

MEETING OF THE NATIONAL LOTTERY COMMUNITY FUND BOARD
14th October 2022
10:00-15:30

Conference Suite
Pacific House 70, Wellington Street, Glasgow

MINUTES

**BOARD MEMBERS
PRESENT:**

Blondel Cluff CBE	Chair and Chair of UK Funding Committee
Kate Still	Vice Chair and Chair, Scotland Committee
Emma Boggis	Chair of Audit & Risk
Simone Lowthe- Thomas	Chair, Wales Committee
John Mothersole	Chair, England Committee
Paul Sweeney	Chair, Northern Ireland
Rachael Robathan	Board member
Danielle Walker Palmour	Board member
Richard Collier- Keywood	Board member
Stuart Hobley	Board member
Helen Stephenson	Board member
Peter Stuart	Board member

IN ATTENDANCE:

David Knott	Chief Executive
Neil Harris	Corporate Services Director (Items 3.4, 7.1, 9.1, 11.1 & 18.1)
Carrie Deacon	Strategy Renewal Lead (Item 5.1)
Stuart Fisher	Finance Director (Items 10.1 & 10.2)
Neil Ritch	Director, Scotland (Items 13.1 & 16.1)
John Rose	Director, Wales (Item 13.2)
Phil Chamberlain	England Director (Item 14.1)
Emma Corrigan	England Director (Item 14.1)
Kate Beggs	Northern Ireland Director (Item 14.1)
Michelle Everitt	Deputy Director, Funding Strategy/ UK Portfolio (Item 14.1)
Catherine Roberts	People Deputy Director (Item 17.1)
Katie Crystal	Head of Governance (Minutes) Senior Governance Officer (Minutes)

EXTERNAL GUESTS:

Silke Brittain	Consultant, This is Org
Jeremy Pauls	Consultant, This is Org
Tracey Long	Observer, DCMS

1. NON-EXECUTIVE INFORMATION SESSION

- 1.1. The Board held a closed session for members only.

2. INTRODUCTORY REMARKS

- 2.1. The Chair welcomed all and opened the meeting.
- 2.2. No apologies were received.
- 2.3. There were no declarations of interest.
- 2.4. The minutes of the meeting held on 30th June 2022 were approved.

3. ACTIONS ARISING - P36

- 3.1. The Action Log was reviewed and updated accordingly.
- 3.2. The Board was informed that a scheme has been launched through employee benefits to assist staff at the Fund with purchasing electric vehicles.
- 3.3. The Board discussed the Fund's travel policy which had been interpreted to exclude mainland flights. It was noted that extenuating circumstances may require mainland flights and that these circumstances need to be clearly articulated in policy, particularly in respect of obligatory travel such as board meetings.
- 3.4. It was noted that the Annual Safeguarding Report would be presented to the Board at the December meeting. The Board were asked to consider whether a Board member should be designated as safeguarding lead.
- 3.5. The Chair requested that a KPI be developed to compare application success rates across the Fund's portfolios. A deep dive comparing application success rates across the portfolios should also be carried out.

ACTION: Neil Harris

4. CEO OVERVIEW - P37

- 4.1. David began by addressing the cost-of-living crisis which has been dominating a significant amount of activity across the Fund. TNLCF's approach to the crisis has been guided by learning from the Covid Pandemic. The need to maintain flexibility within funding models was highlighted. Policy changes have also been made in responses to the crisis, with variations now increased to 25 percent and the ability to have more than one active Awards for All grant at any time.
- 4.2. Kate Still noted that the Scotland portfolio has received an increase in applications related to the cost-of-living crisis. Simone Lowthe-Thomas reflected that the same trends can be seen in Wales. The Board emphasised the need to ensure that the Fund's position on the crisis is clearly defined and communicated to the sector. The importance of a consistent message across the UK was highlighted.

- 4.3. David noted that the Knowledge and Learning Team had recently won the Knowledge Management and Intellectual Capital Excellence Award at the European Conference on Knowledge Management. He offered his congratulations to the team.
- 4.4. The Board reflected on the importance of the upcoming fourth round of applications to the Climate Action Fund. The need to embed environmental implications into funding applications across the Fund was raised. David noted that this is currently being explored.
- 4.5. The Chair congratulated the Strategy Renewal Team on a comprehensive discovery phase and requested that a Subcommittee of the Board be established to assist with the process going forward. A decision would be made on the strategy renewal at the December meeting of the Board.

ACTION: Governance

- 4.6. The Chair also requested that Subcommittees of the Board covering matters related to people, the strategy renewal and ensuring a strong relationship with DCMS be established.

ACTION: Governance

Carrie Deacon joined the meeting (in person).

5. STRATEGIC RENEWAL - P38, P39 & P40

- 5.1. Carrie Deacon introduced the agenda item, thanking the Board members for their time. The session would focus on providing context as to what stage the strategy renewal is currently in and the learning that has been gathered so far. A plan for moving forward with the process and receiving feedback from Board members would also be included.
- 5.2. Phase two of the Strategy Renewal, called the discovery phase, involved deep dives across the Fund. Carrie acknowledged that there is a desire within the Fund to respond to the current crisis quickly. The Fund's vision statement must be developed in the context of the current external environment. Horizon scanning would also be of great importance in ensuring that the Fund's strategy is designed to respond to the needs of communities in both the short and long-term. It was suggested in particular that the Fund should pay attention to what support it can offer in addition to funding such as learning, networking, convening and sharing of knowledge. Conversely it was important to be more focussed and not try to be 'all things to all people'.
- 5.3. The Board raised the topic of organisational sustainability, noting that the Fund should establish exit strategies in long-term funding agreements that support grant holders to create financial resilience. The Chair noted that the Fund could provide increased levels of wraparound support to grant holders. David reflected that grant holders are able to use the Fund's branding as a catalyst to grow their organisations and approach other funders. Further developing how grant holders use the Fund's branding could provide more opportunities in the future.
- 5.4. The Chair raised the potential for letters of support being provided by the Fund in respect of successful grantees.

- 5.5. The Board discussed the importance of creating a bold strategy. It was noted that the priorities of the Fund are often amplified within the sector.
- 5.6. Attention should be paid to utilising the right language within the strategy and keeping it as simple as possible. The Board reflected that stakeholders from the sector should be consulted regarding the language used to ensure it is comprehensible.
- 5.7. The Board queried whether the environment had been considered in the strategy renewal process so far and noted that the Fund should take this into consideration when making funding decisions.
- 5.8. Loren provided context with regards to the impact of the strategy renewal on young people. It was requested that the Youth Voice team be consulted at every stage of the strategy renewal to ensure that the perspective of young people is incorporated.
- 5.9. David thanked the team and all colleagues within the Fund that have contributed to the process so far. He acknowledged the Board's appetite for a sharp, purposeful and honest strategy. It was noted that the Fund is not able to be at the forefront of every need within communities and it should therefore aim to support those that operate in areas where TNLCF's skills and reach are not as developed. David reflected that the process so far has been powerful for the Fund and suggested that there is a need to reframe how colleagues think about the next phase of this work.

Carrie Deacon left the meeting.

6. TRANSFORMING TOGETHER - P41

[Information in paras 6.1 - 6.12 will be withheld in line with the requirements of section 36(2)(b)(i) and (ii) of the Freedom of Information Act 2000 - disclosure would be likely to inhibit the free and frank provision of advice and the free and frank exchange of views for the purposes of deliberation. In addition, the release of this information would, or would be likely to, prejudice the commercial interests of National Lottery Community Fund, and is therefore also exempt under Section 43(2) of the Freedom of information Act.]

- 6.1. Neil Harris introduced the item, stating that the purpose of the transformation programme is to create a more consistent, effective and impactful organisation. The operational focus largely relates to the Fund's history, and specifically, the move to relational grant making adopted several years ago. This move has resulted in teams across the UK operating in very different ways with regards to effectiveness, compliance and support for staff. It was noted that there are excellent examples of successful regional teams throughout the UK but approaches to relational grant making are not consistent across the Fund.
- 6.2. The ambition to progress the work on the transformation before the completion of the strategy renewal was noted. Two new Directors have taken post in England and they will implement the required immediate changes. Neil highlighted the importance of continuing to prioritise the recommendations of the DCMS cultural inquiry.
- 6.3. Neil acknowledged the period of change that the Fund has experienced in recent years, noting that colleagues across the organisation feel unsettled and that this must be considered when planning the programme and related communications.

Recent focus has surrounded efforts to reassure colleagues that the transformation programme is not a significant restructure. A milestone plan for the Transforming Together programme will be shared with the Board for approval in the coming months. It was explained that the plan would be a partial operating model as it would not be possible to take outcomes of the strategy renewal into account at that stage.

ACTION: Neil Harris

- 6.4. Neil informed the Board that an external consulting company had been procured to provide expertise and lead on the programme. It was noted that the consultants who had been in place for three months had not yet delved into the depth of the programme and that there were doubts surrounding whether they are the right fit to deliver.
- 6.5. The Board acknowledged the legacy issues that would need to be addressed to ensure the future health of the organisation. The Board noted that the Transforming Together programme is out of sequence with the strategy renewal process and reflected that this may mean that the timing is incorrect for the organisational transformation. The importance of addressing the legacy issues that are dependent on future direction was emphasised. The Board reflected that more clarity regarding the sequencing of the programme in relation to the strategy renewal will be required.
- 6.6. David addressed the Board, noting that priority should be given to addressing the two legacy issues of progression and pay. The organisation has not always been clear with colleagues regarding the parameters that the Fund operates in as a Non departmental Public Body. David emphasised the importance of ensuring that a clear transformation programme is developed to address these issues, however, the Fund should not wait for the target operating model to be confirmed to begin making positive changes.
- 6.7. The Chair stated that the UK Fund should be given directorate status as it is the second largest portion of funding within TNLCF. Neil noted that this would be considered as part of the Transforming Together programme.

Silke Brittain and Jeremy Pauls, Consultants from This is Org, joined the meeting (in person). This is Org has been procured by the Fund to consult on the Organisational Transformation.

- 6.8. Silke offered her early reflections on the Transforming Together programme, noting that several workshops had taken place with key insights gathered. It was noted that staff have requested greater access to the Senior Management Team (SMT) and would like to see a more cohesive SMT overall. Staff at the Fund also voiced the opinion that job sizing is not currently accurate within the organisation.
- 6.9. The need to transform the way the Fund works internally to build an inclusive, adaptive and healthy culture was highlighted. A human-centred approach which focuses on communication, collaboration and role modelling will be factored into the target operating model.
- 6.10. The Board queried the Fund's ability to address prominent issues in the short term. Silke informed the Board that certain elements, such as the job sizing issue, can be

addressed prior to the target operating model being agreed. Silke noted that working in tandem with the strategy renewal is beneficial to the transformation programme.

6.11. The Board thanked Silke and Jeremy for their time.

Silke Brittain and Jeremy Pauls left the meeting.

6.12. The Chair noted that the consultants were in favour of working in parallel with the strategy renewal, however, the Board members did not feel this was the most productive way forward. David agreed to take this away for further consideration.

7. CURRENT PERFORMANCE AND FINANCE

KPI Performance Report - P42

7.1. Neil Harris presented the report which was taken as read. The Board noted the progress towards the KPIs until the end of August 2022.

7.2. The Board requested that the reporting cycles for each KPI be included in the report going forward.

ACTION: Neil Harris

Period 3 Financial Summary - P43

7.3. The Board received the financial summary for Period three until the end of August 2022. The paper was taken as read and Stuart Fisher highlighted a few key points.

7.4. Overall, he noted an operating cost underspend and grant commitments behind budget. Grant awards to date were below budget, due mainly to revised grant profile since the budget setting process.

7.5. The Chair requested that the executive explore whether the Fund will continue to provide funding to the Isle of Man given the change of operator.

ACTION: Stuart Fisher

7.6. The newly appointed members of the Board requested a separate session with the Finance Director to review Fund finances.

ACTION: Stuart Fisher

Grant Award Budget - P44

7.7. Presenting Board(22)P44, Stuart Fisher reported that there had been no material movement from the previous forecasts presented to the Board in June 2022.

7.8. Stuart noted that the grant award allocations for 23/24 are in a positive position. The 24/25 financial year remains largely unallocated, however, this is typical and will be addressed in due course.

- 7.9. It was noted that census data that remains unavailable will drive change with regards to the allocations between the country portfolios. Stuart will continue to monitor for any further developments.
- 7.10. Stuart outlined the NLDF balances to members highlighting that they are higher than typical and consistently over the upper tolerance.
- 7.11. Included in the paper was a recommendation to not release any further funds from the NLDF to grant budgets despite the high NLDF balances as the previous £150m released in October 2021 had not been fully allocated. Stuart advised this position would remain under close review and SMT were reviewing the position in November 2022.

8. AUDIT AND RISK COMMITTEE REPORT

Minutes of ARC meeting held on 6th September 2022 - P45

- 8.1. The minutes of the Audit & Risk Committee meeting held on 6th September were noted.

ARC Report to Board - P45

- 8.2. The Board received Board (22)P45, summarising the activities of the Audit & Risk Committee following the September meeting. It was noted that the Audit and Risk Committee had received an interim update on progress to address the issues which led to the Head of Internal Audit giving his Annual Assurance as limited. A more in-depth update will be presented at the November meeting of the Committee.
- 8.3. It was noted that the process for procuring a new internal audit supplier is still ongoing.
- 8.4. Richard Collier-Keywood has accepted the role of Chair of the Fund's Audit and Risk Committee and will be appointed prior to the end of the calendar year. Richard will work with Stuart on the procurement of the new internal audit supplier and will review the internal audit plan for the coming year.
- 8.5. The newly appointed Board members requested that the current risk framework and analysis be shared with them. It was noted that this document is presented to the Audit and Risk Committee at every meeting. In December the annual Risk Appetite will be presented to the Board.

ACTION: Stuart Fisher

- 8.6. The Chair thanked Richard for accepting the role of Chair of the Audit and Risk Committee.

Neil Ritch, Kate Beggs, Melissa Eaglesfield, Michelle Everitt, Emma Corrigan (in person) and John Rose (virtually) joined the meeting.

9. FUNDING REPORTS

Scotland Funding Report - P46

- 9.1. Kate Still presented the report on funding in Scotland over the past year. She began by thanking Neil Ritch and his team for their efforts to support communities in Scotland. It was noted that policy directions in Scotland are provided by the Scottish Government and then applied to TNLCF funding and Dormant Assets funding.
- 9.2. Neil Ritch summarised the work of the Scotland Directorate over the last year, noting that the report tells a story of working in place and creating connections within communities. Prior to the cost-of-living crisis, the Scotland Directorate had been preparing to close the portfolio and develop a new offer for communities. This endeavour was not realised due to the onset of the crisis. The portfolio has remained open which has been well received by communities. The directorate has been utilising a flexible approach to managing grants in response to the crisis. Neil reflected that customer satisfaction is stable and positive.
- 9.3. Neil informed the Board that the Young Start Programme in Scotland had surpassed £50 million in Dormant Assets funding, with over 1000 projects funded. The programme is a ten-year investment in quality youth work that operates Scotland wide. Additionally, the Scottish Land Fund celebrated 20 years in operations in 2022.
- 9.4. It was noted that COP26 had taken place in Glasgow. The Scotland Directorate worked with the UK portfolio to develop 'Together for our Planet', which delivered £1 million worth of small grants to organisations and groups addressing climate issues within their neighbourhoods.
- 9.5. Neil expressed his gratitude and thanks to the team in Scotland.
- 9.6. The Chair thanked Kate and Neil for their time and contribution.

Wales Funding Report - P47

- 9.7. Simone introduced the report on funding in Wales over the past year. She began by thanking John Rose and the team in Wales for the warm welcome and support she has received since taking post as the Wales Committee Chair.
- 9.8. Simone summarised the recent political context in Wales, noting the elections in 2021 and subsequently agreed policy areas. It was noted that the government priorities for Dormant Accounts funding align well with the directorate's priorities. The focus areas are currently around young people and climate action. The directorate works closely with politicians and has a strong reputation with government.
- 9.9. John Rose summarised the work of the Wales directorate over the last year. The portfolio review undertaken in 2021 identified five areas for further exploration in 2022, including poverty, cost-of-living, mental health, loneliness and isolation, and issues faced by children. In recent months the portfolio has made variations to support organisations that are facing increased costs due to the cost-of-living crisis. The Wales Directorate are continuing to listen to communities regarding the support they will require to address to cost-of-living crisis.
- 9.10. John expressed gratitude and thanks to the team in Wales.

9.11. The Chair thanked Simone and John for their time and contribution.

Quarterly Funding Reports - P48

9.12. The quarterly funding reports were taken as read.

Neil Ritch, Kate Beggs, Melissa Eaglesfield, Michelle Everitt, Emma Corrigan (in person) and John Rose (virtually) left the meeting.

10. LEGACY (PLATINUM JUBILEE AND COMMONWEALTH GAMES) - P49

10.1. Emma Boggis introduced paper Board(22)P49 - Legacy (Platinum Jubilee and Commonwealth Games). The agenda item would address how the London 2012 legacy was managed, the challenges involved, the key lessons learned and how this is relevant to the Fund.

10.2. Prior to the 2012 Games legacy planning was considered alongside the delivery of the Games themselves. Following the Games Lord Sebastian Coe was appointed as the Prime Minister's Legacy Ambassador and a small government and Mayor of London team was established in the Cabinet Office to support him in this role and manage the delivery of the legacy programme. The team published legacy ambitions in early 2013 with longer term ambitions published in January 2014. In 2014, the team was moved from the Cabinet Office to DCMS and integrated into the 'business as usual work of the DCMS Sport team.

10.3. Emma noted several challenges associated with creating a legacy for the 2012 games. These included changing agendas following the games, a lack of new financial capital, many individuals and organisations responsible for delivery as well as the time it takes to embed a legacy.

10.4. The need for in-depth planning prior to implementation was highlighted, as well as the importance of having a dedicated resource, leadership and senior sponsorship. Accountability and regular reporting were also noted as key avenues for driving action.

10.5. Emma summarised the relevance of the findings to the Fund. The Board was asked to consider the following:

- i. Impact vs Legacy
- ii. What does The Community Fund mean by legacy? What principles should be applied
- iii. Does the Fund have the right tools to embed legacy? And;
- iv. What opportunity is there to work with others (including other lottery distributors) around future events?

10.6. The Chair noted the need to encourage community use of the major infrastructure projects designed for the Commonwealth Games. The importance of ensuring that communities benefit from national convening events was also highlighted. The Chair requested that legacy be part of the Fund's strategy going forward.

Neil Ritch (in person) joined the meeting.

11. COST OF LIVING APPROACH

- 11.1. Neil Ritch introduced the paper, noting that the Fund has been gaining insight from the sector regarding the challenges organisations are facing due to the cost-of-living crisis. It was noted that the impact on communities is likely to worsen in the coming months. The Fund's approach to the crisis has been shaped by several things, including TNLCF's funding principles, learning from the Covid-19 pandemic, and listening to individuals and organisations within established networks.
- 11.2. The Fund is offering variations to current grant holders that will allow organisations to meet the growing changes in their cost profiles. The majority of 3 to 4 four-year grants include inflation models, however, these models are likely to be surpassed.
- 11.3. Additional Awards for All Funding, by permitting grantees to have up to two Awards for All grants simultaneous, has been made available to the sector to assist with the crisis. The Fund is demonstrating a clear intention to support communities immediately through existing offers of support. The next step in the development of the approach will involve testing potential support schemes and receiving additional feedback from the sector. The Cost-of-Living Support Fund will be launched in Scotland. The Fund is modest but will be crucial to gaining understanding of the support required by the sector. It was noted that colleagues in the UK Portfolio are developing a more long-term approach to supporting communities through the crisis.
- 11.4. The Board noted the potential benefit of working with think tanks and others that are also developing approaches to the cost-of-living crisis. This could potentially assist the Fund in gaining further insight into predictions for the future. This information could then be fed back to the sector.
- 11.5. The Board thanked Neil for his time.

Neil Ritch (in person) left the meeting.

12. ANNUAL PEOPLE REPORT

- 12.1. The decision was made to address this item at the December meeting of the Board. The Chair requested that the item feature early on the agenda.

13. BOARD FORWARD LOOK

- 13.1. The Board forward look was reviewed.

14. ANY OTHER BUSINESS

- 14.1. The Chair thanked all members and colleagues for attending and closed the meeting.
- 14.2. There being no further business, the meeting concluded at 15:30.

Chair of the Board:

Blondel Cluff CBE

A handwritten signature in black ink, appearing to read "Blondel Cluff". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

07/12/2022