

# Here for you

Annual Report and Accounts  
**2022-23**



# Big Lottery Fund\*

## Annual Report and Accounts 2022-2023

For the period 1 April 2022 to 31 March 2023

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Front cover photos: Left, Sangat Advice Centre, England. Top right, Balnamore Community Association, Northern Ireland. Bottom right, Sol Cafe, England

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# Part one

## Our year in review

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## A message from the **Chair**



**Dickens wrote, ‘it was the best of times, it was the worst of times’. These words sum up a year when communities faced momentous events. Last year, across the UK, communities joined together in celebration of the late Queen’s Platinum Jubilee, with the Fund facilitating a one-off Platinum Jubilee Fund, The Big Jubilee Lunch, as well as smaller scale grassroots community-led activity meaning over £12 million was awarded in grants to over 1,100 grant holders between November 2021 and June 2022.**

Sadly, within months the country united once again, in grief at the passing of Her Majesty. This was more poignant in the weeks post Birmingham’s staging of the Commonwealth Games, which provided a fitting memorial of the Commonwealth to which she had devoted her life and that provides a significant element of the UK’s diversity. All eyes then turned to the coronation of His Majesty King Charles III where, with the help of National Lottery players, we awarded almost £5 million in grants supporting The Coronation Big Lunch, The Big Help Out and through National Lottery Awards for All funding thousands of projects, which all played a key part in national days of celebration, bringing countless people together.

Throughout the year, the Fund has focused on the cost-of-living crisis, knowing crises may come and go relatively swiftly, but their negative impact may last for generations if not addressed effectively. Our support is designed to not only resolve current problems, but also provide catalytic measures helping build resilience and protecting communities from future challenges. I applaud and encourage this approach, as good and bad times are the norm, and as such must be anticipated and prepared for.

As a child and grandchild of the Windrush Generation, I am pleased the Fund delivered targeted funding for Windrush 75 through National Lottery Awards for All, encouraging vulnerable communities such as these

that may not have benefitted from our support before to apply. This is important to ensure that the Fund lives up to its intent that - 'we are here for everyone'. This extends to those who temporarily join our communities, including our new Ukrainian friends, for whom the Eurovision Song Contest provided a highly visible symbol of the warm embrace they received from the UK and we were pleased to support many community projects alongside the event.

Since my appointment as Chair in 2021, the organisation has undergone extensive change. This year we have benefitted further from four new board members who joined us, bringing a wealth of skills and experience at this pivotal moment. Similarly, the executive team has provided invaluable input into the comprehensive strategic review conducted throughout the year. This entailed vast consultation with those both affected by, and involved in our work. Ultimately, governance and operational reviews combine to provide a robust platform for the delivery of our new, flexible strategy supporting the UK's communities until 2030. Focus on the realities of people's lives has been intrinsic, as life is neither fiction nor theory, but fact, and hinges upon need. To that avail, I am particularly grateful for the critically important insight provided by the communities we seek to serve.

As we continue to emerge from the impact of the pandemic, we now accept life will never be quite the

same again. However, although they are now working in a very different landscape, I am pleased to report that our dedicated, loyal staff, who are our greatest asset, are more productive than ever, a testament to their effective interaction with all UK communities at grassroots level. However, I would like to see even more interaction, and recognise from the Jubilee, Commonwealth Games, Coronation and Windrush 75 significant national events enable us to support yet more communities across the entire country. This support is not only through funding, but also the sharing of experience and transfer of knowledge, together with the creation of networks to assist communities in resolving issues that adversely affect their general welfare and hinder their attainment of sustainable prosperity.

I close as I opened, inspired by Dickens, and trust what we are now doing at The National Lottery Community Fund will prove to be a 'far far better thing than we have ever done' as the UK's communities deserve nothing less during challenging times. To this, I must add a heartfelt thanks to the millions of National Lottery players across the UK that make this possible.

**Blondel Cluff CBE**  
**Chair**  
**The National Lottery Community Fund**

A message from the

# Chief Executive



**Travelling across the UK over the past year, I've been inspired by the possibilities that National Lottery players have enabled in England, Wales, Scotland and Northern Ireland. I've seen, heard and felt the social connections in our communities that strengthen our society and improve lives in the places we live, work and go about our daily lives.**

**This year, we have awarded a grant to a community in the UK every seven minutes.**

At The National Lottery Community Fund we undertake an annual survey – our Community Research Index – of 8,000 adults across the UK to see how people feel their community is doing. As this shows, it's been a year of challenge and concern in communities, as well as hope and promise. In particular international conflict has seen energy costs and cost-of-living pressures affect every community.

The survey reports rising demand for food banks, financial advice charities and housing services, and that more than a third of those surveyed (41%) have gone without heating and almost three in 10 (28%) have skipped meals.

That's why, through our 'We are here for you' approach, which has seen us vary existing grants and make new funding available, the Fund has responded quickly, adapting and pivoting our funding to support communities as best we can. 48% of our funding this year has gone towards helping alleviate those pressures for communities.

As the largest funder of community activity in the UK, The National Lottery Community Fund has been



supporting people and communities throughout the year with more than £615 million going to 13,858 grants.

We invest in areas of greater deprivation: over the past three years 51% of our total funding went to the 30% of local areas in England with the highest levels of deprivation. About 46% of our funding goes to the areas identified as highest priority for the Government's Levelling Up Fund.

We have seen the incredible resilience of communities in every corner of the UK and the difference this vital funding has made. To take just one example, I had the pleasure of visiting Arts Factory in Rhondda Cynon Taff and was moved by the togetherness and positivity of people attending the project, who at times, have felt that society has left them behind.

During the last year we've renewed our strategy. 18,000 individuals and organisations across the UK shared their ideas with us. We published this new strategy - It starts with community - in June 2023. Setting our direction to 2030, it is about building on the best that's been, being ready to adapt, but not allowing this to hold us back from longer-term and transformational change.

The last year has seen us develop new partnerships and distribute non-Lottery funding through our third-party work. The London Funders network is just

one example, which will see public, private and independent funders working alongside organisations to try and find solutions to a range of societal issues, such as the Propel collaboration providing £100 million over 10 years to tackle inequality among disadvantaged groups and young people in London.

We have also been here to support communities to come together and celebrate momentous occasions, often of national significance. We marked Her Majesty the late Queen's Platinum Jubilee in June 2022, and in recent months National Lottery funding has helped UK communities celebrate His Majesty The King's coronation celebrations, which included The Coronation Big Lunch and The Big Help Out, and that saw more than six million people volunteer.

It's an important time for The National Lottery in 2024. We will welcome a new operator in Allwyn, but also celebrate the 30th year of The National Lottery, a major milestone and a great opportunity to reflect on the remarkable difference it has made to communities across the UK.

I've also been delighted to welcome new members of our Executive Leadership and support new Board and Committee Non-Executives. They have all played an important role in the development of our It starts with community strategy.

Finally, I must save my deepest and most heartfelt thank you and gratitude for the colleagues across The National Lottery Community Fund who have again stepped up in a year where we've kept our public and community service at the heart of our mission and purpose.

**David Knott**  
**Chief Executive**  
**The National Lottery Community Fund**

## Year in **Numbers**

Over the past 12 months, we have awarded more than £615 million in over 13,800 grants\* across the UK. We have reached communities in every part of the country.

We are proud to have been able to support communities through the challenges of the pandemic and the cost-of-living pressures. We are equally proud to have been by their side as they recover and rebuild from what have been and will be challenging times.

\*our grants can cover more than one topic at any given time

All of our grants bring communities together in different ways, including:

**2,606**  
grants supporting children and young people

**8,931**  
grants supporting health and wellbeing

**5,314**  
grants improving education and life skill

**1,719**  
grants with an aspect of environmental action

**1,198**  
grants that involve employment and enterprise

## Our funding goes to the heart of communities

**82%**

of all our grants are for £10k and under

**52%**

of awards to micro/small organisations with an income of up to £100k

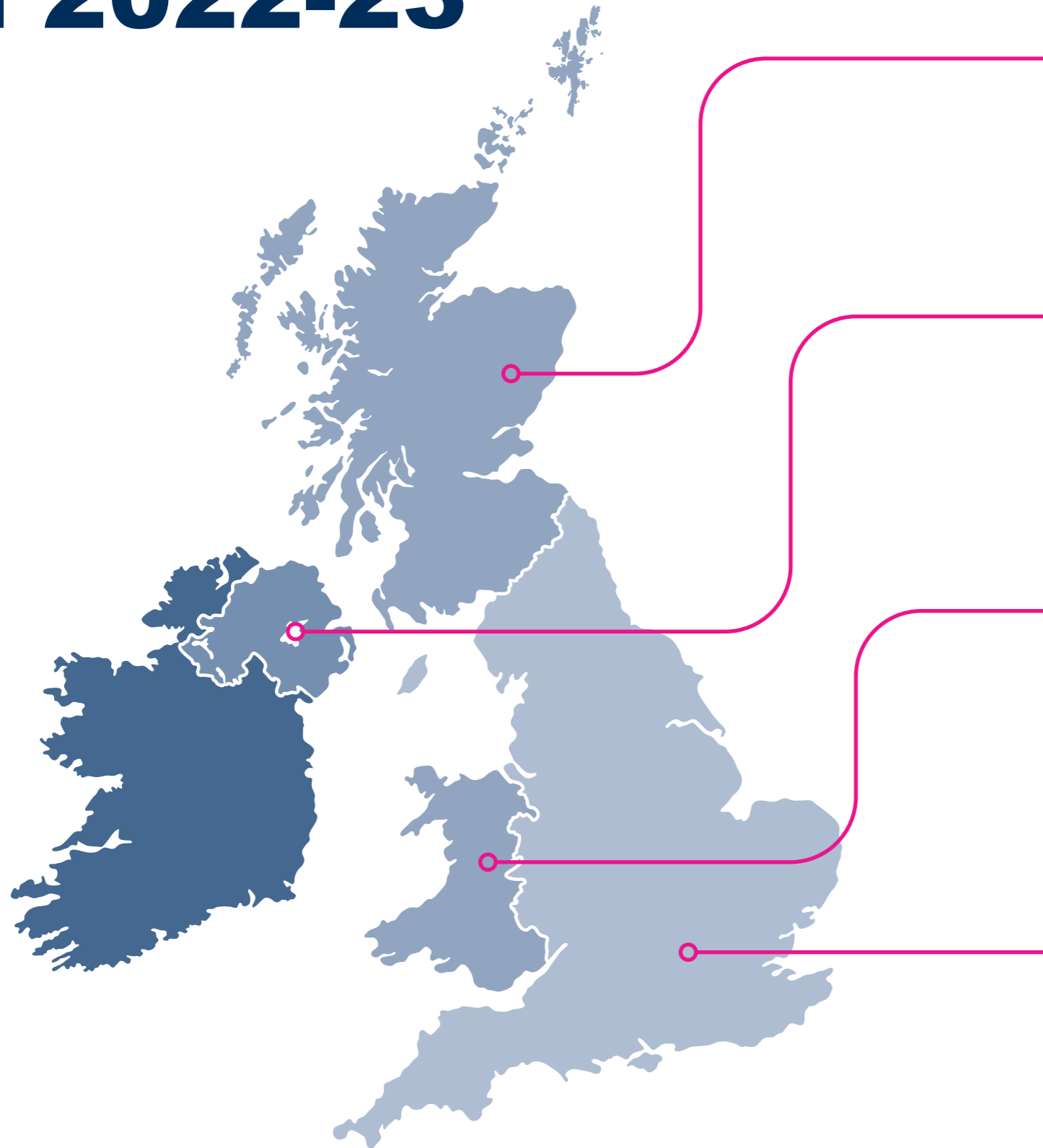
**82%**

of awards to organisations with an income of up to £1 million



L'Arche Belfast, Northern Ireland

# Money awarded in 2022-23



## Scotland

**£52.0m**

1,497 grants

## Northern Ireland

**£28.2m**

663 grants

## Wales

**£48.9m**

879 grants

## UK-wide

**£34.2m**

301 grants

## England

**£452.1m**

10,518 grants

## In total

**£615.4m**

13,858 grants

## Our new strategy

# It starts with community

**As we look forward to putting our new strategy into practice we recognise it was hard work over the past 12 months that led to its delivery.**

As the largest single source of community funding in the UK, we help communities flourish. We provide the funding, they put the money to work.

Over the past year 18,000 individuals and organisations across the UK have shared their ideas with us. We heard loud and clear concerns about inequality, the climate crisis, the health of communities and the future for children and young people. We also heard the hopes and dreams of communities and the extraordinary work going on in the places we together live, work, and go about our daily lives.

Our society faces some big and urgent challenges, which require bold responses. Communities are demanding long-term change and more power to shape the future. That's why we're increasing our focus through targeted missions and why we'll partner with communities, civil society organisations and others to build this change.

We know not all communities have the opportunities or the right set-up to come together. So, while our funding is available to all communities, we'll invest most where the need is greatest, with people, places and communities who experience poverty, disadvantage and discrimination.

This strategy – called It starts with community – is shaped by our day-to-day work, and by what we heard through our conversations with communities, civil society organisations and others in 2022.



## Our four community-led missions

Our 18,000 conversations over the past year have informed where we'll provide greater focus in supporting communities and shaped our four missions:



Our grants have always supported these areas, but now we're going further, focusing our funding, impact and work with partners around these missions to make a bigger impact.



# We are here for you

**Over the past year communities have been dealing with the impact of the increased cost of living. We have been flexible and responsive with our funding, committing more than £300 million to projects that address issues like debt, soaring energy costs and lack of food in communities. That's around 48% of all of our grant funding for the year.**

To help communities with cost-of-living pressures, our approach has been and will continue to be guided by four principles:

- 1. We will keep all our funding open and available** – all funding portfolios are open for applications whether new or returning.
- 2. We will be flexible and adaptable** – we know, including from experience during COVID-19, that one of the most important things we can offer as a funder is flexibility and agility in our grant making approach. We have made changes to allow greater variations and adjustments in grants to reflect cost-of-living pressures.
- 3. Our commitment to people and communities remains a constant** – we will balance responding

to the here and now with shaping the future. Demand for funding remains high, and while we can't fund every project, our funding will remain guided by communities and where our funding can make the most difference alongside others.

- 4. We will work with others to draw on knowledge, insight and foresight** - we will listen and use our grant making data and insight to help us – and others – build a picture of what is happening, and make this available to help influence and steer our and others' approach.

In England, Northern Ireland, Scotland and Wales we have used our understanding of different contexts and policies to ensure our National Lottery funding is bringing support in the right way to the right organisations. We have invested more than £19.1 million in over 1,000 grant increases so grant holders can respond to rising costs and more people asking for help.

Across England we've spent time with applicants to our Reaching Communities and Partnerships funding, ensuring budget proposals from community groups respond to cost-of-living challenges. We've also made sure we've been flexible, including offering extra funding to grant holders to help them cope. In England this has meant 534 grant variations to the value of £11.8 million. This support will continue in the coming year.



In addition to working directly with organisations, we also partnered with specialist bodies to improve our reach and support. Smallwood Trust supports women to become financially resilient and Buttle UK helps children and young people. The combined commitment of £13 million to these two organisations will support marginalised communities across England, including those most affected by the increased cost of living.

Joseph Howes, CEO of Buttle UK, says: “We are seeing that things have been getting progressively worse for children living in poverty. Thanks to National Lottery players, Buttle UK will be able to reach thousands more children and young people with critical support over the next five years than we would otherwise be able to, and offer them a genuine chance for change during what is such a difficult time.”

In Scotland we provided £2.3 million in additional funding to 384 existing grant holders to help them with the rising cost of living. Our local funding teams worked closely with grant holders to understand needs and ensure that our funding was getting where it needed to be.

## **Project story: Annexe Communities**

Annexe Communities received £23,500 from our Cost of Living Community Anchor Fund to distribute food vouchers, clothing vouchers and energy top-ups to households in Partick.

Jane Cowie, Development Worker, Annexe Communities, says: “This funding is supporting struggling families so they can eat and heat their homes. We applied for the funding on the Monday and received a decision on the Thursday, which meant we could get the relevant support to people who needed it right away.”

Kelly Young came to Annexe Communities for support as she was struggling to keep up with rent payments and put food on the table.

Kelly, says: “I lost my job before I went to Annexe, but now I’m working hard as a cleaner to support my family as best I can. I’ve always been a believer in being able to help yourself but when you are in such a deep hole it’s impossible. That’s why places like the Annexe are so important — it’s good to know that people are there for me and that it’s a safe place for me to come and not sit in my house stressed and isolated.”



Kelly

We opened two new cost-of-living support funds. The Cost of Living Support Scotland fund offered awards of up to £75,000 to communities experiencing hardship, while the Cost of Living Community Anchor Fund helped families and individuals to meet pressing needs such as food and fuel costs.

We were also able to adapt our funding to allow groups to apply for an additional National Lottery Awards for All grant if they had an application that was responding to the surge in the cost of living.

In Wales, in the same way we adapted our funding to be responsive to the needs of communities throughout the pandemic, we adapted our funding to respond

to immediate pressures within communities brought about by the rising cost of living.

We listened to our existing grant holders about their concerns in managing their projects versus spiralling costs and increased demand, and worked closely with them to find solutions that met their needs. The successes of rapidly adapting our processes during the pandemic helped us respond to new customers' needs as they emerged.

For the National Lottery Awards for All programme, we allowed existing grant holders to apply for an additional grant of up to £10,000 to support them with the increased cost of living. For the People and Places programme, supporting communities with the cost-of-living became a key priority. We streamlined the application process as much as possible, ensuring that money could be distributed quickly.

And in Northern Ireland we've provided stability to communities by offering additional support to our grant holders to talk to us if they had concerns about how to adapt to new or future challenges. Groups that had already submitted an application but then identified rising costs would impact their proposed project budget were also encouraged to talk to us. We also made changes to our National Lottery Awards for All programme, offering small grants of up to £10,000 at a time and up to £20,000 in total in any 12-month

period, enabling groups to access additional support for communities.

Our UK portfolio, which funds projects working in more than one of the UK's four countries, has worked to alleviate the increasing cost of living for communities and grant holders. We have taken a proactive approach, exploring how we can best support our grant holders and communities that are most in need. An additional £3.2 million has been awarded to existing grant holders to support them in responding to rising costs.

### **Project story: Gellideg Foundation Community Centre**

Gellideg in Merthyr Tydfil was awarded a grant of £99,875 to alleviate cost of living pressures. The award has enabled the group to support the community by providing an open-access warm hub community space and extending their pantry scheme.

Helen Buhaenko, Manager, Gellideg Foundation Centre, says: "Everyone is finding that their income is not meeting their expenditure and they are having to find ways to cut spending. We have opened a room every day for people to come in. It's a warm, welcoming space with free tea and coffee and wifi. Also, we currently have 80 households as members of our Pantry, the National Lottery grant has let us invite a further 56 households as members."

### **Project story: Bangor Foodbank and Community Support**

With a three-year People and Communities grant of £184,590, Bangor Foodbank and Community Support in County Down is offering a range of support to help people better cope with challenges including financial issues, food poverty and mental health. In the face of cost-of-living increases, we have given them additional support of £22,395, enabling them to continue delivering their planned programme of support for people.

Kenneth Scott, Manager, says: "This funding allows us to support people now when they need it, but also help them gain skills to be more resilient to cope with challenges in the future, helping families and supporting generations to come."



Bangor Foodbank and Community Support, Northern Ireland

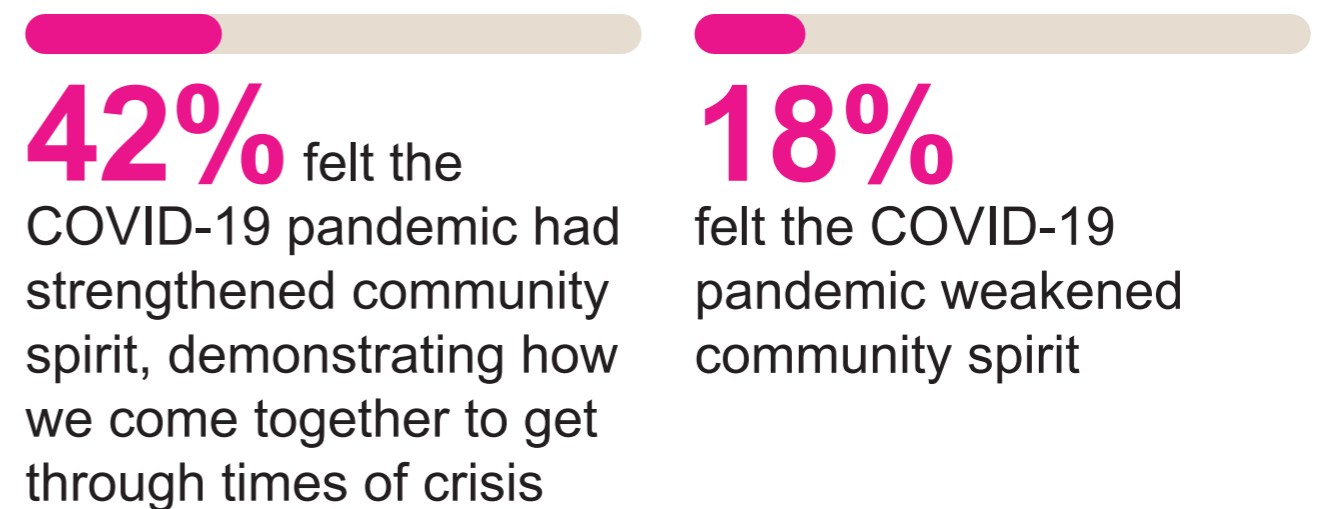
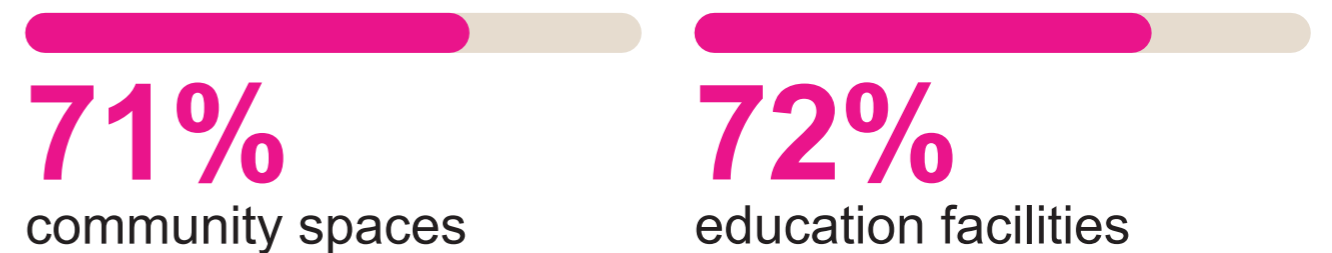
# Supporting communities across the UK

To show our continued commitment to people and communities in all corners of the UK, at the start of 2023 we carried out our third annual Community Research Index (CRI). An independent survey with over 8,000 members of the public representing the population across the UK, CRI explores how people across the country feel about their communities and tells us what their ambitions are for where they live. This rich data sits alongside a wealth of other knowledge and insights and helps us to understand the diverse communities we serve, their challenges and their aspirations, both now and going forward.

Findings from CRI 'Young people (18-34) are more likely to feel part of their community (79%) than those aged over 35 (73%), are more likely to think this is important (73% v 67% for those aged 55+), and are the most likely age group to say they intend to volunteer this year (66% v 49% generally).

## Community Research Index

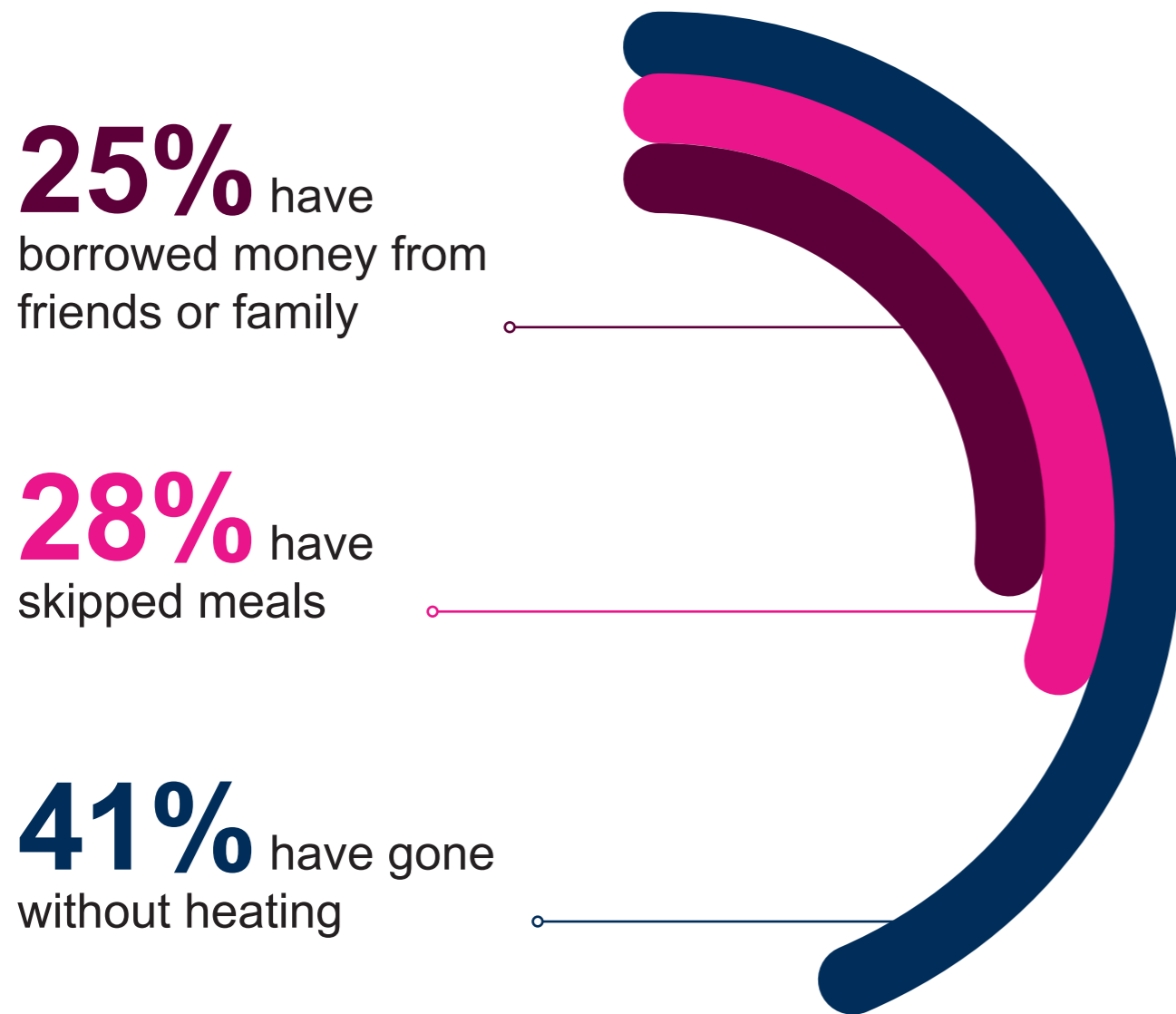
People tended to think their communities were doing well compared to others in terms of



### Research footnote:

Research conducted on behalf of The National Lottery Community Fund by Savanta ComRes between 2 and 28 November 2022, among 8,968 UK adults weighted to be representative of UK adults by gender, age, region, social grade and ethnicity.

Support with the rising cost of living is one of people's main priorities for this year. They expect food banks, financial advice charities and housing services to be in demand. Most also said they've already cut their own spending.



## Supporting young people

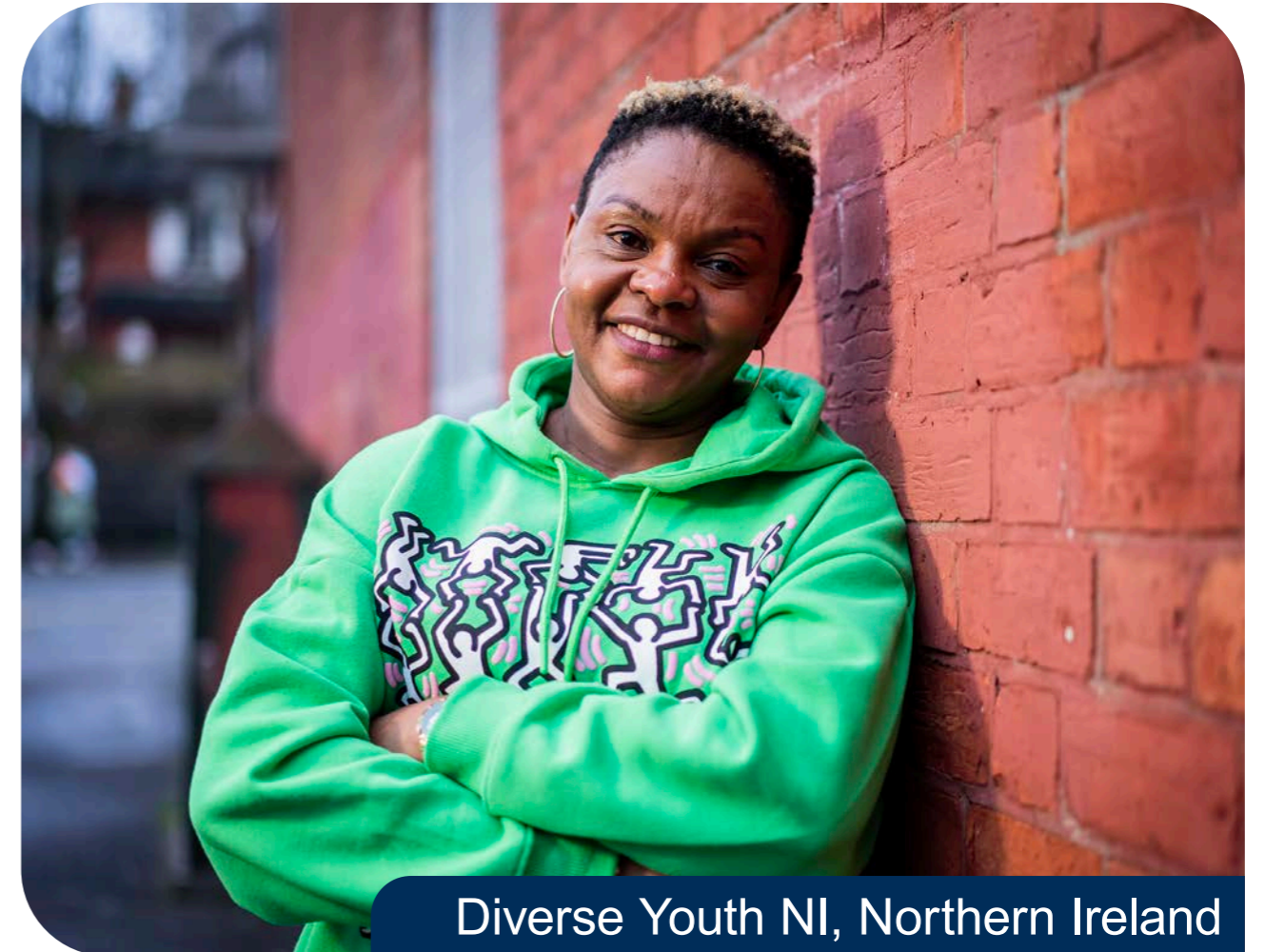
Continuing our support for young people in England, in July we announced an additional £12 million grant for the #iwill Fund, jointly funded in partnership with the Department for Culture, Media and Sport (DCMS). The £66 million fund helps young people from all backgrounds and areas to access social action opportunities. Since its launch in 2016, #iwill Fund has worked in collaboration with over 30 organisations that match fund on at least a £1 for £1 ratio. As part of #iwill week in November, youth voice teams from different funders developed top tips for how to encourage young people to get involved in social action.

Working in Barrow-in-Furness, The Ashton Group Theatre, known as Theatre Factory, received more than £150,000 to build on its previous Reaching Communities funding. It runs creative workshops with partners who support disadvantaged young people and their families. The work boosts happiness, self-esteem and confidence, alongside developing the resilience of young people. This extended funding will make it possible to run workshops with young carers, LGBT+ youth sessions and a group for young people with neuro-diverse conditions.

Rachel Ashton, Artistic Director, says: “We are all absolutely delighted that The National Lottery Community Fund has shown such confidence in our work here in Barrow. Their trust in us is greatly valued and the funding will allow us to continue to support children and young people here.”

Through the Youth Voice Wales panel, we aim to meet the issues young people and their communities are facing head on, with the aim of steering significant and positive change in communities. Tom, 23, from Caerphilly, commented on his experience on the panel, saying: “I feel a great sense of pride in being able to influence big decisions that will have a positive effect on the young people of Wales. This experience is invaluable to me.” This year the Youth Voice Wales panel welcomed three new members: Tia, Cara and Mati. They all have interests in different sectors such as climate action, racial equality and the arts.

We’ve been promoting fairness and inclusion, identifying opportunities to bring new voices and lived experience into our work. We’ve been proud to hear about the impact our grants are making to bring communities together. Organisations like Diverse Youth NI, which is based in north Belfast and is using a £50,000 grant to run activities for young people from different countries, religions, backgrounds and race to promote diversity, equality, inclusion and interdependence.



Diverse Youth NI, Northern Ireland

“Young people are always keen to get involved in something and we want to promote positive, meaningful activities. So having a welcoming club that promotes diversity is fantastic. The club grew and young people with various backgrounds attended so it became known as Diverse Youth. All young people are welcome — they can learn about different cultures and break down barriers between them.”

Alexis Ekwueme, Project Manager, Diverse Youth NI

## Tackling climate change

Climate change is a concern for everyone, which is why we're supporting communities across the UK through our 10-year £100 million Climate Action Fund, aimed at enabling people and communities to take the lead in tackling the climate emergency. Since launching the fund in 2019, we've awarded over £49 million to communities across the UK.

In July 2022, the Climate Action Fund launched funding for community projects across the UK that are focusing on the link between nature and climate. We aim to fund projects that explore nature-based solutions for mitigating and adapting to climate change, and/or that work with communities to directly address the climate crisis through promoting access to nature. In March 2023, the fund committed a further £10 million to support community-driven energy projects across the UK that are addressing climate change while tackling the energy challenges facing communities.

In Wales, we administer Dormant Assets Scheme funding, which is delivered under the policy guidance of the Welsh Government. Through our Sustainable Steps Wales programme we are committed to investing £20 million in communities and young people, contributing to a prosperous, low-carbon future for Wales. In 2022, as part of this commitment,

we funded a seven-year mentoring service, Egin, which will provide free support to community groups that want to take climate action. We also awarded £4.5 million to 15 projects in Wales that will help communities to live in a more sustainable way.

We're also supporting our grant holders in Northern Ireland to be more environmentally aware and encouraging groups interested in applying to us to consider the environmental impact of their project in their plans.

Existing grant holders that we supported last year with small amounts of funding through a renewable energy pilot have told us the top-up grants helped them reduce their carbon footprints and energy costs.

Rural Health Partnership, based in Cullyhanna, County Armagh, received a top-up of £4,010 for solar panels. **Chief Executive, Teresa Nugent, says:** "Through taking part, I see us as an example to others to help the environment."

In Scotland we have seen more groups applying for funding for environmental projects through our Community Led fund. We have also worked closely with the Scottish Government to grow the Scottish Land Fund, supporting communities to take ownership of and develop assets in sustainable ways that support the ambition of a transition to net zero.

## **Celebrating Her Majesty the Queen's Platinum Jubilee**

In June 2022 we brought communities together across the UK to mark Her Majesty the late Queen's Platinum Jubilee, supporting a wide variety of local and national events. Through our Platinum Jubilee Fund we made a significant contribution to a year of celebration and national pride as we awarded £4.4 million to 91 flagship projects across the UK, providing opportunities for people to come together and create lasting legacies for communities.

Among these was Headway Worcestershire in the west of England, which hosted the world's first Acquired Brain Injury Games, where people with acquired brain injuries came together to take part in a series of sporting events.

Group for Recycling in Argyll and Bute Trust, Scotland were able to bring young people and the older generation together to share skills with each other that reduce waste in their community.

In Wales, The Merthyr Tydfil and District Naturalists' Society has been developing people's skills in beekeeping, teaching them about honeybees and how pollinating insects are important to the natural world. Susan Taylor, Chair of the organisation, says: "Community beekeepers in Merthyr Tydfil are helping their community to adapt, recover and thrive, thanks to National Lottery players. The project involves local schools and community organisations in cross-generational activities that include looking after our bees, improving our environment and discovering the natural world around us."

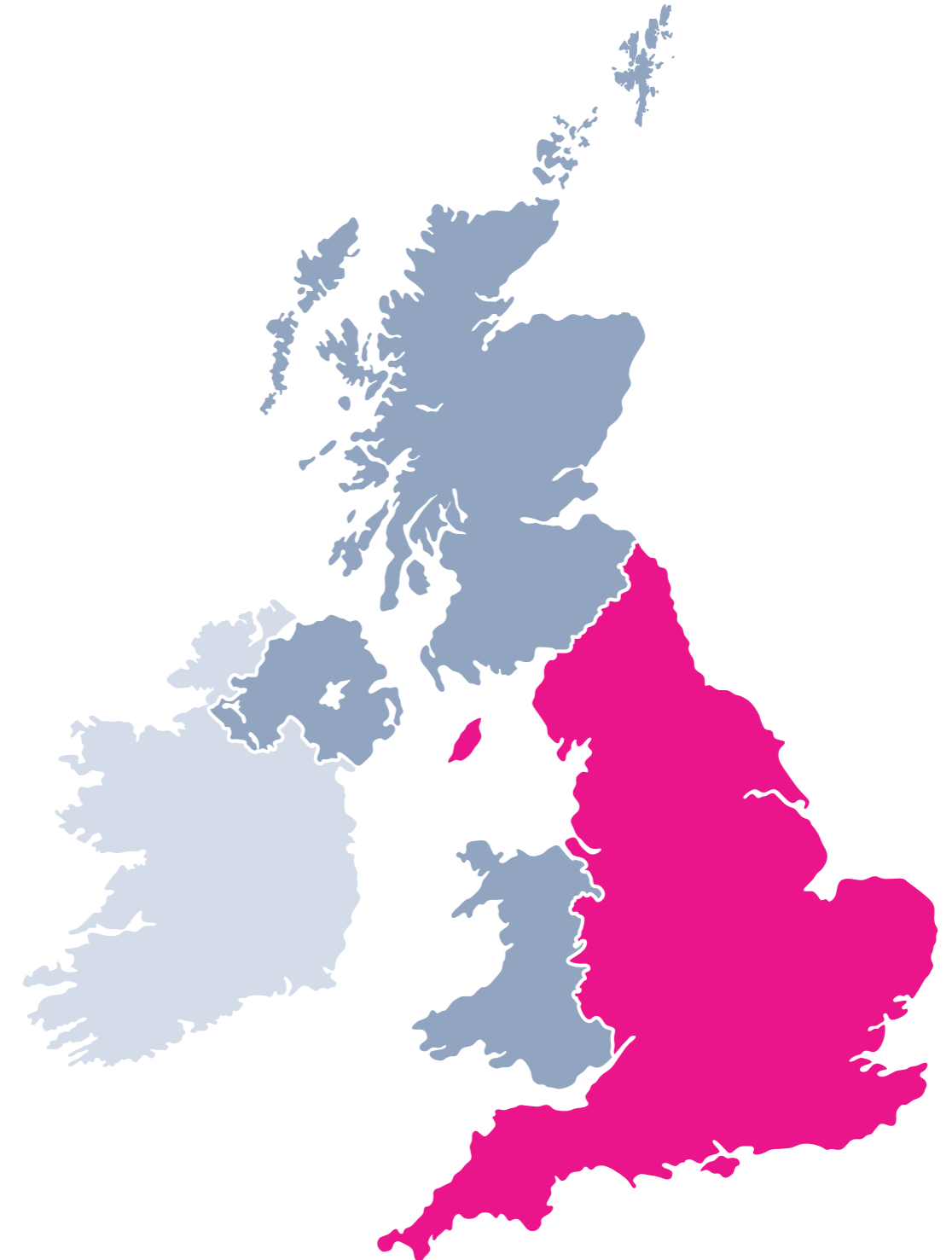


# England

**10,518 grants**  
valued at **£452.1 million**



The Ashton Group Theatre



## Continuing to serve communities

Over the past year we've been proud to work with communities across England as they respond to the ongoing social issues they face.

Our teams have spent time supporting local communities and the way in which we create relationships with our grants holders has never been so important. We've focused on providing flexible support to our applicants and grant holders as they respond to growing cost-of-living pressures.



Barrow Farm Riding for the Disabled Ltd, England

Throughout the year our responsive funding has addressed the priorities of communities right across England, with health and wellbeing, community, education and learning and basic needs the most common themes.

Our National Lottery Awards for All programme, which provides funding for £10,000 or less, has funded 8,922 grants to the value of £76.4 million. Our Reaching Communities funding for over £10,000 has awarded £293 million in 1,286 grants, responding to the needs of communities across England. Our funding has reached every local authority and ward in England.

## We are here for you

The Newcastle-under-Lyme branch of The Association of Ukrainians in Great Britain helps Ukrainian refugees settling in North and Mid Staffordshire. It delivers a range of support services at The Shevchenko Ukrainian Support Centre that opened last year, including English classes and help and advice, along with opportunities to socialise. Karl Stubbs, Chairman, says: “We provide a safe space for Ukrainians to come and meet and share experiences with one another. We're able to do this because we received a grant from The National Lottery Community Fund of £10,000, which helps us continue with our work.”



Civic Square Birmingham CIC, England

## Working together

Working in partnership continues to be an important way we support communities, whether that be community-led, place-based, thematic or strategic partnerships with others.

Public, private and independent funders working alongside equity infrastructure bodies are uniting across London, as part of the London Funders initiative. Alongside funding, it also contributes £498,267 towards

creating a learning culture that will have local and national reach and create positive approaches to collaboration across civil society.

Over eight years, our Fulfilling Lives programme made a real difference to people across England who are living with issues such as alcohol or substance misuse, current or historical offending, homelessness and mental ill health. Through working with people and giving them an opportunity to reach their full potential, people improved their self-reliance, independence and engaged better with services.

When our £112 million investment came to an end in June 2022, 41% of participants had left the programme for positive reasons and 27% no longer needed support. We are delighted to have seen widespread adoption of Fulfilling Lives policy and practice across the country. This includes informing the establishment of Changing Futures, a £64 million programme improving outcomes for adults experiencing multiple disadvantage. It is being delivered in partnership with the Department for Housing, Levelling Up and Communities and the Ministry of Housing, Communities and Local Government.

Following on from our Healthy Communities Together partnership with The King's Fund, which enabled us to share learning on how effective voluntary and statutory partnerships can reduce health inequalities, in November we announced just under £5 million in

funding to 11 more expert partnerships. These joint ventures will continue improving links between health and care services and promote the role of the voluntary sector alongside the value of cross-sector partnerships to improve health and wellbeing.

Know Your Neighbourhood, delivered in collaboration with DCMS, has allocated £6.3 million this year to over 150 projects, empowering communities to tackle loneliness in levelling up areas. The collaboration has strengthened evidence on what works and why it's important to support certain towns and cities across the country with funding.

## **Project story: Community-led Rainham Foodbank**

Community-led Rainham Foodbank in Havering is using £490,421 in Reaching Communities funding to develop its new and inclusive community hub, which supports over 150 people monthly. Alongside the food and clothing bank for low-income families, a full programme of activity is being developed to turn the hub into a resource centre where people can drop in and socialise, access advice and advocacy, debt management and support, English classes, health activities, counselling, and volunteering opportunities.

It will support people to rebuild their lives post COVID-19 and meet community needs as a result of cost-of-living pressures. Richard, who has benefited from support at the community hub, says: “The volunteers were fantastic, offering a chat and a shoulder to cry on. I suffer from depression too and without the foodbank I don't think I would be here today.”



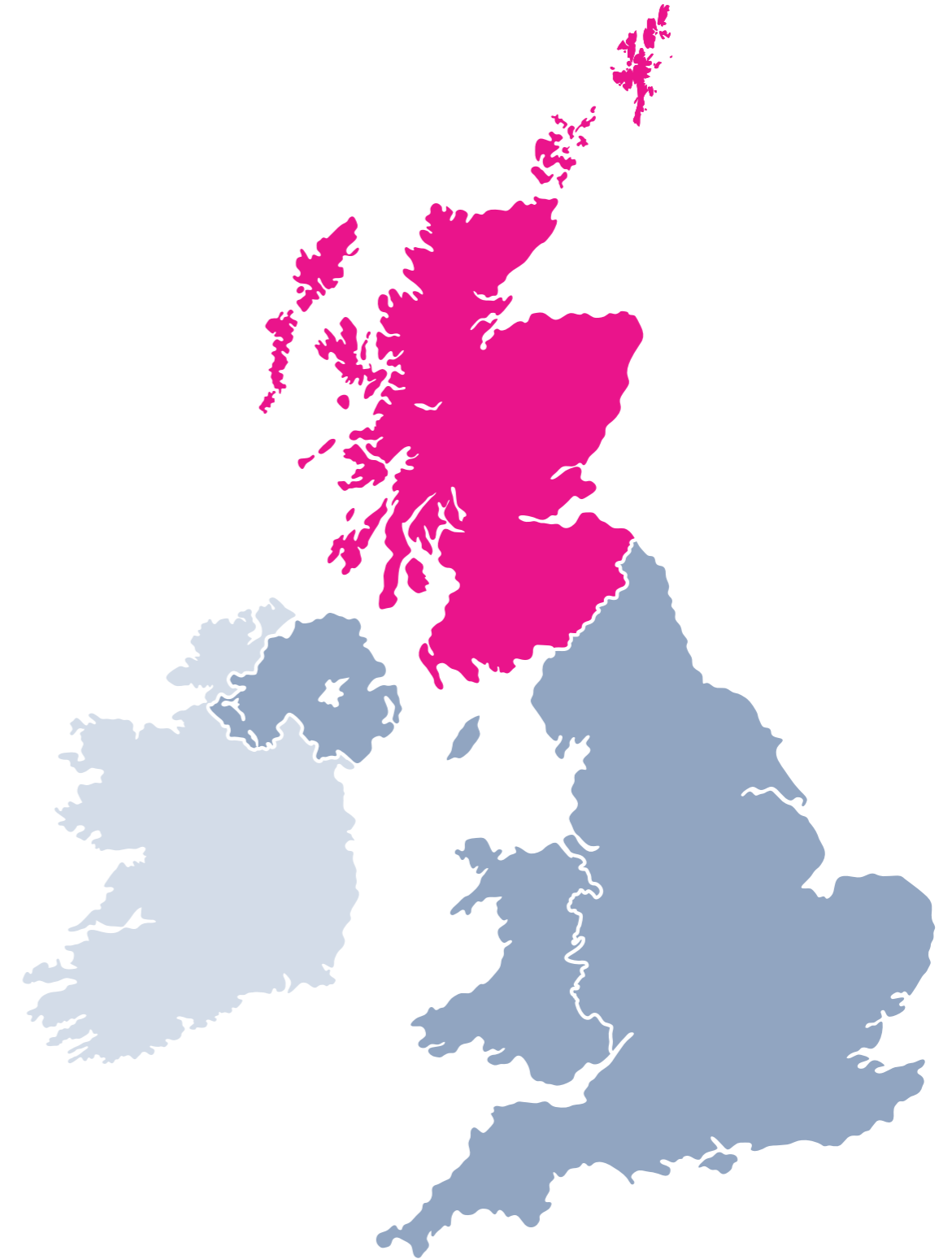
Rainham Foodbank, England

# Scotland

**1,497 grants**  
valued at **£52.0 million**



Remake Scotland, Scotland



## Continuing to serve communities

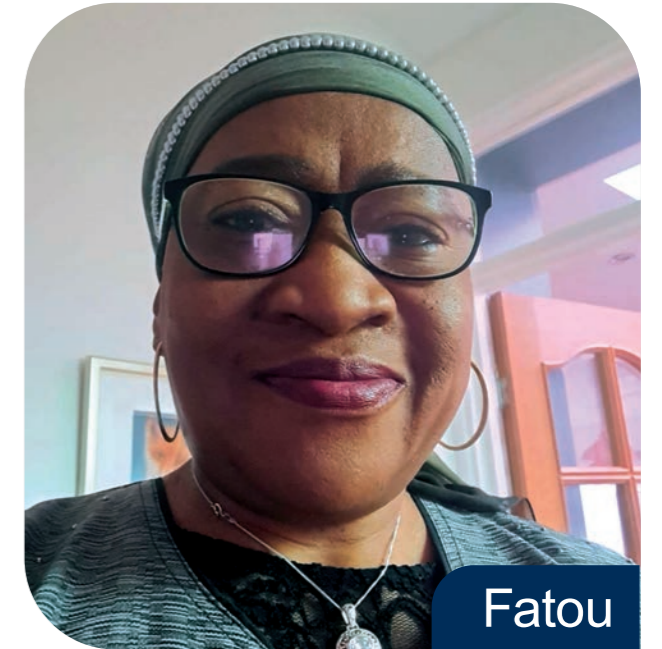
Our eight regional funding teams cover the length and breadth of Scotland, helping us get closer to the communities we serve. This place-based model allows us to pilot different approaches to participatory grant making (PGM).

Our north-east Scotland funding team partnered with the local third sector support organisation, TSI Moray, to offer micro grants for community wellbeing projects. Local people designed the funding process and made funding decisions. Forres Area Community Trust was awarded £2,000 for its Menopause Moments project. **Deborah Herron, Development Manager,** says: “The PGM approach was new to us but we found the process straightforward. We liked having the opportunity to engage with the public and encourage people to vote. The votes endorsed the project and assured us that we were right in thinking that this is something that people in our community need.”

We awarded The Scottish Refugee Council £1.6 million for its Reaching New Scots fund, making it easier for refugee-led community groups to successfully apply for National Lottery grants.

Using her own lived experience, Fatou Cham is one of eight volunteers who helps decide what projects receive funding. **Fatou,** says: “I am an asylum seeker

living in Scotland and I know what asylum seekers and refugees are going through. I wanted to take part because I know this funding is a very good idea. I have learned so much about applying for and making decisions on funding.”



Our National Lottery Awards for All programme continues to drive most demand, making up 66% of our awards.

Almost half of the National Lottery funding we distributed (47%) went to micro and small organisations with an annual income of less than £100,000.

Remake Scotland, based in Perthshire, received both small and medium grants for its tool library and repair cafes. The charity is among 185 groups we funded this year with an environmental element. **Chris Sanderson,** who uses the cafe, says: “I use lots of Remake’s services as I am very mindful of the climate emergency and want to reduce my household’s carbon footprint. I love that its repair cafe is local, affordable and helps me avoid unnecessary purchases.”

This year we hit the £50 million mark, distributing Dormant Accounts funding for the Scottish Government to projects run for and by young people through our Young Start programme.

### **We are here for you**

Throughout the cost-of-living challenges, we kept all of our funding programmes open to provide continuity and stability for our customers.



Dates-n-mates, Scotland

We delivered two funding strands aimed at providing emergency support to individuals most in need. Through the Household Hardship Fund, in partnership with Corra Foundation, we distributed £2 million to charities and community groups, which then passed this directly to families and individuals to meet pressing needs such as food, fuel, household items or clothing.

We opened a fund targeted at community anchor organisations, such as housing associations and development trusts, distributing money to individuals for food and fuel provision, warm clothing and other small items such as electric blankets.

### **Working together**

We spent time listening to and learning from our stakeholders, customers and other funders to understand how we can support communities into the future.

We have further developed our grant holder support offer. This is open to all of our grant holders in Scotland and includes a mix of flexible training sessions, access to expert consultants who can provide one-to-one support to organisations and an online grant holder toolkit with links to useful resources to help groups manage their grants and run their projects.

Errin Anderson, General Manager of The Ecology Centre in Fife, says: “We were put in touch with a finance consultant who helped us explore moving our accounting process to a digital system, reducing staff time and allowing us to focus on the people we support. Our staff also attended training sessions with voluntary organisation ACOSVO, helping them learn from public sector leaders, upskilling both them and our volunteers.”

We held a collaboration and learning conference around our funding approach to early action system change (EASC). This programme supported eight cross-sector partnerships to test early intervention in children and young people’s services, youth homelessness and work with women in the justice system. COVID-19 had a significant impact on our EASC programme and this event brought all eight funded partnerships and learning partners together in person for the first time.

## **Project story: Being supported by Stepping Stones**

Young mum Jordanna Tennant was supported by Stepping Stones, which received a Young Start award of £78,900. Jordanna, says: “I knew my son Mason wasn’t developing properly but felt no one was listening to me. My support worker was with me when Mason finally got a diagnosis of Angelman Syndrome. I have now found my voice and get to help other young women who are in a similar position to what I was.”



Jordanna

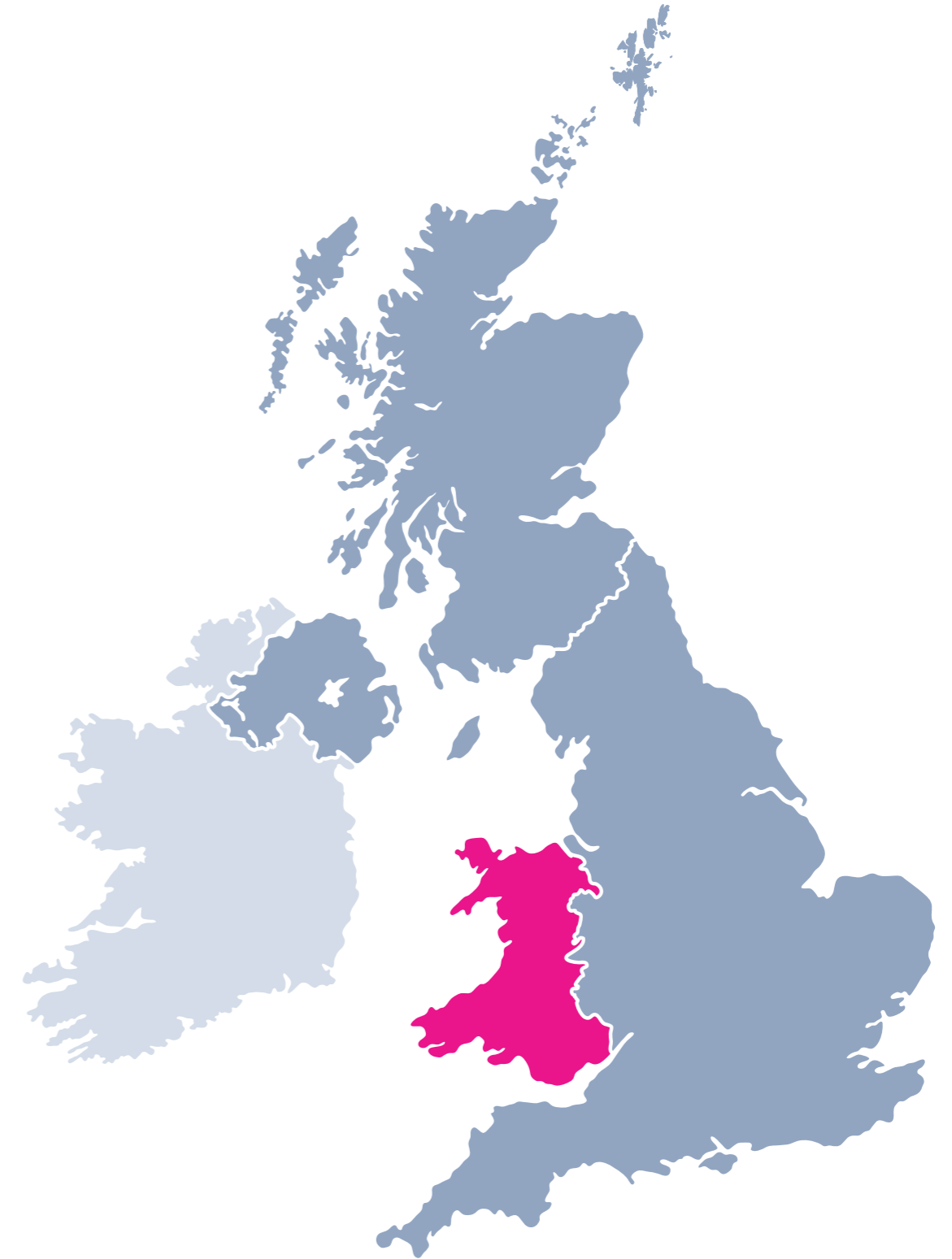


# Wales

**879 grants**  
valued at **£48.9 million**



Long wood Community Woodland



## Continuing to serve communities

We are proud to serve communities across Wales by providing funding programmes that both respond to the needs they identify while also adapting our funding to meet the challenges of the cost-of-living. Over the year we have awarded £48.9 million to communities across Wales through 879 grants. Of this, £13.8 million has been committed to the 30% most deprived areas of Wales.

Our responsive grants programmes National Lottery Awards for All and People and Places continue to

respond to the needs of communities across Wales. Our thematic programmes go to the root causes of issues including homelessness, the climate and nature emergencies.

Throughout 2022, our regional teams have continued to build local knowledge and better insight into the emerging needs of communities across Wales. This enables us to get our messages and funding out quickly and efficiently to grant holders. One such example was a funding event in Anglesey that brought together multiple funders and community groups, supporting them in developing their ideas and accessing National Lottery funds to bring them to life.

We are proud to provide a truly bilingual service to communities. Our Customer Advice Line team ensures that customers can start their journey with us in their preferred language, be that Welsh or English. Over half of all colleagues are Welsh speakers and our Welsh language team provides a translation service for the whole of the Fund, ensuring that we adhere to our Welsh Language Standards, set by the Welsh Government.



Funding event, Anglesey, Wales



Paul Mitchell at Aber Valley, Wales

## We are here for you

The National Lottery grant has been hugely important for Aber Valley YMCA. Just as we adapted our funding to be responsive to the needs of communities at the height of the pandemic, we have adapted our funding to respond to immediate challenges they are facing due to the sharp rise in the cost of living.

The Aber Valley YMCA in Caerphilly, South Wales is a community group that received a National Lottery

cost of living grant. The award of £19,279 enabled them to install energy-efficient LEDs indoors. Aber Valley YMCA serves areas that are former mining communities and acts as a focal point for bringing local people together. The organisation provides a wide range of regular activities and services for young people and adults, including youth clubs, fitness and sports facilities, and creative spaces for dance, music, pottery, as well as mother and toddler play groups.

“The National Lottery grant has been hugely important for Aber Valley YMCA. Making our building more energy-efficient and environmentally friendly by installing LED lights indoors will allow us to continue serving our community through the cost-of-living crisis and beyond. We’re proud to have somewhere for the community to come together to take part in activities in a safe space while also tackling climate change locally.” Paul Mitchell, General Secretary, Aber Valley YMCA.

## Working together

Our £6.2 million Helping Working Families grant programme comes to an end this year. We brought the 13 projects funded through the programme together to share insights and learning from their different approaches to tackling in-work poverty. Key solutions to in-work poverty include reducing costs for families by setting up initiatives such as local loyalty

schemes, school uniform exchanges, clothes and toy banks, libraries of useful items and repair cafes. Other projects focused on training, qualifications and upskilling, with some providing one-to-one support and mentoring or advocacy services.

As the cost of living continues to rise, learning from the successes of this programme has become even more important in supporting communities to find solutions that best meet their unique needs and make a positive difference with National Lottery funding.

Drawing upon our extensive research from across the Fund, we provided evidence to the Senedd's Community Assets inquiry and responded to the Welsh Government's consultations on a Social Prescribing Framework and their Climate Action Plan. We have sought to inform the current discussions taking place on community policy in Wales by convening a round table meeting of top-ranking civil servants and stakeholders to share learning on our grant holders' experiences of community development in rural Wales. We also conducted a comprehensive review of our Helping Working Families programme, publicising the findings in publications from the Institute of Welsh Affairs and the Bevan Foundation.



Same but Different CIC, Wales

We are committed to delivering dedicated funding to support climate action, administering Dormant Assets Scheme funding, delivered under the policy guidance of the Welsh Government. Through our Sustainable Steps Wales programme, we are committed to investing £20 million in supporting communities and young people to contribute to a prosperous, low-carbon future for Wales. In 2022, as part of this commitment, we funded a seven-year mentoring service, Egin, which will help organisations design local responses to climate change.

# Northern Ireland

**663 grants**  
valued at **£28.2 million**



## Continuing to serve communities

We are proud to be working with groups who are using our National Lottery funding to support their communities to come together again, offering a huge range of activities aimed at improving emotional and physical health and wellbeing, creating new learning opportunities, or making improvements to the natural environment.

The Tobin Centre in Moortown, County Tyrone is using a £493,553 grant from our Empowering Young People programme to provide a range of activities for families with children or young people with additional needs in the Mid Ulster area.

Loretta Daly, Programme Manager at the Tobin Centre, says: “This National Lottery funding has made a huge difference. The children have made friends, developed confidence and improved their physical, emotional and social wellbeing, and parents and carers have developed support networks. Our activities give an opportunity for the whole family to come along and have fun together, which is brilliant and brings benefits to all.”



Tobin Centre, Northern Ireland



Balnamore Community Association, Northern Ireland

### We are here for you

The groups that our funding supports come to us with project ideas shaped by their communities, and we are there for them, more recently for communities who have been affected by the increased cost of living.

Strabane and District Caring Services is using a £10,000 National Lottery Awards for All grant to run a community lounge for people facing social isolation and who are impacted by the rising cost of living. They can spend time in a warm, safe space over the winter months, taking part in activities and connecting with people.

Community Development Officer, Chris McDaid, says: “The cost-of-living crisis has had a massive impact and what we’re doing, albeit a very small gesture, is helping. This is our effort to address those issues and ones around mental health and isolation that have arisen on the back of COVID-19. Achieving this would not have been possible without the support of The National Lottery Community Fund – it has been critical.”

Groups across Northern Ireland have also been using small amounts of funding to make a big difference in their community. Balnamore Community Association is using a £10,000 grant from National Lottery Awards for All to bring together young and older people. Mitzi Laverty, Trustee of Balnamore Community Association, says: “It’s fantastic to see how this funding has helped us build great relationships between our younger and older generations. We are looking forward to seeing our younger people become buddies for the older people, to mentor each other and build their self-esteem.”

### Working together

Our work relies on the strong connections we have with communities, stakeholders, grant holders and customers, who share their insight and knowledge to help us make the best decisions on what matters to communities.

Regular engagement with Northern Ireland government departmental officials, the Funders Forum of Northern Ireland, and a wide range of network and third sector organisations also helps to inform and develop how we work.

These valuable relationships are also helping us shape the future of our Northern Ireland portfolio and our UK-wide grant-making strategy that will provide our funding framework between now and 2030.

We continued to deliver the Dormant Accounts Fund NI in conjunction with the Department of Finance and in the last year made 79 awards totalling just over £6.4 million. This support is helping recipients of grants to look beyond day-to-day delivery and focus on long-term sustainability and resilience.

Girlguiding Ulster was awarded a £77,700 Dormant Accounts Fund grant to restructure and develop plans for volunteering to help future-proof the organisation. Chief Executive, Claire Flowers, says: “Overall, this grant will help us give more girls and young women the space and opportunities they need to thrive and give back to their communities through learning new skills, growing in confidence and making lifelong friendships.”

We worked with Northern Ireland’s Department for Infrastructure to deliver a second round of funding under the small grants environment programme,

Living Places and Spaces. This will award funding to more projects across Northern Ireland that are helping to create more sustainable and resilient outdoor spaces.

Behind all our funded projects are amazing people, who are changing lives with National Lottery funding. We have been delighted to share their stories with media outlets such as the BBC, bringing to life the difference National Lottery funding is making to people’s lives in so many ways.



Bangor Foodbank and Community Support, Northern Ireland

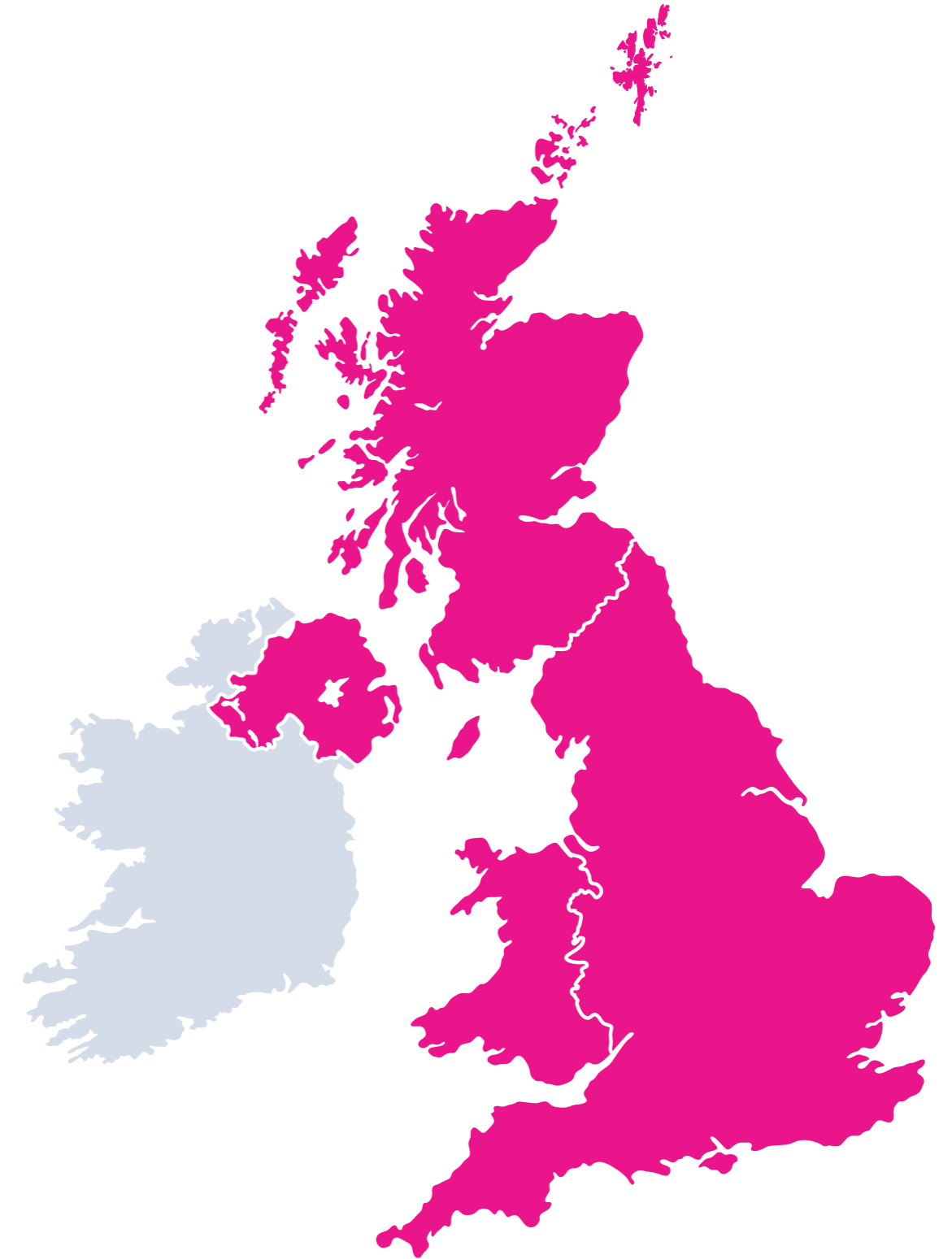


# UK

**301 grants**  
valued at **£34.2 million**



Climate Action Leeds, England



## Continuing to serve communities

Our UK portfolio works across all four UK countries, enabling us to make a UK-wide contribution through our funding programmes, insights, policy and practice. We provide a range of funding programmes that tackle societal issues and explore new ways of doing things. Over the past year we've supported communities to take action on climate change, responded flexibly to the rising cost of living and provided opportunities for people to come together and create lasting legacies for communities.

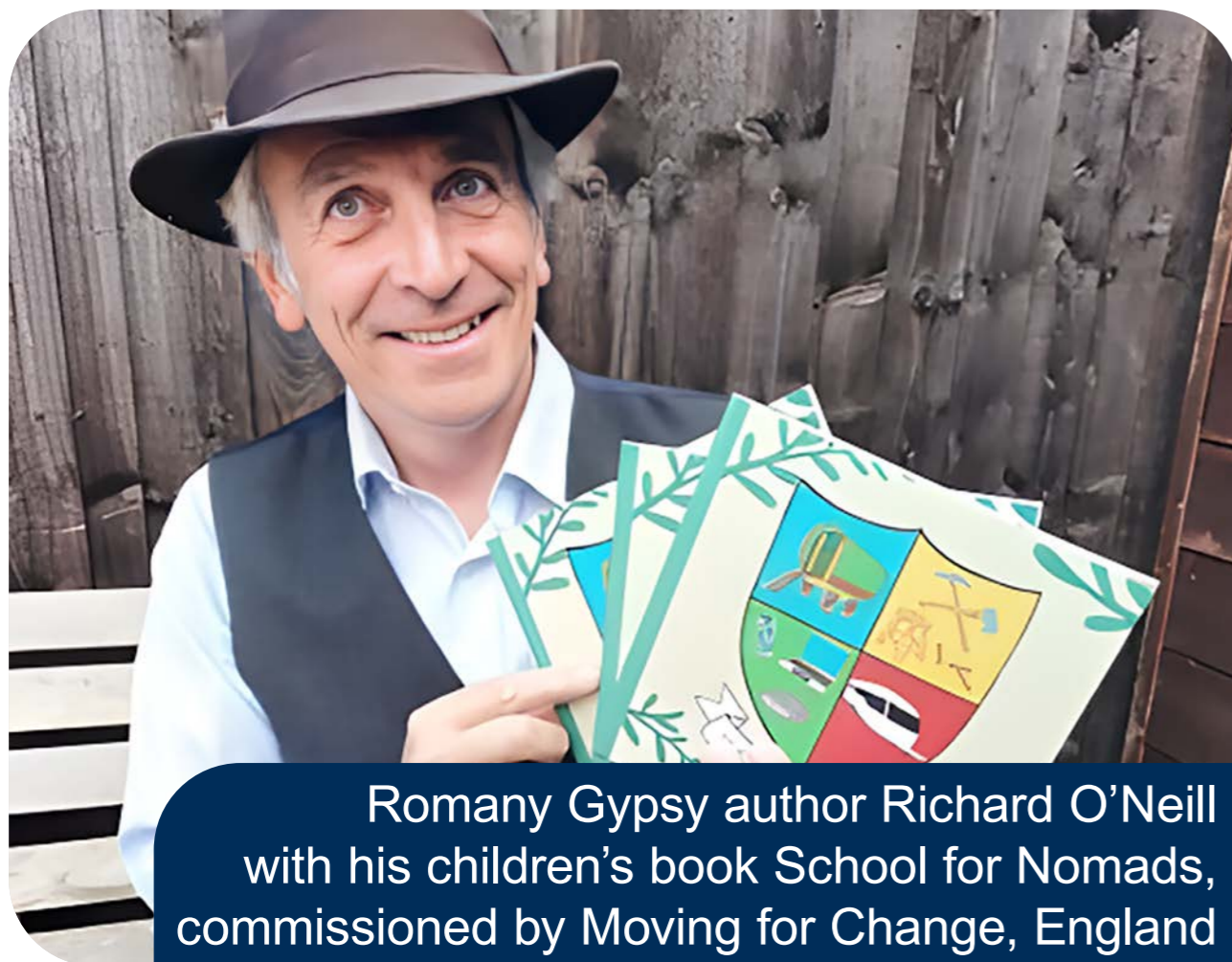
Voluntary Action Leeds was awarded a £2,499,676 grant to deliver Climate Action Leeds, an ambitious five-year project, through our Climate Action Fund. The funding is supporting a city-wide plan developed to help all residents live well and within the city's environmental limits.

The project works with public sector bodies to help inspire changes in areas highlighted by the Leeds Climate Change Citizens' Jury. By enabling organisations working in energy, housing, food and education to support community-led action, Climate Action Leeds hopes to promote the redistribution of power, democratise decision-making, and accountability.

Hannah Bailey, Chief Officer at Voluntary Action Leeds, says: "The National Lottery's investment in Leeds to tackle the climate emergency has allowed us as organisations and individuals to capture and harness a lot of the enthusiasm and eagerness to do something about the climate emergency, both on a local community level and on a city-wide, movement-building level. As a result of this grant, an enormous amount of activity has started to take place across the city, uniting communities and evoking not only individual actions but collective community-led actions, too."



Creggan Country Park  
Enterprise Ltd, Northern Ireland



Romany Gypsy author Richard O'Neill with his children's book *School for Nomads*, commissioned by Moving for Change, England

## We are here for you

The increasing cost of living continues to challenge our communities and grant holders. In response, we've awarded additional funding to our existing grant holders, supporting them with rising costs. In addition, funding decisions from our UK-wide budget were made by the Fund's country teams, helping to ensure we were able to distribute funding that addressed cost-of-living challenges to where it was needed.

This flexible approach ensures we're supporting communities that are most in need, using learning and building on the excellent relationships we have with our grant holders to explore how we can best support them and their communities through these testing times.

This year, we awarded an extra £499,988 to Friends Families and Travellers (Moving for Change) to enhance their Roadside Futures project. This initiative aims to support Gypsy, Roma and Traveller (GRT) people across the UK to practise their culturally traditional nomadism and improve the lives of those living roadside. The rising cost of living has brought new challenges to GRT families and communities.

The grant boost will help address digital exclusion in the GRT community, fund in-person events to bring the charity's extensive network together and improve collaborative working. It will extend the reach of its work, allowing greater focus on hard-to-reach areas and parts of the community that are not as engaged, such as young people.

Our flexible approach to supporting our grant holders and communities across the UK with the rising cost of living will remain a priority for UK Portfolio into the next year.

## Working together

Our Bright Future, a £33 million National Lottery-funded programme that has supported young people to make long-term environmental improvements to their local area, launched its final evaluation report in October 2022 alongside six thematic learning papers. It found that more than 128,000 people aged 11-24 took part in the programme over seven years. This improved 3,000 community spaces and created 350 nature-rich areas, from a vandalised churchyard in Hull to a rewilded quarry in County Down.



Headway Worcestershire, England

With support from Our Bright Future, young people visited the Scottish Youth Parliament and presented to Members of Parliament in Westminster in October 2022. Young people in Northern Ireland met with the Minister for Education as part of their social media campaign #LearnMoreOutdoors, and one young person from Wales was inspired to write to his local MP. Nineteen partner organisations, like Friends of the Earth and Yorkshire Wildlife Trust, now have young trustees or youth governance structures, thereby amplifying youth voice in the environmental sector.

We were also proud to support The Big Jubilee Lunch with £2.4 million of National Lottery funding. Taking place on the Platinum Jubilee weekend, this event brought thousands of communities together and helped people celebrate while getting to know their neighbours better.

# **Part two**

# **Report of the**

# **Board and**

# **Accounting**

# **Officer**

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# Performance report

**The purpose of the performance report is to provide information about the Board, the Fund's main objectives and strategies and the principal risks it faces. The overview section gives the user information to understand the Board, its purpose, the key risks to the achievement of its objectives and how it has performed during the year. The analysis section is where the Board reports on its most important performance measures, including analysis using information from the financial statements.**

## Overview

### 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.

The Fund is responsible for distributing 40% of the total good causes sums raised by The National Lottery and we distribute this through grant awards to support projects with a community focus. In the past five years we have distributed over £2.8 billion in awards. We have a range of funding programmes, from small grants of up to £10,000 to large-scale, multi-million pound grants for 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 Assets Acts 2008 to 2022.

We also work with other organisations, principally public bodies, to manage and distribute funding through grant programmes we run on their behalf. We distributed over £30 million through these programmes during 2022/23. Examples of this type of activity include our distribution of money in partnership with the DCMS in respect of the #iwill Fund and the Building Better Opportunities programme, which matches funding supplied by the European Social Fund.

In delivering our programme of work we act within the relevant legislation, other public sector guidance and the requirements of DCMS, which is our sponsor

department and provides us with a framework document (2023-2026) that sets out our relationship with government. The DCMS also issues policy directions, which identify the priorities we must take into account in establishing our grant programmes for England and the United Kingdom. The respective departments in each of the devolved administrations issue policy directions for grant-making activity in Scotland, Wales and Northern Ireland. While acting within the framework set out in these policy directions, the Fund's decisions on programmes and grants are nevertheless independent of government. Our funding is required to follow the additionality principle. This means our funding must be distinct from government – it can complement but must not be a substitute for government spending programmes.

We provide a balance of responsive and targeted funding programmes to meet the needs of communities in a manner that is consistent with the principles set out in our strategic framework.

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 awards 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% of the total – to be applied to the UK portfolio.

### **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 National 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. Ticket sales, and therefore returns for good causes, have reduced in 2022/23 following two high-performing years. As the current licence period is nearing the end we are actively managing the risk of uncertainty over future income through the period of the commencement of the next licence agreement. This is necessary to ensure we can fully meet our

existing liabilities while maximising how much cash we can provide to continue to support communities.

The Fund has now launched a new strategy that will guide our work over the next seven years. This plan has been developed over the past year with input from 18,000 stakeholders, including grant recipients, community groups and experts in the field. Called *It starts with community*, the strategy sets out our direction to 2030, and is about building on the best that's been, being ready to adapt, but not allowing this to hold us back from longer-term and transformational change.

We face financial risk in our activities through the potential for fraudulent applications for grants or the misuse of grants. We have also had to carefully manage our engagement in matched-funding grant programmes connected to the European Social Fund because of the changes brought about by the UK's departure from the European Union. Our programme of change requires careful planning to ensure new initiatives are successful. However, increasing reliance on digital services elevates our potential exposure to cyber risks and applicant data management breaches. 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 2022/23 we set out three goals with seven supporting KPIs (the KPIs are listed later in this report). We met six out of the seven KPI targets. The Fund assesses its performance throughout the year using the KPIs but also uses other performance metrics. These include key operational measures, financial indicators, management accounting data and forecasting techniques. This ensures that, where necessary, the Fund is able to take corrective action at the earliest opportunity to achieve its aims and to minimise risk to its operations and goals. It is anticipated the Fund's KPIs will be reviewed and updated to ensure they remain relevant following the new strategy launch.

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 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 £68 million following a surplus of £123 million in 2021/22.

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, which means the full value of awards is recorded at the point of approval and notification (except where there are specific performance criteria), even though 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. Forecasts of future income are derived from Gambling Commission/operator projections and approved by the Board. This assumes, as a matter of public policy, that The National Lottery will continue to operate. Our annual corporate plan sets out our budgets, goals and targets for the year.

## **Performance analysis**

### **Financial performance**

Our key measure of financial efficiency is the proportion of our National Lottery income that we distribute through grants. We exclude from this measure the costs that we recharge to other people, for example, the costs of distributing non-National Lottery funds (including the dormant assets scheme). We also exclude certain other costs, such as 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 National Lottery distributors. For 2022/23 this was 7.75% of our National Lottery income. The measure is assessed over a three-year rolling period.

### **What we achieved in 2022/23**

During the year we successfully delivered against the 7.75% total operating cost target set by government. Total qualifying operating expenditure for National Lottery grant-making activities was £47.8 million, £1.9 million higher than in 2021/22. Our actual qualifying operating expenditure was 6.6% of National Lottery income during the year and 6.0% of National Lottery income over the three-year period to March 2023. Our

performance in each of the two preceding years was 6.3% and 5.1% respectively. On this basis, the Fund has incurred operating costs over the three years to March 2023 that are £37.6 million lower than would be permitted by the efficiency measure. This surplus is made available for grant-making activities.

Staff costs form a significant proportion of our operating costs. Our staff numbers have decreased marginally during 2022/23 with a full time equivalent (FTE) of 786 (2021/22: 788). During this year of strategy renewal, a relatively steady state of staffing levels has been maintained, although there is an expectation of temporary fluctuation ahead as we move through the implementation phase.

### **What we are planning to achieve in 2023/24**

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 transition to implementation of the new strategy.

We have budgeted to deliver total operating costs within a 7.75% cost threshold in 2023/24, with capacity for some additional investment in the Fund's ambitious strategy launch and service improvements based on the three-year rolling measurement approach. The target is founded on budgeted National

Lottery income of £700 million, which is derived from our forecast of revenues (based on Gambling Commission and operator projections) for 2023/24 at the time of budget preparation and taking account of anticipated changes in operations during the year.

### **Our surplus for the year**

We recorded a surplus for the year 2022/23 of £68 million (2021/22: £123 million).

Our cumulative deficit at 31 March 2023 was £246 million (31 March 2022: £314 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). As with all National Lottery distributors, 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.

For National Lottery operations only, we recorded a surplus for the year of £61 million (2021/22: £85 million). Income for 2022/23 was £707.2m, lower than in 2021/22 (£723.1m) and below the budget we set. We recognise that there is increased uncertainty

around income levels as a result of the change in National Lottery operator, and we remain aware of macroeconomic factors, such as cost-of-living pressures, which may adversely impact on National Lottery sales. We are taking steps to mitigate this risk by closely monitoring the situation and working closely with the new operator from 1 February 2024 to ensure that funding that is available for distribution to communities across the UK is protected. Our awards total for 2022/23 was £18 million higher than last year at £615 million (2021/22: £597 million) and was slightly higher than the budget we set as we remain committed to supporting communities across the UK and to delivering positive outcomes through our grants.

We recorded a surplus for dormant account assets of £6 million (2021/22: £40 million). Income was £40 million higher at £94 million and distribution through awards and transfers to other organisations was higher at £86 million (2021/22: £14 million) due to further signed agreements allocating money to designated spending organisations during the year.

### **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, derived from

Gambling Commission and operator projections. 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 2023, we had £898 million (2021/22: £863 million) of outstanding commitments with respect to awards made, while we held £489 million (2021/22: £399 million) in the NLDF with which to meet them. This means we had made net commitments of £409 million (2021/22: £464 million) above our currently available resources. This is equivalent to approximately seven months of future National Lottery income based on our current projections.

### **Non-National 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 Assets Acts 2008 to 2022. These activities are included within our consolidated financial statements. We also set out a short form set of accounts for this activity in note 33 to the accounts.

The Dormant Assets Acts 2008 to 2022, 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. These directions were subsequently updated, with funds in England also being distributed by Access - the Foundation for Social Investment, Fair4All Finance and Youth Futures Foundation. Amounts passed to each of these organisations for onward distribution are determined by policy directions from the Secretary of State for the DCMS.

Following drawdown, we deposit funds until these are required to meet grant commitments or transfer obligations. During the year we received interest of £1.8m (2021/22: £7k) 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 money. 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 £33.0 million in this way for other funders.

To the extent that grant funding decisions on funds awarded under these programmes are ultimately made by the third-party funder, we act only as the funding delivery Agent for the third party. Examples of this type of activity include our distribution of money in partnership with the DCMS in respect of the #iwill Fund and the European Social Fund matched-funding programme, Building Better Opportunities. 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.

### **National Lottery Distribution Fund (NLDF)**

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 Culture, Media and Sport, until drawn down by National Lottery distributors.

The Fund receives investment income earned by NLDF in addition to the National Lottery proceeds in the same shares as for proceeds from the National Lottery receipts (40%). In 2022/23 this was £14 million (2021/22: £1 million).

**Our NLDF balance was £489 million at 31 March 2023 (31 March 2022: £399 million).**

Our balance in the NLDF has increased during the year by £90 million. This is as a result of the increase in investment income through rises in interest rates, together with grant payments made in 2022/23 being lower than National Lottery proceeds received in year. 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, so we do not set a specific target for our balance, rather a range within which we would like to operate. 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.

## **Our corporate goals**

### **Corporate goal one:**

The National Lottery Community Fund supports projects that make a difference to people and communities across the UK.

### **What have we done?**

This year we have made grants worth £615m across the UK. Our new strategy, which has been a core part of our work this year, reiterates our commitment to communities being at the heart of what we do. Our commitments in 2022/23 and budgets for 2023/24 indicate that we are on track to achieve this goal.

### **Corporate goal two:**

Our funding anticipates and catalyses wider change to ensure that communities across the UK, and the organisations that support them, prosper and thrive.

### **What have we done?**

We are proud that we responded quickly to the new challenges that the cost of living has created for our communities. We have ensured that over £300million

has been made available to support organisations address the wide-ranging implications of rising prices.

We worked across the nations to tailor our support and listened to what communities needed most.

We have continued to share learning across our organisation and with communities as we have developed insights into what works. This will be an area where we will want to do more in the coming years.

### **Corporate goal three:**

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

### **What have we done?**

Our engagement and satisfaction survey tells us that our customers are happy with how we work with them and the service they get from us. We are delighted that this year we have hit a 87% customer satisfaction rate. We know that there is more for us to do to make sure that we are valued and trusted across all communities and that is a key focus under our new strategy.

We have continued to control our operating costs below the threshold of 7.75% and have invested to

improve our efficiency. We have moved to the cloud and made decisions to rationalise our office space to ensure that we're providing better value for money and a better experience for our staff.

### **Our key performance indicators**

Alongside our goals, our KPIs (which are set in agreement with DCMS) help assess our performance in a number of areas. We have met six of the seven KPIs we set for the year. Our goals also form the basis of managing our risk as our capacity to achieve corporate and local goals 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 at least over 80%.**

**Key performance indicator met**

Customer satisfaction came in at 87% of grant holders and applicants.

**End of year report**

Customer satisfaction remained stable and above target in 2022/23 at 87% (2021/22: 86%). Satisfaction has gradually increased during the past four years, up 4% from 2019. Customers continue to feel very positive about the Fund, telling us we are easy to work with, our processes are simple and our staff are extremely supportive.

**KPI 2: Operating costs will be in line with our agreed threshold of 7.75% of income over three years.**

**Key performance indicator met**

Our actual operating costs for National Lottery activities were 6.6% of National Lottery income during 2022/23 and 6.0% over three years.

**End of year report**

Cost savings were made mainly due to vacancies during the year and a reduction in travel and expenses as staff continued hybrid working during 2022/23.

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

#### Key performance indicator met

Our total grant awards were £613m, which is 2.3% above the budget we set.

#### End of year report

The Fund has awarded grants within 5% of budget with coverage across all portfolios. Our target is based on actual awards made in the year and does not include any year-end adjustments for contingent liabilities where the recipient has not yet been notified of the award or adjustments in relation to conditional grants. This is why the £613m value reference on the left is different from the grant commitments shown in the accounts.

### KPI 4: Our employee engagement score will be at least 76%

#### Key performance indicator not met

We conducted our annual employee engagement survey in the last quarter of the year, resulting in an overall engagement score (EEI) of 61%. This score is unchanged from our last overall result in 2021/22, when we last conducted the survey.

#### End of year report

Our employee engagement survey conducted during the fourth quarter of the year resulted in an EEI score of 61%. This is a similar result to the previous year's survey but shows good progress against key dimensions such as leadership and equity, diversity and inclusion. We are continuing to improve the culture of the organisation as we deliver our new strategy and ongoing organisation improvement priorities. We continue to benchmark favourably in comparison to other public sector organisations.



**KPI 5: People who are aware that The National Lottery funds good causes is above 45%**

**Key performance indicator met**

Our most recent survey for this KPI indicated that 46% of people recognised The National Lottery as a funder of good causes.

**End of year report**

All of our communications continue to highlight the role of National Lottery funding in communities. Along with The National Lottery family, we have supported the National Lottery brand activity, highlighting funding going to good causes across the UK. This KPI has been stable for the last year.

**KPI 6: People who are aware of The National Lottery Community Fund's purpose is above 45%**

**Key performance indicator met**

Our most recent survey for this KPI indicated that 45% of people were aware of the Fund's purpose.

**End of year report**

This KPI has been relatively stable in the last year. Awareness across each country has been stable, and we note that where there is a higher incidence of people who are community-minded, and who play The National Lottery, we see higher levels of awareness and deeper understanding of our purpose.

## KPI 7: At least 80% of our grants will be awarded to charities and community organisations

### Key performance indicator met

For the full year, 94.49% of our awards by volume were to charities and community organisations, while 96.62% of the value of awards met this criteria.

### End of year report

This year, our key focus has again been to put communities first. As part of that commitment, we undertook to award at least 80% of our funding to organisations from the voluntary and community sector (VCS). This year, the value and volume of grants to VCS organisations has exceeded this target.

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 NLDF should lie. We also take into account customer measures such as detailed analysis of customer satisfaction with aspects of our processes across each of our portfolios, and people-related measures, like monitoring absence levels with reasons. Data related to some of these measures appears elsewhere in this report, including in the section looking at remuneration and staff.

### Equality in accessing funding

The Fund is for everyone in communities. We work to continuously evolve the reach of our invitation and welcome. We value and work with the assets and knowledge that diverse people bring to their communities and to the Fund.

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

The table below sets out our monitoring report for equalities for 2022-23.

Ethnic minority groups	Number of applications
	No.
<b>Black/African/Caribbean</b>	
African	2,181
Caribbean	1,656
Black British	2,000
Any other Black / African / Caribbean background	1,827
<b>Asian</b>	
Bangladeshi	1,220
Chinese	763
Indian	1,219
Pakistani	1,343
Asian UK / Asian British	1,437
Any other Asian background	1,151
Arab	963
Gypsy and Traveller community	672
Jewish	813
Mixed/multiple ethnicity	2,088
Any other ethnic group	1,094
No specific ethnicity	30,731

Number of awards	Requested amount	Awarded amount
	No	£'000
819	127,439	40,929
574	99,016	28,554
666	113,948	30,752
671	116,716	38,038
488	84,990	28,675
271	56,797	17,794
468	76,815	27,584
527	87,586	29,909
513	92,119	26,885
436	83,414	27,304
392	70,158	22,440
241	51,496	14,877
284	42,283	9,769
739	128,931	39,864
419	77,529	26,184
12,873	1,706,903	555,906

<b>Age</b>	<b>Number of applications</b>	
	<b>No.</b>	
Children & young people	6,735	
Older people	1,660	
No specific age	27,152	

<b>Women and girls</b>	<b>Number of applications</b>	
	<b>No.</b>	
Yes	3,102	
No	31,531	

<b>Faith communities</b>	<b>Number of applications</b>	
	<b>No.</b>	
Buddhist	52	
Christian	550	
Hindu	66	
Jewish	94	
Muslim	198	
Sikh	64	
Other	103	

<b>Number of awards</b>	<b>Requested amount</b>	<b>Awarded amount</b>
<b>No</b>	<b>£'000</b>	<b>£'000</b>
2,606	360,928	149,602
665	93,163	40,205
11,529	1,520,436	459,196

<b>Number of awards</b>	<b>Requested amount</b>	<b>Awarded amount</b>
<b>No</b>	<b>£'000</b>	<b>£'000</b>
1,304	360,928	149,602
13,100	1,769,316	572,014

<b>Number of awards</b>	<b>Requested amount</b>	<b>Awarded amount</b>
<b>No</b>	<b>£'000</b>	<b>£'000</b>
5	9,128	1,482
99	94,486	19,079
10	12,951	1,877
10	19,026	1,959
45	34,934	10,354
12	13,238	3,316
13	15,552	3,637

<b>People with disabilities</b>	Number of applications
	No.
Yes	5,098
No	29,535

<b>LGBT+</b>	Number of applications
	No.
LGBT+	1,095
Not targeted at LGBT+	33,538

<b>Welsh language speaking*</b>	Number of applications
	No.
All	40
More than half	255
Less than half	1,146
None	64
No answer	342

\* Wales portfolio only

Number of awards	Requested amount	Awarded amount
No	£'000	£'000
2,533	330,113	119,873
11,871	1,594,066	508,303

Number of awards	Requested amount	Awarded amount
No	£'000	£'000
442	64,156	21,185
13,962	1,860,023	606,991

Number of awards	Requested amount	Awarded amount
No	£'000	£'000
21	384	245
119	6,476	6,661
637	21,152	19,866
38	855	2,687
124	85,300	27,446

NI community background**	Number of applications
	No.
Both Catholic and Protestant	1,306
Mainly Catholic (more than 60%)	248
Mainly Protestant (more than 60%)	316
No answer/neither	148

\*\* NI portfolio only

**Note:** The data above does not always add up to the same totals for all grant awards activity. This is because the classifiers in our grant data are not mandatory when application data is completed and some applicants may only complete a sub-set of the total. Additionally, multiple categories are able to be selected in many classifiers.

Number of awards	Requested amount	Awarded amount
No	£'000	£'000
535	61,731	22,962
107	9,362	5,989
143	6,586	3,351
50	9,021	2,912

## Welsh Language Standards

We are committed to delivering a bilingual service in Wales through the Fund's delivery 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 were met 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 – to the end of their grant. Our presence at events and in funding surgeries in Wales is provided in Welsh and English and we offer bespoke training on the Welsh language requirements to our grant holders. We also provide a fully bilingual social media and digital presence across multiple channels including Twitter and Facebook. Over the past year of hybrid working, we have continued to

offer all of our services to our customers and grant holders in Welsh or English virtually and over half our staff in the Wales Directorate are either Welsh speakers or Welsh learners. Our Wales committee meetings and programme decision meetings are now held bilingually with the use of a simultaneous translator, giving committee members and staff the opportunity to contribute to meetings and have discussions in Welsh.

## Sustainability report

### 2022/23 Greenhouse gas emissions, waste and consumption

The estimate<sup>1</sup> for our operational emissions is 827tCO<sub>2</sub>e<sup>2</sup>, or 1tCO<sub>2</sub>e per employee. The figure is significantly higher than what we reported last year (288tCO<sub>2</sub>e, 0.4tCO<sub>2</sub>e per full time equivalent (FTE)). This is, in part, because we have included an estimate for homeworking (37% of this year's footprint) and the purchase of computers and stationery (6% of this year's footprint). Other variations are explained in the data below.

Our carbon boundary will change again over 2023/24 as we work with external experts to account for all possible operational emissions. While we have started to include procured goods, we have not yet accounted for any procured services.

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<sup>1</sup> It is an estimate at the time of writing, as there is a lag in some data (namely office utility data) and the full data set will be reviewed by our environmental accreditors, Planet Mark, in June.

<sup>2</sup> tCO<sub>2</sub>e stands for tonnes of carbon dioxide equivalent, which is a standard unit for counting greenhouse gas (GHG) emissions.

During the year we offset our 2021/22 operational emissions through verified, renewable energy, community and nature-based projects and planted a tree in the UK per offset tonne, and retrospectively purchased energy attribute certificates (EACs)<sup>3</sup> to match the electricity in homes and offices that was not from a renewable source<sup>4</sup>. The certificates were bought from small community energy projects.

In 2019 we set the following targets as part of our environmental strategy. The targets were set pre-pandemic and the significant impacts of homeworking and travel restrictions are reflected in the results. We have not estimated what the numbers would have been without these influences, but consider the 2022/23 results to be an accurate reflection of the contemporary patterns of working at the Fund:

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<sup>3</sup> Government-issued certificates for renewable energy supplied to the grid.

<sup>4</sup> We do not know what energy tariffs our colleagues are on, so we matched the full homeworking electricity estimate with EACs.



Target	2022/23	2019/20	% Change
Reduce emissions associated with travel and overnight accommodation by 25% of 2019/20 levels by March 2023	218tCO2e	438tCO2e	- 50%
Reduce the use of internal flights (within the UK) by 20% of 2019/20 levels by March 2023	28tCO2e	156.6tCO2e	- 82%

Target	2022/23	2019/20	% Change
Reduce the office annual carbon emissions (gas and electric) by 20% of 2019/20 levels by March 2023 <sup>5</sup>	252tCO2e	435tCO2e	- 42%
Achieve carbon neutrality through offset of unmitigated carbon emissions from 2020	We offset 808tCO2e for 2019/20, 1667tCO2e for 2020/21 (utilising an alternative method of calculating homeworking emissions) and <sup>6</sup> 70tCO2e for 2021/22. <sup>7</sup>		

<sup>5</sup> There has been a 10% reduction in total office space occupied between 2019/20 and 2022/23.

<sup>6</sup> In April 2022 a policy to significantly limit flights within Great Britain (except for to/from Scottish Islands) was introduced.

<sup>7</sup> The 2021 offset was for the Planet Mark figure, including homeworking, minus the electricity EACs were purchased for.

Target	2022/23	2019/20	% Change
Reduce waste to landfill by 25% of 2019/20 levels by March 2023	2t (estimated) <sup>8</sup>	13t	- 85%
50 colleagues to have received carbon literacy training by March 2022	68 colleagues have been trained to date.		n/a

### Looking forward

Our new environmental targets will be designed to help us reach operational net zero by 2030, as specified in our current corporate plan. We will work with external experts to calculate a new emissions baseline, including all possible Scope 3 emissions,

<sup>8</sup> This does not include waste from remote working. Waste is weighed in the largest of our two offices — together they account for approximately 61% of our office space and from this we can estimate a total office space waste to landfill figure of 1.6t.

and set short- and long-term targets to reduce all emissions by a minimum of 90%. The calculations will not include the carbon footprint of our funded projects. We will explore this substantial and complicated area as an additional project.

All directorates have environmental actions in their 2023-24 business plans, committing to actions that contribute to the three strands of our environmental strategy: reducing our environmental impact, helping the organisations we work with to reduce theirs and committing environmental funding. The actions build on those undertaken last year, such as carbon literacy training, recognising positive environmental action through Green Star Awards and the inclusion of climate change questions in procurement. All actions are supported and monitored by our environment strategy delivery group.

Our climate action network also continues to meet regularly, driven by colleagues from across the organisation who are committed to environmental learning and positive change. And we continue to use opportunities such as our all-staff virtual meetings (Connected), as well as other forms of internal communications, to keep raising the importance of and ways to support our environment.

To aid with communication and action, we are developing the way we collect, record and share our emissions data. During 2023 we aim to launch directorate-level reporting. This will focus on travel, as it is our most accurate data set at team level and accounted for a quarter of our 2022/23 footprint.

<b>Greenhouse gas emissions</b>		<b>2022/23</b>	<b>2021/22</b>
Non-financial indicators (tCO2e)	Total gross for scopes 1 and 2 <sup>9</sup>	252	212 <sup>10</sup>
	Total net for scopes 1 and 2 (less reductions i.e. Green tariffs)	206	0 <sup>11</sup>

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- <sup>9</sup> Scopes 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 (primarily by heating our offices) while scope 2 refers to indirect production such as electricity.
- <sup>10</sup> Figure amended to align with those presented in the 2021/22 [Planet Mark environmental report](#). Planet Mark did not include estimations to fill data gaps or potential utility use in communal office areas. The linked gas and electricity kwh's are also amended\*.
- <sup>11</sup> Reported as 0 on account of purchasing EACs for any electricity not known to be purchased through a renewable tariff and offsetting remaining emissions. Scope 3 emissions were offset too, the reporting structure does not ask for 'net' scope 3 emissions.

Greenhouse gas emissions		2022/23	2021/22
Non-financial indicators (tCO2e)	Gross emissions for scope 3 (business travel by all travel modes, including any hotel stays)	218	46
Non-financial indicators (tCO2e)	Other scope 3 emissions measured:	305 <sup>12</sup>	384
	Homeworking		
	Tech equipment	47	n/a
	Stationary purchases	1	n/a
	Waste	4	0.5

<sup>12</sup>Based on our monthly headcounts, office occupancy and figures and the new government conversion factors for homeworking (accounting for heating and electricity).

Greenhouse gas emissions		2022/23	2021/22
Related energy consumption (kWh) <sup>13</sup>	Electricity: non-renewable	250,711	320,580*
	Electricity: renewable	105,726 <sup>14</sup>	-
	Gas <sup>15</sup>	1,020,360	745,930*
	LPG	-	-
	Other	-	-

<sup>13</sup>kWh stands for kilowatt hour. It is a measure of how much energy you're using.

<sup>14</sup>The electricity allows for estimations for our non-metered offices (50,000kwh across Exeter and London. Planet Mark's 2021-22 did not include London).

<sup>15</sup>Gas usage is calculated from the meter readings we receive for three of our offices. They are our three largest offices, Birmingham, Newcastle and Glasgow. We occupy 45, 26 and 24 percent of the whole office spaces respectively and apportion the whole office use figures. From this we have generated an estimated usage figure to apply to the rest of our estate (kwh per annum per m<sup>2</sup>).

<b>Greenhouse gas emissions</b>		<b>2022/23</b>	<b>2021/22</b>
Financial indicators (£000s)	Expenditure on energy <sup>16</sup>	193 <sup>17</sup>	210
	Expenditure on official business travel	629	195

Occupancy rates in our offices have remained low as colleagues continue to work on a hybrid basis from our offices, from home and out in the community. We downsized our London and Cardiff offices last year and our Manchester office this year. We are tenants or licensees in all our offices usually, bound

<sup>16</sup>Calculations for both years include cost for communal office gas and electricity as paid for in our service charges, as well as gas and electricity directly associated with our occupied space. The communal gas and energy is not under our control and therefore measured as scope 3 emissions, which we will be scrutinising under our net zero project.

<sup>17</sup>The energy expenditure has not increased inline with the increased use due to the energy bill relief scheme and the time lag in billing/adjusting service charges.

by lease periods set pre-pandemic, but we have been monitoring office use and are preparing to reduce the spaces we occupy. In the meantime, the Birmingham office has introduced 'working zones', so electricity and air conditioning can be turned off in unused areas.

We have further reduced electricity demand by reducing what our servers use by 41% between April 2022 and March 2023. We can calculate this based on server reports, but the reductions have yet to show in our unmetered electricity bills. This has been made possible by a significant amount of our data being migrated to the cloud, enabling more of our comparably inefficient servers to be decommissioned and constantly running air conditioning units to be turned off. Though large cloud providers can run their services more efficiently, we still need to capture the associated emissions, so our new scope 3 calculations will include cloud services.

Gas use has been reported as 37% higher this year (an increase of 39 tCO2e). Our actual use is slightly lower this year than last, but there were reporting

errors for our second largest office, Newcastle<sup>18</sup>. We have been working with landlords to better use boiler controls and reduce the running temperatures of our offices. Gas use in our largest office, Birmingham, was 35% lower in 2022/23 than 2021/22. With the meter read corrections applied to the historical Newcastle figures, 5% reduction has been realised there.

Travel has risen significantly this year, but we are still only travelling around half as much as we did pre-pandemic and approximately 70% of the miles covered are done so on trains. All colleagues are set up to work virtually and are asked only to travel when meeting objectives demand an in-person meeting. Our travel policy has been recently reviewed to increase the emphasis on travelling only when it adds value and to outline how to travel in the most energy-efficient way. The policy now includes the Energy Saving Trust's travel hierarchy and stricter guidance around flying, which we only allow when crossing sea. We do not include colleague commuting in our current reporting, but intend to draw it into our net zero calculations.

<sup>18</sup> The meters readings we received were reported in kwh, when they were m<sup>3</sup>.

For the first time this year we have included the footprint of our tech purchases; this is a significant figure as we are in year one of a three-year project to refresh everyone's Microsoft Surface Pro laptop. This update is necessary to ensure all our devices are secure and supported, and the technology team is working to increase the refurbishment and re-use of the products we can no longer use.

In keeping with last year, we have weighed the waste on our two largest office sites (that make up 61% of our office space), as we only get limited (financial) information from our landlords. We have still not been able to obtain any water use data from our landlords and have not accounted for any waste produced or water used by colleagues working outside of the office. We hope that our net zero project will help us to make more realistic estimations in feasible areas.

<b>Waste</b>		<b>2022/23</b>	<b>2021/22</b>
Non-financial indicators (t)	Total waste	3.5	5.97
	Hazardous waste	-	-
	Landfill	1.6	0.3
	Re-used/recycled	0.9	0.1
	Incinerated energy from waste	-	-
	WEEE waste	1	5.93 <sup>19</sup>

<b>Waste</b>		<b>2022/23</b>	<b>2021/22</b>
Financial indicators (£000s)	Total disposal cost	5.7	6.2
	Hazardous waste – total disposal cost	-	-
	Landfill <sup>20</sup>	2.85	3.1
	Re-used/recycled	2.85	3.1
	Incinerated energy from waste	-	-



David Knott  
Chief Executive and Accounting Officer

30 June 2023

<sup>19</sup>Higher than reported last year as WEEE waste certificates were issued after the collection of the waste.

<sup>20</sup>The waste cost has been split 50/50 between landfill and recycling to mirror last year's reporting. This is an assumption as the building waste management costs are not broken down by waste stream.

# Accountability report

The accountability report has three sections:

- a corporate governance report – a discussion of our governance structure and its achievements in the year under review
- remuneration and staff report – this details remuneration for Board members and senior management as well as pension arrangements. In addition, we discuss our achievements in equality and diversity for staff
- a parliamentary accountability and audit report – a report by our auditors on the results of their audit of our accounts for 2022/23 in line with accounting and auditing standards.

## Corporate governance report

### Directors' report

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 2022/23 there were 12 members of the Board (some for part of the reporting year only). There have been a number of appointments to Board and committee roles during the year. Details of Board and

committee members for the reporting period are set out in detail in the remuneration report at page 190.

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. The 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.

During 2022/23 three new sub-committees of the Board were formed. The membership of these committees includes both non-executive board members and officers/directors of the Fund. Each of these committees has terms of reference which have been approved by the Board. The chair of each committee provides an update at each Board meeting. Details of these Committees are as follows:

- **Strategy Renewal Sub-Committee:** This committee was formed to oversee and provide the Board with assurance over the process for developing the Fund's recently approved 2023-2030 strategy.
- **People Sub-Committee:** This committee provides increased governance oversight and assurance on matters relating to people and culture within the Fund.
- **Stakeholder Engagement and Government Relationship Sub-Committee:** This committee was established to provide assurance by overseeing a consistent and strategic approach to coordinating and managing communications and relationships with key external stakeholders and government departments.

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 Secretary of State for our sponsor department, DCMS. 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.

### **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
Aaliya Seyal	Parent Network Scotland	Self
	Scottish Refugee Council	Self
	Airdrie CAB	Self
	Glasgow University	Children
	Legal Services Agency	Self
Cara Cash-Marley	Centre for Health and Wellbeing CO3	Self
		Self
Charlotte Moar	Charity Projects	Self

Nature of relationship	Awards made in 2022/23		Withdrew from award decision	Outstanding grant award at 31 March 2023
	No	£		
Board member	1	9,505	N/A	46,994
Board member	0	0	N/A	9,693
Employee	0	0	N/A	8,789
Employee	0	0	N/A	47,086
Employee	0	0	N/A	60,000
Board member	1	10,000	N/A	0
Subscribing member	0	0	N/A	99,845
Trustee and treasurer	0	0	N/A	54,122

Name	Organisation Name	Nature of relationship
Danielle Palmour	MySight York	Self
	Innovation Unit	Self
Emma Boggis	Investment Committee for Sporting Assets	Self
Fadhili Maghiya	Sub-Saharan Advisory Panel	Self
	National Museum Wales	Partner
Gwenllian Lansdown-Davies	Mudiad Meithrin	Self
Helen Stephenson	Charity Commission	Self
Janet Miles	Wester Ross Biosphere	Self
Jackie Brock	The Yard Scotland	Self

Nature of relationship	Awards made in 2022/23		Withdrew from award decision	Outstanding grant award at 31 March 2023
Trustee	1	310,356	N/A	310,356
Board member	1	290,700	N/A	0
Member	1	156,306	N/A	0
Director	0	0	N/A	263,551
Employee	0	0	N/A	262,740
CEO	1	9,900	N/A	0
CEO	0	0	N/A	0
Director	1	5,450	N/A	0
Advisor	2	130,000	N/A	0

Name	Organisation Name	Nature of relationship
John Mothersole	Sheffield City Council	Self
	Gateshead Metropolitan Borough Council	Daughter
Kevin Bone	Pilotlight Ltd	Self
	Learning Partnerships	Self
Lindsay Graham	Mayor's Fund for London	Self
Maggie Jones	Womens Health Matters Leeds	Children
	ACEVO Solutions Limited	Self
	Better Connect Ltd	Self
	Caritas Care Ltd	Self
Martin Johnstone	Home-Start Glasgow South	Spouse/partner

Nature of relationship	Awards made in 2022/23		Withdrew from award decision	Outstanding grant award at 31 March 2023
Former Chief Executive/ Former employee	0	0	N/A	1,067,698
Employee	0	0	N/A	1,820,156
C24 Mentor	1	289,061	N/A	189,553
	1	488,473	N/A	488,473
Advisor	0	0	N/A	114,000
Close relative connected	1	9,998	N/A	0
Member	1	119,445	N/A	0
Connected with related organisation	0	0	N/A	438,563
CEO	1	125,571	N/A	0
Close relative connected	0	0	N/A	78,884

Name	Organisation Name	Nature of relationship
	Cyrenians	children
	Home-Start Renfrewshire and Inverclyde	Spouse/partner
	The Pyramid at Anderston	Self
	Grassmarket Community Project	Self
Nick Garbutt	CO3	Self
Nicola Russell-Brooks	NCVO	Self
	Paul Sartori Hospice at Home	Self
	Charity Projects	Self
	Fishguard and Goodwick Young Persons	Self
	Citizens Advice Ceredigion	Self

Nature of relationship	Awards made in 2022/23	Withdrew from award decision	Outstanding grant award at 31 March 2023
Close relative connected	3 240,763	N/A	230,763
Close relative connected	1 9,972	N/A	0
Connected via Faith in Community (Scotland) Trustee	2 37,500	N/A	0
Trustee	2 96,341	N/A	38,266
Advisor	0 0	N/A	99,845
Consultant	1 10,000	N/A	0
Mentor	1 5,604	N/A	0
Consultant	0 0	N/A	54,122
Connected via business Wales mentorship	0 0	N/A	36,362
Volunteer	1 99,950	N/A	0

Name	Organisation Name	Nature of relationship
Norman McKinley	British Red Cross Society	Self
Paul Sweeney	The John Hewitt Society	Self
Peter Stewart	Eden Project	Self
Richard Collier-Keywood	School for Social Entrepreneurs	Self
	Fair4All Finance	Self
Rachael Robathan	Westminster City Council	Self
Simone Lowthe-Thomas	Severn Wye Energy Agency Ltd	Self
Stuart Hobley	Right to Succeed	Self

Nature of relationship	Awards made in 2022/23		Withdrew from award decision	Outstanding grant award at 31 March 2023
Director	1	494,519	N/A	290,890
Board member	1	10,000	N/A	0
Executive Director	0	0	N/A	752,725
Chairman	1	170,000	N/A	0
Chairman	2	45,400,000	N/A	N/A
Councillor/cabinet member	0	0	N/A	1,071,947
Former salaried employee	0	0	N/A	221,499
Grantee	1	900,000	N/A	0

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

## **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 Act 1998 and 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 Assets Acts 2008 to 2022.

The Fund is a non-departmental public body and I (David Knott) 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 Senedd (the Welsh Parliament) or the Department for Communities Northern Ireland, but the main government oversight of the Fund is exercised through directions issued by ministers.

The Secretary of State for 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. These directions regulate the systems and processes of the Fund.

The Fund's policy sponsor is Department for Culture, Media and Sport DCMS. 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. The Secretary of State issues similar directions relating to dormant account funds. These directions are included from page 370 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.

The Fund has complied with the latest HM Treasury Notice regarding financial sanctions against Russia. The Fund does not maintain any accounts or hold any funds, investments, donations or economic resources from the persons/organisations listed on the latest HM Treasury Notice on Financial Sanctions, Russia.

## **Auditors**

Under the National Lottery etc. Act 1993, our annual accounts must be examined and certified by the Comptroller and Auditor General.

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

## **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 (GDPR) came into force in May 2018 and, following the UK's departure from the European Union on 31 January 2020, the UK GDPR took effect. The UK GDPR, alongside the amended Data Protection Act 2018 and the Privacy and Electronic Communications Regulations (PECR) governs all processing of personal data from individuals within the UK (UK Data Protection Legislation). The UK GDPR retains the GDPR in domestic law but the UK has the independence to keep the framework under review. Both the GDPR and the UK GDPR set greater controls on organisations regarding their responsibilities for processing personal data. Much of the Fund's lawful basis for processing personal data is enabled

by our governing statute and Policy Directions from DCMS. We have adapted our processes and approach to ensure we meet the requirements set out in the UK Data Protection Legislation. We have updated our grants agreements and considered carefully arrangements with Grantholders and other stakeholders for the processing of their personal data, including any additional requirements that apply for special category personal data.

There were no reportable data breaches in 2022/23.

## **Public sector information holder**

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

## **Additionality**

In accordance with the National Lottery Act 2006 all National 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: "National Lottery funding should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by the UK Government or Devolved Administrations. This is known as the 'additionality principle' ensuring that the development of programmes and funding of projects is additional



to and distinct from government funding, while complementing and adding value to it in areas of mutual policy interest.”

All awards made in 2022/23 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 the Fund’s goals.”

### **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 Culture, Media and Sport has directed the 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 judgements 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 for the Fund 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.

DCMS 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 certain award programmes or elements of them.

### **Joint schemes**

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

- National Lottery funds allocated by the Fund are applied in accordance with its legal powers;

- the economic, efficient and effective use of National 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 National Lottery distributors.

During 2022/23, the Fund has participated in the following joint scheme:

- 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.

### **Delegate organisations**

The Fund has used the powers provided by the National Lottery Act 1998 to delegate to organisations the grant schemes listed below. The delegation agreement between the Fund and the delegate organisations sets out the responsibility of the Chief Executive of the delegate organisations 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 delegate organisations operate within agreed terms and in line with financial and policy directions.

### **Our delegate organisations**

#### **As part of the Growth Fund**

- Community Impact Partnership
- BIG Issue Access Ltd
- 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
- Resonance

#### **As part of the #iwill Fund programme**

- 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
- BBC Children in Need
- Ernest Cook Trust
- Dunhill Medical Trust
- Premier League Charitable Fund
- Bite Back 2030
- The Dulverton Trust
- Impetus – The Private Equity Foundation
- Sovereign Housing Association Limited
- Virgin Money Foundation

#### **As part of the Partnership programme**

- School for Social Entrepreneurs
- Consortium of Lesbian, Gay, Bisexual and Transgender Voluntary and Community Organisations
- Community Links Bromley
- The Foundation for Social Entrepreneurs
- Big Issue Invest Ltd
- Community Land and Finance CIC
- Key Fund
- Buttle UK
- Smallwood Trust

### **As part of the Manx Lottery Trust**

- Manx Lottery Trust

### **As part of the Reaching Communities programme**

- Cripplegate Foundation

### **As Part of the Rural Poverty programme**

- Severn Wye Energy Agency Ltd

### **As Part of the Climate Action Fund programme**

- Cumbria Action for Sustainability
- Voluntary Action Leeds
- Lancaster District Community and Voluntary Solutions
- The Women's Environment Network Trust

### **As Part of the Growing Great Ideas programme**

- Transition Network

### **As Part of the Dormant Accounts Northern Ireland programme**

- Arts & Business Northern Ireland

### **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 while 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, the Audit and Risk Committee and the Remuneration Committee, 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.

### **Executive management**

I lead the executive management of the Fund, supported by the SMT, which had 10 members at the end of the financial year.

The SMT meets regularly with formal meetings generally held at least once every month. The 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.

Two members of SMT (Engagement and Insight Director and Funding Strategy Director) left the Fund during the year. Two new permanent England directors were appointed (replacing interim postholders) and two new directors were appointed on a 1.2 FTE job share arrangement for the Funding Strategy, Communications and Impact Director role.

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

## **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 12 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 key 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 the SMT and if required to the Audit and Risk Committee. Additionally, the SMT considers regularly 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 regarding 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 and fraud risk themes.

The risk themes have been set by the Fund 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:

### **1. 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 decreased in 2022/23 and 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. We are managing additional uncertainty over future National Lottery income levels in relation to changes as a result of the fourth licence award for the period 2024-2034. Gambling Commission forecasts are not available beyond the end of the current licence period; therefore, we continue to plan for the future with our own internal projections but with a more prudent approach than we would ordinarily employ.

## **2. 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. Also considered is the impact of cost-of-living increases translating to staffing pressures, which in turn puts pressure on grant-holder finances.

## **3. Leadership and governance**

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

and teams. The loss of key individuals who work in management roles has the potential to add uncertainty to teams, which in turn increases potential financial and reputational risk to the Fund. The Fund mitigates these risks within its strategic plan. However, the Fund remains committed to replacing key individuals as quickly as possible through a robust recruitment policy to offset potential risks from crystallising.

## **4. 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.

The changes to ways of working at the Fund post-pandemic introduced new risks to the Fund which have made the Fund's people commitments evolve rapidly. Risks to occupational health and safety, staff wellbeing, adequate technology infrastructure to support colleagues working from home and remote people management have presented a unique set of circumstances. The Fund has adapted to meet the needs of the evolving workplace environment in line with government guidance.

## 5. 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 providing services through the cloud, which has also required changes to our in-house infrastructures. This links closely to how we design and use our own office facilities to create flexible spaces that enable our teams to collaborate effectively, including remote working. 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.

## 6. 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. As the Fund embarks upon implementing its recently approved 2030

strategy, called It starts with community, there will be a number of large-scale projects and programmes requiring the necessary skills, monitoring systems and external support to enable successful and timely delivery of these priorities.

## 7. Funding

We face a number of risks with respect to our grant making, including the potential reputational risk from projects or funded organisations which fail or do not meet the standards expected of them.

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.

## 8. Technology

Risks of exploitation of unknown and/or unpatched infrastructure vulnerabilities could result in denial of service or loss of data. Inadequate technology platforms being used to fulfil the objectives of the Fund could lead to reputational risk from resulting loss of customer data, fines or other breaches. We remain acutely aware of the changing nature of cyber risks and the increasing sophistication of these threats. In response we remain diligent in our management

of these risks through ensuring we maintain and regularly test our cyber security arrangements to ensure they remain up to date and fit for purpose.

## **9. Fraud**

We face fraud risk through exploitation of our funding programmes, whether through application fraud or misuse of grant. When setting the appetite for this risk careful consideration is taken of balancing innovative funding to be inclusive and available to all with the requirements of Managing Public Money. During 2022/23 the sophistication of grant fraud monitoring arrangements, analysis and reporting to the Audit and Risk Committee has increased substantially in order to provide the necessary assurances on grant fraud rates, recoveries and write-offs.

## **10. Engagement**

Risks considered under this theme include our ability to engage appropriately with key stakeholders, ministers and the public in order to ensure we are meeting their needs. The Fund introduced a new Stakeholder Relationship Management System in March 2023 to mitigate such risks.

## **11. Environment**

We acknowledge that we must take adequate action to reduce our own environmental impact, and that

of the organisations we fund, in order to avoid lost opportunities and failing to contribute to net zero by 2030. We are doing this through further iteration and progress against our Environment Strategy and annual plan.

## **12. Legal and regulatory**

Failure to have proper regard to the Fund's statutory and regulatory framework and status as a non-departmental public body or its key contractual obligations could result in legal action (including judicial review) or fines against the Fund and reputational damage.

Our system of controls, together with the oversight of an experienced management team and in-house Legal 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 counter-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: delegated decision making, EDI, counter fraud, UK Data Protection Regulation, colleague performance framework, key financial controls, cyber/IT security, funding control framework and a post-implementation review of the Fund's leadership competency framework.

The findings of internal audit reports are considered by me, the sponsor directors 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 some gaps were identified in the procedures and controls in key areas, along with non-compliance with key procedures and controls. During 2022/23 internal audit reports with limited assurance for either the design or the application of controls relating to funding control

frameworks, delegated decision making and counter fraud were received by the Audit and Risk Committee. These have weakened the Fund's system of internal controls and could cause the Fund's framework of governance, risk management and control to become inadequate if efforts had not been made to address them. The Audit and Risk Committee required several additional assurances from officers. These additional assurances were provided to the satisfaction of the committee, notably the early and impactful responses to fully address many of these audit findings.

The Fund outsources the delivery of the majority of its internal audit activity in a co-sourced arrangement. The contract for the outsourced element of the Fund's internal audit service was retendered during the year, with the incumbent contractor being reappointed.

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 'moderate assurance' in relation to its framework of governance, risk management and control. This is based on results of the work carried out by internal audit during this period and the Fund's response to date, its plans and commitment to continue addressing the more challenging and complex recommendations and the

progress made in addressing the areas set out in the limited assurance action plan. To its credit, the Fund has recognised that to effectively implement the recommendations from these audits requires a co-ordinated approach, crossing different teams and responsible owners to act. By introducing a consolidated tracking and reporting system, and greater oversight by SMT, we have been able to start addressing many of the areas that had previously weakened the system of internal control. Although work is still needed to fully address some of the more complex recommendations raised by internal audit during 2022/23, the Fund has plans in place to achieve this.

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.

The Fund started 2022/23 in a position of continuing to respond to issues arising in the previous year, notably the cultural inquiry and other matters which resulted in the Head of Internal Audit providing a limited assurance annual opinion. Throughout 2022/23 we have continued to respond well with four new appointments to the Fund's Board, new appointments to all vacancies on the SMT and significant

progress was made in both delivering against the recommendations arising from the cultural inquiry and addressing the issues which informed the previous year's limited assurance annual opinion.

The Fund's governance arrangements have been further bolstered with the implementation of three new sub-committees of the Board – the People Committee, the Strategy Renewal Committee and the Stakeholder Engagement and Government Relationship Committee. The People Committee will focus on the colleague and cultural issues following the good work already achieved in response to post inquiry recommendations. The Strategy Renewal Committee oversaw the development of the new strategy and shall remain in place going forwards to oversee its successful implementation. The Stakeholder Engagement and Government Relationship Committee is focussed on how and when we best engage with our key stakeholders as a Fund to maximise our influence, reputation and impact. These three committees, like other committees of the Board, provide regular updates and assurances to the Fund's main Board.

### **Accounting Officer assurances**

As Accounting Officer, I have responsibility for maintaining a sound system of internal controls that supports the achievement of the Fund's policies, aims

and objectives to safeguard public money and the Fund's assets.

To achieve this objective, the Fund has gained and received the assurances from the following sources:

### **1. Year end external audit report**

No audit adjustments were proposed, and no high priority recommendations were made for the year ended 31 March 2023. External audit work on transactions gives audit assurance that sufficient controls are in place, in addition to management assurances obtained from oversight and controls over grant awards and spending to demonstrate propriety and regularity of our funding activity.

### **2. Head of Internal Audit annual assurance statement and internal audit reports**

Overall, the annual internal report gives moderate assurance, which is an improvement on last year and records positive direction. I have reviewed this report in detail and am satisfied that any material areas of note have either already been addressed or have defined action plans for improvement. The control landscape at the Fund has been strengthened considerably through coordinated executive responses during the year, the outcomes

of which feed into both immediate plans and the strategy implementation.

### **3. Annual Assurance statements from directors**

As part of the governance process and the internal audit function, assurance statements are received from the directors confirming that they have discharged their responsibilities in ensuring that the Fund's policies and procedures are complied with. Throughout the year, directors received induction and refresher sessions where relevant to outline their responsibilities for annual assurance. Directors' annual assurance statements are submitted to me as Accounting Officer for review and consideration in the preparation of this governance statement. They are also received by the Head of Internal Audit and inform their annual opinion.

### **4. Risk management**

The risk registers are reviewed in detail on a quarterly basis. The directorate risk registers and the organisational risk register are then discussed by the risk moderation panel to decide which risks should be added or removed from the organisational risk register. Thereafter, the Organisational Risk Register is approved by SMT prior to being presented to the Audit and Risk Committee for review and scrutiny. The Fund's risk management framework is guided by recommended requirements of the HM

Treasury Orange Book and adopts the three lines of defence assurance model. During 2022/23 further improvements to the risk management framework have been introduced which have provided enhanced assurance to the Audit and Risk Committee.

While the Audit and Risk Committee provides assurance to the Board in its review and scrutiny of the Fund's risk management arrangements, the Board has ultimate responsibility for ensuring that appropriate risk management practices are in place.

### **5. Detailed fraud and bribery risk assessment**

A detailed fraud and bribery risk 'deep dive' has been carried out, which involved conducting detailed meetings with the relevant heads of departments and operational staff. The fraud risk assessment shows the principal fraud risks and what controls the fund has in place to mitigate these risks. Overall fraud risk to the Fund is monitored and reported quarterly to the Audit and Risk Committee through the Fraud Risk Management Group.

### **6. Senior management team (SMT) review and sign-off**

The SMT reviews every quarter all changes to the directorates' risk registers and the organisational risk register. SMT risk owners also provide relevant commentary each quarter against each key risk theme

used in the Fund's risk management framework. SMT members will each review their directorate risk register in collaboration with the risk management team and risks are added, closed or scored/rescored based on various influencing factors such as changes in the external operating environment or in response to internal audit findings.

### **7. Audit and Risk committee**

The Audit and Risk committee meets every quarter to review and discuss all risk updates to ensure that risks are properly managed by mitigating controls and control assurances. During the year the committee has focussed on receiving additional assurances from officers in respect of people/HR-related matters, data and information security arrangements and counter fraud arrangements. The committee provides challenges and scrutiny over the Fund's risk recording, reporting and assurance arrangements and has also required assurances regarding management's responsiveness to the implementation of internal audit recommendations. These assurances have been provided to the satisfaction of the committee.

### **8. Functional standards**

The Fund continues to periodically self-assess against the business functions prescribed in the Government Functional Standards as necessary. The

Fund identified the relevant Functional Standards and self-assessed against them, confirming compliance against these applicable standards. DCMS reviewed the Fund's position and confirmed its satisfaction with our assessment.

### **Board evaluation**

During 2022/23 the Fund's triennial review of governance arrangements commenced, which is undertaken to benchmark against recommended good practice. This review was completed by Deloitte LLP, starting in March 2023. The final report and findings will be presented to the Fund's Board in July 2023 where areas to better align the Fund's current arrangements with recommended good practice will be considered. During the year arising governance issues have been reported to DCMS and the Principal Accounting Officer in a full and timely manner and accordant with the propriety and regularity responsibilities I hold as Accounting Officer.

### **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 2022/23 included two 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 six of the seven KPIs set for the year.

Additional key management information 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 three corporate goals.

### **Dormant assets**

The Fund has established enhanced governance processes for the management of the dormant account assets 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 account assets scheme appropriately. The work in delivering dormant assets activities forms a part of our overall approach to organisational governance across the Fund and therefore the role of the Board, Audit and Risk Committee, Internal Audit and that of the Accounting Officer extends to cover these activities alongside those connected with our National Lottery-funded activities.

Dormant account funds continue to be distributed to make an impact and bring benefit to our communities.

### **Third-party funding**

The Board (or delegates through relevant committees) is actively engaged third-party 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-National Lottery work from National Lottery resources.

### **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 delegate organisations before funding is awarded. The arrangements are actively managed and appropriate internal and external audit arrangements are applied. External delegation agreements (binding legal agreements) are in place as a control measure to mitigate risk.

The Fund may also make awards as endowments to trusts, normally created specifically for the purpose of the award. A previous example of this is the Power to Change trust that 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 consider and report to the Fund to assure the Fund that the endowment is properly applied in accordance with the Fund's intentions.

## **Our payment policy and practice**

In accordance with the Prompt Payment Policy, we aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. In 2022/23, 90% (82% in 2021/22) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days was 72% during 2022/23 (43% in 2021/22).

Our overall creditor days (the total value of our creditors at 31 March 2023 divided by total creditor payments during 2022/23, expressed in days) was 25 days (25 days in 2021/22).

## **Impact of EU exit**

The Fund is engaged in two active funding programmes with matched funding from the European Social Fund. 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 the Treasury and DWP for the duration of the current programme, irrespective of the arrangements for any future funding.

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 has been observed to date following the UK's exit from the EU. The main changes for the Fund brought about by the UK's exit from the European Union have been connected with the transition from having to comply with the EU state aid rules to the UK's new subsidy control regime governed by the Subsidy Control Act 2022. The Fund's grant terms and conditions and internal processes have been updated to reflect and comply with the new legislation and the impact on the Fund's activities has not been material.

## **Overall assessment of governance and internal control**

In my opinion, in consideration of the Head of Internal Audit's assurance report, the Fund's systems of governance and internal controls are sufficient to enable me to assure myself of compliance by the Fund with the National Lottery Acts, the Dormant Assets Acts 2008 to 2022, and the policy, financial and accounts directions issued under them.



David Knott  
Chief Executive and Accounting Officer

30 June 2023

## Our remuneration and staff report

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

#### Board members

Name	Role
Blondel Cluff CBE	Chair, UK Board  Chair, UK Funding Committee Chair, Remuneration Committee
Tony Burton CBE	Member, UK Board (until 20 August 2021)
Perdita Fraser	Member, UK Board (until 31 May 2022) Member, Audit and Risk Committee (until 31 May 2022)
Elizabeth Passey	Member, UK Board (until 31 May 2022)
Rachael Robathan	Member, UK Board (until 31 May 2023) Member, for people sub-committee entry (until 31 May 2023) Member, Remuneration Committee (until 31 May 2023)

Attendance 2022/23	Remuneration 2022/23*	Remuneration 2021/22*
5/5	47,984	75,000
4/4		
1/1		
0/0	-	3,270
0/0	1,308	7,848
0/0		
0/0	1,308	7,848
4/5	7,848	7,848
1/1		
1/1		



Name	Role
Sir Adrian Webb	Chair, Wales Committee (until 3 June 2021) Member, UK Board (until 31 December 2021) Member, Remuneration Committee (until 30 June 2021) Member, Audit and Risk Committee (until 31 December 2021)
Simone Lowthe-Thomas	Chair, Wales Committee (from 1 July 2021)  Member, UK Funding Committee Member, UK Board (from 1 July 2021) Member, Strategy renewal sub-committee Member, Stakeholder engagement and government relationship sub-committee
Paul Sweeney	Chair, Northern Ireland Committee (from 1 June 2021) Member, UK Funding Committee Member, UK Board (from 1 June 2021)

Attendance 2022/23	Remuneration 2022/23*	Remuneration 2021/22*
0/0	-	13,285
0/0		
0/0		
0/0		
4/4	24,000	18,000
4/4		
5/5		
2/3		
5/5		
10/10	24,000	20,000
4/4		
5/5		

Name	Role
	Member, Strategy renewal sub-committee Member, Stakeholder engagement and government relationship sub-committee
Emma Boggis	Member, UK Board Chair, Audit and Risk Committee (until 16 October 2022) Member, Audit and Risk Committee (from 17 October 2022) Member, Strategy renewal sub-committee
Danielle Walker-Palmour	Member, UK Board  Member, UK Funding Committee (until 31 December 2021) Member, Strategy renewal sub-committee
John Mothersole	Member, UK Board  Member, UK Funding Committee Chair, England Committee

Attendance 2022/23	Remuneration 2022/23*	Remuneration 2021/22*
3/3		
5/5		
4/5 4/5	9,240	11,027
2/3		
5/5	7,848	7,848
0/0		
2/3		
5/5	24,000	24,000
2/4		
8/8		

Name	Role
	Member, Stakeholder engagement and government relationship sub-committee
Kate Still	Vice-chair, UK Board Member, UK Funding Committee Chair, Scotland Committee Member, People sub-committee Member, Stakeholder engagement and government relationship sub-committee Member, Remuneration committee
Richard Collier-Keywood	Member, UK Board (from 1 July 2022)  Chair, Audit and Risk Committee (from 17 October 2022) Member, Strategy renewal sub-committee
Stuart Hobley	Member, UK Board (from 1 July 2022) Member, Stakeholder engagement and government relationship sub-committee

Attendance 2022/23	Remuneration 2022/23*	Remuneration 2021/22*
5/5		
5/5 4/4 7/7 1/1 5/5	30,526	24,000
1/1 4/4	7,081	-
4/4 3/3		
4/4 5/5	5,886	-

Name	Role
Peter Stewart	Member, UK Board (from 1 July 2022) Member, Strategy renewal sub-committee
Helen Stephenson	Member, UK Board (from 1 July 2022) Member, Strategy renewal sub-committee

Attendance 2022/23	Remuneration 2022/23*	Remuneration 2021/22*
4/4	5,886	-
2/3		
4/4	-	-
3/3		

*\*Audited information*

### Other members – England

Name	Role
Margaret Jones	Member, England Committee
Tarn Lamb	Member, England Committee (until 28 February 2023)
Kevin Bone	Member, England Committee Member, UK Funding Committee (until 31 December 2021)
Rosie Ginday	Member, England Committee
Ray Coyle	Member, England Committee

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
7/8	7,848	24,000
7/7	7,194	7,848
7/8 0/0	7,848	7,848
7/8	7,848	7,848
8/8	7,848	5,886

## Other members – Scotland

Name	Role
Jackie Brock	Member, Scotland Committee
Grant Carson	Member, Scotland Committee (until 31 March 2022)
Lindsay Graham	Member, Scotland Committee
Aaliya Seyal	Member, Scotland Committee Member, UK Funding Committee (until 31 December 2021)
Martin Johnstone	Member, Scotland Committee
Janet Miles	Member, Scotland Committee
Naila Wood	Member, Scotland Committee (from 1 June 2022)

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
6/7	5,232	5,232
0/0	-	5,232
4/7	5,232	5,232
6/7 0/0	5,232	5,232
6/7	5,232	5,232
7/7	6,040	6,152
5/6	4,683	-

## Other members – Wales

Name	Role
Rona Aldrich	Member, Wales Committee (until 31 July 2021)
Trystan Pritchard	Member, Wales Committee (from 1 October 2021)
Kate Young	Member, Wales Committee (from 1 October 2021)

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
0/0	-	1,744
4/4	5,232	3,052
4/4	5,232	2,616

Name	Role
Gwenllian Lansdown Davies	Member, Wales Committee (from 1 October 2021)
Sian Callaghan	Member, Wales Committee (until 31 January 2022) Member, UK Funding Committee (until 31 December 2021)
Nicola Russell-Brooks	Member, Wales Committee
Fadhili Maghiya	Member, Wales Committee

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
3/4	5,232	1,744
0/0	-	4,360
0/0		
4/4	5,232	5,232
3/4	5,232	5,232

### Other members – Northern Ireland

Name	Role
Dr Michael Dobbins	Member, Northern Ireland Committee (until 31 October 2021)
Tony Doherty	Member, Northern Ireland Committee (until 31 October 2021)
Charles Mack	Member, Northern Ireland Committee (until 31 October 2022)

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
0/0	-	3,052
0/0	-	3,052
5/6	3,052	5,232

Name	Role
Eileen Mullan	Member, Northern Ireland Committee (until 31 October 2021) Member, UK Funding Committee (until 31 October 2021)
Sandra McNamee	Member, Northern Ireland Committee (until 31 October 2022)
Nick Garbutt	Member, Northern Ireland Committee (from 1 November 2021)
Cara Cash-Marley	Member, Northern Ireland Committee (from 1 November 2021)
Kate Clifford	Member, Northern Ireland Committee
Anne-Marie McClure	Member, Northern Ireland Committee (from 1 November 2022)
Norman McKinley	Member, Northern Ireland Committee (from 1 November 2022)

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
0/0	-	3,052
0/0		
5/6	3,052	8,310
10/10	5,232	2,180
6/10	5,232	2,180
7/10	5,232	5,232
2/4	2,180	-
2/4	2,180	-

### Other members – Audit and Risk Committee

Name	Role
Ruth Marchington	Member, Audit and Risk Committee
Charlotte Moar	Member, Audit and Risk Committee

Attendance 2022/23	Remuneration 2022/23	Remuneration 2021/22
4/5	1,744	1,744
4/5	1,744	1,744

## **The Senior Management Team**

### **Chief Executive**

David Knott

### **Funding Strategy Director**

Emma Ackerman (until 26 August 2022)

### **Northern Ireland Director**

Kate Beggs

### **England Director, Strategy, Partnerships and Engagement**

Phil Chamberlain (from June 2022)

### **England Director, Programmes, Operations and Regions**

Emma Corrigan (from July 2022)

### **Interim England Director**

Jonathan Eastwood (until June 2022)

### **Finance Director**

Stuart Fisher (from January 2022)

### **Corporate Services Director**

Neil Harris

### **Engagement and Insight Director**

Faiza Khan MBE (until 15 August 2022)

## **Funding Strategy, Communications and Impact Director**

Laura Lucking and Verity Prime (from November 2022)

### **Interim England Director**

Mark Purvis (until June 2022)

### **Scotland Director**

Neil Ritch

### **Wales Director and Director, Nations**

John Rose

## **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 related pay for directors, and
- decide on severance terms for the Chief Executive and directors.

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 (PCSPS). 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 2022/23 there was a 1% increase (2021/22 0%). 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% of their basic salary. The other directors are entitled to a payment of up to 8% 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. No director or chief executive performance-related payments were approved for payment in 2022/23.

None of the directors receives 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.

Two permanent members of the Senior Management Team left during the year.

Details of the basic salary, performance-related payments and pension benefits of directors are set out in the tables below. Details of their expenses can be found on the website: [tnlcommunityfund.org.uk/about/our-people/senior-management-team](https://tnlcommunityfund.org.uk/about/our-people/senior-management-team)

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

		<b>David Knott</b> (Chief Executive) from June 2021
<b>2022/23 Salary</b>	<b>£'000</b>	130-135 (Full time equivalent 145-150)
<b>2022/23 Performance related payments</b>	<b>£'000</b>	0-5
<b>2022/23 Value of pension benefits</b>	<b>£'000</b>	61
<b>2022/23 Single total figure for Remuneration</b>	<b>£'000</b>	190-195
<b>2021/22 Salary</b>	<b>£'000</b>	105-110 (Full time equivalent 140-145)
<b>2021/22 Performance related payments</b>	<b>£'000</b>	N/A
<b>2021/22 Value of pension benefits</b>	<b>£'000</b>	103
<b>2021/22 Single total figure for Remuneration</b>	<b>£'000</b>	205-210

		<b>Emma Ackerman</b> (Funding Strategy Director) until August 2022	<b>Kate Beggs</b> (Northern Ireland Director)
		30-35 (Full year equivalent 75-80)	75-80
		0-5	0-5
		6	2
		35-40	80-85
		75-80	75-80
		0-5	0-5
		29	21
		100-105	100-105

		<b>Phil Chamberlain</b> (England Director - Strategy, Partnerships and Engagement) from June 2022
<b>2022/23 Salary</b>	<b>£'000</b>	70-75 (Full time equivalent 85-90)
<b>2022/23 Performance related payments</b>	<b>£'000</b>	N/A
<b>2022/23 Value of pension benefits</b>	<b>£'000</b>	28
<b>2022/23 Single total figure for Remuneration</b>	<b>£'000</b>	95-100
<b>2021/22 Salary</b>	<b>£'000</b>	N/A
<b>2021/22 Performance related payments</b>	<b>£'000</b>	N/A
<b>2021/22 Value of pension benefits</b>	<b>£'000</b>	N/A
<b>2021/22 Single total figure for Remuneration</b>	<b>£'000</b>	N/A

		<b>Emma Corrigan</b> (England Director - Programmes, Operations and Regions) from July 2022	<b>Jonathan Eastwood</b> (Interim England Director) from August 2021 until May 2022
		60-65 (Full year equivalent 85-90)	10-15 (Full year equivalent 75-80)
		N/A	0-5
		25	N/A
		85-90	10-15
		N/A	50-55 (Full year equivalent 75-80)
		N/A	0-5
		N/A	N/A
		N/A	50-55

		<b>Stuart Fisher</b> (Finance Director) from January 2022
<b>2022/23 Salary</b>	<b>£'000</b>	95-100
<b>2022/23 Performance related payments</b>	<b>£'000</b>	0-5
<b>2022/23 Value of pension benefits</b>	<b>£'000</b>	39
<b>2022/23 Single total figure for Remuneration</b>	<b>£'000</b>	135-140
<b>2021/22 Salary</b>	<b>£'000</b>	20-25 (Full year equivalent 95-100)
<b>2021/22 Performance related payments</b>	<b>£'000</b>	N/A
<b>2021/22 Value of pension benefits</b>	<b>£'000</b>	8
<b>2021/22 Single total figure for Remuneration</b>	<b>£'000</b>	25-30

		<b>Neil Harris</b> (Corporate Services Director)	<b>Faiza Khan</b> (Engagement and Insight Director) until August 2022
		90-95	30-35 (Full year equivalent 80-85)
		0-5	0-5
		36	0
		125-130	30-35
		90-95	80-85
		0-5	0-5
		35	0
		125-130	85-90

		<b>Laura Lucking</b> (Funding Strategy, Communications, and Impact Director 0.6 job share) from November 2022
<b>2022/23 Salary</b>	<b>£'000</b>	25-30 (Full time/year equivalent 50-55)
<b>2022/23 Performance related payments</b>	<b>£'000</b>	N/A
<b>2022/23 Value of pension benefits</b>	<b>£'000</b>	1
<b>2022/23 Single total figure for Remuneration</b>	<b>£'000</b>	25-30
<b>2021/22 Salary</b>	<b>£'000</b>	N/A
<b>2021/22 Performance related payments</b>	<b>£'000</b>	N/A
<b>2021/22 Value of pension benefits</b>	<b>£'000</b>	N/A
<b>2021/22 Single total figure for Remuneration</b>	<b>£'000</b>	N/A

		<b>Verity Prime</b> (Funding Strategy, Communications, and Impact Director 0.6 job share) from November 2022	<b>Mark Purvis</b> (Interim England Director) from August 2021 until May 2022
		25-30 (Full time/year equivalent 50-55)	15-20 (Full year equivalent 70-75)
		N/A	0-5
		9	N/A
		35-40	15-20
		N/A	45-50 (Full year equivalent 70-75)
		N/A	0-5
		N/A	N/A
		N/A	45-50

		<b>Neil Ritch</b> (Scotland Director)
<b>2022/23 Salary</b>	<b>£'000</b>	75-80
<b>2022/23 Performance related payments</b>	<b>£'000</b>	0-5
<b>2022/23 Value of pension benefits</b>	<b>£'000</b>	(6)
<b>2022/23 Single total figure for Remuneration</b>	<b>£'000</b>	70-75
<b>2021/22 Salary</b>	<b>£'000</b>	75-80
<b>2021/22 Performance related payments</b>	<b>£'000</b>	0-5
<b>2021/22 Value of pension benefits</b>	<b>£'000</b>	19
<b>2021/22 Single total figure for Remuneration</b>	<b>£'000</b>	95-100

		<b>John Rose</b> (Wales Director and Director, Nations)
		85-90
		0-5
		11
		100-105
		90-95
		0-5
		24
		120-125

## Executives' Remuneration (pensions) (Audited information)

	Accrued pension at pensionable age as at 31/03/23 and related lump sum	Real increase in pension and lump sum at pension	Cash Equivalent Transfer Values (CETV) at 31/03/23	CETV at 31/03/22	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>David Knott</b> (Chief Executive) from June 2021	30-35	2.5-5	385	319	26
<b>Emma Ackerman</b> (Funding Strategy Director) until August 2022	5-10	0-2.5	93	84	0
<b>Kate Beggs</b> (Northern Ireland Director)	25-30 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0	369	338	(8)*
<b>Phil Chamberlain</b> (England Director - Strategy, Partnerships and Engagement) from June 2022	0-5	0-2.5	20	0	14
<b>Emma Corrigan</b> (England Director - Programmes, Operations and Regions) from July 2022	0-5	0-2.5	15	0	10
<b>Jonathan Eastwood</b> (Interim England Director) from August 2021 until May 2022	N/A	N/A	N/A	N/A	N/A
<b>Stuart Fisher</b> (Finance Director) from January 2022	0-5	0-2.5	28	5	15

	Accrued pension at pensionable age as at 31/03/23 and related lump sum	Real increase in pension and lump sum at pension	Cash Equivalent Transfer Values (CETV) at 31/03/23	CETV at 31/03/22	Real increase in CETV
<b>Neil Harris</b> (Corporate Services Director)	10-15	0-2.5	121	90	19
<b>Faiza Khan</b> (Engagement and Insight Director) until August 2022	N/A	N/A	N/A	N/A	N/A
<b>Laura Lucking</b> (Funding Strategy, Communications, and Impact Director) from November 2022	25-30	0-2.5	282	277	(2)*
<b>Verity Prime</b> (Funding Strategy, Communications, and Impact Director) from November 2022	15-20	0-2.5	245	228	4
<b>Mark Purvis</b> (Interim England Director) from August 2021 until May 2022	N/A	N/A	N/A	N/A	N/A
<b>Neil Ritch</b> (Scotland Director)	25-30 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	475	439	(15)*
<b>John Rose</b> Wales Director and Director, nations	30-35	0-2.5	554	499	(1)*

\*Taking account of inflation, the CETV funded by the employer has decreased in real terms.



### **Officials with significant financial responsibility**

The Fund engaged 25 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 (the Chief Executive) and the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile 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 (the Chief Executive) was £145,000 to £150,000 (2021/22: £140,000 to £145,000 – 2.8% increase). In 2022/23, no employees (2021/22: none) received remuneration in excess of the highest paid director.

The mean average salary for all other employees during 2022/23 was £34,312 (2021/22: £33,481 – 2.5% increase). Mean average performance-related

payments during 2022/23 for all other employees was £206 (2021/22: £238 – 13.3% decrease). The range of remuneration is from a range of £15,000 to £20,000 through to a range of £145,000 to £150,000.

In 2022/23, the 25th percentile salary of the Fund's employees was £26,407 (2021/22: £25,533), the median salary of the Fund's employees was £30,000 (2021/22: £29,495), the 75th percentile was £37,596 (2021/22: £36,500). The ratio of the highest paid director to the 25th percentile is 5.6:1 (2021/22: 5.8:1), the ratio of the highest paid director to the median is 4.9:1 (2021/22: 5.0:1), the ratio of the highest paid director to the 75th percentile is 3.9:1 (2021/22: 4.0:1). Ratios remain largely consistent with prior year (and the Fund's pay policies) due to no significant changes to the remuneration structure.

No benefits in kind or other benefits are paid to employees so all amounts and ratios quoted relate to salary components of total pay and benefits.

### **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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance

on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

### **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 Culture, Media and Sport.

The Chairs of the UK 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 210 to 219.

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.

### **Staff (audited information)**

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 2023	Number of employees at 31 March 2023	Total number of staff at 31 March 2023	Total number of staff at 31 March 2022
	(FTE)	(FTE)	(FTE)	(FTE)
Grantmaking	5	459	464	470
Support to customers and stakeholders	4	155	159	160
Governance and administration	3	160	163	158
	12	774	786	788

At 31 March 2023, the Fund employed 786 full-time equivalent staff (31 March 2022: 788). This included 12 full-time equivalent temporary staff (31 March 2022: 11).

### 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 2022/23, the average number of days of sickness absence was 7.6 days per employee (6.0 days in 2021/22).

### Turnover

In 2022/23 135 staff left the Fund; this represents 16% of our headcount at the beginning of the period. The equivalent departures in 2021/22 were 118 (14%). The Fund recognises the balance between healthy staff retention rates and bringing new talent into the Fund.

### Exit packages (audited information)

Although the Fund's employees are not civil servants, their terms of employment provide for any termination payments or early retirement pensions to be 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. There was one voluntary redundancy of £49k and no early retirement pensions in 2022/23 (2021/22: nil).

### 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 formal employee engagement surveys. A colleague council established during the year continues to hear more voices from around the

organisation in shaping the Fund to be a great place to work.

## **Health and 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 not engaged any (2021/22: none) individuals through off-payroll contracts.

The Fund has incurred consultancy costs during the year of £683,961 (2021/22: £548,284) in respect of the provision of advice and expertise which we would not routinely procure to support our continuing activities. For 2022/23, this includes consultancy work related to the strategy renewal development, our technology journey to the cloud and the initial phase of the organisational improvement programme.

## **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 £125,422 (2021/22: £122,036) and in accordance with the government accounting guidance has written this off as a staff cost under taxes.

The Fund has reclaimed £48,412 (2021/22: £39,201) 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.

## **Equality in employment**

The Fund seeks to be a diverse and inclusive employer. We aim to ensure that our colleagues 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, channels,

contacts, agencies and advertising approaches to support this.

We seek to ensure that we provide training and development opportunities to all colleagues 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 experience 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 2022/23.

<b>Disability status</b>	<b>The Fund</b>	<b>Civil Service</b>	<b>UK economically active population</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Staff with a declared disability	16.4	14.0	14.7
Staff who have not declared a disability	83.6	86.0	85.3

<b>Gender</b>	<b>The Fund</b>	<b>Civil Service</b>	<b>UK economically active population</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Female	69.0	54.5	47.7
Male	31.0	45.5	52.3

<b>Gender</b>	<b>Board</b>	<b>Directors</b>	<b>Fund Senior Staff (Leaders)</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Female	64.3	50.0	69.9
Male	35.7	50.0	30.1

<b>Ethnic Group</b>	<b>The Fund</b>	<b>UK economically active population</b>
	<b>%</b>	<b>%</b>
Asian	7.5	5.4
Black	4.4	3.4
Chinese	0.2	0.7
Mixed	2.1	1.6
Other	0.4	3.3
White	84.5	85.5
Not known	0.9	-
Do not want to declare	-	-

LGBT+	The Fund	Civil Service
	%	%
LGBT+	8.5	6.1
Non-LGBT+	69.0	93.9
Unknown	22.5	-

### 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 1.3% (2021/22: 2.0%) for median pay whilst for mean pay, the gap is 6.7% (2021/22: 4.8%). We are pleased with the reduction in our median pay gap from last year and will continue the positive work we have started to reduce this gap even further.

### Ethnicity Pay Gap

Whilst we are not legally required to report our ethnicity pay gap, we have taken the decision to publish our results alongside the gender pay gap. Across the Fund as a whole, we report an ethnicity pay gap of 1.1% (2021/22: 0.7%) for median pay whilst for mean pay, the rate is minus 1.8% (2021/22: minus 2.1%). These numbers remain positive as we continue to perform significantly better than UK wide organisations and the wider Civil Service.

### Trade Union Facility Time

Number of employees who were relevant union officials during the financial year	4
Full time equivalent employee number	1.2
Percentage of time spent on facility time by relevant union officials:	
0%	-
1-50%	3
51-99%	1
100%	-
Total cost of facility time	£62,154
Total cost of paybill	£37,249,854
Percentage of paybill spent on facility time	<b>0.2%</b>
Hours spent on paid trade union activities	180
Hours spent on paid facility time	2,293
Percentage	<b>7.9%</b>



David Knott  
Chief Executive and Accounting Officer

30 June 2023

## **The Certificate and Report of the Comptroller and Auditor General to The Houses of Parliament, the Scottish Parliament, Senedd Cymru and the Northern Ireland Assembly**

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2023 under the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008.

The financial statements comprise the Big Lottery Fund's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 2023 and its

total comprehensive net income for the year then ended; and

- 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 for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom (2022)*. 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 2019*. I am independent of the Big Lottery Fund in accordance with the ethical requirements that are relevant to my audit of 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**

In auditing the financial statements, I have concluded that the Big Lottery Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Big Lottery Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Big Lottery Fund is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is

anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit 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; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

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 material misstatements in the Performance and Accountability Reports.

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 by the Big Lottery Fund or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Big Lottery Fund from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are 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;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is 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; and
- assessing the Big Lottery Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Big Lottery Fund will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify 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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Big Lottery Fund's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Big Lottery Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Big Lottery Fund's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Big Lottery Fund's controls relating to the Big Lottery Fund's compliance with the National Lottery etc Act 1993

and the Dormant Bank and Building Society Accounts Act 2008, and Managing Public Money;

- inquired of management, the Big Lottery Fund's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Big Lottery Fund for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, grant expenditure and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Big Lottery Fund's framework of authority and other legal and regulatory frameworks in which the Big Lottery Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Big Lottery Fund. The

key laws and regulations I considered in this context included with the National Lottery etc Act 1993, the Dormant Bank and Building Society Accounts Act 2008, the Dormant Assets Act 2022, Managing Public Money, employment law and tax Legislation.

In addition, I considered the risk that management may seek to misclassify administration expenditure as programme expenditure to meet a key performance indicator target that forms part of the Big Lottery Fund's current management agreement with the Department for Culture, Media and Sport and is included as a note to the financial statements.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness

of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

Gareth Davies  
Comptroller and Auditor General

4 July 2023

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

# Financial Statements

## Statement of comprehensive net income

	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Income</b>			
<b>Lottery income</b>			
Proceeds from the National Lottery	13	707,237	723,100
Investment income from the National Lottery Distribution Fund	13	14,192	1,024
Bank and other interest receivable	2	83	-
Recoveries of grant	2	2,932	2,866
		<b>724,444</b>	<b>726,990</b>
<b>Dormant accounts money income</b>			
Received/Receivable from Reclaim Fund Ltd	33a	91,756	54,008
Bank interest receivable	33a	1,753	7
Recoveries of grant	33a	7	31
		<b>93,516</b>	<b>54,046</b>
<b>Coronavirus Community Support Fund income</b>			
Interest received	29	2	-
Recoveries of grant		97	862
		<b>99</b>	<b>862</b>
<b>Local Connections Fund income</b>			
Received/Receivable from DCMS	30	-	-
Recoveries of grant		-	8

	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Living Places and Spaces Fund income</b>			8
Received/Receivable from Dfl	31	791	791
Recoveries of grant		9	-
		<b>800</b>	<b>791</b>
<b>Places Called Home Fund income</b>			
Received/Receivable from IKEA	32	-	500
Recoveries of grant		5	-
		<b>5</b>	<b>500</b>
<b>Other income</b>	2	4,806	3,851
<b>Total income</b>		<b>823,670</b>	<b>787,048</b>

## Expenditure

### National Lottery programme expenditure

Grant expenditure	3	616,197	595,404
Less lapsed or revoked grant expenditure	3	(4,317)	(3,181)
Direct expenditure in support of programmes	4	3,557	4,925
		<b>615,437</b>	<b>597,148</b>

### Dormant accounts money programme expenditure

Transfers/transferable to designated distributors	33a	65,847	352
Grant expenditure	33a	20,592	13,450
Less lapsed or revoked grant expenditure	33a	(34)	(24)
		<b>86,405</b>	<b>13,778</b>

### Coronavirus Community Support Fund programme expenditure

Grant expenditure	29	-	(22)
Less lapsed or revoked grant expenditure	29	(28)	(281)
Refunded to DCMS	29	-	1,281
		<b>(28)</b>	<b>978</b>

### Local Connections Fund programme expenditure

Grant expenditure	30	-	-
Refunded to DCMS	30	-	22
		<b>-</b>	<b>22</b>



	<b>Note</b>	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>
<b>Living Places and Spaces Fund programme expenditure</b>			
Grant expenditure	31	741	737
<b>Places Called Home Fund programme expenditure</b>			
Grant expenditure	32	-	500
<b>Operating costs</b>			
Operating costs for distributing National Lottery Income	5	49,899	48,594
Recharged operating costs	5	1,995	2,004
Operating costs for distributing dormant account money	5	615	592
Operating costs for distributing Coronavirus Community Support Fund money	5	1	826
Operating costs for distributing Local Connections Fund money	5	-	89
Operating costs for distributing Living Places and Spaces Fund money	5	41	41
		<b>52,551</b>	<b>52,146</b>

		<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Restructuring and investment</b>	8	648	(1,621)
<b>Total expenditure</b>		<b>755,754</b>	<b>663,688</b>
<b>Surplus before taxation</b>		<b>67,916</b>	<b>123,360</b>
Taxation	9	(16)	-
<b>Total comprehensive net income</b>		<b>67,900</b>	<b>123,360</b>

All income and expenditure relates to continuing activities.

The notes on pages 272 to 370 form part of these accounts.

## Statement of financial position

	Note	As at 31 March 2023	As at 31 March 2022
		£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	10	367	1,003
Intangible assets	11	19	134
Right of use assets	20	1,968	5,088
		<b>2,354</b>	<b>6,225</b>
<b>Current assets</b>			
Trade and other receivables	12	45,417	41,858
Cash at bank and in hand		237,626	163,313
Investment balance in National Lottery Distribution Fund	13	489,080	398,650
		<b>772,123</b>	<b>603,821</b>
<b>Total assets</b>		<b>774,477</b>	<b>610,046</b>
<b>Current liabilities</b>			
Trade and other payables	14	(560,207)	(470,465)
Lease liabilities	20	(949)	(1,348)
<b>Total assets less net current liabilities</b>		<b>213,321</b>	<b>138,233</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	(457,599)	(447,339)
Lease liabilities	20	(757)	(3,850)

	Note	As at 31 March 2023	As at 31 March 2022
<b>Provisions</b>	15	<b>£000</b> (1,048)	<b>£000</b> (1,027)
<b>Assets less liabilities</b>		<b>(246,083)</b>	<b>(313,983)</b>

**Represented by:**

Lottery funds reserve		(355,458)	(416,713)
Dormant Accounts money reserve		108,584	102,088
Coronavirus Community Support Fund reserve		752	626
Local Connections Fund reserve		3	3
Living Places and Spaces Fund reserve		31	13
Places Called Home Fund reserve		5	-
		<b>(246,083)</b>	<b>(313,983)</b>

Signed on behalf of the Big Lottery Fund Board  
on 30 June 2023.



David Knott, Chief  
Executive and Accounting  
Officer



Blondel Cluff CBE, Chair

The notes on pages 272 to 370 form part of  
these accounts.

## Statement of changes in equity

	Year ended 31 March 2023						
	Lottery Accounts	Dormant Accounts	Coronavirus Community Support Fund	Local Connections Fund	Living Places and Spaces Fund	Places Called Home Fund	Total
	£000	£000	£000	£000	£000	£000	£000
Opening reserve position	(416,713)	102,088	626	3	13	-	(313,983)
Transferred from Statement of Comprehensive Income	61,255	6,496	126	-	18	5	67,900
Closing reserve position	<b>(355,458)</b>	<b>108,584</b>	<b>752</b>	<b>3</b>	<b>31</b>	<b>5</b>	<b>(246,083)</b>

**Year ended 31 March 2022**

	<b>Lottery Accounts</b>	<b>Dormant Accounts</b>	<b>Coronavirus Community Support Fund</b>	<b>Local Connections Fund</b>	<b>Living Places and Spaces Fund</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening reserve position	(501,429)	62,412	1,568	106	-	(437,343)
Transferred from Statement of Comprehensive Net Income	84,716	39,676	(942)	(103)	13	123,360
Closing reserve position	<b>(416,713)</b>	<b>102,088</b>	<b>626</b>	<b>3</b>	<b>13</b>	<b>(313,983)</b>

The notes on pages 272 to 370 form part of these accounts.

## Statement of cash flows

	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Surplus for the period</b>	67,900	123,360
Disposal of non-current assets (note 10 and 11)	37	-
Depreciation of property, plant and equipment and amortisation of intangible assets (note 10 and 11)	760	1,431
Depreciation of right-of-use lease assets (note 20)	1,600	2,078
Interest expenses (note 20)	(32)	125
<b>Surplus adjusted for non-cash transactions</b>	<b>70,265</b>	<b>126,994</b>
(Increase)/Decrease in trade and other receivables (note 12)	(3,559)	113,461
(Increase) in NLDF balance (note 13)	(90,430)	(135,067)
Increase/(Decrease) in trade and other payables (note 14)	100,002	(20,741)
Increase/(Decrease) in provisions (note 15)	21	(1,212)
<b>Net cash inflow from operating activities</b>	<b>76,299</b>	<b>83,375</b>
<b>Cashflows from financing activities</b>		
Repayment of borrowings and leasing liabilities (note 20)	(1,940)	(1,455)

	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>
<b>Cashflows from investing activities</b>		
Payments to acquire property, plant and equipment (note 10 and 11)	(46)	(119)
<b>Increase in cash</b>	<b>74,313</b>	<b>81,801</b>
<b>Net increase in cash and cash equivalents</b>		
Cash balances carried forward	237,626	163,313
Less cash balances brought forward	(163,313)	(81,512)
<b>Increase in cash</b>	<b>74,313</b>	<b>81,801</b>

The notes on pages 272 to 370 form part of these accounts.



# Notes to the accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for 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 Assets Acts 2008 to 2022. 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 2022/23 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. 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

These accounts have been prepared on a going concern basis; this is consistent with the guidance set out in the FReM which says to “have regard to the underlying assumption that financial statements shall be prepared on a going concern basis”. Further, it states that “sponsored entities whose statements of financial position show total net liabilities should prepare their financial statements on the going concern basis unless, after discussion with their sponsors, the going concern basis is deemed inappropriate”. No such discussions have taken place.

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. As far as the Board is aware, there is no intention to repeal that legislation.

The Fund is responsible for distributing 40% of the good causes sums raised through the National Lottery, which it distributes through grant awards to

support projects with a community focus. This is its main funding source and business.

In addition to 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 Assets Acts 2008 to 2022. The Fund is directed in how dormant asset money is distributed and does not make cash payments until cash funding is received.

No discretionary services are delivered that are supported by other funding sources.

For National Lottery grant activity cash is drawn down from the National Lottery Distribution Fund (NLDF) as it is needed. The Fund's balance in NLDF is effectively cash.

For National Lottery income and grant payments the Fund produces, as part of its core business processes, a detailed cashflow forecast that currently extends forward to the end of financial year 2027/28.

- This uses Gambling Commission (using operator data) forecasts of Lottery revenues (to the point they are available) to inform income projections, with adjustments made locally based on experience and expected future variations. The Fund also considers an adjustment on income forecasts by +/- 5% in its

projections to show the effect of possible fluctuations against central case projections.

- Funding teams are required to provide details of known future grant commitments and expected future grant awards to inform the cashflow forecasts. Where future grant awards are not yet known because future programmes have not yet been agreed, an unallocated grant commitment is included in the forecasting.
- A minimum acceptable cash balance in the NLDF is also established, currently based on 20% of National Lottery income less £20m. This is used to determine the maximum forecast cash outflow of grant payments that can be made while protecting a minimum level of cash in the NLDF.

Based on the latest update of the cashflow forecast the Fund expects to hold a cash balance of £378.6m in the NLDF at 31/3/2025. This is £257.6m above the Fund's determined minimum acceptable cash balance in the NLDF at the same point in time.

The Fund expects to hold this level of cash as it manages its grant awards, budgets and payment profiles over a number of years to mitigate the risks arising from potential variations in National Lottery revenue and to ensure future commitments can be met as they fall due. If National Lottery Income was forecast to reduce in the the future the level of grant awards made now could be reduced so that the

Fund is able to manage commitments within forecast cash resources.

Although there are some risks to the achievement of this, for example, maintenance of the Fund's 40% share of National Lottery income, potential disruption through the Lottery operator transition from February 2024 and the inherent uncertainty in future Lottery revenues, the Board does not consider there to be any significant reductions in the level of grant awards or material uncertainties to its conclusion that it is appropriate for the accounts to be prepared on a going concern basis.

### 1.3 National Lottery Distribution Fund

Balances held in the NLDF remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Fund is as shown in the accounts and, at 31 March 2023, has been certified by the Secretary of State for 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 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, 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.

## 1.7 Leases

### Lessee

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 period 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 Net 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:

- the award has been formally decided on by the Fund; and
- the award has been notified to the intended recipient; and
- 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 Net 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 on whether to make subsequent awards following a funded development phase, the potential subsequent award is not treated as a liability until the Fund has formally decided 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 include a right for the Fund of 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 elements of our third party activity.

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:

- there is a legal obligation as a result of a past decision
- it is probable that resources will be required to settle the obligation, and
- the amount can be reliably estimated.

Currently we have provisions for property-related costs.

### **1.12 Grant management**

#### **Delegated organisations**

We have entered into agreements whereby a number of delegate organisations 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 delegate organisations for the purpose of payment of grant commitments are recognised as a grant commitment at the point of award.

#### **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 Net 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 24.

### **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**

The Fund has assessed that spending directions create a possible obligation and therefore directed amounts without signed agreements will be disclosed as contingent liabilities, given their existence will be confirmed by the drafting and signing of a new agreement with another party at some future point. Amounts under a signed agreement but without income from Reclaim Fund Ltd yet available to meet them are recognised as provisions, given that the obligation has been created through the signing of the agreement but there is uncertainty over timing of the payment. Amounts under signed agreements with

income from Reclaim Fund Ltd are recognised as financial liabilities under IFRS 9 and IAS 37.

Dormant accounts transactions form a part of these financial statements and are subject to audit opinion. For reasons of transparency and clarity, short form financial statements relating only to dormant asset money are included in note 33.

### **1.17 Coronavirus Community Support Fund**

The Government-funded Coronavirus Community Support Fund (CCSF) has 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 CCSF are included in note 29.

### **1.18 Local Connections Fund**

The Local Connections Fund has 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 this funding programme are included in note 30.

### **1.20 Living Places and Spaces Fund**

The Living Places and Spaces Fund has 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 this funding programme are included in note 31.

### **1.21 Places Called Home Fund**

The Places Called Home Fund has 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 this funding programme are included in note 32.

### **1.22 Accounting Standards that have been issued but not yet adopted**

There are no new accounting standards that have issued that have been deemed material to the Fund's accounts in 2022/23.

### **1.23 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:

- 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 dilapidation costs in respect of restructuring our office space based on information from our Legal department which is in dialogue with landlords on settlement fees.
- Classification of grant commitments - We have used a grant payment modelling tool to determine an element of the split between short and long term grant liabilities.

## 1.24 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. 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.

National Lottery income is receivable by statute, and as such is treated as income under a contract per the FReM.2. Income

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

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Bank and other interest receivable</b>		
Bank interest receivable	83	-
	<b>83</b>	<b>-</b>
<b>Other income</b>		
Greenwich Peninsula land sale	2,055	220
Income from delivering non-Lottery funding	2,035	2,355
Income from delivering Lottery Funding on behalf of other distributors	148	45
Rental income	187	843
Sundry income	381	388
	<b>4,806</b>	<b>3,851</b>
<b>Recoveries of grant from grant holders (Note 1.8)</b>		
Recoveries of grant	2,932	2,866
	<b>2,932</b>	<b>2,866</b>

### 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.

The table below sets out grant expenditure, for each portfolio, charged to the Statement of Comprehensive Net Income in the year.

	<b>UK</b>	<b>England</b>	<b>Scotland</b>	<b>Wales</b>	<b>Northern Ireland</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Grant expenditure made	33,658	453,564	51,879	48,950	28,146	616,197
Less lapsed and revoked grant expenditure	(170)	(4,042)	40	(103)	(42)	(4,317)
<b>Net grant expenditure made 2022/23</b>	<b>33,488</b>	<b>449,522</b>	<b>51,919</b>	<b>48,847</b>	<b>28,104</b>	<b>611,880</b>
Net grant expenditure made 2021/22	<b>36,402</b>	<b>455,666</b>	<b>43,696</b>	<b>34,724</b>	<b>21,735</b>	<b>592,223</b>

#### 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.

	<b>UK</b>	<b>England</b>	<b>Scotland</b>	<b>Wales</b>	<b>Northern Ireland</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Support provided directly to grant recipients and beneficiaries 2022/23	<b>674</b>	<b>2,696</b>	<b>52</b>	<b>51</b>	<b>84</b>	<b>3,557</b>
Support provided directly to grant recipients and beneficiaries 2021/22	<b>563</b>	<b>3,754</b>	<b>369</b>	<b>32</b>	<b>207</b>	<b>4,925</b>

## 5. Operating Costs

	Operating costs for distributing National Lottery income	Re-charged operating costs	Operating costs for distributing dormant accounts money	Operating costs for distributing CCSF money	Operating costs for distributing LCF money	Operating costs for distributing Living Places and Spaces money	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000	£000	£000	£000	£000	Total operating costs £000	Total operating costs £000
Employee remuneration	35,441	1,912	562			41	37,956	36,848
Travel & expenses								
- Staff	993	38	2				1,033	430
- Board and committee	18						18	18
Payments under short-term/low value operating leases:								
- Property	91	-	-	-	-	-	91	749
- Other	58	-	-	-	-	-	58	69
Other accommodation costs	1,231	-	-	-	-	-	1,231	1,580



	Operating costs for distributing National Lottery income	Re-charged operating costs	Operating costs for distributing dormant accounts money	Operating costs for distributing CCSF money	Operating costs for distributing LCF money	Operating costs for distributing Living Places and Spaces money	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000	£000	£000	£000	£000	Total operating costs £000	Total operating costs £000
Write down of property, plant and equipment	37						37	3
VAT	1,528	11	2				1,541	1,458
Non cash items								
- Depreciation (excluding right-of-use assets)	760						760	1,431
- Amortisation on right-of-use assets	1,600						1,600	2,078
- Interest expense on lease liabilities	(32)						(32)	125
	<b>49,899</b>	<b>1,995</b>	<b>615</b>		<b>1</b>	<b>41</b>	<b>52,551</b>	<b>52,146</b>

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. £2m has been received or accrued for in 2022/23.

On this basis, the cost of distributing our share of National Lottery income was 6.6% of National Lottery income in the year (2021/22 6.3%). Assessed over the three-year rolling period the proportion was 6%.

	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>	<b>Year ended 31 March 2021 £000</b>
Operating costs for distributing National Lottery income (as per Note 5)	49,899	48,594	42,357
Less rental income (as per Note 2)	(187)	(843)	(2,814)
Less sundry income (as per Note 2)	(381)	(388)	(294)
Less irrecoverable VAT	(1,541)	(1,458)	(2,099)
<b>Total qualifying expenditure</b>	<b>47,790</b>	<b>45,905</b>	<b>37,150</b>



	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>	<b>Year ended 31 March 2021 £000</b>
Proceeds from National Lottery (as per Note 13)	707,237	723,100	725,510
Investment Income (as per Note 13)	14,192	1,024	424
Greenwich Peninsula land sale (as per Note 2)	2,055	220	236
<b>Total qualifying income</b>	<b>723,484</b>	<b>724,344</b>	<b>726,170</b>
<b>Percentage</b>	<b>6.6%</b>	<b>6.3%</b>	<b>5.1%</b>

### Three year rolling position

	<b>Year ended 31 March 2023 £000</b>
Total qualifying expenditure	130,840
Total qualifying income	2,173,998
<b>Percentage</b>	<b>6.0%</b>

## 7. Staff numbers and costs

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

	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>
Wages and salaries	27,349	26,492
Social security costs	2,882	2,685
Other pension costs	7,019	6,763
Apprenticeship levy costs	125	122
Agency staff costs	581	786
	<b>37,956</b>	<b>36,848</b>

A number of staff included above were seconded out to other organisations, for whom recoveries of £383k 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.

## 8. Restructuring costs

We regularly review the way we are structured and make changes to deliver fit-for-purpose, efficient and effective services. The costs of restructuring include termination payments and property transactions.

	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>
Termination payments	60	5
Property rationalisation	588	(1,626)
	<b>648</b>	<b>(1,621)</b>

During 2022/23 we have utilised the provision for reinstatement costs for our London and Manchester offices and created provisions for reinstatement costs for our Birmingham, Glasgow and Newcastle offices.

## 9. Taxation

The Fund pays corporation tax only on bank and any other interest received. There is a £15,751 net tax cost for the year (2021/22: nil).

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

	<b>Leasehold improvement £000</b>	<b>IT £000</b>	<b>Office equipment, furniture, and fittings £000</b>	<b>Total £000</b>
Cost				
At 1 April 2022	10,004	1,532	684	12,220
Additions	-	46	-	46
Disposals	(6,592)	(219)	(3)	(6,814)
<b>At 31 March 2023</b>	<b>3,412</b>	<b>1,359</b>	<b>681</b>	<b>5,452</b>
Depreciation				
At 1 April 2022	9,411	1,122	684	11,217
Charge for the year	251	394	0	645
Disposals	(6,555)	(219)	(3)	(6,777)
<b>At 31 March 2023</b>	<b>3,107</b>	<b>1,297</b>	<b>681</b>	<b>5,085</b>
Net book value				
<b>At 31 March 2023</b>	<b>305</b>	<b>62</b>	<b>0</b>	<b>367</b>

	<b>Leasehold improvement</b>	<b>IT</b>	<b>Office equipment, furniture, and fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost				
At 1 April 2021	9,921	1,628	796	12,345
Additions	83	36	-	119
Disposals	-	(132)	(112)	(244)
<b>At 31 March 2022</b>	<b>10,004</b>	<b>1,532</b>	<b>684</b>	<b>12,220</b>
Depreciation				
At 1 April 2021	8,593	827	725	10,145
Charge for the year	818	427	71	1,316
Disposals	-	(132)	(112)	(244)
At 31 March 2022	<b>9,411</b>	<b>1,122</b>	<b>684</b>	<b>11,217</b>
Net book value				
<b>At 31 March 2022</b>	<b>593</b>	<b>410</b>	<b>-</b>	<b>1,003</b>

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

### 11. Intangible assets

	<b>Grant management system</b>	<b>Website</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost			
At 1 April 2022	427	358	785
Additions	-	-	0
Disposal	-	(358)	(358)
<b>At 31 March 2023</b>	<b>427</b>	<b>0</b>	<b>427</b>
Amortisation			
At 1 April 2022	293	358	651
Charge for the year	115	-	115
Disposal	-	(358)	(358)
<b>At 31 March 2023</b>	<b>408</b>	<b>0</b>	<b>408</b>
Net book value			
<b>At 31 March 2022</b>	<b>19</b>	<b>-</b>	<b>19</b>
Cost			
At 1 April 2021	427	358	785

	Grant management system	Website	Total
	£000	£000	£000
Additions	-	-	-
Disposal	-	-	-
<b>At 31 March 2022</b>	<b>427</b>	<b>358</b>	<b>785</b>
Amortisation			
At 1 April 2021	178	358	536
Charge for the year	115	-	115
Disposal	-	-	-
<b>At 31 March 2022</b>	<b>293</b>	<b>358</b>	<b>651</b>
Net book value			
<b>At 31 March 2022</b>	<b>134</b>	<b>-</b>	<b>134</b>

Note: website disposal relates to historic capitalised functionality, previously fully amortised and since replaced in a modular way, with costs expensed to the Statement of Comprehensive Net Income (SOCNI) in the relevant period.

## 12. Trade and other receivables

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Amounts falling due within one year</b>		
Trade receivables	90	88
Prepayments and accrued income	4,537	2,368
European match funding	38,392	36,725
Other receivables	2,398	2,677
	<b>45,417</b>	<b>41,858</b>

### 13. National Lottery Distribution Fund

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Balance at 1 April	398,650	263,583
Proceeds from the National Lottery	707,237	723,100
Investment income from the NLDF	14,192	1,024
Funds drawn down from NLDF	(631,000)	(589,057)
Net increase in balance	<u>90,430</u>	<u>135,067</u>
<b>Market value at 31 March</b>	<u><b>489,080</b></u>	<u><b>398,650</b></u>

The Fund receives a share of the monies paid by the Lottery operator to the NLDF after deduction for the costs of the Secretary of State for Culture, Media and Sport in exercising their 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 2023 £000	Year ended 31 March 2022 £000
<b>Amounts falling due within one year</b>		
VAT	29	36
Other taxation and social security	709	704
Trade payables	266	-
Owed to joint partner schemes/ delegate organisations for payment of grant commitments	1,206	1,632
Accruals and deferred income	2,304	2,484
Other payables	1,298	1,078
Grant accruals (Note 16)	554,395	464,530
	<u><b>560,207</b></u>	<u><b>470,464</b></u>
<b>Amounts falling due in more than one year</b>		
Grant accruals (Note 16)	457,599	447,340
	<u><b>457,599</b></u>	<u><b>447,340</b></u>

## 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

	<b>Dilapidations</b>	<b>Birmingham office car parking</b>	<b>Glasgow office rent review</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>		<b>£000</b>
Brought forward at 1 April 2022	396	561	70	1,027
New provisions created	805	-	-	805
Provisions used	(177)	-	-	(177)
Provisions released	(219)	(388)	-	(607)
<b>Carried forward at 31 March 2023</b>	<b>805</b>	<b>173</b>	<b>70</b>	<b>1,048</b>

## Dilapidations

We held dilapidation provisions in 2021/22 in respect of our London and Manchester offices following relocations under new leases. During 2022/23 these provisions have been utilised and no provision remains in respect of these offices. New provisions have been created for future events relating to our Birmingham, Newcastle and Glasgow offices.

### Birmingham office car parking

During 2021/22 we established a provision for car parking costs for our Birmingham office, whilst negotiations on our lease continued relating to backdated car parking charges from 2016 which were legally payable as per the lease agreement. During 2022/23 we have been able to release part of this provision.

### Glasgow office rent review

We are holding a provision for a rent increase expected on our Glasgow office which we have not yet finalised.



## 17. Contingent Liabilities

Grants are disclosed as contingent liabilities if they do not satisfy the criteria to be treated as liabilities.

	<b>At 31</b>	<b>At 31</b>
	<b>March 2023</b>	<b>March 2022</b>
	<b>£000</b>	<b>£000</b>
Grant awards made by the fund which do not satisfy the criteria to be treated as liabilities	32,675	110,578
<b>Total grant contingent liabilities</b>	<b>32,675</b>	<b>110,578</b>

We have recognised a contingent liability of £7.2m for Lottery funded activities which do not currently satisfy the criteria for being recognised as liabilities.

Within dormant accounts, we have recognised a contingent liability of £5.5m at 31 March 2023 in respect of possible obligations to pay up to £500k per annum to The Oversight Trust - Assets for the Common Good (formerly named Big Society Trust) (OST) for their administration costs. This possible obligation is as per a deed of agreement between OST and the Fund made on 10 December 2019, which is valid for 15 years from that date. Therefore, the contingent liability we recognise is for the remaining 11 years. Additionally, a contingent

liability of £20m is recognised which is in respect of (unsigned) legal agreement amounts owed to designated distributors.

## 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 £150.5 million to the total expected funding of £386 million. Included within grant liabilities are no new grant commitments (2021/22: £0.7 million) and no contingent liabilities, representing our contribution to the Parks for People joint scheme. The creditor figure includes £1.2 million (2021/22: £1.6 million) which is due to the National Heritage Memorial Fund in respect of our contribution to payments they have made to our grant recipients.

## 19. Financial risks

### Financial Instruments

The Fund adopted International Financial Reporting Standard 9 from 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 by the NLDF. At March 2022, the fund balance was £399 million, this had increased to £489 million by 31 March 2023, at which point there were £898 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. The Fund maintains a minimum NLDF reserve threshold with which to meet future commitments.

In 2022/23, £721m (87.5%) of the Fund's income derived from the National Lottery, including income of £14m derived from investment returns from the balance held with the NLDF. Income from dormant account money was £94m (11.4%). The remaining income is a small amount of grant recovery income, Living Places and Spaces Fund income as well as bank interest and sundry income.

	<b>Year ended 31 March 2023 £000</b>	<b>Year ended 31 March 2022 £000</b>
<b>Liquid assets</b>		
Market value of NLDF investments	489,080	398,650
Cash	237,626	163,313
<b>Total</b>	<b>726,706</b>	<b>561,963</b>

### Market and interest rate risks

The financial assets of the Fund are invested 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. The Commissioners for the Reduction of the National Debt (CRND) are responsible for the investment and management of these funds. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £489m. Funds at the NLDF earned on average 2.32% 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 between 1.15% and 1.6% in the year. The cash balance at the year end was £238m. The Board considers that the Fund is not exposed to significant interest rate risks.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Sterling at floating interest rates – Lottery money	14,408	11,945
Sterling at floating interest rates – dormant account money	222,725	150,957
Sterling at floating interest rates – CCSF money	490	409
Sterling at floating interest rates – Local Connections Fund money	3	3
Sterling at mixture of fixed rates – NLDF	489,080	398,650
	<b><u>726,706</u></b>	<b><u>561,964</u></b>

### 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.

### 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

<b>Assets as per Statement of financial position</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Non-current assets	2,354	6,225
Investment balance in National Lottery Distribution Fund	489,080	398,650
Cash and cash equivalents – National Lottery money	14,408	11,945
Cash and cash equivalents – dormant account money	222,725	150,957
Cash and cash equivalents – CCSF money	490	409
Cash and cash equivalents – Local Connections Fund money	3	3
	<b><u>729,060</u></b>	<b><u>568,189</u></b>

### Fair Valuation

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

- All cash deposits are with UK based commercial banks.

Whilst we disclose £498 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 legal 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.

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

### Maturity of financial liabilities

Liabilities as per Statement of financial position	2022/23	2021/22
	£000	£000
In less than one year	519,446	470,465
In more than one year, but less than two	280,186	269,695
In two to five years	216,488	175,269
In more than five years	1,675	2,374
	<u>1,017,795</u>	<u>917,803</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.

	At 31 March 2023
	£000
<b>Cost</b>	
As at 1 April 2022	15,053
Additions	169
Revaluations	(1,689)
Balance as at 31 March 2023	<u>13,533</u>
<b>Amortisation</b>	
At 1 April 2022	9,965
Charge for the year	1,600
At 31 March 2023	<u>11,565</u>
<b>Net book value</b>	
<b>At 31 March 2023</b>	<u>1,968</u>

	<b>At 31 March 2022 £000</b>
<b>Cost</b>	
As at 1 April 2021	14,863
Additions	324
Revaluations	(134)
Balance as at 31 March 2022	<u><b>15,053</b></u>
<b>Amortisation</b>	
At 1 April 2021	7,887
Charge for the year	2,078
Balance as at 31 March 2022	<u><b>9,965</b></u>
<b>Net book value</b>	
<b>At 31 March 2022</b>	<u><b>5,088</b></u>

Additions to right-of-use assets during 2022-23 were for new leases for our Manchester and Leeds offices. Revaluations occurred during 2022-23 due to a combination of lease breaks being exercised for our Birmingham, Newcastle and Scotland offices and increased rent for the Birmingham and Exeter offices.

## Lease liability

	<b>At 31 March 2023 £000</b>
Balance at 1 April 2022	(5,198)
Additions	(137)
Finance cost	32
Rent	1,940
Revaluations	1,657
<b>Balance at 31 March 2023</b>	<u><b>(1,706)</b></u>
	<b>At 31 March 2022 £000</b>
Balance at 1 April 2021	(6,338)
Additions	(324)
Finance cost	(125)
Rent	1,455
Revaluations	134
<b>Balance at 31 March 2022</b>	<u><b>(5,198)</b></u>

## Maturing of lease liability

	<b>As at 31 March 2023 £000</b>
Not later than 1 year	(949)
Later than 1 year and not later than 5 years	(590)
Later than 5 years	(167)
	<u><b>(1,706)</b></u>

## Lessors

	<b>As at 31 March 2023 £000</b>
Not later than 1 year	77
Later than 1 year and not later than 5 years	-
Later than 5 years	-
	<u><b>77</b></u>

## 21. Pension scheme

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the

member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the PCSPS. The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETVs shown in this report – see below). All members who switch to alpha

have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue 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 accrue 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 essentially 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 nuvos a member builds up a pension based on their pensionable earnings during their period of

scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for

members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [civilservice-pensions.gov.uk](http://civilservice-pensions.gov.uk)

For 2022/2023, employers' contributions of £153,681 were payable to the partnership pension account (2021/22: £156,017) with an additional £3,774 (2021/22: £3,696) payable for the benefit cover.

For 2022/23, employers' contributions of £6,865,462 were payable to the PCSPS (2021/22: £6,900,583) 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 2016. 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 2022/23 are in line with recommendations from the Actuary.

Currently, employers pay an average of 27.34% of their employees' salary as a pension contribution on

Alpha pensions and 9.71% on Partnership pensions. The exact figure depends upon the salaries of the individual employees.

<b>Bands</b>	<b>Year ended 31 March 2023</b>	<b>Bands</b>	<b>Year ended 31 March 2022</b>
£23,000 and under	26.6%	£23,000 and under	26.6%
£23,001 – £45,500	27.1%	£23,001 – £45,500	27.1%
£45,501 – £77,000	27.9%	£45,501 – £77,000	27.9%
£77,001 and over	30.3%	£77,001 and over	30.3%

The number of staff for whom pension contributions were made in 2022/23 was 1 classic, 5 premium, 0 nuvos, 936 alpha and 37 partnership. The total of 979 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 2023/24 are between £7,186,529 and £7,326,0765 based on a pay increase of between 3% and 5% on 2022/23 pay levels.

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 a 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 2023, we have written off total losses of £865,373 representing 67 awards (2021/22 £824,945 representing 56 awards). There were two write-offs that exceeded £100,000 (2021/22: two).

These are:

- Workers' Educational Association (Northern Ireland): £176,884
- Workers' Educational Association (Northern Ireland): £155,115

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 2023, one special payment totalling £9,510 (2021/22 one totalling £9,950) was made in relation to grant transactions.

## **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 its 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 Housing, Levelling-up and Communities (formerly the Ministry of Housing, Communities and Local Government) has contracted to the Fund the management of the Coastal Communities Fund for the Wales portfolio.
- The Office for Civil Society has contracted to the Fund the management of the Life Chances Fund, Place Based Social Action and #iwill Fund.

The #iwill Fund is a joint funding programme where the Fund contributes its lottery funding resources and also is responsible for making grant award decisions.

### **Board and committee 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 and committee members maintain publicly available registers of interests and conflicting 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 grant applicant organisations, the chair of the meeting ensures at the outset that disclosure is made and the Board or 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 whom 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 and committee members have declared interests with public, voluntary and charitable bodies with which the Fund has a business interest. The Board or committee member, organisation, nature of relationship and transaction value are disclosed on the Register of Interests on pages 146 to 154. These are not related party transactions.

## **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 2023 the following bank balances were held on behalf of third parties:**

	<b>31/03/2022</b>	<b>Inflows</b>	<b>Outflows</b>	<b>31/03/2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
DCMS: Social Incubator Fund, Life Chances Fund, Youth Investment Fund, #iwill Fund, Place Based Social Action, Building Connections Fund, Safeguarding Training Fund	1,226	13,172	12,720	1,678
Creative Scotland; Awards for All Scotland	120	180	372	(72)
National Lottery Promotions Unit	525	3,004	3,357	172
Welsh Assembly Government; Community Assets Transfer	2	-	2	(0)
Sport Scotland; Awards for All Scotland	(734)	1,047	1,321	(1,008)
Scottish Government; Scottish Land Fund, Delivering Financial Inclusion	4,235	8,157	5,397	6,995
Department for Housing, Levelling-up and Communities; Coastal Communities Fund	4,082	151	2,747	1,486
European Funding – Cabinet Office	1	46,777	46,777	1
<b>Totals</b>	<b>9,457</b>	<b>72,488</b>	<b>72,693</b>	<b>9,252</b>

## **25. Joint Venture – National Lottery Promotions Unit**

The National Lottery Promotions Unit (NLPU) is a joint venture between the Lottery operator, 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 the Lottery operator and two-thirds directly from the NLDF. Total expenditure is currently limited to £3 million. It is accountable to a Management Board comprising representatives from the three key stakeholders: the Lottery operator, 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](https://lotterygoodcauses.org.uk/contact)

## **26. Capital commitments**

At 31 March 2023, we did not have any capital commitments (2021/22 £0.0m).

## **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 (via the core department). We expect that the GLA will communicate directly with the Lottery Distributing Bodies on forecast of land receipts due to the National Lottery and the timing on when such payments will be made.

As the successor body, taking on the remaining property, rights and liabilities of the Millennium Commission on its dissolution in 2006, 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 £55.2m (2021/22 : £47.4m) are now forecast to be received between 2016 and 2048, of which £8.5m has been received by the end of 2022/23. £171k has been received during the year. Additional income of £2m has been accrued for 2022/23.

Under the provisions of the Dormant Assets Acts 2008 to 2022 banks and building societies may pass funds from dormant accounts to Reclaim Fund Ltd (RFL), a not-for-profit entity authorised to act as the reclaim fund. RFL transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to the Fund for onward distribution. RFL calculate the liability due to the Fund and recognise this as a creditor, which corresponds to a debtor and related income being accounted for by the Fund. In addition, RFL note a provisional amount of future income which may be passed to the Fund. The Fund now recognises this as a contingent asset according to IAS 37: Provisions, Contingent Liabilities and Contingent Assets. RFL has indicated this value is likely to be in the range of £83m-£93m for 2022/23.

## **28. Post balance sheet review**

There are no events after the balance sheet date and up to the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

## **29. Coronavirus Community Support Fund**

In 2020/21, the Fund received £200m in the form of a grant from Treasury for the Coronavirus Community Support Fund programme, to distribute to charities

and community organisations in England to enable them to meet the demands placed on them by the COVID-19 pandemic. The programme of activity was to be committed by the end of September 2020 with an expectation that recipient organisations would spend the cash within six months of receipt. The grant agreement was signed on 22 May 2020 by DCMS and the Fund.

In the grant agreement, it was determined that the Fund should be accountable for the funding grant and the award decisions that result from that. There is no decision-making power in DCMS or wider government and no power of veto.

Therefore, the Fund took the role of Principal rather than Agent. The Fund recorded as income the receipt of the total government grant and accounted for the grants as part of its grant expenditure although this was clearly separated from its Lottery grant expenditure.

Whilst the active period for this programme has concluded we continue to report minor refunds/adjustments prior to final closure.

## Statement of comprehensive net income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Income</b>		
Received/Receivable from DCMS	-	-
Refunds	97	862
Interest	2	-
<b>Total income</b>	<b>99</b>	<b>862</b>
<b>Expenditure</b>		
Grant expenditure	-	(22)
Less lapsed or revoked grant expenditure	(28)	(281)
	<b>(28)</b>	<b>(303)</b>
Refunded to DCMS	-	1,281
Operating costs	1	826
<b>Total expenditure</b>	<b>(27)</b>	<b>1,804</b>

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Total comprehensive net (expenditure)/ income</b>	<b>126</b>	<b>(942)</b>
<b>Reserves</b>		
Brought forward at 1 April 2022	626	1,568
Total comprehensive net (expenditure)/income	126	(942)
<b>Carried forward at 31 March 2023</b>	<b>752</b>	<b>626</b>
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash at bank and in hand	490	409
Other receivables	262	217
<b>Total assets</b>	<b>752</b>	<b>626</b>
<b>Current liabilities</b>		
Other payables		-
<b>Total liabilities</b>		<b>-</b>
<b>Assets less liabilities</b>	<b>752</b>	<b>626</b>

## 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 2023, we have written off losses of £91,921 representing 14 awards (2021/22: £208,815 representing 30 awards). There were no write offs that exceeded £100,000 (2021/22: nil).

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 2023 no special payments were made (2021/22: nil).

## 30. Local Connections Fund

During 2020/21, the Fund agreed this programme with a duration of 1 October 2020 to 31 March 2022. The total cost of the programme is £4.0m, of which DCMS will contribute via a grant agreement £2.0m. The remaining £2.0m will be contributed by the Fund. In the grant agreement it has been determined that the Fund will act as Principal rather than Agent.

## Statement of comprehensive net income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Income</b>		
Received/Receivable from DCMS		-
Refunds	-	8
<b>Total income</b>	<b>-</b>	<b>8</b>
<b>Expenditure</b>		
Grant expenditure	-	-
Refunded to DCMS	-	22
Operating costs	-	89
<b>Total expenditure</b>	<b>-</b>	<b>111</b>
<b>Total comprehensive net (expenditure)/ income</b>	<b>-</b>	<b>(103)</b>
<b>Reserves</b>		
Brought forward at 1 April 2022	3	106
Total comprehensive net (expenditure)/income	0	(103)

## Reserves

<b>Carried forward at 31 March 2023</b>	<u>3</u>	<u>3</u>
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## Statement of financial position

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Current assets</b>		
Cash at bank and in hand	3	3
<b>Total assets</b>	<u>3</u>	<u>3</u>
<b>Current liabilities</b>		
Other payables		-
<b>Total liabilities</b>		<u>-</u>
<b>Assets less liabilities</b>	<u>3</u>	<u>3</u>

## 31. Living Places and Spaces Fund

During 2021/22, the Fund agreed this new programme, with a duration to 31 March 2022. The total cost of the programme is £0.8m which the Department for Infrastructure, Northern Ireland,

will provide via a grant agreement. In the grant agreement, it has been determined that the Fund will act as Principal rather than Agent.

Additional funding of £0.8m was agreed for this programme in 2022-23, with a duration to 31 March 2023.

## Statement of comprehensive net income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Income</b>		
Received/Receivable from Dfl	791	791
Refunds	9	-
<b>Total income</b>	<u>800</u>	<u>791</u>
<b>Expenditure</b>		
Grant expenditure	741	737
Operating costs	41	41
<b>Total expenditure</b>	<u>782</u>	<u>778</u>



	Year ended 31 March 2023	Year ended 31 March 2022
<b>Total comprehensive net income</b>	<u>18</u>	<u>13</u>

### Statement of financial position

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Current assets</b>		
Trade and other receivables	31	13
<b>Total assets</b>	<u>31</u>	<u>13</u>
<b>Current liabilities</b>		
Other payables	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>Assets less liabilities</b>	<u>31</u>	<u>13</u>

### Reserves

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Brought forward at 1 April 2022	13	-
Total comprehensive net income	18	13
<b>Carried forward at 31 March 2023</b>	<u>31</u>	<u>13</u>

### 32. Places Called Home Fund

During 2021/22, the Fund agreed this new programme, with a duration to the later of 31 December 2021 or the date on which both parties have fulfilled their commitments under the agreement. The total cost of the programme is £0.7m which IKEA will provide via a grant agreement. In the grant

agreement, it has been determined that the Fund will act as Principal rather than Agent.

### Statement of comprehensive net income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Income</b>		
Grant withdrawal	5	500
<b>Total income</b>	<u>5</u>	<u>500</u>
<b>Expenditure</b>		
Grant expenditure	-	500
<b>Total expenditure</b>	<u>-</u>	<u>500</u>
<b>Total comprehensive net income</b>	<u>5</u>	<u>-</u>

### Statement of financial position

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Current assets</b>		
Trade and other receivables	5	-
<b>Total assets</b>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>		
Other payables	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>Assets less liabilities</b>	<u>5</u>	<u>-</u>

### 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 2023, we have written off losses of £5,000 representing 1 award (2021/22: nil). There were no write offs that exceeded £100,000 (2021/22: nil).

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 2023, no special payments were made (2021/22: nil).

### **33. Dormant accounts**

Under the provisions of the Dormant Assets Acts 2008 to 2022 banks and building societies may pass funds from dormant accounts to RFL, a not-for-profit entity authorised to act as the reclaim fund.

RFL transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to the Fund. The Fund distributes those funds in accordance with the Acts and directions issued to it by the Secretary of State for the Department of 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 across 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.

In 2018 DCMS announced that £330m would be made available under the scheme over the next 3-4 years of which £277m represented the portion for distribution in England. Further policy directions from DCMS have allocated additional sums to the organisations in receipt of the Funds available in England.

The total funding since the inception of the scheme distributed to the Fund through RFL now totals £891m.

The new Dormant Assets Act 2022 was granted Royal Assent in February 2022. It makes provision for conferring power to further expand the scope of the Dormant Assets scheme to accept transfer of additional dormant assets and broaden the social and environmental purposes of use of the monies. The Fund will continue to work closely with DCMS and RFL as this activity develops.

### 33a. Statement of comprehensive net income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000		Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
<b>Income</b>			<b>Surplus before taxation</b>	<b>6,496</b>	<b>39,676</b>
Received/Receivable from Reclaim Fund Ltd	91,756	54,008	Taxation		-
Bank interest receivable	1,753	7	<b>Total comprehensive net income</b>	<b>6,496</b>	<b>39,676</b>
Recoveries of grant	7	31	<b>Reserves</b>		
<b>Total income</b>	<b>93,516</b>	<b>54,046</b>	Brought forward at 1 April 2022	102,088	62,412
<b>Expenditure</b>			Total comprehensive net income for the year	6,496	39,676
Grant expenditure to designated distributors	65,847	352	<b>Carried forward at 31 March 2023</b>	<b>108,584</b>	<b>102,088</b>
Grant expenditure	20,592	13,450			
Less lapsed or revoked grant expenditure	(34)	(24)			
	<b>86,405</b>	<b>13,778</b>			
Operating costs	615	592			
<b>Total expenditure</b>	<b>87,020</b>	<b>14,370</b>			

### 33b. Statement of financial position as at 31 March 2023

	As at 31 March 2023 £000	As at 1 April 2022 £000
<b>Current assets</b>		
Trade and other receivables	-	-
Cash at bank and in hand	222,725	150,957
<b>Total assets</b>	<b>222,725</b>	<b>150,957</b>
<b>Current liabilities</b>		
Trade and other payables	(125)	(126)
Grant commitments to designated distributors	(90,499)	(34,099)
Provisions transferable to designated distributors		-
Grant commitments	(23,517)	(14,644)
<b>Total liabilities</b>	<b>(114,141)</b>	<b>(48,869)</b>
<b>Assets less liabilities</b>	<b>108,584</b>	<b>102,088</b>
<b>Retained surplus</b>	<b>108,584</b>	<b>102,088</b>

### 33c. Detailed Income and Expenditure Account with Country apportionment

	England	Scotland	Wales	Northern Ireland	Year ended 31 March 2023 Total	Year ended 31 March 2022 Total
Segmental Analysis	£000	£000	£000	£000	£000	£000
Income					93,509	54,015
Less operating costs					(615)	(592)
<b>Net Income available for distribution</b>					<b>92,894</b>	<b>53,423</b>
Available to each country	77,938	7,803	4,552	2,601		
Recoveries of grant		7			7	31
Grant commitments to designated distributors	(65,847)	-	-	-	(65,847)	(352)
Grant Commitments made	-	(7,363)	(6,766)	(6,429)	(20,558)	(13,426)

	England	Scotland	Wales	Northern Ireland	Year ended 31 March 2023	Year ended 31 March 2022
Segmental Analysis	£000	£000	£000	£000	Total	Total
<b>Surplus/ (Deficit) for the year</b>	<b>12,091</b>	<b>447</b>	<b>(2,214)</b>	<b>(3,828)</b>	<b>6,496</b>	<b>39,676</b>
Balance of funds brought forward	53,506	16,761	17,604	14,217	102,088	62,412
<b>Balance of funds carried forward at 31 March 2023</b>	<b>65,597</b>	<b>17,208</b>	<b>15,390</b>	<b>10,389</b>	<b>108,584</b>	<b>102,088</b>
<b>Movement of grant accruals</b>						
Grant commitments brought forward at 1 April 2022	34,099	6,690	1,914	6,040	48,743	57,115
Grant commitments made	65,847	7,396	6,766	6,430	86,439	13,451

	England	Scotland	Wales	Northern Ireland	Year ended 31 March 2023 Total	Year ended 31 March 2022 Total
<b>Segmental Analysis</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Lapsed and revoked commitments	-	(34)	-	-	(34)	(24)
Grant commitments met	(9,447)	(5,868)	(1,630)	(4,187)	(21,132)	(21,799)
<b>Accrual carried forward at 31 March 2023</b>	<b>90,499</b>	<b>8,184</b>	<b>7,050</b>	<b>8,283</b>	<b>114,016</b>	<b>48,743</b>
<b>Accrual carried forward at 31 March 2023</b>	<b>90,499</b>	<b>8,184</b>	<b>7,050</b>	<b>8,283</b>	<b>114,016</b>	<b>48,743</b>
<b>Ageing of grant accruals</b>						
Due within one year	90,499	4,679	1,889	4,420	101,487	42,530
Due within more than one year but less than two years		2,821	2,040	2,570	7,431	4,343



	England	Scotland	Wales	Northern Ireland	Year ended 31 March 2023 Total	Year ended 31 March 2022 Total
Segmental Analysis	£000	£000	£000	£000	£000	£000
Due within more than two years but less than three years		684	1,757	1,218	3,659	1,547
Due within more than three years			526	75	601	176
Due within more than four years but less than five years			410		410	141
Due after more than five years			428		428	7
	<b>90,499</b>	<b>8,184</b>	<b>7,050</b>	<b>8,283</b>	<b>114,016</b>	<b>48,743</b>

### Contingent Asset

Under the provisions of the Dormant Assets Acts 2008 to 2022 banks and building societies may pass funds from dormant accounts to RFL, a not-for-profit entity authorised to act as the reclaim fund. RFL transfers funds which it is satisfied are not required to meet

future claims from the owners of the dormant account money to the Fund for onward distribution.

RFL calculates the liability due to the Fund and recognises this as a creditor, which corresponds to a debtor and related income being accounted for by the Fund. In addition, RFL notes a provisional amount of future income which may be passed to the Fund. The Fund now recognises this as a contingent asset according to IAS 37: Provisions, Contingent Liabilities and Contingent Assets. RFL has indicated this value is likely to be between £83m-£93m for 2022/23.

### **Contingent Liability**

The Fund has recognised a contingent liability of £5.5m at 31 March 2023 (31 March 2022 £6m) in respect of possible obligations to pay up to £500k per annum to The Oversight Trust - Assets for the Common Good (formerly Big Society Trust) (OST) for their administration costs. This possible obligation is as per a deed of agreement between OST and the Fund made on 10 December 2019, which is valid for 15 years from that date. Therefore, the contingent liability we recognise is for the remaining 11 years. Also, we recognise a contingent liability of £20m which is in respect of (unsigned) contractual amounts owed to designated distributors.

## **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 are the responsibility of the Secretary of State for the Department of Culture, Media and Sport. The Fund has complied with these Directions throughout the financial year 2022/23 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. 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 THE 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, in exercise of the powers conferred on them by Section 36E(4)(a) of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund (operating as the National Lottery Community Fund and subsequently referred to as "the Fund") and obtained the consent of the Minister for the Cabinet Office pursuant to Section 36E(8)(b) of that Act, hereby give the following directions to the Fund.

### **DIRECTIONS – WELSH DEVOLVED EXPENDITURE**

In deciding to whom it distributes Welsh devolved expenditure, for what purpose and under what conditions, the Fund shall consider the following matters under Section 25(1).

A. To have regard to the principles of the Wellbeing of Future Generations (Wales) Act 2015, particularly:

- improving the social, economic, environmental and cultural wellbeing of Wales



- encouraging public bodies to think more about the long term, work better with people, communities and each other
- preventing problems and taking a more joined up-approach
- the five ways of working: long-term; prevention; integration; collaboration; involvement
- the seven wellbeing goals.

B. Ensure that the Fund distributes funds to a wide spread of projects that are primarily delivered by the third sector. This should include local, regional and national organisations, including social enterprises.

C. Ensure that the Fund operates 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.

D. Ensure that funds are distributed in a manner that supports communities to thrive, and that is accessible to all communities, including those that will require additional support.

E. Have regard for the interests of Wales as a whole and the interests of different parts of Wales, taking account of:

- the diverse demographic and deprivation patterns in the different parts of Wales

- the views of Wales' communities in setting priorities and distributing funds.

F. Ensure that money is distributed to projects promoting public and social benefit and that are not intended primarily for private gain.

G. Promote and support the Welsh language, reflecting the bilingual nature of Wales by:

- working to the principle of not treating the Welsh language less favourably than English in all the Fund's activities in Wales
- operating in accordance with our Welsh Language Standards and Welsh Language Scheme, in partnership with the Welsh Language Commissioner.

H. Ensure that money is distributed that improves Wales' environment today and for future generations while promoting its potential to improve the quality of life for communities and individuals.

I. Provide support to those applying to the Fund, and to organisations receiving funding, to improve the delivery of project outcomes and to enable them to deliver solutions to the issues that matter to them and to their communities.

J. Support innovation and tried and tested models, to generate learning to help policy development and practice beyond the Fund's funding.

K. Include a condition in all awards that recipients must acknowledge National Lottery funding and use common National Lottery branding.

L. 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

## **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

### **Dormant Assets Policy Directions**

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 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.

All Spending Directions to date are withdrawn with immediate effect and are replaced with this Spending Direction.

### Previous allocations

2. The Fund has previously been directed to distribute the following amounts from the English portion of dormant account money under the scheme, and is required to continue to do so until these commitments are met in full (figures are rounded to the nearest decimal for the purposes of this direction):

- Under the terms of a Memorandum of Understanding between DCMS and the Fund agreed on 17 October 2018, the Fund distributed £1.144m in total 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
- £90m (of which £55.9m was distributed by December 2021) to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited;
  - £96m (of which £51.5m was distributed by December 2021) 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 accordance with s18(1)(b) of the Act, delivered by Fair4All Finance Limited; and
  - £435m (of which £435m was distributed by December 2021) in the form of non-repayable grants to the Big Society Trust to invest in Big Society Capital and to meet the initial funding requirement of Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18 of the Act.
  - £30m (of which £21m was distributed by December 2021) in the form of non-repayable grants to Access- the Foundation for Social Investment, acting as a social investment

wholesaler in accordance with section 18 of the Act.

### New allocations

3. The Fund is now required to distribute further sums from the English portion of dormant account money as follows:

- £20m in the form of non-repayable grants to Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18 of the Act;
- £20m to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited; and
- £4m 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 accordance with s18(1)(b) of the Act, delivered by Fair4All Finance Limited.

### Additionality

4. The Fund will consider how the relevant terms and conditions of their arrangements with these organisations can ensure that:

- the funds are used only for projects, or aspects of projects, for which funds would be unlikely to be made available by a Government department.

### The Oversight Trust

5. The Fund will also continue to distribute up to £500k per annum from the English portion of dormant account money, in the form of a grant, to The Oversight Trust – Assets for the Common Good (OST) on an ongoing basis (unless and until further directions are issued by the Secretary of State for Culture, Media & Sport to amend or supersede this direction).

6. OST will only use this funding to assist other bodies which are within the sole or majority legal control of OST, and which distribute dormant account money for meeting expenditure that has a social or environmental purpose. £1m had been distributed to OST for these purposes by December 2021, with another £0.4m likely to be distributed before the end of December 2021.

- 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.

#### No other payments

7. 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

### **DIRECTIONS GIVEN TO BIG LOTTERY FUND UNDER SECTION 22(5)(b) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 IN RELATION TO SCOTTISH EXPENDITURE**

The Scottish Ministers, in exercise of the powers conferred on them by section 22(5)(b) of the Dormant Bank and Building Society Accounts Act 2008 and having consulted Big Lottery Fund (“the Fund”) pursuant to section 22(7) of that Act, hereby give the following directions to the Fund:

### **General Directions**

1. In exercising any of its functions in distributing dormant account money under that Act in relation to Scottish expenditure, the Fund must comply with the following general directions in determining the persons to whom the Fund makes distributions, the purposes for which the Fund makes distributions, the process used to determine what payments to make and the terms and conditions on which the Fund makes distributions.
2. The distribution of dormant account money;
  - A. must be to projects which promote the public good and which are not intended primarily for private gain;
  - B. must be to projects which make real and sustainable improvements to the quality of life of local communities;
  - C. may only be to third sector organisations i.e. organisations that exist wholly or mainly to provide benefits for society or the environment;
  - D. must balance the need to encourage innovation with the need to manage risk in a manner commensurate with the type of project and applicant; and

E. should seek to further the objectives of sustainable development.

3. In distributing dormant account money Big Lottery Fund must ensure that applicants:

A. in all cases demonstrate the financial viability of the project for the period of the distribution;

B. in cases where capital funding is sought;

a). 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). demonstrate, for major projects, that project evaluation and management processes match those of the Office of Government Commerce's Gateway Reviews; or

C. in cases where capital funding is not sought, 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.

4. In distributing dormant account money BIG must;

A. set specific time limits on the periods in respect of which distributions are payable, whether for capital or revenue expenditure;

B. include a condition in all distributions that recipients acknowledge the use of dormant accounts funding, using the agreed branding for the Dormant Accounts Scheme for Scotland;

C. ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required;

D. work with other organisations, including other distributors, where this is an effective means of fulfilling its functions and objectives;

E. involve the public, where possible, in making policies, setting priorities and making distributions;

F. operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers strategy; supporting a Fairer Scotland with the development of opportunities for everyone to flourish within a more successful and sustainable Scotland;

G. ensure over time a distribution of money to a reasonably wide range 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;

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

I. ensure that projects are intended to contribute towards the achievement of the Scottish Government's overarching purpose of increased and sustainable economic growth and also one or more of the following strategic objectives:

SMARTER: People having better chances in life

SAFER AND STRONGER: Communities work together to tackle inequalities

GREENER: People have better and more sustainable services and environments

HEALTHIER: People and Communities are healthier; and

J. take into account the following principles:

ENGAGEMENT – the development of programmes should be based on the active engagement of public, private and third sector partners.

SOLIDARITY AND COHESION – ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate in, and benefit from a more successful Scotland.

SUSTAINABILITY – to improve Scotland's environment today and for future generations while reducing Scotland's impact on the global environment.

### **Specific Directions**

5. Before exercising any of its functions in distributing dormant account money in relation to Scottish expenditure the Fund must comply with the following specific direction in determining the persons to whom the Fund should make distributions and the purposes for which the Fund should make those distributions:

A. The Fund must produce an evidence based impact assessment of distributing the dormant account money in accordance with prescribed restrictions laid down in the Dormant Bank and Building Society Accounts (Scotland) Order 2010 and in accordance with one of the following options:

Option 1: To support 4 broad policy themes: the Fund would have to ensure that the distribution of money is reasonably apportioned to support 4 broad policy themes:

Opportunities for children and young people;  
Addressing health inequalities through increased activity;  
Strengthening inter-generational activities; and  
Creating community-based employment opportunities.

Option 2 To apportion 50%, 67% or 100% of the initial funds to be passed by the BIG Lottery to an endowed trust. The remainder of the monies would then be distributed by the Fund to support the 4 broad policy themes.

### **DIRECTIONS GIVEN TO THE 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 the Big Lottery Fund (operating as the National Lottery Community Fund and subsequently referred to as “the Fund”), hereby give the following directions to the Fund:

### **General Directions**

1. In deciding to whom it distributes money from dormant accounts in relation to Welsh funds, for what purpose and under what conditions, the Fund must comply with the following:

A. To have regard to the principles of the Wellbeing of Future Generations (Wales) Act 2015, particularly:

- improving the social, economic, environmental and cultural wellbeing of Wales
- encouraging public bodies to think more about the long term, work better with people, communities and each other
- preventing problems and taking a more joined up-approach
- the five ways of working: long-term; prevention; integration; collaboration; involvement
- the seven wellbeing goals.

B. Ensure money is distributed to projects promoting public and social good and not intended primarily for private gain.

C. Ensure money is distributed to projects that make sustainable improvements to the quality of life of local communities.

D. Ensure that the Fund distributes money to a wide range of projects that are primarily delivered by the

third sector. This should include local, regional and national organisations, including social enterprises. Exceptionally, money can 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.

E. Balance the encouragement of innovation with managing risk.

F. Promote and support the Welsh language, reflecting the bilingual nature of Wales by:

- working to the principle of not treating the Welsh language less favourably than English in all the Fund's activities in Wales
- operating in accordance with our Welsh Language Standards and Welsh Language Scheme, in partnership with the Welsh Language Commissioner.

G. Set time limits on the periods in which grants are payable, whether for capital or revenue expenditure.

H. Ensure that applicants demonstrate the financial viability of the project for the period of the grant.

I. Ensure the Fund works with other organisations where this is an effective way of delivering elements of dormant accounts funding in Wales.

J. Ensure the Fund has the necessary information to make decisions on each application, including independent expert advice where required.

K. Include a condition in all awards that recipients acknowledge dormant accounts funding and use agreed Dormant Accounts Scheme branding.

L. 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 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. The Fund must comply with the following specific directions in determining the persons to whom it makes grants and for what purpose.

A. 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 reach their full potential by working through the third sector to promote social inclusion and eliminate barriers to personal development and employment.
- Tackling climate change and promoting wider sustainable development through focused community-based activity.

B. The Fund must take account of the wider benefits that applications may offer, particularly their potential to attract funding from other sources (e.g. match funding) and the contribution that they can make to Welsh Government policies and strategies.

### **SPENDING DIRECTIONS TO THE NATIONAL LOTTERY COMMUNITY FUND UNDER SECTION 22(5) (C) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 IN RELATION TO NORTHERN IRELAND EXPENDITURE**

Under Section 22 of the Dormant Bank and Building Society Accounts Act 2008, hereafter known as the “Act”, in exercising any of its functions under the Act, the Big Lottery Fund (now known as the National Lottery Community Fund) shall comply with directions given to it under that section.

The Department of Finance, in exercise of the powers conferred on it by Section 22(5)(c) of the Dormant Bank and Building Society Accounts Act 2008 and having consulted with the National Lottery Community

Fund as required under Section 22(7) of the Act, hereby give the following directions to the National Lottery Community Fund in relation to Northern Ireland expenditure under the Act.

- A Scheme to distribute Dormant Accounts in Northern Ireland should be established as soon as possible.
- The National Lottery Community Fund should prepare and adopt a strategic plan for Northern Ireland as set out in Schedule 3 Part 1 of the Act.
- The National Lottery Community Fund shall consult on the contents of the Strategic Action Plan in advance of laying in the Assembly as set out in Schedule 3 Part 1 Paragraph 4 Sub-Section 6 (b) of the Act.
- The Scheme should be made available to benefit the third sector in Northern Ireland, through projects/work primarily delivered by Voluntary, Community and Social Enterprise organisations to increase capacity, grow resilience and encourage sustainability.
- The Scheme should ensure that projects/work funded demonstrate an equitable geographical representation across Northern Ireland.
- Lessons learnt from the distribution of Dormant Account funds elsewhere in the UK, should

be reflected in the Northern Ireland Scheme where possible.

- The Department will not restrict the use or distribution of the Scheme, however, the principle that dormant account money should not be used to fund projects or aspects of projects that would normally attract statutory funding.
- In respect of delivery models these could mean, but are not limited to, an Investment Loan Model for more established organisations, a grant/ loan hybrid model or a more traditional grant style model to support grass roots community organisations to develop capacity and build resilience.
- As allowed under the Dormant Accounts Act, the National Lottery Community Fund may deliver the Scheme in its entirety or work with a third party. Any third party should be appointed in line with Section 25 (1) of the Act and adhere to the conditions thereafter as set out in the Act.
- A condition of all funding distributed from the Scheme is that successful applicants must acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Account Scheme for Northern Ireland.
- The distribution of funding under the Dormant Account Scheme will be limited to projects located

within Northern Ireland as stipulated in Section 22 5(c) of the Act.

- Reporting and Accounting arrangements should be as set out in Schedule 3, Part 3, of the Act.
- The Scheme should contribute to the draft Programme for Government Outcomes Delivery Plan and its successor where possible.



Men Matter Scotland, Scotland



Ellesmere Children's Centre, England





## **Get in touch**

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