

Celebrating 25 years of The National Lottery



2019
2020



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2019
2020

The National Lottery Community Fund

Annual Report and Accounts

HC 595
SG/2020/124



Big Lottery Fund* Annual Report and Accounts

*(operating as The National Lottery Community Fund)

For the financial year ended 31 March 2020

Presented to Parliament pursuant to section 23(3) of, and paragraph 21 of Schedule 4A to, the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006).

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Part one

Our year in review

A message from the Chair



The National Lottery is a remarkable national asset. Our role in it is to help communities thrive by using National Lottery funding to enable people to be in the lead. This year we joined with fellow National Lottery distributors to celebrate 25 years of National Lottery funding and reflect on the difference it has made in providing over £40 billion to more than 565,000 projects across the UK.

The celebrations were a reminder of the important role played by local community organisations in the fabric of our nation.

Over 83% of our grants go to these groups through grants of £10,000 or less.

For the 25th anniversary we ran a special #CelebrateNationalLottery25 fund making grants of up to £1,000. The strong take up was testimony to the impact that relatively small amounts of funding can have.

We were also delighted that 57.3% of our grants during the year went to groups we've never funded before.

The resilience and creativity of local communities was brought home to me on a visit to Iona, Mull and Ulva in Scotland. These enterprising island communities are taking responsibility for themselves, whether it be building much needed meeting spaces and renewable energy schemes or supporting community business. It showed how in the right hands our funding can go a very long way.

As this financial year ended so COVID-19 hit and local communities across the UK responded as only they can. Good neighbours became life savers and we diverted our funding to those groups best able to support their communities. We are also looking ahead to support charities and others through difficult times and prepare for the changed world to come. The value of strong, independent and dynamic local community groups, networks and charities to the country has never been more obvious and they are too fragile in too many areas. We are committed to ensuring our funding is sustained and used in ways that best meet their needs.

Finally, may I thank our Board and Country Committee members, Chief Executive Dawn Austwick and the dedicated staff team. Each of them knows the critical importance of our funding to communities across the UK and I pay tribute to their hard work and commitment.

A handwritten signature in black ink that reads "Tony Burton". The signature is fluid and cursive, written over a light blue rectangular background.

Tony Burton CBE

A message from the Chief Executive



Writing this from my kitchen table in the midst of the COVID-19 lockdown, the successful and inspiring year that we had, seems a lifetime ago. We mustn't forget however that The National Lottery has had one of its most successful years in our 25 year history in terms of income and money generated for much needed good causes work.

We were delighted to play our part in the anniversary celebrations that brought the entire National Lottery family together with communities. My two highlights were firstly, our successful Guinness World Records™ breaking community Cream Tea, which saw over 1,000 people from across the UK marshalled together at The Sage in Gateshead by celebrity Scarlett Moffatt. It was a glorious moment and epitomised so much of what matters to us at The National Lottery Community Fund. The second was The National Lottery family celebration at Tate Modern alongside stakeholders and grant holders. It brought together the beginning of my own National Lottery journey, the creation of Tate Modern, and the impact our funding has across the country.

This has also been a year when we accelerated our commitment to the environment with the launch of our £100 million Climate Action Fund, which enables communities to take action at a local level to address the climate emergency and build community confidence in making a difference and contributing to the bigger picture.

Elsewhere, we have continued to work closely with both the UK government on developing the next stage of the distribution of Dormant Assets and with the Northern Ireland administration to prepare for the release of Dormant Accounts funding to support civil society.

We have said farewell to our England and Scotland chairs, Nat Sloane and Maureen McGinn, and to a number of senior colleagues who have moved on to new roles. Our brilliant Chair, Peter Ainsworth, also stepped down after eight years. He has been wise, humorous, and engaging and we all thank him very much for his unstinting support.

As ever, the success of any organisation is dependent on its staff and yet again, our people have stood us in good stead throughout the year, notably during the challenges of COVID-19. It is thanks to them that we have been able to seamlessly keep our funding flowing to those who make a difference to the lives of others across the country. Take a bow, colleagues.

A handwritten signature in black ink, appearing to read 'Dawn Austwick'.

Dawn Austwick

Our year in numbers

In total **30,204 projects**

we funded were active last year, at least one in every local authority bar the Isles of Scilly.

Our funding goes to the heart of what matters to people and communities



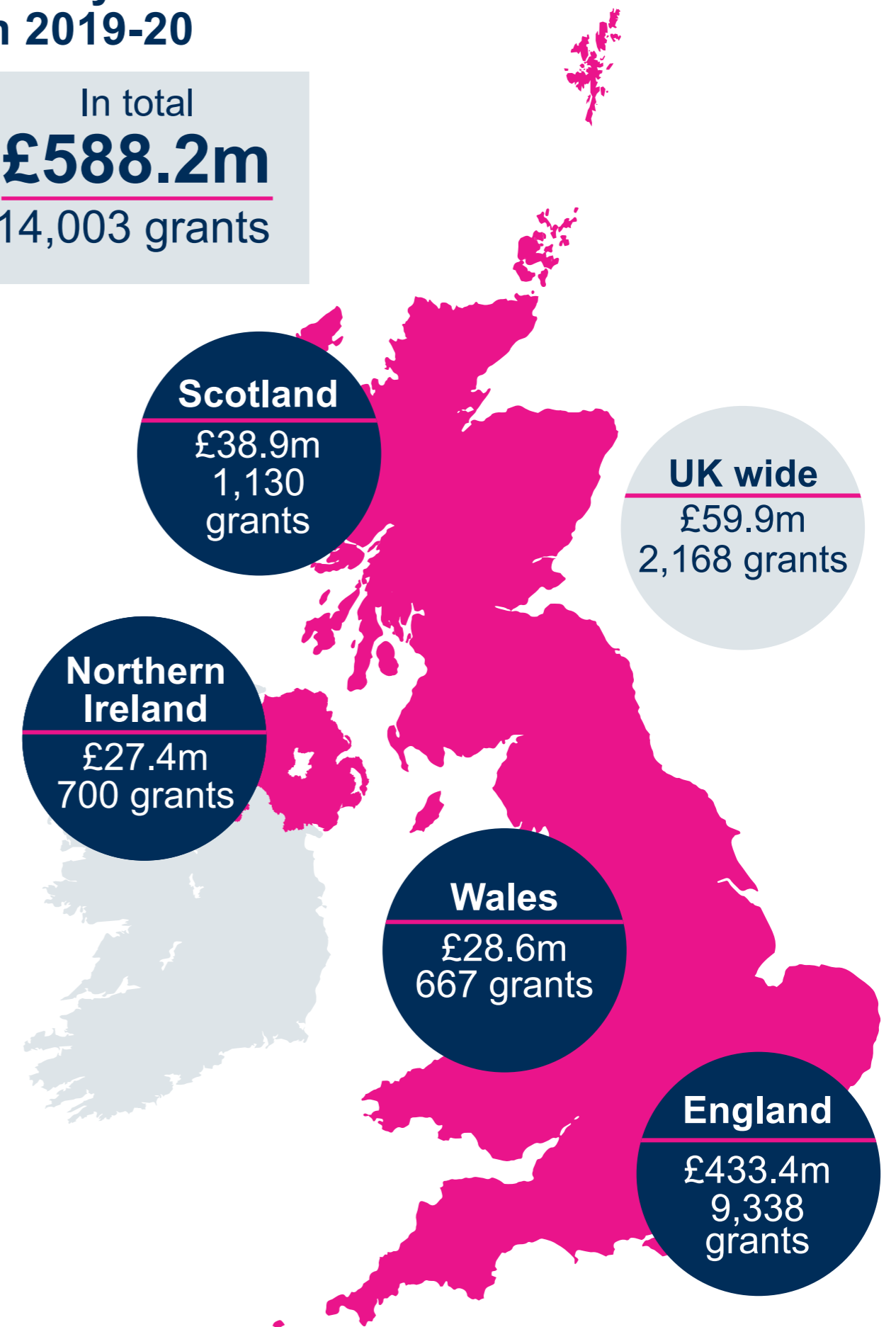
Individual projects may be counted in more than one category.

Often small amounts of money make the biggest difference to people and communities



Money awarded in 2019-20

In total
£588.2m
 14,003 grants



Our strategic framework

When people are in the lead, communities thrive.

People understand what's needed in their communities better than anyone.

We listen, collaborate and fund so that good things happen.

That's why we're proud to award money raised by National Lottery players across the UK.

Our principles

What we do and how we act as an organisation is based on our principles.

- 1 For everyone**
Our funding is open to all communities whatever their starting point and we understand that some will need extra support.
- 2 The strengths people bring**
We start with what people can contribute, and the potential in their idea.
- 3 A catalyst for others**
We listen to, learn from, act on and facilitate the things that matter to people, communities and our partners.
- 4 Shared direction, diverse approaches**
We value the diversity of communities we work with across the UK, are consistent in the quality of opportunities we offer, and support people to tackle inequalities.
- 5 Confidence, not control**
We trust in people's ability to make great things happen, believing that our funding should enable rather than control.
- 6 Simple processes, good judgements**
We use simple, proportionate processes which enable us to make good judgements.
- 7 Using resources well**
We make informed choices about the resources given to us by National Lottery players: with knowledge, with people and with money, and in an environmentally sustainable way.

Celebrating 25 years of The National Lottery



Wales

The Principality Stadium

In 1997, £46.3 million was awarded through the Millennium Commission to build the Millennium Stadium in Cardiff, which is now known as the Principality Stadium. The stadium, which was developed to host the 1999 Rugby World Cup, is the largest single grant awarded by The National Lottery to a project in Wales and is now regarded as one of the world's finest sporting stadia and performance arenas whilst also hosting a range of community events throughout the year.



Northern Ireland

Bogside and Brandywell Health Forum (BBHF)

Since 1999, National Lottery funding has helped BBHF to deliver community health programmes for local people in partnership with statutory partners, and they currently have grants to support older people and youth.

We funded them to establish a Healthy Living Centre (HLC) in 2001 and across Northern Ireland 19 HLCs have been created due to our support.

“I 100% feel supported by BBHF and I know if I ever need help or someone to talk to, they will be there for me and everyone else. We really appreciate it a lot.”

Young participant, BBHF



Scotland

The Kelpies

Built as part of the Helix Park development in Falkirk through the Living Landmarks programme, The Kelpies sculptures sit at the heart of the eco-park. Connecting 16 communities through pathways and waterways, the sculptures are a gateway to the park and a tribute to the area's history. £25 million of National Lottery funding was used to create this meeting space for the communities in the area.

The Centre for Ageing Better

Established with a £50 million endowment in 2015 and part of the What Works Network, The Centre for Ageing Better is using National Lottery funding to improve later life. They create change in policy and practice, informed by evidence and work with partners across England, with specific focus on employment, housing, health and communities.



England

Our Bright Future

Led by Wildlife Trust and aimed specifically at the youth sector, Our Bright Future gives 11-24 year olds across the UK new skills and gets them engaged with positive environmental change



UK

and activities in their local communities.

The £33 million programme, which began in 2016, has funded 31 projects to run for up to 5 years and is reaching 100,000 young people.

An incredible year



With more than **14,000** grants across the UK, we have seen some incredible examples of creativity, innovation and personal resilience. These have not only shaped the last year but set an inspiring blueprint for the future of our community and what this means in an ever-changing world.

The numbers are amazing but so are the things that happen. The statistics shared in this annual report can sometimes mask the human story, connections and experiences that change lives and outcomes every day.

“For more than 20 years we have been supported by The National Lottery and we’re eternally grateful.”

Wendy Edge, CEO, BASIC

Today, that support means more than money alone. We give a platform to voices all over the sector – championing participatory experience through our programmes such as Leaders with Lived Experience, which made 20 grants. This year we brought in six individuals that exemplify our commitment to diversify the philanthropic sector by 2027. The 2027 Programme provides year-long placements in grant-making organisations so that the lived experience of people from working class backgrounds is not only helping to steer grant making decisions but is also helping to challenge thinking across the funding sector, both through valuable contributions to our operations but also to our thinking. The UK Portfolio backed the

development of one of the country's first lived experience bodies with The Centre for Knowledge Equity through a five-year grant co funded with Lankelly Chase and others. This brings us further along the journey of our equality, diversity and inclusion ambitions both as an employer and a funder.

We take our role seriously as a catalyst for change. The Healthy Communities Together programme in partnership with The Kings Fund has kicked off six pilots, developing cross sector working between public health and community organisations to help people and statutory services work together to shape patient experience like never before. We had over 270 expressions of interest in the fund and partnerships such as these have the power to set future direction in this space. One other example of partnership is the #iwill Fund - a joint £50 million fund between DCMS and The National Lottery Community Fund, which has helped to unlock £39 million through match funded partnerships.



Our commitment to collaboration took an unprecedented turn when we partnered with UK Government to distribute £200 million through the Coronavirus Community Support Fund as part of our broader response to the crisis.

Over a third of our funding goes to the smallest of grassroots groups right up to large UK-wide charities to ensure children and young people thrive. We have therefore developed a Youth Voice strategy to ensure young people's voices are included in all our work, whether it's through the grants we make, the people we influence or the things we learn. To help us achieve this we have recruited 12 dynamic young people from across the places and projects we currently fund and a bring a variety of expert lived experience and knowledge from homelessness to youth unemployment to autism and mental health. All of this work will help us better understand the issues young people and their communities are facing with the aim of steering significant and positive change in communities. Through grant making and convening changemakers with young people, we will ensure their voices are heard.

Listening and learning are bedrocks for organisational and thought development. We have learnt lots from our advisory groups, which include young people, climate change experts, advisors, civil society leaders and others that provide broader perspectives and a regular support and challenge function, helping us find answers to often complex and deep-seated issues, together.

Whether it is policy convenings, community conversations, large-scale charity conferences or the one to one engagement that matters so much, we know the value of building and maintaining relationships with those we fund and those we work with.



Climate Action Fund

In 2019 the Fund launched our £100 million Climate Action Fund across the UK with an ambition to build a network of people and communities, well-placed to drive change within, between and beyond their community. The types of activities funded will differ from place to place, but will have one thing in common: place-based community-led partnerships that reduce the carbon footprint of communities.

Grants will be awarded in summer of 2020 and will demonstrate what is possible when people take the lead in tackling climate change. With National Lottery funding, they will work together, share their learning and be active participants in a broader movement of change.

Supporting charities and community groups to undertake digital transformation has long been important for us as a Fund and The Digital Fund was set-up to enable established organisations to use digital tools to take a major leap forward or to scale or increase their impact.

The Digital Fund completed its first round of funding this year, awarding £11.6 million to 29 organisations across the UK, supporting them to make better use of digital tools and technology in their work and to share what they learn with others.

As the largest funder of communities, we recognise that we have a duty to share our intelligence and learning. This year, we launched the Insights section of our website, which houses expert reports and information on key topics such as co-production, social prescribing and youth employment, helping to inform our work and the work of others. And our new online Evidence Library, recognised in the prestigious Henley Forum Awards, makes it easier to find information and insight about our funding and gives our grant holders

an accessible platform to share their evidence and learning. Our insights and knowledge help us grow and develop as a funder, learning from the people and communities we fund to inform our grant making and sharing what we have learned with the sector to enable better decision making.

The National Lottery's birthday celebrations helped to provide a moment to reflect on the unparalleled impact it has had on people and communities over the last 25 years. A microgrant fund #CelebrateNationalLottery25 helped to continue community creativity as part of the celebrations, awarding £2 million to local organisations and individuals, funding small awards of up to £1,000 for ideas that make a difference to local communities. These microgrants were a great success, receiving an incredible 9,048 applications, 55% of which were from groups who had never had funding from us before. Some of that community energy is shared throughout this report.



Ally Foyle

UK
£59.9 million
awarded across
2,168 projects



Castlefields Yarn Bombing Trail

We bring people together

Over the last year the UK Portfolio has continued to test and grow bold ideas where people are in the lead and addressing long-term social issues across the UK.

The Big Lunch

£8 million

is fundraised annually at Big Lunch events for things that matter most to the people taking part

In 2019

6.5 million

people took part

3.8 million

people said they felt less lonely after attending

While funding a diverse range of grants we have also focused on supporting organisations to build capacity and be fit for the future. Alongside this, we've continued to create stronger connections between communities and bring people together with events such as The Big Lunch and this year's partnership with ITV, The People's Projects.

£35.8 million of responsive funding was awarded from the UK Portfolio in the last year. It shows our commitment to supporting UK-wide projects, with over 50% of funding spread across Scotland, Wales and Northern Ireland.

We achieved our goal of funding new and bold ideas with 27% of our grant holders this year never having received support from The National Lottery Community Fund before.

The People's Projects

Our best performing digital campaign ever reaching

350,000
people on Facebook
+
14 million

people reached across Unilad platforms
=
28%

increase in online votes

We're based in the communities we serve

As part of celebrations for The National Lottery's 25th birthday, we ran a micro grants programme **#CelebrateNationalLottery25**.

The funding was accessible to everyone in the UK and received almost 10,000 applications, with 55% of applicants having never received National Lottery funding before. Anyone who had an idea on how to bring their community together could apply for up to £1,000 and

with so many inspirational applications, the funding highlighted what can be achieved with small amounts of money.

We are supporting several UK-wide projects that are rooted in local communities. One example is Fun Palaces, a UK-wide event that celebrates people coming together from different backgrounds through community-led activities. People and venues collaborate to draw on the passions and skills of local communities to create a series of arts, science, tech and heritage activities over a free weekend in October. In 2019, the project reached over 110,000 participants, with 391 events nationwide created by 6,256 local people known as "makers" running the events.



Sand Palace Arts, 'The Fish'

We're a catalyst for others

The Climate Action Fund is part of our wider climate strategy, harnessing our role as a community funder to support initiatives that combat climate change at a local level. Our launch event at The Global Generation Skip Garden, a sustainable urban garden in London and one of our funded projects, brought together environmental organisations, charities and community groups to discuss ways in which we can reduce environmental impact.

The programme will see us invest £100 million over the next decade, and is supported by an Advisory Panel, which features a broad range of voices, including young climate activists, academics, funders, community groups and environmental groups.



Ummi, an 18 year old student who received National Lottery funding through Our Bright Future to drive climate action in her local community, says:

“Young people must be at the forefront of the effort to resolve the climate emergency – it’s our planet and our future.”

The Digital Fund completed its first round of funding this year, awarding £11.6 million to 29 organisations across the UK, supporting them to make better use of digital tools and technology in their work and to share what they learn with others.

In the context of the global data revolution and the need for ongoing change and development, we’ve been researching ways to help voluntary and community organisations to access and utilise data, evidence and insights. Fran, Chair, 360Giving, says: **“What this generous support gives, is a greater chance for all grant making organisations to be clearer about how to use their money to benefit the causes they believe in.”**

Our Leaders with Lived Experience pilot fund was developed and co-produced through workshops across the UK involving more than 70 lived experience leaders. It aims to embed experts by experience in all aspects of an organisation’s operations, learning how people with first-hand experience can become leaders and how funders can support them.

England
£433.4 million
awarded across
9,338 projects



Coopers Wood, Bridport

We bring people together

We've supported 9,338 projects this year, bringing people together and reaching into communities across the country.



Clinton from Emmaus Bolton

"Without the funding, this would never have happened."
Tony, Manager, Emmaus Bolton

From supporting large-scale refurbishments of community halls, to funding the expansion of vital community services, our funding enables local communities to implement the changes that matter to them. In Bolton, Emmaus has created a self-sustaining social supermarket through our Awards for All support, providing affordable food and household essentials for people facing challenges through debt, illness or low income. Now run by a team of local volunteers, Lucie's Pantry supports over 60 families a week.



Claire House Children's Hospice

A major occasion for us this year was The National Lottery's 25th birthday. As part of our celebrations we were able to support projects to make a difference in their local community. From art projects, bake sales and community get-togethers, our one-off funding of up to £1,000 enabled thousands of people to take part in local activities. Claire House Children's Hospice joined celebrations by hosting a pyjama party with guest storyteller Sophie Ellis-Bextor, which meant terminally ill children and their families had an evening to remember.

We're based in the communities we serve

Our commitment to working regionally and locally over the last two years has embedded us in local communities in a new way, connecting with more grassroots organisations. We worked in partnership with the West Midlands Combined Authority to offer micro-grants

for the Mayor's Community Weekend in June 2019, targeting small amounts of funding to communities across the West Midlands for community events. 52% of successful applicants had never applied to us before and we see this trend continuing as we are embedded in more and more local communities.

Through our Reaching Communities funding, we supported 1,152 projects, with funding totalling £227.9 million, enabling communities to take the lead in their futures.

In Gorran Haven in Cornwall, the community recently received funding for the first time for their Memorial Village Hall. This heart of the community now offers a place for villagers to meet and socialise.

"As a small coastal village, we are often overlooked and excluded from opportunities. It sometimes feels like we are invisible. But now that we can extend the life and the size of the Memorial Hall we can bring the world to us and be noticed!"

Sue, Committee Member.



Hardwick in Partnership in Stockton-on-Tees identified that a high proportion of their beneficiaries do not have access to the internet at home, putting them at a social and financial disadvantage in an increasingly digital world. They've used **£65,736** of National Lottery funding to provide an internet cafe and activities to increase inclusion in their local community.

Peter, who uses the internet services, says: "Being able to get on the internet with help has made a really big difference to me, I couldn't do it on my own".

We're a catalyst for others

Our strategic approach to funding is recognised for its insight and influence across policies and what we have learnt is used by others to inform new ventures.

Through our five strategic programmes, A Better Start, HeadStart, Talent Match, Ageing Better and Fulfilling Lives we are committed to long-term investment and creating lasting social change. Our Fulfilling Lives

programme recently supported the Ministry of Housing Communities and local Government with their £46 million plan to invest in multiple and complex needs across Government departments. This plan marks a major new way of working and one that would significantly alter the landscape of services designed for and the lives of many adults across England.

Meanwhile, Headstart, a five-year programme working to improve the mental wellbeing of young people aged 10-16 has been sharing knowledge and learning through its Building Young People's Resilience report and by holding a series of conferences. This sort of investment allows us to work as conveners, bringing together people across the sector to discuss effective ways to help young people across the UK.

We work with organisations in partnership to share expertise and insight and support others to work the same way.

We also run national partnerships, such as the #iwill Fund. A joint investment from The National Lottery Community Fund and the Department for Digital, Culture, Media and Sport (DCMS) supporting young people to access high quality social action opportunities, we are in partnership with 25 match funders across England. The learning from the #iwill Fund is informing our ongoing commitment to giving young people a voice in our funding, such as our newly instated Young People in the Lead team. Bringing together 12 young leaders aged 16-25, the team will be considering important issues that will inform our future funding.

Scotland
£38.9 million
awarded across
1,130 projects



Scotland's Bravest Manufacturing Company

We bring people together

This year, our grants brought people together across the country in towns, cities and rural areas.

We also brought grant holders together to celebrate The National Lottery's 25th birthday and all of the amazing achievements made possible in the last 25 years. Our funding is reflective of the diverse nature of Scottish Civil Society, which is made up of over 45,000 voluntary organisations - 78% of these Scottish charities work locally and at least three quarters of them are organisations with an income of under £100,000.

Having early conversations with customers has ensured that people are in the lead and the applications made to us have a better fit with our funding programmes and approach to funding, which is reflected in success rates.



Friendly Access (SCIO)

Friendly Access (SCIO), Scotland's only adaptive surf school, was awarded £100,000 to run their specialised programme of surf and swim group sessions for young people with hidden or physical disabilities. This funding means that this specialist group can increase the locations they are able to work in across rural Moray and Aberdeenshire.

Friendly Access (SCIO), Scotland's only adaptive surf school, was awarded £100,000 to run their specialised programme of surf and swim group sessions for young people with hidden or physical disabilities. This funding means that this specialist group can increase the locations they are able to work in across rural Moray and Aberdeenshire.

Glyn, Chief Executive

We're based in the communities we serve

Our eight funding teams in Scotland are at the heart of our place-based approach. We've made ourselves more accessible and visible across the country than ever before, with Funding Officers travelling all over the country to support people applying for grants and delivering projects.

We're supporting our diverse communities to thrive using our local knowledge and understanding. Applications from areas that don't usually receive our funding are increasing and getting out and about means that local stakeholder relationships feel stronger, with teams better understanding local issues and priorities, allowing us to be more agile in our response to emerging issues around local public policy. Our team in the south of Scotland has focused on ensuring that all communities feel able to access our National Lottery support. With a population of less than 10,000, Annan is a prime example of a town dealing with the challenges of rural isolation.

Kate's Kitchen

In September 2019 an award of £100,000 meant Kate's Kitchen, a volunteer run cafe in rural Dumfries and Galloway, could continue and expand its activities from its drop-in centre in Annan.

“Being awarded this funding is absolutely brilliant news. It gives us stability, takes the pressure off and allows us to actively develop our services for people living in poverty in Annandale and Eskdale.”

Hazel, Manager

Free Wheel North

An award of £53,000 means that Free Wheel North will continue to run their woodworking therapy project in Maryhill, Glasgow for people experiencing loneliness and isolation.

“We are all absolutely ecstatic as this award allows us to reach out to many more people who need our help and, as a project user myself, I can't overstate what this funding means to us.”

Fiona, Volunteer

We're a catalyst for others

Using our local intelligence, we brought together organisations to collaborate and help people facing some of life's most challenging circumstances. When our funding teams in Glasgow and Edinburgh noticed an increase in conversations around homelessness,

we worked with relevant organisations and people with lived experience of homelessness to co-create a bespoke funding initiative. We used a peer review system that we then incorporated into our decision making.



No Feart

Amongst those benefitting from our funding is No Feart Community Interest Company who will use an award of £92,193 to support women to recognise the signs of a controlling and abusive relationship whilst giving them skills, self-esteem and positive strategies to move forward.

“We cannot thank The National Lottery Community Fund enough. In the last three years our previous funding has allowed us to become a key organisation in Glasgow, offering long-term recovery outcomes to people who take part in our educational courses. These courses have empowered people with knowledge about abusive tactics and the abuser's environment which have shaped their beliefs and how society enforces them.

Lynn, Founder and
Managing Company Director

Wales
£28.6 million
awarded across
667 projects



Bethesda Rugby Club

We bring people together

This year, we celebrated The National Lottery's 25th Birthday and brought people together across the country through our funding.

Through our responsive funding programmes; National Lottery Awards for All and People and Places, we're enabling communities to build on their strengths and achieve amazing things.

Cerrig Friends Social Car Scheme in Conwy was awarded £10,000 to establish a volunteer-led communitylift-sharing scheme, allowing isolated individuals to access services, while Vale People First in Barry created a series of short films and advice guides to help improve understanding of learning disabilities. We also made £1,940,190 in awards under the second round of our Rural Programme, which offers longer term funding and support.

Partneriaeth Ogwen was awarded £494,760 to bring groups together, building on their strengths to overcome rural isolation and identify community-led initiatives that combat issues such as fuel poverty.

To celebrate 25 years of The National Lottery, we held a photographic exhibition in the Senedd. We showcased images of 25 National Lottery funded communities from across Wales, featuring one for every year of The National Lottery.



Bridges Centre

Bridges Centre based in Monmouthshire supports young people with disabilities by offering accessible activities for them and their families.

“The funding allows us to offer a truly accessible activity to the young people with additional needs on our project. Because we work with the whole family, we are able to bring families together to enjoy an active, fun and inclusive activity.”

Louise, Project Coordinator

We’re based in the communities we serve

By working in three regional teams, we’ve embedded our presence in communities across Wales and have a deeper understanding of local context to inform our decision making.

We brought grant holders together in each of our three regions to help build connections, share good practise and learning. These sessions were co-designed with

grant holders in each area and tailored to meet the needs of each region.

Our funding advice sessions are supporting more people than ever before to access National Lottery funding through convening grant holders to co-design ways of better demonstrating their impact, be that through storytelling or sharing learning on key themes of interest. One example is a new podcast series called Third Sector Insights, which provides National Lottery funded projects with a platform to share information that others can learn from.



Milford Youth Matters

Milford Youth Matters received £436,621 to provide advice, assistance and organise programmes of educational, physical and other activities for young people between the ages of 14 and 25 living in Pembrokeshire.

“Participating on the Routes to Opportunity Plus project has changed my life, developing my confidence, helping me find employment and enjoy new opportunities.”

India, Participant and Volunteer

We're a catalyst for others

We launched Supporting Great Ideas - a £2 million flexible funding programme for strategic and innovative ideas that support third sector resilience. Working with the Funding Centre, we published 'A thriving third sector: Directory of support in Wales' to provide organisational development support for our grant holders, as well as being of wider benefit to the voluntary and community sector as a whole.

Wales is piloting Climate Action Fund Top-Up grants, supporting environmental action with non-environmental grant holders through small top-up awards of up to £10,000. Through the scheme we're enabling grant holders to do things differently and make a positive environmental difference.



Siop Griffiths Cyf

Siop Griffiths Cyf in Gwynedd is one project in receipt of a grant. They will be using £10,000 towards installation of solar panels and an energy monitor to improve the energy efficiency of their building.

“Not only will the grant help reduce the electricity consumption of our Digital Centre by up to 90%, it will be an opportunity for other organisations to see the benefits of using batteries with PVs as a way of reducing their environmental impact and act on the climate crisis.

Ben, Secretary

Northern Ireland

£27.4 million awarded across 700 projects



We bring people together

Our funding this year has continued to ensure people are at the heart of our work.

We've been reaching even more organisations with accessible and flexible funding. We've been celebrating their work and ours through big and small moments, like The National Lottery's 25th birthday celebrations in November.

The projects we funded put the ideas of communities into action through People and Communities; Empowering Young People and National Lottery Awards for All. For example, the Multiple Sclerosis Society's Mind My MS project in Mid and East Antrim is running cafe style support groups, run by volunteers, for people with MS to come together and share their experiences.

The Newtownabbey Senior Citizens Forum

The Newtownabbey Senior Citizens Forum runs the +Five-0 And On The Go project, reducing social isolation and improving health and wellbeing for people over the age of 50.

"You think when you retire, that's your life over, but I feel like since joining my life has started again!"

Participant

We're based in the communities we serve

We're working hard to remove barriers that make it difficult for some organisations to access funding. This year we awarded microgrants to groups in Carrickfergus, which helped us understand the impact that small amounts of money can make.

“With a grant of £500 we were able to make sure children were going to school with a backpack full of everything they needed, showing just how far a small amount of money can go”.

There was high attendance and a positive response to our Open Board meeting in Derry/Londonderry. The event was attended by leaders in the voluntary and community sector as well as grassroots community groups, other funders and government stakeholders. Together we explored how we've enabled people and communities to take the lead in the design of their community projects and that we're listening to what works, making sure we're a responsive and collaborative funder.



Streetwise Community Circus

This community circus is using a £195,520 grant to run their Age-ility Circus project over the next four years. The project will deliver an annual programme of circus workshops for older people across Mid and East Antrim, Newry and Mourne, Fermanagh and Omagh, Ards and North Down. Workshops include a full range of circus skills as well as increasing social interaction and self-esteem.

“Social benefits are important, as people can become very isolated in later years. We work with people with dementia and their carers as part of the project, and they're soon laughing and making friends.”

Jim, Manager

We're a catalyst for others

As we developed our local working, we learned more about challenges facing communities across Northern Ireland, piloting new ways of delivering funding and sharing insights with policy-makers, the voluntary and community sector and other funders.

Our grant making empowered young people to take centre stage on important issues such as mental health. For example, a National Lottery Awards for All grant enabled the Integrated Education Fund to run Listening... A Mental Health Conference, bringing together young people and policy-makers to develop wellbeing and mental health support for pupils. Our extensive consultation allowed us to hear first-hand about the challenges facing the sector and how we can support organisations to be more sustainable and resilient.

We received policy directions on Dormant Accounts for the first time, from the Department of Finance, allowing us to consult the voluntary and community sector on how the funding should be distributed.

We also received strong support for our local grant making, illustrating our role as a catalyst and trusted grant maker. We're using all of this insight and feedback, as well as learning from all over the UK, to help design and deliver the Dormant Accounts Fund, ensuring it has maximum impact for communities all across Northern Ireland.



Footprints Community Food Shop and Support Service Hub

Based in west Belfast, this community service is helping local people experiencing food poverty to access healthy food at low prices, and use advice services to improve their lives.

“Our funding has meant that 22 tonnes of surplus, good food were diverted to 300 families in the Colin area in 2019-2020. This service means that food can become pleasurable, energising and healthy for families once again.”

Eileen, Food Services Manager

Largest cream tea
world record attempt



#NationalLottery25

 25 YEARS

Guinness World Records™ largest cream team party



Part two

Accountability report

Our corporate governance report

Directors' Report

Our purpose and activities

The National Lottery Community Fund is the operating name of The Big Lottery Fund.

The Big Lottery Fund is a statutory corporation established by the National Lottery Act 2006. The Fund adopted the new operating name in January 2019 in order to better reflect the source of our financial resources and the funding for good causes raised through the games of the National Lottery together with our role in supporting communities in helping them achieve their ambitions.

In November 2019 The National Lottery celebrated 25 years of raising and distributing funds to support good causes across five key themes. In excess of £40 billion has been raised in this period. The Fund is responsible for distributing 40 per cent of the total sums raised by National Lottery players and we distribute this through

grant awards to support projects of a community or charitable nature. Since 2004 we have distributed over £10 billion in awards. We have a range of funding programmes from small grants of up to £10,000 to multi-million pound strategic programmes.

In addition to our work distributing good causes money raised by the

National Lottery, the Fund is responsible for the distribution of monies released from dormant bank accounts and related assets under the provisions of the Dormant Bank and Building Society Accounts Act 2008.

We also work with other organisations, principally public bodies, to manage and distribute funding through grant programmes we run on their behalf. Examples of this type of activity include our distribution of money in partnership with the Office for Civil Society in respect of the #iwill Fund and the European Social Fund matched funding programme, Building Better Opportunities.

In delivering our programme of work we act within the relevant legislation, other public sector guidance and

the requirements of the Department for Digital, Culture, Media and Sport (DCMS) as our sponsor department who provide us with a Management Agreement setting out our relationship with government. DCMS also issue Policy Directions which identify the priorities we must take into account in establishing our grant programmes for England and for the United Kingdom-wide grant portfolio.

The respective departments in each of the devolved governments issue Policy Directions for grant making activity in Scotland, Wales and Northern Ireland. In following this guidance, the Fund's decisions on programmes and grants are independent of government. Our funding is required to

follow the additionality principle – that is, our funding must be distinct from government, it can complement but must not substitute for government spending programmes.

The Fund operates in the four countries of the United Kingdom with funding programmes specific to each country. In addition, we operate a range of programmes which are United

Kingdom-wide in scope. Each of the countries and the UK portfolio award grants through a portfolio committee, the members of which are externally appointed. Their role is to set out and agree grant programmes within the Fund's Strategic Framework and consistent with the overall approach approved by the Board. Approval of most awards is delegated

to officers of the Fund or to specific panels for the various programmes in each portfolio. Our grant awards budgets are apportioned between each country on the basis of agreed shares, determined largely on population and after deduction of a portion – up to 10 per cent of the total - to be applied to the UK portfolio.

Along with all organisations the Fund has been impacted by the effects of the Coronavirus. The Fund was well prepared to enable its teams to work remotely with all team members having technology suitable for home working and all key systems available remotely. We have continued to operate and meet the demands of our applicants and grant holders, albeit with some changes to processes.

In response to the crisis we have refocused our funding plans for the first half of 2020/21 to support the emergency. There has been some initial negative impact on National Lottery sales and we have exercised a degree of caution until a clearer picture of income emerges.

In early April 2020 we set out our approach to supporting charities and community organisations through the immediate crisis and to achieve longer-term sustainability using our own National Lottery resources along with funding announced by Treasury to support charities and community organisations provided through DCMS as our sponsor department. The Fund has been asked to distribute £200m of funding for England to

support charities and community organisations through the crisis.. Similar schemes, but of significantly lower scale, are in place for Scotland and Northern Ireland through their respective devolved administrations. The demands placed on the organisation to achieve this are significant and we have adapted some of our processes to deliver this. We anticipate that all government funding will have been distributed by the end of September.

Key issues and risks

The majority of our income is dependent on the revenue generated through The National Lottery; a portion of the sales value for each game is allocated to good causes and passed to the National Lottery Distribution Fund (NLDF)

from where it is made available to Lottery distributors. We manage our grant awards, budgets and payment profiles over a number of years in order to mitigate against the risks arising from potential variations in National Lottery revenue and to ensure we can meet our commitments as they fall due. After the year end, sales of National Lottery products were impacted as a result of the Coronavirus crisis. The uncertainty on income for 2020/21 requires us to be more cautious than anticipated on new grant awards in order to ensure we can fully meet our existing liabilities while maximising how much cash we can provide to support the sector through the crisis. We provide a balance of responsive and targeted funding

programmes to meet the demands of our grant applicants in a manner which is consistent with the principles set out in our Strategic Framework. We continue to change and adapt the way we work as we realise our strategy - People in the Lead. We have introduced a new grant management system during the year which has brought significant benefits including the ability for all our small grants programmes to receive online applications. This has simplified the process of applying for awards as well and enabled us to much more easily assess awards activity and to aggregate data connected with applications and awards. We have also updated our approach to all other grant awards activities

as the new system has been introduced. This has enabled us to have much more consistent and simpler processes across all of our portfolios bringing significant benefits for applicants through improved approaches to applications. Introduction of the new system has enabled us to continue to deliver all our services during the Coronavirus crisis as the system is based on a cloud based service available remotely to our teams.

We always face financial risks in relation to potential fraud arising from our grant making activities. We have also had to carefully manage our engagement in European Social Fund matched funding grant programmes in response to the challenges of

Brexit. Our programme of risk management provides us with the means of assessing our key risk exposures and establishing appropriate controls to mitigate these. A fuller assessment of our risk management is included in our governance statement.

Performance Summary

Each year we set out our corporate objectives and the key performance indicators (KPIs) through which we assess how we have met our operational aims. For 2019/20 we set out five goals with six supporting KPIs. We met all of the KPI targets.

The Fund assesses its performance throughout the year using the KPIs along with other performance metrics including key operational measures, financial indicators, management

accounting data and forecasting techniques to ensure that, where necessary, it is able to take corrective action at the earliest opportunity to achieve its aims and to minimise risk to its operations and goals.

We do not set any specific operating surplus or deficit as a key measure or target. We manage our financial performance in order to maximise our ability to make grants from the monies received and receivable from The National Lottery. We recognise grant awards in full when they are approved irrespective of when the cash for those awards falls due for payment. Consequently, our financial outturn, measured by way of a surplus or deficit, can vary significantly year on year.

For the financial year we

recorded a surplus of £82 million following a surplus of £25 million in 2018/19.

An assessment of our performance appears in greater detail in our performance analysis and in our financial statements.

The financial statements have been prepared on a going concern basis. Our statement of financial position records significant net liabilities. This is a result of our grant award recognition policy where the full value of awards is recorded at the point of approval and notification (except where there are specific performance criteria) although the cash payments may not arise for some time. We manage our liabilities based on our ability to meet cash demands from current cash resources

and forecast future incomes. This assumes, as a matter of public policy, that the National Lottery will continue to operate.

Our corporate goals

Our annual corporate plan sets out our budgets, goals and targets for the year.

The 2019/20 corporate plan identified four goals designed to shape our priorities and we set six key performance indicators to measure success. We also set out a number of strategic focus areas and specific initiatives as indicators of progress. Our performance has been monitored against our targets and reported to the Board throughout the year.

Corporate goal one:

The National Lottery Community Fund supports ideas and projects that matter to people and communities

What have we done?

We have redesigned our funding programmes using service design principles enabling our applicants to more easily apply for funding to deliver the projects that meet their ambition for their communities.

We have launched the Knowledge Bank

containing a library of thematic evidence on good practice, sector specific subject matter and other expertise available to applicants and grant holders as well as our own teams to share knowledge and aid better decision making.

Corporate goal two:

We use our funding and relationships to help create stronger, more connected communities.

What have we done?

We have set out our Diversity and Inclusion

Strategy aimed to ensure our funding is open to everyone and that the Fund represents the communities it supports. Our funding teams are working more closely with the communities they support with regional teams now embedded across all four countries of the UK.

We have used innovative approaches to funding including in support of the celebration of the 25th birthday of The National Lottery to seek to reach communities and organisations that have not previously applied for funding from the Fund.

This year working in partnership with the Eden Project the Big Lunch got even bigger and reached around 6.5 million people, supporting neighbours and members of communities to stop what

they're doing and come together for the simple act of sharing a meal.

Corporate goal three:

Charities and community organisations across the UK are thriving, diverse and fit for the future.

What have we done?

We have developed our Thriving Communities model which provides a solid foundation from which to describe not only the difference that our funding makes but also the role of civil society more broadly in supporting communities to thrive.

Corporate goal four:

The National Lottery Community Fund is valued, trusted and efficient.

What have we done?

We have successfully implemented a new grant

management system (GMS) significantly improving our relationship with applicants and grant holders and delivery operating efficiencies across the Fund including the ability work fully remotely.

Our Engagement Strategy sets out how we reinforce the value of the National Lottery to communities through good causes. The 25th birthday of the National Lottery has provided an opportunity through funding and promotional activities to demonstrate the link across the UK.

We have launched the Climate Action Fund, a £100m fund enabling people and communities to take the lead in tackling the climate emergency.

Our key performance indicators

Alongside our goals our KPIs help assess our performance in a number of areas supporting successful achievement of our plans. We met all the KPIs set for the year. Our goals also form the basis of managing our risk where our capacity to achieve corporate and local goals and targets determines the risk appetite for the organisation. From this we set the extent to which controls, mitigations and actions are required to limit risk while enabling us to remain ambitious in our approach and proportionate in our response. As such, progress on KPIs is a guide to both achieving objectives and guiding our approach to risk management.

KPI 1: Customer Satisfaction will be over 77%.

Key performance indicator met

86 per cent of grant holder and applicants were satisfied.

End of year report

Our new grant management system is enabling improvements in customer engagement and simpler application processes.

KPI 2: Operating costs will be in line with our agreed threshold of 8% of income over three years.

Key performance indicator met	End of year report
Our actual operating costs for our National Lottery activities were 7.1 percent of National Lottery income.	National Lottery income was higher in the year than we had budgeted and we also made savings against the operating budget we set.

KPI 3: Grant awards to be within 5% of budget.

Key performance indicator met	End of year report
Our total grant awards were £580m which is 3.0 per cent above the budget we set.	Although we have significantly changed our funding products during the year and introduced a new grant management system we maintained the level of grant awards anticipated.

KPI 4: At least 65% of our colleagues will recommend the Fund as a good place to work

Key performance indicator met	End of year report
Our staff survey conducted during the first quarter of the year indicated that 68 per cent of colleagues agreed that the Fund was a good place to work	We continue to strive to improve performance in this area and have set action plans to address matters that arise from the staff survey.

KPI 5: The proportion of people that recognise that The National Lottery funds good causes is above 45%.

Key performance indicator met	End of year report
Our most recent survey for this KPI indicated that 46 per cent of people recognised the connection between The National Lottery and good causes.	We have made significant strides in making this connection including the change in our name to reflect the linkage and the work in promoting the 25th birthday and the good causes benefits over that time. We will continue to promote this linkage in 2020/21.

KPI 6: At least 80 per cent of our grants will be awarded to charities and community organisations

Key performance indicator met

For the full year 92.3 per cent of our awards by volume were to charities and community organisations while 89.5 per cent of the value of awards met this criteria.

End of year report

Our key focus in our People in the Lead strategy is to support the projects which are led by people from key communities and their community organisations.

In addition to the KPIs noted above the Fund uses a number of other measures to assess progress towards our goals and the health of the organisation. These include financial measures – for example determining an appropriate range within which our balance in the National Lottery Distribution Fund should lie; Customer measures including detailed analysis of customer satisfaction with aspects of our processes across each of our portfolios; and People related measures for example monitoring absence levels with reasons. Other data related to certain of these measures appears elsewhere in this report including in the Remuneration and Staff Report.

Our performance analysis: financial

Our strategy seeks to ensure we maximise the amount of funding available to communities whilst ensuring we can meet our financial obligations as they fall due. We do not set a particular income or operating surplus target.

Our key measure of financial efficiency is the proportion of our National Lottery income that we spend on distributing grants. We exclude from this measure costs that we recharge to other people, for example the costs of distributing non-National Lottery funds including in relation to the dormant accounts scheme. We also exclude certain other costs, for example one-off costs that are investments or restructures to achieve future efficiencies (see Note 6 to the financial statements). Irrecoverable VAT costs are also excluded.

Government sets a target maximum for operating costs for all the Lottery distributors. For 2019/20 this was 8 per cent of our National Lottery income. The measure is assessed over a three year rolling period.

What we achieved in 2019/20

During the year we successfully delivered against the 8 per cent total operating cost target set by government. Total

qualifying operating expenditure for National Lottery grant making activities was £50.5 million, £3.6 million higher than in 2018/19. National Lottery income was

higher than our budget assumption and we were able to operate within the operating cost budget we set. Our actual qualifying operating expenditure was 7.1 per cent of National Lottery income during the year and 7.1 per cent of Lottery income over the three year period to March 2020. Our performance in each of the 2 preceding years was 7.3 per cent and 6.9 per cent respectively. On this basis, the Fund has incurred operating costs over the three years to March 2020 £18.9 million lower than would be permitted by the efficiency measure and consequently this is made available for grant making activities.

Staff costs form a significant proportion of our operating costs. Our staff numbers have reduced further

during 2019/20 with a full time equivalent (FTE) of 785 (2018/19: 831). We have continued to reduce numbers through restructuring action as we deliver change in support of the Strategic Framework. The introduction of the new grant management system has also helped to reduce FTE over the course of the year.

What we are planning to achieve in 2020/21

We have budgeted to deliver total operating costs within the 8 per cent cost threshold in 2020/21 but with the capacity for some additional investment in service improvements based on the three-year rolling measurement approach. The target is based on budgeted National Lottery income of £668 million, derived from our forecast

of revenues for 2020/21 at the time of budget preparation and taking account of anticipated changes in operations during the year. Our budget was set before the Coronavirus crisis. The changes to ways of living have impacted

National Lottery sales particularly from retail outlets and hence also impacted the Fund's income. We have not modified our budgets but it is likely that there will be some shortfall for the year and we have adapted our approach to grants accordingly to maintain appropriate balances in the National Lottery Distribution Fund.

The budget has been based on developing activities in support of our corporate plan, continuing our programme of change and seeking efficiencies

enabling us to resource and deliver investment activities that will support delivery of the Strategic Framework.

In March 2020 our total FTE was 785 (a reduction from 831 in March 2019). We do not anticipate further significant changes in staff numbers during the next year.

Our surplus for the year

We recorded a surplus for the year 2019/20 of £82 million (2018/19 £25 million).

Our cumulative deficit at 31 March 2020 was £620 million (31 March 2019 £703 million).

Our accounting policy treats the full value of grant awards as expenditure as soon as their approval is communicated to the recipient (subject to certain specific criteria).

We manage our cash flow over the longer term based on grant cash commitments and projected incomes rather than seeking to achieve any particular annual surplus or deficit. Awards are paid over a number of years and we are confident that we will be able to meet our commitments from future income as they fall due.

We recorded a surplus for the year of £76 million from National Lottery operations (2018/19 £83 million). Income for 2019/20 was higher than in 2018/19 and above the budget we set as a result of improved sales of National Lottery products. Our awards total for 2019/20 was £77 million higher than last year at £588 million (2018/19 £511 million) and was higher than the budget we set. These factors primarily account for the

small change in surplus for Lottery operations for the year.

We recorded a small surplus for Dormant Bank and Building Society Accounts operations of £7 million (2018/19 deficit £58 million). Income was £3 million lower while distribution through awards and transfers to other organisations was significantly lower at £62 million (£2018/19 £129 million). We recognised our distribution obligations due to the two new organisations established to distribute sums for the English portion of the dormant accounts receipts under policy directions provided to the Fund by DCMS.

Our funding strategy

For our National Lottery funding programmes our strategy is to award the maximum amount of

funding that we can safely commit to over a five-year period considering our anticipated income. Since many of our grants pay out over a number of years following the initial award, this strategy ensures that the projects and activities our awards support are able to deliver their benefits as early as possible while ensuring we remain protected from any unexpected changes in income.

At 31 March 2020 we had £1,052 million (2018/19 £1,108 million) of outstanding commitments with respect to awards made while we held £303 million (2018/19 £277 million) in the NLDF with which to meet them. This means we had made net commitments of £749 million (2018/19 £831 million) above our currently available resources. This is

equivalent to about 13 months of future National Lottery income based on our current projections.

Non-Lottery funding programmes

In addition to our core business of distributing National Lottery good causes income we are also responsible for the distribution of funding received from Reclaim Fund Ltd under the arrangements in the Dormant Bank and Building Society Accounts Act 2008. These activities are included within our consolidated financial statements. We also set out a short form set of accounts for this activity in note 29 to the accounts.

The Dormant Bank and Building Society Accounts Act 2008 enables banks and building societies to transfer money held in dormant accounts

to a central fund for investment in the community. The scheme provides for the Fund to make grant awards in each of Scotland, Wales and Northern Ireland under policy directions set out by each of the devolved administrations. For England, the original policy directions required that funding was passed in its entirety to Big Society Capital acting as a social investment wholesaler. Government, working with Reclaim Fund Ltd, have been seeking to ensure that the sums available for onward distribution are maximised.

In 2017 government announced that approximately £330 million would be released over the following three years. Alongside this, Big Society Capital would cease to be the sole

recipient of the England portion of the available funds. The Fund has worked with DCMS to support the establishment of two new, independent organisations to distribute funding in the areas of youth and financial inclusion in addition to Access which had been established from the funding provided to Big Society

Capital. Youth Futures Foundation and Fair 4 All Finance became operational during the year and received significant distributions from the Fund. The Fund recognised as transfers or sums transferable the amounts due to each organisation under the programme based on their share of total receipts to date.

The total sums identified by Reclaim Fund Ltd as

available to the Fund during the 2019/20 year amounted to £68.5 million (2018/19 £71.8 million). These sums are held on behalf of the Fund by Reclaim Fund Ltd for up to twelve months after its year end date, or until the Fund draws down funds to meet its obligations under grant commitments or to pass to third party organisations, whichever is sooner. Following drawdown we deposit funds until these are required to meet grant commitments or transfer obligations.

During the year we received interest of £650,034 (2018/19 £232,000) in relation to these funds. The National Lottery etc. Act 1993 also sets out powers for the Fund to work with other organisations to distribute funds. We refer to these

activities as Third Party Programmes. These powers give us scope to distribute funds on behalf of, or alongside, other organisations where this falls within the funding areas set by the National Lottery Act for our work and which is in accordance with our own strategic aims. During the year we distributed funding totalling £124.7 million in this way for other funders. Included within this sum is £65.2 million distributed in matched funding programmes through the European Social Fund. We have extended the programme of grants under the Building Better Opportunities programme in England to support the most successful project partners with further matched funds from the European Union. This funding forms part of

the multi-year European Union programme commitment through 2020 and consequently continues after Brexit.

To the extent that the funds awarded under these programmes are governed by the third party funder we act only as the distributor. We do not record the receipt of the funds themselves or the grants made in our own accounts. However, we recover the costs of undertaking this activity from the relevant funders and record this as income. Where we provide joint or matched funding for these programmes we record our share of the grant awards made in National Lottery programme expenditure. We record cash held for distribution in our cash balances in the Statement of financial position together with any

liabilities for commitments made prior to the receipt of cash from the funder. Balances in respect of each programme are recorded in note 24 to the accounts.

After the year end Treasury announced funding of £370 million for small and medium-sized charities, including through a grant to the Fund for those in England. The Fund has an agreement to distribute £200m of this and the programme is underway. The remainder is retained by government to determine priorities as the needs become clearer. The programme of activity supported by the grant agreement must be committed by the end of September 2020 with an expectation that recipient organisations will spend the cash within six months

of receipt. The Fund has also worked with the devolved Nations to distribute similar schemes although these are much smaller in scale. This programme of activity is significant for the Fund and challenging for our capacity but is essential alongside our own National Lottery funding to support charities and community organisations to meet the demands placed on them by the crisis or to provide liquidity as a result of reductions in their income.

National Lottery Distribution Fund (NLDF) balances

The net good causes proceeds of the National Lottery are held in the NLDF, which is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport, until drawn

down by National Lottery distributors. The Fund receives investment income in addition to the Lottery proceeds in the same shares as for proceeds from the National Lottery receipts (40 per cent). In 2019/20 this was £3.4 million (2018/19 £3.3 million).

OUR NLDF BALANCE WAS £303 MILLION AT 31 MARCH 2020 (2019/20 £277 MILLION)

Our balance in the NLDF has increased during the year by £26 million. This is as a result of improved incomes offsetting the extent to which we continued to meet significantly higher award values from previous years. We take account of the anticipated change in the balance alongside projections

of future revenues and the timing of outstanding commitments when setting future grant award budgets. Since we do not control National Lottery income it is not possible for us to manage the balance in the NLDF in the short-term and so we do not set a specific target for our balance. Our funding strategy is to maximise the value of new grant commitments that we can safely make over a five-year period taking into account existing commitments. We predict our future cash inflows and outflows to assess a safe minimum balance in the NLDF in order to ensure that we can meet our commitments as they fall due allowing for risk-based assessments of possible variations in income. The actual balance

at any one time will vary according to the structure and timing of our grant programmes and the income generated through the National Lottery for the period concerned.

We anticipate that the balance we hold in the NLDF will reduce substantially during 2020/21 as a result of the challenges of the Coronavirus crisis. Income has reduced in the early part of the new year due to the reduction in retail options and is unlikely to meet the totals we have budgeted for. Additionally, we seek to maximise the cash we can provide to the sector to support organisations through the crisis. We will modify future grant programmes to ensure we retain sufficient reserves to meet our commitments based on revised

expectations of income as recovery continues.

Auditors

Under the National Lottery etc. Act 1993, our annual accounts must be examined and certified by the Comptroller and Auditor General. There is no relevant audit information of which the Fund's auditors are unaware. There were no fees for any non-audit services with external auditors.

Public sector information holder

In common with all public bodies, the Fund is a public sector information holder. It has not charged for specific re-use of information.

Our performance analysis: equalities

The Fund seeks to ensure equality of access to its funding programmes. We value cultural diversity and seek to ensure that our funding supports the needs, beliefs, values and abilities in the communities in which we work.

Our equalities principles and guidance for applicants and grant holders is on our website: tnlcommunityfund.org.uk/about/customer-service/equalities

The Fund seeks to be a diverse and inclusive employer. At the Fund we seek to reflect those communities that we support through our funding. This diversity encompasses ethnicity, lifestyle, disability, mental health and other relevant

factors. We seek to attract a diverse workforce with local knowledge and lived experiences. This helps make the Fund better able to consider a wide range of applications for funding with greater knowledge and shared learning.

Transitioning to our new grant management system during the year has meant we do not have one consistent system through which to collect and extract monitoring data in relation to equalities, diversity and inclusion for our Funding, and are therefore not able to present data as in previous years. We are taking this opportunity to review how we consider and report on the reach of our Funding in order to support our People in The

Lead strategy. This can be seen through our recent DEI statement which sets out our corporate plan commitment: tnlcommunityfund.org.uk/news/press-releases/2020-04-17/diversity-equity-and-inclusion-in-a-global-pandemic

Some of our funded projects are targeted at specific beneficiary groups, while many are not specifically targeted but benefit local communities as a whole. With this in mind, we are looking at new methods to understand and monitor the distribution and reach of our funding into under-represented communities.

Welsh Language Standards

We are committed to delivering a bilingual service in Wales through the Fund's application

of the Welsh Language Standards which came into force on 25 January 2017. The implementation of the Standards is monitored and discussed at regular meetings between the Fund's Welsh Language Officer and the Welsh Language Commissioner's office. We have met all of the Welsh Language Standards deadlines, the last of which was due in July 2018.

As a result of the Welsh Language Standards and our proactive approach as an organisation, a number of services offered by the Fund to its staff are available in Welsh including HR services and training courses. Our customers are provided with an opportunity to follow their journey with us in Welsh from the first point of contact, whether by 'phone, email, social

media or through written application. Our presence at events and in funding surgeries in Wales is provided in Welsh and English. We have offered bespoke training on the Welsh Language requirements to our grant holders. During the year we have made changes to our support team in Wales to ensure our helplines can support Welsh language support at all times.

Our performance analysis: sustainability report

In late 2018, the Fund's Board approved a 3 point environment strategy committing the Fund to:

Exploring and testing ways to support our grant holders to manage their environmental impact

We developed and promoted web materials to inform and inspire applicants to take environmental action. These were promoted through social media posts and blogs.

In September, we launched a test and learn exercise to consider how we can support existing grant holders to take practical action to improve their environmental impact. We worked with partners Renew Wales and Sustainable Communities who provide expert advice to a selection of 30 funded organisations on steps they can take to improve their impact on the environment. We made grant top ups of up to £10,000 available to meet the cost of these changes. The pilot closed in February and the learning will be used to inform our next steps in 2020.

Committing a £100m from the UK portfolio over the next 10 years to support communities to take action to address climate change.

In July, we announced a £100m commitment over the coming year to support our Climate Action Fund. The Programme will support communities in the UK to take local action on climate change, reduce their carbon

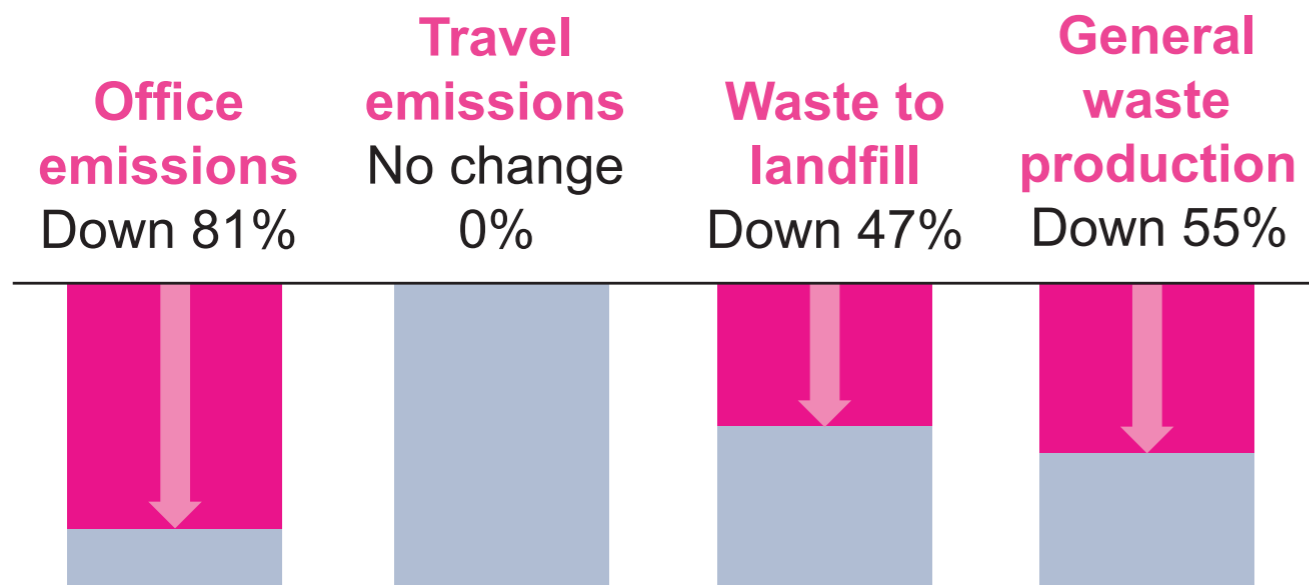
footprint and increase participation in community led climate action. A fundamental part of the programme will be to bring projects together to share learning and inspire others like them to take action, building a movement of active communities equipped to take action on climate change.

Continuing to manage The Funds own environmental impact

The Fund is committed to minimising its impact on the environment both through its own activities and in the projects we fund.

Since 2011/12 we have achieved:

2019/20 Emissions, Waste and Consumption



This year's environmental performance measurements show a very slight increase in our carbon footprint for the year increasing to 808 tCO₂ emissions, an increase across all scopes of 8 tonnes. Whilst we have continued to reduce our scope 1 and 2 emissions, and scope 3 emissions associated with transport, this years

emissions are skewed by a sum of 65 tonnes under other scope 3 emissions associated with the disposal of Waste Electrical and Electronic Equipment (WEEE). It should also be noted that following successive reductions in the early years our travel emissions have risen in recent years returning to 2011/12 levels as we have increased our outreach work to support the communities we serve. To address this, we have updated our travel guidance for all our teams seeking to: significantly reduce numbers of internal flights; utilising technology to minimise unnecessary travel and requiring the use of public over private transport where this is practicable. Any remaining emissions will be offset through a voluntary scheme working with UK based environmental organisations.

Waste produced has reduced again to some extent affected by reduced paper usage due to the introduction of digital working practices and implementation of a modern printer estate to minimise over-printing and to enhance data security.

Looking forward

Our 2020-23 Corporate Plan sets out how we will work with our grant holders to improve their environmental performance and commit 50% of our climate action Fund by 2023.

Within the Fund we will be seeking to further minimise our environmental impact through further action to reduce the impact of our property portfolio, reduce travel and improve environmental requirements into procurement practice.

Greenhouse gas emissions		2019/20	2018/19
Non-financial indicators (tCO2E)	Total gross for Scopes 1 and 2	373	377
	Total net for Scopes 1 and 2	373	377
	(less reductions i.e. Green tariffs)	-	-
	Gross emissions for Scope 3 (business travel)	357	411
	Other Scope 3 emissions measured	78	12
	Electricity: non-renewable	448,045	484,924
	Electricity: renewable	-	-
	Gas	1,393,240	2,201,078
	LPG	-	-
	Other	-	-
Financial indicators (£000s)	Expenditure on energy	97	340
	Expenditure on official business travel	1,496	1,170

Waste		2019/20	2018/19
Non-financial indicators (t)	Total waste	59	69
	Hazardous Waste	-	-
	Landfill	25	28
	Re-used/Recycled	29	37
	Incinerated energy from waste	5	4
Financial indicators (£000s)	Total disposal cost	23	19
	Hazardous waste – total disposal cost	-	-
	Landfill	10	10
	Re-used/Recycled	9	9
	Incinerated energy from waste	4	4

Finite Resource – consumption/water		2019/20	2018/19
Non-financial indicators (m3)	Water consumption supplied	4,762	4,324
	Water supply costs	20	22

Scope 1, 2 and 3 refer to the definitions set out in the Greenhouse Gas Protocol by the World Resources Institute and the World Business Council on Sustainable Development.

Scope 1 refers to greenhouse gases produced directly in order to heat and light our offices while scope 2 refers to indirect production. We have continued to reduce our occupied office space and this has helped contribute to our reduction in emissions under scope 1 and 2. Under scope 2 we do not have current data in every case where we are reliant on service charge data from landlords. Where this is the case we have used the most suitable available data which may refer to the previous financial year or proxy data from similar locations.

Scope 3 refers to emissions from business travel. Our emissions under this category have reduced during 2019/20 as the changes to ways of working in 2018/19 have now been embedded.

Statement of Accounting Officer's Responsibilities

Under Section 36A of the National Lottery Act etc. 1993 (as amended by the National Lottery Acts 1998 and 2006), the Secretary of State for Digital, Culture, Media and Sport has directed Big Lottery Fund to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Fund and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis;

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable.

As Accounting Officer, I take responsibility for the annual report and accounts and for the judgements required in determining that it is fair, balanced and understandable. I confirm that in my opinion this report as a whole meets those requirements.

The Department for Digital, Culture, Media and Sport has appointed the Fund's Chief Executive as Accounting Officer. The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and

for safeguarding the Fund's assets, are set out in 'Managing Public Money' published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Delegated responsibilities

The Fund has, where appropriate, sought to use the powers of delegation provided by the National Lottery Act 1998. As a result of this, other parties may be accountable for specific elements of award programmes.

Joint schemes

The Fund has entered into joint schemes, as defined in the National Lottery Act 1998, to provide funding alongside other bodies to achieve the outcomes defined by the relevant Joint Scheme Order. In these schemes the Accounting Officer is responsible for ensuring:

- Lottery funds allocated by the Fund are applied in accordance with its legal powers
- the economic, efficient and effective use of Lottery funding allocated by the Fund to the programme
- that the systems used for operating the programme are robust and fit for purpose
- that the mechanism for allocating the administrative costs of the programme is

agreed between the participating Lottery distributors.

During 2019/20 the Fund has participated in the following joint schemes:

- Parks for People – a scheme administered by the National Lottery Heritage Fund, on behalf of the National Lottery Heritage Fund and The National Lottery Community Fund.
- Rethinking Parks - a scheme administered by Nesta, on behalf of Nesta, the National Lottery Heritage Fund and The National Lottery Community Fund.

Award partners

The Fund has used the powers provided by the National Lottery Act 1998 to delegate to award partners the grant

schemes listed below. The delegation agreement between the Fund and the award partner sets out the responsibility of the Chief Executive of the award partner to ensure that the systems implemented to administer National Lottery applications and to process and monitor National Lottery grants are acceptable and fit for purpose and that National Lottery funds are distributed with due regularity and propriety.

The Fund's Chief Executive retains responsibility for the overall safeguarding of the public funds derived from the National Lottery and for ensuring that award partners operate within agreed terms and in line with financial and policy directions.

Our award partners

As part of the Big Venture Challenge:

- UnLtd
- As part of the Social Investment programme:
- School for Social Entrepreneurs
- As part of the International Communities programme:
- Action Village India
- As part of the People and Communities programme:
- Community Foundation for Northern Ireland
- As part of the Growth Fund:
- Forward Enterprise FM Limited
 - Community Impact Partnership
 - BIG Issue Access Limited
 - Cultural Impact Loans
 - Devon Community Foundation
 - GMCVO
 - Homeless Link Social Investment Ltd

- Kent Community Foundation
 - Somerset Community Foundation
 - Sporting Capital Ltd
 - UnLtd
 - First Ark
 - Key Fund Investments Ltd
 - Resonance Health & Wellbeing
- As part of the Accelerating Ideas programme:
- Royal Botanic Gardens Kew
- As part of the #iwill Fund programme:
- Virgin Money Foundation
 - Sport England
 - Co-operative Community Investment Foundation
 - Greater London Authority
 - Clarion Futures

- Ormiston Trust
 - Paul Hamlyn Foundation
 - UK Community Foundations
 - Spirit of 2012 Trust
 - Young Manchester
 - Ernest Cook Trust
 - Dunhill Medical Trust
 - Premier League Charitable Fund
- As part of the Partnership programme:
- School for Social Entrepreneurs
- As part of the Reaching Communities programme:
- Cripplegate Foundation
 - Buttle UK
- As part of the People and Places programme:
- Localgiving Foundation
- As part of the Rural Poverty programme:

- Severn Wye Energy Agency Ltd

Additionality

In accordance with the National Lottery Act 2006 all Lottery distributors are required to report on their additionality policy and practice. Additionality is an important principle of our funding. The Fund uses the following definition: “Lottery funding is distinct from Government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding.”

All awards made in 2019/20 were consistent with this definition of additionality. In addition to this definition the Fund also takes account of the following provision on additionality set out in our policy directions.

“ADDITIONALITY AND COMPLEMENTARITY – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards Big Lottery Fund’s goals.”

The governance statement

As Chief Executive and Accounting Officer this governance statement is my responsibility.

It is my responsibility to ensure that there are robust governance, risk management, and internal control arrangements across the whole organisation which support the achievement of the Fund’s purpose whilst safeguarding the public funds and assets for which I am responsible.

This statement sets out how I have discharged my responsibility to manage and control the Fund’s resources during the year. It draws upon the work of the Fund’s Board, its Audit and Risk, and Remuneration committees as well as the Senior Management Team (SMT) as its executive body. I have also reviewed and considered the annual assurance report prepared by Internal Audit.

The Fund’s accountability to Parliament, the devolved legislatures and government

The Fund operates across the UK and was created by the National Lottery Act 2006, which amended the National Lottery etc. Act 1993 and sets out

the primary rules under which it operates. It also has functions designated to it under the Dormant Bank and Building Society Accounts Act 2008.

The Fund is a non-departmental public body (NDPB) and I am fully accountable for our funds to Parliament.

Certain orders relating to National Lottery and dormant account money are made by the UK or Scottish Parliaments, the National Assembly for Wales or the Department of Communities Northern Ireland but the main government oversight of the Fund is exercised through directions issued by ministers.

The Secretary of State for Digital, Culture, Media and Sport is accountable for the National Lottery Distribution Fund and also issues financial and accounts directions to the Fund in relation to its functions under the National Lottery Acts. The Secretary of State issues similar directions relating to dormant account funds. These directions regulate the systems and processes of the Fund.

The Fund's policy sponsor

is the Department for Digital, Culture, Media and Sport. The Minister of the sponsor department issues policy directions that must be taken into account when distributing funds generally across the UK and specifically in England, while the devolved administrations in Northern Ireland, Scotland and Wales issue policy directions in relation to funds distributed in those countries. These directions are included in section eight of this report.

Within the framework of these directions the Fund makes independent decisions on what programmes it should run and on what grants it should make.

The Fund applies the HM Treasury and Cabinet Office guidance in Corporate Governance

in central government departments in so far as it applies to non-departmental public bodies. I am satisfied that the principles in the guidance, together with other sources of guidance on good practice in corporate governance, are fully reflected in the Fund's governance arrangements.

Review of non-executive governance

The Fund is governed by a Board comprising the Chair, the chairs of each of the four country committees and up to seven other members. The Board has appointed one of its members as Vice Chair. During 2019/20 a total of 12 individuals served as Board members. There have been a number of changes to Board and Committee roles during the year as a result of members reaching the

end of their term. These are reported in the table at the end of this section.

Each country has a committee responsible for the funding programmes in its country; the Board has also appointed a committee for UK-wide funding.

The Board sets the Fund's Strategic Framework, and each committee, working within this framework, has delegated authority to determine the funding programmes in their country (or for the UK-wide funding portfolio). They also make grant decisions, or agree the delegated arrangements for making them, within these programmes.

The Board has appointed an Audit and Risk Committee which meets quarterly to advise on financial reporting, audit and assurance and risk

management matters. It has also appointed a Remuneration Committee to deal with the matters set out in the remuneration report. The Remuneration Committee normally meets annually. The Chair of Audit and Risk Committee reports to each Board meeting on any matters the Committee considers should be brought to its attention, and to provide assurance to the Board. Audit and Risk Committee provides a full report to the Board on its work once each year.

The Board receives reports on the programmes in each country portfolio, so that it can be assured that their grant making activity aligns with the Strategic Framework and that learning is shared.

Membership of, and attendance at, Board and all committees is set out

in the tables at the end of this section.

All Board members are appointed by the Minister for the sponsor department. Members of country committees are appointed by the Fund. The Devolved Administrations are fully involved in the appointments relating to their respective countries and all Board and committee members are appointed following an open process of advertisement and selection.

The Chair's term of office came to an end in November 2019 along with the Chairs of the England and Scotland Committees. The Fund's Chair also served as the Chair of its UK Funding Portfolio. As yet no new appointment for Chair has been made and the Vice

Chair has been appointed Acting Chair until August 2020. An appointment has been made for the replacement of the position of Vice Chair.

Data quality

The Board receives relevant and regular data from systems across the Fund to provide assurance on performance, controls and risk. It is satisfied that the quality and accuracy of this data is appropriate to its needs in assessing the effectiveness of the funding programmes, the risk management approach, the financial and operating performance of the Fund and the suitability of internal controls. The systems which provide this information are assured by being included in the internal audit programme.

Executive management

I lead the executive management of the Fund supported by an SMT which meets regularly with formal meetings generally held at least once each month. SMT considers key policy, strategic and operational matters, provides advice to the Board on matters requiring its approval and oversight and oversees the operating and financial performance and risk management of the Fund as a whole. The members of SMT and their areas of responsibility are set out at the end of this section.

During the year the size of the Senior Management team was reduced as a number of colleagues left to take up new roles elsewhere. Six members of SMT left the Fund during the year. Responsibilities have

been reassigned and all new roles have been appointed through an open recruitment process. One role remained unfilled at the year end. A termination payment was made in respect of one of the members of SMT who left during the year as a result of the structural change in responsibilities. At the year end there were 8 members of SMT in addition to the role of Chief Executive.

There are appropriate executive management structures across the organisation to oversee all activities and the projects and programmes being operated across the Fund.

During the year I visited the Fund's offices across the UK to talk with staff and managers on progress in implementing the Strategic Framework and other matters including the development

of the Fund's approach to planning. In particular we ran all-staff roadshows in all of our major office locations which focused on the achievements of the National Lottery over the last 25 years and the opportunities that the future will bring. I have also attended country committee meetings, engaged with stakeholders across the UK and have met with officials from the Department for Digital, Culture, Media and Sport, and attended the Lottery Distributors' Forum which I currently chair.

Risk management

The Fund operates a comprehensive system of risk management, with an organisational risk register being reviewed quarterly by the Audit and Risk Committee. The Board reviews the risk register at least annually to ensure

there are no material omissions. The Board has also, with the advice and guidance of the Audit and Risk Committee and on recommendation from SMT, established seven risk themes within which to manage our risk approach and has agreed the Fund's risk tolerance levels for each of these.

Risk registers are maintained at directorate level as well as for all projects and programmes and are reviewed at senior level at least every quarter. There is a process in place for escalating significant risk issues to SMT and if required to Audit and Risk Committee. Additionally, SMT considers on a regular basis which key risks have the potential to impact the organisation and ensures these are addressed in the risk management approach

across the Fund.

A key issue for the Fund is recognising that our aim in supporting communities across the UK sometimes requires us to fund in challenging circumstances and for risks to be taken with regard to the success of some projects. This requires careful judgement on the part of our grant making colleagues and is reflected in the risk appetite we set in our funding risk theme.

The risk themes have been set to help consider the risks that arise as a result of its activities and provide a focus to risk management. The themes with associated risks considered are:

Financial

The Fund makes award commitments on the basis of meeting the obligations in respect

of those awards from future receipts from the National Lottery. We manage the risk of fluctuations in income through robust cash forecasting. Income increased in 2019/20 but remains materially below its peak in 2015/16. Managing future liabilities and cash flow in the face of variable income is an area which is receiving close attention. In this theme we also consider the controls in respect of our operating costs and in particular ensuring we operate within the cost threshold set for us by government. Since the year end the Coronavirus crisis has impacted sales of National Lottery products and consequently impacted the Fund's income. We have reviewed our

capacity to make future awards and meet our commitments in view of this and the expected time for full recovery to be achieved.

External Environment

Risks considered here include the potential reputational impact of failings in funded organisations and the impact in the sector more widely of significant issues for charities and community organisations.

The impact of the Coronavirus has been significant for all organisations. The Fund has responded well with all our teams able to fulfil all activities remotely. The Fund has also been tasked with distributing £200m of funding for England to support charities and community

organisations through the crisis. This is challenging within our capacity constraints, but good progress has been made and the programme is on track. Similar schemes of significantly smaller scale have been agreed with Scotland and Northern Ireland in discussions with the respective devolved administrations.

Leadership and Governance

We consider here the potential impact of the loss of key individuals including changes to the Board as a result appointment terms coming to an end. We also address the risks that our strategic plan does not match the purpose of the organisation and the impact on our culture and teams.

People

Risks considered for this theme include our capacity to reward our teams appropriately in increasingly competitive markets; ensuring that our teams are appropriately trained and skilled to deliver our ambition and that we meet our diversity aims in matching the diverse nature of the communities we support.

Operations

Risks in this theme include the potential exposure to Cyber Security issues, ensuring we have the appropriate IT architecture and systems to support our ways of working and that our working environments are appropriate for our teams and our

circumstances. We have made significant changes to our IT architecture over recent years and continue to develop our approach to meet our needs for sharing information across the Fund. We have moved significantly to provision of services through the cloud which has also required changes to our in-house infrastructures. This connects closely to how we design and use our own office facilities to create flexible spaces which enable our teams to collaborate effectively. In operations we also continue to address our approach to information governance including appropriate disposal of data to ensure we comply with data protection legislation while meeting our needs for quality

data on our funding activities.

Projects

We consider the risk of failure in key projects including those relating to business systems and infrastructure and that we have appropriate skills to deliver on time and to budget. We have successfully replaced two key business systems during the year – our grant management system (GMS) and our HR Management System (which we have called PeopleHub).

Replacement of these systems together with renewal of key hardware has enabled the Fund to work remotely delivering all our services during the Coronavirus crisis.

Funding

We face a number of risks with respect to our grant making including the potential exposure to fraudulent activity in applications or in award delivery as well as the potential reputational risk from projects or funded organisations which fail or do not meet the high standards expected of them. We have addressed risks in relation to the provision of funding through the Dormant Bank and Building Society Accounts scheme and have now helped to establish two new independent organisations which will deliver new funding streams across England

The Board and Audit and Risk Committee working with our executive team continue to review and

develop our approach ensuring that we take a proportionate approach to risk management. We seek to ensure that our organisational risk register links closely to our strategic aims and ambitions.

Our system of controls, together with the oversight of an experienced management team, is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure in seeking to achieve our strategic aims and objectives and it can therefore only provide reasonable rather than absolute assurance of effectiveness.

Our controls on fraud include a clear fraud policy; and a whistleblowing policy together with means for the public to directly refer concerns to our audit and investigations team.

A programme of internal audit work is prepared annually by the Head of Internal Audit and agreed with SMT and the Audit and Risk Committee. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to all the significant risks faced by the Fund. Over the course of the year, Internal Audit reports have addressed a significant number of risks including within the following key risk areas; projects and in particular delivery of our new Grant Management System, payroll in the change to a new HR Management System, IT Architecture, counter fraud arrangements and financial controls.

The findings of internal audit reports are

considered by me, the managers concerned and the Audit and Risk Committee. Greater scrutiny is given to any reports that give limited assurance with respect to either the design of controls or their operational effectiveness. Actions are agreed by management in response to all recommendations made, and progress against these is reported to each Audit and Risk Committee meeting.

From the range of Internal Audit reports that were completed over the course of the year no significant weaknesses that could cause the control framework to become inadequate or ineffective were found.

The Fund outsources the delivery of the majority of its internal audit activity in a co-

sourced arrangement. BDO supplied these services from April 2019. The change has been effective in bringing fresh insights to our assurance activities.

Each SMT director has provided me with an assurance statement on the areas for which they are responsible. Drawing on these and the results of internal audit reviews the Head of Internal Audit has provided me with an annual assurance report. The report assesses the Fund to have 'adequate assurance' in relation to its framework of governance, risk management and control, a position with which I concur and it is pleasing to see that no internal audits indicated overall limited assurance. The report also indicated that internal audit has not

identified any breaches or non-compliance with the Fund's financial and accounts directions or other guidance issued by HM Treasury or DCMS.

External audit of this Annual Report and Accounts is carried out by the National Audit Office. Findings and recommendations arising from the external audit are dealt with in the same way as those from internal audit and fully considered by the Audit and Risk Committee.

Corporate planning and performance management

The Fund has a system of planning designed to identify corporate priorities and plans in each period and to act as a guide in delivering the strategy approved by the Board. Directorate plans are developed throughout the

Fund, and feed into the overall corporate plan and to the personal objectives for staff.

The corporate plan for 2019/20 included one financial and five non-financial key performance indicators (KPIs).

These were monitored regularly and reported to SMT and to the Board, with corrective action being agreed wherever necessary.

Our performance against these KPIs is reported in the Performance Report section of this document. We met five of the six KPIs set for the year.

Additional key management information (KMI) is also collated and analysed for SMT throughout the year in various forms. This presents data on such matters as employment statistics, grant making

services and other financial data such as our balance in the NLDF.

Our approach to planning continues to evolve and has supported our plans and budget for the coming period. This includes setting certain priorities for development against our four corporate goals.

Dormant accounts

The Fund has established enhanced governance processes for the management of the Dormant Bank and Building Society Accounts funding stream in response to increased levels of activity. We have worked with DCMS to set in place reporting structures to ensure all aspects of the range of grant making activities are appropriately designed and delivered and that the governance arrangements for the Fund are effective

in this area and that they support the overall Dormant Bank Accounts scheme appropriately. During the course of the year two new organisations have been established and have begun operating to deliver the benefits identified under the scheme for Financial Inclusion and Youth related projects. The work in delivering dormant accounts activities forms a part of our overall approach to organisational governance across the Fund and therefore the role of the Board, Audit & Risk Committee, Internal Audit and that of the Accounting Officer extend to cover these activities alongside those connected with our National Lottery funded activities.

Third party funding

The Board is actively

engaged in decisions about third party work; considering, for each proposal, whether it is, or may be, appropriate for the Fund to undertake and is consistent with our third party funding strategy and the principles in the Strategic Framework. We apply a risks and control framework to each opportunity consistent with the task set by the client, ensuring that there is no question of National Lottery money being put at risk or cross-subsidising of non-lottery work from National Lottery resources.

After the year end, Treasury announced funding of £370 million for small and medium-sized charities, including through a grant to the Fund for those in England. The Fund has an agreement to distribute

£200m of this. This is not being treated as a third party programme and the Fund will record this as income in its 2020/21 financial statements and account for the grants made. Governance arrangements are agreed with DCMS as the sponsor department accountable to Treasury for the funds. We have agreed an appropriate proportion of our costs associated with this activity as distinct from our National Lottery operating costs. Similar schemes have been agreed for significantly lower value for Scotland and Northern Ireland, although the Scotland scheme will take the form of a third party arrangement with the devolved administration retaining overall approval authority for the programme..

Delegated and trust arrangements

The Fund delegates some of its functions to other organisations, as set out in the Statement of Accounting Officer's Responsibilities. Proportionate due diligence work is carried out on the governance and systems of proposed partners before funding is awarded. The arrangements are actively managed and appropriate internal and external audit arrangements are applied.

The Fund may also make awards as endowments to trusts, normally created specifically for the purpose of the award. Previous examples of this include the Power to Change trust which was set up in 2014/15 to support community enterprises across England, from inspiring

and nurturing ideas to helping communities scale up and expand their businesses.

In establishing arrangements of this type the Fund conducts due diligence before the award and in most cases appoints an independent protector who has powers to ensure that the endowment is properly applied in accordance with the Fund's intentions.

Our payment policy and practice

In accordance with the Better Payment Practice guide, we aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. In 2019/20, 82 per cent (88 per cent in 2018/19) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days under the Government's prompt payment challenge was 35 per cent during 2019/20 (64 per cent in 2018/19).

Our overall creditor days (the total value of our creditors at 31 March 2020 divided by total creditor payments during 2019/20, expressed in days) was 25 days (15 days in 2018/19).

Data quality and data protection

We treat our information security obligations extremely seriously, and under the scrutiny and advice of the Audit and Risk Committee we regularly assess the adequacy of our information security measures.

The General Data Protection Regulation came into force in May 2018 and set greater controls on organisations with regard to their responsibilities for collecting and storing personal data. Much of the Fund's activity with regard to collection of personal data is covered by our statutory role but the regulation fully applies to the Fund. We have adapted our processes and approach to ensure we meet the new requirements. We have updated our grant agreements and considered carefully arrangements with grant holders for the collection, storage and sharing of the personal data of individual beneficiaries including where special categories of personal data may be stored.

During 2019/20 there were no reportable losses of personal data.

Impact of Brexit

The Fund is engaged in two active funding programmes with matched funding from the European Social Fund (ESF). This funding is already in place through the Department for Work and Pensions (DWP) as the Managing Agent to deliver these grants. The Fund's costs for delivery of these programmes is guaranteed by Treasury and DWP for the duration of the current programme irrespective of the arrangements for any future funding in a final Brexit settlement.

The Fund's remaining activities are not dependent on cross border sources of funding and nor does it depend on significant services from

EU entities. No material impact on the Fund is predicted following the UK's exit from the EU.

Overall assessment of governance and internal control

In my opinion and supported by the Head of Internal Audit's assurance report, the Fund's systems of governance and internal controls are sufficient to enable me to ensure compliance by the Fund with the National Lottery Acts, the Dormant Bank and Building Society Accounts Act and the policy, financial and accounts directions issued under them.



Dawn Austwick

Chief Executive and
Accounting Officer

Board and committee membership, meeting attendance and remuneration during the year

Board members

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Peter Ainsworth	Chair, Board (until November 2019)	1/2	26,667	40,000
	Chair, Remuneration Committee (until November 2019)	1/1		
	Chair, UK Funding Committee (until November 2019)	2/2		
Tony Burton CBE	Chair, Board (from December 2019, previously Vice Chair)	4/4	28,201	15,696
	Chair, Audit and Risk Committee (until November 2019)	3/3		

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
	Chair Remuneration Committee (from November 2019, previously Member)	0/0		
	Chair UK Funding Committee (from December 2019, previously Member)	4/4		
Natalie Campbell	Member, Board	2/4	7,848	7,848
Perdita Fraser	Member, Board	4/4	7,848	7,848
	Member, Audit and Risk Committee	4/4		
Julie Harrison	Chair, Northern Ireland Committee (until January 2020)	4/4	18,736	24,000
	Member, Board (until January 2020)	2/3		

Board members

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Maureen McGinn	Chair, Scotland Committee (until November 2019)	5/5	16,000	24,000
	Member, Board (until November 2019)	2/2		
Elizabeth Passey	Member, Board	4/4	7,848	7,848
	Member, UK Funding Committee	3/4		
Rachael Robathan	Member, Board	4/4	7,848	7,848
	Member, Remuneration Committee	0/0		
Nat Sloane CBE	Chair, England Committee (until November 2019)	3/4	16,000	24,000
	Member, Board (until November 2019)	0/2		

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Sir Adrian Webb	Chair, Wales Committee	4/4	24,000	24,000
	Member, Board	3/4		
	Member, Audit and Risk Committee	3/4		
Emma Boggis	Vice Chair, Board (from March 2020, previously member from February 2019)	4/4	9,278	
	Chair, Audit and Risk Committee (from January 2020)	1/1		
Danielle Walker-Palmour	Member, Board (from February 2019)	3/4	8,922	

Board members

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Maureen McGinn	Chair, Scotland Committee (until November 2019)	5/5	16,000	24,000
	Member, Board (until November 2019)	2/2		
Elizabeth Passey	Member, Board	4/4	7,848	7,848
	Member, UK Funding Committee	3/4		
Rachael Robathan	Member, Board	4/4	7,848	7,848
	Member, Remuneration Committee	0/0		
Nat Sloane CBE	Chair, England Committee (until November 2019)	3/4	16,000	24,000
	Member, Board (until November 2019)	0/2		

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Sir Adrian Webb	Chair, Wales Committee	4/4	24,000	24,000
	Member, Board	3/4		
	Member, Audit and Risk Committee	3/4		
Emma Boggis	Vice Chair, Board (from March 2020, previously member from February 2019)	4/4	9,278	
	Chair, Audit and Risk Committee (from January 2020)	1/1		
Danielle Walker-Palmour	Member, Board (from February 2019)	3/4	8,922	

Other members - England committee

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Margaret Jones	Member, England Committee	6/6	7,848	7,848
Tarn Lamb	Member, England Committee	3/4	7,701	10,160
Kevin Bone	Member, England Committee	6/6	7,848	7,848
	Member, UK Funding Committee	4/4		
John Mothersole	Member, England Committee	5/6	7,848	7,848
Rosie Ginday	Member, England Committee (from April 2019)	5/6	7,848	
Ray Coyle	Member, England Committee (from April 2019)	5/6	7,848	

Other members - Scotland committee

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Grant Carson	Member, Scotland Committee	7/7	5,232	5,232
Stella Everingham	Member, Scotland Committee (until December 2019)	5/5	3,924	5,232
	Member, UK Funding Committee (until December 2019)	3/3		
Lindsay Graham	Member, Scotland Committee	7/7	5,232	5,513
Aaliya Seyal	Member, Scotland Committee	7/7	5,232	5,513
	Member, UK Funding Committee (from January 2020)	1/1		
Martin Johnstone	Member, Scotland Committee	5/7	5,232	5,513
Janet Miles	Member, Scotland Committee	7/7	5,242	3,450

Other members - Wales committee

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Rona Aldrich	Member, Wales Committee	3/4	5,232	5,232
Sian Callaghan	Member, Wales Committee	3/4	5,232	5,232
	Member, UK Funding Committee			
Rob Pickford OBE	Member, Wales Committee (until December 2019)	3/3	3,924	5,232
Helen Wilkinson	Member, Wales Committee	3/4	5,232	5,232
Nicola Russell-Brooks	Member, Wales Committee	4/4	5,232	
Fadhili Maghiya	Member, Wales Committee (from January 2020)	1/1	1,139	

Other members - Northern Ireland committee

Name	Role	Attendance 2019/20	Remuneration 2019/20	Remuneration 2018/19
Dr Michael Dobbins	Member, Northern Ireland Committee	5/6	5,232	5,232
	Member, UK Funding Committee	3/3		
Tony Doherty	Member, Northern Ireland Committee	5/6	5,232	5,232
Charles Mack	Member, Northern Ireland Committee	4/6	5,232	5,232
Sandra MacNamee	Member, Northern Ireland Committee	6/6	5,232	5,232
Eileen Mullan	Member, Northern Ireland Committee	5/6	5,232	5,232
	Member, UK Funding Committee	1/1		

Audit and Risk committee

Ruth Marchington	Member, Audit and Risk Committee	4/4	1,744	1,744
Charlotte Moar	Member, Audit and Risk Committee	4/4	1,744	1,744

Register of interests

All our Board and committee members, assessors, advisers and members of any advisory panel and our staff must declare relevant interests under our code of ethics. This code complies with the Cabinet Office code of practice for Board members of public bodies. Interests declared by Board members are posted on our website. Details of such interests for all decision-making committee members are available by writing to the Head of Governance.

If the Board or a committee considers any matters which could reasonably be seen as giving rise to a conflict of interest, principally over grant decisions to organisations but also any commercial relationships, the chair of the meeting ensures at the outset that disclosure is made and that the member withdraws while the relevant item is discussed.

The following table details awards made to organisations where Board and country committee members have declared an interest within the current financial year or where other interests have been disclosed with funded organisations.

Name	Organisation Name	Nature of relationship	Awards made in 2019/20		Withdrew from award	Outstanding grant award at 31 March 2020 (£)	
			No	£			
Aaliya Seyal	Parent Network Scotland	Self	Board Member	1	9,700	N/A	67,481
Adrian Webb	Cardiff Business School	Self	Visiting Professor	-	-	N/A	579,109
	RSPB	Self	Trustee	-	-	N/A	195,527
Charlotte Moar	Comic Relief	Self	Trustee and Treasurer	-	-	N/A	328,697
	National Trust	Self	Member	1	37,808	N/A	37,808
Danielle Palmour	MySight York	Self	Trustee	-	-	N/A	178,802
Eileen Mullan	Age Northern Ireland	Self	Chair	-	97,000	N/A	1,810,215
Elizabeth Passey	Black Mountains College	Self	Board Member	1	-	N/A	80,250
Kevin Bone	Pilotlight Ltd	Self	Trustee	-	-	N/A	142,650
Lindsay Graham	Dundee Bairns	Self	Trustee	1	1,000	N/A	-
	Mayor's Fund for London	Self	Advisor	-	-	N/A	27,000
Maggie Jones	Leeds City Council Community Board	Self	Member	-	-	N/A	2,488,968
	YourConsortium	Self	Connected with related organisation	-	-	N/A	2,505,088

Name	Organisation Name	Nature of relationship	Awards made in 2019/20		Withdrew from award	Outstanding grant award at 31 March 2020 (£)	
			No	£			
Martin Johnstone	The Church of Scotland	Self	Employee	2	19,896	N/A	-
	theGKexperience SCIO	Self	Chair	1	10,000	N/A	-
	Wevolution	Self	Advisor	-	-	N/A	123,619
	Home-Start Glasgow South	Spouse/ Partner	Close relative connected	-	-	N/A	203,211
	Cyrenians	Children	Close relative connected	1	233,075	N/A	158,226
Maureen McGinn	Clore Social Leadership	Self	Mentor	-	-	N/A	45,282
	Focus Charity	Self	Trustee	1	380,019	N/A	237,236
	Paul Hamlyn Foundation	Self	Advisor	-	-	N/A	67,500
Michael Dobbins	Liberty Consortium	Self	Chair	1	1,000	N/A	37,606
	Liberty Consortium CIC	Self	Director	1	1,000	N/A	37,606
Nicola Russell-Brooks	Age Cymru Swansea Bay	Self	Employee	1	10,000	N/A	-
	NCVO	Self	Consultant	1	373,642	N/A	328,675
	Comic Relief	Self	Consultant	-	-	N/A	328,697
Perdita Fraser	Ashoka UK	Self	Advisor	-	-	N/A	20,000

Name	Organisation Name	Nature of relationship	Awards made in 2019/20		Withdrew from award	Outstanding grant award at 31 March 2020 (£)	
			No	£			
Peter Ainsworth	National Trust	Self	Subscribing Member	1	37,808	N/A	37,808
	Pallant House Gallery	Family (other)	Close relative connected	-	-	N/A	47,484
	Plantlife	Self	Chair	-	-	N/A	182,111
Rob Pickford	The Bevan Foundation	Self	Advisor	1	9,876	N/A	-
	Royal Society for the Protection of Birds	Self	Member	-	-	N/A	195,527
	National Trust	Self	Member	1	37,808	N/A	37,808
	Cardiff University	Self	Fellow	-	-	N/A	579,109
	Multiple Sclerosis Society	Self	Close relative connected	2	155,973	N/A	122,789
	The Wildlife Trusts	Self	Vice Chair	-	-	N/A	7,041,762
Ruth Marchington	Ramblers Association	Self	Subscribing Member	-	-	N/A	12,163
	National Trust	Self	Subscribing Member	1	37,808	N/A	37,808
Sandra McNamee	Antrim, Ballymena, Carrick, Larne & N'Abbey Women's Aid	Self	Consultant	1	10,000	N/A	150,634
	NSPCC	Self	Consultant	1	389,284	N/A	28,584,138
	Belfast and Lisburn Women's Aid	Self	Consultant	1	9,600	N/A	-

Name	Organisation Name	Nature of relationship	Awards made in 2019/20		Withdrew from award	Outstanding grant award at 31 March 2020 (£)	
			No	£			
Sian Callaghan	Royal Society for the Protection of Birds	Spouse/ Partner	Close relative connected	-	-	N/A	195,527
	The National Trust	Self	Member	1	37,808	N/A	37,808
Stella Everingham	Scottish Borders Council	Self	Employee	-	-	N/A	54,914
	National Trust	Self	Member	1	37,808	N/A	37,808
	Children 1st	Self	Board Member	1	371,896	N/A	249,213
Tarn Lamb	Cornwall Neighbourhoods for Change	Self	Chief Executive	-	-	N/A	40,825
	The Learning Partnership for Cornwall and Isles of Scilly Ltd	Self	Director	-	-	N/A	177,302
	Penhaligon's Friends	Self	Trustee	1	900	N/A	-
Tony Burton	National Trust	Self	Member	1	37,808	N/A	37,808
	Renaisi Limited	Self	Consultant	1	9,775	N/A	741,224
	The Conservation Volunteers	Self	Trustee	-	-	N/A	34,547
Tony Doherty	Bogside & Brandywell Initiative/Healthy Living Ctr Alliance Ltd	Self	Director	1	8,940	N/A	-

Name	Organisation Name	Nature of relationship		Awards made in 2019/20		Withdrew from award	Outstanding grant award at 31 March 2020 (£)
				No	£		
Fadhili Maghiya	Sub-Saharan Advisory Panel	Self	Director	1	10,000	N/A	-
John Mothersole	Sheffield Churches Council for Community Care	Self	Trustee	-	-	N/A	77,032

Notes: 1. Where recorded as not applicable (“N/A”) the individual has declared a connection with the organisation but was not party to any decisions concerning related grants.

The senior management team

Dawn Austwick
Chief Executive

Sarah Benioff
Director, England
(until August 2019)

Kate Beggs
Director, Northern Ireland

Gemma Bull
Funding Strategy Director
(until February 2020)

Martin Cawley
Director, Scotland
(until June 2019)

Elly de Decker
Director, England
(from January 2020)

Joe Ferns
UK Knowledge and
Portfolio Director
(until February 2020)

James Harcourt
Director, England
(until September 2019)

Ben Harrison
Director of Engagement
(until January 2020)

Ian Hughes
Finance Director

Faiza Khan
Director of Engagement
and Insight
(from January 2020)

Neil Ritch
Director, Scotland
(from August 2019)

John Rose
Director, Wales

Matthew Green
Technology Director
(executive from April
2019)

Neil Harris
People Director (executive
from April 2019)

Our remuneration and staff report

Governance

The Remuneration Committee of the Board has responsibility to:

- agree the terms and conditions of employment of the Chief Executive
- decide on the Chief Executive's performance appraisal and related pay
- determine the remuneration policy for directors
- approve the performance appraisals and performance-related pay for directors, and
- decide on severance terms for the Chief Executive and advise on severance terms of directors
- to nominate proposed new members of the Board.

At the request of the Chair of the Committee the Chief Executive, the People Director, or other officers attend meetings for selected agenda items.

The decisions of the Committee are subject to:

- compliance with the pay guidance issued by

the Cabinet Office/HM Treasury applying to the remuneration of staff generally

- approval by DCMS of the terms and conditions of employment of the Chief Executive
- approval by DCMS of any termination

payments to the Chief Executive.

Remuneration policy for executive directors

Our policy is to offer remuneration that enables the Fund to attract, retain and motivate high calibre individuals with the skills and abilities to lead and manage the organisation. In doing so, the policy seeks to remunerate fairly for individual responsibility and contribution, while providing an element of performance related pay.

Directors including the Chief Executive receive a basic salary and a performance related payment. All other terms and conditions of employment are the same as for other Fund employees. They are entitled to be members of the Principal Civil Service Pension Scheme. All directors are on

permanent contracts (except where necessarily covered by temporary or interim arrangements) subject to three months' notice. Any termination payments are paid in accordance with the civil service compensation scheme.

Any annual increase to the Chief Executive's salary is determined by the Remuneration Committee; for 2019/20 this was 1.0 per cent. Annual increases to the other directors' salaries are approved by the Chief Executive reflecting the outcome of the overall staff pay award.

The Chief Executive is entitled to a performance-related payment of up to 12 per cent of her basic salary. The other directors are entitled to a payment of up to 8 per cent of their basic

salary. Performance-related payments are unconsolidated (that is, they are not added to basic salary, and must be earned again each year). They are not included in pensionable pay. The Chief Executive has decided to give the performance related elements of her remuneration to charity.

None of the directors receive any taxable benefits in kind. Directors are reimbursed expenses incurred in the course of their duties on the same basis as all other employees of the Fund.

Six members of the Senior Management Team left during the year. One leaver was paid a termination payment following a restructure of certain functions which ended the requirement for one role. The termination

payment was made in line with the arrangements under the civil service compensation scheme and amounted to £33,417.

Details of the basic salary, performance-related payments and pension benefits of directors are set out in the table on pages 87 to 90. Details of their expenses can be found on the website:

tnlcommunityfund.org.uk/about/our-people/senior-management-team

Officials with significant financial responsibility

The Fund engaged 27 Board members or members of the Senior Management Team during the course of the year who were deemed to have significant financial responsibility. All of these engagements were paid through the Fund's payroll.

Pay multiples (audited information)

We disclose the relationship between the remuneration of our highest-paid director (which is the Chief Executive) and the median remuneration of the Fund's employees.

Total remuneration includes salary, performance related pay and benefits in kind; it excludes termination payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The banding of the total salary plus performance award during the year of the highest paid director was £145,000 to £150,000 (2018/19 £145,000 to £150,000), the median salary of the Fund's employees was £28,044 (2018/19

£26,542). In 2019/20, the ratio of the highest paid to the median has changed to 5.3:1 (2018/19 5.6:1). In 2019/20, no (2018/19 none) employees received remuneration in excess of the highest-paid director. The range of remuneration is from a range of £10,000 to £15,000 to a range of £145,000 to £150,000.

Staff

Details of staff numbers, their composition and any exit packages are shown in note 7 to the financial statements.

Equality in employment

The Fund seeks to be a diverse and inclusive employer. We aim to ensure that our staff appropriately reflect and represent the communities which they support. Our approach to recruitment seeks to

ensure that we attract a diverse range of applicants and we use appropriate sources, contacts, agencies and advertising approaches to support this.

We seek to ensure that we provide training and development opportunities to all staff to maximise their capacity to undertake their roles for the Fund. We support a range of training opportunities directly related to, and distinct from, the skills required to fulfil the role including leadership and management development. Where staff acquire access issues during the course of their employment we seek to ensure they are able to continue to meet the demands of their role including providing additional support and training as necessary.

The table below sets out our monitoring report for equalities for 2019/20.

	The Fund	Civil Service	UK economically active population
Disability status	%	%	%
Staff with disability	9.3	11.7	13.4
Staff without disability	90.7	88.3	86.6

	The Fund	Civil Service	UK economically active population
Gender	%	%	%
Female	66.6	53.9	47.2
Male	33.2	46.1	52.8

	Board	Directors	Fund Senior Staff
Gender	%	%	%
Female	59.5	40.0	63.2
Male	40.5	60.0	36.8

Ethnic Group	The Fund	UK economically active population
	%	%
Asian	6.3	4.7
Black	3.7	3.3
Chinese	0.2	0.4
Mixed	2.0	1.2
Other	0.2	2.8
White	84.9	87.6
Not Known	2.7	-
Do not wish to declare	-	-

Staff sickness absence

We are committed to the health and wellbeing of our staff. The Fund has a comprehensive sickness absence policy and also undertakes employee-led wellbeing activities. During 2019/20, the average number of days of sickness absence was 8.0 days per employee (8.0 days in 2018/19).

Employee involvement

The Fund has a constructive relationship with our joint recognised unions, Prospect and Unite, and seeks to find and encourage opportunities for employee involvement and consultation. The Fund regularly seeks the views and opinions of its staff through informal dialogue and through formal employee engagement surveys.

Health & Safety

The Fund takes its responsibilities for the Health & Safety of its staff, contractors and grant holders seriously. We seek to adopt best practice in the management and reporting of risk. Changes to the way we work, with more of our colleagues working away from fixed office bases, has caused us to address any additional risks that may arise.

Off Payroll Engagements and Consultancy

During the year the Fund has engaged five (2018/19 seven) individuals through off-payroll contracts. The Fund operates strict tests to ensure that the nature of all engagements is appropriately assessed and that in all cases contracts are

set to ensure that the appropriate tax and National Insurance obligations are met. The total cost of these arrangements was £405,017 (2018/19 £250,240).

All five of the off payroll contracts were new contracts in the year or reached a period of six months engagement during the year.

Assurance with regard to tax and national insurance deductions was sought and provided in all cases. None were directly engaged through the Fund's payroll and none were subject to change of status.

The Fund has incurred consultancy costs during the year of £330,178 (2018/19 £345,245) in respect of the provision of advice and expertise which we would not

routinely procure to support our continuing activities.

Apprenticeship Levy

The apprenticeship levy applies to all organisations with an annual paybill greater than £3 million. Contributions to the apprenticeship levy account amount to 0.5% of the total paybill after deduction of a £15,000 allowance. Contributions to the account in respect of sums relating to England are topped up by government by 10%. Employers are able to use the account to pay for qualifying training activities. Apprenticeship arrangements with respect to Scotland, Wales and Northern Ireland are unchanged. The Fund has made total contributions to the scheme during

the year of £125,314 (2018/19 £122,078) and in accordance with the government accounting guidance has written this off as a staff cost under taxes.

The Fund has reclaimed £58,308 (2018/19 £17,467) in training costs from appropriate providers. These costs would typically be shown as training costs in operating costs with the benefit of the drawdown from the apprenticeship levy account shown in income as a government grant.

Gender Pay Gap

The Fund is required to report its performance under the Gender Pay Gap regulations. Full details are available on gov.uk gender pay gap portal and are published on our own website. Across the Fund as a

whole, we report a gender pay gap of 5.5 per cent (2018/19 6.1 per cent) for mean pay whilst for median pay, the rate is 3.2 per cent (2018/19 2.4 per cent). We recognise the slight increase of less than 1 per cent for our median pay gap and are working hard to continually improve our approach.

BAME Pay Gap

Whilst we are not legally required to report our BAME (black, Asian and minority ethnic) pay gap, we have taken the decision to publish our results alongside the gender pay gap. Across the Fund as a whole, we report a BAME pay gap of 0.9 per cent for mean pay whilst for median pay, the rate is minus 0.1 per cent. Whilst our results compare well with other organisations, we're not complacent and

understand there's more work to be done to fully understand how it feels for everyone working here, before setting out more ideas for positive change. Our ambition is to have no less than 100%

of people feeling they can be themselves at the Fund. We want everyone to feel happy at work, to feel valued and we need different perspectives to have a truly inclusive culture.

Trade Union Facility Time

Number of employees who were relevant union officials during the financial year	6
Full time equivalent employee number	<u>2.9</u>
Percentage of time spent on facility time by relevant union officials:	
0%	-
1-50%	2
51-99%	4
100%	<u>-</u>
Total cost of facility time	£141,754
Total cost of paybill	£36,375,003
Percentage of paybill spent on facility time	<u>0.40%</u>
Hours spent on paid trade union activities	180
Hours spent on paid facility time	5,515
Percentage	<u>3.3%</u>

Executives' remuneration – single total figure for remuneration (audited information)

Executives	2019/20 Salary £000	2019/20 Performance related payments £000	2019/20 Value of pension benefits £000	2019/20 Single total figure for Remuneration £000	2018/19 Salary £000	2018/19 Performance related payments £000	2018/19 Value of pension benefits £000	2018/19 Single total figure for Remuneration £000
Dawn Austwick (Chief Executive)	130-135 (Full time equivalent 145- 150)	10-15	52	200-205	130-135 (Full time equivalent 145-150)	10-15	52	195-200
Kate Beggs (Director, Northern Ireland)	75-80	0-5	57	130-135	12-15 (Annual equivalent 75-80)	0-5	13	25-30
Sarah Benioff (Director, England) until August 2019	35-40 (Annual equivalent 85-90)	0-5	20	55-60	25-30 (Annual equivalent 85-90)	0-5	35	60-65
Gemma Bull (Funding Strategy Director) until February 2020	80-85 (Annual equivalent 85-90)	5-10	35	120-125	85-90	5-10	34	125-130
Martin Cawley (Director, Scotland) until June 2019	20-25 (Annual equivalent 90-95)	0-5	9	35-40	85-90	0-5	34	120-125

Executives	2019/20 Salary £000	2019/20 Performance related payments £000	2019/20 Value of pension benefits £000	2019/20 Single total figure for Remuneration £000	2018/19 Salary £000	2018/19 Performance related payments £000	2018/19 Value of pension benefits £000	2018/19 Single total figure for Remuneration £000
Elly de Decker (Director, England) from January 2020	20-25 (Annual equivalent 85-90)	0-5	30	50-55	-	-	-	-
Joe Ferns (Director, UK Knowledge and Portfolio) until February 2020	90-95 (Annual equivalent 100-105)	0-5	-	90-95	90-95	0-5	13	100-105
Matthew Green (Director, Technology) from October 2018*	75-80	0-5	-	75-80	-	-	-	-
James Harcourt (Director, England Grant Making) until September 2019	35-40 (Annual equivalent 80-85)	5-10	15	55-60	80-85	5-10	33	120-125
Neil Harris (People Director) from May 2018*	75-80	0-5	-	75-80	-	-	-	-
Ben Harrison (Director of Engagement) until January 2020	65-70 (Annual equivalent 80-85)	0-5	29	100-105	80-85	0-5	32	115-120
Ian Hughes (Finance Director)	105-110	5-10	43	155-160	105-110	5-10	42	155-160
Faiza Khan (Engagement & Insight Director) from January 2020	15-20 (Annual equivalent 80-85)	0-5	7	20-25	-	-	-	-

Executives	2019/20 Salary	2019/20 Performance related payments	2019/20 Value of pension benefits	2019/20 Single total figure for Remuneration	2018/19 Salary	2018/19 Performance related payments	2018/19 Value of pension benefits	2018/19 Single total figure for Remuneration
	£000	£000	£000	£000	£000	£000	£000	£000
Joanne McDowell (Director, Northern Ireland) until December 2018	-	0-5	-	0-5	50-55 (Annual equivalent 80-85)	0-5	31	85-90
Neil Ritch (Director, Scotland) from August 2019	50-55 (Annual equivalent 75-80)	0-5	-	50-55	-	-	-	-
John Rose (Director, Wales)	85-90	0-5	52	140-145	75-80	0-5	41	120-125

**Executives' remuneration – pensions
(audited information)**

Executives	Accrued pension at pensionable age as at 31/03/20 and related lump sum	Real increase in pension and lump sum at pension	Cash Equivalent Transfer Values (CETV) at 31/03/20	Cash Equivalent Transfer Values (CETV) at 31/03/19	Real increase in CETV
	£000	£000	£000	£000	£000
Dawn Austwick (Chief Executive)	20 – 25 plus 0 lump sum	2.5 – 5 plus 0 lump sum	338	279	36
Kate Beggs (Director, Northern Ireland)	15–20 plus lump sum 35-40	2.5–5 plus lump sum 2.5-5	281	233	33
Sarah Benioff (Director, England) until August 2019	25-30 plus 0 lump sum	0 – 2.5 plus 0 lump sum	419	401	13
Gemma Bull (Funding Strategy Director) until February 2020	10-15 plus 0 lump sum	0-2.5 plus 0 lump sum	105	84	12
Martin Cawley (Director, Scotland) until June 2019	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	76	69	5
Elly de Decker (Director, England) from January 2020	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	69	47	14

Executives	Accrued pension at pensionable age as at 31/03/20 and related lump sum £000	Real increase in pension and lump sum at pension £000	Cash Equivalent Transfer Values (CETV) at 31/03/20 £000	Cash Equivalent Transfer Values (CETV) at 31/03/19 £000	Real increase in CETV £000
Joe Ferns (Director, UK Knowledge and Portfolio) until February 2020	N/A	N/A	N/A	N/A	N/A
Matthew Green (Director, Technology) from October 2018*	N/A	N/A	N/A	N/A	N/A
James Harcourt (Director, England Grant Making) until September 2019	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	67	58	6
Neil Harris (People Director) from May 2018*	N/A	N/A	N/A	N/A	N/A
Ben Harrison (Director of Engagement) until February 2020	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	50	37	8
Ian Hughes (Finance Director)	10-15 plus 0 lump sum	2.5-5 plus 0 lump sum	208	161	33

Executives	Accrued pension at pensionable age as at 31/03/20 and related lump sum £000	Real increase in pension and lump sum at pension £000	Cash Equivalent Transfer Values (CETV) at 31/03/20 £000	Cash Equivalent Transfer Values (CETV) at 31/03/19 £000	Real increase in CETV £000
Faiza Khan (Director Engagement & Insight) from January 2020	0-5 plus 0 lump sum	0-2.5 plus 0 lump sum	4	0	3
Joanne McDowell (Director, Northern Ireland) until 31 December 2018	N/A	N/A	N/A	496	N/A
Neil Ritch (Director, Scotland) from August 2019	N/A	N/A	N/A	N/A	N/A
John Rose (Director, Wales)	25-30 plus 0 lump sum	2.5-5 plus 0 lump sum	415	358	36

*Matthew Green and Neil Harris were recognised as Executives from 1 April 2019.

Cash equivalent transfer values (CETV)

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their lifetime membership of the scheme not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the Fund. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration of Board and Committee members
The remuneration of Board and committee members of the Fund is determined by the Secretary of State for the Department of Digital, Culture, Media and Sport. The Chairs of the Board and the country committees receive an annual salary based on the number of days they are expected to devote to the work of the Fund. These were set out in their letter of appointment. The total amounts they received are shown in the table on pages 71 to 75. Board and committee members do not receive any taxable benefits in kind or pension benefits. They are reimbursed expenses incurred in the course of their duties on the same basis as Fund employees.



Dawn Austwick
Chief Executive and
Accounting Officer
3 July 2020

Our parliamentary accountability and audit report

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2020 under the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes,

including the significant accounting policies.

These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Big Lottery Fund's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance

with the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'.

My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Big Lottery Fund in accordance with the ethical requirements that are relevant

to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Big Lottery Fund's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Big Lottery Fund have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Big Lottery Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the

Accounting Officer for the financial statements

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Chief Executive, as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient

to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but

not for the purpose of expressing an opinion on the effectiveness of the Big Lottery Fund's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other

matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report

as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008;
- in the light of the knowledge and understanding of the Big Lottery Fund and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report for the financial

year for which the financial statements are prepared is consistent with the financial statements.

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

National Audit Office
157-197 Buckingham
Palace Road
Victoria, London, SW1W
9SP

Statement of comprehensive income

		Year ended 31 March 2020	Year ended 31 March 2019
	Note	£000	£000
Income			
Lottery income			
Proceeds from the National Lottery	13	710,434	640,005
Investment income from the National Lottery Distribution Fund	13	3,436	3,280
Bank and other interest receivable	2	145	164
Recoveries of grant	2	1,976	2,361
		<u>715,991</u>	<u>645,810</u>
Dormant accounts money income			
Received/Receivable from Reclaim Fund Ltd	29a	68,530	71,771
Bank interest receivable	29a	650	232
Recoveries of grant	29a	2	3
		<u>69,182</u>	<u>72,006</u>
Other income	2	<u>6,567</u>	<u>4,686</u>
Total income		<u>791,740</u>	<u>722,502</u>

	Note	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Expenditure National Lottery programme expenditure			
Grant expenditure	3	584,255	504,684
Less lapsed or revoked grant expenditure	3	(4,682)	(3,174)
Direct expenditure in support of programmes	4	8,622	9,583
		<u>588,195</u>	<u>511,093</u>

**Dormant
accounts money
programme
expenditure**

Transfers/ transferable to designated distributors	29a	55,445	123,850
Grant expenditure	29a	6,822	5,063
Less lapsed or revoked grant expenditure	29a	(352)	(54)
		<u>61,915</u>	<u>128,859</u>

	Note	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Operating costs			
Operating costs for distributing National Lottery Income	5	54,822	51,963
Operating costs for distributing dormant account money Recharged operating costs	5	480	680
		<u>2,985</u>	<u>3,385</u>
		<u>58,287</u>	<u>56,028</u>

	Note	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
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**Restructuring and
investment**

	8	917	1,170
		<u>59,204</u>	<u>57,198</u>
Total expenditure		<u>709,314</u>	<u>697,150</u>

**Surplus before
taxation**

		82,426	25,352
Taxation	9	(28)	(30)
Total comprehensive net income		<u>82,398</u>	<u>25,322</u>

All income and expenditure relates to continuing activities.

The notes on pages 170 to 243 form part of these accounts.

Statement of changes in equity

Year ended 31 March 2020

Year ended 31 March 2019

	Lottery Accounts	Dormant Accounts	Total	Lottery Accounts	Dormant Accounts	Total
	£000	£000	£000	£000	£000	£000
Overall reserves						
Opening reserve position	(746,238)	43,477	(702,761)	(829,093)	101,010	(728,083)
Transferred from Statement of Comprehensive Net Income	75,611	6,787	82,398	82,855	(57,533)	25,322
Closing reserve position	<u>(670,627)</u>	<u>50,264</u>	<u>(620,363)</u>	<u>(746,238)</u>	<u>43,477</u>	<u>(702,761)</u>

The notes on pages 170 to 243 form part of these accounts.

Statement of financial position

		As at 31 March 2020 £000	As at 31 March 2019 £000
	Note		
Non-current assets			
Property, plant and equipment	10	3,473	4,262
Intangible assets	11	368	2,078
Right-of-use assets	20	11,676	-
		<u>15,517</u>	<u>6,340</u>
Current assets			
Trade and other receivables	12	124,847	129,541
Cash at bank and in hand		79,951	95,412
Investment balance in National Lottery Distribution Fund	13	302,735	277,137
		<u>507,533</u>	<u>502,090</u>
Total assets		<u>523,050</u>	<u>508,430</u>

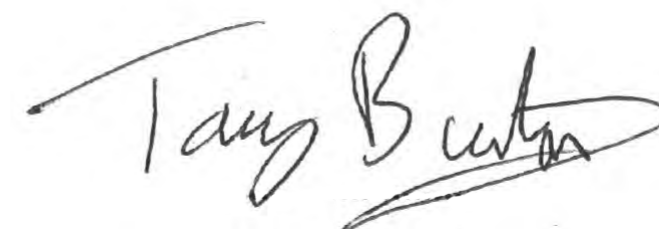
	Note	As at 31 March 2020 £000	As at 31 March 2019 £000
Current liabilities			
Trade and other payables	14	(505,491)	(548,619)
Lease liabilities	20	(4,710)	-
Total assets less net current liabilities		<u>12,849</u>	<u>(40,189)</u>

		As at 31 March 2020 £000	As at 31 March 2019 £000
Non-current liabilities			
Trade and other payables	14	(555,414)	(568,278)
Lease liabilities	20	(6,636)	-
Provisions	15	(71,162)	(94,294)
		<u>(620,363)</u>	<u>(702,761)</u>
Assets less liabilities			
Represented by:			
Lottery funds reserve		(670,627)	(746,238)
Dormant account money reserve		50,264	43,477
		<u>(620,363)</u>	<u>(702,761)</u>

Signed on behalf of the Big Lottery Fund Board on
3 July 2020



Dawn Austwick
Chief Executive and
Accounting Officer



Tony Burton
Chair

The notes on pages 170 to 243 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Digital, Culture, Media and Sport in accordance with Section 36A (2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and the Dormant Accounts and Building Society Act 2008. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Fund for 2019/20 are described below. They have been applied consistently in dealing with items that are considered material to the accounts. We have not adopted any IFRS that have been issued but are not yet effective.

1.1 Accounting convention

These accounts have been prepared under the historic cost convention modified where appropriate for fair value. With the exception of certain revalued assets, we believe that the historic cost is not materially different to fair value. Without limiting the information given, the accounts

meet the accounting and disclosure requirements of the Companies Act, FReM and International Financial Reporting Standards, where appropriate.

1.2 Going concern

The annual accounts have been prepared on a going concern basis. The grant commitments for future years have been entered into after consideration of the cash requirements of grant recipients (these can extend up to seven years) and after taking account of income projections prepared as part of the business planning process. In taking this view of future income the Board assumes as a matter of public policy the continued operation of the National Lottery.

1.3 National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to the Fund is as shown in the accounts and, at 31 March 2020, has been certified by the Secretary of State for Digital, Culture, Media and Sport as being available for distribution by the Fund in respect of current and future commitments.

1.4 Property, plant and equipment

Property, plant and equipment is recognised in the Statement of Financial Position at cost except for items costing less than £2,000, which are written off to the Statement of Comprehensive Income in the year of acquisition.

Depreciation is provided at rates calculated to write off the valuation of the assets on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the life of the lease
IT equipment	3 years
Office equipment, furniture and fittings	3 years

1.5 Intangible assets

In accordance with IAS 38 'Intangible Assets', development costs that are directly attributable to the design and testing of identifiable and unique software are recognised as an intangible asset. Directly attributable costs include external contractors' fees and employee costs. Following initial recognition of the assets we amortise on a straight-line basis over the estimated useful life as follows:

Grant Management system	4 years or remaining useful economic life where revised
Website	5 years

We do not amortise the costs associated with assets under construction.

Intangible assets have been subject to impairment review under IAS36 (note 11).

1.6 Pension fund

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. They may alternatively join the Civil Service Partnership Pension Scheme - a stakeholder pension. Pension benefits are paid by the PCSPS. Our liabilities are limited to a charge, which is set by the Chief Government Actuary, related to salaries paid in each year. The scheme was last valued on 31 March 2012. An updated interim valuation was applied with effect from April 2019 and a further review is currently in progress.

1.7 Leases

Lessee

The Fund has adopted IFRS 16 Leases for the first time in the 2019/20 financial year. Right-of-use assets are identified in the statement of financial position at cost determined by the present value of payments due under each lease. The costs are amortised over the minimum period of the lease including optional periods where the Fund is certain or reasonably certain to exercise the option to extend. The finance costs of servicing the leased assets is charged as interest in the statement of comprehensive income.

Lessor

Where we have provided a rent free or other inducement to a tenant the cost of this inducement is apportioned

over the period to the earlier of the rent break point or the expiry date of the lease on a straight line basis.

1.8 Expenditure on programmes

The National Lottery etc. Act 1993 provides for the Fund to make grants to fund or assist in the funding of projects and to make or enter into arrangements which are designed to meet expenditure that is charitable or connected with health, education or the environment as directed by the Secretary of State.

Grant awards

Grant awards are accounted for as expenditure in the Statement of Comprehensive Income and, until paid, as liabilities in the Statement of Financial Position if

they meet the definition of liabilities in IAS37 Provisions, Contingent Liabilities and Contingent Assets, whether arising from legal or constructive obligations. Grant awards are recognised as expenditure and commitments are accounted for when:

- 1.the award has been formally decided on by the Fund; and
- 2.the award has been notified to the intended recipient; and
- 3.the award is free from any conditions under the control of the Fund.

Grant awards which have been formally decided upon by the Fund, but which do not meet the technical definition of liabilities, either due to their not having been communicated to the recipient, or due to their not meeting strict criteria

relating to either specific conditions or award types (see below) are not included in expenditure in the Statement of Comprehensive Income or as liabilities in the Statement of Financial Position but are disclosed as contingent liabilities in Note 17.

Development awards

Where the Fund retains discretion whether to make subsequent awards following a funded development phase, the potential subsequent award is not treated as a liability until the Fund has taken a further formal decision to proceed with it.

Performance based awards

Where payment of all or part of an award is subject to a performance condition, the part of the award subject to the condition is not treated

as a liability until the condition is met.

Multi-stage awards

Where an award is made payable over multiple stages and continuation of the award is conditional upon the outcome of formal reviews by the Fund, the later stages of the award will be treated as a liability if either the nature of the review is merely to confirm progress, or the outcome of the review is that the Fund continues the award.

Classification of liabilities

Grant liabilities at the date of the Statement of Financial Position are classified as accruals unless they meet the recognition criteria in IAS37 Provisions, Contingent Liabilities and Contingent Assets.

Grants repaid and recovered

Our conditions of grant permit the recovery and repayment of grants paid. This can arise when the grant holder fails to comply with the terms and conditions or where the actual expenditure by a recipient falls below the grant that has been paid based on estimated costs. Recoveries of grants are recognised as income on receipt of the repayment.

Direct expenditure on programmes

We record as 'direct expenditure on programmes' those costs incurred in delivering services directly to beneficiaries or grant recipients as arrangements under s36B of the National Lottery etc. Act 1993. For example, provision of applicant and recipient support

structures and quality assurance for the direct benefit of grant recipients.

Lapsed or revoked grant expenditure

We record as 'lapsed or revoked grant expenditure' any instances where the grant holder has chosen to return unused grant monies to the Fund or where we have chosen to withdraw unused grant monies from the grant holder. In all cases this relates to amounts that were previously recorded as commitments.

1.9 Taxation

Corporation tax is charged on the basis of tax law enacted at the financial position date. This taxation is on interest received on cash balances held in commercial bank accounts.

We are registered for

valued added tax (VAT). VAT is charged and recovered on our activities that comply with the definition of business activities as set out in VAT legislation. This includes much of our Third Party activities.

Irrecoverable VAT is charged to expenditure or capitalised in the cost of fixed assets.

1.10 Cash and cash equivalents

Cash includes cash in hand and deposits held at call with commercial banks.

1.11 Provisions

The Fund recognises a provision where:

1. there is a legal obligation as a result of a past decision
2. it is probable that resources will be required to settle the obligation, and

3. the amount can be reliably estimated.

Currently we have provisions for restructuring costs, onerous lease transactions and dormant accounts transfer of monies.

1.12 Grant management

Delegated partners

We have entered into agreements whereby a number of delegated bodies are to act as lead organisations in the delivery of grant schemes. In doing this we have delegated the statutory grant decision-making function to other organisations. Funds advanced to delegated partners for the purpose of payment of grant commitments where conditions have not been met at the year end are recorded as a current asset until we receive confirmation that grant

commitments have been met.

Trusts

The Fund has made awards to new companies limited by guarantee, which act as the sole trustee of new charitable trusts. Funds awarded to these trusts are recorded as a liability until we make payments to the trusts. Amounts held by the trust are not shown as assets.

Joint schemes

Where we have entered into a joint scheme, as defined in the National Lottery Act 1998, grant commitments made through the joint scheme are accounted for on the basis of our share in the scheme. Funds advanced to the joint scheme for the purpose of payment of grant commitments are recorded as a current asset until we receive confirmation that the

payments in respect of those commitments have been made.

Administration costs are included in the Statement of Comprehensive Income at the amount charged to the Fund.

1.13 Third party assets

The Fund holds as custodian certain assets belonging to third parties. These are not recognised in the accounts since we have no direct beneficial interest in them. The bank balances held on behalf of third parties are shown in note 25.

1.14 Financial instruments

The Fund adopted IFRS 9 - Financial Instruments - with effect from financial year 2018/19. We have reviewed our financial instruments in respect of classification, measurement and impairment, applying the

expected credit losses where applicable. The assets and liabilities which are considered to be financial in nature are set out in note 19. We do not hold any complex financial instruments.

1.15 Segmental reporting

In line with IFRS 8, the Fund's Board as 'Chief Operating Decision Maker' has determined that we operate in five material geographical segments – the UK, England, Wales, Scotland and Northern Ireland. We have a single significant source of income from National Lottery income, and the segmental reporting format reflects our management and internal reporting structure. Some programmes are UK-wide and this is reported separately from the four countries.

1.16 Dormant accounts funds

Dormant accounts funds have been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short form financial statements relating only to dormant account money are included in note 29.

1.17 Accounting Standards that have been issued but not yet adopted

There are no new accounting standards that have been issued but not yet adopted by the Fund in 2019/20.

The Fund has adopted IFRS 16 Leases with effect from 2019/20 using the cumulative approach as required under FReM.

Adoption has led to an immaterial increase in the value of right-of-use assets but has not had a material impact on the income and expenditure statement.

1.18 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are regularly evaluated and updated and any changes are reflected in the period in which these are revised.

The accounting policies set out areas involving a higher degree of judgement, assumptions or estimation techniques,

such as note 1.5 (Intangible assets), note 1.8 (Expenditure on programmes) and note 1.11 (Provisions).

The most significant judgements are:

- Intangible asset impairment – The Fund impaired the intangible asset relating to its Funding Management System in 2015/16. The system has now been replaced and the impaired value fully amortised.
- Expenditure on programmes – The Fund recognises the value of awards that are subject to performance conditions as contingent liabilities rather than grant accruals. This judgement is based on the terms and conditions of the award contracts.

The most significant estimates are:

- Provisions – We have estimated dormant accounts funds payable based on announcements made by DCMS in relation to the Dormant Bank and Building Society Accounts Act 2008.
- Intangible asset useful economic life – We estimated the remaining life of our Funding Management System which could lead to variations in amortisation costs. We previously estimated that the useful life would be to the end of 2019/20. The system has now been decommissioned and replaced by an updated solution. Therefore, no further estimation change is necessary.

2. Income

The impact of the application of IFRS 15 Revenue from Contracts with Customers has been assessed, with a review and analysis of each revenue contract. For the current and prior year, we conclude that we do not have any material revenue from contracts with customers. Where the Fund has entered into a contract with third parties who are government departments for direct funding services or for joint funding partnerships, the contracts specify or imply that the revenue is to be treated as a government grant. Therefore, we continue to apply IAS 20 Accounting for Government Grants where income and expenses are matched in the same period.

Set out below is an analysis of other income not separately identified in the Statement of Comprehensive Income.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Bank and other interest receivable		
Bank interest receivable	145	164
	145	164
Greenwich Peninsula land sale		
Greenwich Peninsula land sale	47	79
	47	79

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Other income		
Income from delivering non-Lottery funding	3,254	1,389
Income from delivering Lottery Funding on behalf of other distributors	82	58
Rental income	2,786	2,829
Sundry income	398	331
	6,520	4,607
Recoveries of grant from grant holders (Note 1.8)		
Recoveries of grant	1,976	2,361
	1,976	2,361

3. National Lottery programme expenditure

IFRS 8 requires disclosure of financial data by reportable segment. The Fund manages and reports grant making activity based on geographical segments. Operating costs however are not managed and reported on a segmental basis.

We do not allocate income to geographical segment, but we do determine medium-term award budgets for each geographical segment based on medium-term expectations of overall net incomes. As set out in the financial performance section of the annual report, grant budgets are set based on available cash resources. The Board has determined available funding for the period 2020-2023 for each country after a share of budget, up to 10 per cent, is allocated for UK programmes. Shares between each country portfolio are determined by a Budget Allocation Formula. This is based on population adjusted by a number of factors relating to relative deprivation and relative resource availability. The shares were adjusted in 2017 to take account of the population data in the 2011 Census and updated assessments of relative deprivation and relative resource availability.

Over the plan period each country committee has discretion, within certain constraints, over the phasing of grant awards. The table below sets out grant expenditure, for each portfolio, charged to the Statement of Comprehensive Income in the year.

	UK	England	Scotland	Wales	Northern Ireland	Total
	£000	£000	£000	£000	£000	£000
Grant expenditure made	58,717	432,212	37,330	28,504	27,492	584,255
Less lapsed and revoked grant expenditure	(1,076)	(3,094)	(218)	(10)	(284)	(4,682)
Net grant expenditure made 2019/20	<u>57,641</u>	<u>429,118</u>	<u>37,112</u>	<u>28,494</u>	<u>27,208</u>	<u>579,573</u>
Net grant expenditure made 2018/19	48,168	362,813	41,720	30,948	17,861	501,510

4. Direct expenditure in support of programmes

Costs relating to expenditure for the direct benefit of grant holders and their beneficiaries made under contract rather than a grant award.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Support provided directly to grant recipients and beneficiaries	<u>8,622</u>	<u>9,583</u>

5. Operating Costs

	Operating costs for distributing Lottery income	Recharged operating costs	Operating costs for distributing dormant accounts money	Year ended 31 March 2020 Total operating costs	Year ended 31 March 2019 Total operating costs
	£000	£000	£000	£000	£000
Employee remuneration	34,011	2,602	325	36,938	34,785
Travel & Expenses					
- Staff	1,828	152	7	1,987	1,904
- Board and Committee	96	-	-	96	106
Payments under short-term/low value operating leases:					
- Property	107	-	2	109	3,774
- Other	70	-	-	70	145
Other Accommodation costs	913	-	-	913	2,487
Communication costs	946	12	10	968	1,271
Externally provided support for grant programmes	400	100	6	506	537
Programme Evaluation	244	18	-	262	238
Staff recruitment and training	1,189	5	6	1,200	1,179
Professional fees	870	1	-	871	441
Auditors remuneration for audit work	116	-	-	116	112
IT infrastructure costs	3,590	-	-	3,590	3,086
Other costs	807	70	121	998	916

	Operating costs for distributing Lottery income	Recharged operating costs	Operating costs for distributing dormant accounts money	Year ended 31 March 2020 Total operating costs	Year ended 31 March 2019 Total operating costs
	£000	£000	£000	£000	£000
Write down of property, plant and equipment	1,103	-	-	1,103	-
VAT	1,103	25	3	1,131	1,965
Non-cash items					
- Depreciation (excluding right-of-use assets)	2,781	-	-	2,781	3,082
- Amortisation on right-of-use assets	4,335	-	-	4,335	-
- Interest expense on lease liabilities	313	-	-	313	-
	<u>54,822</u>	<u>2,985</u>	<u>480</u>	<u>58,287</u>	<u>56,028</u>

There were no fees for any non-audit services with external auditors.

6. Financial performance indicator

Our financial performance indicator is the proportion of our National Lottery income that we spend on distributing it, assessed over a three-year period. We exclude from this measure costs that we recharge to other organisations, including the costs of distributing non-lottery money for other organisations, sub-let property and non-qualifying expenditure. We also exclude the one-off costs of investment to achieve future efficiencies. Irrecoverable VAT is also excluded from qualifying expenditure.

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. A payment of £47,000 has been received in 2019/20 (£79,000 2018/19) which is recognised as income for performance measurement purposes.

On this basis, the cost of distributing our share of Lottery income was 7.1 per cent of National Lottery income in the year (2018/19 7.3 per cent). Assessed over the three-year rolling period the proportion was 7.1 per cent.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Operating costs for distributing Lottery income (as per Note 5)	54,822	51,963	50,891
Less rental income (as per Note 2)	(2,786)	(2,829)	(2,656)
Less sundry income (as per Note 2)	(398)	(331)	(125)
Less irrecoverable VAT	(1,131)	(1,921)	(1,800)
Total qualifying expenditure	50,507	46,882	46,310
Proceeds from National Lottery (as per Note 13)	710,434	640,005	654,033
Investment Income (as per Note 13)	3,436	3,280	1,890
Plus Greenwich Peninsula land sale (as per Note 2)	47	79	3,832

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Plus rephased income from Olympic Lottery diversion	-	-	15,000
Total qualifying income	713,917	643,364	674,755
Percentage	7.1%	7.3%	6.9%

Three-year position

Total qualifying expenditure	143,698
Total qualifying income	2,032,037
Percentage	7.1%

7. Staff numbers and costs

Total staff costs, which includes the remuneration of Board members, were as follows:

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Wages and salaries	26,731	25,944
Social security costs	2,755	2,641
Other pension costs	6,884	5,191
Apprenticeship levy costs	125	122
Agency staff costs	443	887
	36,938	34,785

A number of staff included above were seconded out to other organisations, for whom recoveries of £257,422 are included in other income. The salary and pension entitlement of the Fund's senior management and Board Members are included above, details of which are disclosed in the Remuneration and Staff Report. It is not possible to identify the number and cost of members of staff within the total who are not employed on a permanent basis with the exception of those employed through agencies.

The number of full-time equivalent employees and temporary staff working for the Fund during the year was as follows:

	Number of temporary staff at 31 March 2020 (FTE)	Number of employees at 31 March 2020 (FTE)	Total number of staff at 31 March 2020 (FTE)	Total number of staff at 31 March 2019 (FTE)
Grant-making	-	437	437	493
Support to customers and stakeholders	-	190	190	138
Governance and administration	4	154	158	200
	4	781	785	831

At 31 March 2020, the Fund employed 785 full-time equivalent employees (31 March 2019 831). This included 4 full-time equivalent temporary employees (31 March 2019).

Exit packages

Although the Fund's employees are not civil servants, their terms of employment provide for any termination payments or early retirement pensions calculated in the same way as for the Civil Service Compensation Scheme. The costs of these benefits are paid by the Fund and are not met by the Civil Service or Exchequer funds.

Exit package cost band	Number of compulsory redundancies Year ended 31 March 2020	Number of voluntary redundancies Year ended 31 March 2020	Total number of redundancies Year ended 31 March 2020	Number of redundancies Year ended 31 March 2019
<£10,000	-	36	36	3
£10,000 - £25,000	1	11	12	10
£25,001 - £50,000	-	6	6	9
£50,001 - £100,000	-	1	1	-
Total number of exit packages	1	54	55	22
Total cost £000	12	630	642	555

8. Restructuring costs

We regularly review the way we are structured and make changes to deliver fit for purpose, efficient and effective services. During 2019/20 we made some changes to the structure of our funding teams in England as a result of the introduction of new technology in our new Grant Management System which automated a number of processes. The costs of restructuring include termination payments and property transactions, including changes to the provision of onerous leases.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Termination payments	1,059	931
Property rationalisation	160	21
Unavoidable lease payments	(302)	218
	917	1,170

9. Taxation

The Fund pays corporation tax only on bank and any other interest received. There is a net tax cost of £27,524 (2018/19 £30,355) for the year.

Investment income generated on balances held in the National Lottery Distribution Fund under the stewardship of the Secretary of State is not subject to UK Corporation tax.

10. Property, plant and equipment

	Leasehold improvement £000	IT £000	Office equipment, furniture and fittings £000	Total £000
Cost				
At 1 April 2019	9,860	991	787	11,638
Additions	61	888	9	958
Disposals	-	(480)	-	(480)
At 31 March 2020	9,921	1,399	796	12,116
Depreciation				
At 1 April 2019	6,522	476	378	7,376
Charge for the year	1,044	79	226	1,349
Disposals	-	(82)	-	(82)
At 31 March 2020	7,566	473	604	8,643
Net book value				
At 31 March 2020	2,355	926	192	3,473
Cost				
At 1 April 2018	9,357	1,626	579	11,562
Additions	503	105	309	917

	Leasehold improvement	IT	Office equipment, furniture and fittings	Total
Disposals	-	(740)	(101)	(841)
At 31 March 2019	9,860	991	787	11,638

Depreciation

At 1 April 2018	5,551	1,166	321	7,038
Charge for the year	971	50	158	1,179

	Leasehold improvement	IT	Office equipment, furniture and fittings	Total
	£000	£000	£000	£000
Disposals	-	(740)	(101)	(841)
At 31 March 2019	6,522	476	378	7,376
Net book value At 31 March 2019	3,338	515	409	4,262

All leasehold improvements are on short leasehold properties where the leases expire in less than 20 years.

11. Intangible assets

	Grant management system	Funding system software	Website	Total
	£000	£000	£000	£000
Cost				
At 1 April 2019	-	9,900	358	10,258
Additions	427	-	-	427
Disposal	-	(9,900)	-	(9,900)
At 31 March 2020	427	-	358	785
Amortisation				
At 1 April 2019	-	7,822	358	8,180
Charge for the year	59	1,373	-	1,432
Disposal	-	(9,195)	-	(9,195)
At 31 March 2020	59	-	358	417
Net book value				
At 31 March 2020	368	-	-	368
Cost				
At 1 April 2018	-	9,900	358	10,258
Additions	-	-	-	-
Disposal	-	-	-	-
At 31 March 2019	-	9,900	358	10,258

	Grant management system £000	Funding system software £000	Website £000	Total £000
Cost				
Amortisation				
At 1 April 2018	-	5,991	288	6,279
Charge for the year	-	1,831	70	1,901
Disposal	-	-	-	-
At 31 March 2019	-	7,822	358	8,180
Net book value				
At 31 March 2019	-	2,078	-	2,078

In January 2020 we disposed of the Funding Management System asset having fully replaced it with a new Grant Management System. The net book value remaining on disposal was £0.7m, the asset having been close to reaching full amortisation on replacement.

12. Trade and other receivables

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Amounts falling due within one year		
Held by delegated partners for payment of grant commitments	6,199	4,365
Trade receivables	1,000	1,329
Prepayments and accrued income	3,309	4,717
European match funding	41,697	44,033
Reclaim Fund	68,500	71,771
Other receivables	4,142	3,326
	124,847	129,541

13. National Lottery Distribution Fund

		Year ended 31 March 2020 £000
Balance as at 1 April 2019		277,137
Proceeds from the National Lottery	710,434	
Investment income from the NLDF	3,436	
Funds drawn down from NLDF	(688,272)	
Net increase in balance		25,598
Market value at 31 March 2020		302,735

The Fund receives a share of the monies paid by Camelot Group plc to the NLDF after deduction for the costs of the Secretary of State for Digital, Culture, Media and Sport in exercising his functions under the National Lottery etc. Act 1993, the costs of the regulator (the Gambling Commission), the costs of the investment manager (the National Debt Commissioners) and the costs of the National Lottery Promotions Unit.

14. Trade and other payables

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Amounts falling due within one year		
VAT	337	185
Other taxation and social security	705	891
Trade payables	22	70
Owed to joint partner/delegated partner for payment of grant commitments	3,913	2,808
Accruals and deferred income	2,921	3,622
Other payables	1,174	848
Grant accruals (Note 16)	496,419	540,195
	505,491	548,619
Amounts falling due in more than one year		
Grant accruals (Note 16)	555,414	568,278
	555,414	568,278

Grant Liabilities

Grant liabilities at the date of the Statement of Financial Position are classified as provisions if they meet the recognition criteria in IAS37 Provisions, Contingent Liabilities and Contingent Assets, or, if not, as accruals.

15. Provisions for liabilities and charges

	Unavoidable lease payments	Redundancy provisions	Transferable to designated dormant accounts distributors	Total
	£000	£000	£000	£000
Brought forward at 1 April 2019	967	27	93,300	94,294
New provisions created	-	62	71,100	71,162
Provisions used	(46)	(27)	(93,300)	(93,373)
Provisions released	(921)	-	-	(921)
Carried forward at 31 March 2020	-	62	71,100	71,162

Unavoidable lease payments

During 2018/19, we refurbished our Newcastle premises and reduced our occupation from three floors to two. We created a provision for the costs of the unused space to the end of the current lease. We have since surrendered the lease for this floor and so the provision has been released.

All other onerous lease provisions have been released and the equivalent balance has been transferred to the new IFRS 16 right-of-use asset, as under the cumulative catch-up retrospective approach to transition a lessee may rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

Restructuring: redundancy and associated support

As a result of restructuring in the current and previous years, certain posts have been identified as no longer required. As a result, staff have been made redundant.

Redundancy payments are made in accordance with contractual arrangements and terms set out in the Principal Civil Service Pension Scheme arrangements.

Dormant accounts transfer

Reclaim Fund Ltd has identified £68.5 million as available for distribution to the Fund in its financial year to December 2019 and recorded this as a creditor. The Fund has therefore recorded this as income receivable and will draw down the cash as required to support the related distribution

programmes. Awards for Scotland and Wales are being made under existing programmes while for Northern Ireland policy directions have recently been provided and grant programmes will now be established to distribute the available funds. For the England portion two new organisations have now been established to distribute funds relating to Youth and Financial Inclusion. A total of £77m has been transferred to the organisations during the year ending March 2020. The total commitment to these organisations from the current round of distribution under directions from DCMS is £145m. We have made a provision for the anticipated distribution obligations to the extent that the funding has been made available by Reclaim Fund limited.

16. Grant accruals

**At 31
March
2019
£000**

Movement of grant accruals

Grant commitments brought forward at 1 April 2019	1,108,473
Grant commitments made	591,077
Lapsed and revoked commitments	(5,036)
Grant commitments met	(642,681)
Accrual carried forward at 31 March 2020	1,051,833

	At 31 March 2020 £000	At 31 March 2019 £000
Classification of grant accruals at the year-end		
Amounts falling due within one year		
Accruals (Note 14)	496,419	540,195
Amounts falling due in more than one year		
Accruals (Note 14)	555,414	568,278
Total grant accruals	<u>1,051,833</u>	<u>1,108,473</u>
Ageing of grant accruals		
Due within one year	496,419	540,195
Due within more than one year but less than two years	300,920	303,851
Due within more than two years but less than three years	145,156	141,352
Due within more than three years but less than four years	61,458	56,309
Due within more than four years but less than five years	43,380	31,166
Due after more than five years	4,500	35,600
	<u>1,051,833</u>	<u>1,108,473</u>

17. Contingent Liabilities

	At 31 March 2020 £000	At 31 March 2019 £000
Grant awards made by the fund which do not satisfy the criteria to be treated as liabilities	(14,807)	(39,521)
Total grant contingent liabilities	<u>(14,807)</u>	<u>(39,521)</u>

18. Joint schemes

Parks for People

This scheme is administered by the National Heritage Memorial Fund on behalf of all parties to the agreement. We have agreed to contribute up to £153 million to the total expected funding of £384 million. Included within grant liabilities are £5.7 million of new grant commitments and contingent liabilities of £1.9 million representing our contribution to the Parks for People joint scheme. The creditors figure includes £3.7 million which is due to National Heritage Memorial Fund in respect of our contribution to payment they have made to our grant recipients.

Rethinking Parks

This scheme is administered by Nesta on behalf of all parties to the agreement. We have agreed to contribute up to £1.67 million to the total expected funding of £2 million. There are no grant liabilities and no contingent

liabilities in relation to the joint scheme for the year. The debtors figure includes £0.5 million which is due to be distributed to grant recipients by Nesta in respect of our contribution to the scheme.

19. Financial risks

Financial Instruments

The Fund adopted International Financial Reporting Standard 9 for the financial year 2018/19 using the cumulative approach. As the Fund does not have powers to borrow, financial instruments play a much more limited role in creating or changing risk than is typical of the listed companies to which the standard mainly applies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks facing the organisation.

This means that the Fund is exposed to little immediate liquidity, market, or credit risk.

Liquidity risks

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Fund in the NLDF. At March 2019 the fund balance was £277 million, this had increased to £303 million by 31st March 2020, at which point there were £1,052 million of grant commitments yet to be paid out. In budgeting for current expenditure the Fund balances the outflow of cash payments against grant commitments along with forward forecasts of National Lottery income.

In 2019/20, £714 million (90.2 per cent) of the Fund's income was derived from the National Lottery, including income of £3.4 million derived from investment returns from the balance held with the NLDF. Income from dormant account money was £69 million (8.7 per cent). The remaining income is a small amount of bank interest and sundry income.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Liquid assets		
Market value of NLDF investments	302,735	277,137
Cash	79,951	95,412
Total	382,686	372,549

Market and interest rate risks

The financial assets of the Fund are principally held in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Board has no control over the investment of these funds. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £303 million. Funds at the NLDF earned on average 0.72 per cent in the year. Cash balances, which are drawn down from the NLDF to pay grant commitments and operating costs, are held in instant-access variable rate bank accounts, which carried an interest rate of 0.05 per cent

below base rate in the year. The cash balance held by the Fund at the year end was £80 million predominantly with respect to Dormant Account funds received not yet distributed. The Board considers that the Fund is not exposed to significant interest rate risks.

	2019/20	2018/19
	£000	£000
Sterling at floating interest rates – Lottery money	16,012	18,297
Sterling at floating interest rates - dormant account money	63,939	77,115
Sterling at mixture of fixed rates	302,735	277,137
	<u>382,686</u>	<u>372,549</u>

Credit risks

The Fund's receivables include intra-government balances. The intra-government balances are mostly with fellow National Lottery distributors and all had been either repaid or agreed by the time of signing the accounts.

At the year end the Fund recorded a debtor of £68.5 million with Reclaim Fund Limited. This represents the sums identified as available to the Fund to distribute under the Dormant Bank and Building Society Accounts Act 2008 but which are yet to be drawn down from Reclaim Fund Limited. These are held by Reclaim Fund in low risk cash accounts including with the Bank of England. The Board does not consider that the Fund is exposed to significant credit risk.

Foreign Currency risks

The Fund does not hold any assets not denominated in sterling and is not exposed to any foreign exchange risks.

Financial assets by category

Assets as per Statement of financial position	2019/20	2018/19
	£000	£000
Non-current assets	3,842	6,340
Investment balance in National Lottery Distribution Fund	302,735	277,137
Cash and cash equivalents – National Lottery money	16,012	18,297
Cash and cash equivalents - dormant account money	63,939	77,115
Loans and receivables	123,752	126,907
	<u>510,280</u>	<u>505,796</u>

Fair Valuation

The Board expect the book value to equal the fair value for all financial assets and liabilities. On the basis that:

1. All cash deposits are with commercial banks.
2. Whilst we disclose £555 million of grant liabilities as not being due for payment until after one year, we have not made a fair value adjustment. The Fund has a contractual obligation to pay these amounts on demand, subject to contract, and so the amounts could be paid within the next 12 months. Terms and conditions of grant also provide for payments to cease should insufficient funds be available to meet obligations.

3. All payables are due within normal contractual terms, and so no difference exists between book value and fair value.

4. An expected credit loss of £334k has been recognised in light of COVID-19. The loss is based on our opinion of the likelihood of non-Government debtors being unable to fully pay amounts due to the Fund. In the main, this applies to the Fund's sub-tenants.

Maturity of financial liabilities

	2019/20	2018/19
	£000	£000
In less than one year	505,491	548,620
In more than one year, but less than two	300,920	303,850
In two to five years	249,994	228,827
In more than five years	4,500	35,600
	<u>1,060,905</u>	<u>1,116,897</u>

The Statement of financial position discloses the above figure separated between amounts due in one year and in more than one year. That split is based upon past experience of amounts drawn down by grantees as our contracts with grantees contain no such split.

20. Leases

Right-of-use assets

Property leases are the only right-of-use asset that the Fund holds.

	£000
Opening balance as at 1 April 2019	16,011
Amortisation	(4,335)
Closing balance as at 31 March 2020	<u>11,676</u>

Lease liability

	£000
Opening balance as at 1 April 2019	(15,716)
Finance cost	(313)
Rent cost	4,683
Closing balance as at 31 March 2020	<u>(11,346)</u>

Maturing of lease liability

	£000
Not later than 1 year	(4,710)
Later than 1 year and not later than 5 years	(5,500)
Later than 5 years	(1,136)
	<u>(11,346)</u>

Lessors

	£000
Not later than 1 year	2,784
Later than 1 year and not later than 5 years	1,129
Later than 5 years	446
	<u>4,359</u>

21. Pension scheme

Pension benefits are provided through the Civil Service pension arrangements. Employees may either be in a career average defined benefit scheme (alpha) or a stakeholder pension (partnership account). Previous final salary schemes (classic, classic plus or premium) and the career average scheme – nuvos – were transferred into alpha in 2015. Members retained the benefits of previous final salary schemes for service up to the point of transfer. The statutory defined benefit arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos and their successor scheme alpha are increased annually in line with changes in the Consumer Price Index (CPI). The partnership account pension is a ‘money purchase’ stakeholder pension with an employer contribution.

For the alpha scheme employee contributions are set at a minimum rate for members with pensionable salaries under £21,636 of 4.6 per cent of pensionable earnings. This increases in bands up to a maximum of 8.05 per cent for members with a pensionable salary over £150,001. Benefits in classic accrued at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrued at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus

is a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In alpha, members build up pensions based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the earned pension account is credited with 2.32 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with CPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits permitted by tax legislation.

The partnership pension account is a stakeholder pension arrangement. From 1 October 2015, the employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer’s basic contribution).

Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

For 2019/20, employers’ contributions of £100,662 were payable to the partnership pension account (2018/19 £174,211).

Further details about the Civil Service pension

arrangements can be found at the website civilservice-pensions.gov.uk

For 2019/20, employers' contributions of £7,929,388 were payable to the PCSPS (2018/19: £5,055,895) at one of four rates in the ranges set out below. Employer contributions are due to be reviewed at every full scheme valuation. The latest valuation, carried out by Hewitt Bacon and Woodrow, was on 31 March 2012. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates for 2019/20 are in line with recommendations from the Actuary and represent in interim valuation. A further valuation is currently underway and rates are expected to be further adjusted for 2020/21.

Currently, employers pay an average of 27.1 per cent of their employees' salary as a pension contribution. The exact figure depends upon the salaries of the individual employees.

Bands	Year ended 31 March 2020	Bands	Year ended 31 March 2019
£23,000 and under	26.6%	£23,000 and under	20.0%
£23,001 - £45,500	27.1%	£23,001 - £45,500	20.9%
£45,501 - £77,000	27.9%	£45,501 - £77,000	22.1%
£77,001 and over	30.3%	£77,001 and over	24.5%

The number of staff for whom pension contributions were made in 2019/20 was 9 classic, 21 premium, 2 nuvos, 836 alpha, 28 partnership. The total of 896 represents the majority of the total number of individual members of staff employed over the course of the year. The forecast level of employer's contributions to the PCSPS for 2020/21, based on a 1.7 per cent pay award on 2019/20 pay levels and revised contribution rates from April 2020 is £9,277,384.

As a multi-employer unfunded scheme operating principally in the public sector, the PCSPS holds discussions with Government, Trade Unions and members in relation to its financial standing, its actuarial position, and likely levels of both employee and employer contributions. In common with all other major public service pension schemes, the likelihood of increased contribution levels are part of these discussions.

The PCSPS is multi-employer defined benefit scheme, so we cannot identify our share of the assets or liabilities of the scheme.

22. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2020 we have written off losses of £893,620 representing 105 awards (2018/19 £568,385 representing 70 awards). There were no write-offs that exceeded £100,000 (2018/19 zero).

Special payments arise where:

- a grant has been made inadvertently to an organisation that is ineligible under the law but where the grant is within the broad intention of statutory legislation. All these awards were spent on project objectives in accordance with the grant terms and conditions.
- ex-gratia payments are approved.

In the financial year to 31 March 2020, no special payments were made (2018/19 zero).

23. Related party transactions

The Fund is a non-departmental public body. Its sponsor department is DCMS. Accordingly, DCMS has been treated as a related party throughout the year.

During the year, we have had various material transactions with DCMS and other bodies for which DCMS is regarded as the sponsor department: National Lottery Heritage Fund, Sport England and Arts Council England.

Transactions with DCMS reflect income received through the NLDF and the inward secondment of staff. Transactions with other Lottery distributors include income received for management of awards and for the provision of professional services.

Payments are made to the National Lottery Heritage Fund for their services in running grant programmes.

In addition, we have a number of material transactions with Government departments and bodies that regard other Government departments as their sponsor department:

- HM Revenue and Customs relating to PAYE and NI transactions
- The European Social Fund has, through DWP as managing authority, contracted to the Fund the management of the Building Better Opportunities Fund
- The Department for Communities and Local Government has contracted to the Fund the management of the Coastal Communities Fund. Under these arrangements, each of the devolved administrations for Scotland, Wales and Northern Ireland determines the approach to funding with the relevant portfolio for the Fund
- The Office for Civil Society has contracted to the Fund the management of the Social Incubator Fund, Life Chances Fund, Youth Investment Fund, Place Based Social Action, #iwill Fund, Safeguarding Training Fund and the Building Connections Fund.

Both the Youth Investment Fund and #iwill Fund are matched funding programmes where the Fund contributes its lottery funding resources and also is responsible for making grant award decisions

Board members

The Fund abides by the Cabinet Office code of practice for Board members of public bodies. As a matter of policy and procedure, Board members maintain publicly available registers of interests and declare any direct interests in grant applications made to the Fund and commercial interests where organisations have or may have a relationship with us.

Where any committee decisions are taken which would reasonably be seen as giving rise to a conflict of interest, principally over grants to voluntary bodies, the chair of the meeting ensures at the outset that disclosure is made and the committee member withdraws for the duration of any discussion of the relevant item. Colleagues across the Fund are also required to disclose any relevant interests in organisations we fund or from who we receive applications. Our procedures ensure that staff are not engaged in processing applications or managing grants in which they would have an interest.

A number of Board members have declared interests with public, voluntary and charitable bodies with which we have business interests. These are disclosed on pages 76 to 79.

24. Third party assets

These assets represent bank balances held on behalf of third parties on whose behalf we manage grant programmes and the National Lottery Promotions Unit to meet payments processed by the Fund under service level contracts. Timing difference amounts in relation to these balances are included in receivables or payables in the statement of financial position as appropriate.

At 31 March 2020 the following bank balances were held on behalf of third parties:

	31/03/2019	Inflows	Outflows	31/03/2020
	£000	£000	£000	£000
DCMS: Social Incubator Fund, Local Sustainability Fund, Life Chances Fund, Youth Investment Fund, #iwill Fund, Place Based Social Action, Building Connections Fund, Safeguarding Training Fund	1,309	18,347	16,823	2,833
Arts Council England; Awards for All England	7	-	7	-

	31/03/2019	Inflows	Outflows	31/03/2020
	£000	£000	£000	£000
Heritage Lottery Fund; Awards for All; England, Wales, Scotland, Northern Ireland	3	-	3	-
Sport England; Awards for All England	9	-	9	-
Creative Scotland; Awards for All Scotland	(62)	543	541	(60)
National Lottery Promotions Unit	1,141	3,424	4,533	32
Welsh Assembly Government; Community Assets Transfer	2	-	-	2
Scottish Celebrate	83	-	83	-
Sports Scotland; Awards for All Scotland	(714)	545	586	(755)

	31/03/2019	Inflows	Outflows	31/03/2020
	£000	£000	£000	£000
Scottish Government; Communities and Family Fund, Scottish Land Fund, Delivering Financial Inclusion	5,562	10,220	9,388	6,394
HM Treasury; Coastal Communities Fund	1,112	5,771	5,025	1,858
European Funding – Cabinet Office	46	56,631	56,675	2

25. Joint Venture – National Lottery Promotions Unit

The National Lottery Promotions Unit (NLPU) is a joint venture between Camelot Group plc, Lottery distributors and DCMS. The NLPU has been set up to raise positive public awareness of and support for the benefits of the distribution of Lottery funding across the UK, thereby contributing to the broad health of the National Lottery and promoting loyalty and participation. The NLPU is funded one third by Camelot and two-thirds directly from the NLDF. Total expenditure is limited to £3 million. It is accountable to a Management Board comprising representatives from the three key stakeholders: Camelot, National Lottery distributors and DCMS, with the Gambling Commission attending as an observer.

The proportion of the joint venture which relates to the Fund has not been consolidated within the annual accounts in view of its immateriality.

More information and the accounts of the NLPU is available at lotterygoodcauses.org.uk/contact

26. Capital commitments

At 31 March 2020, the Fund did not have any capital commitments. (2018/19 £0.1 million)

27. Contingent assets

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the National Lottery Distributors. Land sales are likely to take place over a lengthy period, estimated to be from 2017-18 to 2036-37. The department estimates the first payments to the National Lottery Distributors will be received in the early to mid-2020s.

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. Payments of £32 million are forecast to be received between 2016 and 2037, of which £7.9 million had been

received by the end of 2019/20. £47k was forecast to be received in 2019/20, which has been accrued for at 31 March 2020 as it had not yet been received.

28. Post balance sheet review

Along with all other organisations the Fund has been impacted by the Coronavirus crisis. The Fund's technology and business systems are capable of remote operations and the Fund has been able to maintain the full range of its services.

The crisis led to additional risks of income reduction through lower sales of National Lottery products. This has since largely recovered but we expect some income reduction in 2020/21 as a result. We have adapted our grant making plans as a result to ensure we can meet our existing obligations and make new grants.

After the year end the government, through HM Treasury and DCMS as our sponsor body, charged the Fund with distributing £200m of funding in England to support organisations through the crisis. The Fund has agreed priorities for the programme with DCMS and established appropriate governance for a programme of this scale. The Fund is on track to meet the objectives of the scheme. Similar schemes of significantly lower value are agreed for Scotland and Northern Ireland are also on track.

At the time of signing the accounts, none of these events or other events after the balance sheet date would adjust the figures reported in the financial statements or require disclosure. The accounts were authorised for issue on the date the Comptroller and

Auditor General signed the audit certificate.

29. Dormant accounts

Under the provisions of the Dormant Bank and Building Society Accounts Act 2008 banks and building societies may pass funds from dormant accounts to Reclaim Fund Ltd, a not-for-profit entity authorised to act as the reclaim fund.

Reclaim Fund Ltd transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to Big Lottery Fund. The Fund distributes those funds in accordance with the Act and directions issued to it by the Secretary of State for the Department of Digital, Culture, Media and Sport with regard to expenditure in England and by the devolved administrations with regard to expenditure in each of Scotland, Wales and Northern Ireland.

Funds are apportioned between the four countries of the UK in accordance with a statutory instrument approved by Parliament.

Costs incurred by the Fund, and by the Minister in relation to the operation of the scheme as a whole, are deducted before apportionment between the countries.

Costs incurred by the Minister and the devolved administrations in relation to the individual countries are deducted from the apportioned funds.

DCMS announced in January 2018 a further release of funds arising from Dormant Bank Accounts anticipated

to be up to £330 million over four years. A portion of these funds, up to £135 million, would continue to be made available to Big Society Trust to enable Big Society Capital in its role as a social investment wholesaler to fund stable and long-term accommodation for vulnerable groups. The remainder of the portion of the total available funds for England would be awarded through two programmes one of which relates to Youth Employment and one to Financial Inclusion. These programmes will be delivered by two new organisations, independent of government which have now been established for this purpose – Fair4All Finance and Youth Futures Foundation. Having now demonstrated to the Fund's satisfaction that they are fit and proper organisations to distribute the funding made available the first tranche of monies have been paid to enable both organisations to establish and operate their funding schemes.

Reclaim Fund Ltd has identified £68.5 million as available for distribution to the Fund in its financial year to December 2019 (to December 2018 £71.8 million) and recorded this as a creditor. The Fund has therefore recorded this as income receivable and will draw down the cash as required to support grant distribution programmes. Awards for Scotland and Wales are being made under existing programmes and awards for Northern Ireland are expected to begin in 2020/21 following finalisation of policy directions. Awards made under these programmes will be treated in the same way as for awards made with respect to National Lottery incomes and in accordance with the accounting

policies set out in this report. The Fund has recognised as a provision the proportion of the income available that is anticipated to be transferred to Big Society Trust, Fair4All Finance and Youth Futures Foundation but which has not yet been transferred.

In relation to Scotland, Wales and Northern Ireland the Fund makes grant awards in a similar manner to National Lottery funds, so that there are outstanding commitments from grant awards made that have not yet been drawn down by grant recipients.

The Fund holds funds drawn down from Reclaim Fund Limited but not yet paid on deposit at commercial banks.

29a. Dormant accounts - Statement of comprehensive income

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Income		
Received/Receivable from Reclaim Fund Ltd	68,530	71,771
Bank interest receivable	650	232
Recoveries of grant	2	3
Total income	69,182	72,006

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Expenditure		
Programme expenditure		
Transfers/transferable to designated distributors	55,445	123,850
Grant expenditure	6,822	5,063
Less lapsed or revoked grant expenditure	(352)	(54)
	61,915	128,859
Operating costs		
Operating costs	480	680
Total expenditure	62,395	129,539
Surplus/(Deficit) before taxation	6,787	(57,533)
Taxation	-	-
Change to Surplus/(Deficit) after taxation	6,787	(57,533)
Total comprehensive net income/(expenditure)	6,787	(57,533)

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Reserves		
Brought forward at 1 April 2019	43,477	101,010
Total comprehensive net income/(expenditure) for the year.	6,787	(57,533)
Carried forward at 31 March 2020	50,264	43,477

29b. Statement of financial position as at 31 March 2020

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Current assets		
Trade and other receivables	68,995	71,771
Cash at bank and in hand	63,939	77,115
Total assets	132,934	148,886
Current liabilities		
Trade and other payables	(56)	(125)
Provisions	(71,100)	(93,300)
Grant commitments	(11,514)	(11,984)
Total liabilities	(82,670)	(105,409)
Assets less liabilities	50,264	43,477
Retained surplus	50,264	43,477

29c. Detailed Income and Expenditure Account with Country apportionment

	Year ended 31 March 2020					Year ended 31 March 2019
	England	Scotland	Wales	Northern Ireland	Total	Total
	£000	£000	£000	£000	£000	£000
Income	-	-	-	-	69,180	72,003
Less operating costs	-	-	-	-	(480)	(680)
Net Income available for distribution	-	-	-	-	68,700	71,323
Available to each country	57,639	5,771	3,366	1,924	-	-
Recoveries of grant	-	2	-	-	2	3
Transfers/transferable to designated distributors	(55,445)	-	-	-	(55,445)	(123,850)
Grant Commitments made	(234)	(5,927)	(309)	-	(6,470)	(5,009)
Surplus/(Deficit) for the year	1,960	(154)	3,057	1,924	6,787	(57,533)
Balance of funds brought forward	3,540	14,841	8,737	16,359	43,477	101,010
Balance of funds carried forward at 31 March 2020	5,500	14,687	11,794	18,283	50,264	43,477
Movement of grant accruals						
Grant commitments brought forward at 1 April 2019	644	4,085	7,255	-	11,984	12,893
Grant commitments made	234	6,117	472	-	6,823	5,061
Lapsed and revoked commitments	-	(190)	(162)	-	(352)	(51)
Recoveries of grant	-	(2)	-	-	(2)	(3)
Grant commitments met	(878)	(3,917)	(2,144)	-	(6,939)	(5,916)
Accrual carried forward at 31 March 2020	-	6,093	5,421	-	11,514	11,984

	Year ended 31 March 2020					Year ended 31 March 2019
	England	Scotland	Wales	Northern Ireland	Total	Total
	£000	£000	£000	£000	£000	£000
Ageing of grant accruals						
Due within one year	-	4,105	3,744	-	7,849	6,390
Due within more than one year but less than two years		1,777	1,150	-	2,927	4,303
Due within more than two years but less than three years	-	211	300	-	511	831
Due within more than three years but less than four years	-	-	204	-	204	229
Due within more than four years but less than five years	-	-	23	-	23	206
Due after more than five years	-	-	-	-	-	25
	-	6,093	5,421	-	11,514	11,984

Our statutory background

Policy Directions

Our sponsor department and the devolved administrations are given power under the National Lottery etc. Act 1993 to give Directions as to matters to be taken into account in grant making.

The current policy directions with regard to England, the Isle of Man and UK funding are set out below. These were issued by the Cabinet Office and took effect from 1 April 2012. Responsibility for future policy directions will be the responsibility of the Secretary of State for the Department of Culture, Media and Sport following a transfer of functions from the Cabinet Office during the year.

The Fund has complied with these Directions throughout the financial year 2019/20 in every material aspect.

The current policy directions with regard to Scotland, Wales and Northern Ireland, issued by the respective devolved administrations, are set out later in this section.

England and UK

DIRECTIONS GIVEN TO BIG LOTTERY FUND UNDER SECTION 36E(1)(b) OF THE NATIONAL LOTTERY ETC ACT 1993 (as amended)

In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993 (as amended).

The Minister for the Cabinet Office in exercise of the powers conferred on him by section 36E(1)(b) and having consulted Big Lottery Fund (“the Fund”), National Assembly of Wales, Scottish Ministers and Northern Ireland Department of Culture, Arts and Leisure pursuant to section 36E (5), hereby gives the following directions to the Fund:

England, Isle of Man and United Kingdom

General Directions

1. In exercising any of its functions in relation to United Kingdom expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes its money under section 25(1).

A. The need to ensure over time that the distribution of money:

- (i) Ensures people are engaged and involved in using the Fund’s funding to provide solutions to the issues that matter to them in their communities;
- (ii) Helps identify and enable those who are ready to lead the process of providing these solutions and removes barriers for those that may need help in doing so; and
- (iii) Supports new and innovative solutions alongside tried and tested models, and generates learning to help the development of policy and practice beyond the Fund’s funding.

B. The need to ensure that the Fund achieves the

distribution of funds to a reasonably wide spread of projects, primarily those delivered by the voluntary and community sector and social enterprises, including small organisations, those organisations operating at a purely local level, newly constituted organisations, organisations operating as social enterprises and organisations with a base in the United Kingdom and working overseas.

C. The need to ensure that money is distributed for projects which promote the public and social benefit and are not intended primarily for private gain.

D. The need to involve the public in making policies, setting priorities and making grants and which may involve partnerships with broadcasting, electronic, print, digital and other media.

E. The need to ensure funds are distributed on the basis of need, delivering measurable outcomes and broader impact for communities and individuals.

F. The need to include a condition in all grants for recipients to acknowledge Lottery funding using the common Lottery branding.

G. The Fund, in distributing money under section 25 (1), shall take into account the following principles:

1. **ENGAGEMENT** – the development of programmes should be based on the active engagement of public, private and voluntary and community sector and social enterprise partners.

2. **REPRESENTATION** – the development of programmes should take account of those most

in need by targeting inequality and improving the capability of people and communities to contribute to, participate in and benefit from outcomes funded through the Fund's programmes.

3. **SUSTAINABILITY** – a programme's ability to improve the environment today and for future generations and reduce the impact on the environment.

4. **LONGER TERM BENEFIT** – that projects can achieve longer-term financial viability and resilience.

5. **ADDITIONALITY AND COMPLEMENTARITY** – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards the Fund's goals.

6. **COLLABORATIVE WORKING** – where this produces better results, the development of programmes and funding of projects should support collaborative action between funded organisations and public, private and civil society partners.

England and Isle of Man devolved expenditure

2. In exercising any of its functions in relation to English and Isle of Man devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:-

A. The need to operate within the distinctive context of policy, government and civil society action adding value in appropriate ways to the aim of creating a fairer, freer and more responsible society where everyone has a part to play in improving their community and helping one another.

B. The need to ensure that money is distributed to projects that benefit local people and local communities served by the voluntary and community sector.

C. The need to ensure over time that the distribution of money addresses one or more of the following priorities:

(i) Encouraging social involvement in communities and removing barriers;

(ii) Strengthening the capacity of voluntary and community organisations and social enterprises; and

(iii) Strengthening and increasing the capacity of the social investment market for supporting public benefit and social action.

D. The need to have regard for:

(i) The interests of and scope for taking effective action for England or the Isle of Man as a whole and for different parts of England or the Isle of Man; and

(ii) The relative population sizes and levels of economic and social deprivation in different parts of England and the Isle of Man.

Signed by the Minister for the Cabinet Office
28 March 2012.

Scotland

DIRECTIONS GIVEN TO BIG LOTTERY FUND UNDER SECTION 36E(4)(b) OF THE NATIONAL LOTTERY ETC. ACT 1993

Scottish Ministers, in exercise of the powers conferred on them by section 36E(4)(b) of the National Lottery etc. Act 1993 and having consulted Big Lottery Fund ('the Fund') and obtained the consent of the Minister for the Cabinet Office pursuant to section 36E(8) of that Act, hereby give the following directions to the Fund:

1. In these directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993.

General Directions

2. In exercising any of its functions in relation to Scottish devolved expenditure the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.

B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.

C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.

D. The need to further the objectives of sustainable development.

E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

F. The need:

(i) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant,'

(ii) where capital funding is sought:

a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and

b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.

(iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.

G. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.

H. The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.

I. The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas, to obtain such support.

J. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.

K. The need to involve the public in making policies, setting priorities and making grants.

Scottish Devolved Expenditure

3. In exercising any of its functions in relation to Scottish devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

A. The need to operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategy; working within the context of the national performance framework to build a fairer Scotland and tackle inequalities.

B. The need to ensure that the Fund, achieves over time the distribution of money to address the priority of reducing inequality; while ensuring a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises and organisations with a base in ‘Scotland and working overseas.

C. The need to have regard to the interests of Scotland as a whole, the interests of different parts of Scotland and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Scotland.

D. The need to ensure that the Fund contributes to sustainability by supporting activity that helps to embed change and influences long-term development,

E. Finally, the need to ensure that the Fund achieves over time, the distribution of money reasonably equally between the expenditure on or connected with:

- (i) The promotion of community learning and development;
- (ii) The promotion of community safety and cohesion;
- (iii) The promotion of community empowerment and inclusive opportunities for participation and
- (iv) The promotion of physical and mental well-being.

4. In relation to Scottish devolved expenditure the Fund shall take into account the need to distribute

money under section 25(1) to work which is intended to achieve ‘one or more of the following objectives.

- (i) Reducing inequalities through tackling disadvantage and discrimination
- (ii) Empowering people, through enabling people’s engagement and influence,

5. In relation to Scottish devolved expenditure the Fund, in distributing money under section 25(1) shall take into account the principles of:

- (i) Achieving the most effective use of resources by selecting the most appropriate approach in specific policy areas in order to add value to the overall public effort
- (ii) Leveraging the highest potential value for people and communities from resources through support for volunteering, fair work and sustainable procurement.

Signed on behalf of Scottish Ministers February 2016.

Wales

DIRECTIONS GIVEN TO BIG LOTTERY FUND UNDER SECTION 36E OF THE NATIONAL LOTTERY ETC. ACT 1993

In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993 (as amended).

Welsh Ministers/The National Assembly for Wales, in exercise of the powers conferred on them/it by Section

36E(4)(a) of the National Lottery etc. Act 1993 and having consulted Big Lottery Fund (“the Fund”) and obtained the consent of the Minister for the Cabinet Office pursuant to Section 36E(8)(b) of that Act, hereby give/gives the following directions to the Fund.

DIRECTIONS – WELSH DEVOLVED EXPENDITURE

In exercising any of its functions in relation to Welsh devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes the money under Section 25(1).

A. The need to ensure that the Fund achieves the distribution of funds to a reasonably wide spread of projects, primarily those delivered by the third sector, including small organisations, as well as regional and national organisations, those organisations operating at a purely local level, newly constituted organisations, organisations operating as social enterprises and organisations with a base in the United Kingdom and working overseas.

B. The need to operate within the distinctive Welsh policy, governmental, social, economic, environmental and cultural context, ensuring funds complement and add value to, whilst remaining distinct from, the work of Government.

C. The need to ensure that funds are distributed on the basis of need, targeting disadvantage and inequality to deliver real and sustainable improvements for communities and individuals

which have a lasting impact beyond the duration of the Fund’s funding, and which support collaborative approaches across the public, third and private sectors in conjunction with and complimentary to the Welsh Government’s central organising principle of sustainable development.

D. The need to have regard to the interests of Wales as a whole and of the different parts of Wales, the relative population sizes and the levels of economic and social deprivation in the different parts of Wales.

E. The need to ensure that money is distributed for projects which promote the public and social benefit and are not intended primarily for private gain.

F. The need to involve the public in setting priorities and distributing funds.

G. The need to promote and support the Welsh language and to reflect the bilingual nature of Wales, and to ensure that grant recipients adopt the principle of equality between the English and Welsh languages.

H. The need to ensure that money is distributed which improves Wales’s environment today and for future generations whilst promoting its potential to improve the quality of life for communities and individuals.

I. The need to provide support for those applying to the Fund, and to organisations receiving funding, in order to improve the delivery of project outcomes and to enable them to provide effective solutions to the issues that matter to them and to their communities.

J. The need to support new and innovative solutions alongside tried and tested models, generating learning to help the development of policy and practice beyond the Fund's funding.

K. The need to include a condition in all awards for recipients to acknowledge Lottery funding using common Lottery branding.

L. Finally, the need to ensure that the Fund focuses expenditure on the achievement of the following outcomes over time:

- People are healthy and living productive lives in a prosperous and innovative society
- A resilient rural and urban environment with more sustainable use of Wales's natural resources
- Conditions are strengthened for stronger, safer and more cohesive communities, enhancing social justice whilst mitigating the effect of poverty as well as encouraging sustainable economic growth.

Northern Ireland

DIRECTIONS GIVEN TO BE BIG LOTTERY FUND UNDER SECTION 36E (4)(b) OF THE NATIONAL LOTTERY ETC. ACT 1993

Secretary of State for Northern Ireland, in exercise of the powers conferred on them by section 36E(4) (b) of the National Lottery etc. Act 1993 and having consulted Big Lottery Fund ("the Fund") and obtained the consent of the Secretary of State for Culture, Media and Sport pursuant to section 36E(8)

of that Act, hereby give the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993.

General Directions

2. In exercising any of its functions in relation to Northern Ireland devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

- A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
- B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
- C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
- D. The need to further the objectives of sustainable development.
- E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- F. The need: in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;

(ii) where capital funding is sought:

(a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and

(b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.

(iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.

G. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.

H. The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.

I. The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.

J. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.

K. The need to involve the public in making policies, setting priorities and making grants.

Northern Ireland Devolved Expenditure

3. In exercising any of its functions in relation to Northern Ireland devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:

A. The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Northern Ireland and working overseas.

B. The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:

(i) the promotion of community learning;

(ii) the promotion of community safety and cohesion; and

(iii) the promotion of physical and mental well-being.

C. The need to have regard to the interests of Northern Ireland as a whole, the interests of all the different parts of Northern Ireland and the relative

population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Northern Ireland.

4. In relation to Northern Ireland devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:

- A. People have the opportunity to achieve their full potential
- B. People can actively participate in their communities to bring about positive change
- C. Community ownership of better and safer rural and urban environments.
- D. Improved physical and mental health for all people.

5. In relation to Northern Ireland devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:

- A. Improve essential skills to meet social and economic needs.
- B. Increase opportunity for community-based learning.
- C. Build community capacity.
- D. Increase opportunity for volunteering and engagement within and between communities.
- E. Build community and voluntary/statutory partnerships.
- F. Improve community facilities, access and services.

G. Increase community involvement in protecting, restoring and sustaining the urban and rural environment.

H. Help individuals and communities to develop skills to make healthier lifestyle choices.

I. Promote mental health and emotional well-being at individual and community level.

Signed on behalf of Secretary of State NI

Accounts Direction

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND (OPERATING AS THE NATIONAL LOTTERY COMMUNITY FUND) UNDER SECTION 22(3) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 AS AMENDED

The Secretary of State for Digital, Culture, Media and Sport in exercise of the powers conferred on her by section 22(3) of the Dormant Bank and Building Society Accounts Act 2008 (“the Act”) (c.31) and having consulted the National Lottery Community Fund (“the Fund”) pursuant to section 22(7) of that Act, hereby gives the following directions to the Fund.

1. As of 30 October 2019, the Secretary of State for DCMS has issued eight Spending Directions under section 22(3) of the Act. This Spending Direction updates and consolidates these into a single Direction. Accordingly, all Spending Directions to date are withdrawn with immediate effect and are replaced with this Spending Direction.
2. Under the terms of a Memorandum of Understanding between DCMS and the Fund agreed on 17 October 2018, the Fund will continue to distribute up to £1.2m in total from the English portion of dormant account money in the form of non-repayable grants to youth-focussed voluntary organisations in targeted locations through the Youth Capacity Fund, such grants having been agreed by the Fund and DCMS. The Fund will continue to manage these grants until their completion.

3. The Fund will, subject to sufficient assurances being in place, also continue to distribute up to Elm to support the effective organisational development of Youth Futures Foundation Limited, whose purpose is to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in line with section 18(1a) of the Act.

4. The Fund will, subject to sufficient assurances being in place, also continue to distribute up to Elm to support the effective organisational development of Fair4All Finance Limited, whose purpose is to meet expenditure on or connected to (i) the development of individuals’ ability to manage their finances, or (ii) the improvement of access to personal financial services, in line with section 18(1b) of the Act.

5. The Fund will also distribute an allocation of £145m as follows (exclusive of the money to be distributed pursuant to paragraph 2 of this Spending Direction, but inclusive of the money to be distributed pursuant to paragraphs 3 and 4 of this Spending Direction). This may be distributed in tranches phased over a period of time, or in a single endowment, as agreed by the Fund and DCMS. The Fund will only allocate this funding to each organisation once each organisation has demonstrated sufficient governance and operational readiness. The allocation of £145m will be split as follows:

- £90m to meet expenditure on or connected to the provision of services, facilities or opportunities

to meet the needs of young people, in line with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited; and

- £55m to meet expenditure on or connected to (i) the development of individuals' ability to manage their finances, or (ii) the improvement of access to personal financial services, in line with s18(1)(b) of the Act, delivered by Fair4All Finance Limited.

6. The Fund will continue to distribute, up to a total sum of £435m (of which £300m was distributed by December 2017), from the English portion of dormant account money in the form of non-repayable grants to the Big Society Trust to invest in Big Society Capital and to contribute to the funding of Access — the Foundation for Social Investment, acting as social investment wholesalers in accordance with section 18 of the Act.

7. The Fund will also distribute up to £500k per annum from the English portion of dormant account money, and in the form of a grant, to The Big Society Trust (BST) on an ongoing basis (unless and until further directions are issued by the Secretary of State for Digital, Culture, Media & Sport to amend or supersede this direction).

8. BST will only use this funding to assist other bodies which are within the sole or majority legal Control of BST, and which distribute dormant account money for meeting expenditure that has a social or environmental purpose.

- Such other bodies must, in addition, either (i) be a social investment wholesaler; or (ii) use the

dormant account money in the performance of their functions which:

i. meet expenditure on or are connected with the provision of services, facilities or opportunities to meet the needs of young people; or

ii. meet expenditure on or are connected with (a) the development of individuals' ability to manage their finances, or (b) the improvement of access to personal financial services.

9. The Fund is directed to make no other payments of the English portion of dormant account money until further Directions are issued by the Secretary of State under the Act.

Signed by Authority of the Secretary of State for Digital, Culture, Media and Sport

ANNEX A

Additional Accounting and Disclosure Requirements (effective December 2006)

The following paragraphs detail the additional requirements as agreed by the Treasury, the Department and Big Lottery Fund, over and above those disclosures required in the FReM.

1. The Statement of Net Comprehensive Income/ Expenditure shall include as separate items, where material:
 - a. the share of Lottery proceeds attributable to Big Lottery Fund
 - b. the share of investment income of the National Lottery Distribution Fund attributable to Big Lottery Fund
 - c. interest receivable on lottery funds
 - d. repayment of grants
 - e. any other income
 - f. grant made from Lottery funds
 - g. lapsed or revoked grant previously recorded as commitments from Lottery funds
 - h. the total operating costs incurred in respect of National Lottery distribution activities
2. The Statement of Financial Position shall include:
 - a. under the heading “Current assets”: shown as an investment, the balance held on behalf of Big Lottery Fund at the National Lottery Distribution Fund;
 - b. Grant falling due for payment within one year

should be disclosed separately under the heading “Current Liabilities”.

c. Grant falling due for payment after more than one year should be separately disclosed under the heading “Non-current liabilities”

3. The Cash Flow Statement shall use the indirect method when presenting “Cash flow from Operating Activities”;
4. The Notes to the Accounts should meet the requirements of the FReM and include:
 - a. A statement that the Accounts have been prepared in a form directed by the Secretary of State with the consent of Treasury in accordance with Section 35(3) of the National Lottery etc. Act 1993
 - b. A statement of the accounting policies. This must include a statement explaining the nature of the balances held on Big Lottery Fund’s behalf in the National Lottery Distribution Fund as follows:

“Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Big Lottery Fund is as shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by Big Lottery Fund in respect of current and future commitments.”
 - c. the value of grant commitments at the year- end

which Big Lottery Fund has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date

d. Where grants exceed available resources as shown in the Statement of Financial Position, a note explaining the rationale for the over-commitment taking into account any advice received from the Department as appropriate.

e. A note reconciling the opening and closing balance of investments held at the NLDF. This should disclose proceeds received from the National Lottery, investment income, unrealised gains and losses on investment, and cash drawn down from the NLDF

f. A breakdown of the total grant liabilities (current and non-current) in the SoFP to show:

Liability brought forward

Commitments in the year

Decommitments

Commitments paid

Liability carried forward

A breakdown of the liability for each year up to and including 5 years and over 5 years

THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008

Under section 22 of the Dormant Bank and Building Society Accounts Act 2008, in exercising any of its functions under the Act, the Big Lottery Fund shall

comply with directions given to it under that section. The Scottish Ministers intend to instruct the Big Lottery Fund to prepare and adopt a strategic plan for Scotland, exercising their powers under paragraph 3(1) of Schedule 3 to the Act.

DIRECTION TO THE BIG LOTTERY FUND UNDER SECTION 22(5)(b)

Distribution of money for meeting Scottish expenditure - matters to be taken into account

1. The Big Lottery Fund shall have regard to the four themes in paragraph 2 for determining the persons to whom and the purposes for which the Fund distributes money, the payments to be made and in consulting other bodies to identify the needs in Scotland the

Fund has power to deal with and formulate the policies to be adopted for these needs in preparing its strategic plan for Scotland in accordance with paragraph 3 of Schedule 3 to the 2008 Act.

2. The four themes are:

1. Opportunities for children and young people
2. Addressing health inequalities through increased activity
3. Strengthening inter-generational activities; and
4. Creating community-based employment opportunities.

DIRECTIONS GIVEN TO BIG LOTTERY FUND UNDER SECTION 22 OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 IN RELATION TO WELSH EXPENDITURE

The Welsh Ministers, in exercise of the powers conferred on them by section 22 of the Dormant Bank and Building Society Accounts Act 2008 and having consulted Big Lottery Fund (“the Fund”), hereby give the following directions to the Fund:

General Directions

1. In exercising any of its functions in distributing dormant account money in relation to Welsh expenditure the Fund must comply with the following general directions in determining the persons to whom the Fund makes grants, the purposes for which the Fund makes grants, the process used to determine what payments to make and the terms and conditions on which the Fund makes grants:

A. Dormant account money must be distributed to projects which promote the public good and which are not intended primarily for private gain.

B. Dormant account money must be distributed to projects which make real and sustainable improvements to the quality of life of local communities.

C. Dormant account money must be distributed primarily to ‘third sector’ organisations, i.e. organisations that exist wholly or mainly to provide benefits for society or the environment. Exceptionally,

money may be distributed to local authorities or other statutory bodies where a project involves a partnership or consortium, and the statutory body is acting in a coordinating capacity.

D. The distribution of dormant account money must balance the need to encourage innovation with the need to manage risk in a manner commensurate with the type of project and applicant.

E. The distribution of dormant account money must promote and support the Welsh language and reflect the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages.

F. The distribution of dormant account money must further the objectives of sustainable development.

G. The distribution of dormant account money must set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

H. In distributing dormant account money the Fund must ensure that:

i). in all cases, applicants demonstrate the financial viability of the project for the period of the grant;

ii). where capital funding is sought:

a). applicants demonstrate a clear business plan incorporating any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and

b). applicants demonstrate, for major projects, that project evaluation and management processes match those of the Office of Government Commerce's Gateway Reviews.

iii). where capital funding is not sought applicants demonstrate the likely availability of other funding to meet any continuing costs for a reasonable period after dormant account funding ceases, taking into account the size and nature of the project, and for the dormant account funding to be used to assist progress towards viability wherever possible.

I. In distributing dormant account money the Fund must work with other organisations where this is an effective means of delivering elements of its strategic plan (see para' 4).

J. In distributing dormant account money the Fund must ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required.

K. In distributing dormant account money the Fund must include a condition in all grants that grantees acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Accounts Scheme for Wales.

L. In distributing dormant account money the Fund must adopt an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.

M. In distributing dormant account money the Fund must take into account the assessment of needs and priorities it has identified in its strategic plan and achieve over time a distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, and social enterprises.

N. In distributing dormant account money the Fund must have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales.

Specific Directions

2. In exercising any of its functions in distributing dormant account money in relation to Welsh expenditure the Fund must comply with the following specific directions in determining the persons to whom the Fund makes grants and the purposes for which the Fund makes grants

A. In distributing dormant account money the Fund must act in accordance with the prescribed restrictions laid down in the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010 and in accordance with the following themes:

'Supporting children and young people to achieve their full potential working through the third sector to promote social inclusion'; and

