

MEETING OF THE NATIONAL LOTTERY COMMUNITY FUND BOARD

Thursday 7th December, 2023

09:30-16:30

NCVO Office, Regents Wharf, 8 All Saints St, London N1 9RL / via MS Teams

MINUTES

BOARD MEMBERS

PRESENT:

| | |
|-----------------------------|---|
| Paul Sweeney | Interim Chair and Chair, Northern Ireland Committee |
| Kate Still | Chair, Scotland Committee |
| Stuart Hobley | Board member |
| Simone Lowthe- Thomas | Chair, Wales Committee |
| John Mothersole | Chair, England Committee |
| Richard Collier- Keywood | Chair, Audit and Risk Committee |
| Emma Boggis | Board Member |
| Danielle Walker | Board member |
| Palmour | |
| Peter Stewart | Board member |
| Helen Stephenson | Board member |

IN ATTENDANCE:

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|---------------------------------|--|
| David Knott | Chief Executive |
| Becky Morrison | Director, Youth and Civil Society, DCMS |
| Phil Chamberlain | England Director (Item 15) |
| Neil Harris | Corporate Services Director |
| Shane Ryan | Senior Advisor (Item 15) |
| Laura Lucking / Verity Prime | Funding Strategy, Communications & Impact Director (Items 6.3, 11, 14) |
| Stuart Fisher | Finance Director |
| Kate Beggs | Northern Ireland Director (Item 15) |
| Neil Ritch | Scotland Director (Item 15) |
| John Rose | Wales Director (Items 15) |
| Michelle Everitt | People Deputy Director (Item 8.1 -8.3) |
| Simone Falaja | Head of EDI Funding (Item 8.3) |
| Fiona Joseph | Diversity, Inclusion and Wellbeing Manager (Item 8.3) |
| Austin Ruane | Risk Manager (Item 13.2) |
| John Burey | Deputy Director, Programme Lead, Strategy Implementation and Policy) (Item 8.3) |
| Tom Walters | Deputy Director, Impact (Item 14) |
| Alex Collins | Head of Information (Item 14) |
| Tom Leftwich | Senior Strategy Advisor (Item 14) |
| Nick Gardner | Head of Climate Action (Item 16) |
| Catherine Roberts | Head of Governance (Minutes) |
| Patrick George | Senior Governance Officer (Minutes) |

1. CLOSED SESSION

- 1.1. The Board met in closed session, with the CEO invited to join for the second part of the session.

Becky Morrison, Neil Harris, Stuart Fisher, Catherine Roberts and Patrick George joined the meeting.

2. INTRODUCTORY REMARKS

- 2.1. The Chair opened the meeting and welcomed all, including Becky Morrison (Director, Youth and Civil Society, DCMS).
- 2.2. There were no apologies or declarations of interest.
- 2.3. The minutes of the meeting held on 28th September, 2023 were **APPROVED**.

- 2.4. Quarterly funding reports had been discontinued and work was underway to improve strategic data reporting instead. Website accessibility was discussed, and it was confirmed that other options were being explored for sharing Board papers which would offer improved accessibility.

Actions Arising - P48

- 2.5. Taking the Action Log as read, the Board **NOTED** the status of actions.

The Board were shown [a video](#) of grant holders sharing their thoughts on the new NLA4A funding and the benefits for their communities.

3. CHAIR'S INTRODUCTION

- 3.1. The Chair thanked the executive for the excellent papers provided, with the Board noting that their quality had improved. He congratulated John Mothersole on his appointment as Board Vice Chair and Emma Boggis as Senior Independent Director. He confirmed that he had thanked Dr Tracy Long for her significant contribution as an observer on the Board including the facilitation of the DCMS / Board workshop on 27th September 2023.
- 3.2. The Chair acknowledged the move to new offices in London, which represented considerable savings and recognised the work achieved to rationalise the Fund's estate.
- 3.3. The Board were updated on recent appointments to Committees and Panels, including to the UK Funding Committee and new UK Fund Panel. In particular, they noted that Danielle Walker-Palmour had been appointed as Chair of the new UK Fund Panel and Stuart Hobley as Vice-Chair of the Panel.
- 3.4. The Board were also advised that the approach to the involvement of young people on the Board and Committees was under review with proposals coming to Board in March 2024. They noted an update on the recruitment of a substantive Chair. Finally, the Chair thanked the Board for taking part in the refreshed Board annual appraisal process.

4. CHIEF EXECUTIVE'S UPDATE - P49

- 4.1. The CEO highlighted the positive developments since the launch of the new strategy, including the NLA4A refresh, and stressed how the organisation had responded to the new strategic ambitions with renewed energy. He highlighted the positive collaboration between Board and Executive in recent months, through Sub-Committees and other ad hoc sessions.
- 4.2. The Board noted the areas that were still ongoing, such as the transition from the previous strategic framework under People in the Lead, to the new ambitions of It Starts with Community with its four missions and organisational transformation into One integrated Fund.

Framework document - P50

- 4.3. The Board received a progress update on the Framework document and noted that a copy would be circulated to them shortly to confirm the Accounting Officer's recommendation that he signs the document.

ACTION: David Knott, Governance

- 4.4. There would be final approval from HM Treasury and the CEO would advise the Board of any further changes.
- 4.5. The Board noted that procurement of a new provider to deliver the annual and interim employee engagement surveys was underway. Other opportunities such as accreditations were explored in parallel, and initial discussions had taken place at the People Sub-Committee.

5. IT STARTS WITH COMMUNITY DELIVERY UPDATE - P51

- 5.1. The CEO presented an update on the progress made since launching 'It starts with community' on 7th June. He stressed the importance of translating the strategy into the corporate plan, setting out delivery priorities and looking out at the landscape in which the organisation is operating.
- 5.2. A new plan and budget would be produced in the next quarter, shifting to a financial lens in business planning to use resources to the best effect. The Board recognised that the plan was ambitious with a lot to achieve and encouraged the executive to use the new Sub-Committee structure to support the change and keep Board members sighted on progress. They noted the need to develop One Fund's values and culture, and asked for more clarity on how Committees and Board Members will be involved when appropriate.
- 5.3. The Board stressed the importance of ensuring that the sum of the portfolio reviews should enable the Fund to deliver its collective strategic ambitions, also highlighting that portfolios should continue to serve their communities in ways that take account of local contexts.

Laura Lucking and Verity Prime joined the meeting.

6. DRAFT CORPORATE PLAN - P52

- 6.1. The CEO highlighted the top two levels of the corporate plan, and the Board noted that this was a substantial reset, with the plan setting clear goals to establish progress against priorities.
- 6.2. The Board felt that the plan should be kept simple and easy for colleagues to relate to their role within the organisation, also stressing the risk of having too many KPIs. It was suggested to reflect partnerships and consider language around funding practice. The four missions were well received, and suggestions would be taken back to the Corporate Plan Sub-Committee with a new draft to be prepared for the March Board meeting.

ACTION: Corporate Plan Sub-Committee, Neil Harris

Laura Lucking and Verity Prime left the meeting.

Michelle Everitt joined the meeting.

7. PEOPLE SUB-COMMITTEE REPORT - P53

- 7.1. Kate Still summarised progress made by the People Sub-Committee over the past quarter. Members had discussed future focus and priorities and agreed an outlook plan to deliver these.

- 7.2. The Board received the Terms of Reference (ToR) for the People Committee and the updated ToR for the Remuneration and Appointments Committee. They APPROVED the People Committee ToR and the Remuneration and Appointments Committee ToR, the latter subject to changes discussed at para 1.2 (ix) and (x).

ACTION: Governance

8. PEOPLE STRATEGY, THEMES AND PRIORITIES - P54

- 8.1. Presenting the key elements of the People Strategy, Michelle Everitt introduced two areas of competency frameworks for directors and directors' reports. The first was volunteering days and questions around what success would look like. The second was Leadership and Management and having clearer structures and career paths for colleagues within the Fund.
- 8.2. Work around reward and recognition had begun with efforts to benchmark rates of pay with similar organisations. The Board were reminded that the Fund was bound by Civil Service Pay limits, and it was anticipated that there would be a focus on recognition rather than performance related pay structures moving forward.
- 8.3. The Chair recognised the valuable work of the People Sub-committee.

Fiona Joseph, Simone Falaja and John Burey joined the meeting.

9. EDI ANNUAL REPORT - P55

- 9.1. The Board noted the sharp focus on EDI recruitment and ensuring that the Fund is fully reflective of the communities it serves. The need to deliver on the Fund's equity strategy was also highlighted, including an SMT self-audit and work towards an EDI statement of intent.
- 9.2. The Board thanked the EDI team for their work. Recruitment was raised, with members querying what had been done to make a difference. The leadership team were encouraged to get involved in all areas discussed, and the Board were reassured that capacity and resources were being built to offer further support and training. The Board asked that further information be provided regarding equity in grant making.

ACTION: Governance to co-ordinate

Michelle Everitt, Fiona Joseph, Simone Falaja and John Burey left the meeting.

10. CULTURE INQUIRY - P56

- 10.1. The CEO reported that the overall implementation of the inquiry recommendations had been audited resulting in a high rating and relatively minor suggested improvements, including formal minuting against actions and future Board role and remit planning, which was considered in the governance work.
- 10.2. The Board considered Annex C (cultural improvement) which would continue to be an area of focus.
- 10.3. The Vice Chair emphasised that all actions were not necessarily closed, but the Board agreed to close the inquiry action log and look to the future - mainstreaming the ongoing work into business as usual with particular reference to the continued focus on people and culture.

11. GOVERNANCE REVIEW UPDATE - Verbal

11.1. The Vice Chair reported that he had taken special responsibility for the Governance review. He updated the Board on progress made in the delivery of the recommendations and confirmed that the Board would have overview in the completion of the review.

11.2. He explained that he would take an active part in the development of the Board and would seek members' views individually, with resources available for development activities. Board members were also reassured that the tracker would be made available to them. Clarity about the governance framework was highlighted as a major focus.

ACTION: John Mothersole

Laura Lucking and Verity Prime joined the meeting.

12. KPI PERFORMANCE REPORT - P57

12.1. The Board noted the status of current KPIs.

Laura and Verity left the meeting.

13. FINANCIAL SUMMARY - P58

13.1. Stuart Fisher provided an update on the Fund's financial position at the end of October 2023, noting that this was the last Board meeting to be held under the 3rd operating license and the next meeting would be held in the 4th license period.

13.2. It was noted that income was behind budget and grant awards ahead of budget, signalling a strong start to the year. It was anticipated that at year end grant awards would be below budget while still expected to be within KPI tolerance. Operating costs were under budget with executive conversations underway about how to optimise this with key strategic activities.

14. UPDATE OF GRANT AWARD ALLOCATION AND PAYMENT FORECASTS - P59

14.1. The Board's attention was drawn to Table 2.2 setting out lottery grant budgets against current forecasts, which were lower. Stuart Fisher highlighted that income assumptions did not include Allwyn assumptions. NLDF balance remained high, and no further releases were recommended. Payments were based on prudent income assumptions.

14.2. The Board discussed the Fund's cash balances and the management and investment of these funds. It was agreed that Richard Collier-Keywood and Stuart Fisher would follow up on forecasting. Members also suggested that underspend should be challenged with the aim of using full budgets and as much of the Fund's reserves as possible being invested in communities.

ACTION: Stuart Fisher, Richard Collier-Keywood

14.3. With that note, the Board **APPROVED** the forecast outturn for 2023/24 and the indicative awards allocations presented.

15. ALLWYN INCOME FORECAST UPDATE - P60

- 15.1. The Board received a summary of Allwyn's early and indicative income projections and how these translated into the Fund's income forecasts. Prudent projections saw income growth over the next 4 years. Quarterly forecasts would be provided by Allwyn and figures would be looked at every 6 months, forecasting five years ahead each time.
- 15.2. The Board noted the perception of lottery play and community profiles, and that aggressive growth needed balanced consideration. It was agreed that this would be raised at the Lottery CEO Forum.
- 15.3. The Board **NOTED** the report and **APPROVED** the revised income projections.

16. ARC REPORT TO BOARD - ARC(23)M05

- 16.1. Richard Collier-Keywood welcomed Simone Lowthe-Thomas to the Committee and thanked Nick Blake for his long service to the Fund, noting that a new Head of Internal Audit had been appointed. He also advised that Ruth Marchington would leave the Committee in February and recruitment for an external member was underway.
- 16.2. He shared highlights from the recent ARC meeting. The level of resources allocated to the fraud caseload was raised. The Board were assured that there was headroom in the budget to address any gaps. More information would be provided at the ARC meeting in January.

ACTION: Stuart Fisher, Head of Internal Audit

- 16.3. The Board pointed to a recent cyber-attack in another public body. A separate conversation would be set up with a sub-set of the Board.

ACTION: Neil Harris

Austin Ruane joined the meeting.

17. RISK MANAGEMENT / RISK APPETITE - P61

- 17.1. Stuart Fisher advised that the proposals presented had been fully scrutinised by SMT and ARC. The statements set the right tone for 2024 and would support the delivery of funding. ARC had also agreed risk tolerances.
- 17.2. The Board welcomed the presentation of the risk appetite and queried whether the risk tolerance around IT security should be reviewed in light of recent serious cyber-attacks. Neil Harris confirmed that this was a live issue which the team were aware of and that continuity plans were in place. Significant investment had been made in cyber security. The threshold of the leadership and governance risk was also queried as it was critical to the delivery of the strategy.
- 17.3. It was **AGREED** that ARC would look into both these risks at their January meeting and report back to Board, including on the broader point about disaster recovery and crisis management. A Board deep dive session on cyber security would also be set up, with a particular interest in the mechanics of a cyber-attack scenario.

ACTION: Neil Harris, Stuart Fisher

- 17.4. Noting the above, the Board **APPROVED** the Fund's 2024 Risk Appetite Statement, Risk Appetites and the Risk Management policy. They also **NOTED** the Organisational Risk Register.

Austin Ruane left the meeting.

Laura Lucking, Verity Prime, Tom Walters, Tom Leftwich and Alex Collins joined the meeting.

18. FUNDING STRATEGY OVERVIEW - P62 - 63

Funding highlights - P62

- 18.1. The executive confirmed that future reporting to the Board on funding requirements would tie in with the future strategy. Tom Walters, new Deputy Director of Impact, was introduced and asked how the Board would like to receive updates going forward.
- 18.2. The context of the data provided and how it would be used in the missions was discussed. The Board raised the need to consider the impact of the data, the 'so what' and the benefit of context from outside the organisation. Laura Lucking confirmed that the team was aiming to look at a more complex mix of indicators to determine if targets weren't being achieved, and that this would link into the new KPIs and performance measures. The aim was to use the data to inform impact and decision making for the future.
- 18.3. The Chair thanked all for a productive discussion.

Additionality Review - P63

- 18.4. The Board received an update on additionality and discussed the findings from analysed data as well as the challenges met by staff when applying the principle. Tom Leftwich explained that the Fund had looked at best practice across other organisations.
- 18.5. The Board discussed the criteria used when considering additionality and clearer guidance for funding teams. They raised the question of replacing withdrawn statutory services and the shift in relationship between government and third sector. It was an opportune time to review additionality given the renewed focus on young people and healthy communities in the Fund's new strategy.
- 18.6. The Board were pleased to move away from a more rigid frame and towards relying on judgement, but more work was needed to support decision making and to provide clearer guidance through continued evaluation of the policy. This would be brought back next year.

ACTION: Laura Lucking/Verity Prime

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

19. ANNUAL ENGLAND FUNDING REPORT - P64

- 19.1. The Vice-Chair presented the England portfolio annual funding report which was **NOTED** by the Board. He was pleased to report that the three new England Committee members had brought renewed energy to Committee discussions.
- 19.2. England directors led the discussion on the challenges and opportunities of the England's portfolio review. They touched on third party work and discussed the six tests used to decide whether to enter partnerships, linking with aspirations for the growth of the organisation. The Board were looking ahead to their March meeting to have further insight into portfolio reviews.

Phil Chamberlain, Emma Corrigan, Kate Beggs, Neil Ritch, and Shane Ryan left the meeting.

Nick Gardner joined the meeting.

20. ENVIRONMENT PERFORMANCE REPORT - P65

20.1. The Board received the Fund's Environmental Performance annual report and discussed how the organisation could reduce emissions and the impact this could have on an individual basis through home working and supporting colleagues to reduce their own emissions.

20.2. It was explained that the largest proportion of carbon emissions related to the purchase of goods and services. The Board and executive concurred that that there should be a focus on environmental considerations in the grant application process. It was **AGREED** that carbon literacy training would be provided for the Board.

ACTION: John Rose, Nick Gardner

John Rose and Nick Gardner left the meeting.

21. BOARD FORWARD LOOK - P66

21.1. The Forward Look was taken as read. The Chair informed the Board that the facilitated session with DCMS would be scheduled in early 2024.

21.2. A virtual Board and Committee Day was planned for April 2023 to discuss the Corporate Plan and Strategy delivery, followed by a face-to-face meeting in November to coincide with the 30th Birthday celebrations.

22. ANY OTHER BUSINESS

22.1. There being no other business the Chair closed the meeting at 16.00.

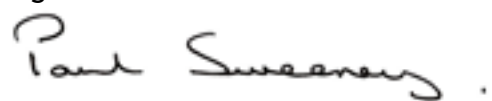
Stuart Fisher, Neil Harris, Becky Morrison, Catherine Roberts and Patrick George left the meeting.

23. REFLECTIONS

23.1. The Board reflected on the meeting in closed session.

Date: 29 March 2024

Signature:



Paul Sweeney.