heightened levels of activity which covered government emergency funding. The key themes to note were relationships with grant holders and the increasing role of digital as well as strengthened grassroots connections based on strong groundwork since 2018.
- 11.12 The Scotland portfolio would be reviewed with the aim of providing still more support to grant holders and respond to a noticeable shift in the customer base with more micro and small organisations applying. This was an interesting development which could be tested across the UK.
- 11.13 The Board noted the strong relationship with Scottish Government and the convergence of priorities with government as grant making activities relate closely to all areas in the levelling up agenda.
- 11.14 The key points were to invest in community anchored organisations and learn early from the lessons out of the evaluation of the COVID response which emphasised the role played by pre-existing infrastructure and strong relationships with front line teams. The future would be to continue to build trust and confidence.

Northern Ireland report - P59

- 11.15 Kate Beggs gave a brief account of progress in the Northern Ireland portfolio. A review had started taking learnings from outgoing Northern Ireland committee members and programmes had been extended beyond closure date. This was a transitional period for the portfolio alongside the Fund's overall strategy renewal.
- 11.16 Dormant accounts had opened this year with high demand demonstrating a need in the sector. The team was exploring further support to grant holders beside launching a small capital programme with the Department for Infrastructure

centred around COP 26 and the environment. Family support was also a key strand with a successful conference held with policymakers and officials.

Wales - P59

- 11.17 John Rose reported that the Wales portfolio review was underway. The Wales Committee would be looking at their strategy in alignment with the Fund's strategy renewal.
- 11.18 The portfolio would have awarded 30 million pounds at the end of the year. Two thematic programmes on mental health and homelessness will conclude their assessment phases shortly and awards will be made. The team continued to look at their role during the pandemic and lessons drawn from this, in particular how to work with funders and foundations in and outside Wales.

United Kingdom - P59

- 11.19 Ruth Bates introduced the update in the UK portfolio which was undergoing a review with a transitional portfolio in place and some immediate measures taken including halting the Growing Great Ideas programme and global partnerships. The comprehensive review would be rolled out across the four Nations. In parallel, awards had continued through a combination of approaches and programmes.
- 11.20 Some exciting programmes such as the Platinum Jubilee funding launched in November, and the Climate Action Fund's Together for Our planet Programme had demonstrated highly collaborative and innovative work, through digital events for example, and had been successful in attracting new groups. The Board noted the funding role of the UK portfolio but also the learning and knowledge dimension and strategic input the UK portfolio brings to the Fund, and its impact on levelling up nationwide.
- 11.21 The Board was interested to know whether the way of working with hard to reach communities during the pandemic could inform our model in the future. This would be explored further. It was also suggested that youth reporting should be included in updates.

ACTION: Governance

12. ANNUAL ENVIRONMENT REPORT - P60

- 12.1 Presenting the report, John Rose reminded the Board of the sizable shift and global sense of urgency over climate since 2018. The Fund had put in place an environmental strategy based on managing its own performance, influencing grant holders and introducing environmental considerations across TNLCF funding. The Fund had also secured accreditation from Planet Mark and good progress had been made broadly against the targets.

Nick Gardner joined the meeting.

- 12.2 The Climate Action Fund had made great strides since the commitment in 2019 of £100 million of funding over 10 years across the UK. Thirty million pounds had been committed so far at year 2 on place-based projects working in partnership and intersectional projects providing multiple benefits and wide EDI involvement.

12.3 An interest in bite size projects was noted with reference made to COP 15. The Board also queried how to give more impetus to creating connections between funded projects. It was suggested to add environmental considerations to application templates.

12.4 The provision of an appropriate scheme to encourage the uptake of electric vehicles was raised. Such a scheme was already available for bicycles and this would be explored further.

ACTION: John Rose, Michelle Everitt

12.5 Other points were noted on being more challenging of grant recipients but also sufficiently flexible in the application process to ensure all areas of climate action opportunities are captured.

12.6 It was agreed that the report would be circulated to members of the Audit and Risk Committee for information and a topic which would be part of audit and risk planning and assurance in the year ahead.

ACTION: Governance

12.7 The Board noted that the Fund had been represented at COP 26 and had engaged with colleagues and community groups about the impact on their activity. They also noted the Fund's efforts to drive down carbon emissions and off-setting the remainder. It was suggested to consider a KPI on environmental performance in the future.

ACTION: John Rose

12.8 Finally, Board members were informed that an audit on the suitability of the environmental plan had been carried out last year to ensure it represents maximum value. Audit and Risk Committee input would also be helpful in that context.

ACTION: John Rose

12.9 The Chair thanked John and Nick for the progress achieved.

13. SAFEGUARDING - P61

13.1 Kate Beggs presented the annual safeguarding report reminding Board that the safeguarding policies had been drafted in 2019. It was therefore timely to take stock on how the approach had evolved over the past years in alignment with external policy and practise across the sector and other funders. Lessons had been learnt, and the Fund was now at a stage of greater maturity with a more robust framework to deal with safeguarding across the organisation.

13.2 The Board noted that the Senior Management Team had reviewed the approach from a risk management and resourcing perspective.

13.3 Kate emphasised that although as a public body the Fund has a duty to promote a safeguarding culture and apply appropriate levels of due diligence across the funding life cycle, the primary responsibility for keeping participants in projects safe sits with grant holders as set by the charity regulator. It was important to view safeguarding to set clear expectations at all stages of grantmaking.

- 13.4 Safeguarding would be added on the Organisational Risk Register with a medium risk appetite. Work was being done across the Fund to increase confidence, training and guidance and systemise a consistency of approach among teams. The Board was pleased to see an open log of open incidents.
- 13.5 Finally, the Board discussed having a lead person on safeguarding. The suggestion would be revisited when new Board members joined the Board in 2022 based on skills and experience.

ACTION: Governance

- 13.6 The Board noted the Forward Look for the year ahead. They queried a number of points which the executive would address and there was a plea for papers to be circulated a week ahead of meetings.

14. ENGAGEMENT AND INSIGHT

- 14.1 Faiza Khan briefly presented the Engagement and Insight highlights report which was taken as read. She explained that she would share updates twice a year to provide the Board with a sense of the Engagement and Insight activities from Policy and Public Affairs, Knowledge and Learning, Strategic Comms and FOI and Complaints.

15. ANY OTHER BUSINESS

- 15.1 For transparency, Baroness Laura Wyld disclosed that she is a Member of the Panel for the Platinum Jubilee, a separate role from her position as non-executive director of DCMS.
- 15.2 The Chair conveyed her thanks to Sir Adrian Webb acknowledging his loyalty, sincerity and professionalism. Sir Adrian would remain as an adviser to the executive on strategy renewal. She confirmed that the new Vice-chair would be Kate Still. She was heartened to see the Board working more collegiately as a team, a positive example of the culture the organisation wants to promote. She thanked all and closed the meeting at 13.30.

Date 1st April 2022

Signed



Blondel Cluff CBE, Chair of the Board