



Big Lottery Fund

Annual Report and Accounts
2017-18



**NATIONAL
LOTTERY FUNDED**

Big Lottery Fund

Annual Report and Accounts

For the financial year ended 31 March 2018

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Part 1: A year in review



A message from the Chair



As part of The National Lottery family, our job is to make sure that money raised thanks to National Lottery players is making a positive impact within communities across the UK.

This year we have worked hard to make changes to the way we operate so that communities can connect with us and access our funding in the simplest way possible. We have also built an even stronger relationship with our fellow National Lottery distributors, in order to secure a bright future for The National Lottery.

The majority of our work is aimed at supporting voluntary and community organisations. We support people to drive change and make the most of opportunities to improve life and lives. It's all about what they want; not about what others think they need. We are privileged to touch the lives of millions of people.

From small-scale community projects, to large-scale partnerships with UK Government, the private sector and other generous funders, National Lottery funding has a vast reach. Our strategic programmes are long-term investments that aim to address major problems facing our society. It's all about partnership.

We have been working with a range of Government departments to help give children the best possible start in life, combat loneliness at the earliest possible opportunity, support youth development and promote financial inclusion. The experiences and insights offered by the organisations we support help to improve the design of public services and compliment public spending – but never replace it.

I love visiting the projects we fund and the YMCA in Stoke-on-Trent is a brilliant example of the lasting difference that National Lottery funding can make. Supporting young people who have fallen on tough times, YMCA is the oldest and largest youth charity in the world. But its impact is local.

In Stoke, the passion of the Chief Executive, Danny Flynn, is tangible and the dedication and enthusiasm of the staff and volunteers are impressive. It was particularly inspiring to meet the team addressing the tough problems facing young women, helping them to overcome challenges and to believe in themselves and their own potential.

It's been another year of change for many who work at the Big Lottery Fund across the United Kingdom. Many thanks to our Chief Executive, Dawn Austwick, the Board and the Senior Management Team for their ongoing hard work. Special thanks to those Board members who will be leaving in 2018-19. Throughout their time at the Fund, they have helped make sure that we're delivering on our promise of being an excellent grant maker. It's all about the people and communities we fund.

Peter Ainsworth

A message from the Chief Executive



This year we have made huge strides towards realising our ambition for people and communities to be centre stage in everything we do. We have created six regional hubs in England, with funding teams located in the communities they serve. We've created a new digital channel for National Lottery Awards for All and have developed a new approach to Reaching Communities, our core funding product for charities in England.

Our funding is now more user centred, having adopted a conversational approach and applications can be made in a form that best suits the applicants – such as video. We are also launching a new Partnerships product to encourage collaboration between organisations to achieve greater impact – a key part of our generous leadership thinking.

Generous leadership is one of five areas we will prioritise in supporting civil society to thrive; the others are digital, data, empowering communities, and organisational resilience. We hope that this approach will help further the ambitions of charities and community organisations across the UK. We welcome both the insightful early work of Civil Society Futures led by Julia Unwin, and the development of a civil society strategy by the Office for Civil Society. We are looking forward to actively contributing further to both.

Whilst we paid out grants to the value of £655m this year, we reduced the value of new grants we committed to £520m – recognising the scale of our existing commitments as well as the uncertainty at the start of the year over National Lottery revenue. I am delighted that the drop in revenue seen in 2016-17 was not repeated this year, providing us with greater stability and certainty for our forward planning. We have worked closely with the entire National Lottery family to create a set of common brand values that we will all use to articulate the magic of The National Lottery.

It's been a privilege to meet some of the grant holders our funding has supported. Our Board visited the magnificent Kelpies in Falkirk and heard about how these extraordinary mythical creatures have transformed the area. As a Senior Management Team we met Gary Inight from Le Public Space in Newport, hearing about its anchor role in the community. I was delighted to speak at the CO3 conference in Northern Ireland in February, and to meet young people from the Real Ideas Organisation (RIO) in Liskeard.

Alongside grant making, we have also been investing in our knowledge and evaluation teams to share learning from the people and communities we fund. I participated in the launch of Nacro's Beyond Youth Custody report, focusing on the effective resettlement of young people out of the criminal justice system. And the learning from our HeadStart programme resulted in our first evaluation conference in March, where we were honoured to welcome Her Royal Highness The Duchess of Cambridge.

All of this has demanded a lot of my colleagues and I would like to thank the fantastic people that work at the Big Lottery Fund for their contribution to our success.

Dawn Austwick

Our year in numbers

We have touched the lives of

7.5m people



Dance for Parkinson's

that's the equivalent of

1 in 8 people

in the UK

11,037 grants awarded

and 90% of our awards to community projects were for

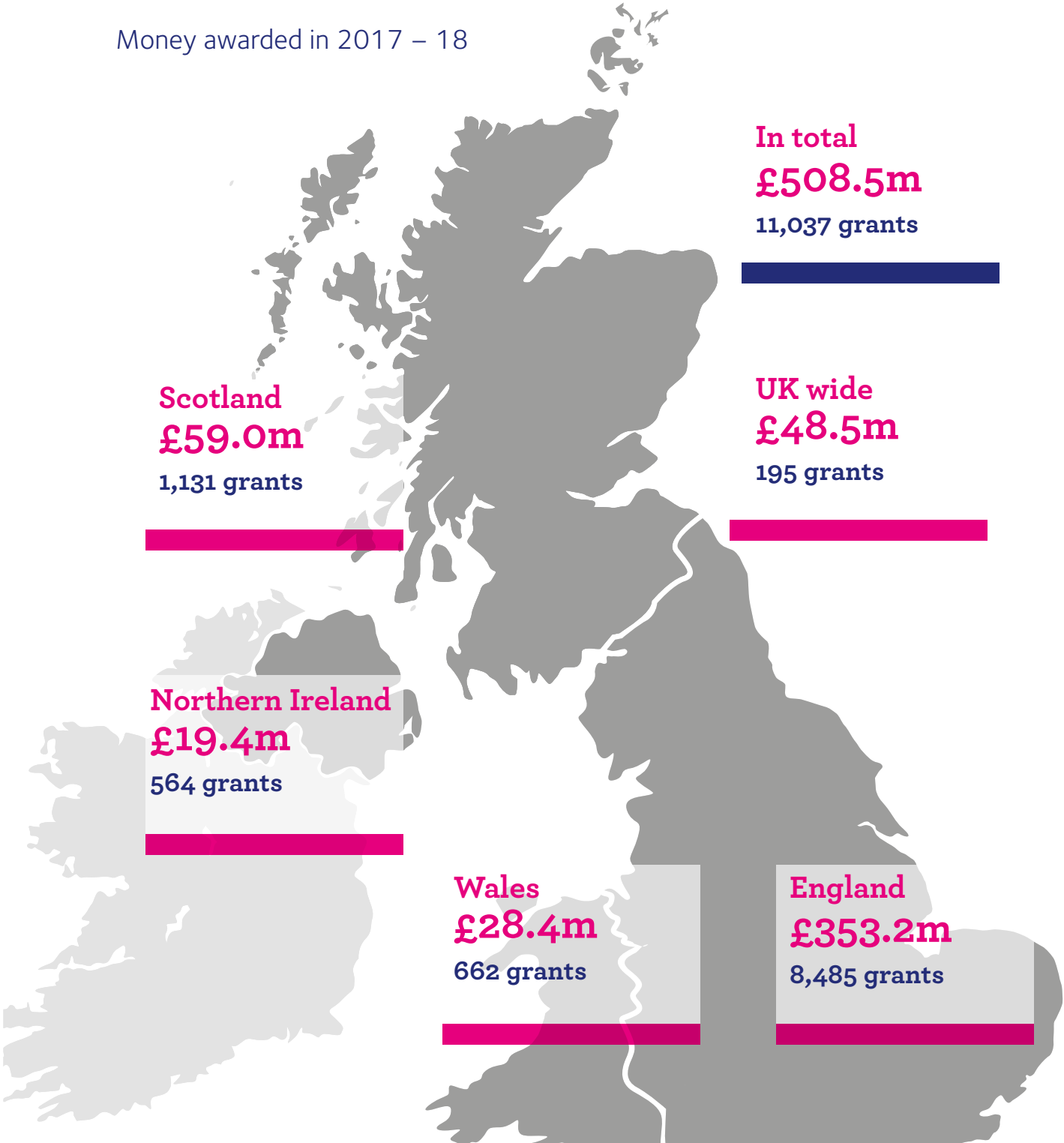
£10k or less



Passion 4 Fusion

We've made awards totalling £38m on behalf of other funders

Money awarded in 2017 – 18



£9b of funding and 200,000 grants awarded since 2004

Country breakdown
England £6.1b
Scotland £1b
Wales £0.5b
Northern Ireland £0.4b
UK wide £1b

Our year at a glance

It's been a busy year at the Big Lottery Fund and here are just a few examples from the past 12 months of what the people and communities we fund have been doing.



The Big Lunch

The Big Lunch

The Big Lunch is the UK's annual gathering for neighbours, an idea from the Eden Project made possible by The National Lottery. Partnered with The Great Get Together this year, it created opportunities to build friendships and connections, which in turn make stronger, happier communities.



The Great Big Walk

Over 96,000 events

took place as part of

The Big Lunch and The Great Big Walk



Talent Match North East

Talent Match

Our Talent Match partnership has helped over 6,500 young people to secure employment. The programme has helped young people by building their confidence and boosting work-based skills.

Unconference

Scotland held their first ever Unconference, an event that brought together grant holders in Edinburgh and the Lothians to share learning and discuss ideas for the future. With no pre-prepared agenda, discussion topics were decided on the day with people debating the opportunities and challenges they face in their day-to-day work.



Unconference

The People's Projects

The People's Projects lets the public vote for projects in their area to get National Lottery funding. Delivered in partnership with Camelot and ITV, there was a 10% rise in public votes in 2017-18, meaning small grant holders are not only receiving additional funding but also raising the profile of their work.



The People's Projects winners: Newry and Mourne Downs Syndrome Support Group



HeadStart conference

HeadStart

HeadStart is a five-year programme set up by the Big Lottery Fund to give young people aged 10 to 16 the tools they need to overcome life's challenges and prevent serious mental ill health from developing.

As Patron of our evaluation partner, the Anna Freud National Centre for Children and Families, Her Royal Highness The Duchess of Cambridge attended the HeadStart conference in January 2018.

Magi Ann

Menter Iaith Sir Y Fflint a Wrecsam was awarded funding to create digital versions of the beloved series of Magi Ann children's books. Encouraging parents to read Welsh with their children, the project won the best education project at The National Lottery Awards.



Cerys Matthews, Gill Stephen and Magi Ann

Empowering Young People

In July, we held a recruitment campaign for new Northern Ireland Young People's Committee members as part of our Empowering Young People programme. Through this programme, young people are involved in decisions about how National Lottery funding is used.



Northern Ireland Youth Forum

Our strategic framework

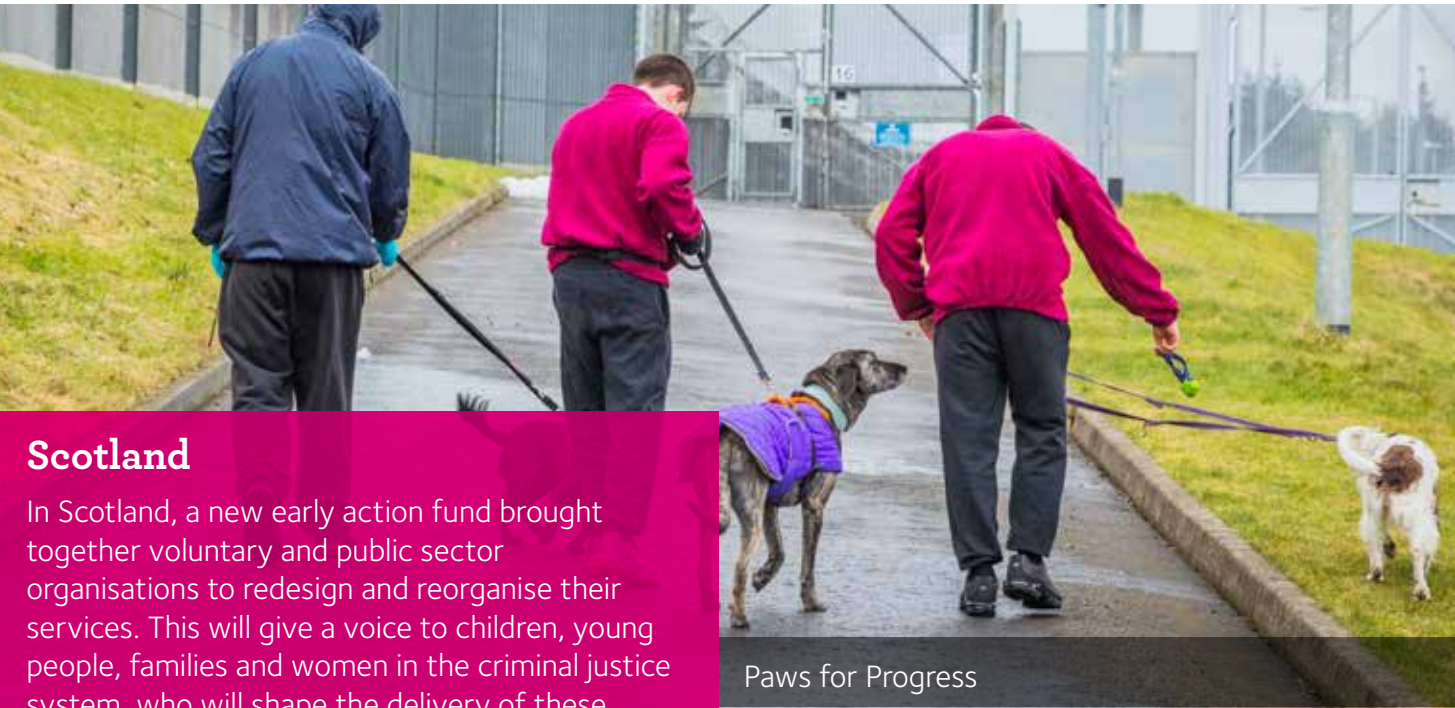
We believe people should be in the lead in improving their lives and building strong, vibrant communities. Our strategic framework, People in the Lead, reflects this ambition and here are just a few ways in which our funding has been supporting people to improve their communities across the UK.

England

In England, we've been working with grant holders and people who apply for our funding to design and develop three flexible types of funding. These are National Lottery Awards for All, which offers small, easy-to-access grants that people can apply for online, and our larger and longer term Reaching Communities and Partnerships funding, which launched at the beginning of April 2018.



Manchester Cares



Paws for Progress

Scotland

In Scotland, a new early action fund brought together voluntary and public sector organisations to redesign and reorganise their services. This will give a voice to children, young people, families and women in the criminal justice system, who will shape the delivery of these services, now and in the future.



Monkstown Boxing Club

Northern Ireland

In Northern Ireland, we're working more locally with people, groups, councils and support agencies so that we get to know our communities better.

We've been connecting grant holders with people and organisations working in the same place, bringing them together through roundtable events, celebration events and funding clinics where they can network and share learning.

Wales

In Wales, we developed targeted funding with people who have experience of the problems the funding aims to tackle. Our Rural Programme aims for positive change in the lives of families who are working but still experiencing poverty. The programme funds groups in the most rural counties of Wales, supporting them to use the strengths of communities to address rural poverty.



Centre for Business and Social Action, Families Together

UK

The UK Portfolio is funding the Contextual Safeguarding Network. Working with local agencies, families and young people across England and Wales, the aim is to redesign local child protection systems. Young people are vulnerable to harm in a range of contexts outside of the family home, such as in neighbourhoods and online. Interventions in these external spaces are a critical part of safeguarding children.

Principal Research Fellow, Carlene, said: **“We look forward to ensuring that the views of young people and parents get to shape the direction of this work as we move forward.”**

Our six principles



Creative Youth Network

Within our strategic framework, there are six principles that underpin our work and set out how we collaborate with partners and make funding decisions.

1. Confidence not control

“Working alongside the Big Lottery Fund to structure and build the partnership in a way that suits us has been invaluable. We can now offer additional programmes for young people and ensure they’re more targeted.”

Sandy, CEO,
Creative Youth Network

2. Simple processes, good judgements

“Before winning The People’s Projects, we had to apply for funding every time we wanted to hire a bus for a day out. Now we can reach lots more people and have more days out.”

Sandra, Chief Operating Officer,
Silverline Memories



Silverline Memories

3. The strengths people bring

“The Big Lottery Fund grant we received has enabled young people to feel more confident in supporting each other when dealing with racist bullying, and teachers feel more assured.”

Sunil, Campaign Manager,
Show Racism the Red Card



Show Racism the Red Card



Burnfoot Community Futures

4. Catalyst for others

“The funding received from Big Lottery Fund has transformed a once derelict building into a thriving community hub. The hub has been a catalyst for improved services with the community, driving many of these changes.”

Jan, Manager,
Burnfoot Community Futures

5. Shared direction, diverse approaches

“Taste of Life C.H.A.N.G.E (Cultural Heritage Awareness Nurturing Growth and Empowerment) provides marginalised adults with nourishing food for the body, mind and spirit, drawing on the inspiring traditions of Liverpool’s diverse faith and cultural communities.”

Matthew, Manager,
Liverpool Community Spirit



Liverpool Community Spirit

6. Using resources well

“Big Lottery Fund has made a huge difference to the organisation in terms of building capacity and expertise for mental health in young people.”

Stephanie, Development Director,
FSN My Time Now



FSN My Time Now

Our funding

We are the largest funder of community activity in the UK, using money raised by National Lottery players to support people and communities to thrive.

Our funding is distributed through five portfolios: England, Scotland, Wales and Northern Ireland, and a UK portfolio that tests and develops solutions to long-term social issues.

We listen and respond to the people we fund and support them to build strong communities across the UK.

We want to help communities to take action, encouraging them to connect with each other and continuing to support projects and ideas with people at the heart.

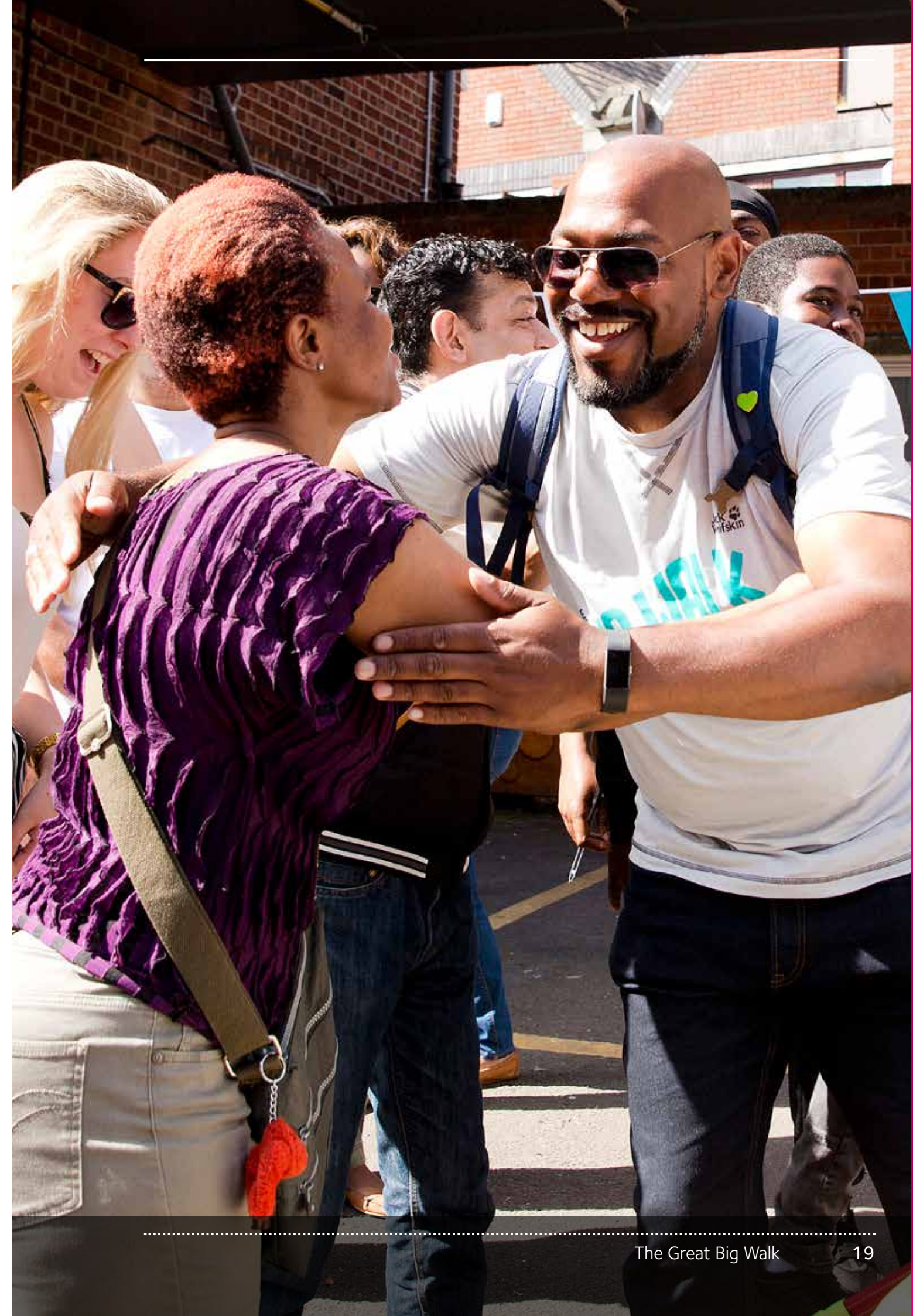
The following pages provide an overview of what we're funding through each of our portfolios.



Wintercomfort

“Without funding from the Big Lottery Fund, we wouldn’t be able to carry out our successful project in the way we do.”

James, Wintercomfort



UK

Our ways of working

We are addressing long-term social issues and aiming to improve the quality of life across the UK and internationally by:

- growing great ideas
- bringing people together
- exploring new approaches.

We support communities to be a part of and celebrate UK-wide events such as The Big Lunch and The Great Big Walk. These partnerships with the Eden Project in Cornwall bring neighbours together across the UK.

We are driving the development of the Fund's strategy on supporting charities and community organisations to take advantage of opportunities and meet the big challenges in our society. Our funding in 2018–19 is available to support organisations to:

1. be more organisationally and financially resilient
2. be generous as leaders and peers
3. involve people and communities in decision making
4. share and use data more effectively
5. use digital technology to achieve their ambitions.



The Big Lunch

More than
96,000
events took place as
part of The Big Lunch
and The Great Big Walk

Our funding

This year we have awarded a total of £48.5 million and our funding is enabling innovative work by organisations such as Wayfindr, who create inclusive and accessible audio navigation.

Managing Director at Wayfindr, Florence, says: "We are empowering those who are visually impaired to navigate indoors using just their phone, allowing them to navigate transport and spaces such as hospitals more independently. This promotes wider accessibility and inclusion for two million visually impaired people in the UK".

We also support Camerados and their work with communities to create pioneering approaches to tackling social isolation and loneliness. They do this by enabling people to open their own Public Living Room in their community, a new kind of public space where people can come and connect with one another.

Camerados CEO, Jenny, says: "These are relaxed places where people can connect with others. In Worthing, it's in a beach hut, in Blackpool it's in an empty shop unit and in Northern Ireland it's going to be up a mountain!"

The Fight for Peace project uses Brazilian boxing and martial arts, combined with education and personal development, to realise the potential of young people in communities affected by crime and violence.

Support from the Big Lottery Fund will allow Fight for Peace to build the capacity of community based organisations across the UK to prevent youth violence.

The Reader is an organisation that brings people together to read literature aloud. Through our funding, The Reader is expanding its volunteer-led reading programme across the UK. The programme will help people with mental ill health and dementia to improve their emotional wellbeing through weekly reading groups.

The Contextual Safeguarding Network is an example of where we're growing great ideas. This safeguarding network is working in partnership with local agencies, families and young people across England and Wales to redesign and improve child protection.

In October 2017, our portfolio launched a new international programme, the East Africa Disability Fund, supporting the livelihoods of disabled people in Uganda and Tanzania.

Looking ahead, we will see our funding support 10 Years' Time, a project aiming to increase the number of people from working class backgrounds involved in funding. The goal is to help funders to employ staff with deeper connections to the communities they serve.

Working in partnership

In partnership with Comic Relief and the King's Fund, we fund the Cascading Leadership programme, enabling charity leaders to help each other through sharing expertise and developing skills. The programme supports leaders to learn from each other and build the capacity of the sector from within.

UK



Manchester Cares

With the aim of reducing isolation and increasing resilience, Manchester Cares creates opportunities to bring older and younger people together.

Holding a range of activities, including regular social clubs and quizzes, Manchester Cares' intergenerational approach to tackling loneliness in the city is proving popular. With sibling charities already running in North and South London, Liverpool Cares is due to open in 2018.

Director of Development, Emily, says: **"Because of the Big Lottery Fund, hundreds of otherwise isolated older neighbours in the Ancoats and Ardwick areas of Manchester and beyond are able to enjoy shared friendship with their younger neighbours."**



Battersea Arts Centre

With funding from the Big Lottery Fund, Battersea Arts Centre is supporting the next generation of social entrepreneurs.

Through a pitching process, three young people are awarded £2,000 to help make their social business dreams reality. Catherine, Producer for The Agency, says: **"What makes this really special is that it builds year on year. The graduates come back to us and we're able to continue supporting their businesses."**

Silverline Memories

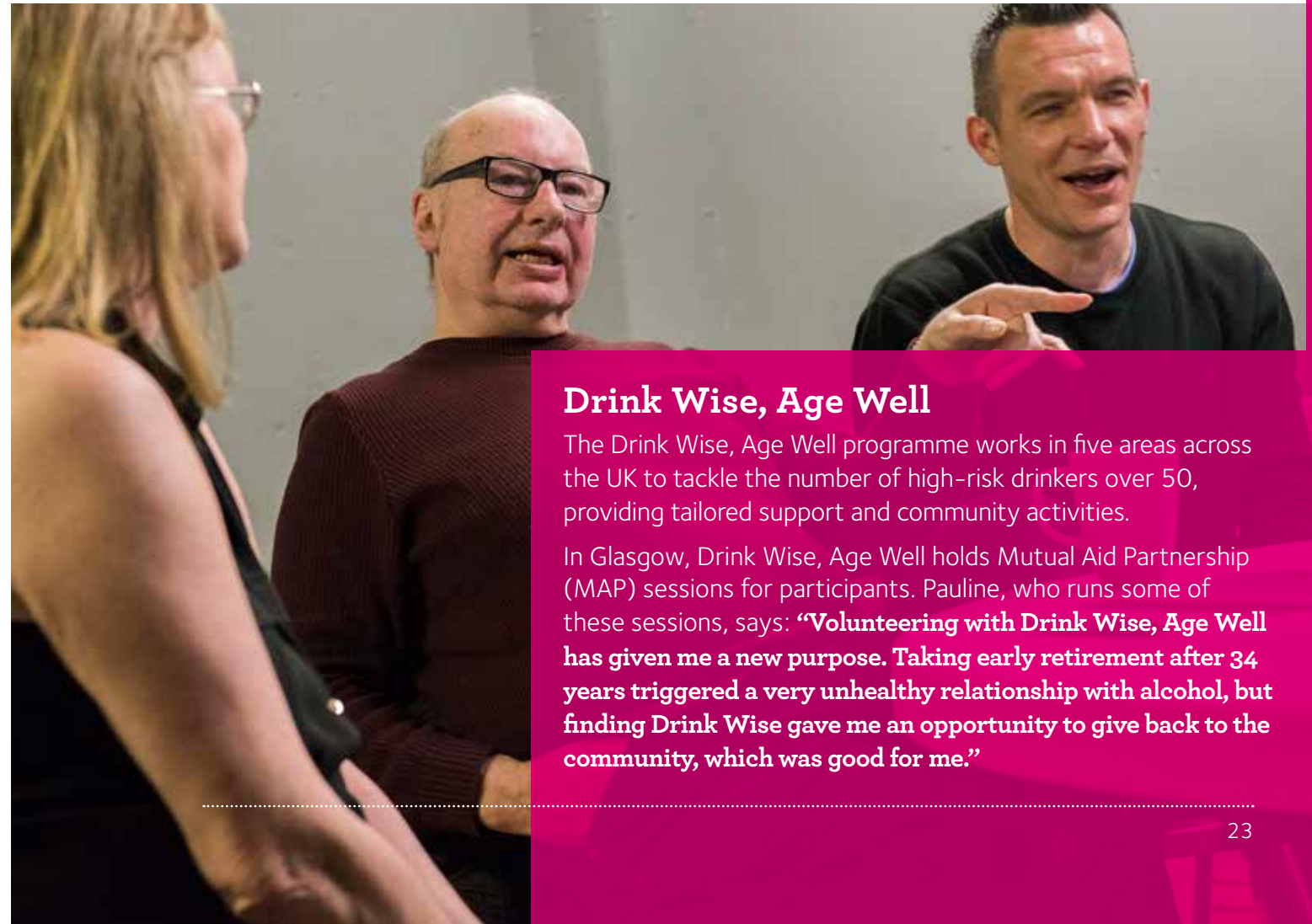
Based in Newcastle and Gateshead, Silverline Memories provides social activities for people with dementia. Through funding from The People's Projects, the organisation bought a minibus to transport its members to events.

Chief Operating Officer, Sandra, says: **"Members and their families can now go to places they haven't been for years. The funding has reduced social isolation and allowed people to access their community."**

Food for Life Better Care

The Food for Life Better Care programme is a pioneering project led by the Soil Association. Working collaboratively with local authorities, NHS providers and volunteering organisations, the project brings people in later life together through food, reducing loneliness and improving nutrition and wellbeing.

Jo, Strategy and Policy Director, Food for Life, says: **"This exciting programme represents an important opportunity to demonstrate that good food is a worthwhile investment for the UK's challenged health and social care system. It plays a vital role both nutritionally and in tackling loneliness amongst older people."**



Drink Wise, Age Well

The Drink Wise, Age Well programme works in five areas across the UK to tackle the number of high-risk drinkers over 50, providing tailored support and community activities.

In Glasgow, Drink Wise, Age Well holds Mutual Aid Partnership (MAP) sessions for participants. Pauline, who runs some of these sessions, says: **"Volunteering with Drink Wise, Age Well has given me a new purpose. Taking early retirement after 34 years triggered a very unhealthy relationship with alcohol, but finding Drink Wise gave me an opportunity to give back to the community, which was good for me."**

England



Our ways of working

This year we've been making sure that people are leading changes in their communities so they can thrive and flourish. We've been changing the way we work and are now based in communities across England, with staff working out of six regional hubs, helping us build relationships locally and give communities the support they need.

Our funding

The priorities for our funding are:

- bringing people together
- improving the places that matter to people
- taking action at the earliest stage.

We've awarded £353.2 million over the last year to 8,485 projects in England that are supporting these priorities.

From refurbishing the sensory room at a children's centre in Horsham, to celebrating the 30th year of the annual Jarrow festival, through National Lottery Awards for All we awarded £69.9 million in grants of £10,000 and under to 7,883 communities. These grants offer access to small amounts of funding, supporting what matters to communities and helping celebrate what's great about them.

Reaching Communities also funded a wide range of projects. A total of £166.5 million was spread throughout the country to projects such as Leeds Older People's Forum, who received £19,737 to connect and develop LGBT+ community groups in the city. Every One Every Day in Barking received £1 million so that people can enjoy time with their neighbours.

Hullabaloo Community Quire received £10,000 to organise a street choir festival to bring their local community together, and St Giles Parish Council will use £25,000 to transform a large church hall into a welcoming and accessible community hub.

From listening to what communities want, and so that we are better able to support them, we've changed and improved our current funding. National Lottery Awards for All is now simpler to access, Reaching

Communities offers longer term core funding to organisations, and our new funding offer, Partnerships, aims to be a catalyst for exciting collaborative working.

Strategic programmes

We are funding five, long-term, strategic programmes, set up by the Big Lottery Fund. Delivered with local partners in England, they test and learn from new approaches to the design of public services, aiming to make people's lives healthier and happier.

- **A Better Start** supports young children and their families to get a better start in life.
- **HeadStart** aims to improve the mental health and wellbeing of young people.
- **Talent Match** helps young people by equipping them with skills in order to increase their employability.
- **Fulfilling Lives** supports people with a range of complex needs who are often getting help from one or more public or social service, enabling them to get better help that is more tailored to their needs.
- **Ageing Better** aims to improve the quality of life for older people.

Our Talent Match partnership has helped over 6,500 young people to secure employment. Coming to a close at the end of this year, the programme has built confidence in young people and increased their work-based skills.

Working in partnership

By working with other funders and government, we can make more money available to good causes. For example, this year the #iwill Fund has received an additional £24 million from a range of partners to support young people. Our Building Better Opportunities programme, matchfunded by the European Social Fund has distributed over £100 million to projects supporting those furthest from the job market.



FSN My Time Now

£353.2m
awarded through
8,485 projects

England



Girls' Network

Using mentoring to provide opportunities for girls from less advantaged backgrounds to feel supported and empowered, the Girls' Network is providing services across the UK with Big Lottery Fund support.

Girls between 14 and 19 are matched with a professional mentor, who they meet regularly for advice on academic and career choices.



One mentee described the impact that Girls' Network has had on her: **"The most important thing I've learnt is that no matter what your background is, you can succeed in life and should always follow your dream."**



KVIN

Through their peer support model, Kirklees Visual Impairment Network (KVIN) has been helping people with visual impairments to use assisted technologies since 2008.

Development Coordinator, Pauline, says: **"Every person's vision and need to use technology is different. Participants feel we offer a friendly service and they can be themselves."**

Through funding from the Big Lottery Fund, KVIN has expanded their Huddersfield services to Dewsbury.



FSN My Time Now

Supporting young people between the ages of 11 and 18 struggling with the pressures of day-to-day life, from exams to bullying and relationship struggles, the My Time Now project allows young people to come together and talk about their feelings over group activities.

Development Director, Stephanie, says: **"The funding has enabled the project to reach more young people in the Hastings area and that's the greatest thing."**

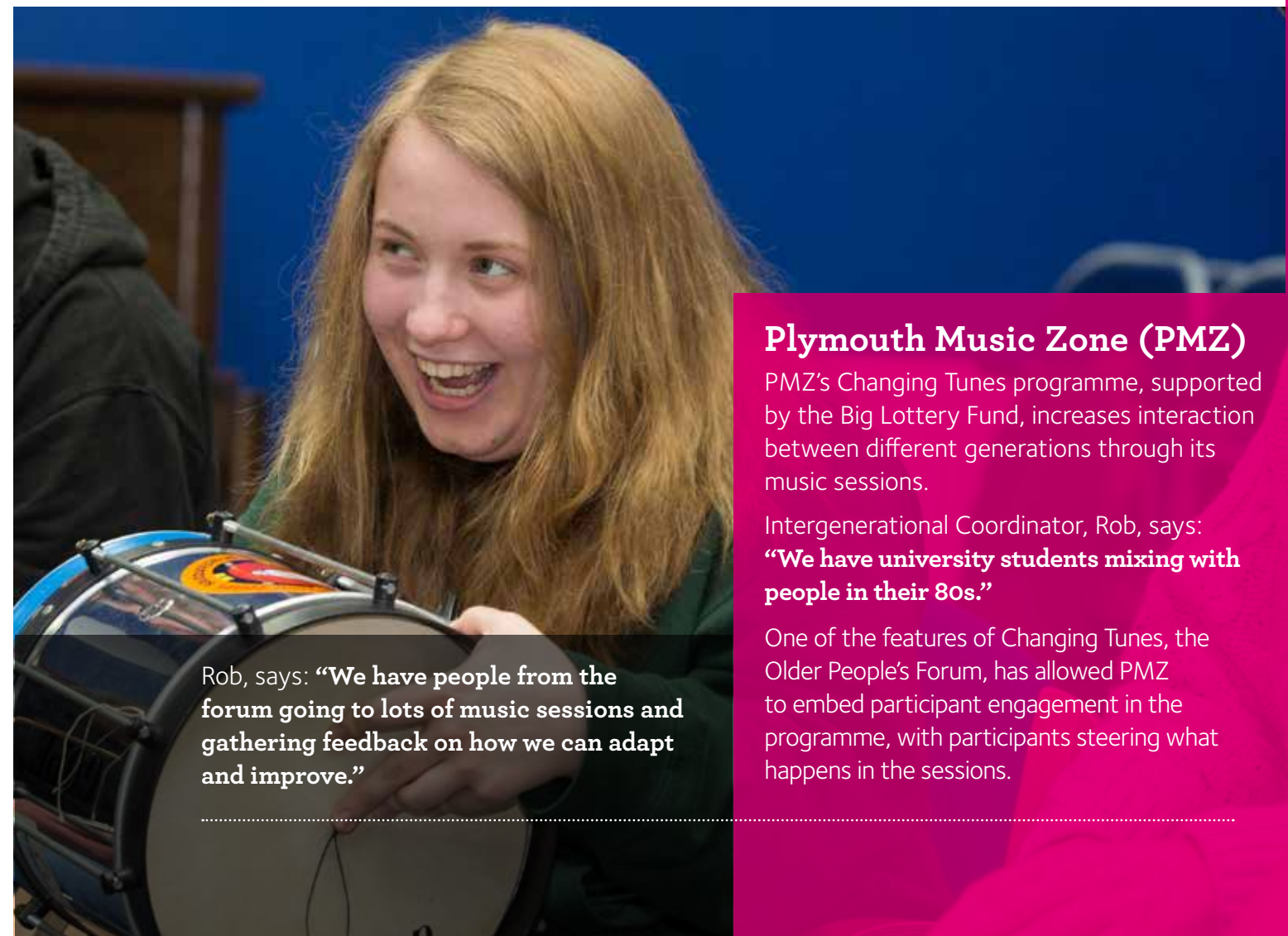
New Routes

Using horse riding and horse care training as an alternative pathway to education, New Routes has been supporting children through funding from the Big Lottery Fund.

Project Leader, Camila, says:

"The course gives young people the chance to address challenges they've been facing in their education and personal lives in a non-threatening way."

"National Lottery funding has enabled us to offer horse riding sessions, employ a support worker and make sure the children have the right equipment."



Plymouth Music Zone (PMZ)

PMZ's Changing Tunes programme, supported by the Big Lottery Fund, increases interaction between different generations through its music sessions.

Intergenerational Coordinator, Rob, says: **"We have university students mixing with people in their 80s."**

One of the features of Changing Tunes, the Older People's Forum, has allowed PMZ to embed participant engagement in the programme, with participants steering what happens in the sessions.

Rob, says: **"We have people from the forum going to lots of music sessions and gathering feedback on how we can adapt and improve."**

Scotland



Our ways of working

Over the last 12 months, our funding and approach to our work has focused on lived experience and people being in the lead in improving their lives and building strong, vibrant communities.

In total this year, we awarded £59 million in Scotland and more than 93% of our awards were to Scotland's voluntary and community sector.

We put a spotlight on early action and preventative approaches, spending more time listening to local people, working collaboratively as a funder and sharing our knowledge and learning.



Our funding

Our early action support has seen over £5.9 million shared across eight partnerships, bringing together voluntary and public sector organisations that are seeking to redesign and reorganise their services. In all cases, those who have personal experience of an issue and people who will benefit from the funding are at the heart of the service redesign.

Our National Lottery funding is supporting people across Scotland and we have made grants in all 32 of Scotland's local authorities.

We awarded over £7 million to 891 community groups through National Lottery Awards for All, bringing people together to exchange knowledge and skills. These grants of under £10,000 support activities ranging from wheelchair powerball to creative writing and performance workshops for people who are homeless.

The last 12 months have seen our number of awards for over £10,000 grow, working with 196 organisations. With an average grant size of £202,229, each award began as a conversation with one of our team.

2018 is Scotland's Year of Young People and we are proud to be a part of a £550,000 unique funding scheme. Opened in March 2018 and dedicating funds from multiple National Lottery distributors, we are supporting projects with young people at the heart. This builds on our experience gained through the delivery of our Young Start funding, which uses funds from the dormant bank accounts scheme to support projects helping young people to reach their full potential.

Working in partnership

Empowering communities, large and small, to make the most of their local assets is key to our partnership with Highlands and Islands Enterprise. We deliver the Scottish Government funded Scottish Land Fund, supporting groups to buy land or assets to improve their community. The £10.9 million awarded through this programme complements the £9.4 million awarded from our National Lottery funded Community Assets funding stream. Because of this, 101 communities now have greater control of their own future development.



Grants awarded in every local authority

Stranrear Water Sports Association

Scotland



Shettleston Community Growing Project

Shettleston Community Growing Project has turned a derelict and unloved space in the heart of Glasgow's east end into a popular community allotment.

As well as providing an opportunity to grow their own food, local residents come together with community groups and schools to enjoy a range of health and wellbeing activities.



Volunteer and local resident, Suzanne, says: **"It makes me happy to be at the allotments. We're outdoors, learning how to grow and look after our own fruit and vegetables. Coming here has increased my confidence and I've made lots of great friends."**



The Welcoming Association

The organisation supports migrants and refugees to build new lives in Edinburgh by unlocking the skills and talents they bring to their new communities.

Creating opportunities for local people and newcomers to come together through their befriending scheme means they can learn, share experiences and celebrate diversity.

Erika from Mexico, says: **"Starting a new life made me anxious and coming here made my fears disappear. I've met my best friends and it's a place where people are trying to improve their English language skills to get better opportunities."**



Cowal Elderly Befrienders

Beth, 89, couldn't leave her home for almost two years following the death of her husband, Al. Now, through Cowal Elderly Befrienders, Beth is out every week meeting new friends and enjoying social activities. The group aims to improve quality of life, reduce loneliness and keep older people independent.

Beth, says: **"I didn't want to live when Al died. I was so lonely and didn't have any friends. Then I met the befrienders, such a wonderful bunch of people. I love getting out and about. If I feel a bit down, they are always there to prop me up."**

Stranraer Water Sports Association

Making use of the natural asset of Loch Ryan, Stranraer Water Sports Association is bringing people together. The group used its funding from the Big Lottery Fund to teach people about the craft of boat building, with volunteers experienced in areas such as joinery and carpentry sharing their skills.

Daniel, says: **"I went along to the Skiff Project because I hadn't worked before and was looking for some experience... and I got it! I was given proper work to do and learned lots of different things about boat-building and machinery. The project put me through a powerboat training course, which was fantastic."**



Burnfoot Community Futures

Thanks to National Lottery funding, Burnfoot Community Futures was able to purchase a dilapidated former pub and transform it into a community hub, featuring a cafe, soft play area, garden, hairdressers and meeting rooms.

Shirley, who uses the community centre, says: **"Bingo at the hub is the only night of the week that I get out of the house. I've met lots of amazing people and some have become long-term friends."**

Wales

Our ways of working

Over the last year, we have distributed £28.4 million to fund 662 projects centred around people and the strengths they bring to communities the length and breadth of Wales.

Our role as Wales's leading community funder means it's important that we listen and respond to what matters most to the communities we support. Our funding through People and Places and National Lottery Awards for All enables us to do just that, while our thematic programmes allow us to target our funding so that it can make the biggest possible difference.



Dance for Parkinson's

662

projects funded

Our funding

Through National Lottery Awards for All, we've awarded small grants to groups such as Show Racism the Red Card, who were awarded £5,700 to educate and support communities to combat racism. Iris Prize Outreach Limited used a large grant of £247,462 to build understanding and promote community cohesion in lesbian, gay, bisexual and transgender communities across Wales through filmmaking workshops and mini film festivals.

Our targeted funding has included the launch of Helping Working Families - a four year programme totalling £6 million, with awards ranging from £10,000 to £500,000. The programme aims to bring about positive change in the lives of working families and was developed through listening to the voices of those with lived experience. We awarded £4 million to groups in the most rural counties of Wales, supporting them to take a

strengths-based approach to addressing rural poverty. Over £3 million went to voluntary and community organisations to help them become better equipped to plan for the future, including an award of £468,000 to Mantell Gwynedd under the Third Sector Skills programme for work with Community Voluntary Councils in north Wales to demonstrate their social value.

We've continued to surprise projects with news of their successful grants. Most notable were the incredible reactions from the five projects that were awarded £1 million each through our Community Asset Transfer programme. One of the projects, Age Concern Morgannwg Limited, used the funding to create a multi-purpose community centre in Rhondda Cynon Taff, and Going Green for Living Community Land Trust Limited in Powys transformed 130 acres of open space into a multi-functional site for the community.

Working in partnership

Our role as a catalyst has seen us share knowledge from our Community Asset Transfer programme with key decision-makers and influencers, including the Welsh Government. The Community Voice programme made £12 million available to support citizens to have a greater influence over policies and decisions affecting their community. The programme concluded with an event that brought together grant holders to share their findings with local influencers.

Looking ahead, we will continue to become more accessible and better connected to the people and communities we serve and, in doing so, better understand their strengths and needs. We will make sure we are connecting people and organisations in order to maximise the impact of our National Lottery funding.

Wales

Bike to the Future

Bike to the Future in Newtown has been running a series of free weekly bicycle repair surgeries, through funding from the Big Lottery Fund. Based in a local park, anyone can drop by for bike repairs and training in how to look after their bicycle.

Tom, from Bike to the Future, says: **“The idea is to promote cycling and support people to gain confidence in mending and getting on their bikes. We provide the support and they can see it’s actually all quite easy.”**



Grange Pavilion

Cardiff University received funding to refurbish and extend the vacant Grange Pavilion in Grangetown, a suburb of Cardiff. The university created a multi-functional community building and cafe with accessible community space.

Lynne, Project Manager for Community Gateway, one of Cardiff University’s flagship engagement projects, says: **“The funding will be used to further develop Grange Pavilion into a high quality, dynamic venue, securing its future for the long-term benefit of the people of Grangetown.”**

toogoodtowaste

toogoodtowaste in Rhondda Cynon Taff received funding from the Big Lottery Fund to create a reuse and recycling facility in Treorchy. Providing learning, training and volunteering opportunities, the building will house community spaces and a workshop and showroom for affordable, pre-owned items.

Peter, who volunteered with toogoodtowaste after moving to the area, says: **“I’ve had a brilliant time, the team is friendly and helpful and I’ve strengthened my skills, which helped me to get a paid job.”**



The Outdoor Partnership

The Outdoor Partnership works with communities in North Wales to promote the benefits of the landscape on their doorstep, such as Snowdonia National Park. Through funding from the Big Lottery Fund, the partnership has set up a new network of outdoor clubs, procuring equipment and training volunteers.

Carren, a participant, says: **“Owain leads my climbing group and is always challenging us. When we’re climbing up steep mountains, I sometimes get scared and Owain says, you can do it and I can... and I do. This project has meant the world to me. I’ve changed my life because of it!”**



Brymbo Heritage Group

Brymbo Heritage Group’s Roots to Shoots project received funding to transform an ex-industrial landscape into an open and accessible space for the community.

After consulting with the public about plans, the project will create park land, walking routes and community gardens.

Nick, the group’s Chair, says: **“We’ve been working with residents for years to find ways of celebrating our proud industrial heritage. This project is about reconnecting people with the spaces our community grew from – Brymbo’s former iron and steelworks and the collieries and railways that surround it.”**



Northern Ireland

Our ways of working

Over the past year we've been making sure that people are at the heart of everything we do. We've awarded funding to fantastic projects, connected with new organisations, and our staff have developed stronger links with communities across Northern Ireland.

In order to be a more proactive funder, we've been travelling to projects across Northern Ireland, gathering information and funding data, and engaging with organisations who are interested in applying to us.

This year we've had more than 500 meetings with our customers and stakeholders. These have included project visits, celebration events, funding advice sessions and discussions around grant management. We have also met with government departments, local councils, elected representatives and other funders, such as Community Foundation Northern Ireland, sharing learning and knowledge on the impact of our funding.

564

projects funded

Our funding

We awarded more than £19.4 million to 564 projects that are bringing people together to create solutions for local issues. The project Community First Responders County Armagh & Tyrone, is using a grant of £269,017 to train volunteers in rural areas to be first responders to those with cardiac emergencies who don't have a hospital nearby. The group works closely with the ambulance service, and the trained volunteers can help improve people's chances of survival by 50%.

Northern Ireland Youth Forum's Relentless Change Programme is supporting young people aged 16 to 25 who have been in care or experienced homelessness, to live independently, preparing them for education, training and work. The young people help organise and evaluate activities throughout the project. One of these people grew up in care and experienced homelessness as a young adult, but is now gaining qualifications, rebuilding her life and supporting other young people facing similar issues.

Throughout the year we've acted as a catalyst, looking at our impact as a funder and the wider support we offer to projects in addition to our grants. To make sure that we are better connected to the people we fund and acting as a convener across the voluntary and community sector in Northern Ireland,



Belfast Hills Partnership

we've held a series of meetings across the country, meeting organisations who are considering applying for funding and talking through their application.

We've brought our customers together to network, make new connections and share learning.

Working in partnership

We continued our unique editorial partnership with the Daily Mirror and Belfast Live as part of The People's Projects campaign, profiling the five shortlisted projects across all of their media channels including newspapers, websites and social media.

We've carried out communications training in communities, supporting them to think creatively about ways to thank National Lottery players. This will help people and communities highlight the difference that National Lottery funding is making across Northern Ireland.

Northern Ireland

L'Arche

Through the four year, Grow Cook Cater project, L'Arche is supporting young people with learning disabilities to feel more confident and develop their skills for independent living. Activities include growing fruit and vegetables, learning to cook nutritional meals, taking part in social activities and completing work placements.

Project graduate, Chauntelle, says: **"I learnt a lot about gardening, what a shrub is, what a plant is and how to grow a seed and look after it. It's helped me to be more confident and more independent."**



Mid Ulster Volunteer Centre

Mid Ulster Volunteer Centre runs the Carefully Yours project in the Magherafelt area, which works with people over the age of 55 affected by dementia, a physical or learning disability, social isolation or ill health. Activities to improve health and wellbeing are chosen by the members.

Project user and volunteer, Roberta, says: **"I now have a completely new group of friends. We are friends inside and outside of the group and I wish I had met them earlier in life"**.



Northern Ireland Institute for the Disabled (NIID)

Northern Ireland Institute for the Disabled is helping homeless men improve their mental health and wellbeing through work-based skills.

Hostel Manager, Edmund, says: **"We want to instil a sense of self-worth in those who experience homelessness and funding from Big Lottery Fund has given us a boost in doing that. It's important for people to have dignity and pride."**

Rosie's Trust

Rosie's Trust helps maintain the bond between owners and their companion pets, when their relationship is threatened by the impact of the owner's terminal illness, advancing age or acute cancer treatment. Their volunteer network supports people to keep their pets, maintaining the important emotional bond and helping reduce social isolation.

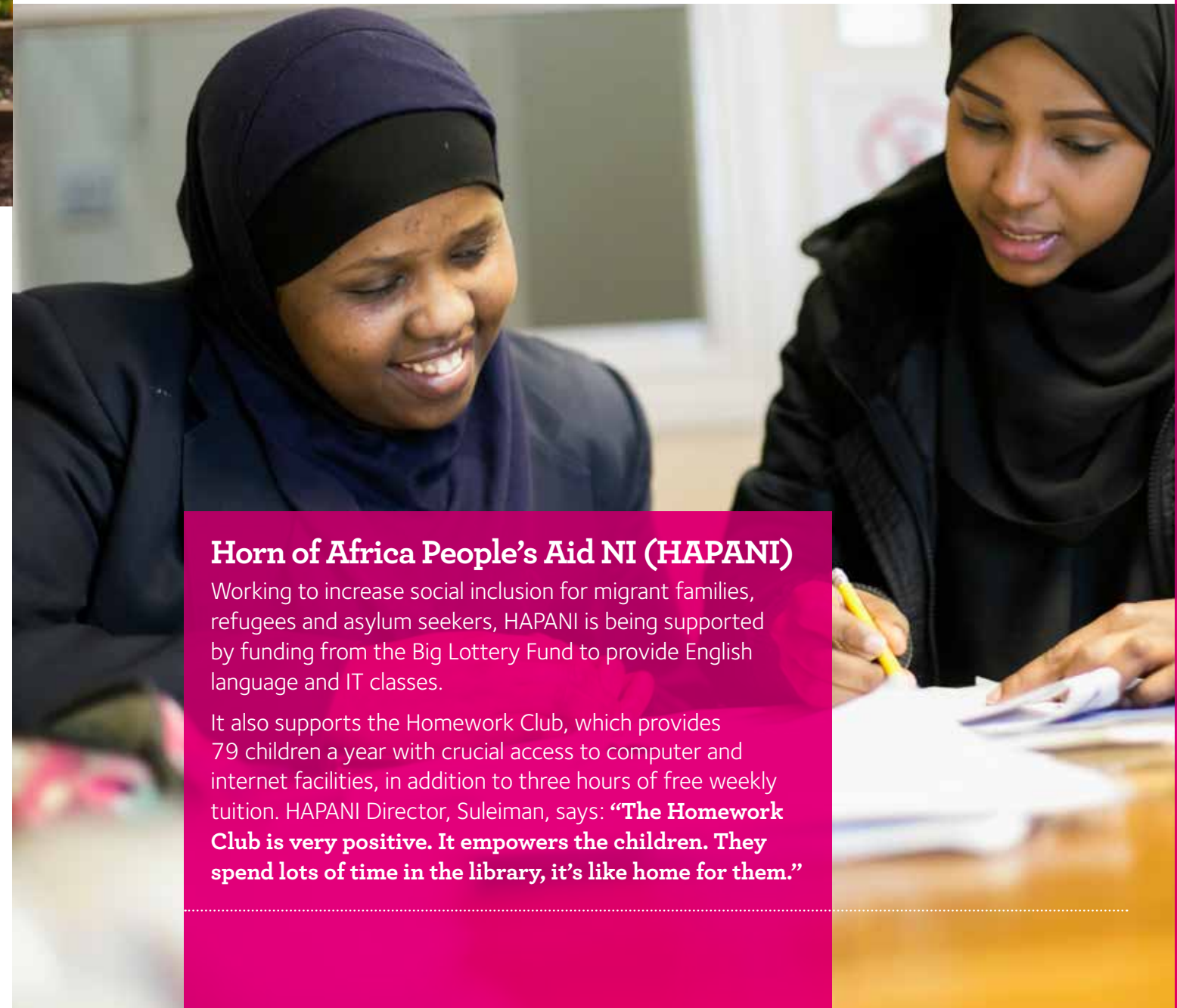
Karen, who uses Rosie's Trust, says: **"It was lovely for me that Ruth from the trust visited, because I felt so isolated. The service had such a positive impact on how I coped with cancer."**



Horn of Africa People's Aid NI (HAPANI)

Working to increase social inclusion for migrant families, refugees and asylum seekers, HAPANI is being supported by funding from the Big Lottery Fund to provide English language and IT classes.

It also supports the Homework Club, which provides 79 children a year with crucial access to computer and internet facilities, in addition to three hours of free weekly tuition. HAPANI Director, Suleiman, says: **"The Homework Club is very positive. It empowers the children. They spend lots of time in the library, it's like home for them."**



Part 2: Accountability report



Our corporate governance report

Directors' Report

Our purpose and activities

The Big Lottery Fund is responsible for distributing money raised for good causes through the National Lottery. We receive 40 per cent of the total sums raised and distribute this through grant awards to support projects with a community focus. Since 2004 we have distributed £9.0 billion in awards. We have a range of funding programmes from small grants of between £300 and £10,000 to large scale, multi-million pound strategic programmes.

In addition to our work in relation to National Lottery good causes money, the Fund is responsible for the distribution of monies released from dormant bank accounts and related assets under the provisions of the Dormant Bank and Building Society Accounts Act 2008.

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

In delivering our programme of work we act within the relevant legislation, other public sector guidance and the requirements of the Department for Digital, Culture, Media and Sport (DCMS) as our sponsor department who provide us with a Management Agreement setting out our relationship with government. DCMS also issue Policy Directions which set out the priorities we take into account in establishing our grant programmes for England. The respective departments in each of the devolved Nations issue Policy Directions for grant making activity in Scotland, Wales and Northern Ireland. In following this guidance the Fund's decisions on programmes and

grants are independent of government. Our funding is required to follow the additionality principle – that is, our funding must be distinct from government, it can complement but must not substitute for government spending programmes.

The Fund operates in each of the four countries of the United Kingdom with funding programmes specific to each country. In addition we operate a range of programmes which are United Kingdom-wide in scope. Each of the countries and the UK portfolio award grants through a portfolio committee who are externally appointed. Their role is to set out and agree grant programmes within the wider 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 which are largely based on population share after deduction of a portion 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 which is allocated to good causes and passed to Lottery distributors. We manage our grant awards, budgets and policies over a number of years in order to mitigate against potential variations in National Lottery revenue and ensure we can meet our commitments as they fall due.

We provide a balance of responsive and targeted funding programmes to meet the demands of our grant applicants in a manner which is consistent with the principles set out in our Strategic Framework.

We are changing the way we work to deliver the vision of People in the Lead, for example we have relaunched our small grants programme National Lottery Awards For All to simplify the application process and also to introduce online application for the first time. We have also made significant changes to the structures of our grant teams to ensure we are more closely connected with our applicants and grant holders in their communities.

We face financial risks in relation to our income and the capacity to meet our future commitments and also with regard to our exposure to potential fraud in grant making activities. Our programme of change requires careful planning to ensure new initiatives are successful and introducing online services increases our exposure to cyber risks. 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 2017/18 we set out six objectives with supporting KPIs. We met all of the targets set.

The Fund assesses its performance throughout the year using the KPIs and other performance metrics including key operational measures, financial indicators, management accounts and forecasting techniques to ensure it is able to take corrective action where necessary at the earliest opportunity to achieve its aims and to minimise risk to its operations and objectives.

We do not set any specific operating surplus or deficit as a key measure of control. We manage our financial performance in order to maximise our ability to make grants from the monies received and receivable from the National Lottery. We recognise grant awards in full when they are approved irrespective of when the cash for those awards falls due for payment. For the financial year we recorded a surplus of £173 million following a deficit of £114 million in 2016/17.

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

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

Our corporate objectives

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

The 2017/18 corporate plan identified six corporate objectives to shape our priorities and set nine key performance indicators to measure success. Our performance has been monitored against our published targets and reported to the Board throughout the year.

Corporate objective one: Develop our grant making

Our customers find it easy to find out about and apply for our funding. They agree that information about us is easy to find, our materials are clear and staff are helpful.

What have we done?

We have established a Service Design approach to the introduction of new or updated services across the Fund. We have used this methodology to redesign our website focussing on the most frequently used content. We have relaunched our National Lottery Awards for All small grants programme and our key mid-range grants programme for England – Reaching Communities – relaunched in April 2018.

Corporate objective two: Improving the way we work

We will develop the Fund and our staff, within our operating cost target, to ensure we are equipped to respond to the challenges and opportunities of a changing world, putting our customers first and improving their experience of working with the Fund.

What have we done?

We have made significant changes to the ways which our teams work including restructuring grant making teams in each of England, Scotland, Wales and Northern Ireland to ensure we have the right skills in the right places to support our applicants and grant holders. We have met our cost threshold target.

Corporate objective three: Make us better at supporting stakeholders We will develop effective stakeholder relationships to ensure close working partnerships with other organisations and people. Our stakeholders will know how to contact us and we will understand the contact that we have had with them.

What have we done?

We have launched a new tool to ensure we can more consistently connect with and understand the needs of key stakeholders. We have worked with partners across the National Lottery family to better support and promote the good work enabled through the portfolio of games.

Corporate objective four: Put in place the systems we need

We will put into place systems so that our infrastructure supports our customer journey and our wider business objectives. We will set up systems and processes to understand our resources and use them effectively and efficiently while planning for the future.

What have we done?

We have taken the first steps to replacing our core business system supporting our grant making activities. We have identified systems requirements to address improvements in how we support applicants earlier in their relationship with us and carry that information through to our application and grant management activity.

Corporate objective five: Improving our business intelligence

We will harness and use our data more effectively to positively impact our customers. This will allow us to make more informed decisions based on local context and emerging trends, while spreading knowledge and best practice around the organisation and in local communities.

What have we done?

We have established an Information Team to ensure we can gather and report consistent data across our grant making activities. We have launched new data services and analytical tools to better exploit our data to help improve our grant making and our support for the sector more widely.

Corporate objective six: Make us digitally enabled

The Fund will adopt a digital approach to improve our services. This will make us more customer focused, adopting agile and adaptive ways of working and ultimately improve our digital offering both to our customer and to staff.

What have we done?

We have established a digital team to work closely in support of our new service design approach. We have redesigned key elements of our website and we have launched an online application tool for small grants. We have used this approach to develop our relaunched funding programmes.

Our key performance indicators

Alongside our objectives we identified nine KPIs which assess our performance in a number of operational performance areas. Our KPIs help us to assess progress in meeting our corporate objectives. We have met all of our KPIs during the year although a number of these relate to setting baselines against which we can assess future performance trends. Our objectives also form the basis of managing our risk where our capacity to achieve corporate and local objectives 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: At least **40 per cent** of our customers will find the small grants application process easy to use.

Key performance indicator met	End of year report
89 per cent of our applicants reported the process to be easy or very easy based on data for March 2018.	Our online portal went live in October and was made available to all applicants in April 2018.

KPI 2: At least **77 per cent** of our customers will be satisfied with our service.

Key performance indicator met	End of year report
81 per cent of our customers expressed satisfaction with our service, based on our customer satisfaction survey.	Four out of five of our customers, including unsuccessful applicants continue to be happy with our service. The Fund handled more than 70,000 applications and enquiries this year. We recorded 19 complaints through our formal complaints procedure, compared with 34 in 2016/17.

KPI 3: Operating costs will be within the target of **8 per cent** of National Lottery income.

Key performance indicator met	End of year report
Our operating costs were 7 per cent of National Lottery income.	Our total qualifying operating costs were £47.4 million – £0.4m higher than last year but below the budget we set. Revenue was above budget and together with slightly reduced costs compared to budget this enabled us to meet the cost:income ratio target. Government sets a limit of 8 per cent of National Lottery income for our operating costs.

KPI 4: We will be on target to deliver key projects in our change programme.

Key performance indicator met	End of year report
We have assessed that we met 88 per cent of the targets we had set.	We met the majority of the 43 specific targets we set for change or performance improvement over the course of 2 years. We have continued to review and develop our approach to managing and delivering key targets to adapt to changing circumstances and have identified further key projects for the next phase of development.

KPI 5: Structures will be in place to better monitor our stakeholder perception.

Key performance indicator met	End of year report
We have established a baseline from which we can measure trend.	We have established improved contact management supported by appropriate systems and identified a baseline performance from which we can assess change.

KPI 6: We will implement an online application portal for small grants.

Key performance indicator met

We introduced the small grants **online portal** in October. It is now available to all applicants (except those in Northern Ireland).

End of year report

By the end of March online applications had reached 30 per cent of all applications and in May represented more than half of small grant applications.

KPI 7: We will establish a baseline for the number of people directly benefitting from our funding.

Key performance indicator met

We identified that **7.5 million** people had benefitted from our funding in the year to March 2018.

End of year report

We have developed a data dictionary for use across the Fund to consistently collect and report key data. Assessment of beneficiaries of our funding and other key data reports will improve as a result.

KPI 8: We will identify the number of times our publicly available data is accessed by external stakeholders.

Key performance indicator met

In the 4th quarter of the year we had over **15,000 unique users** access our funded projects tool.

End of year report

We publish significant amounts of data and grant project stories on our website and seek to increase access to this to make it more useful to our customers and stakeholders. Improvements to the website and in our data management are supporting this aim.

KPI 9: We will replace at least **50 key pages** on our website with content that is more focused on user needs.

Key performance indicator met

By March 2018 we had renewed **97 pages** including the Fund's homepage.

End of year report

We have redeveloped key parts of the website focusing initially on funding programme material. The homepage has been renewed as have all pages enabling users to locate suitable funding programmes.



Our performance analysis: financial

Our strategic framework – People in the Lead – sets out our goal to be an excellent grant maker and to be a catalyst for the sector which we support. We are committed to maximising our funding, resources, knowledge and networks to support people, projects and communities across the UK.

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

Government sets a target maximum for operating costs for all the Lottery distributors. For 2017/18 this was 8 per cent of our National Lottery Income. During the year changes to the target have been agreed with DCMS to include certain adjustments and for the measure to apply across a rolling three year period. This change came into effect from April 2018.

What we achieved in 2017/18

During the year we successfully delivered against the 8 per cent total operating cost target set by government. Total qualifying operating costs for National Lottery grant making activities were £47.4 million, £0.4 million higher than in 2016/17. National Lottery income was above our budget assumption but we were able to operate within the operating cost budget we set. Consequently we operated well within our performance indicator. Our actual operating costs were 7.0 per cent of Lottery income.

Within the overall performance indicator core operating costs must be no more than 5 per cent of total National Lottery income. This mainly relates to processing applications and managing grants, including all related support costs. Our core operating costs in 2017/18 were 4.3 per cent of Lottery income. Lottery income was slightly above the levels achieved in 2016/17 and in a period of reduced income this target remains particularly challenging. A significant proportion of our cost is either related to assessing applications (which increased during 2017/18) or are fixed costs for our infrastructure. The capacity to change these in the short-term is limited.

Total National Lottery operating costs include front line support to grant applicants and recipients and to the public. For example, the provision of advice and assistance to organisations applying for National Lottery funding and activities to involve the public in National Lottery decision-making are defined as front line support costs.

Staff costs form a significant proportion of our operating costs. Our staff numbers have reduced further during 2017/18 with a full time equivalent (FTE) of 841 (2016/17: 851). We have continued to reduce numbers through restructuring action as we deliver change in support of the strategic framework.

What we are planning to achieve in 2018/19

We have budgeted to deliver total operating costs within the 8 per cent cost threshold in 2018/19 but with the capacity for some additional investment in service improvements based on the new three year rolling measurement approach. The target is based on budgeted National Lottery income of £640 million, derived from our forecast of revenues for 2018/19 at the time of budget preparation and taking account of anticipated changes in operations during the year.

The budget has been based on developing activities in support of our corporate plan, continuing our programme of change and efficiencies while maintaining sufficient contingencies to allow for unplanned events and to resource and deliver investment activities that will support delivery of the Strategic Framework.

In March 2018 our total FTE was 841 (a reduction from 851 in March 2017). Included in these numbers are FTE of 50.7 who left the organisation in March 2018 as a result of restructures completed during the year. We anticipate some increases in staff numbers to support key development and investment activity along with the effects of a renewed dormant accounts programme which is currently in its development phase. We will continue to assess the potential for greater efficiency in our small grants work as we adopt more digital ways of working and as applications through our online portal grow.

Our surplus for the year

We recorded a surplus for the year 2017/18 of £173 million (2016/17 deficit of £114 million).

Our cumulative deficit at 31 March 2018 was £728 million (31 March 2017 £901 million).

Our accounting policy treats the full value of grant awards as expenditure as soon as their approval is communicated to the recipient (subject to certain specific criteria). We manage our cash flow over the longer term based on grant cash commitments and projected incomes rather than seeking to achieve any particular annual surplus or deficit. Awards are paid over a number of years and we are confident that we will be able to meet our commitments from future income as they fall due.

Following reduced National Lottery income in 2016/17 we reduced our awards budget for 2017/18 in order to manage cash to meet existing commitments. Income for 2017/18 improved slightly from 2016/17 but we ended the year with lower awards than budgeted. These factors led to the surplus for Lottery operations for the year.

In addition to our National Lottery Income towards the end of the year we were advised that £152.8 million of receipts were due from Reclaim Fund Limited under the arrangements set out in the Dormant Bank and Building Society Accounts Act 2008. The programmes under this new tranche of funding are still under development and therefore no awards have yet been made under this phase of the scheme although we have provided for the estimated sums that will be payable to Big Society Trust. As a result our activities under the dormant bank accounts operations generate a significant surplus in the year of £101.0 million (2016/17 £12.0 million).

Our funding strategy

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

At 31 March 2018 we had £1,237 million (2016/17 £1,366 million) of outstanding commitments with respect to awards made but we had £311 million (2016/17 £399 million) held in the National Lottery Distribution Fund with which to meet them. This means we had made net commitments of £926 million (2016/17 £967 million) above our currently available resources. This is equivalent to about 17 months of future Lottery income based on our current projections.

Non-Lottery funding programmes

In addition to our core business of distributing National Lottery good causes income we are also responsible for the distribution of funding received from Reclaim Fund Ltd under the arrangements in the Dormant Bank and Building Society Accounts Act 2008. These activities are included within our consolidated financial statements. We also set out a short form set of accounts for this activity in note 30 to the accounts.

The Dormant Bank and Building Society Accounts Act 2008 enables banks and building societies to transfer money held in dormant accounts to a central fund for investment in the community. The original scheme provided 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 policy directions required that funding was passed in its entirety to Big Society Trust acting as a social investment wholesaler. Government, working with Reclaim Fund Ltd, have been seeking to ensure that the sums available are maximised. As a result increased sums are to be released over the next 3 years. Alongside this, Big Society Trust will cease to be the sole recipient of the England portion of the available funds and the Fund has been working with DCMS to establish new programmes in the areas of youth and financial inclusion for which awards will begin to be made during 2018/19.

The total sums identified by Reclaim Fund as available to the Fund during the 2017/18 year amounted to £152.8 million. (2016/17 £94 million). These sums are held with Reclaim Fund Limited until the Fund draws down funds to meet its obligations under grant commitments or to pass to Big Society Trust. Following drawdown we deposit funds until these are required to meet grant commitments. During the year we received interest of £103,000 (2016/17 £162,000) in relation to these funds.

The National Lottery etc. Act 1993 sets out powers for the Fund to work with other organisations to distribute funds. We refer to these activities as Third Party Grants. These powers give us scope to work with others 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 is in accordance with our own strategic aims. During the year we distributed funding totalling £38.0 million in this way for other funders. Included within this sum is £7.3 million distributed in matched funding programmes through the European Social Fund.

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

National Lottery Distribution Fund (NLDF) balances

The net good causes proceeds of the National Lottery are held in the NLDF, which is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport, until drawn down by National Lottery distributors. The Big Lottery Fund receives investment income in addition to the Lottery proceeds in the same shares as for proceeds from the National Lottery receipts (40 per cent). In 2017/18 this was £1.8 million (2016/17 £2.1 million).

**OUR NLDF BALANCE WAS
£311 MILLION AT 31 MARCH
2018 (2016/17 £399 MILLION).**

Our balance in the NLDF has reduced during the year by £88 million. This is as a result of reductions in Lottery receipts over the course of the last 2 years while continuing to meet our commitments from awards made in previous years. We take account of the anticipated change in the balance alongside projections of future revenues and the timing of outstanding commitments when setting future grant award budgets. Since we do not control National Lottery income it is not possible for us to manage the balance in the NLDF in the short-term and so we do not set a specific target for our balance. Our funding strategy is to maximise the value of new grant commitments that we can safely make over a five-year period taking into account existing commitments. We predict our future cash inflows and outflows to assess a safe minimum balance in the NLDF in order to ensure 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.

Auditors

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

There is no relevant audit information of which the Big Lottery Fund’s auditors are unaware.

Public sector information holder

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

Our performance analysis: equalities

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

Our equalities principles and guidance for applicants and grant holders is on our website: biglotteryfund.org.uk/about-big/our-approach/equalities

The Fund seeks to be a diverse and inclusive employer. At the Fund we seek to reflect those communities that we support through our funding. This diversity encompasses ethnicity, lifestyle, disability, mental health and background. During the last year in particular, we have widened our recruitment processes to attract a more diverse workforce with local knowledge and lived experiences. This will help make the Fund better able to consider a wide range of applications for funding with greater knowledge and shared learning.

The tables below highlight the equality monitoring of our grants programmes. We continue to assess how we ensure our funding reaches communities in a way that fully reflects the UK population. Our equalities report for employment is included in the remuneration and staff report within the Governance section of this report.

Ethnicity	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
No specific ethnicity	13,510	70	7,940	59	453,479	73	307,258	75
Asian/Asian UK	900	5	544	60	22,472	4	16,456	4
Black/African/Caribbean/Black UK	1,002	5	582	58	21,712	4	14,837	4
Mixed/multiple ethnic groups	877	4	494	56	25,809	4	18,026	4
Other ethnic group	530	3	328	62	11,185	2	7,745	2
White Other	977	5	565	58	38,031	6	20,395	5
White UK	1,553	8	842	54	45,137	7	23,165	6

Applicants are asked if their project will mostly benefit people from a particular religion or belief.

Age	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
0 - 24	6,913	35	3,796	55	186,397	29	113,428	26
25 - 64	3,042	15	1,935	64	107,773	16	75,671	17
65+	1,861	9	1,244	67	53,687	8	37,165	9
No specific age	8,008	41	4,754	59	306,329	47	207,661	48

Applicants are asked if their project will mostly benefit people from a particular age group. They can select more than one group therefore responses may incorporate multiple counting.

Gender	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Male	425	3	256	60	17,364	3	11,462	3
Female	1,064	6	676	64	41,328	7	29,553	8
No specific gender	15,544	91	9,020	58	502,539	90	327,438	89

Applicants are asked if their project will mostly benefit people from a specific gender.

Community Background	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Both Catholic and Protestant	741	60	329	44	55,059	68	20,703	64
Mainly Catholic	211	17	96	45	12,930	16	3,998	12
Mainly Protestant	246	20	139	57	6,551	8	2,195	7
Neither Catholic nor Protestant	30	2	14	47	1,383	2	277	1
No specific community	8	1	8	100	5,107	6	4,932	15

Applicants applying to programmes operating in Northern Ireland are asked which community those benefiting from their project mainly belong to.

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Welsh Language								
Mainly Non-Welsh	935	65	461	49	46,978	72	23,120	77
Mainly Welsh	367	26	139	38	12,652	19	4,065	14
No Welsh	128	9	66	52	5,612	9	2,781	9

Applicants applying to programmes operating in Wales are asked how many people that will benefit from their project speak Welsh.

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Religion								
Buddhist	3	<1	-	-	520	<1	-	-
Christian	510	3	259	51	16,546	3	4,957	1
Hindu	15	<1	12	80	212	<1	147	<1
Jewish	161	1	100	62	2,712	<1	2,121	1
Muslim	153	1	96	63	4,424	1	3,533	1
No religion	97	1	53	55	838	<1	466	<1
Other religion	22	<1	14	64	299	<1	228	<1
Religion or belief – answered no	16,055	94	9,412	59	535,466	96	356,960	97
Sikh	15	<1	6	40	194	<1	39	<1

Applicants are asked if their project will mostly benefit people from a specific ethnic background.

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Disability								
Not disabled	14,173	83	8,029	57	469,199	84	311,282	84
Disabled	2,860	17	1,923	67	92,032	16	57,171	16

Applicants are asked if their project will mostly benefit disabled people.

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Sexual Orientation								
Lesbians/gay men/bisexual	253	1	143	57	6,664	1	4,095	1
Not specific to lesbians/gay men/bisexual	16,778	99	9,809	58	554,547	99	364,358	99

Applicants are asked if their project will mostly benefit lesbians, gay men or bisexual people.

Note: The data above does not always sum 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.

Section 75, Northern Ireland Act 1998

Equality is central to all of our work and we continue to work with the Equality Commission for Northern Ireland to ensure that we deliver in line with the requirements of Section 75 of the Northern Ireland Act 1998.

Welsh Language Standards

We are committed to delivering a bilingual service in Wales through the Fund’s application of the Welsh Language Standards which came into force on 25 January 2017. The implementation of the Standards is monitored and discussed at regular meetings between the Big Lottery Fund’s Welsh Language Officer and the Welsh Language Commissioner’s office. We have met two of our Welsh Language Standards deadlines to date, the first in January 2017 and the second in July 2017. We have one further deadline for July 2018 which we expect to meet.

As a result of the Welsh Language Standards and our proactive approach as an organisation, some services offered by the Big Lottery Fund to its staff are available in Welsh for the first time including HR services and training courses. Our customers are provided with an opportunity to follow their journey with us through Welsh from the first point of contact, be that over the phone, by email, social media or written application. Our presence at events and in funding surgeries in Wales is provided in Welsh and English. For the first time this year we have also offered bespoke training on the Welsh Language requirements to our grant holders. The training sessions have been held in partnership with the Welsh Language Commissioner’s office and have been a great success.

We have also been working in partnership with Welsh media organisations such as the BBC and local media to promote our funding and funded projects and we will continue with this work over the coming year.

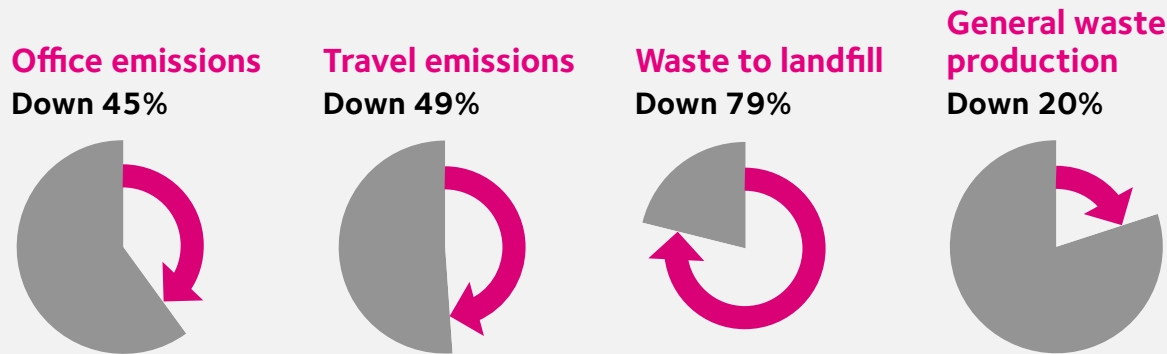
Our performance analysis: sustainability report

Our commitment to environmental sustainability

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

We have significantly reduced our emissions and waste production over a five-year period and we continue to set stretching targets to improve further.

Since 2012:



Emissions, waste and consumption

In the four years to 2015/16 we met and exceeded each of the four targets set out in the “Greening Government” policy paper issued by the Department for Environment Food and Rural Affairs. We reduced our total CO2 emissions by 773 tCO2 e compared to a target of 480 tCO2 e. We also significantly exceeded the target reductions for waste output. We have not restated the targets here but we continue to seek reductions in each of these areas in line with our environmental policies.

We did not set specific targets for 2017/18 for further reduction as the changes in the organisation were expected to have an impact on certain aspects of our environmental footprint. Most notably travel emissions were expected to rise as we have significantly increased the number of staff we have working within the community rather than being office based. Conversely we anticipated some reductions in waste output.

We have been monitoring the impact on our carbon emissions and plan to set targets for reduction based on the outcomes for 2017/18. We also plan to increase the scope of our own carbon boundary to help us assess impact more broadly, including for example new elements such as car hire and hotel stays.

We will offset our calculated 2017/18 emissions through a UK environmental organisation.

Further analysis of our performance this year is shown below.

Greenhouse gas emissions		2017/18	2016/17
Non-financial indicators (tCO2E)	Total gross for Scopes 1 and 2	634	800
	Total net for Scopes 1 and 2	634	800
	(less reductions i.e. Green tariffs)		
	Gross emissions for Scope 3 (business travel)	383	342*
	Other Scope 3 emissions measured	–	–

Greenhouse gas emissions		2017/18	2016/17
Related energy consumption (kWh)	Electricity: non-renewable	751,233	1,336,531
	Electricity: renewable	–	–
	Gas	2,008,397	1,335,859
	LPG	–	–
	Other	–	–
Financial indicators (£000s)	Expenditure on energy	253	378
	Expenditure on official business travel	1,106	1,036

* restated to include data on mileage in private vehicles

Waste		2017/18	2016/17
Non-financial indicators (t)	Total waste	81	106
	Hazardous Waste	–	–
	Landfill	28	10
	Re-used/Recycled	49	96
	Incinerated energy from waste	4	–
Financial indicators (£000s)	Total disposal cost	22	40
	Hazardous waste – total disposal cost	–	–
	Landfill	10	1
	Re-used/Recycled	8	39
	Incinerated energy from waste	4	–

Finite Resource – consumption/water		2017/18	2016/17
Non-financial indicators (m3)	Water consumption supplied	4,382	5,278
Financial indicators (£000)	Water supply costs	25	22

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

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

Scope 3 refers to emissions from business travel. Our emissions under this category have increased during 2017/18 and did so in 2016/17. This has been a result of travel associated with our aims to be more connected to our customers throughout the UK. In order to manage this we are seeking to improve the use of technology in order to reduce travel demand when this is practical. We have included emissions arising from the use of private cars on Fund business for the first time here this year to better capture our total impact. We have restated the previous year value as a result.

Statement of Accounting Officer's Responsibilities

Under Section 36A of the National Lottery Act etc. 1993 (as amended by the National Lottery Acts 1998 and 2006), the Secretary of State for Digital, Culture, Media and Sport has directed the Big Lottery Fund to prepare a statement of accounts for each financial year 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 Big Lottery Fund and of our income and expenditure and cash flows for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

The Department for Digital, Culture, Media and Sport has designated the Big Lottery 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 Big Lottery Fund's assets, are set out in 'Managing Public Money' published by HM Treasury.

Delegated responsibilities

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

Joint schemes

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

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

During 2017/18 the Big Lottery Fund has participated in the following joint schemes:

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

Award partners

The Fund uses the powers provided by the National Lottery Act 1998 to delegate to award partners the grant schemes listed below. The delegation agreement between us and the award partner sets out the responsibility of the Chief Executive of the award partner to ensure that the systems implemented to administer Lottery applications and to process and monitor Lottery grants are acceptable and fit for purpose and that Lottery funds are distributed with due regularity and propriety.

The Chief Executive retains responsibility for the overall safeguarding of the public funds provided to the Big Lottery Fund and for ensuring that award partners operate within agreed terms and in line with financial and policy directions.

Additionality

In accordance with the National Lottery Act 2006 all Lottery distributors are required to report on their additionality policy and practice. Additionality is an important principle of our funding. The Fund uses the following definition: "Lottery funding is distinct from Government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding." All awards made in 2017/18 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 Big Lottery Fund's goals."

Our award partners

As part of the Big Venture Challenge:

- UnLtd

As part of the Social Investment programme:

- School for Social Entrepreneurs

As part of the International Communities programme:

- Action Village India

As part of the Accelerator Fund:

- First Port for Social Entrepreneurs Scotland

As part of the Growth Fund:

- Resonance Health & Wellbeing
- Key Fund Investments Ltd
- Big Issue Access Limited
- First Ark Social Investment Limited
- Devon Community Foundation
- UnLtd
- GMCVO
- Homeless Link
- Kent community Foundation
- Somerset Community Foundation
- Sporting Assets

As part of the #iwill Fund programme:

- Virgin Money Foundation
- Sport England
- Co-operative Community Investment Foundation

As part of the People and Places programme:

- Severn Wye Energy Agency Ltd

As part of the Partnership programme:

- The Bulldog Trust
- School for Social Entrepreneurs

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 Big Lottery Fund's (the Fund's) mission whilst safeguarding the public funds and assets for which I am responsible.

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

To the best of my knowledge there is no relevant audit information of which the Fund's auditors are unaware; I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

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

Big Lottery Fund's accountability to Parliament, the devolved legislatures and government

The Fund operates across the UK and was created by the National Lottery Act 2006, which amended the National Lottery etc. Act 1993 and sets out the primary rules under which it operates. It also has functions designated to it under the Dormant Bank and Building Society Accounts Act 2008.

The Fund is a non-departmental public body (NDPB) and I am fully accountable for our funds to Parliament. Certain orders relating to Lottery and dormant account money are made by the UK or Scottish Parliaments, the National Assembly for Wales or the Department of Communities Northern Ireland but the main government oversight of the Fund is exercised through directions issued by ministers.

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

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

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

During the year the Fund was called to give evidence to the Public Accounts Committee following the report on National Lottery Funding for Good Causes by the National Audit Office. A number of recommendations were made, particularly concerning data made available to distributors and assurances on outstanding liabilities. No significant matters relating to controls were raised and the Fund is working with DCMS to action the recommendations appropriately.

Review of non-executive governance

The Fund is governed by a Board comprising the Chair, the chairs of each of the four country committees and up to seven other members. The Board has appointed one of its members as Vice Chair. During 2017/18 there were 12 members of the Board.

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

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

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

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

Membership of, and attendance at, all of the committees is set out in the table at the end of this section of the report.

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

Data quality

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

Executive management

I lead the executive management of the Fund supported by an SMT which currently has 10 members.

SMT meet regularly with formal meetings generally held twice each month. SMT considers key policy, strategic and operational matters, provides advice to the Board on matters requiring its approval 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 of the report.

One member of SMT left the Fund during the year. No replacement has been appointed as yet with the responsibilities being undertaken by other members of the Fund's senior team.

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

During the year I visited the Fund's offices across the UK to talk with staff and managers on progress in implementing the Strategic Framework and other matters including the implementation of a new employment framework. I have also attended country committee meetings, engaged with stakeholders across the UK and have met with officials from the Department for Digital, Culture, Media and Sport, the Cabinet Office and attended the Lottery Distributors' Forum. I was elected to the Chairmanship of the Forum with effect from January 2018.

Risk management

The Fund operates a comprehensive system of risk management, with a strategic risk register being reviewed quarterly by the Audit and Risk Committee. SMT reviews and considers key risks each month. The Board reviews the risk register at least annually to ensure there are no material omissions. The Board also, with the advice and guidance of the Audit and Risk Committee, has agreed the Fund's risk tolerance levels.

Risk registers are maintained at directorate level as well as for all projects and programmes and are reviewed at senior level at least every quarter. There is a system in place for escalating significant risk issues to SMT and if required to Audit and Risk Committee.

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

The Board and Audit and Risk Committee working with our executive team have continued to review and develop our approach to risk management over the course of the year to ensure we take a proportionate approach to risk. We seek to ensure that our corporate risk register links closely to our strategic aims and ambitions.

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

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 within the following key risk areas; digital and technology, organisation design and HR policies, grant programmes, stakeholder engagement, data protection and financial controls.

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

A number of internal audit reviews were completed over the course of the year and no significant weaknesses that could cause the control framework to become inadequate and ineffective were found.

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 assurance report assesses the Fund to have 'adequate assurance' in relation to its framework of governance, risk management and control, a position with which I concur and it is pleasing to see a number of internal audits offering substantial assurance.. The report also indicated that internal audit has not identified any breaches or non-compliance with the Fund's financial and accounts directions or other guidance issued by HM Treasury or DCMS.

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

The Fund faces a number of risks which are specific to its activities and which are a focus of risk management and assurance reporting. These include:

Cash Flow Risk

The Fund makes award commitments on the basis of meeting the obligations that arise from future receipts from the National Lottery. We manage the risk of fluctuations in income through robust cash forecasting. Income improved marginally in 2017/18 following a significant fall in 2016/17 and we do not anticipate any material further improvement in 2018/19. Managing future liabilities and cash flow in these circumstances is an area which is receiving close attention.

Fraud

The nature of the Fund's work inevitably exposes us to the risk of fraud. The greatest such risk comes from organised criminal attacks on our small grants system through attempts to make fraudulent applications. Other risks include misappropriation of sums in funded projects. We have an investigations team that supports our funding staff in carrying out risk assessment, and follows through all suspected cases of fraud or any other wrongdoing. Other controls on fraud include: a clear fraud policy; a whistleblowing policy together with means for the public to directly refer concerns to our audit and investigations team; clear reporting arrangements for suspected frauds, with material frauds or attempted frauds being reported to me, the Audit and Risk Committee and to DCMS; and close working with the police, Charity Commission and other agencies. The Fund is engaged in cross-governmental anti-fraud initiatives. The number and value of suspected irregularities is monitored at all Audit and Risk Committee meetings.

Cyber Risk

The Fund faces risks common to most organisations of external malicious attack to its IT systems. We have carried out significant renewal work to our technical infrastructures over the last 2 years to mitigate these risks as well as to update ageing architecture. This work continues and we take external advice where appropriate and test our defences on a regular basis. We have been protected to some extent by having limited online interaction with customers. Development of digital solutions brings a sharper focus to work in this area.

Funding management system (FMS)

The FMS (a business system which supports our awards process) was introduced in 2013/14 and was the cause of some operational instability, which has since been addressed.

We have continued to assess its performance, particularly in the light of the demands of the Strategic Framework. We concluded that it does not fully support the ways of working we need to deliver the key principles set out in the Strategic Framework and more specifically the ways of working and ambitions set out in the grant making strategy. During 2015/16 we made an impairment adjustment totalling £9.5m and in 2016/17 we made an adjustment to its remaining useful economic life. We also modified our accounting policy to set out the need to regularly assess the useful life of all assets. We have reviewed our assessment of FMS and have concluded that no further impairment is necessary this year and neither is any further adjustment of its useful life necessary. The Fund is reviewing its options with regard to the next steps in systems and tools that support key grant management processes.

Operating cost target risk

We are required by government to operate within a cost threshold of 8 per cent of our Lottery incomes and we budgeted to achieve this in 2017/18. We met this target for the year despite Lottery income remaining below the levels from 2 years ago. We continue to seek cost efficiencies and there have been

further restructures across the Fund during the year designed both to improve services and deliver savings. The budget for 2018/19 has been set to continue to operate within the 8 per cent threshold. The assessment for this measure changes from 2018/19 to a 3 year rolling basis. This enables us to better manage short term fluctuations in income and to manage investment costs more effectively.

Reputational Risk

The activities of the Fund and the projects and organisations it funds together with its status as a public body bring certain risks to our reputation should either our own actions or those of our grant holders give rise to matters of public concern. We work closely with our stakeholders to monitor higher risk awards carefully and quickly identify any such matters which could arise.

Dormant Accounts Risks

Income will continue to be made available for awards under the dormant bank accounts arrangements over the next two years and the Fund will play a more significant role in its distribution with regard to the portion allocated to England. The Fund faces some additional risks in relation to this activity as new programmes are designed and rolled out potentially using some innovative approaches for the funding of the themes set out in the Act and under the policy directions to be given to the Fund by DCMS.

Safeguarding in charities and other community organisations

A number of matters relating to safeguarding have emerged during the year in the sector which we support including in relation to organisations we have funded. The Fund has responded to these matters and is reviewing its own approach to safeguarding as well as to how we seek assurance from applicants and grantholders.

Effectiveness of non-executive governance

The current arrangements for governance were developed following an independent review in 2010. They were designed to enable the Board to focus more effectively on the strategic oversight of the organisation. The Board commissioned a further review during 2016/17. The recommendations from that have been implemented. The key changes have enabled Board members to clearly separate matters of strategy for broad discussion from the review and assessment of more operational matters.

The structure and membership of the Board is set out in the National Lottery Act 2006 which established the Big Lottery Fund. Board members are appointed by DCMS in consultation where appropriate with the relevant devolved administration. The role of the Board and its members is concerned with the Fund's full range of activities including dormant accounts funding and Third Party grants.

Funding programme matters within strategic parameters set by the Board are fully devolved to the five portfolio committees. Each portfolio is represented on the Board by its chair.

The Board has engaged with the strategic, operational and financial issues facing the Fund and has been actively involved in setting its direction and agreeing the Strategic Framework. It is satisfied that it is receiving sufficient accurate information to be confident about the effectiveness of the funding programmes and about the financial and operational performance of the organisation, including risk management. Each country portfolio reports its performance annually to the Board.

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.

Triennial Review

In June 2014, the Board welcomed the findings of the Triennial Review undertaken by the Cabinet Office, which recognised the Fund as a respected and important organisation and made a number of useful and considered recommendations.

There were 28 recommendations in the review, a small number of which related specifically to the Cabinet Office as our sponsor department at the time. We have made significant progress in implementing the recommendations identified in the review and have taken actions with respect to all the recommendations within our control. Many of the proposals are embedded in the development of the Strategic Framework and the work undertaken since then in implementing proposals and projects in support of that.

Examples of the recommendations and actions taken include:

- That the Fund sets out how it will become digital by default and how this will lead to efficiencies

We have met our KPI for redevelopment of web pages. We have also launched the online portal for small grants applications. We have established a service design function to set the direction for delivering future services, many of which will have a digital focus. The online application process is delivering significant processing efficiencies which are likely to increase as the process rolls out more widely.

- That the Fund sets out how it will meet government property space utilisation guidance and adopt more flexible ways of working

We have made very significant changes to our property portfolio. We have relocated our Scotland office into significantly smaller premises; we have re-contracted our Birmingham property reducing the occupied space by 40%; we have sublet space in our London office. We have relocated our regional hubs in Manchester and Leeds.

Our teams are working more flexibly. Our grant making strategy seeks to locate key teams within the communities they serve. These will not be home workers but will use our fixed office spaces only occasionally and has helped us significantly reduce our space/FTE particularly in regional hubs. In most of our locations we have now adopted hot desk working arrangements to some extent.

- That the Fund re-assesses its application process to make sure it is proportionate for small groups and first time applicants.

We have simplified the application process for small grants, the application form is very significantly shorter whether applying digitally or in paper form; we have launched the online portal for small grants application; the key Reaching Communities programme relaunched in England in April 2018.

The 3 year review period ended in June 2017 at which point we had a small number of actions still in progress. We have submitted our review of our performance against the recommendations to DCMS.

Corporate planning and performance management

The Fund has a system of corporate 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 2017/18 included one financial and eight non-financial key performance indicators (KPIs). These were monitored regularly and reported on a monthly basis to SMT and quarterly 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 all of the KPI targets for the year.

Additional key management information (KMI) is also collated and analysed for SMT throughout the year in a performance dashboard. This presents data on such matters as employment statistics, grant making services and other financials such as our balance in the NLDF.

Dormant accounts

The Fund has established enhanced governance processes for the management of the Dormant Bank and Building Society Accounts funding stream in response to the increased levels of activity anticipated in the next period. We have worked with DCMS to set in place reporting structures to ensure all aspects of the range of grant making activities are appropriately designed and delivered and that the governance arrangements for the Fund are effective in this area and that they support the overall Dormant Bank Accounts scheme appropriately. The work in delivering dormant accounts activities forms a part of our overall approach to organisational governance across the organisation and therefore the role of the Board, Audit & Risk Committee, Internal Audit and that of the Accounting Officer extend to cover these activities alongside those connected with our Lottery funded activities.

Third party funding

The Board is actively engaged in decisions about third party work; considering 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 Lottery money being put at risk or cross-subsidising of non-Lottery work from Lottery resources. We regularly review activities and opportunities to identify learning from the delivery of third party activities

Delegated and trust arrangements

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

The Fund also makes awards as endowments to trusts, normally created specifically for the purpose of the award, for example, the Power to Change trust was set up in 2014/15 to support community enterprises across England, from inspiring and nurturing ideas to helping communities scale up and expand their businesses.

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

Our payment policy and practice

In accordance with the Better Payment Practice guide, we aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. In 2017/18, 90 per cent (86 per cent in 2016/17) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days under the Government's prompt payment challenge was 63 per cent during 2017/18 (58 per cent in 2016/17).

Our overall creditor days (the total value of our creditors at 31 March 2018 divided by total creditor payments during 2017/18, expressed in days) was 14 days (21 days in 2016/17).

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.

During 2017/18 there were no reportable losses of personal data.

The General Data Protection Regulation came into force in May 2018. Much of the Fund's activity with regard to collection of personal data is covered by our statutory activities but the regulation fully applies to the Fund. We have established a project team to address any necessary matters to enhance our approach to the collection, storage and disposal of personal data to ensure we are able to comply with the new legislation. Although the project continues to develop our approach we assess that we have controls appropriate for the new regulation and further actions in place to mitigate outstanding areas of risk.

Overall assessment of governance and internal control

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

Dawn Austwick
Chief Executive and Accounting Officer
4 July 2018

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

UK Board members

Name	Role	Attendance 2017/18	Remuneration 2017/18	Remuneration 2016/17
Peter Ainsworth	Chair, UK Board	4/4	40,000	40,000
	Chair, Remuneration Committee	1/1	-	-
	Chair, UK Funding Committee	4/4	-	-
Tony Burton CBE	Vice Chair, UK Board	4/4	15,696	12,208
	Chair, Audit and Risk	4/4	-	-
	Member, Remuneration Committee	1/1	-	-
	Member, UK Funding Committee	4/4	-	-
Astrid Bonfield CBE	Member, UK Board	3/4	7,848	7,848
	Member, UK Funding Committee	2/4	-	-
Natalie Campbell	Member, UK Board	3/4	7,848	7,848
Perdita Fraser	Member, UK Board	4/4	7,848	7,848
	Member, Audit and Risk Committee	4/4	-	-
Julie Harrison	Chair, Northern Ireland Committee (from 1 January 2017)	5/5	24,000	6,000
	Member, UK Board (from 1 January 2017)	4/4	-	-
Frank Hewitt	Chair, Northern Ireland Committee (until 30 November 2016)	-	-	16,000
	Member, UK Board (until 30 November 2016)	-	-	-
David Isaac CBE	Member, UK Board	4/4	7,848	7,848
	Member, Remuneration Committee	1/1	-	-
Maureen McGinn	Chair, Scotland Committee	9/9	24,000	24,000
	Member, UK Board	4/4	-	-
Elizabeth Passey	Member, UK Board	4/4	7,848	7,848
Rachael Robathan	Member, UK Board	3/4	7,848	7,848
Nat Sloane CBE	Chair, England Committee	6/6	24,000	24,000
	Member, UK Board	4/4	-	-
Sir Adrian Webb	Chair, Wales Committee	4/4	24,000	24,000
	Member, UK Board	4/4	-	-
	Member, Audit and Risk Committee	3/4	-	-

Other members

Name	Role	Attendance 2017/18	Remuneration 2017/18	Remuneration 2016/17
England committee				
Geeta Gopalan	Vice Chair, England Committee	5/6	8,060	8,698
	Member, Audit and Risk Committee (until 30 June 2017)	0/1	-	-
Scott Greenhalgh	Member, England Committee (until 31 December 2016)	-	-	5,886
Charlie Howard	Member, England Committee	3/6	9,384	10,000
Margaret Jones	Member, England Committee	5/6	7,848	7,848
Tarn Lamb	Member, England Committee	6/6	10,000	10,000
Kevin Bone	Member, England Committee (from 20 January 2018)	1/1	654	-
	Member, UK Funding Committee (from 20 January 2018)	1/1	-	-
Jane Robinson	Member, England Committee	4/6	8,333	10,000
	Member, UK Funding Committee (until 31 January 2018)	2/3	-	-
John Mothersole	Member, England Committee (from 20 January 2018)	1/1	654	-
Scotland committee				
Grant Carson	Member, Scotland Committee	9/9	5,232	5,232
Stella Everingham	Member, Scotland Committee	7/9	5,232	5,232
	Member, UK Funding Committee (from 19 July 2017)	3/4	-	-
Iain Gordon	Member, Scotland Committee	6/9	5,232	5,232
Shalani Raghavan	Member, Scotland Committee (until 8 March 2018)	8/8	4,796	5,232
Lindsay Graham	Member, Scotland Committee (from 12 March 2018)	1/1	436	-
Aaliya Seyal	Member, Scotland Committee (from 12 March 2018)	1/1	436	-
Martin Johnstone	Member, Scotland Committee (from 12 March 2018)	0/1	-	-
Deirdre Robertson	Member, Scotland Committee (until 8 March 2018)	4/8	4,796	5,232
John Watt	Member, Scotland Committee (until 8 March 2018)	8/8	4,796	5,232

Other members

Name	Role	Attendance 2017/18	Remuneration 2017/18	Remuneration 2016/17
Wales committee				
Rona Aldrich	Member, Wales Committee	4/4	5,232	5,232
Sian Callaghan	Member, Wales Committee	4/4	5,232	5,232
	Member, UK Funding Committee	4/4	-	-
Simon Jones	Member, Wales Committee (until 1 June 2017)	-	-	5,232
Rob Pickford OBE	Member, Wales Committee	3/4	5,232	5,232
Gaynor Richards	Member, Wales Committee (until 1 August 2017)	0/1	2,180	5,232
Rita Singh	Member, Wales Committee (until 31 January 2018)	3/3	4,360	5,232
Helen Wilkinson	Member, Wales Committee (from 1 February 2018)	1/1	436	-
Nicola Russell-Brooks	Member, Wales Committee (from 1 February 2018)	1/1	872	-
Northern Ireland committee				
Dr Michael Dobbins	Member, Northern Ireland Committee	4/5	5,232	5,232
	Member, UK Funding Committee	2/4	-	-
Tony Doherty	Member, Northern Ireland Committee	3/5	5,232	5,232
Charles Mack	Member, Northern Ireland Committee	4/5	5,232	5,232
Sandra MacNamee	Member, Northern Ireland Committee	5/5	5,232	5,232
Eileen Mullan	Member, Northern Ireland Committee	5/5	5,232	5,232
Audit and Risk committee				
Linda Farrant	Member, Audit & Risk Committee (until 30 June 2017)	1/1	436	1,744
Ruth Marchington	Member, Audit & Risk Committee (from 1 July 2017)	3/3	1,308	-
Charlotte Moar	Member, Audit & Risk Committee (from 1 July 2017)	3/3	1,308	-

Register of interests

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

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

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

Name	Organisation Name	Nature of relationship	Awards made in 2017/18		Withdrew from award decision ¹	Outstanding grant award at 31 March 2018 (£)
			No	£		
Aaliya Seyal	Parent Network Scotland	Board Member	1	9,620	N/A	-
	Fresh Start NL	Board Member	1	9,590	N/A	-
Adrian Webb	ACE Cardiff	Close Relative Connected	1	10,000	N/A	-
	Mid Glamorgan Area Scout Council	Close Relative Connected	1	8,972	N/A	-
	National Dance Company Wales	Chair	1	5,000	N/A	-
	University of South Wales	Emeritus Professor	1	6,754	N/A	-
David Isaac	14-18 Now	Board Member	1	300,000	N/A	100,000
	Stonewall	Chair	1	7,870	N/A	-
Eileen Mullan	Age NI	Chair	1	49,999	N/A	86,288
Gaynor Richards	The Neath Port Talbot Council for Voluntary Service Ltd	Director	1	393,792	Yes	326,328
Geeta Gopalan	Beyond Youth CIC	Mentor	1	9,890	N/A	9,890
	Virgin Money Holdings (UK) Plc	Board Member	-	-	N/A	450,000
Grant Carson	Glasgow Disability Alliance	Connected with related organisation	1	500,000	Yes	333,333
Helen Wilkinson	Wales Council for Voluntary Action	Employee	-	-	N/A	187
Iain Gordon	Scottish Council for Voluntary Organisations	Member	-	-	N/A	125,000
	Parkhead Housing Association Limited	Connected with related organisation	2	409,110	Yes	400,000

Name	Organisation Name	Nature of relationship	Awards made in 2017/18		Withdrew from award decision ¹	Outstanding grant award at 31 March 2018 (£)
			No	£		
Lindsay Graham	TLG The Education Charity	Patron	-	-	N/A	40,478
	The Mayor's Fund for London	Advisor	1	175,000	N/A	156,250
Maggie Jones	Foundation	Chief Executive	-	-	N/A	49,712
	The Youth Association	Chair	-	-	N/A	168,255
	PossAbilities C.I.C	Director	1	10,000	N/A	76,050
	The Coalfields Regeneration Trust	Close Relative Connected	-	-	N/A	38,294
	Womens Health Matters	Close Relative Connected	-	-	N/A	192,387
	Your Consortium Limited	Connected with related organisation	-	-	N/A	4,415,141
Martin Johnstone	theGKexperience SCIO	Chair & Trustee	1	10,000	N/A	-
	Wevolution	Advisor	1	450,000	N/A	300,000
	Home-Start Glasgow South	Employee	2	639,328	N/A	623,039
Maureen McGinn	Broomhouse Centre	Mentor	1	8,882	N/A	1,255,998
	Clore Social Leadership	Mentor	1	498,744	N/A	364,459
	Paul Hamlyn Foundation	Advisor	2	2,000,000	N/A	1,950,000
Michael Dobbins	Liberty Consortium	Chair	-	-	N/A	340,354
Nat Sloane	Catch 22 Charity Limited	Chair	1	447,934	N/A	447,934
	Social Finance Limited	Member	1	2,025,000	N/A	1,820,000
Natalie Campbell	UNLTD - The Foundation for Social Entrepreneurs	Trustee	1	283,500	N/A	298,083
Perdita Fraser	Ashoka UK	Advisor	-	-	N/A	12,536
Rob Pickford	Royal Society for the Protection of Birds	Member	-	-	N/A	399,341
	Headway Cardiff and South East Wales Limited	Close Relative Connected	-	-	N/A	32,435
Sandra McNamee	Northern Ireland Women's Aid Federation	Consultant	1	10,000	N/A	-
	Women's Aid ABCLN	Consultant	-	-	N/A	816,883
	Gap Project, Greenlight Gateway	Consultant	-	-	N/A	37,112,689
Shalani Raghavan	Neighbourhood Networks in Scotland Limited	Trustee	1	92,500	N/A	92,500

Name	Organisation Name	Nature of relationship	Awards made in 2017/18		Withdrew from award decision ¹	Outstanding grant award at 31 March 2018 (£)
			No	£		
Sian Callaghan	Cadwyn Housing Association Limited	Shareholder	1	3,100	N/A	3,242
	Royal Society for the Protection of Birds	Close Relative Connected	-	-	N/A	399,341
Simon Jones	Keep Wales Tidy	Close Relative Connected	1	7,252	N/A	7,252
	Wales Council for Voluntary Action	Board Member	-	-	N/A	187
Stella Everingham	Children 1st	Board Member	1	10,000	N/A	-
	Children in Scotland Ltd	Consultant	-	-	N/A	190,691
Tarn Lamb	The Learning Partnership for Cornwall and the Isles of Scilly Limited	Director	-	-	N/A	511,322
	Design Council	Advisor	-	-	N/A	1,828,297
Tony Burton	Renaissi Limited	Consultant	1	10,000	N/A	653,014
	The Conservation Volunteers	Trustee	2	1,056,512	N/A	847,551
	Wandle Valley Regional Park Trust	Trustee	1	9,993	N/A	-

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

The senior management team

Dawn Austwick
Chief Executive

Gemma Bull
Portfolio Development Director for England

Martin Cawley
Director, Scotland

Joe Ferns
UK Knowledge and Portfolio Director

James Harcourt
Director, England Grant Making

Ben Harrison
Director of Engagement

Ian Hughes
Finance Director

Joanne McDowell
Director, Northern Ireland

John Rose
Director, Wales

The following are members of the Senior Management Team but report(ed) to a director above:

Dianne Hughes
HR Director

Beth Lawton
Technology Director (until December 2017)

Our remuneration and staff report

Governance

The Remuneration Committee of the Board has responsibility to:

- agree the terms and conditions of employment of the Chief Executive
- decide on the Chief Executive’s performance appraisal and related pay
- determine the remuneration policy for directors
- approve the performance appraisals and 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 HR 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 Big Lottery 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 (except in respect of one Director). Their other terms and conditions of employment are the same as for other Fund employees. They are entitled to be members of the Principal Civil Service Pension Scheme. All directors are on permanent contracts (except where necessarily covered by temporary or interim arrangements) subject to three months’ notice. Any termination payments are paid in accordance with the civil service compensation scheme.

Any annual increase to the Chief Executive’s salary is determined by the Remuneration Committee; for 2017/18 this was 1 per cent. Annual increases to the other directors’ salaries are approved by the Chief Executive reflecting the outcome of the overall staff pay award.

The Fund has undertaken a significant review of its organisation design and employment framework during the year. All staff, including directors, have new role profiles and all roles have been evaluated using widely used methodologies to validate the appropriate salaries. As a result, a number of roles across the Fund have received salary increases outside the annual pay review and a number have entered pay protection where roles were more highly rewarded than assessed in the evaluation.

The Chief Executive is entitled to a performance-related payment of up to 12 per cent of her basic salary. The other directors are entitled to a payment of up to 8 per cent of their basic salary. Performance-related payments are unconsolidated (that is, they are not added to basic salary, and must be earned again each year). They are not included in pensionable pay. The Chief Executive has decided to give the performance related elements of her remuneration to charity.

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

One member of the Senior Management Team, who was not a director, left during the year. No termination payment was payable.

Details of the basic salary, performance-related payments and pension benefits of directors are set out in the table on pages 81–82. Details of their expenses can be found on the website: biglotteryfund.org.uk/management-expenses

Officials with significant financial responsibility

The Fund engaged 21 Board members or members of the Senior Management Team who were deemed to have significant financial responsibility. All of these engagements were paid through the Fund’s payroll.

Pay multiples (audited information)

We are required to disclose the relationship between the remuneration of our highest-paid director (which is the Chief Executive) and the median remuneration of Big Lottery Fund’s employees.

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

The banding of the total salary plus performance award during the year of the highest paid director was £155,000 to £160,000 (2016/17 £155,000 to £160,000), the median salary of the Big Lottery Fund’s employees was £28,000 (2016/17 £27,343). The ratio of the highest paid to the median has changed to 5.6:1 from 5.8:1 in 2016/17. In 2017/18, zero (2016/17 zero) employees received remuneration in excess of the highest-paid director. The range of remuneration is from a range of £10,000 to £15,000 to a range of £155,000 to £160,000.

Staff

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

Equality in employment

The Big Lottery Fund seeks to be a diverse and inclusive employer. We aim to ensure that our staff appropriately reflect and represent the communities which they support. Our approach to recruitment seeks to ensure that we attract a diverse range of applicants and we use appropriate sources, contacts, agencies and advertising approaches to support this.

We seek to ensure that we provide training and development opportunities to all staff to maximise their capacity to undertake their roles for the Fund. We support a range of training opportunities directly related to, and distinct from, skills required to fulfil the role including leadership and management development. Where staff acquire access issues during the course of their employment we seek to ensure they are able to continue to meet the demands of their role including providing additional support and training as necessary. The table below sets out our monitoring report for equalities for 2017/18.

	Big Lottery Fund	Civil Service	UK economically active population
Disability status	%	%	%
Staff with a declared disability	6.5	4.0	13.0
Staff without a declared disability	93.5	96.0	87.0

	Big Lottery Fund	Civil Service	UK economically active population
Gender	%	%	%
Female	65.4	52.0	44.0
Male	34.6	48.0	56.0

	Board	Directors	Fund Senior Staff
Gender	%	%	%
Female	65.0	33.0	61.0
Male	35.0	67.0	39.0

	Big Lottery Fund	UK economically active population
Ethnic Group	%	%
Asian	5.4	3.0
Black	4.1	1.4
Chinese	-	0.3
Mixed	1.6	1.5
Other	0.7	0.4
White Other	7.2	3.4
White UK	79.8	90.0
Not Known	0.5	-
Do not wish to declare	0.7	-

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 2017/18, the average number of days of sickness absence was 8.4 days per employee (9.1 days in 2016/17).

Employee involvement

The Big Lottery 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 Big Lottery Fund regularly seeks the views and opinions of its staff through informal dialogue and through formal employee engagement surveys.

Health & Safety

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

Off Payroll Engagements and Consultancy

During the year the Fund has engaged six (2016/17 eleven) individuals through off-payroll contracts. Two of these were in respect of interim cover for vacant staff positions while the remaining four were for specialist services not generally engaged by the Fund. The Fund operates strict tests to ensure that the nature of all engagements is appropriately assessed and that in all cases contracts are set to ensure that the appropriate tax and National Insurance obligations are met. The total cost of these arrangement was £411,097 (2016/17 £483,969)

Three of the off payroll contracts were new contracts in the year or reached a period of six months engagement during the year. One of these was deemed to be a role which was employment in nature while two were deemed to not be employment in nature. Assurance with regard to tax and national insurance deductions was sought and provided in all cases. None were directly engaged through the Fund’s payroll and none were subject to change of status.

The Fund has incurred consultancy costs during the year of £386,220 (2016/17 £465,936) in respect of the provision of advice and expertise which we would not routinely procure to support our continuing activities.

Apprenticeship Levy

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

The Fund has made total contributions to the scheme during the year of £120,095 and in accordance with the government accounting guidance has written this off as a staff cost under taxes.

The Fund has reclaimed a total of £5,280 in training costs from appropriate providers. These costs are shown as training costs in operating costs with the benefit of the drawdown from the apprenticeship levy account shown in income as a government grant.

Gender Pay Gap

The Fund is required to report its performance under the Gender Pay Gap regulations. Full details are available on gov.uk gender pay gap portal and are published on our own website. Across the Fund as a whole we report a gender pay gap of 3.2 per cent for mean pay while for median pay the rate is 0.2% but with female staff having a higher rate of pay than male staff. Each of these compares favourably with most similar organisations and in particular by comparison with the overall Civil Service Gender Pay Gap.

Trade Union Facility Time

Number of employees who were relevant union officials during the financial year	5
Full time equivalent employee number	4.6
Percentage of time spent on facility time by relevant union officials:	
0%	-
1-50%	-
51-99%	4
100%	1
Total cost of facility time	
	£87,212
Total cost of paybill	
	£32,796,000
Percentage of paybill spent on facility time	0.30%
Hours spent on paid trade union activities	
	180
Hours spent on paid facility time	
	6218
Percentage	2.9%

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

Executives	2017/18 Salary £000	2017/18 Performance related payments £000	2017/18 Value of pension benefits £000	2017/18 Single total figure for remuneration £000	2016/17 Salary £000	2016/17 Performance related payments £000	2016/17 Value of pension benefits £000	2016/17 Single total figure for remuneration £000
Dawn Austwick (Chief Executive)	145-150	10-15	57	215-220	140-145	10-15	56	210-215
Gemma Bull (Director, England Portfolio Development)	80-85	5-10	33	120-125	80-85	0-5	32	110-115
Martin Cawley (Director, Scotland) from 1 September 2016	85-90	0-5	34	120-125	45-50 (Annual equivalent 80-85)	0-5	19	65-70
Lyn Cole (Director, England Grant Making) until 28 February 2017	-	-	-	-	80-85 (Annual equivalent 85-90)	0-5	30	115-120
Joe Ferns (Director UK Knowledge and Portfolio) from 1 December 2016	85-90	N/A	13	100-105	85-90 (Full year earnings)	N/A	13	100-105
James Harcourt (Director – England Grant Making) from 1 March 2017	80-85	0-5	33	115-120	70-75 (Annual equivalent 80-85)	0-5	3	75-80
Ben Harrison (Director of Engagement) from 14 November 2016	80-85	0-5	31	110-115	30-35 (Annual equivalent 75-80)	0-5	12	40-45
Danny Homan (Chief of Staff) until 30 November 2016	-	-	-	-	65-70 (Annual equivalent 100-105)	0-5	27	100-105
Ian Hughes (Finance Director)	105-110	5-10	42	155-160	105-110	5-10	41	150-155
Jackie Killeen (Director, Scotland) until 29 April 2016	-	-	-	-	5-10 (Annual equivalent 70-75)	0-5	2	10-15
Joanne McDowell (Director, Northern Ireland)	70-75	0-5	25	100-105	70-75	0-5	27	100-105
John Rose (Director, Wales)	75-80	0-5	27	105-110	75-80	0-5	28	105-110

Executives’ remuneration – pensions (audited information)

	Accrued pension at pensionable age as at 31/03/18 and related lump sum	Real increase in pension and lump sum at pension	Cash Equivalent Transfer Values (CETV) at 31/03/2018	Cash Equivalent Transfer Values (CETV) at 31/03/2017	Real increase in CETV
Executives	£000	£000	£000	£000	£000
Dawn Austwick (Chief Executive)	15–20 plus 0 lump sum	2.5–5 plus 0 lump sum	213	161	36
Gemma Bull (Director, England Portfolio Development)	5–10 plus 0 lump sum	5–7.5 plus 0 lump sum	56	19	7
Martin Cawley (Director, Scotland) from 1 September 2016	0–5 plus 0 lump sum	0–2.5 plus 0 lump sum	38	13	17
Lyn Cole (Director, England Grant Making) until 28 February 2017	–	–	–	393	N/A
Joe Ferns (Director, UK Knowledge and Portfolio) from 1 December 2016	N/A	N/A	N/A	N/A	N/A
James Harcourt (Director – England Grant Making) from 1 March 2017	0–5 plus 0 lump sum	0–2.5 plus 0 lump sum	32	14	11
Ben Harrison (Director of Engagement) from 14 November 2016	0–5 plus 0 lump sum	0–2.5 plus 0 lump sum	18	5	7
Danny Homan (Chief of Staff) until 30 November 2016	–	–	–	66	N/A
Ian Hughes (Finance Director)	5–10 plus 0 lump sum	0–2.5 plus 0 lump sum	110	70	29
Jackie Killeen (Director, Scotland) until 29 April 2016	–	–	–	224	N/A
Joanne McDowell (Director, Northern Ireland)	25–30 plus 20–25 lump sum	0–2.5 plus 0 lump sum	422	384	10
John Rose (Director, Wales)	15–20 plus 0 lump sum	0–2.5 plus 0 lump sum	290	258	12

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

Remuneration of Board and Committee members

The remuneration of Board and committee members of the Big Lottery Fund is determined by the Secretary of State for the Department of Digital, 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 Big Lottery Fund. These were set out in their letter of appointment.

The total amounts they received are shown in the table on pages 70 to 72.

Board and committee members do not receive any taxable benefits in kind or pension benefits. They are reimbursed expenses incurred in the course of their duties on the same basis as Fund employees.

Dawn Austwick
 Chief Executive and Accounting Officer
 4 July 2018

Our parliamentary accountability and audit report

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

Opinion on financial statements

I certify that I have audited the financial statements of Big Lottery Fund the year ended 31 March 2018 under the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Big Lottery Fund’s affairs as at 31 March 2018 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2016. I am independent of the Big Lottery Fund in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

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

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, 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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Lottery Fund’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Big Lottery Fund’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor’s report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

9 July 2018

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road, Victoria
London SW1W 9SP

Statement of comprehensive income

		Year ended 31 March 2018	Year ended 31 March 2017
	Note	£000	£000
Income			
Lottery income			
Proceeds from the National Lottery	13	654,033	651,977
Investment income from the National Lottery Distribution Fund	13	1,890	2,125
Bank and other interest receivable	2	82	65
Recoveries of grant	2	2,892	2,282
		658,897	656,449
Dormant accounts money income			
Received/Receivable from Reclaim Fund Ltd	30	152,800	94,450
Bank interest receivable on dormant accounts income	30	103	162
		152,903	94,612
Other income	2	10,732	10,995
TOTAL INCOME		822,532	762,056
Expenditure			
Lottery programme expenditure			
Grant expenditure	3	519,878	717,377
Less lapsed or revoked grant expenditure	3	(11,413)	(4,486)
Direct expenditure in support of programmes	4	18,179	20,857
		526,644	733,748
Dormant accounts money programme expenditure			
Grant expenditure	30	63,590	85,909
Operating costs			
Operating costs for distributing Lottery Income	5	50,891	51,508
Operating costs for distributing dormant accounts money	5	349	294
Recharged operating costs	5	3,168	3,558
		54,408	55,360
Restructuring costs	8	4,915	1,299
		59,323	56,659
TOTAL EXPENDITURE		649,557	876,316
Surplus/(Deficit) before taxation		172,975	(114,260)
Taxation	9	(16)	(14)
Total comprehensive net income/(expenditure)		172,959	(114,274)

All income and expenditure relates to continuing activities.

Statement of changes in equity

	Year ended 31 March 2018			Restated* Year ended 31 March 2017		
	Lottery Accounts	Dormant Accounts	Total	Lottery Accounts	Dormant Accounts	Total
Overall reserves	£000	£000	£000	£000	£000	£000
Opening reserve position	(913,087)	12,046	(901,041)	(790,404)	3,637	(786,767)
Transferred from Statement of Comprehensive Net Expenditure	83,994	88,964	172,958	(122,683)	8,409	(114,274)
Closing reserve position	(829,093)	101,010	(728,083)	(913,087)	12,046	(901,041)

*We have restated the year ended 31 March 2017 reserves position with respect to the analysis between Lottery and Dormant accounts. The total is unchanged.

Statement of financial position

	Note	As at 31 March 2018 £000	As at 31 March 2017 £000
Non-current assets			
Property, plant and equipment	10	4,524	4,414
Intangible assets	11	3,979	5,883
		8,503	10,297
Current assets			
Trade and other receivables	12	214,440	24,031
Cash at bank and in hand		45,646	40,508
Investment balance in National Lottery Distribution Fund	13	310,905	398,756
		570,991	463,295
Total assets		579,494	473,592
Current liabilities			
Trade and other payables	14	(588,299)	(556,848)
Total assets less net current liabilities		(8,805)	(83,256)
Non-current liabilities			
Trade and other payables	14	(657,323)	(816,346)
Provisions	15	(61,955)	(1,439)
Net liabilities		(728,083)	(901,041)
Represented by:			
Lottery funds reserve		(829,093)	(913,087)
Dormant accounts money reserve		101,010	12,046
		(728,083)	(901,041)

Signed on behalf of the Big Lottery Fund Board on 4 July 2018.

Dawn Austwick
Chief Executive and Accounting Officer

Peter Ainsworth
Chair

The notes on pages 91 to 120 form part of these accounts.

Statement of cash flows

		Year ended 31 March 2018	Year ended 31 March 2017
	Note	£000	£000
Cashflows from operating activities			
Funds drawn down from the NLDF	13	743,774	669,379
Funds received with respect to dormant accounts		103	94,612
Payments relating to dormant accounts money		(6,646)	(85,292)
Recoveries of grant and cash from other sources		2,892	2,282
Other income		10,299	9,371
Interest received		82	65
Payments to suppliers		(22,450)	(22,471)
Payments to and on behalf of employees		(32,436)	(34,236)
Payments to grant recipients		(654,737)	(624,693)
Cash paid and held by third parties		(34,657)	(13,989)
Tax paid on interest received		(13)	(19)
Net cashflow from operating activities	19	6,211	(4,991)
Cashflows from investing activities			
Payments to acquire property, plant and equipment		(1,073)	(1,660)
Increase/(Decrease) in cash		5,138	(6,651)
Net increase/(decrease) in cash and cash equivalents			
Cash balances carried forward		45,646	40,508
Less cash balances brought forward		(40,508)	(47,159)
Increase/(Decrease) in cash		5,138	(6,651)

The notes on pages 91 to 120 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017/18 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Digital, Culture, Media and Sport in accordance with Section 36A (2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and the Dormant Accounts and Building Society Act 2008 .The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Big Lottery Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Big Lottery Fund for 2017/18 are described below. They have been applied consistently in dealing with items that are considered material to the accounts. We have not adopted any IFRS that have been issued but are not yet effective.

1.1 Accounting convention

These accounts have been prepared under the historic cost convention modified where appropriate for fair value. With the exception of certain revalued assets, we believe that the historic cost is not materially different to fair value.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act, FReM and International Financial Reporting Standards, where appropriate.

1.2 Going concern

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

1.3 National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to the Fund is as shown in the accounts and, at 31 March 2018, has been certified by the Secretary of State for Digital, Culture, Media and Sport as being available for distribution by the Fund in respect of current and future commitments.

1.4 Property, plant and equipment

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

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

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

1.5 Intangible assets

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

Funding system software	10 years or remaining useful economic life where revised
Website	5 years

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

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

1.6 Pension fund

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. They alternatively may join the Civil Service Partnership Pension Scheme – a stakeholder pension. Pension benefits are paid by the PCSPS. Our liabilities are limited to a charge, which is set by the Chief Government Actuary, related to salaries paid in each year. The scheme was last valued on 31 March 2012 (note 22).

1.7 Operating leases

Lessee

We classify leases where we have substantially none of the risks and rewards of ownership as operating leases in accordance with IAS 17 ‘Leases’. The costs of operating leases held by the Fund are charged to the Statement of Comprehensive (net of rent-free periods) in the period to which they relate. The benefits of rent-free periods on leaseholds are apportioned over the period to the earlier of the rent break point or the expiry date of the lease on a straight line basis.

At 31 March 2018 all of the Fund’s property leases are classified as operating leases. The lease payments for property cannot be reliably allocated between the land and building components. However it is clear that both elements of the lease arrangements do not transfer substantially all of the risks and rewards of ownership to the Fund and therefore both elements have been classified as operating leases.

Lessor

Where we have provided a rent free or other inducement to a tenant the cost of this inducement is apportioned over the period to the earlier of the rent break point or the expiry date of the lease on a straight line basis.

1.8 Expenditure on programmes

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

Grant awards

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

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

Grant awards which have been formally decided upon by the Fund, but which do not meet the technical definition of liabilities (either due to their not having been communicated to the recipient, or due to their not meeting strict criteria relating to either specific conditions or award types (see below) are not included in expenditure in the Statement of Comprehensive Income or as liabilities in the Statement of Financial Position but are disclosed as contingent liabilities in Note 17.

Development awards

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

Performance based awards

Where payment of all or part of an award is subject to a performance condition, the part of the award subject to the condition is not treated as a liability until the condition is met.

Multi-stage awards

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

Classification of liabilities

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

Grants repaid and recovered

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

Recoveries of grants are recognised as income on receipt of the repayment.

Direct expenditure on programmes

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

Lapsed or revoked grant expenditure

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

1.9 Taxation

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

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

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

1.10 Cash and cash equivalents

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

1.11 Provisions

The Fund recognises a provision where:

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

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

1.12 Grant management

Delegated partners

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

Trusts

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

Joint schemes

Where we have entered into a joint scheme, as defined in the National Lottery Act 1998, grant commitments made through the joint scheme are accounted for on the basis of our share in the scheme. Funds advanced to the joint scheme for the purpose of payment of grant commitments are recorded as a current asset until we receive confirmation that the payments in respect of those commitments have been made. Administration costs are included in the Statement of Comprehensive Income at the amount charged to the Fund.

1.13 Third party assets

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

1.14 Financial instruments

The Fund reviews all contracts against IAS 39 in respect of recognition and measurement of financial instruments. The assets and liabilities considered to be financial in nature are set out in note 20. 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 Lottery income, and the segmental reporting format reflects our management and internal reporting structure. Some programmes are UK-wide and this is reported separately from the four countries.

1.16 Dormant accounts funds

Dormant accounts funds have been accounted for under the same policies as Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For clarity, short form financial statements relating only to dormant account money are included in note 30.

1.17 Accounting Standards that have been issued but not yet adopted

The FReM issued by HM Treasury does not require the following Standards and Interpretations to be applied in 2017/18. The application of the standards as revised would not have a material impact on the accounts for 2017/18 and are not expected to have a material impact when applied. The assessment of fair value under IFRS 9 is mitigated for the Fund as its application excludes assessment of balances held with central government departments. For IFRS 15 we assess that the recognition of income from the National Lottery and the Dormant Bank and Building Society Accounts is unaffected as the income is directed by legislation. A small number of contracts for the provision of services recognised in Other Income will be reviewed to ensure the recognition of income matches the delivery of services under the contract. The recognition point for income on a small number of contracts may be affected but the value impact is likely to be small.

IFRS 9 Financial Instruments – effective 2018/19

IFRS 15 Revenue from contracts with customers effective 2018/19

IFRS 16 Leases effective 2019/20

1.18 Accounting estimates and judgements

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

The accounting policies set out areas involving a higher degree of judgement, assumptions or estimation techniques, such as note 1.5 (Intangible assets), note 1.8 (Expenditure on programmes) and note 1.11 (Provisions).

The most significant judgements are:

- Intangible asset impairment – The Fund impaired the intangible asset relating to its Funding Management System in 2015/16. The judgements made in determining this impairment are regularly reviewed. No further revision was deemed to be necessary during 2017/18.
- Expenditure on programmes – The Fund recognises the value of awards that are subject to performance conditions as contingent liabilities rather than grant accruals. This judgement is based on the terms and conditions of the award contracts.

The most significant estimates are:

- Provisions – We have estimated dormant accounts funds payable to Big Society Trust based on announcements made by DCMS in relation to the Dormant Bank and Building Society Accounts Act 2008.
- Intangible asset useful economic life – We estimate the remaining life of our Funding Management System which could lead to variations in amortisation costs. We have determined that no change in this estimate was necessary during 2017/18.

2. Income

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

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Bank and other interest receivable		
Bank interest receivable	82	65
	82	65
Greenwich Peninsula land sale		
Greenwich Peninsula land sale (Note 6)	3,832	4,041
	3,832	4,041
Other income		
Income from delivering non-Lottery funding	4,043	3,414
Income from delivering Lottery Funding on behalf of other distributors	71	144
Rental income	2,656	2,515
Sundry income	130	881
	6,900	6,954
Recoveries of grant from grant holders		
Recoveries of grant	2,892	2,282
	2,892	2,282

3. Lottery programme expenditure

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

We do not allocate income to geographical segment but determine medium-term award budgets for each geographical segment based on medium-term expectations of net incomes. As set out in section four of the annual report, grant budgets are set based on available cash resources. The Board has determined available funding for the 2015–2021 strategic plan along with indicative funding in the period to 2022/23 for each country after a share of budget, up to 10 per cent, is allocated for UK programmes. Shares between each country portfolio are determined by a Budget Allocation Formula. This is based on population adjusted by a number of factors relating to relative deprivation and relative resource availability. The shares have recently been adjusted to take account of the population data in the 2011 Census and updated assessments of relative deprivation and relative resource availability.

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

	UK £000	England £000	Scotland £000	Wales £000	Northern Ireland £000	Total £000
Grant expenditure made	51,853	360,613	59,204	28,469	19,739	519,878
Less lapsed and revoked grant expenditure	(3,366)	(7,434)	(201)	(115)	(297)	(11,413)
Net grant expenditure made 2017/18	48,487	353,179	59,003	28,354	19,442	508,465
Net grant expenditure made 2016/17	56,118	509,566	75,803	44,372	27,032	712,891

4. Direct expenditure in support of programmes

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

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Support provided directly to grant recipients and beneficiaries	18,179	20,857
	18,179	20,857

5. Operating Costs

	Operating costs for distributing Lottery income	Recharged operating costs	Operating costs for distributing dormant accounts money	Year ended 31 March 2018 Total operating costs	Year ended 31 March 2017 Total operating costs
	£000	£000	£000	£000	£000
Employee remuneration	30,640	2,920	198	33,758	33,540
Travel & Expenses					
– Staff	1,847	141	3	1,991	1,733
– Board and Committee	32	–	–	32	6
Payments under operating leases:					
– Property	3,951	–	–	3,951	3,788
– Other	231	–	–	231	336
Other Accommodation costs	2,465	–	–	2,465	2,735
Communication costs	745	24	5	774	920
Externally provided support for grant programmes	434	49	–	483	713
Programme Evaluation	122	–	16	138	245
Staff recruitment and training	1,222	5	7	1,234	1,254
Professional fees	259	7	–	266	608
Auditors remuneration for audit work*	112	–	–	112	112
IT infrastructure costs	3,517	2	–	3,519	3,918
Other costs	648	5	115	768	743
VAT	1,800	15	5	1,820	2,283
Non cash items					
– Depreciation	2,866	–	–	2,866	2,426
	50,891	3,168	349	54,408	55,360

* 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 Lottery income that we spend on distributing it. We exclude from this measure costs that we recharge to other people, including the costs of non-Lottery money for other organisations, sub-let property and non-qualifying expenditure such as business rates. We also exclude the one-off costs of investment to achieve future efficiencies.

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. A second payment of £3.8m has been received in 2017/18 (£4.0m was received in 2016/17) which is recognised as income for performance measurement purposes.

Income of £59.4 million was received in 2014/15 in respect of the refund from Olympic Lottery Distribution Fund (OLDf) for monies previously forgone in order to cover the cost of London 2012. This return has been deferred over four years for performance measurement purposes. 2017/18 is the final year of those four years. On this basis, the cost of distributing our share of Lottery income was 7.0 per cent of that income (2016/17 7.0 per cent).

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Operating costs for distributing Lottery income (as per Note 5)	50,891	51,508
Less rental income (as per Note 2)	(2,656)	(2,515)
Less sundry income	(125)	(881)
Less business rates	(678)	(1,112)
Total qualifying expenditure	47,432	47,000
Proceeds from National Lottery (as per Note 13)	654,033	651,977
Investment Income from National Lottery Distribution Fund (as per Note 13)	1,890	2,125
Plus Greenwich Peninsula land sale (as per Note 2)	3,832	4,041
Plus rephased income from Olympic Lottery diversion	15,000	15,000
Total qualifying income	674,755	673,143
Percentage	7.0%	7.0%

7. Staff numbers and costs

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

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Wages and salaries	25,143	25,431
Social security costs	2,689	2,532
Other pension costs	4,964	4,907
Apprenticeship levy costs	120	-
Agency staff costs	842	670
	33,758	33,540

A number of staff included above were seconded out to other organisations, for whom recoveries of £215,113 are included in other income. The salary and pension entitlement of the Fund's senior management and Board Members are included above, details of which are disclosed in the Remuneration and Staff Report. It is not possible to identify the number and cost of members of staff within the total who are not employed on a permanent basis with the exception of those employed through agencies.

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

	Number of temporary staff at 31 March 2018	Number of employees at 31 March 2018	Total number of staff at 31 March 2018	Total number of staff at 31 March 2017
	(FTE)	(FTE)	(FTE)	(FTE)
Grant making	30	476	506	498
Support to customers and stakeholders	-	117	117	175
Governance and administration	4	214	218	178
Staff engaged on capital projects	-	-	-	-
	34	807	841	851

At 31 March 2018, the Fund employed 841 full-time equivalent employees (31 March 2017 851). This included 34 full-time equivalent temporary employees (31 March 2017 15).

Included in these numbers are FTE of 50.7 who left the organisation in March 2018 as a result of restructures completed during the year.

Exit packages

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

Exit package cost band	Number of compulsory redundancies Year ended 31 March 2018	Number of voluntary redundancies Year ended 31 March 2018	Total number of redundancies Year ended 31 March 2018	Number of redundancies Year ended 31 March 2017
<£10,000	1	40	41	5
£10,000 - £25,000	1	79	80	28
£25,001 - £50,000	-	44	44	20
£50,001 - £100,000	-	4	4	6
Total number of exit packages	2	167	169	59
Total cost £000	27	3,262	3,289	1,722

8. Restructuring costs

We regularly review the way we are structured and make changes to deliver fit for purpose, efficient and effective services. During 2017/18 we significantly restructured our funding portfolio teams in order to better connect our teams to the communities they serve. The costs of this restructuring included termination payments and property transactions, including changes to the provision of onerous leases.

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Termination payments	4,609	1,736
Property rationalisation	42	398
Unavoidable lease payments	264	(835)
	4,915	1,299

9. Taxation

The Fund pays corporation tax only on bank and any other interest received. There is a net tax cost of £16,430 (2016/17 £14,245) for the year.

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

10. Property, plant and equipment

	Leasehold improvement	IT	Office equipment, furniture and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 April 2017	8,477	1,530	518	10,525
Additions	880	114	79	1,073
Disposals	-	(18)	(18)	(36)
At 31 March 2018	9,357	1,626	579	11,562
Depreciation				
At 1 April 2017	4,711	1,171	229	6,111
Charge for the year	840	13	110	963
Disposals	-	(18)	(18)	(36)
At 31 March 2018	5,551	1,166	321	7,038
Net book value				
At 31 March 2018	3,806	460	258	4,524
Cost				
At 1 April 2016	7,111	1,530	261	8,902
Additions	1,366	-	294	1,660
Disposals	-	-	(37)	(37)
At 31 March 2017	8,477	1,530	518	10,525
Depreciation				
At 1 April 2016	4,233	1,161	230	5,624
Charge for the year	478	10	36	524
Disposals	-	-	(37)	(37)
At 31 March 2017	4,711	1,171	229	6,111
Net book value				
At 31 March 2017	3,766	359	289	4,414

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

11. Intangible assets

	Funding system soft ware	Website	Total
	£000	£000	£000
Cost			
At 1 April 2017	9,900	358	10,258
Additions	-	-	-
Impairment	-	-	-
At 31 March 2018	9,900	358	10,258
Amortisation			
At 1 April 2017	4,159	216	4,375
Charge for the year	1,831	72	1,903
Impairment	-	-	-
At 31 March 2018	5,991	288	6,279
Net book value			
At 31 March 2018	3,909	70	3,979
Cost			
At 1 April 2016	9,900	358	10,258
Additions	-	-	-
Impairment	-	-	-
At 31 March 2017	9,900	358	10,258
Amortisation			
At 1 April 2016	2,329	144	2,473
Charge for the year	1,830	72	1,902
Impairment	-	-	-
At 31 March 2017	4,159	216	4,375
Net book value			
At 31 March 2017	5,741	142	5,883

An impairment review was conducted in relation to the Funding Management System during 2015/16 to assess its value in use. This was as a consequence of the approval during that year of the grant making enabling strategy under the Strategic Framework. From this it was concluded that the system as currently designed does not fully meet the ways in which we wish to relate to our applicants and grant holders. In accordance with IAS 36, we assessed a revised valuation at March 2016 on the depreciated replacement cost methodology which resulted in an impairment loss of £9.5m. We have reviewed the impaired asset this year and have concluded that there is no requirement for any further impairment adjustment. Consequently there is no charge in the 2017/18 financial year.

12. Trade and other receivables

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Amounts falling due within one year		
Held by delegated partners for payment of grant commitments	3,265	1,265
Deposits and advances	1,421	808
Prepayments and accrued income	6,317	6,678
European match funding	47,521	13,700
Reclaim Fund Ltd in respect of dormant accounts money	152,800	-
Other receivables	3,116	1,580
	214,440	24,031

13. National Lottery Distribution Fund

	Year ended 31 March 2018
	£000
Balance as at 1 April 2017	398,756
Proceeds from the National Lottery	654,033
Investment income from the NLDF	1,890
Funds drawn down from NLDF	(743,774)
Net decrease in balance	(87,851)
Market value at 31 March 2018	310,905

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

14. Trade and other payables

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Amounts falling due within one year		
VAT	276	222
Other taxation and social security	923	556
Trade payables	292	353
Owed to joint/award partners for payment of grant commitments	2,514	1,711
Accruals and deferred income	3,405	3,200
Other payables	1,147	707
Grant accruals (Note 16)	579,742	550,099
	588,299	556,848

Amounts falling due in more than one year

Grant accruals (Note 16)	657,323	816,346
	657,323	816,346

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

	Dilapidations	Unavoidable lease payments	Early retirement contributions	Redundancy provisions	Dormant accounts transfer	Total
	£000	£000	£000	£000	£000	£000
Brought forward at 1 April 2017	152	1,175	17	95	-	1,439
New provisions created	-	274	-	1,109	59,700	61,083
Provisions used	-	(309)	(11)	(80)	-	(400)
Provisions released	(152)	-	-	(15)	-	(167)
Carried forward at 31 March 2018	-	1,140	6	1,109	59,700	61,955

Unavoidable lease payments

We have sublet part of our London premises to four tenants. Part of the provision represents the difference between the rent charged to our tenants and that which the Fund is contracted to pay to its landlords. The provision for the difference in market rent is calculated using an assumed inflation rate of 3 per cent.

We re-contracted for space in our Birmingham premises during 2016/17 reducing our occupied space. During 2017/18 the second floor has been partitioned, creating space available for subletting. We therefore created a new provision for the loss on the lease.

At 31 March 2018, we have discounted the provision for unavoidable lease payments using the discount rate advised by HM Treasury, 2.2 per cent.

Restructuring: early retirement, redundancy and other support

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

Where eligible staff take early retirement, the Fund is contracted to meet certain pension contributions until these staff reach the statutory retirement date. An estimate of these future contributions is provided. Payments against this provision will continue to be made for up to ten years.

A provision has been made for the estimated redundancy costs of those staff with whom the Fund has entered into consultation prior to 31 March 2018. Redundancy payments are made in accordance with contractual arrangements and terms set out in the Principal Civil Service Pension Scheme arrangements.

Dilapidations

We established dilapidations provisions in 2015/16 respect of our Glasgow offices following a relocation under a new lease. We have now released this provision as we are no longer expecting any costs.

Dormant accounts transfer

Reclaim Fund Ltd has identified £152.8m as available for distribution to the Big Lottery Fund in its financial year to December 2017 and recorded this as a creditor. The Fund has therefore recorded this as income receivable and will draw down the cash as required to support the related programmes. Awards for Scotland and Wales are being made under existing programmes while awards for England will begin to be made during 2018/19 along with distributions to Big Society Trust (BST). We have made a provision for this anticipated distribution in 2018/19 of £59.7m to BST. We have assessed it based on the proportion of the total expected to be assigned to BST over three years in line with the DCMS announcement in January 2018.

16. Grant accruals

	Year ended 31 March 2018
	£000
Movement of grant accruals	
Grant commitments brought forward at 1 April 2017	1,366,445
Grant commitments made	523,781
Lapsed and revoked commitments	(11,428)
Grant commitments met	(641,733)
Accrual carried forward at 31 March 2018	1,237,065

	At 31 March 2018	At 31 March 2017
	£000	£000
Classification of grant accruals at the year end		
Amounts falling due within one year		
Accruals (Note 14)	579,742	550,099
Amounts falling due in more than one year		
Accruals (Note 14)	657,323	816,346
Total grant accruals	1,237,065	1,366,445

Ageing of grant accruals

Due within one year	579,742	550,099
Due within more than one year but less than two years	338,175	377,762
Due within more than two years but less than three years	158,537	213,296
Due within more than three years but less than four years	69,907	103,162
Due within more than four years but less than five years	31,720	46,016
Due after more than five years	58,984	76,110
	1,237,065	1,366,445

17. Contingent Liabilities

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

	At 31 March 2018	At 31 March 2017
	£000	£000
Grant awards made by the fund which do not satisfy the criteria to be treated as liabilities	(36,876)	(108,700)
Total grant contingent liabilities	(36,876)	(108,700)

There are no other contingent liabilities, remote or otherwise.

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 £157 million to the total expected funding of £384 million. Included within grant liabilities are £11.3 million of new grant commitments and contingent liabilities of £18.3 million representing our contribution to the Parks for People joint scheme. The creditors figure includes £2.5 million which is due to National Heritage Memorial Fund in respect of our contribution to payment they have made to our grant recipients.

Rethinking Parks

This scheme is administered by Nesta on behalf of all parties to the agreement. We have agreed to contribute up to £1.67 million to the total expected funding of £2 million. There are no contingent liabilities in relation to the joint scheme for the year. The debtors figure includes £1.67 million which is due to be distributed to grant recipients by Nesta in respect of our contribution to the scheme.

19. Reconciliation of income and expenditure to net cash flow from operating activities

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Surplus/(Deficit) for the period	172,959	(114,274)
Disposal of non-current assets	-	-
Depreciation of property, plant and equipment and amortisation of intangible assets	2,866	2,426
Impairment loss	-	-
Surplus/(Deficit) adjusted for non cash transactions	175,825	(111,848)
(Increase) in trade and other receivables	(190,409)	(15,787)
Decrease in NLDF balance	87,850	15,277
(Decrease)/Increase in trade and other payables	(127,571)	110,893
Increase/(Decrease) in provisions	60,516	(3,526)
Net cash inflow/(outflow) from operating activities	6,211	(4,991)

20. Financial risks

Financial Instruments

International Financial Reporting Standard 7 'Financial Instruments: Disclosures' (IFRS 7) requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. As the Big Lottery 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 IFRS 7 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 Big Lottery Fund is exposed to little immediate liquidity, market, or credit risk.

Liquidity risks

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Fund in the NLDF. At March 2017 the fund balance was £399 million, this had reduced to £311 million by 31st March 2018, at which point there were £1,237 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 Lottery income.

In 2017/18, £656 million (79.7 per cent) of the Fund's income was derived from the National Lottery, including income of £1.9 million derived from investment returns from the balance held with the NLDF. Income from dormant account money was £153 million (18.6 per cent). The remaining income is a small amount of bank interest and sundry income.

	Year ended 31 March 2018
	£000
Liquid assets at 31 March 2018	
Market value of NLDF investments	310,905
Cash	45,646
Total	356,551

Market and interest rate risks

The financial assets of the Fund are principally held in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Board has no control over the investment of these funds. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £311 million. Funds at the NLDF earned on average 0.35 per cent in the year. Cash balances, which are drawn down from the NLDF to pay grant commitments and operating costs, are held in instant-access variable rate bank accounts, which carried an interest rate of 0.05 per cent below base rate in the year. The cash balance at the year end was £46 million. The Board considers that the Fund is not exposed to significant interest rate risks.

	2017/18	2016/17
	£000	£000
Sterling at floating interest rates – Big Lottery Fund	24,751	13,070
Sterling at floating interest rates – dormant account money	20,895	27,438
Sterling at mixture of fixed rates	310,905	398,756
	356,551	439,264

Credit risks

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

At the year end the Fund recorded a debtor of £152.8m with Reclaim Fund Limited. This represents the sums identified as available to the Fund to distribute under the Dormant Bank and Building Society Accounts Act 2008 but which are yet to be drawn down from Reclaim Fund Limited. These are held by Reclaim Fund in low risk cash accounts including with the Bank of England. The Board does not consider that the Fund is exposed to significant credit risk.

Foreign Currency risks

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

Financial assets by category

Assets as per Statement of financial position	2017/18	2016/17
	£000	£000
Non-current assets	8,503	10,297
Investment balance in National Lottery Distribution Fund	310,905	398,756
Cash and cash equivalents – Big Lottery Fund	24,751	13,070
Cash and cash equivalents – dormant account money	20,895	27,438
Loans and receivables	211,435	24,031
	576,489	473,592

Fair Valuation

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

1. All cash deposits are with commercial banks.
2. No provision for bad debt is deemed necessary.
3. Whilst we disclose £657 million of grant liabilities as not being due for payment until after one year, we have not made a fair value adjustment. The Fund has a contractual obligation to pay these amounts on demand, subject to contract, and so the amounts could be paid within the next 12 months.
4. 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	2017/18	2016/17
	£000	£000
In less than one year	588,299	556,848
In more than one year, but less than two	338,175	377,761
In two to five years	260,164	362,474
In more than five years	58,983	76,110
	1,245,622	1,373,193

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.

21. Financial commitments

Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below:

	At 31 March 2018	At 31 March 2017
	£000	£000
Property leases held as a lessee:		
Not later than 1 year	5,388	5,270
Later than 1 year and not later than 5 years	16,465	21,152
Later than 5 years	3,458	4,209
	25,311	30,631
Property leases held as a lessor:		
Not later than 1 year	2,734	1,843
Later than 1 year and not later than 5 years	5,971	8,706
Later than 5 years	–	–
	8,705	10,549

As set out in accounting policy 1.7 leases cannot be reliably split between land and buildings but both elements are operating leases.

22. Pension scheme

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

For the alpha scheme employee contributions are set at a minimum rate for members with pensionable salaries under £15,000 of 4.6 per cent of pensionable earnings. This increases in bands up to a maximum of 8.05 per cent for members with a pensionable salary over £150,000. Benefits in classic accrued at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrued at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In alpha, members build up pensions based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the earned pension account is credited with 2.32 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with CPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits permitted by tax legislation.

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

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

For 2017/18, employers’ contributions of £182,834 were payable to the partnership pension account (2016/17:£158,770).

Further details about the Civil Service pension arrangements can be found at the website

www.civilservice-pensions.gov.uk

For 2017/18, employers’ contributions of £4,798,382 were payable to the PCSPS (2016/17: £4,816,480) at one of four rates in the ranges set out below. Employer contributions are to be reviewed at every full scheme valuation. The latest valuation, carried out by Hewitt Bacon and Woodrow, was on 31 March 2012. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates for 2017/18 are in line with recommendations from the Actuary.

Currently, employers pay an average of 20.9 per cent of their employees’ salary as a pension contribution. The exact figure depends upon the salaries of the individual employees.

Bands	Year ended	Bands	Year ended
	31 March 2018		31 March 2017
£23,000 and under	20.0%	£22,500 and under	20.0%
£23,001 – £45,500	20.9%	£22,501 – £45,000	20.9%
£45,501 – £76,000	22.1%	£45,001 – £76,000	22.1%
£76,001 and over	24.5%	£76,001 and over	24.5%

The number of staff for whom pension contributions were made in 2017/18 was 26 classic, 42 premium, 13 nuvos and 915 alpha. The total of 996 represents the majority of the number of individual permanent members of staff employed over the course of the year.

The forecast level of employer’s contributions to the PCSPS for 2018/19, based on a 1 per cent pay award on 2017/18 pay levels, is £4,846,366.

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

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

23. 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 2018 we have written off losses of £1,923,040 representing 180 awards (2016/17 £2,983,979 representing 241 awards). There were no write-offs that exceeded £100,000 (2016/17 £610,966 representing 3 awards).

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 2018, 1 special payment totalling £6,089 (2016/17 £18,066 representing 3 awards) was made in relation to grant transactions.

24. Related party transactions

The Big Lottery 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: Heritage Lottery 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 Heritage Lottery Fund for their services in running grant programmes.

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

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

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

Board members

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

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

A number of Board members have declared interests with public, voluntary and charitable bodies with which we have business interests. These are disclosed on pages 73 to 75.

25. 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. These balances are not included within our own accounts.

At 31 March 2018 the following bank balances were held on behalf of third parties:

	31/03/17	Inflows	Outflows	31/03/18
	£000	£000	£000	£000
DCMS : Advice Services Transition Fund, Social Incubator Fund, Local Sustainability Fund, Life Chances Fund, Youth Investment Fund, #iwill Fund, Place Based Social Action	9,581	12,684	20,692	1,573
Arts Council England; Awards for All England	7	-	-	7
Heritage Lottery Fund; Awards for All; England, Wales, Scotland, Northern Ireland	4	-	1	3
Sport England; Awards for All England	9	-	-	9
Creative Scotland; Awards for All Scotland	(48)	535	497	(10)
National Lottery Promotions Unit	359	2,173	1,148	1,384
Welsh Government; Community Assets Transfer	25	-	23	2
Scottish Celebrate	83	1	-	84
Sports Scotland; Awards for All Scotland	(441)	135	607	(913)
Scottish Government; Communities and Family Fund, Scottish Land Fund	1,063	6,839	5,193	2,709
HM Treasury; Coastal Communities Fund	952	7,415	3,455	4,912

Negative balances arise due to timing differences between the Fund committing cash and receiving the necessary funds from the third party.

26. Joint Venture – National Lottery Promotions Unit

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

27. Capital commitments

At 31 March 2018 we had begun the process of refurbishing space in our Newcastle office although at the year end no capital commitments had been made. We were also in the process of fitting out new space in Manchester having set out a plan to exit from serviced office accommodation. At the year end capital commitments amounted to £0.1m. (2016/17: £0.7 million)

28. 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 £675m 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 dated 29th March 2012 which sets out the distribution of funds between the GLA and the lottery distributors (via DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2016/17 to 2036/37. DCMS estimates the first payments to the Lottery Distributors to be made around 2020/21.

As successor to the Millennium Commission, the Big Lottery 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 £50m (2016/17: £87m) are now forecast to be received between 2016 and 2037, of which £7.8m has been received by the end of 2017/18.

29. Post balance sheet review

At the time of signing the accounts, there had been no events after the balance sheet date which would adjust the figures reported in the financial statements or require disclosure. The accounts were authorised for issue on the date the Comptroller and Auditor General signed the audit certificate.

30. Dormant accounts

Dormant account money

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

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

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

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

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

DCMS announced in January 2018 a further release of funds arising from Dormant Bank Accounts anticipated to be up to £330m over four years. A portion of these funds, up to £135m, will continue to be made available to Big Society Trust to enable Big Society Capital in its role as a social investment wholesaler to fund stable and long term accommodation for vulnerable groups. The remainder of the portion of the total available funds for England will be awarded through programmes managed by the Big Lottery Fund consistent with the themes set out in the Act. These programmes will be designed in consultation with DCMS and in line with new policy directions to be issued by the Secretary of State. Previously all funds allocated to England have been transferred by the Fund to Big Society Trust as the nominated recipient by the Secretary of State under the Act.

Reclaim Fund Ltd has identified £152.8m as available for distribution to the Big Lottery Fund in its financial year to December 2017 and recorded this as a creditor. The Fund has therefore recorded this as income receivable and will draw down the cash as required to support grant programmes. Awards for Scotland and Wales are being made under existing programmes while awards for England are likely to begin to be made during 2018/19 along with distributions to Big Society Trust. Awards made under these programmes will be treated in the same way as for awards made with respect to National Lottery incomes and in accordance with the accounting policies set out in this report. The Fund has recognised as a provision the proportion of the income available that is anticipated to be transferred to Big Society Trust.

In relation to Scotland, Wales and Northern Ireland the Fund makes grant awards in a similar manner to Lottery funds, so that there are outstanding commitments from grant awards made that have not yet been drawn down by grant recipients. To date the directions in respect of Northern Ireland have not been finalised and no awards have been made as a result.

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

30a. Dormant accounts - Statement of comprehensive income

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Income		
Received/Receivable from Reclaim Fund Ltd	152,800	94,450
Bank interest receivable	103	162
Total income	152,903	94,612
Expenditure		
Programme expenditure		
Transfers to Big Society Trust	59,700	78,896
Grant expenditure	3,890	7,013
	63,590	85,909
Operating costs		
Operating costs	349	294
Total expenditure	63,939	86,203
Surplus before taxation	88,964	8,409
Taxation	-	-
Surplus after taxation	88,964	8,409
Total comprehensive net income	88,964	8,409
Reserves		
Brought forward at 1 April 2017	12,046	3,637
Total comprehensive net income for the year	88,964	8,409
Carried forward at 31 March 2018	101,010	12,046

30b. Statement of financial position as at 31 March 2018

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Current assets		
Trade and other receivables	152,800	-
Cash at bank and in hand	20,895	27,438
Total assets	173,695	27,438
Current liabilities		
Trade and other payables	(91)	(18)
Provisions	(59,700)	-
Grant commitments	(12,893)	(15,374)
Total liabilities	(72,685)	(15,392)
Assets less liabilities	101,010	12,046
Retained surplus	101,010	12,046

30c. Detailed Income and Expenditure Account with Country apportionment

	Year ended 31 March 2018				Year ended 31 March 2017	
	England	Scotland	Wales	Northern Ireland	Total	Total
Segmental Analysis	£000	£000	£000	£000	£000	£000
Income	-	-	-	-	152,903	94,612
Less operating costs	-	-	-	-	(349)	(294)
Net Income available for distribution					152,554	94,318
Available to each country	127,993	12,815	7,475	4,271		
Transfers to Big Society Trust	(59,700)	-	-	-	(59,700)	(78,896)
Grant Commitments made	-	(3,110)	(780)	-	(3,890)	(7,013)
Surplus/(Deficit) for the year	68,293	9,705	6,695	4,271	88,965	8,409
Balance of funds brought forward	167	3,231	(1,443)	10,091	12,046	3,637
Balance of funds carried forward at 31 March 2018	68,460	12,936	5,252	14,362	101,010	12,046
Movement of grant accruals						
Grant commitments brought forward at 1 April 2017	-	4,348	11,026	-	15,374	14,377
Grant commitments made	-	3,123	780	-	3,904	7,105
Lapsed and revoked commitments	-	(14)	-	-	(14)	(52)
Refunds	-	-	-	-	-	(11)
Grant commitments met	-	(4,193)	(2,177)	-	(6,371)	(6,046)
Accrual carried forward at 31 March 2018	-	3,264	9,629	-	12,893	15,374
Ageing of grant accruals						
Due within one year	-	2,705	3,079	-	5,784	5,738
Due within more than one year but less than two years	-	559	2,970	-	3,528	3,664
Due within more than two years but less than three years	-	-	2,706	-	2,706	2,671
Due within more than three years but less than four years	-	-	429	-	429	2,732
Due within more than four years but less than five years	-	-	230	-	230	197
Due after more than five years	-	-	215	-	215	372
	-	3,264	9,629	-	12,893	15,374

Our statutory background

Policy Directions

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

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

The Big Lottery Fund has complied with these Directions throughout the financial year 2017/18 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 THE 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 the Big Lottery Fund (“ the Fund”), National Assembly of Wales, Scottish Ministers and Northern Ireland Department of Culture, Arts and Leisure pursuant to section 36E (5), hereby gives the following directions to the Fund:

England, Isle of Man and United Kingdom

General Directions

1. In exercising any of its functions in relation to United Kingdom expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes its money under section 25(1).
 - A. The need to ensure over time that the distribution of money: (i) Ensures people are engaged and involved in using the Fund’s funding to provide solutions to the issues that matter to them in their communities;
 - (ii) Helps identify and enable those who are ready to lead the process of providing these solutions and removes barriers for those that may need help in doing so; and
 - (iii) Supports new and innovative solutions alongside tried and tested models, and generates learning to help the development of policy and practice beyond the Fund’s funding.
 - B. The need to ensure that the Fund achieves the distribution of funds to a reasonably wide spread of projects, primarily those delivered by the voluntary and community sector and social enterprises, including small organisations, those organisations operating at a purely local level, newly constituted organisations, organisations operating as social enterprises and organisations with a base in the United Kingdom and working overseas.
 - C. The need to ensure that money is distributed for projects which promote the public and social benefit and are not intended primarily for private gain.

- D. The need to involve the public in making policies, setting priorities and making grants and which may involve partnerships with broadcasting, electronic, print, digital and other media
- E. The need to ensure funds are distributed on the basis of need, delivering measurable outcomes and broader impact for communities and individuals.
- F. The need to include a condition in all grants for recipients to acknowledge Lottery funding using the common Lottery branding.
- G. The Fund, in distributing money under section 25 (1), shall take into account the following principles:
 1. ENGAGEMENT—the development of programmes should be based on the active engagement of public, private and voluntary and community sector and social enterprise partners.
 2. REPRESENTATION – the development of programmes should take account of those most in need by targeting inequality and improving the capability of people and communities to contribute to, participate in and benefit from outcomes funded through the Fund’s programmes.
 3. SUSTAINABILITY– a programme’s ability to improve the environment today and for future generations and reduce the impact on the environment.
 4. LONGER TERM BENEFIT – that projects can achieve longer-term financial viability and resilience.
 5. ADDITIONALITY AND COMPLEMENTARITY– the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards the Fund’s goals.
 6. COLLABORATIVE WORKING – where this produces better results, the development of programmes and funding of projects should support collaborative action between funded organisations and public, private and civil society partners.

England and Isle of Man devolved expenditure

2. In exercising any of its functions in relation to English and Isle of Man devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:-
 - A. The need to operate within the distinctive context of policy, government and civil society action adding value in appropriate ways to the aim of creating a fairer, freer and more responsible society where everyone has a part to play in improving their community and helping one another.
 - B. The need to ensure that money is distributed to projects that benefit local people and local communities served by the voluntary and community sector.
 - C. The need to ensure over time that the distribution of money addresses one or more of the following priorities:
 - (i) Encouraging social involvement in communities and removing barriers;
 - (ii) Strengthening the capacity of voluntary and community organisations and social enterprises; and
 - (iii) Strengthening and increasing the capacity of the social investment market for supporting public benefit and social action.

- D. The need to have regard for:
 - (i) The interests of and scope for taking effective action for England or the Isle of Man as a whole and for different parts of England or the Isle of Man; and
 - (ii) The relative population sizes and levels of economic and social deprivation in different parts of England and the Isle of Man.

Signed by the Minister for the Cabinet Office

28 March 2012.

Scotland

DIRECTIONS GIVEN TO THE 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 the 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/The National Assembly for Wales, in exercise of the powers conferred on them/it by Section 36E(4)(a) of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund ("the Fund") and obtained the consent of the Minister for the Cabinet Office pursuant to Section 36E(8)(b) of that Act, hereby give/gives the following directions to the Fund.

DIRECTIONS – WELSH DEVOLVED EXPENDITURE

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

- A. The need to ensure that the Fund achieves the distribution of funds to a reasonably wide spread of projects, primarily those delivered by the third sector, including small organisations, as well as regional and national organisations, those organisations operating at a purely local level, newly constituted organisations, organisations operating as social enterprises and organisations with a base in the United Kingdom and working overseas.
- B. The need to operate within the distinctive Welsh policy, governmental, social, economic, environmental and cultural context, ensuring funds complement and add value to, whilst remaining distinct from, the work of Government.
- C. The need to ensure that funds are distributed on the basis of need, targeting disadvantage and inequality to deliver real and sustainable improvements for communities and individuals which have a lasting impact beyond the duration of the Fund's funding, and which support collaborative approaches across the public, third and private sectors in conjunction with and complimentary to the Welsh Government's central organising principle of sustainable development.
- D. The need to have regard to the interests of Wales as a whole and of the different parts of Wales, the relative population sizes and the levels of economic and social deprivation in the different parts of Wales.
- E. The need to ensure that money is distributed for projects which promote the public and social benefit and are not intended primarily for private gain.
- F. The need to involve the public in setting priorities and distributing funds.
- G. The need to promote and support the Welsh language and to reflect the bilingual nature of Wales, and to ensure that grant recipients adopt the principle of equality between the English and Welsh languages.

- H. The need to ensure that money is distributed which improves Wales's environment today and for future generations whilst promoting its potential to improve the quality of life for communities and individuals
- I. The need to provide support for those applying to the Fund, and to organisations receiving funding, in order to improve the delivery of project outcomes and to enable them to provide effective solutions to the issues that matter to them and to their communities.
- J. The need to support new and innovative solutions alongside tried and tested models, generating learning to help the development of policy and practice beyond the Fund's funding.
- K. The need to include a condition in all awards for recipients to acknowledge Lottery funding using common Lottery branding.
- L. Finally, the need to ensure that the Fund focuses expenditure on the achievement of the following outcomes over time:
 - People are healthy and living productive lives in a prosperous and innovative society
 - A resilient rural and urban environment with more sustainable use of Wales's natural resources
 - Conditions are strengthened for stronger, safer and more cohesive communities, enhancing social justice whilst mitigating the effect of poverty as well as encouraging sustainable economic growth.

Northern Ireland

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

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

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

General Directions

2. In exercising any of its functions in relation to Northern Ireland devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
 - A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
 - B. The need to ensure that money is distributed under section 25(1) to projects which make real and sustainable improvements to the quality of life of local communities.
 - C. The need to encourage innovation balanced with the need to manage risk in a manner commensurate with type of project and applicant.
 - D. The need to further the objectives of sustainable development.
 - E. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
 - F. The need: in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;

- (ii) where capital funding is sought:
 - (a) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (b) to ensure that project evaluation and management process for major projects match those of the Office of Government Commerce's Gateway Reviews.
 - (iii) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability wherever possible.
- G. The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of the Fund's strategy.
 - H. The need to ensure that the Fund has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
 - I. The need to require an element of partnership funding and/or contributions in kind from other sources commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.
 - J. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
 - K. The need to involve the public in making policies, setting priorities and making grants.

Northern Ireland Devolved Expenditure

3. In exercising any of its functions in relation to Northern Ireland devolved expenditure, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money:
 - A. The need to ensure that the Fund, taking into account its assessment of needs and any priorities it has identified in its strategy, achieves over time the distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Northern Ireland and working overseas.
 - B. The need to ensure that the Fund achieves over time the distribution of money reasonably equally between the expenditure on or connected with:
 - (i) the promotion of community learning;
 - (ii) the promotion of community safety and cohesion; and
 - (iii) the promotion of physical and mental well-being.
 - C. The need to have regard to the interests of Northern Ireland as a whole, the interests of all the different parts of Northern Ireland and the relative population sizes of, and the scope for reducing economic and social deprivation in, the different parts of Northern Ireland.
4. In relation to Northern Ireland devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:
 - A. People have the opportunity to achieve their full potential
 - B. People can actively participate in their communities to bring about positive change

- C. Community ownership of better and safer rural and urban environments.
- D. Improved physical and mental health for all people.
- 5. In relation to Northern Ireland devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:
 - A. Improve essential skills to meet social and economic needs.
 - B. Increase opportunity for community based learning.
 - C. Build community capacity.
 - D. Increase opportunity for volunteering and engagement within and between communities.
 - E. Build community and voluntary/statutory partnerships.
 - F. Improve community facilities, access and services.
 - G. Increase community involvement in protecting, restoring and sustaining the urban and rural environment.
 - H. Help individuals and communities to develop skills to make healthier lifestyle choices.
 - I. Promote mental health and emotional well-being at individual and community level.

Signed on behalf of Secretary of State NI

Accounts Direction

LOTTERY ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR CULTURE, MEDIA and SPORT, WITH THE APPROVAL OF THE TREASURY, IN ACCORDANCE WITH 36E(3) (c) OF THE NATIONAL LOTTERY ETC ACT 1993 (AS AMENDED BY THE NATIONAL LOTTERY ACT 2006)

1. The Big Lottery Fund shall prepare accounts for the financial year ended 31 March 2015 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared as well as any other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view.
2. The accounts shall be prepared so as to:
 - (a) Give a true and fair view of the financial position as at 31 March 2015 and subsequent financial year-ends, and of the comprehensive income and expenditure, cash flows for the financial year then ended; and
 - (b) Provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
 - (c) Follow the additional accounting and disclosure requirements set out in Annex A.
3. This Direction applies to Big Lottery Fund's Lottery distribution activities.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. Any material departure from the FReM should be discussed with HM Treasury.

Signed by Authority of the Secretary of State for Culture, Media and Sport

Department for Culture, Media and Sport

DATE

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 the 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 the Big Lottery Fund
 - b. the share of investment income of the National Lottery Distribution Fund attributable to the 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 the 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 the 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 the 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 the Big Lottery Fund in respect of current and future commitments."
 - c. the value of grant commitments at the year- end which the 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

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND UNDER SECTION 22(3) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 AS AMENDED

The Secretary of State for Digital, Culture, Media and Sport in exercise of the powers conferred on him by section 22(3) of the Dormant Bank and Building Society Accounts Act 2008 (c.31) and having consulted the Big Lottery Fund (“the Fund”) pursuant to section 22(7) of that Act, hereby gives the following directions to the Fund:

1. The Minister for the Cabinet Office issued a Spending Direction on 2 March 2012 under section 22(3) of the Act which required the Fund to distribute the whole of the English portion of dormant accounts money in the form of non-repayable grants to the Big Society Trust to invest in Big Society Capital (“the Spending Direction”).
2. The Spending Direction is withdrawn with immediate effect and the Fund is directed to make no further payments of the English portion of dormant account money to the Big Society Trust until further Directions are issued by the Secretary of State under the Act.
3. The Fund shall hold and make no further distributions in respect of the English portion of any dormant account money transferred to it by the reclaim fund under section 5(1) of the Act until further Directions are issued by the Secretary of State under the Act. The Fund may continue to defray expenses out of the English portion of dormant account money in accordance with section 26 of the Act.

DIRECTIONS GIVEN TO THE 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 the 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 ("the Fund"), hereby give the following directions to the Fund:

General Directions

1. In exercising any of its functions in distributing dormant account money in relation to Welsh expenditure the Fund must comply with the following general directions in determining the persons to whom the Fund makes grants, the purposes for which the Fund makes grants, the process used to determine what payments to make and the terms and conditions on which the Fund makes grants:

A. Dormant account money must be distributed to projects which promote the public good and which are not intended primarily for private gain.

B. Dormant account money must be distributed to projects which make real and sustainable improvements to the quality of life of local communities.

C. Dormant account money must be distributed primarily to 'third sector' organisations, i.e. organisations that exist wholly or mainly to provide benefits for society or the environment. Exceptionally, money may be distributed to local authorities or other statutory bodies where a project involves a partnership or consortium, and the statutory body is acting in a coordinating capacity.

D. The distribution of dormant account money must balance the need to encourage innovation with the need to manage risk in a manner commensurate with the type of project and applicant.

E. The distribution of dormant account money must promote and support the Welsh language and reflect the bilingual nature of Wales, including giving effect to the principle of equality between the English and Welsh languages.

F. The distribution of dormant account money must further the objectives of sustainable development.

G. The distribution of dormant account money must set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.

H. In distributing dormant account money the Fund must ensure that:

i). in all cases, applicants demonstrate the financial viability of the project for the period of the grant;

ii). where capital funding is sought:

a). applicants demonstrate a clear business plan incorporating any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and

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

- iii). where capital funding is not sought applicants demonstrate the likely availability of other funding to meet any continuing costs for a reasonable period after dormant account funding ceases, taking into account the size and nature of the project, and for the dormant account funding to be used to assist progress towards viability wherever possible.
- I. In distributing dormant account money the Fund must work with other organisations where this is an effective means of delivering elements of its strategic plan (see para' 4).
- J. In distributing dormant account money the Fund must ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- K. In distributing dormant account money the Fund must include a condition in all grants that grantees acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Accounts Scheme for Wales.
- L. In distributing dormant account money the Fund must adopt an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.
- M. In distributing dormant account money the Fund must take into account the assessment of needs and priorities it has identified in its strategic plan and achieve over time a distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, and social enterprises.
- N. In distributing dormant account money the Fund must have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales.

Specific Directions

- 2. In exercising any of its functions in distributing dormant account money in relation to Welsh expenditure the Fund must comply with the following specific directions in determining the persons to whom the Fund makes grants and the purposes for which the Fund makes grants
 - A. In distributing dormant account money the Fund must act in accordance with the prescribed restrictions laid down in the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010 and in accordance with the following themes:
 - 'Supporting children and young people to achieve their full potential working through the third sector to promote social inclusion'; and
 - 'Tackling climate change and promoting wider sustainable development through focused community-based activity'.
 - B. In distributing dormant account money Big Lottery Fund must act in accordance with the following sub-themes:
 - Supporting children and young people
 - Equipping young people with the skills and competences they need to fulfil their potential in relation to employability and wider benefits; in particular by addressing the needs of young people who are NEET (Not in Education, Employment or Training).
 - Tackling climate change and promoting wider sustainable development

Developing a community led and inclusive approach to address the causes of climate change and /or build resilience to its impacts, with the aim of encouraging behaviour change and with the potential to be rolled out to other parts of Wales.

- C. In distributing dormant account money Big Lottery Fund must take account of the wider benefits that applications may offer, in terms of:
 - (i) their potential to make the resources go further, by means of contributions from other sources, e.g. match funding
 - (ii) their contribution to relevant Welsh Government policies and strategies, including:
 - the Skills and Employment Strategy and Action Plan; 'Reducing the proportion of young people not in education, employment or training in Wales: Delivering Skills that Work for Wales' (The NEETs Plan); 'A Fair Future for Our Children': the child poverty strategy; the 14-19 'Learning Pathways' framework for young people's learning provision ; the 'Extending Entitlement' policy for youth support services; the National Youth Service Strategy; the All Wales Youth Offending Strategy; the 'Reach the Heights' career opportunities initiative.- 'One Wales: One Planet', the Sustainable Development Scheme for Wales; The Climate Change Strategy.

Strategic Plan

- 3. As provided for under Part 1 of Schedule 3 of the Act, the Fund shall prepare and adopt a strategic plan for the distribution of dormant account money for meeting Welsh expenditure to clarify the Fund's policies for the distribution of dormant account money and for the prioritisation of applications.



Further copies available from:

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