COMMUNITY FUND

A year like no other

Annual Report and Accounts 2020-21

HC 409
SG/2021/271

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Big Lottery Fund*
Annual Report and Accounts

*(operating as The National Lottery Community Fund)

For the period 1 April 2020 to 31 March 2021

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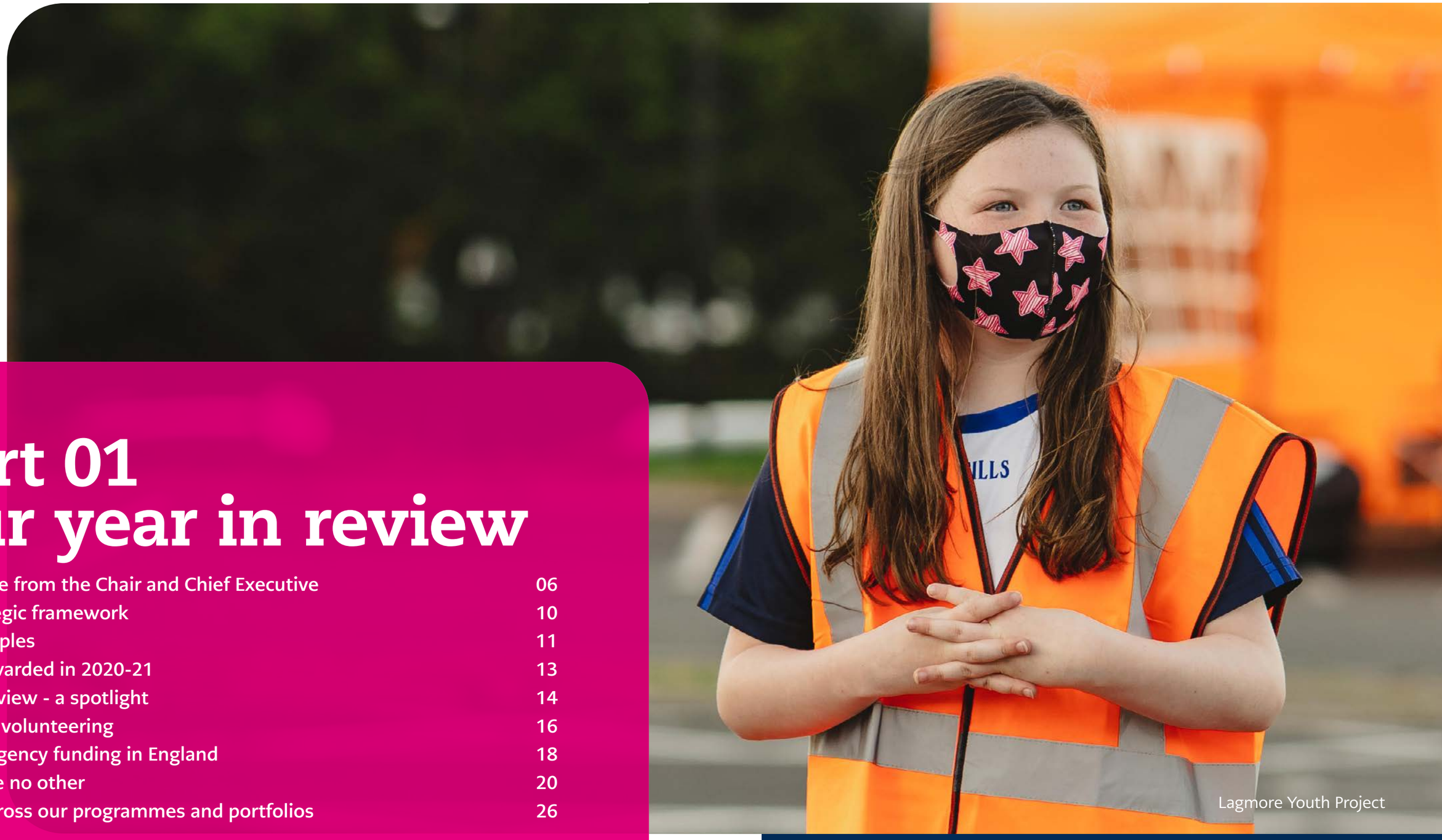


Lagmore Youth Project

A message from the Chair

Blondel Cluff CBE

Chair

"This record-breaking funding has not only provided lifelines for many but has also created a platform on which we may build back better."

As a relatively new Chair, I am able to view things from a fresh perspective. From this vantage point, I see the Herculean achievement made by the Fund in attending to the needs of communities throughout the UK during a global catastrophe. I also saw the immense and unique power of community. At a time when personal interaction was curtailed in the interest of public health and safety, we witnessed countless community organisations successfully supporting the most vulnerable. I am proud of the Fund's support for this endeavour, delivering National Lottery grants to a myriad of charities and community groups across the UK, while partnering with local governments, devolved administrations and central government.

During the past year, we delivered £1 billion of funding (including honouring pre-existing commitments) to over 20,000 organisations. This was an increase of 21% in payments made compared to the previous year.

All of this was achieved despite a step-change in our working model that, like so many others, saw our staff working seamlessly from home. This record-breaking funding has not only provided lifelines for many but has also created a platform on which we may build back better. The stark reminder of the invaluable contribution that communities make is one the Fund will build on in earnest as we work to sustainably improve the general welfare of the UK's communities for the prosperity of us all.

Having recently visited The Way in Wolverhampton, one of the 14 HeadStart projects in which we have invested over £68.5 million in support of the mental health of young people over the past five years, I recognise that much of the Fund's work has had a huge impact on the nation's resilience during this critical time, enhancing the potential for a swift recovery. I also noted the work we are developing in collaboration with the private sector which, alongside our work

across government, I intend to develop further. It is also evident that each of the four nations has a special role to play in the recovery of the UK, with Northern Ireland, Scotland, Wales and England each being home to communities whose ingenuity and innovation, when shared, can so easily support others elsewhere across the UK. I have taken on the role of Chair of the UK Funding Committee and its work will continue to reflect the increased importance of such collaboration.

Although we must always remember that the C in our name stands for community, it is clear that the Fund has a pivotal role to play in supporting civil society, not only financially, but also in convening and consolidating its many and varied components, and by adding a strong, apolitical voice that is readily heard. This is of grave importance to the UK given the estimated £200 billion worth of social impact generated by the sector each year.*

Having spent over six years as one of the regional chairs of The National Lottery Heritage Fund, which delivers a strong sense of community ownership of the UK's magnificent heritage, I am keen to ensure that the family of National Lottery distributors collaborate more closely. I hope that the Fund's uniquely granular interface with communities in each of the 650 constituencies of the UK will be put to use by all members of the lottery family in support of their respective mandates.

Over the next year, we have many exciting opportunities to utilise our extensive funding, knowledge, experience and networks, under the auspices of The National Lottery brand (one of the leading brands in the UK) to address some of the most testing issues ever faced by the UK public. During the past year, we have awarded £59 million to projects with environmental elements through 736 grants thanks to funding from The National Lottery players. We teamed up with others to bring even more money to the table with our investment in environmental projects increasing to £85 million through 1,476 grants through working with others. Our £100 million Climate Action Fund lies at the centre of our Environmental Strategy over the next 10 years. We intend to facilitate the celebrations of Her Majesty's Platinum Jubilee across the UK and use our convening power to provide catalytic support for countless local charities as both they and the communities they serve recover.

I am keen to ensure that the composition of the Fund reflects those we serve, and so am extremely grateful for the important contribution made by our Young People in the Lead advisory panel that we now intend to roll out into Northern Ireland and Scotland. Funding represents over a quarter of all published funding involving youth in the UK. In the last year, funding for children and young people exceeded £200 million for National Lottery funded projects and over £300 million in partnership with others including government to make almost 7,000 grants, providing much-needed opportunities for children and young people across the UK.

Our work is for the benefit of everyone and will continue to be deployed in reaching those communities that are hardest hit by the pandemic to ensure that no one is left behind. I am confident that despite the pain and suffering we have endured over the past year, by working together we will all fare better.

Blondel Cluff CBE

*Law Family Commission on Civil Society: Andy Haldane, The Third Sector and the Fourth Industrial Revolution

Chief Executive introduction

David Knott
CEO

"National Lottery players' support along with emergency funding from governments has helped fuel a surge in community spirit."

This has been an exceptional and tragic year. The global pandemic has brought a terrible loss of life and deeply affected us all. But, it has also brought into sharp focus something we always knew to be true but too often hidden from our view: communities are the heart of our nation. The vital ties that bind society together. The enduring power of people helping others in time of need. The National Lottery Community Fund has stood by communities through this crisis with record delivery. In the last 12 months, £753 million of National Lottery and emergency COVID-19 funding have supported communities across the UK. The Fund has issued over 20,000 grants – a record. Together with continuing existing work, the emergency response saw us process a significant increase in applications in some portfolios, a 40% increase in awards and a 23% increase in total funding.

As this report details, The National Lottery players' support, along with emergency funding from governments, has helped fuel a surge in community spirit. Five in six of our new grantee awards go to small and medium sized charities, social enterprises and community organisations. Our findings show this has helped organisations reach new people, enabled more people to volunteer, and improved local connections and belonging.

In February, the Fund welcomed a new Chair, Blondel Cluff, along with new Country Committee Chairs appointed in England, Scotland, and Northern Ireland.

As CEO, I look forward to working with all board and staff in the Fund in the service of communities across the United Kingdom.

I'd like to take the opportunity to thank my colleagues, whose dedication has held firm through challenges of home schooling, video calls and makeshift desks. As a priority for the Fund, we will be ensuring

we capture new ways of working as we return, while offering the same reliable and trusted support for grantees. Learning from the past, we will ensure the Fund is a great place for everyone to work.

As we emerge into a new period, I would like to highlight the Impact review we initiated during the year. It already tells a powerful story of the reach, scale and contribution that National Lottery players' support enables. Next year we will publish more on the vital impact we've had, enabling us to put communities first as we rebuild. We will ensure impact informs funding and strategy for a post-pandemic community paradigm.

The pages of this report stand as a tribute to the tenacity and strength of communities across the UK as they pulled together to support each other in the most difficult of circumstances. All colleagues at The National Lottery Community Fund should be proud of their achievement and their service to people and communities over the last year. I am proud to lead them.

David Knott, CEO

David Knott

Our strategic framework

Tumble Family Centre

When people are in the lead, communities thrive.

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

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

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

Our principles

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

1. **For everyone**
   Our funding is open to all communities whatever their starting point and we understand that some will need extra support.

2. **The strengths people bring**
   We start with what people can contribute, and the potential in their idea.

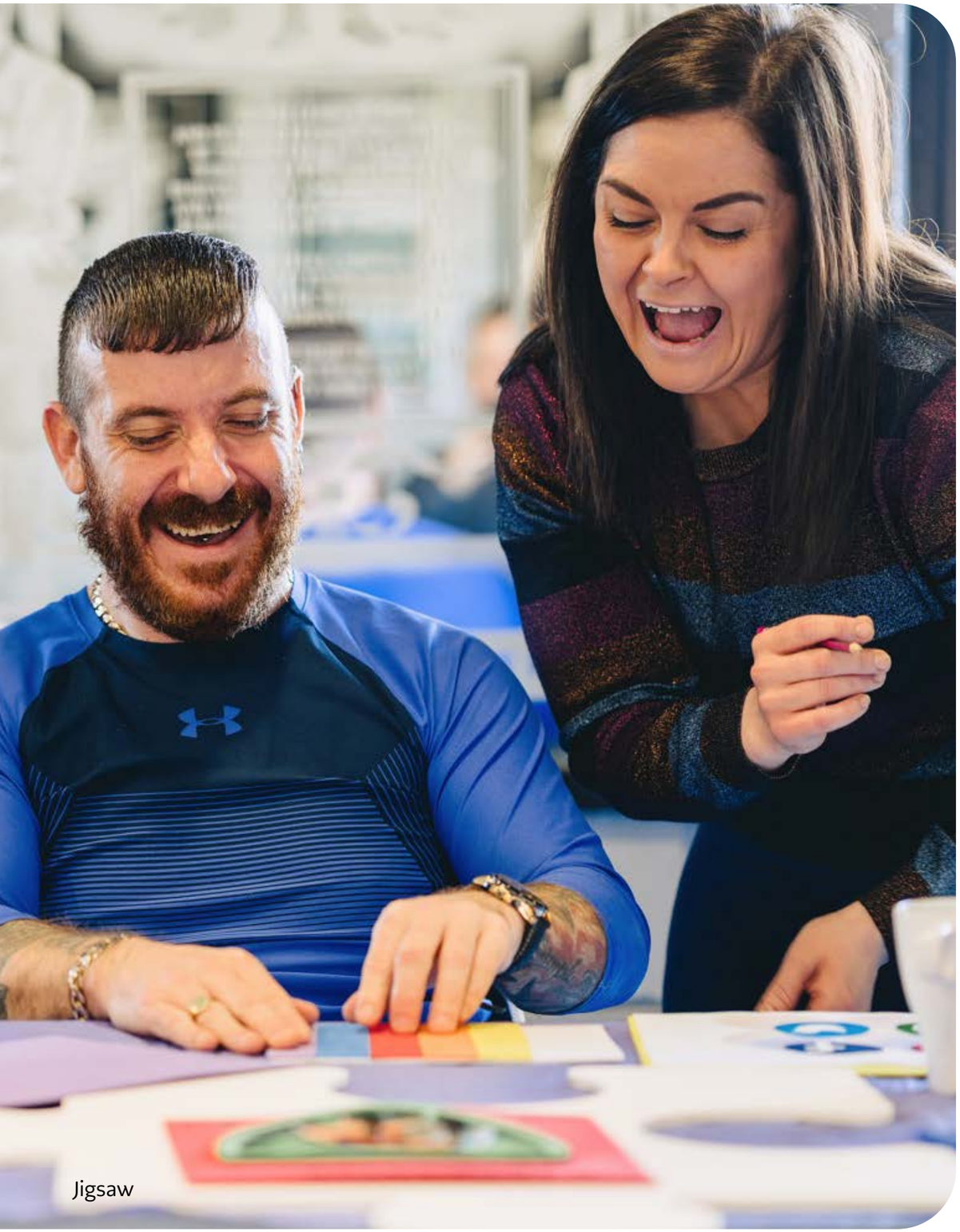
3. **A catalyst for others**
   We listen to, learn from, act on and facilitate the things that matter to people, communities and our partners.

4. **Shared direction, diverse approaches**
   We value the diversity of communities we work with across the UK, are consistent in the quality of opportunities we offer, and support people to tackle inequalities.

5. **Confidence, not control**
   We trust in people's ability to make great things happen, believing that our funding should enable rather than control.

6. **Simple processes, good judgements**
   We use simple, proportionate processes which enable us to make good judgements.

7. **Using resources well**
   We make informed choices about the resources given to us by National Lottery players: with knowledge, with people and with money, and in an environmentally sustainable way.



Jigsaw

Money awarded in 2020-21

In total
£752.6m
20,217 grants

UK
£45.2m
159 grants

Scotland
£76.9m
2,258 grants

England
£555.2m
15,680 grants

Northern Ireland
£37m
1,199 grants

Wales
£38.1m
921 grants

£1 billion
paid out (includes honouring pre-existing commitments)

Totals for country portfolios include funding in partnership with third parties.

Impact review – a spotlight

During 2020-21, The National Lottery Community Fund commissioned an internal Impact review. It built on the foundations set through the Fund's Data Strategy and reflects the Fund's growing commitment to knowledge, evidence and learning.

Our impact review includes:

A critical support package

A commitment to a state-of-the-art evaluation of the Coronavirus Community Support Fund (CCSF) to assess the impact and value-for-money that this critical support package has had during the national pandemic.

Flourish

Data mining

Data mining of current and historic grantees, using existing reporting information and innovative data tagging approaches.

A representative survey

For the first time, a representative survey across all our funding portfolios, all sizes of our funding programmes, small and large, our funding in England, Scotland, Wales, Northern Ireland and UK-wide, and including both crisis and non-crisis funding, giving a complete picture of the Fund with headline data showing the outcomes and impact of grants.

We will continue to find new ways to listen to communities. Our Community Research Index has already taken feedback from people across the UK and we will continue this next year.

Fund-wide activity examination

Work to examine the approach of Fund-wide activity in priority areas, including the Fund's support for local communities and for young people, getting people into employment, the more vulnerable in our society, climate and the environment.

Laurencetown, Lenaderg and Tullylish Community Association

This work will continue into 2021-22

Early findings already show the immense scale and difference that the support of National Lottery players makes in UK communities every day.

The Fund reached every constituency and 80% of wards in just the last three years – with **48 million people seeing a project funded in their local area** (England-only).

We're the leading non-statutory funder of opportunities for children and young people, allocating over £860 million of funding in the last three years **(representing around a third of the funding for young people outside school hours),** improving chances through projects in arts, sports, volunteering and help into employment.

We're responding to needs and changes in our communities, for example through overall growth in applications **(up 39% in England)**. The share of funding value awarded to small organisations is 23%.

We're vital when it comes to funding local social infrastructure, responsible for **backing more than 1,000 community centres** in the last three years alone.

Impact of volunteering

We surveyed almost 14,000 volunteers at The National Lottery or Government funded charities operating through the pandemic.

The data highlights the positive benefits of providing unpaid help to local community organisations and charities, with an overwhelming majority (99%) of those surveyed reporting at least one positive benefit to themselves due to their volunteering.

Volunteers most commonly said that their experience had made them feel as if they were making a difference (84%) and that it had given them a sense of purpose or personal achievement (both 66%). Over a third said it gave them new skills and experience (37%).

Many of those who volunteered during the pandemic were motivated by strengthening their relationships with other members of their community. When asked the most important reasons for giving unpaid help, more than a third of people said they wanted to feel connected to their community (38%), with the same number saying that they wanted to take part in their community's response to the pandemic.

Over half of volunteers reported that providing unpaid help gave them a stronger connection to the local community (55%) and brought them into contact with people from different backgrounds or cultures (53%). Volunteering also allowed them to meet new people (46%).

Volunteering isn't just beneficial to the wider community; it can also have a positive effect on the person giving up their time. Almost half (47%) of those surveyed said that volunteering improved their mental health and wellbeing.

In November 2020, the Miss Out to Help Out campaign, in partnership with The National Lottery, ITV and the Fund, demonstrated the power of community.* Around 700,000 people reacted positively with acts of kindness in their community following the television and online campaign.

The campaign worked with several high-profile charities such as FareShare, British Red Cross and Alzheimer's Society to highlight volunteering opportunities. Over 58% of those who visited the website for the campaign were looking for ways to volunteer in their local community. Ways to get involved varied from online and telephone support, befriending those who may be lonely, food delivery and using art to help people with their mental health and wellbeing.

Shore Street Garden

* ITV Social Impact report, p56

Flourish

From our Community Research Index (7,000 UK-wide respondents) we know the following:

75%

say that local volunteers are important for **strengthening their local community,** while 65% say they deserve more recognition.

30%

of people intend to get **more involved with their community** following the pandemic.

From an independent, representative study with over 5,000 grant holders in 2021, we know that:

82%

of our grant holders work with volunteers (**that's 4 in 5 grant holders**).

870,000

volunteers have been mobilised by our funding over the last three years, this includes **240,000 new volunteers**.

Our emergency funding in England

Our emergency funding (including the Coronavirus Community Support Fund - **in partnership with Government**) went to charities and community groups across England who needed help to keep their doors open and serve their local community. The funding gave a lifeline to organisations facing closure and to people and communities across the country who were struggling to afford daily essentials.

***15,463**
awards to the total value of **£338 million.**
Apr - Nov 2020

Laurencetown, Lenaderg and Tullylish Community Association.

*These figures include both The National Lottery and DCMS funding. Figures reported on DCMS only funding may differ.

89%
of awards supported communities to deliver **activities specifically aimed** at getting through the COVID-19 crisis.

69%
of awards were for **£10,000 or less**.

48%
of awards went to **micro or small organisations**.

44%
of funding went to registered charities, **totalling £149 million**.

This funding went to all English local authorities.

The data on this page is drawn from internal monitoring data collected in summer 2020. For a detailed breakdown of the impact of our dedicated crisis funding in England, please see Putting communities first: Our impact report.

19%
of funding totalling £51 million went to organisations who provide **advice and support to people who are pushed into crisis**.

17%
of funding totalling £46 million went to organisations who **support people who experience poor mental health**.

14%
of funding totalling £39 million went to organisations who **support people who experience health inequalities**.

43%
of awards were to **support people experiencing loneliness and isolation**.

42%
of funding was to **support charities to survive the immediate funding crisis**.

A year like no other

Flourish

The coronavirus crisis made unprecedented demands of all funders. Our focus, along with others, was fixed on doing all that was possible to support communities across the UK as the impact of the pandemic unfolded.

We awarded funds that allowed community groups to continue supporting local communities when most normal activities and services were either shut down or cut back significantly. Through our work, community groups provided a lifeline to the people who needed their help most. They did this physically with food and supplies, logistically through wider services to keep projects going, or emotionally through supportive counselling and creating connections to reduce social isolation and loneliness.

Immediately, we sent out a message of assurance and flexibility to all existing grant holders. We redefined our funding offer and adjusted our ways of working to channel much-needed cash to communities fast. At the same time, we partnered with national governments across the UK to shape, support and distribute funding as part of the emergency response packages from the public to the charitable sector, enabling community groups, charities and social enterprises to provide direct support to people and communities. Our funding has supported people across the four nations, reaching rural and coastal areas, towns and cities across the UK.

Working in partnership

The value of working in partnership with other organisations to maximise the reach and impact of National Lottery funding increased even further in response to the pandemic. It allowed us to respond with greater speed and focus to meet the needs of diverse communities and renewed our commitment to this approach.

This year we awarded over £753 million of National Lottery and emergency COVID-19 funding from governments to support communities across the UK. With over 20,000 grants in that period, we awarded 21% more funding than in previous years, with staff working tirelessly to make sure community groups received urgent help. Across all National Lottery distributors, over £1 billion was awarded in the last year to good causes, thanks to National Lottery players.

Within the first eight months of lockdown, over **£447 million** was awarded successfully to over **14,800 projects** across the UK.

Throughout all of the uncertainty, one thing remained consistent this year: the drive, passion and goodwill of communities across the UK to come together and support each other during a difficult time. In England, we have funded just over 8,000 grant holders via our partnership with Government: The Coronavirus Community Support Fund. Interim results of our research show that most grant holders (75%) supported new people with their funding.

Funding enabled more people to volunteer in their local community, with:

56% of volunteers noting a sense of connection to their local community

48% reporting improved mental health and wellbeing

32% noting reduced loneliness and social isolation.

We have supported the Scottish Government's coronavirus response since March 2020, delivering over £3 million of Government funds to 51 groups as part of the Supporting Communities Fund. Currently we are collaborating with Scottish Government, Corra Foundation, Scottish Council for Voluntary Organisations (SCVO) Firstport, Inspiring Scotland, Highlands and Islands Enterprise, Development Trusts Association Scotland and a range of community network organisations to deliver the Coronavirus Recovery Fund.

Our strong relationships have allowed us to broker and support organisations either financially, or through new connections and shared learning.

In Wales, our area-based approach and the quality of our funding relationships enabled us to react very quickly to the initial impact of the COVID-19 crisis. We were proactive in contacting all grant holders to reassure them that our funding would continue flowing and that we would support them to rise to the challenges they were facing – whether financial pressure, increased demand or forming an emergency response.

The Department for Communities in Northern Ireland asked us to distribute funding of £8.8 million from their COVID-19 Charities Fund. This was set up to meet unavoidable costs for charities that have exhausted all other avenues of support and are facing imminent closure. We delivered at pace, making use of our extensive local knowledge and relationships, and illustrating our role as a trusted grant maker. Grant recipients told us that this funding kept their organisations open, allowing them to continue to deliver their services, changing their offering if needed.

A large part of our partnership working has been to reach communities hardest hit by the pandemic – as such, equity, diversity and inclusion (EDI) and intersectionality will remain a big focus for us in 2021. We're already members of the Diversity, Equity and Inclusion coalition where we're working with other funders to ensure that collectively we become more inclusive and work towards equitable outcomes. We're also working alongside other funders and 360Giving to develop our ability to capture better data on the under-represented groups that we intend to reach through our funding. We're clear that National Lottery funding is for everyone and have been investing in dedicated roles to support us in our ambition to deliver for every community across the UK.

Monkstown Boxing Club

Young People in the Lead

In the last year we have funded **4,200 projects** supporting young people to the tune of

£238m

"I love working with such a diverse and inspirational group of young people to shape funding that will positively impact thousands of lives."

Kim, Young People in the Lead advisory panel, Wales

As the largest non-statutory funder of youth activity in the UK, we want to make sure young people's voices are included in all our work, whether it's through the grants we make, the people we work with or what we learn.

In England and Wales this financial year, we recruited young people from across the projects we currently fund to partner with us throughout the year. Forming a Young People in the Lead advisory panel in both countries, we are using their feedback to inform our thinking around next steps for our funding and the needs of young people throughout our crisis funding.

In March 2020, we demonstrated a strong commitment to our Young People in the Lead Strategy by asking two representatives to be a part of our England Committee, adding diversity to the discussions around our future funding and providing fresh insights and experience.

Our young people now hold positions of influence such as observers in Board meetings. They play an active part in a Department for Digital Culture Media and Sport (DCMS) steering group and sit on the leadership boards of other funders such as the #iwill Fund leadership board and leading Youth Voice on behalf of the Children and Young People Funders network.

Welcome to our woods

Environment

Over the past year, we have seen communities come together and deliver effective responses to not only the coronavirus crisis, but also the growing climate emergency.

The Climate Action Fund is part of our Environment Strategy, which has seen significant National Lottery investment through community-led projects that are focussed on activities that not only improve the environment, but also use it to enhance the lives of people and communities.

We are committing £100 million over 10 years for climate action, reducing the carbon footprint of communities and supporting community-led movements. Our Climate Action Fund has so far made 27 awards of almost £20 million, with further grants being awarded later this year, which will demonstrate what is possible when people take the lead in tackling climate change.

Through our partnerships with others, this year we have awarded over

£85m

to projects with an environmental element, through **1,476 grants.**

In addition to this, the Fund is exploring how to embed environment and climate action throughout its funding portfolios, such as its environmental top-up grants currently being piloted in Wales.

Community Research Index

As the UK starts to emerge from the coronavirus crisis, we will look at what we have learned from the past year and listen to the people and communities we fund to find out how best to continue our support. Research we conducted at the end of 2020 suggests that the pandemic could be a step-change moment for the UK, leading people to make lasting changes to how they live their lives and the connections they build with friends, family and the wider community.

77% say that the pandemic will change their behaviour

48% think community spirit will be better in the long run following the pandemic

46% think COVID-19 will have a positive impact on the amount people care about others.

The findings come from our newly-launched Community Research Index – an annual survey of adults across the UK designed to get a better understanding of community spirit and the local community assets that people hold dear.

Convening

As a UK-wide organisation, convening grant holders from all four corners of the UK has always proved challenging. The online Communities Can Conference in March overcame this challenge, allowing groups to connect and share learning from the COVID-19 crisis.

Across the day, 726 people attended the conference and we heard from 38 different speakers, including Baroness Barran, Minister for Civil Society, who delivered a reflective and inspiring keynote speech.

The online environment helped to break down geographical barriers and meant we could be truly representative of the wide-ranging and diverse communities we support. **“I found the event inspiring, especially the young people. It inspired me to want to do more with the young LGBTQ+ people we work with and for.”** Communities Can participant.

We created more spaces for convening with the launch of five grant holder Community Coffee Clubs in England, giving 3,200 charities and community groups a chance to have a virtual chat with a peer from another organisation. The first event brought together a quarter of our grant holders from the south-west to connect and share. 97% thought it was time well spent, 95% valued the opportunity to offer help and advice to a peer and 88% felt less isolated as a result.

“This is the first person I’ve spoken to in the last six months, thank you for this opportunity.”

Participant

After an exceptional year, we will continue to be here for all, supporting the recovery and rebuilding effort of people and communities throughout the UK.

Shantona

"I always question the impact we're bringing – at this moment, the impact is huge, and it shows."

Nahid, CEO, Shantona

England

£358 million awarded across 6,500 grants

Continuing to serve communities

Throughout the year, our regional funding teams have been working with people and communities across the country to help them adapt and meet the challenges faced by the coronavirus crisis.

While face-to-face meetups could no longer take place, our funding staff made sure that they were on hand to respond to grant holder queries and offer funding advice online. Countless charities and community groups pivoted their offering to online services or changed their support for communities to that of emergency funders, supplying food and other essentials to those in need. We were flexible with our funding, either offering top-up grants or extending funding where needed. Partnering with the Government in England to deliver emergency funding through the Coronavirus Community Support Fund, we awarded over £275 million to 8,483 projects, enabling communities to keep doing their vital work during turbulent times.

Heart of BS13 is a community organisation in south Bristol that takes an environmental approach to addressing health inequalities, such as mental illness and food insecurity. The organisation was just beginning to consider widening its services to provide free or low-cost meals to people who were struggling with food poverty, when COVID-19 struck.

Kristjan, Chef and Nutrition Enterprise Lead, says: "Thanks to a £78,736 grant from The National Lottery Community Fund, me and my co-chef, Luke, estimate that we've now cooked over 17,000 meals, delivered by volunteers and by another local organisation, FixX Bikes Bicycle Shop."

Empowr-U in Coventry received funding to deliver a mentoring programme for young people. Volunteers have been supporting their community throughout the pandemic with activities and spaces to discuss mental health.

"We have been able to provide young people in Coventry with activities to take part in. Without this support, we wouldn't have been able to expand our service – it has really helped us grow and create an even larger mentoring community."

Joe, Director, Empowr-U

Over **5,000** of our grants this year were for up to **£10,000**, and **82%** of these grants to organisations with a turnover of less than **£1 million.**

Keeping people together

The coronavirus crisis shone a light on the importance of keeping people connected.

The Abbey Community Centre received funding to connect older people with IT literate volunteers to support their learning, reduce isolation and improve wellbeing during the COVID-19 pandemic.

> **"The pandemic has been an incredibly lonely time for a lot of people. The phrase I hear every time I make these phone calls is 'thank you for caring. They really are so thankful someone out there is checking in on them and available to talk if they need it."**
>
> Caroline,
> Trustee and Telephone Volunteer,
> The Abbey Community Centre

Healthy Communities Together is a new programme developed with The King's Fund, the healthcare charity, to reduce health inequalities and improve health and wellbeing. Supporting and developing partnerships between the voluntary and community sector, the NHS, and local authorities, we gave six partnerships across England £50,000 funding to develop this joint working. Shortly after our initial funding, we recognised the growing importance and need for this work, awarding an extra 14 development grants.

Opened this year, the Local Connections Fund is helping charities and community groups in England that are working to reduce loneliness by assisting them to build connections across their communities. £2 million is being invested by both the Department for Digital, Culture, Media and Sport (DCMS) and the Fund. The funding will be divided into thousands of microgrants awarded to small organisations (with an annual income of £50,000 or less) that bring people and communities together. 871 awards have been made so far to organisations such as LilyAnne's, a community cafe in Hartlepool delivering hampers to isolated people living alone. LilyAnne's Manager, Trevor, says: "We wanted to create a way of showing members of our community that we care by providing small food packs that will help improve the mental wellbeing of those who are socially isolated."

We're a catalyst for others

Partnership working was integral to our response to the crisis. We awarded £59.4 million to 14 specialist partners, who funded over 3,000 grants, ensuring a rapid response and supporting a wider range of people and communities at grassroots level. Through our COVID-19 Social Enterprise Support Fund Partnership, we're working with the Barrow Cadbury Trust to relieve hardships and break down barriers to accessing services experienced by members of migrant and refugee communities, as a result of the pandemic.

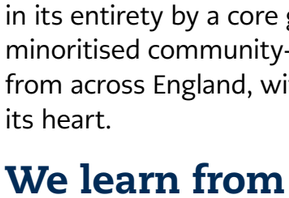
"This is a very welcome boost to a part of the sector which is really struggling. We will make sure every penny is used to support refugees and migrants at this very difficult time." Sara, Chief Executive, Barrow Cadbury Trust.

Over £2 million of National Lottery money was awarded through our collaborative funding programme with Global Fund for Children. The Phoenix Fund was designed in its entirety by a core group of black and minoritised community-led organisations from across England, with an equity lens at its heart.

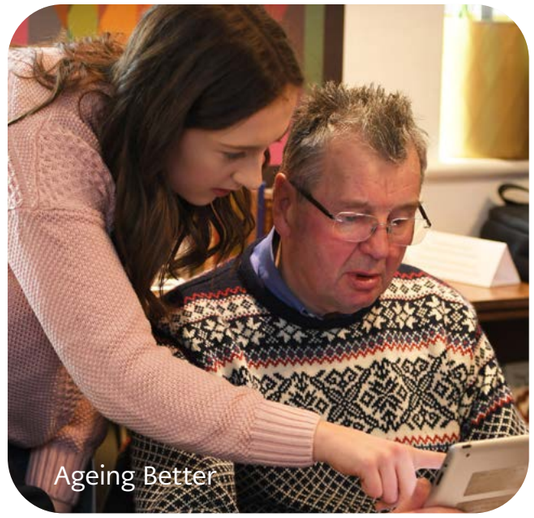
We learn from the people and communities we fund

One of the key strengths of our responsive funding is ensuring our funding is connected to the local context. Through this, we have seen some key themes coming out across the country – employment, health and wellbeing, complex needs, loneliness, children and young people. These themes align with our strategic investments and, in future, part of our focus will be how we continue to learn from and fund strategically across themes.

HeadStart and Ageing Better were established as long-term strategic programmes to tackle some of society's most entrenched social problems innovatively.



60% of people who have taken part in Ageing Better's 14 programmes across England have reported **feeling less lonely.**



Ageing Better

Both programmes are due to end in 2021. They have been awarded a further £14.7 million of funding to alleviate the difficulties experienced by communities due to COVID-19. HeadStart has used this additional funding to support young people to access the help they need in response to the increased demand due to the pandemic.

We are supporting the Ministry of Housing, Communities and Local Government's Changing Futures programme through an additional investment of £17.9 million. This funding builds on the learning from our Fulfilling Lives programme, investing £112 million on improving support for vulnerable people by giving them a greater voice in the design and delivery of services.

Conversations with several stakeholders indicate the challenging times ahead for the charitable sector in England, not only financially, but also logistically as community groups readjust and adapt as restrictions ease and society opens up. Our purpose of supporting communities to thrive as the largest funder of community activity in the UK will continue to be as relevant as ever.

Licketyspit

"The Zoom sessions have been fantastic. From our own living room we can safely go off on wonderful adventures with families from other parts of Glasgow."

Boatemaa, Volunteer, Licketyspit

Scotland

£54 million awarded across 1,532 grants

Continuing to serve communities

Our focus was on supporting communities through the pandemic. We were proud to work in partnership with other funders to develop and deliver the Scottish Government's emergency response funding.

Since March 2020, we've delivered over **£3 million** of government funds to **51 groups** as part of the Supporting Communities Fund and made **385 awards** for the Communities Recovery Fund at a value of over **£7 million**.

This is a significant achievement for the team and represents an increase in funding commitment of 16% in addition to our core National Lottery and other third-party funding.

Our expertise in relational grant making and our deep local relationships have been key to our work, with our eight area teams making a difference to groups by understanding what's needed for them to help their community thrive, particularly during this unprecedented year.

Despite the pandemic, our accessibility and strong relationships meant we supported organisations like Home-Start Renfrewshire and Inverclyde with a grant of £442,309 to adapt how they deliver successful services, funding ways for people to make new connections and share learning.

Young mum Amyleigh, 22 struggled with postnatal depression and has found Home Start Renfrewshire and Inverclyde's support a lifeline.

"There hasn't been a week go by when I haven't had someone text, phone or pop by my house to make sure we are both okay. Home-Start have completely changed my life for the better."

Amyleigh, Home Start Renfrewshire and Inverclyde

And we have maintained our journey towards supporting organisations with incomes of less than £150,000 a year, with 58% of all our grants (worth £17 million) being granted to these, often locally based organisations.

Keeping people together

People are at the heart of everything we do. Our Improving Lives programme supports people to overcome challenging circumstances and become more resilient. Our £153,334 in funding to the Scottish Ethnic Minority Deaf Club (SEMDC) has ensured their vital variety of activities and support services for adults from the deaf ethnic community, continued to make a difference over the difficult past year.

Scottish Ethnic Minority Deaf Club

> "Our members are often vulnerable and severely isolated, and this project helps increase confidence and independence across the board."
>
> Tasnim, Project Manager, Scottish Ethnic Minority Deaf Club

We tested an approach to tackle cold spots for funding in Edinburgh. Working with local community anchor organisations (CAO) we found while groups were aware of us, they did not think our funding was for them. Working in partnership with CAOs in Craigmillar and Craigentinny, our funding team could award two £10,000 grants to deliver micro projects with grassroots community organisations. This collaboration with trusted local organisations has turned around our reputation in these areas and brought many more people together through our funding. By being available to talk to people about their ideas, and able to offer access to quick, small amounts of money, people have found us accessible and can see what they can achieve with National Lottery support.

We're a catalyst for others

It can be difficult to meaningfully involve communities in projects designed to achieve their goals, which is why we support our groups closely in this work.

In the last year, we've worked with several disability focussed groups asking them, and those with experience of living with a disability, how we can better work with them. One participant, says: "It is a very progressive approach for a funder to take and I really hope that we will see other funders do more of it." Learning emerging from this work is being used to inform our area teams' workplans as well as Fund-wide work.

We awarded £3,620 to Dundee International Women's Centre (DIWC) to continue their provision of mental health support, as well as social and learning activities via telephone and social media to isolated women from migrant and minority ethnic backgrounds.

"We haven't been able to offer our very isolated learners their usual home from home at our Centre just now, but this has meant we can reach out digitally and by phone. Women who depend on DIWC for friendship and learning have still been able to connect with their classes and groups from home and maintain these important ties." Susan, Evaluation and Impact Officer, Dundee International Women's Centre.

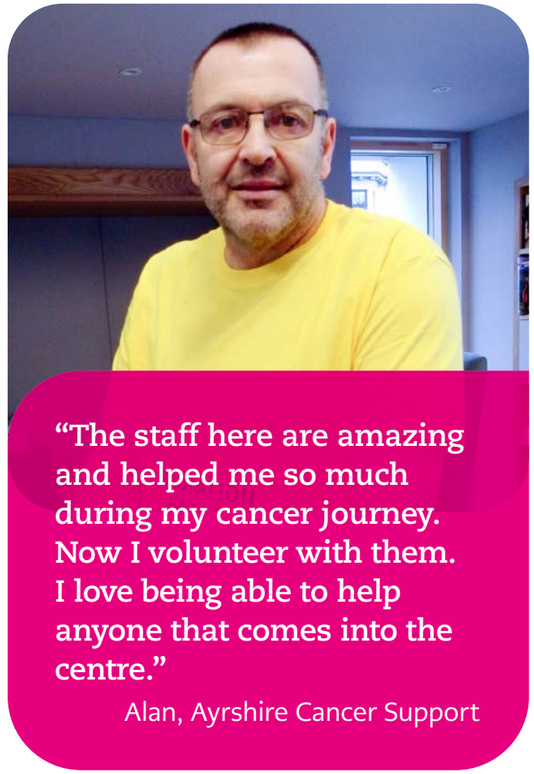
Friends at the End is an organisation that helps people to put their end-of-life documentation in place such as wills or power of attorney. Before the pandemic, the charity held workshops to help people with their paperwork. Amanda, explains: "A lot of work that we do is trying to give people control back, to give them choices and opportunities."

Lockdown brought huge changes and the charity reached out to their existing membership to ask how they could continue to support them. They also raised awareness through voluntary groups, local and social media. As a result, more befriending networks have added Friends at the End, which is receiving many more referrals. They have seen a threefold increase in enquiries as more people face mortality than ever before.

We learn from the people and communities we fund

Our area-based approach and the quality of our funding relationships enabled us to react quickly to the initial impact of COVID-19. We held early conversations with all our grant holders awarded funding of over £10,000, ensuring that we supported them with the resources required to sustain work, and to respond to the challenges of the crisis.

We asked them what they needed and offered variations to existing awards where appropriate so we could get vital funding to them quickly. Our award of £127,150 to Ayrshire Cancer Support (ACS) meant they could extend their specialist services to work with people experiencing a bereavement as a result of COVID-19.



> "The staff here are amazing and helped me so much during my cancer journey. Now I volunteer with them. I love being able to help anyone that comes into the centre."
>
> Alan, Ayrshire Cancer Support

At the start of the crisis, most of our COVID-19 related funding supported food distribution to people directly affected by the crisis. We also supported groups to continue delivering their services, remotely funding IT hard and software. Our response to COVID-19 has also demonstrated where we need to focus more on reaching out and supporting groups who are disproportionately affected by the pandemic.

Flourish

"The Pantry is great. It started as 50 to 60kg of food a week in one fridge and now we give out a tonne and have four fridges and a freezer!"

Jenny, Volunteer, Flourish

Wales

£31 million awarded across **894 grants**

Continuing to serve communities

We could transition seamlessly to support communities remotely during the COVID-19 crisis thanks to our strong relationships with communities across Wales.

Despite the limitations on meeting in person, we could use our networks to be there for communities, whether that was through maintaining a presence at over 60 online funding events or through running a reliable service with our Advice line, supporting over 1,300 groups to apply for our funding. We also held targeted events to support communities disproportionately affected by the pandemic through illness or isolation, including surgeries for LGBTQ+ led groups.

Online networking sessions brought groups together to share learning and best practice. We worked with Carmarthenshire Association for Voluntary Services to set up informal networking events for groups and organisations. A session aimed at organisations supporting young people-led to the development of a new county-wide Youth Forum, using the strength and assets of all its members.

Our data and local knowledge identified that communities in Blaenau Gwent were underrepresented in our funding. We introduced a pilot microgrants scheme to reach new groups. With a simple application form, proactive outreach and grants up to £300, we successfully attracted a diverse range of groups, most of which have never received funding from us before.

"During COVID-19 we decided to encourage the community to knit from the comfort of their homes, providing virtual support. The act of joining together to knit and/or natter has had a massive positive effect on people's confidence, stress levels and general wellbeing." Maria, Persona Studios

Keeping people together

Through our responsive funding, we enabled communities to adapt and respond to the coronavirus crisis. Several volunteer-led projects used our funding to help people access daily essentials in every local authority across Wales.

One partnership between **Medrwn Môn**, Isle of Anglesey County Council and Menter Môn, used **£59,995** to respond to a surge in volunteers.

"There was an incredible response from our communities with over 850 volunteers from 37 area support teams coming forward to support the island's residents. National Lottery funding has meant we were able to ensure a consistent supply of food, PPE and public information"

Seiriol, Medrwn Môn

Solva Care received £94,888 to bring community groups and public services together across Pembrokeshire through the Together for Change partnership programme. “Community groups have always been crucial to the health and wellbeing of the population, but COVID-19 has shown just how important they are by adapting quickly and creatively to meet recent challenges. We are delighted to have received this National Lottery grant. This will help to leave a positive legacy from the impact of COVID-19.” Sue, Solva Care.

Meanwhile in Swansea, the Congolese Development Project received £10,000 to distribute food, help with shopping, hold online wellbeing classes and spread awareness of COVID-19 scams with the support of volunteers. When COVID-19 hit, they sprang into action, making parcels and delivering them to people who were vulnerable, isolated and in need. One particularly memorable experience for Richard, a volunteer, was helping a pregnant woman who hadn’t been able to leave her house.

“She had been in her room for two days without food because she couldn’t stand up and had a prescription for medicine that she needed. I came back a couple of hours later with her medicine. She was very happy.”

Richard, Volunteer,
Congolese Development Project

We’re a catalyst for others

Even though COVID-19 has taken over as a priority this year, we have not lost sight of the bigger picture. Through our funding we are inspiring groups to address climate change in their communities. Small changes can have a big impact. For example, our Climate Action Top-up pilot enabled The Hwb Torfaen to update their light fittings to LED, leading to an estimated annual saving of £2,019 and 5.1 tonnes of CO2.

Gerddi Bro Ddyfi Gardens

Our Climate Action Boost scheme has enabled 35 non-environmental groups to receive up to £15,000 of funding to reduce their impact on the environment, with additional support in this work from Renew Wales and Sustainable Communities Wales. And Gerddi Bro Ddyfi Gardens are planting fruit and nut trees and soft fruit bushes in community spaces around Machynlleth to increase biodiversity, grow food and connect the community with their local environment.

We learn from the people and communities we fund

Through engagement with our stakeholders, the sector and the public, we identified that supporting the resilience of young people is a priority for Wales. We responded by recruiting an advisory panel of 10 diverse young people, who designed and conducted research with other young people across Wales to understand what matters most to them.

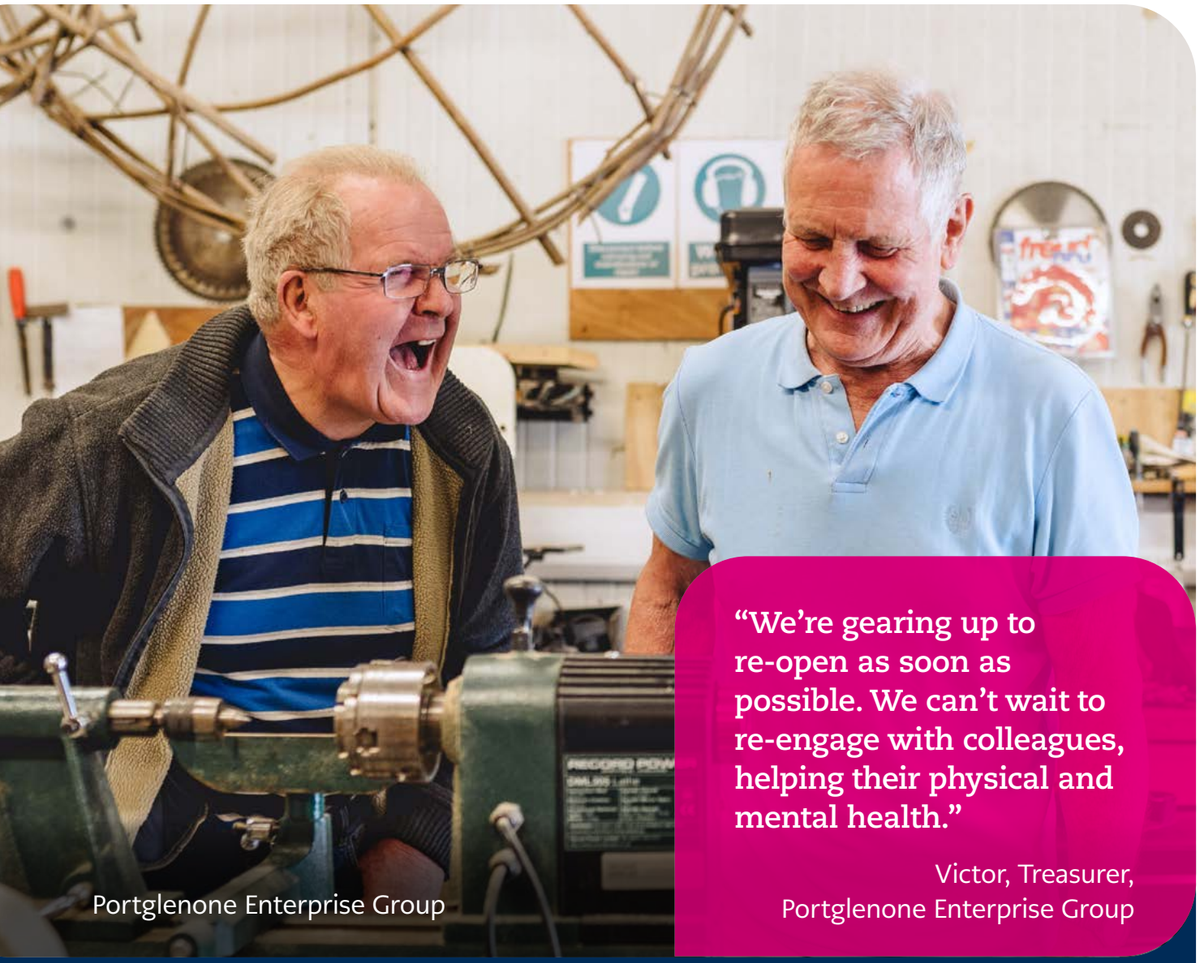
Research showed that **50% of young people**, who have been disproportionately affected by COVID-19, are feeling positive about their futures beyond the pandemic.

“I’ve dealt with many challenges over the years and I’ve learnt how to bounce back from heartbreak, disappointment and failure because there’s always tomorrow and how I feel is only temporary.”

Research Participant

The pandemic saw us develop a closer relationship with other funders and we have been at the forefront of supporting communities to respond to the challenges of the pandemic through working in collaboration with the Wales Funders Forum (WFF) to maximise the impact of National Lottery funding. By coordinating our emergency response with other funders, we could maximise the reach and impact of COVID-19 funding across Wales. We are now leading work within the WFF to consolidate this relationship and identify areas where funders can work collaboratively to maximise the benefits that we bring to the voluntary sector and improve the way in which our collective impact is communicated to stakeholders.

Food for Life Wales



Portglenone Enterprise Group

> “We’re gearing up to re-open as soon as possible. We can’t wait to re-engage with colleagues, helping their physical and mental health.”
>
> Victor, Treasurer, Portglenone Enterprise Group

Northern Ireland

£28 million awarded across 700 grants

Continuing to serve communities

The Fund’s teams are based in the communities we support and while meeting customers face-to-face has not been possible during the coronavirus crisis, our teams have been on hand throughout, responding quickly and working closely with the people and communities we serve to navigate the challenges of the pandemic.

We ran two rounds of emergency Government funding totalling £8.8 million, in addition to distributing more than £28 million of National Lottery funding. This meant we delivered 19% more funding than the previous year, including third party funding, reaching 1,071 organisations.

Women’s Tec, in partnership with Shankill Women’s Centre and GLOW, is using a £544,944 grant to run their five-year Connect 4 Women programme. Women from across Northern Ireland who are unemployed or economically inactive can access formal and informal learning.

> “I was depressed with nothing to do when a friend told me about Women’s Tec. I now know how to use a computer and did a Health and Nature course. It was fun and exciting and there is an amazing improvement in my mental health. This support has been even more important to me during the pandemic.”
>
> Participant, Women’s Tec

Women’s Tec

We supported our grant holders and provided them with the resources needed to help meet the challenges of the crisis, asking them what they needed and offering additional funding where necessary.

Strabane Health Improvement Project CIC used additional funding to buy equipment, including gazebos. These purchases allowed people to continue to take part in arts and crafts activities safely outdoors, tackling isolation and ensuring that people could still come together while respecting social distancing.

While we were providing a quality service and supporting our grant holders as the world changed around them, we also delivered £8.8 million of government funding through the COVID-19 Charities Fund. 501 organisations across Northern Ireland were supported to ensure they could adapt to the changes brought on by the pandemic. Cashel Community Association received £4,140 for essential costs which enabled them to keep running throughout the crisis. "This grant has been a lifeline. It really means the world to us and ensured we could continue to offer support to local people at a time they needed it most." Louise, Group Secretary.

Keeping people together

We enabled grant holders to share their experiences of COVID-19 and what they've learned from recent months by hosting a series of UK-wide, virtual events. Before COVID-19, it was challenging for some organisations based in Northern Ireland to travel to events in London. Moving these events online in the past year has meant more local organisations could take part.

Despite this year's challenges, a sense of resilience has also emerged, with many groups sharing new opportunities to connect with their communities.

Lagmore Youth Project in west Belfast responded quickly to the pandemic, providing a range of socially distanced activities.

> **"The project has inspired the whole community to become more connected than we could ever have imagined. It has really supported people's emotional and physical wellbeing, and they feel happy and look forward to getting together safely. Community spirit has just snowballed."**
>
> Colm, Lagmore Youth Project

Lagmore Youth Project

We're a catalyst for others

We also launched the Dormant Accounts Fund Northern Ireland. £20.6 million is available to strengthen the sector and build long-term core capacity, resilience and sustainability in voluntary and community organisations. The first three organisations to be awarded grants (a faith-based charity, an Irish language and cultural organisation, and a theatre company) are focussing on future-proofing their organisations through income generation and improving the skills of Board members.

We continue to work closely with other funders and through the Funders Forum of Northern Ireland, sharing learning to improve co-ordination, reduce duplication and maximise impact.

We awarded a grant of £500,000 to Fermanagh Trust, in partnership with Holywell Trust and Rural Community Network, to identify and support a new generation of community leaders, helping them shape a positive future for the voluntary, community and social enterprise (VCSE) sector in Northern Ireland.

We are also working with CO3 to improve the financial skills of VCSE leaders across Northern Ireland and help them plan for the future. "There is nothing like this project out there and this goes way above and beyond the standard fundraising programmes, offering ongoing support, learning and development for the long-term, as well as access to a range of training programmes and advice from the wider cohort."
Nora, Chief Executive Officer of CO3

We learn from the people and communities we fund

We continue to ensure that our funding is for everyone. Just one of the ways we are doing this is developing a pilot participatory grant-making programme where Black, Asian and Minority Ethnic (BAME) groups and communities across Northern Ireland will be involved in the funding decision-making process.

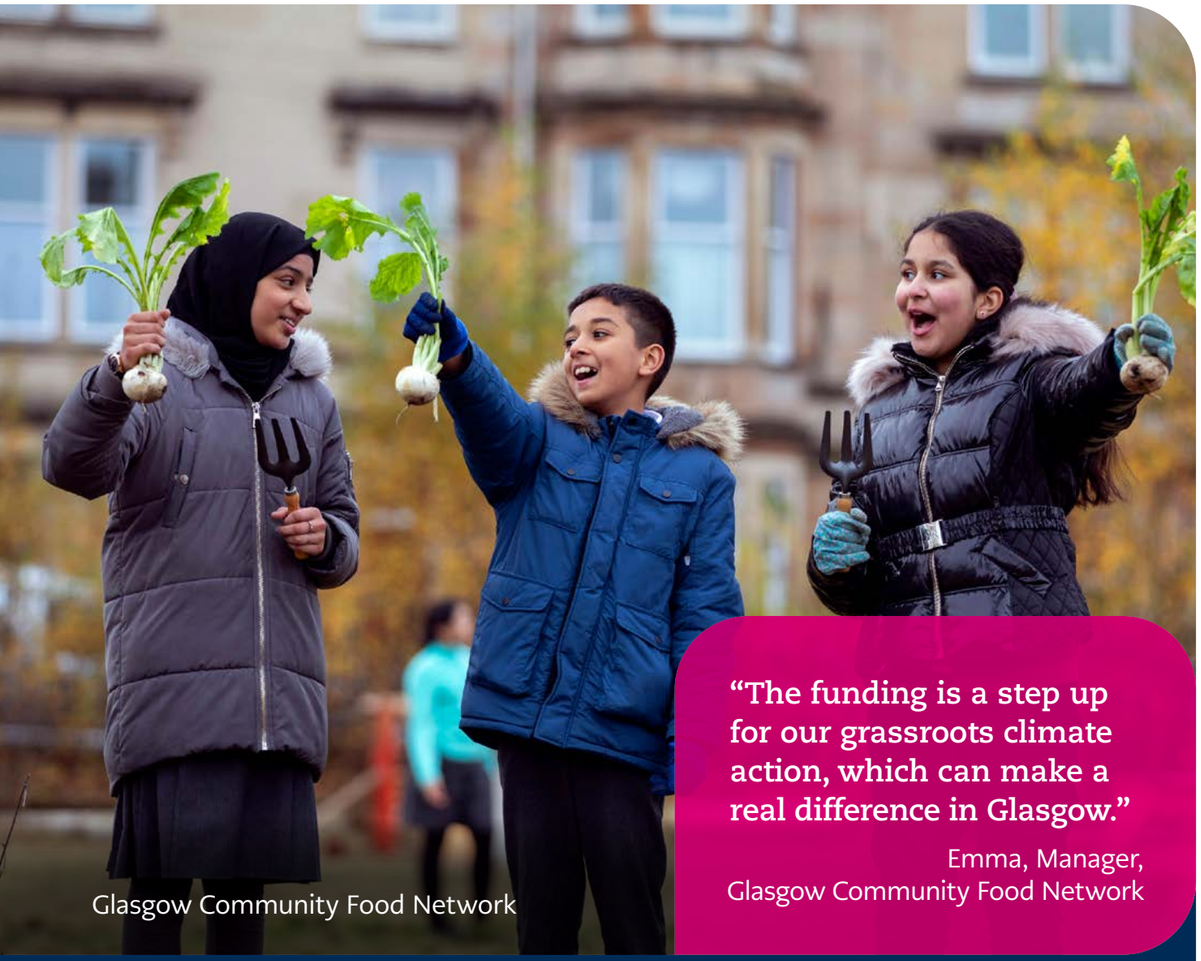
Our close relationships with our grant holders gave us good insight into the emerging needs of communities as the pandemic continued.

Newtownabbey Arts and Cultural Network in Rathcoole, Co Antrim, are running a digital technology, leadership and entrepreneurial skills project for young people aged 15-25. They adapted their programme so that young people could continue learning and developing their skills, in keeping with social distancing guidance.

Brooke is a young leader who helps oversee the running of the projects and has been attending for eight years.

> **"My passion is music and using social media and Zoom. We were able to keep in contact and to learn new ways to create our music videos. It's great to know I've been able to help other young people at this time."**
>
> Brooke, Newtownabbey Young Leader

We are now looking to the future and how we can support the voluntary sector to evolve and adapt while the world continues to live with COVID-19.



Glasgow Community Food Network

> "The funding is a step up for our grassroots climate action, which can make a real difference in Glasgow."
>
> Emma, Manager, Glasgow Community Food Network

UK

£45 million awarded across 159 grants

Continuing to serve communities

The COVID-19 crisis has shaped all of our activity as a funder for the past year and will continue to shape it in the years to come.

Through the UK portfolio supporting organisations that work right across the UK, we can target our funding to themes of national and long-term significance in addition to addressing regional and hyperlocal issues.

While we played a role in the Fund-wide emergency response to the immediate issues faced by communities, we focussed most of our efforts on our future-facing work to support them as we emerge from the crisis and beyond. We developed and tested ways of building stronger communities and a thriving civil society.

After receiving our funding, grant holders worked with over **5.4 million people** in total between Dec 2019 and Dec 2020.

We continue to focus on our funding aimed at challenges that society will face long after the coronavirus crisis and the need to collectively reimagine the future as the people and communities we support the move towards renewal and rebuilding.

Beat is the UK's leading eating disorder charity. Demand for Beat's services has risen by at least 73% since lockdown began over a year ago and continues to rise. Over £450,000 of our funding is helping Beat to increase the charity's hours of operation and number of advisers on their helpline. The funding also enables them to establish two new packages of support for both people with eating disorders and carers.

Keeping people together

We launched the Emerging Futures Fund to respond to the growing conversation about the future recovery and renewal of communities after the pandemic. 53 projects have received funding for a total of £2.2 million to give communities the space, tools, and time to build their futures. Barrow's New Constellation is a partnership between the local council, the community and New Constellations, which has collectively designed future plans for the town. They are ensuring that entirely new and alternative futures can be imagined and realised.

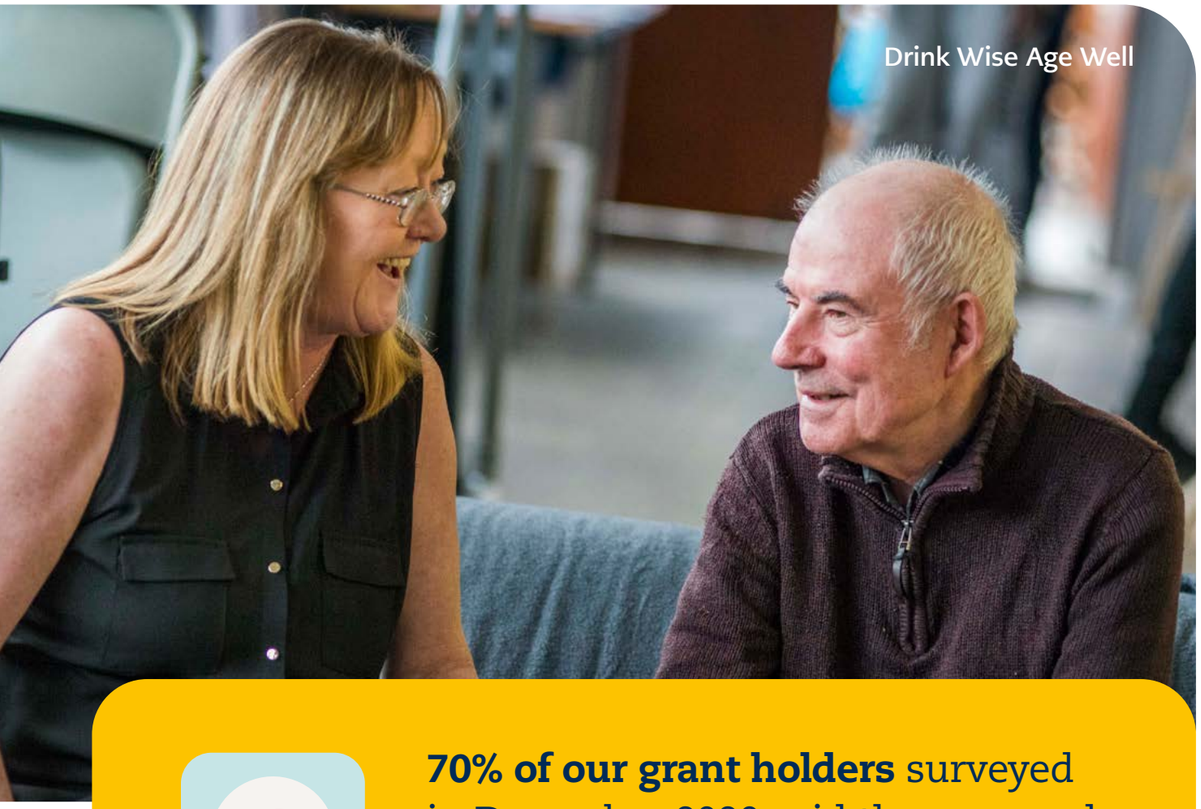
The Climate Action Fund completed its first round of funding this year, awarding over £19.7 million to 27 projects across the UK. These projects will use National Lottery funding to demonstrate what is possible when people come together to take the lead in tackling climate change in their local area. As part of this work, we have commissioned three partners who will bring grant holders together in a UK wide community-led climate movement, together addressing the challenges faced by climate change and creating solutions.

We're a catalyst for others

Since 2018, our Digital Fund has supported Civil Society and helped many organisations prepare for the changes created by the pandemic.

This year, we saw the important role that infrastructure organisations play in supporting informal groups, specialist communities and social action across the UK. In response, we opened the New Infrastructure Programme to support both established and emerging infrastructure organisations. We awarded 16 grants, a total of £772,584, to support organisational redesign, build strength and capacity. Through this work, we'll be able to learn more about how infrastructure needs to transform for the future.

We initiated a collaboration with other funders – playing an active role in developing the Funders' Collaborative Hub. Hosted by the Association of Charitable Foundations, The Hub offers increased understanding, closer alignment, and opportunities for funder collaborations in response to COVID-19.



Drink Wise Age Well

70% of our grant holders surveyed in December 2020 said they secured additional funding, totalling **£51 million**, as a result of our grants.

We learn from the people and communities we fund

Throughout the year, we learnt the importance of flexibility and listening to the communities that we fund. In the early stages of COVID-19, we took steps as an organisation to listen and respond to the challenges our grant holders were facing.

We gave them the opportunity to request extra funding or direct existing funding to where it was now needed most urgently.

The St Giles Trust was one of the groups we supported to respond to the crisis in this way. "We were extremely grateful to receive further support from The National Lottery Community Fund top-up fund to provide laptops for peer advisers to address digital access issues, adding capacity that has been invaluable to meet increased needs." Ann, Peer Adviser Network Lead Manager.

Breast Cancer Now received £375,000 of funding to deliver activities specifically aimed at supporting communities through the COVID-19 crisis, such as virtual experiences of key face-to-face services and ways for people affected by breast cancer to connect online with expert nurses to ask questions and talk over worries.

Continuing the theme of learning, we also built on the insights from our Leaders with Lived Experience pilot in 2019. This year, we awarded £2.4 million to 49 organisations led by people with lived experience of issues across the UK, such as addictions or mental ill health. Lancashire-based Red Rose Recovery is using their grant to provide structure and stability to the lives of local people struggling with addictions, so they can progress to senior leadership roles within Red Rose Recovery and beyond.

"More than 90% of our staff is made up of people with lived experience, and this programme will help others experience progress in their life and free themselves from the stigma of their past. We want to give them a stake in society and be positive about the impact they can have in the future."

Peter, Red Rose Recovery Founder

An integral part of our work this year was reaching out to organisations working with communities to understand the pandemic's impact and seek their advice on our response. The Black Training and Enterprise Group received funding to provide culturally appropriate capacity building support to frontline BAME civil society organisations to help ensure their survival through the pandemic.

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Monkstown boxing club

Our corporate governance report

Directors' Report

Our purpose and activities

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

The Fund is responsible for distributing 40% of the total sums raised and we distribute this through grant awards to support projects with a community focus. Since 2004 we have distributed over £10 billion in awards. We have a range of funding programmes from small grants of up to £10,000 to large scale, multi-million pound strategic programmes.

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

We also work with other organisations, principally public bodies, to manage and distribute funding through grant programmes we run on their behalf. We distributed over £235 million through these programmes. Examples of this type of activity include our distribution of money in partnership with DCMS in respect of the #iwill Fund and the European Social Fund matched funding programme, Building Better Opportunities.

In delivering our programme of work we act within the relevant legislation, other public sector guidance and the requirements of the Department for Digital, Culture, Media and Sport (DCMS) as our sponsor department who provide us with a Management Agreement setting out our relationship with government. DCMS also issue Policy Directions which identify the priorities we must take into account in establishing our grant programmes for England and for the United Kingdom-wide grant portfolio. The respective departments in each of the devolved 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 the four countries of the United Kingdom with funding programmes specific to each country. In addition, we operate a range of programmes which are United Kingdom-wide in scope. Each of the countries and the UK portfolio award grants through a portfolio committee, the members of which are externally appointed. Their role is to set out and agree grant programmes within the Fund's Strategic Framework and consistent with the overall approach approved by the Board. Approval of most awards is delegated to officers of the Fund or to specific panels for the various programmes in each portfolio. Our grant awards budgets are apportioned between each country on the basis of agreed shares, determined largely on population and after deduction of a portion – up to 10% of the total - to be applied to the UK portfolio.

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

Last April we set out our approach to supporting charities and community organisations through the immediate crisis and to achieve longer-term sustainability using our own National Lottery resources along with £220 million of funding on behalf of the UK, Scottish and Northern Ireland governments. The demands placed on the organisation to achieve this are significant and we have adapted some of our processes to deliver this. Despite the challenging environment the Fund has continued to commit the lottery resources to support charities and community organisations.

Key issues and risks

The majority of our income is dependent on the revenue generated through The National Lottery; a portion of the sales value for each game is allocated to good causes and passed to the National Lottery Distribution Fund (NLDF) from where it is made available to National Lottery distributors. We manage our grant awards, budgets and payment profiles over a number of years in order to mitigate against the risks arising from potential variations in National Lottery revenue and to ensure we can meet our commitments as they fall due. The coronavirus crisis and the uncertainty on income for 2020/21 requires us to be more cautious than anticipated on new grant awards in order to ensure we can fully meet our existing liabilities while maximising how much cash we can provide to support the sector through the crisis.

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

We are also changing and adapting the way we work in order to better deliver our strategy. The new grant management system during the year has brought significant benefits during the year including the ability for all our small grants programmes to receive online applications. This has simplified the process of applying for awards as well and enabled us to assess awards activity and to aggregate data connected with applications and awards more easily. We have also updated our approach to all other grant awards activities as the new system has been introduced. This has enabled us to have much more consistent and simpler processes across all of our portfolios and again bringing significant benefits for applicants through improved approaches to applications. Introduction of the new system has enabled us to continue to deliver all our services during the coronavirus crisis as the system is based on a service available remotely to our teams.

We face financial risks in relation to our

exposure to potential fraud arising from our grant making activities. We have also had to carefully manage our engagement in European Social Fund matched funding grant programmes in response to the challenges of Brexit. Our programme of change requires careful planning to ensure new initiatives are successful, however, increasing reliance on digital services elevates our potential 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 2020/21 we set out four goals with seven supporting KPIs. We met all seven of the KPI targets set. The KPI's are listed in the 'Our key performance indicators' section further down in this report. The Fund assesses its performance throughout the year using the KPIs along with other performance metrics including key operational measures, financial indicators, management accounting data and forecasting techniques to ensure that, where necessary, it is able to take corrective action at the earliest opportunity to achieve its aims and to minimise risk to its operations and goals.

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

For the financial year we recorded a surplus of £213 million following a surplus of £82 million in 2019/2020.

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

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

The 2020/21 corporate plan identified four goals designed to shape our priorities and we set seven key performance indicators to measure success. We also set out a number of strategic focus areas and specific initiatives as indicators of progress. Our performance has been monitored against our targets and reported to the Board throughout the year.

Our corporate goals

Corporate goal one:

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

What have we done?

Responding to the COVID-19 pandemic has been a critical priority during the financial year. The Fund has delivered £220 million government funding on behalf of the UK, Scottish and Northern Ireland governments as well £516 million of National Lottery Funds to communities the length and breadth of the UK.

Corporate goal two:

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

What have we done?

We worked closely with communities and continued to develop new partnerships to ensure that our funding reached those communities disproportionately affected by the pandemic.

We have used innovative approaches to funding to seek to reach communities and organisations that have not previously applied for funding from the Fund.

Corporate goal three:

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

What have we done?

We have facilitated broad stakeholder and community engagement, exploring the future role of charities and community organisations in supporting thriving communities.

We have developed and delivered a range of funding programmes and resources that support community needs, infrastructure and imagination.

Corporate goal four:

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

What have we done?

We have continued to improve customer experience through our new grant management system (GMS), which has also enabled more efficient and effective operational performance, even in the context of all our staff working from home throughout the pandemic.

Our Engagement Strategy sets out how we reinforce the value of the National Lottery to communities through good causes.

During the financial year, the Fund has managed to control its operating costs to well below its cost threshold of 8%.

During the year, we also started to review our property strategy in order to reduce the total space contracts within the portfolio to achieve optimal spaces for teams and stakeholders to operate efficiently and more flexibly. We have already reduced office space in our Wales office in 2020/21.

Our key performance indicators

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

KPI 1: Customer Satisfaction will be over 80%.

Key performance indicator met	End of year report
Customer Satisfaction came in at 83% of grant holders and applicants.	Customer Satisfaction remained above target in 2020/21 at 83%. Despite a challenging year, customers felt the Fund supported them effectively during the COVID-19 crisis. Customer sentiment towards the Fund remained extremely positive with the vast majority praising staff for their continued support and making the process straightforward.

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

Key performance indicator met	End of year report
Our actual operating costs for our National Lottery activities were 6.5% of National Lottery income.	Cost savings were made mainly due to income from third parties as part of the fast response to the pandemic and National Lottery income has been higher than anticipated at the outset of COVID-19.

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

Key performance indicator met	End of year report
Our total grant awards were £516 million which is 1.1% below the budget we set.	It was our first full year using the grant management system as well as responding to new ways of working in light of our coronavirus response that required resources to be diverted. Despite the challenges of responding specifically to the Coronavirus Community Support Fund and maintaining our other grant commitments, the Fund has managed to award grants within 5% of budget.

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

Key performance indicator met	End of year report
Our employee engagement survey conducted during the third quarter of the year indicated that 69% of colleagues agreed that the Fund was a good place to work.	Colleagues continue to feel working for the Fund is a rewarding job in which they can make a positive difference to people's lives, particularly during the COVID-19 crisis. They feel help and support is available, demonstrated throughout the pandemic with equipment, guidance and flexibility provided to colleagues to allow effective home working. We have also developed a strong wellbeing offer, accessible to all colleagues, complementing our existing benefits.

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

Key performance indicator met	End of year report
Our most recent survey for this KPI indicated that 45% of people recognised The National Lottery as a funder of good causes.	We continue to make progress in this area along with The National Lottery family. We have supported the National Lottery brand activity which highlights the funding going to good causes to communities across the UK. All of our communications continue to highlight the role of National Lottery funding in communities.

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

Key performance indicator met	End of year report
People who are aware of The National Lottery Community Fund's purpose was 48%.	We have seen a slight decrease across our public perception KPI in recent months which we believe is due to having to postpone large scale public engagement activity, the timing of the research being during a lockdown and our focus on distributing Government funding, meaning communications were focused on that funding and messaging rather than The National Lottery Community Fund brand.

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

Key performance indicator met	End of year report
For the full year 97.02% of our awards by volume were to charities and community organisations while 96.3% of the value of awards met this criteria.	A key focus in our People in the Lead strategy was to support projects which are led by charities and community organisations. This continued throughout 2020/21 with the volume and value of awards to these bodies being in excess of our target across the year.

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

Our performance analysis: financial

Our strategic framework - People in the Lead - sets out our belief that communities thrive when they take the lead in projects and activities and that people in those communities understand what is needed better than anyone else. 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 National Lottery income that we distribute through grants. We exclude from this measure costs that we recharge to other people, for example the costs of distributing non-National Lottery funds including in relation to the dormant accounts scheme. We also exclude certain other costs, for example one-off costs that are investments or restructures to achieve future efficiencies (see Note 6 to the financial statements). Irrecoverable VAT costs is also excluded.

Government sets a target maximum for operating costs for all the Lottery distributors. For 2020/21 this was 8% of our National Lottery income. The measure is assessed over a three-year rolling period.

What we achieved in 2020/21

During the year we successfully delivered against the 8% total operating cost target set by government. Total qualifying operating expenditure for National Lottery grant making activities was £37.5 million, £13.0 million lower than in 2019/20. Whilst National Lottery income was higher than our budget assumption and we were able to operate within the operating cost budget we set, the key driver of this reduction in operating expenditure was derived from diverting a significant part of our resources to delivery of the Government's Coronavirus Community Support Funding at pace. Our actual qualifying operating expenditure was 5.1% of National Lottery income during the year and 6.5% of Lottery income over the three-year period to March 2021. Our performance in each of the two preceding years was 7.1% and 7.3% respectively. On this basis, the Fund has incurred operating costs over the three years to March 2021 that are £31.7 million lower than would be permitted by the efficiency measure. This surplus is made available for grant making activities.

Staff costs form a significant proportion of our operating costs. Our staff numbers have increased during 2020/21 with a full time equivalent (FTE) of 815 (2019/20: 785). As part of our response to the pandemic in March 2020, we moved quickly to shift our immediate funding priorities to support communities and organisations who were severely affected, providing a faster turnaround in assessing applications and making funding decisions. This approach made it a necessity to increase our FTE within grant-making teams to enable delivery of this approach.

What we are planning to achieve in 2021/22

We have budgeted to deliver total operating costs within a 7.75% cost threshold in 2021/22, with capacity for some additional investment in service improvements based on the three-year rolling measurement approach. The target is founded on budgeted National Lottery income of £675 million, derived from our forecast of revenues for 2021/22 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 seeking efficiencies, enabling us to resource and deliver investment activities that will support delivery of the Strategic Framework.

Our surplus for the year

We recorded a surplus for the year 2020/21 of £213 million (2019/20 £82 million).

Our cumulative deficit at 31 March 2021 was £407 million (31 March 2020 £620 million).

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

We recorded a surplus for the year of £169 million from National Lottery operations (2019/20 £76 million). Income for 2020/21 was higher than in 2019/20 and above the budget we set. Our awards total for 2020/21 was £71 million lower than last year at £517 million (2019/20 £588 million) and was marginally lower than the budget we set. These factors primarily account for the increased surplus for Lottery operations for the year.

We recorded a surplus for Dormant Bank and Building Society Accounts operations of £42 million (2019/20 surplus £7 million). Income was £21 million higher while distribution through awards and transfers to other organisations was lower at £48 million (2019/20 £62 million).

Our funding strategy

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

At 31 March 2021, we had £875 million (2019/20 £1,052 million) of outstanding commitments with respect to awards made while we held £264 million (2019/20 £303 million) in the National Lottery Distribution Fund (NLDF) with which to meet them. This means we had made net commitments of £611 million (2019/20 £749 million) above our currently available resources. This is equivalent to about 11 months of future National Lottery income based on our current projections.

Non-Lottery funding programmes

In addition to our core business of distributing National Lottery good causes income we are also responsible for the distribution of funding received from Reclaim Fund Ltd under the arrangements

in the Dormant Bank and Building Society Accounts Act 2008. These activities are included within our consolidated financial statements. We also set out a short form set of accounts for this activity in note 32 to the accounts.

The Dormant Bank and Building Society Accounts Act 2008 enables banks and building societies to transfer money held in dormant accounts to a central fund for investment in the community. The scheme provides for the Fund to make grant awards in each of Scotland, Wales and Northern Ireland under policy directions set out by each of the devolved administrations. For England, the original policy directions required that funding was passed in its entirety to Big Society Capital acting as a social investment wholesaler.

Government, working with Reclaim Fund Ltd, have been seeking to ensure that the sums available for onward distribution are maximised.

In 2017 government announced that approximately £330 million would be released over the following three years. Alongside this, Big Society Capital would cease to be the sole recipient of the England portion of the available funds. The Fund has recognised amounts due to each designated distributor organisation under the programme based on their share of total receipts to date.

The total sums identified by Reclaim Fund Ltd as available to the Fund during the 2020/21 year amounted to £90.3 million (2019/20 £69.0 million). These sums are held on behalf of the Fund by Reclaim Fund Ltd for up to 12 months after its year end date, or until the Fund draws down funds to meet its obligations under grant commitments or to pass to third party organisations, whichever is sooner.

Following drawdown, we deposit funds until these are required to meet grant commitments or transfer obligations. During the year we received interest of £136,493 (2019/20 £650,034) in relation to these funds.

The National Lottery etc. Act 1993 also sets out powers for the Fund to work with other organisations to distribute funds. We refer to these activities as Third Party Programmes. These powers give us scope to distribute funds on behalf of, or alongside, other organisations where this falls within the funding areas set by the National Lottery Act for our work and which is in accordance with our own strategic aims. During the year, we distributed funding totalling £39.2 million in this way for other funders.

To the extent that the funds awarded under these programmes are governed by the third party funder, we act only as the distributor. We do not record the receipt of the funds themselves or the grants made in our own accounts. However, we recover the costs of undertaking this activity from the relevant funders and record this as income. Where we provide joint or matched funding for these programmes we record our share of the grant awards made in National Lottery programme expenditure. We record cash held for distribution in our cash balances in the Statement of financial position together with any liabilities for commitments made prior to the receipt of cash from the funder. Balances in respect of each programme are recorded in note 24 to the accounts.

At the start of 2020/21, the Fund received £200 million through a grant agreement with DCMS for the Coronavirus Community Support Fund programme, to distribute to charities and community organisations in England to enable them to meet the demands placed on them by the coronavirus. The programme of activity was to be committed by the end of September 2020 with an expectation that recipient organisations will spend the cash within six months of receipt. This programme of activity was significant for the Fund and challenging for our capacity but was essential alongside our own National Lottery funding to support charities and community organisations to meet the demands place on them by the crisis or to provide liquidity as a result of reductions in their income.

During 2020/21, the Fund agreed the COVID-19 Charities Fund programme with the Department for Communities as part of our coronavirus response in Northern Ireland. The Department for Communities provided funding to enable us to make grant commitments of £8.8 million.

Also, the Fund agreed the Supporting Communities Fund and Communities Recovery Fund programmes with the Scottish Government as part of our coronavirus response in Scotland. The Department for Communities provided funding to enable us to make grant commitments of £10.3 million.

National Lottery Distribution Fund (NLDF)

The net good causes proceeds of the National Lottery are held in the NLDF, which is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport, until drawn down by National Lottery distributors. The Fund receives investment income in addition to the Lottery proceeds in the same shares as for proceeds from the National Lottery receipts (40%). In 2020/21 this was £0.4 million (2019/20 £3.4 million).

OUR NLDF BALANCE WAS £264 MILLION AT 31 MARCH 2021 (2019/20 £303 MILLION)

Our balance in the NLDF has decreased during the year by £39 million. This is as a result of continuing to meet commitments from awards made in previous years when income from the National Lottery was higher than in recent years. We take account of the anticipated change in the balance alongside projections of future revenues and the timing of outstanding commitments when setting future grant award budgets. Since we do not control National Lottery income it is not possible for us to manage the balance in the NLDF in the short-term and so we do not set a specific target for our balance. Our funding strategy is to maximise the value of new grant commitments that we can safely make over a five-year period taking into account existing commitments. We predict our future cash inflows and outflows to assess a safe minimum balance in the NLDF in order to ensure that we can meet our commitments as they fall due allowing for risk-based assessments of possible variations in income. The actual balance at any one time will vary according to the structure and timing of our grant programmes and the income generated through the National Lottery for the period concerned.

The balance we hold in the NLDF reduced substantially during 2020/21 as a result of the challenges of the coronavirus crisis. Income in 2020/21 increased in comparison to what we budgeted for.

Additionally, we seek to maximise the cash we can provide to the sector to support organisations through the crisis. We will modify future grant programmes to ensure we retain sufficient reserves to meet our commitments based on revised expectations of income as recovery continues.

Auditors

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

There is no relevant audit information of which the Fund's auditors are unaware.

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

Public sector information holder

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

Flourish

Our performance analysis: equalities

Equality in accessing funding

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

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

The table below sets out our monitoring report for equalities for 2020/21.

	Number of applications and application rate		Number of awards and applications success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
Ethnicity	**No**	**%**	**No**	**%**	**£'000**	**%**	**£'000**	**%**
Black/African/ Carribbean/Black UK	3,956	7	2,010	51	114,716	6	46,680	41
Asian/Asian UK	3,077	6	1,607	52	92,582	4	38,839	41
Mixed multiple ethnicity	2,785	5	1,378	49	87,927	4	39,934	45
Other ethnic group	4,133	8	2,143	52	120,607	6	51,107	42
White other	1,198	2	572	48	41,346	2	18,770	45
White UK	1,342	3	661	49	49,016	2	19,154	39
No specific ethnicity	36,267	69	17,142	47	1,569,028	76	612,242	39

	Number of applications and application rate		Number of awards and applications success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
Age	**No**	**%**	**No**	**%**	**£'000**	**%**	**£'000**	**%**
0 - 24	7,229	16	3,544	49	243,003	13	121,155	50
25 - 64	3,563	8	1,997	56	118,606	6	63,134	53
65+	4,069	9	2,507	62	111,221	6	59,608	54
No specific age	31,078	67	14,266	46	1,399,271	75	513,183	37

	Number of applications and application rate		Number of awards and applications success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
Gender	**No**	**%**	**No**	**%**	**£'000**	**%**	**£'000**	**%**
Male	2,730	6	1,493	55	98,695	5	43,083	44
Female	2,290	5	1,261	55	84,900	4	37,280	44
Trans	2,785	1	220	42	27,764	1	7,797	28
Intersex	384	1	148	39	20,907	1	4,598	22
Non-binary	468	1	195	42	24,766	1	6,947	28
No specific gender	39,127	86	18,643	48	1,646,654	88	652,072	40

	Number of applications and application rate		Number of awards and applications success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
Religion	**No**	**%**	**No**	**%**	**£'000**	**%**	**£'000**	**%**
Buddhist	202	0	79	39	6,602	0	1,931	29
Christian	438	1	192	44	14,847	1	4,495	30
Hindu	31	0	17	55	1,436	0	531	37
Jewish	666	2	362	54	13,417	1	5,299	39
Muslim	482	1	237	49	13,940	1	7,205	52
Sikh	255	1	104	41	7,911	0	2,194	28
Other	21	0	9	43	1,293	0	760	59
No religion	1,064	2	653	61	49,054	3	32,955	67
Not specified	39,964	93	19,001	48	1,680,421	94	653,882	39

	Number of applications and application rate		Number of awards and applications success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
Disability	**No**	**%**	**No**	**%**	**£'000**	**%**	**£'000**	**%**
Disabled	6,106	15	3,918	64	181,502	10	96,455	53
Not Disabled	35,807	85	16,244	45	1,570,078	90	601,482	38

	Number of applications and application rate		Number of awards and applications success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
Sexual Orientation	**No**	**%**	**No**	**%**	**£'000**	**%**	**£'000**	**%**
LGBT	949	2	480	51	35,047	2	16,389	47
Not specific	40,964	98	19,682	48	1,716,533	98	681,548	40

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

Equality in employment

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

We seek to ensure that we provide training and development opportunities to all staff to maximise their capacity to undertake their roles for the Fund. We support a range of training opportunities directly related to, and distinct from, the skills required to fulfil the role including leadership and management development. Where staff experience access issues during the course of their employment, we seek to ensure they are able to continue to meet the demands of their role including providing additional support and training as necessary. The table below sets out our monitoring report for equalities for 2020/21.

	The Fund	Civil Service	UK economically active population
Disability status	**%**	**%**	**%**
Staff with a declared disability	11.8	11.7	13.4
Staff who have not declared a disability	88.2	88.3	86.6

	The Fund	Civil Service	UK economically active population
Gender	**%**	**%**	**%**
Female	67.3	53.9	47.2
Male	32.7	46.1	52.8

	Board	Directors	UK economically active population
Gender	**%**	**%**	**%**
Female	75.0	58.3	64.0
Male	25.0	41.7	36.0

	The Fund	UK economically active population
Ethnic Group	**%**	**%**
Asian	7.1	4.7
Black	3.9	3.3
Chinese	0.2	0.4
Mixed	2.4	1.2
Other	0.3	2.8
White	84.8	87.6
Not known	1.3	-
Do not want to declare	-	-

Welsh Language Standards

We are committed to delivering a bilingual service in Wales through the Fund's delivery of the Welsh Language Standards, which came into force on 25 January 2017. The implementation of the Standards is monitored and discussed at regular meetings between the Fund's Welsh Language Officer and the Welsh Language Commissioner's office. We have met all of the Welsh Language Standards deadlines, the last of which were met in July 2018. As a result of the Welsh Language Standards and our proactive approach as an organisation, a number of services offered by the Fund to its staff are available in Welsh including HR services and training courses. Our customers are provided with an opportunity to follow their journey with us in Welsh from the first point of contact, whether by phone, email, social media or through written application to the end of their grant. Our presence at events and in funding surgeries in Wales is provided in Welsh and English and we offer bespoke training on the Welsh Language requirements to our grant holders. Over the past year of home working, we have continued to offer all of our services to our customers and grant holders in Welsh or English virtually and over half our staff in the Wales Directorate are either Welsh speakers or Welsh learners.

Our performance analysis: sustainability report

Continuing to manage The Fund's own environmental impact

2020/21 Greenhouse Gas Emissions, Waste and Consumption

This year's environmental performance measurements show further significant improvement in sustainability, with our carbon footprint for the year falling to 285 tCO2e, a decrease across all emission scopes of 68%. Emissions calculated for this period will be offset through an approved voluntary scheme working with UK based environmental organisations.

The data presented in this report represents a year of working differently across the Fund due to the coronavirus related lockdowns. The most significant reduction in emissions and cost is clearly demonstrated under scope 3 (travel). The remaining emissions (across all scopes) have also seen significant reductions, partly due to homeworking and closure of offices. The figures below highlight the impact that coronavirus related lockdowns have had on our reported CO2 emissions during this period. It is important to note that any scope 1 & 2 emissions related to working from home have not been included here, but a calculation is under review to coincide with our first year of accreditation. The figures below highlight the impact the coronavirus related lockdowns have had on business activities and in turn emissions.

Office emissions down 25%
Travel emissions down 98%
Waste to landfill down 100%
General waste production down 100%
* Subject to Coronavirus Pandemic variations

Looking forward

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

We are fully committed to minimising our impact on the environment both through our own activities, and in the projects we fund. In order to better manage KPIs the Fund is now working alongside accreditors Planet Mark to set realistic targets for the year ahead, and looking at continual improvement in areas such as; property, travel, flexible working, procurement and core IT infrastructure.

With the continued response to coronavirus, and the opportunity of more flexible working taking place, the Fund will begin to measure, and monitor emissions associated with working from home. Several ways are available for us to measure this activity and we are investigating the best possible one to use in order to give us a more accurate emissions measurement.

Greenhouse gas emissions

		2020/21	2019/20
Non-financial indicators (tCO2e)[1]	Total gross for Scopes 1 and 2	279	373
	Total net for Scopes 1 and 2	279	373
	(less reductions i.e. Green tariffs)	-	-
	Gross emissions for Scope 3 (business travel)	6	357
	Other Scope 3 emissions measured	-	11
Related energy consumption (kWh)[2]	Electricity: non-renewable	414,665	448,045
	Electricity: renewable	-	-
	Gas	901,612	1,393,240
	LPG	-	-
	Other	-	-
Financial indicators (£'000s)	Expenditure on energy	147	97
	Expenditure on official business travel	20	1,496

Waste

		2020/21	2019/20
Non-financial indicators (t)[3]	Total waste	-	56
	Hazardous Waste	-	-
	Landfill	-	25
	Re-used/Recycled	-	26
	Incinerated energy from waste	-	5
Financial indicators (£'000s)	Total disposal cost	9	25
	Hazardous waste – total disposal cost	-	-
	Landfill	4.5	10
	Re-used/Recycled	4.5	9
	Incinerated energy from waste	-	4

[1] tCO2e stands for tonnes of carbon dioxide equivalent. 'Carbon dioxide equivalent' is a standard unit for counting greenhouse gas (GHG) emissions.

[2] kWh stands for kilowatt hour. It is a measure of how much energy you're using. It doesn't mean the number of kilowatts you're using per hour. It is simply a unit of measurement that equals the amount of energy you would use if you kept a 1,000 watt appliance running for an hour.

[3] t stands for tonnes. It is the standard measure for measuring waste.

Finite Resource – consumption/water

		2020/21	2019/20
Non-financial indicators (m3)[4]	Water consumption supplied	-	4,762
Financial indicators (£'000)	Water supply costs	16	20

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

Scope 1 refers to greenhouse gases produced directly (primarily by heating our offices) while Scope 2 refers to indirect production such as electricity.

Despite temporary closure of all our offices during 2020/21 due to the coronavirus lockdown, we have continued to reduce our occupied office space with the closure of our Cardiff office in November 2020. All remaining offices in our portfolio have significantly reduced gas and electricity consumption due to the lack of activity in these spaces throughout the year. This has led to a continuation of the trend of falling emissions under scope 1 and 2. The data used to calculate Scope 1 emissions has been sourced from service charges due to the lack of usage data available to us through other billing.

Scope 2 emissions are more accurate this year due to the availability of actual invoices and in some cases meter readings each month. It has been a good opportunity during lockdown to see where the majority of energy is been used across all offices.

Scope 3 refers to emissions from business travel and other activities such as overnight stays, waste, water, and printing. Our emissions under this category have also reduced significantly during 2020/21 as the changes to ways of working have arisen since the coronavirus related lockdown.

The most significant reduction has been a 98% fall in emissions from business related travel. Use of cars has remained the highest contributor within this activity, whilst business flights (internal and abroad) fell to zero.

Emissions for both waste and water have been calculated at zero this year as all offices have been in minimal use for the whole year. However, we still incur charges from landlords for usage even if the service hasn't been used.

Paper usage is at its lowest since records began, falling by nearly 100%. Emissions related to the amount of paper printed falls below a tonne in weight for this period.

[4] m3 is the measure for water consumption. It represents a cubic metre.

Statement of Accounting Officer's Responsibilities

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

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

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

As Accounting Officer since 7 June 2021, I take responsibility for the Annual Report and Accounts and for the judgements required in determining that it is fair, balanced and understandable. I confirm that in my opinion this report as a whole meets those requirements.

The Department for Digital, Culture, Media and Sport has appointed the Fund's Chief Executive as Accounting Officer. The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Fund's assets, are set out in Managing Public Money published by HM Treasury.

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

Delegated responsibilities

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

Joint schemes

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

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

During 2020/21, the Fund has participated in the following joint schemes:

- Parks for People – a scheme administered by The National Lottery Heritage Fund, on behalf of The National Lottery Heritage Fund and The National Lottery Community Fund;
- Rethinking Parks - a scheme administered by Nesta, on behalf of Nesta (they are a UK based innovation agency for social good), the National Lottery Heritage Fund and The National Lottery Community Fund.

Award partners

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

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

Our award partners

As part of the Social Investment programme

- School for Social Entrepreneurs

As part of the Growth Fund

- Forward Enterprise FM Limited
- PICNIC Investment Limited
- Community Impact Partnership
- BIG Issue Access Limited
- Cultural Impact Loans
- Devon Community Foundation
- GMCVO
- Homeless Link Social Investment Ltd
- Kent Community Foundation
- Somerset Community Foundation
- Sporting Capital Ltd
- UnLtd
- First Ark
- Key Fund Investments Ltd
- Resonance Health & Wellbeing

As part of the #iwill Fund programme

- Virgin Money Foundation
- Sport England
- Co-operative Community Investment Foundation
- Greater London Authority
- Clarion Futures
- Ormiston Trust
- Paul Hamlyn Foundation
- UK Community Foundations
- Spirit of 2012 Trust
- Young Manchester
- BBC Children in Need
- Ernest Cook Trust
- Dunhill Medical Trust
- Premier League Charitable Fund

As part of the Partnership programme

- School for Social Entrepreneurs

As part of the Manx Lottery Trust

- Manx Lottery Trust

As part of the Reaching Communities programme

- Cripplegate Foundation
- Buttle UK

As part of the Coronavirus Community Support Fund

- The Landworkers Alliance
- The Bulldog Trust
- Community Foundation for Surrey
- The Bridge Renewal Trust
- Suffolk Community Foundation
- Norfolk Community Foundation
- Kingston Voluntary Action
- Harrow Community Action Ltd
- Hampton Fuel Allotment Charity
- CVS Brent
- Community Barnet
- Community Action Sutton
- Buckinghamshire Community Foundation
- Bexley Voluntary Service Council Ltd
- Blagrave Trust
- Enfield Voluntary Action
- Essex Community Foundation
- Transition Network
- The Foundation for Social Entrepreneurs
- School for Social Entrepreneurs
- Key Fund
- Community Land and Finance CIC
- Big Issue Invest Ltd
- Smallwood Trust
- Buttle UK
- Bridge House Estates
- Centre for the Acceleration of Social Technology
- Power to Change Trust
- The Access to Justice Foundation
- The Barrow Cadbury Trust
- Homeless Link
- Heathrow Community Trust

As Part of the Rural Poverty Programme

- Severn Wye Energy Agency Ltd

Additionality

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

All awards made in 2020/21 were consistent with this definition of additionality. In addition to this definition the Fund also takes account of the following provision on additionality set out in our policy directions. "ADDITIONALITY AND COMPLEMENTARITY – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards Big Lottery Fund's goals."

The governance statement

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

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

I was appointed as Interim Chief Executive Officer and Accounting Officer for The National Lottery Community Fund with effect 7 June 2021. Accounting Officer assurances were transferred and received by the incoming Accounting Officer ahead of the Audit and Risk Committee meeting on 16 June 2021.

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

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

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

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

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

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

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

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

Review of non-executive governance

The Fund is governed by a Board comprising the Chair, the chairs of each of the four country committees and up to seven other members. The Board has appointed one of its members as Vice Chair. During 2020/21 there were 10 members of the Board. There have been a number of changes to Board and Committee roles during the year. These are reported in the table at the end of this section.

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

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

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

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

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

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

In February 2021, the Fund appointed a new chair. Prior to the appointment, the Vice Chair was acting up as the Chair from December 2019 to February 2021.

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 had 10 members at the end of the financial year.

SMT meet regularly with formal meetings generally held at least once each month. SMT considers key policy, strategic and operational matters, provides advice to the Board on matters requiring its approval and oversight and oversees the operating and financial performance and risk management of the Fund as a whole.

The members of SMT and their areas of responsibility are set out at the end of this section.

One member of SMT (Chief Executive) left the Fund during the year. Wales Director John Rose was appointed as Interim Chief Executive from 1 January 2021 to 6 June 2021. John Rose recommenced his post as Wales Director again from 7 June 2021. I then became Interim Chief Executive from 7 June 2021. I was appointed Permanent Chief Executive on 18 October 2021.

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

Risk management

The Fund operates a comprehensive system of risk management, with an organisational risk register being reviewed quarterly by the Audit and Risk Committee. The Board reviews the risk register at least annually to ensure there are no material omissions. The Board has also, with the advice and guidance of the Audit and Risk Committee and on recommendation from SMT, established seven risk themes within which to manage our risk approach and has agreed the Fund's risk tolerance levels for each of these.

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

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

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

1. Financial

The Fund makes award commitments on the basis of meeting the obligations in respect of those awards from future receipts from The National Lottery. We manage the risk of fluctuations in income through robust cash forecasting. Income increased in 2020/21 but remains materially below its peak in 2015/16. Managing future liabilities and cash flow in the face of variable income is an area which is receiving close attention. In this theme we also consider the controls in respect of our operating costs and in particularly ensuring we operate within the cost threshold set for us by government. The Coronavirus crisis has not significantly impacted sales of National Lottery products. We have reviewed our capacity to make future awards and meet our commitments and the expected time for full recovery to be achieved.

2. External Environment

Risks considered here include the potential reputational impact of failings in funded organisations and the impact in the sector more widely of significant issues for charities and community organisations. The impact of the coronavirus has been significant for many organisations which is illustrated in section one of this report The Fund has responded well with all our teams able to fulfil all activities remotely. The Fund has also been tasked with distributing £220 million of government funding in England, Northern Ireland and Scotland to support charities and community organisations through the crisis. This was challenging within our capacity constraints, but great progress was made at pace and the programmes were successfully delivered.

3. Leadership and Governance

We consider here the potential impact of the loss of key individuals including changes to the Board as a result appointment terms coming to an end. We also address the risks that our strategic plan does not match the purpose of the organisation and the impact on our culture and teams. The loss of key individuals who work in management roles has the potential to add uncertainty to teams which in turn increases potential financial and reputational risk to the Fund. The Fund mitigates these risks within its strategic plan, however, the Fund remains committed to replacing key individuals as quickly as possible through a robust recruitment policy to offset potential risks from crystallising.

4. People

Risks considered for this theme include our capacity to reward our teams appropriately in increasingly competitive markets; ensuring that our teams are appropriately trained and skilled to deliver our ambition and that we meet our diversity aims in matching the diverse nature of the communities we support. The COVID-19 pandemic has introduced new risks to the Fund which has made the Fund's people commitments evolve rapidly. Risks to occupational health and safety, staff wellbeing, adequate technology infrastructure to support colleagues working from home and remote people management has presented a unique set of circumstances. The Fund is committed to adapt to meet the needs of the evolving workplace environment in line with Government guidance.

5. Operations

Risks in this theme include the potential exposure to Cyber Security issues, ensuring we have the appropriate IT architecture and systems to support our ways of working and that our working environments are appropriate for our teams and our circumstances. We have made significant changes to our IT architecture over recent

years and continue to develop our approach to meet our needs for sharing information across the Fund. We have moved significantly to provision of services through the cloud which has also required changes to our in-house infrastructures. This links closely to how we design and use our own office facilities to create flexible spaces which enable our teams to collaborate effectively including remote working in line with COVID-19 Government guidance. In operations we also continue to address our approach to information governance including appropriate disposal of data to ensure we comply with data protection legislation while meeting our needs for quality data on our funding activities.

6. Projects

We consider the risk of failure in key projects including those relating to business systems and infrastructure and that we have appropriate skills to deliver on time and to budget.

7. Funding

We face a number of risks with respect to our grant making including the potential exposure to fraudulent activity in applications or in award delivery as well as the potential reputational risk from projects or funded organisations which fail or do not meet the high standards expected of them.

The Board and Audit and Risk Committee working with our executive team continue to review and develop our approach ensuring that we take a proportionate approach to risk management. We seek to ensure that our organisational risk register links closely to our strategic aims and ambitions.

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

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

A programme of internal audit work is prepared annually by the Head of Internal Audit and agreed with SMT and the Audit and Risk Committee. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to all the significant risks faced by the Fund. Over the course of the year, Internal Audit reports have addressed a significant number of risks including within the following key risk areas; brand, business continuity planning, Grant Management System products, Grant Making skills training, financial controls, cloud strategy and security, access management control, and delivery of the Coronavirus Community Support Fund.

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

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

The Fund outsources the delivery of the majority of its internal audit activity in a co-sourced arrangement. A new contractor supplied these services from April 2019.

Each SMT director has provided me with an assurance statement on the areas for which they are responsible. Drawing on these and the results of internal audit reviews the Head of Internal Audit has provided me with an annual assurance report. The report assesses the Fund to have 'moderate assurance' in relation to its framework of governance, risk management and control, a position with which I concur and it is pleasing to see that no internal audits indicated overall limited assurance. The report also indicated that internal audit has not identified any breaches or non-compliance with the Fund's financial and accounts directions or other guidance issued by HM Treasury or DCMS.

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

Accounting officer Assurances

As Accounting Officer, I have responsibility for maintaining for maintaining a sound system of internal controls that supports the achievement of the Fund's policies, aims and objectives to safeguard public money and the Fund's assets.

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

1. Year end external Audit report

No audit adjustments were proposed, and no significant recommendations were made for the year ended 31 March 2021. KMPG audit work on the GMS systems controls showed and confirmed that sufficient controls are in place to demonstrate propriety and regulatory of the funding.

2. Internal audit report

Overall, the annual internal report gives moderate assurance which is consistent with the previous years. This demonstrates that Fund has appropriate controls in place to mitigate any risks.

3. Annual Assurance statements from directors

As part of the governance process and the internal audit function, Assurance statements are received from the directors confirming that they have discharged their responsibilities in ensuring that the Funds policies and procedures are complied with.

4. Risk Management

The risk registers are reviewed in detail on a quarterly basis. The directorate risk registers, and the organisational risk register are then discussed by risk moderation panel to decide which risks should be added or removed from the organisational risk register.

5. Detailed fraud risk assessment

A detailed fraud risk deep dive has been carried out which involved conducting

detailed meetings with the relevant heads of departments and operational staff. The fraud risk assessment shows the principal fraud risks and what controls the fund has in place to mitigate these risks.

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

SMT review on a quarterly basis all changes to the directorates risk registers and the organisational risk register.

7. Audit and Risk committee

The Audit and Risk committee meet on a quarterly basis to review and discuss all risk updates to ensure that risks are properly managed by mitigating controls.

As part of Post- Events Assurance work, The Department for Digital, Culture, Media, and Sport (DCMS) commissioned a separate project with external advisors BDO to assess the fraud and risk levels based on a sample of grants awarded in response to the COVID 19 crisis. As a result, Funding distributed on behalf of government, as part of the emergency relief package for COVID 19 in 2020 and 2021 has been reviewed for potential fraud at the request of DCMS. Fraud and risk levels have been assessed by external advisors BDO, taking a sample of grants issued in relation to the COVID 19 crisis. Whilst no specific reliance has been placed on the BDO report by the external auditors, further investigation into the recovery of funds in relation to emergency relief and the methodology adopted in calculating the extrapolated fraud and error risks show that the National Lottery Community Fund fraud and risk levels are within the audit materiality threshold.

Corporate planning and performance management

The Fund has a system of planning designed to identify corporate priorities and plans in each period and to act as a guide in delivering the strategy approved by the Board. Directorate plans are developed throughout the Fund, and feed into the overall corporate plan and to the personal objectives for staff.

The corporate plan for 2020/21 included two financial and five non-financial key performance indicators (KPIs). These were monitored regularly and reported to SMT and to the Board, with corrective action being agreed wherever necessary.

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

Additional Key Management Information (KMI) is also collated and analysed for SMT throughout the year in various forms.

This presents data on such matters as employment statistics, grant making services and other financial data such as our balance in the NLDF.

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

Dormant accounts

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

Third party funding

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

At the start of 2020/21, the Fund received £200m through a grant agreement with DCMS for the Coronavirus Community Support Fund programme, to distribute to charities and community organisations in England to enable them to meet the demands placed on them by the coronavirus. Governance arrangements were agreed with DCMS as the sponsor department accountable to Treasury for the funds. We recovered an appropriate proportion of costs associated with this activity.

Similar individual funding agreements were agreed with Scottish Government and the Department for Communities in Northern Ireland as part of our coronavirus response, this totalled £20 million.

Delegated and trust arrangements

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

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

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

Our payment policy and practice

In accordance with the Better Payment Practice guide, we aim to pay all our creditors within 30 days of receiving an invoice, unless other terms and conditions have been negotiated. In 2020/21, 81% (82% in 2019/20) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days was 40% during 2020/21 (35% in 2019/20).

Our overall creditor days (the total value of our creditors at 31 March 2021 divided by total creditor payments during 2020/21, expressed in days) was 23 days (25 days in 2019/20).

Data quality and data protection

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

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

During 2020/21 there were no reportable losses of personal data.

Impact of Brexit

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

The Fund's remaining activities are not dependent on cross border sources of funding and nor does it depend on significant services from EU entities. No material impact on the Fund is predicted following the UK's exit from the EU.

Post event assurance

As part of Post- Events Assurance work, The Department for Digital, Culture, Media, and Sport (DCMS) commissioned a separate project with external advisors BDO to assess the fraud and risk levels based on a sample of grants awarded in response to the COVID 19 crisis. As a result, Funding distributed on behalf of government, as part of the emergency relief package for COVID 19 in 2020 and 2021 has been reviewed for potential fraud at the request of DCMS. Fraud and risk levels have been assessed by external advisors BDO, taking a sample of grants issued in relation to the COVID 19 crisis. Whilst no specific reliance has been placed on the BDO report by the external auditors, further follow up audit work showed that there no material irregularities in the accounts regarding the fraud and error arising from the grants payments for the COVID 19 emergency programme.

It is imperative that TNLCF distributed the grants for the COVID 19 emergency programme in a timely, responsive, and efficient manner to support organisations and communities that needed the support. As a result, it was expected that given the nature of distributing the funds, there is a chance of fraud and error arising from this.

For TNLCF the key risks in making grant payments to deliver the COVID 19 emergency programme are as follows:

1. Expenditure not in accordance with the grant terms and conditions.
2. Grants given to fraudulent organisations.
3. Unspent grants and the process to recover any unspent amounts.
4. Lack of documentary evidence to support the grants expenditure.
5. Limited resources to follow up all grants to ensure propriety of grants expenditure.

In to mitigate the risks above TNLCF has added the following improvements to the existing ongoing monitoring and review work:

1. Implemented improvements to our monitoring of grants worth up to £10,000.
2. Provided additional guidance to Funding colleagues working on Simple and Standard products regarding mid-point and end of grant monitoring and assessments.
3. Made additions to our manager reviews to check that controls are adhered to by Funding teams.

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.

David Knott

Chief Executive and Accounting Officer

7 December 2021

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

UK Board members

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Peter Ainsworth	Chair, Board (until 30 November 2019)	0/0	-	26,667
	Chair, Remuneration Committee (until 30 November 2019)	0/0		
	Chair, UK Funding Committee (until 30 November 2019)	0/0		
Blondel Cluff CBE	Chair, UK Board (from 1 February 2021)	1/1	6,177	-
Tony Burton CBE	Interim Chair, UK Board (until 31 January 2021)	3/3	30,910	28,201
	Member, UK Board (from 1 February 2021 until 31 March 2021)	1/1		
	Chair, Remuneration Committee	1/1		
	Chair, UK Funding Committee	4/4		
Natalie Campbell	Member, UK Board (until 30 June 2020)	1/1	1,962	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 (until 17 January 2020)	0/0	-	18,736
	Member, UK Board (until 17 January 2020)	0/0		

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Maureen McGinn	Chair, Scotland Committee (until 30 November 2019)	0/0	-	16,000
	Member, UK Board (until 30 November 2019)	0/0		
Elizabeth Passey	Member, UK Board	4/4	7,848	7,848
	Member, UK Funding Committee	3/4		
Rachael Robathan	Member, UK Board	4/4	7,848	7,848
	Chair, Remuneration Committee	1/1		
Nat Sloane CBE	Chair, England Committee (until 30 November 2019)	0/0	-	16,000
	Member, UK Board (until 30 November 2019)	0/0		
Sir Adrian Webb	Chair, Wales Committee	5/5	24,000	24,000
	Member, UK Board	4/4		
	Member, Audit and Risk Committee	4/4		
	Vice Chair, UK Board (from 10 May 2021)	0/0		
Emma Boggis	Interim Vice Chair, UK Board (from 1 April 2020 until 9 May 2021)	4/4	15,696	9,278
	Member, Remuneration Committee	1/1		
	Chair, Audit and Risk Committee	4/4		
Danielle Walker-Palmour	Member, UK Board	3/4	7,848	8,922

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
John Mothersole	Member, UK Board (from 15 May 2020)	4/4	22,090	7,848
	Chair, England Committee (from 15 May 2020)	10/10		
Sandra McNamee	Member, UK Board (from 1 August 2020)	4/4	27,733	5,232
	Interim Chair, Northern Ireland Committee (from 1 August 2020)	7/8		
Kate Still	Member, UK Board (from 15 June 2020)	4/4	19,067	-
	Chair, Scotland Committee (from 15 June 2020)	5/5		

Other members

England committee

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Margaret Jones	Interim Chair, England Committee (until 30 June 2020)	2/10	25,346	7,848
	Member, England Committee (from 30 June 2020)	7/10		
Tarn Lamb	Member, England Committee	9/10	7,848	7,701
Kevin Bone	Member, England Committee	9/10	7,848	7,848
	Member, UK Funding Committee	4/4		
Rosie Ginday	Member, England Committee	10/10	7,848	7,848

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Ray Coyle	Member, England Committee (from 1 April 2019)	10/10	654	7,848

Scotland committee

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Jackie Brock	Member, Scotland Committee (from 1 April 2020)	6/7	5,232	-
Grant Carson	Member, Scotland Committee	6/7	5,232	5,232
Stella Everingham	Member, Scotland Committee (until 31 December 2019)	0/0	-	3,924
	Member, UK Funding Committee (until 31 December 2019)	0/0		
Lindsay Graham	Member, Scotland Committee	6/7	5,232	5,232
Aaliya Seyal	Member, Scotland Committee	7/7	5,232	5,232
	Member, UK Funding Committee	4/4		
Martin Johnstone	Member, Scotland Committee	5/7	5,232	5,232
Janet Miles	Member, Scotland Committee	7/7	6,282	5,242

Wales committee

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Rona Aldrich	Member, Wales Committee	5/5	5,232	5,232
Sian Callaghan	Member, Wales Committee	5/5	5,232	5,232
	Member, UK Funding Committee	4/4		
Rob Pickford OBE	Member, Wales Committee (until 31 December 2019)	0/0	-	3,924

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Helen Wilkinson	Member, Wales Committee (until 15 February 2021)	5/5	4,594	5,232
Nicola Russell-Brooks	Member, Wales Committee	5/5	5,232	5,232
Fadhili Maghiya	Member, Wales Committee (from 13 January 2020)	5/5	5,232	1,139

Northern Ireland committee

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Dr Michael Dobbins	Member, Northern Ireland Committee	0/8	5,232	5,232
	Member, UK Funding Committee	3/3		
Tony Doherty	Member, Northern Ireland Committee	7/8	5,232	5,232
Charles Mack	Member, Northern Ireland Committee	7/8	5,232	5,232
Eileen Mullan	Member, Northern Ireland Committee	8/8	5,232	5,232
	Member, UK Funding Committee	3/4		
Kate Clifford	Member, Northern Ireland Committee (from 1 February 2021)	1/1	872	-

Audit and Risk committee

Name	Role	Attendance 2020/21	Remuneration 2020/21	Remuneration 2019/20
Ruth Marchington	Member, Audit and Risk Committee	4/4	1,744	1,744
Charlotte Moar	Member, Audit and Risk Committee	4/4	1,744	1,744

Register of interests

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

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

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

Name	Organisation Name	Nature of relationship		Awards made in 2020/21		Withdrew from award	Outstanding grant award at 31 March 2021
				No	£		£
Aaliya Seyal	Parent Network Scotland	Self	Board Member	1	9,054	N/A	-
	Airdrie CAB	Self	Employee	1	103,861	N/A	77,783
	Glasgow University	Children	Employee	1	135,179	N/A	135,179
Adrian Webb	Cardiff Business School	Self	Visiting Professor	-	-	N/A	78,314
	RSPB	Self	Wales Chair, UK Trustee	1	282,891	N/A	327,463
Charlotte Moar	Comic Relief	Self	Trustee and Treasurer	-	-	N/A	54,122
Danielle Palmour	MySight York	Self	Trustee	-	-	N/A	89,401
Emma Boggis	The National Trust	Mother	Member	-	-	N/A	37,808
Eileen Mullan	Age Northern Ireland	Self	Chair	-	-	N/A	1,381,737
Elizabeth Passey	The University of Glasgow	Self	Convener (Chairman) and Court member	1	135,179	N/A	135,179
	Black Mountains College	Self	Board Member	-	-	N/A	36,075
Fadhili Maghiya	Sub-Saharan Advisory Panel	Self	Director	3	115,325	N/A	-
	Cardiff Community Housing Association	Self	Consultant	1	68,000	N/A	238,862
Grant Carson	Glasgow Access Panel	Self	Member	1	10,000	N/A	-
	Glasgow Disability Alliance	Self	Connected to Deputy CEO	2	399,148	Yes	389,148
Helen Wilkinson	NEWVOL trading as Denbighshire Voluntary Services Council (DVSC)	Self	Director	1	10,000	N/A	-
John Mothersole	Sheffield Churches Council for Community Care	Self	Trustee	-	-	N/A	33,122
Kevin Bone	Pilotlight Ltd	Self	Trustee	-	-	N/A	73,525
	Imperial Health Charity	Self	Trustee	1	10,000	N/A	-
Lindsay Graham	Dundee Bairns	Self	Trustee	1	10,000	N/A	-
	Royal Society of Arts	Self	Fellow	1	49,940	N/A	-

Name	Organisation Name	Nature of relationship		Awards made in 2020/21		Withdrew from award	Outstanding grant award at 31 March 2021
				No	£		£
Maggie Jones	PossAbilities C.I.C	Self	Director	1	10,000	N/A	-
	Womens Health Matters Leeds	Children	Close Relative Connected	2	309,352	N/A	299,352
	RSA (The Royal Society for the Encouragement of Arts, Manufactures and Commerce	Self	Fellow	1	49,940	N/A	-
	Leeds City Council Community Board	Self	Member	-	-	N/A	976,220
	YourConsortium	Self	Connected with related organisation	-	-	N/A	1,630,016
	Consortium of Voluntary Adoption Agencies	Self	CEO	-	-	N/A	304,132
Martin Johnstone	Faith in Community Scotland	Self	Trustee	1	45,000	Yes	22,500
	theGKexperience SCIO	Self	Chair and Trustee	1	9,913	N/A	-
	Wevolution	Self	Advisor	-	-	N/A	25,013
	Home-Start Glasgow South	Spouse/Partner	Close Relative Connected	1	348,046	Yes	348,046
	Cyrenians	Children	Close Relative Connected	1	10,000	N/A	80,561
	Penumbra	Children	Close Relative Connected	-	-	N/A	80,455
	Home-Start Renfrewshire and Inverclyde	Spouse/Partner	Connected with related organisation	2	452,309	Yes	374,548
	The Pyramid at Anderston	Self	Connected with related organisation	1	1,100,000	Yes	1,100,000
Nicola Russell-Brooks	Age Cymru Swansea Bay	Self	Employee	1	66,880	N/A	-
	NCVO	Self	Consultant	1	997,990	N/A	58,885
	Canolfan Clydau Tegryn	Spouse/Partner	Board Member	1	8,000	N/A	-
	Family Housing Association Wales	Self	Former salaried employee	1	4,550	N/A	-
	Paul Sartori Hospice at Home	Self	Mentor	2	96,134	N/A	21,250
	Pembrokeshire Frame Limited	Self	Mentor	1	10,000	N/A	-
	Comic Relief	Self	Consultant	-	-	N/A	54,122

Name	Organisation Name	Nature of relationship		Awards made in 2020/21		Withdrew from award	Outstanding grant award at 31 March 2021
				No	£		£
	Milford Youth Matters	Self	Consultant	-	-	N/A	110,854
	Restorative Wales	Self	Consultant	1	7,187	N/A	-
	Fishguard and Goodwick Young Persons	Self	Connected with related organisation	1	434,318	Yes	324,750
Perdita Fraser	RSA London	Self	Fellow	1	49,940	N/A	-
	Ashoka UK	Self	Advisor	-	-	N/A	20,000
Ruth Marchington	National Trust	Self	Subscribing Member	-	-	N/A	37,808
Sian Callaghan	Royal Society for the Protection of Birds	Spouse/Partner	Close Relative Connected	1	282,891	N/A	327,463
	The National Trust	Self	Member	-	-	N/A	37,808
Sandra McNamee	NSPCC	Self	Consultant	-	-	N/A	23,871,904
	Limavady Community Development Initiative	Self	Consultant	2	12,600	N/A	-
	Belfast and Lisburn Women's Aid	Self	Consultant	1	25,000	N/A	-
	Women's Aid Antrim, Ballymena, Carrickfergus, Larne and Newtownabbey	Self	Associated via Women's Aid organisations	1	277,144	Yes	477,144
	Men's Action Network	Self	Associated via Women's Aid NI	-	-	N/A	149,508
Tony Burton	National Trust	Self	Member	-	-	N/A	37,808
	Renaisi Limited	Self	Consultant	-	-	N/A	355,501
	Royal Institute of British Architects	Self	Fellow	1	49,940	N/A	-
	The Conservation Volunteers	Self	Trustee	-	-	N/A	52,396
Tony Doherty	Versus Arthritis	Self	Competitor via HLC Alliance	2	437,863	Yes	437,863
	Rural Health Partnership	Self	Member of HLC Alliance	1	500,000	Yes	440,000
Tarn Lamb	The Design Council - Transforming Ageing	Self	Advisor	1	48,750	N/A	-
	The Learning Partnership for Cornwall and the Isles of Scilly	Self	Director	1	107,252	N/A	112,802

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

Chief Executive
Dawn Austwick (until December 2020)

Interim Chief Executive
John Rose (from January 2021 to June 2021)

Chief Executive
David Knott (from June 2021)

England Director
Elly de Decker

Scotland Director
Neil Ritch

Northern Ireland Director
Kate Beggs

Wales Director
John Rose (until December 2020. Again from June 2021)

Interim Wales Director
Ruth Bates (from December 2020 to June 2021)

Technology and Data Director
Matthew Green (until September 2021)

Corporate Services Director
Neil Harris

Interim Finance Director
Emma Kavanagh (until January 2021)

Interim Finance Director
Harnish Hadani (from January 2021)

Engagement and Insight Director
Faiza Khan MBE

Funding Strategy Director
Emma Ackerman (from October 2020)

Advisor to SMT
David Knott (from October 2020 to June 2021)

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 People Director, or other officers attend meetings for selected agenda items.

The decisions of the Committee are subject to:

- compliance with the pay guidance issued by the Cabinet Office/HM Treasury applying to the remuneration of staff generally
- approval by DCMS of the terms and conditions of employment of the Chief Executive
- approval by DCMS of any termination payments to the Chief Executive.

Remuneration policy for executive directors

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

Directors including the Chief Executive receive a basic salary and a performance related payment. All other terms and conditions of employment are the same as for other Fund employees. They are entitled to be members of the Principal Civil Service Pension Scheme. All directors are on permanent contracts (except where necessarily covered by temporary or interim arrangements) subject to three months' notice. Any termination payments are paid in accordance with the Civil Service compensation scheme.

Any annual increase to the Chief Executive's salary is determined by the Remuneration Committee; for 2020/21 this was 0.81%. Annual increases to the other directors' salaries are approved by the Chief Executive reflecting the outcome of the overall staff pay award.

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

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

One member of the Senior Management Team permanently left during the year.

Details of the basic salary, performance-related payments and pension benefits of directors are set out in the table on pages 99 and 100. Details of their expenses can be found on the website: tnlcommunityfund.org.uk/about/our-people/senior-management-team

Officials with significant financial responsibility

The Fund engaged 25 Board members or members of the Senior Management Team during the course of the year who were deemed to have significant financial responsibility. All of these engagements were paid through the Fund's payroll.

Pay multiples (audited information)

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

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

The banding of the total salary plus performance award during the year of the highest paid Chief Executive Officer was £160,000 to £165,000 (2019/20 £160,000 to £165,000), the median salary of the Fund's employees was £28,937 (2019/20 £28,044). In 2020/21, the ratio of the highest paid to the median changed to 5.6:1 (2019/20 5.8:1). In 2020/21, no employees (2019/20 none) received remuneration in excess of the highest paid director. The range of remuneration is from a range of £10,000 to £15,000 through to a range of £160,000 to £165,000.

Staff

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

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 2020/21, the average number of days of sickness absence was 5.3 days per employee (8.0 days in 2019/20).

Employee involvement

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

Health and safety

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

Off Payroll Engagements and Consultancy

During the year the Fund has engaged three (2019/20 five) individuals through off-payroll contracts. The Fund operates strict tests to ensure that the nature of all engagements is appropriately assessed and that in all cases contracts are set to ensure that the appropriate tax and National Insurance obligations are met. The total cost of these arrangements was £158,290 (2019/20 £405,017).

All three of the off-payroll contracts were new contracts in the year or reached a period of six months engagement during the year. Further, all three were roles for specialist skills that we do not normally employ directly. 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 £425,431 (2019/20 £330,178) 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 £120,944 (2019/20 £125,314) and in accordance with the government accounting guidance has written this off as a staff cost under taxes.

The Fund has reclaimed £95,183 (2019/20 £0) in training costs from appropriate providers. These costs would typically be shown as training costs in operating costs with the benefit of the drawdown from the apprenticeship levy account shown in income as a government grant.

Gender Pay Gap

The Fund is required to report its performance under the Gender Pay Gap regulations. Full details are available on gov.uk gender pay gap portal and are published on our own website. Across the Fund as a whole, we report a gender pay gap of 2.8% (2019/20 3.2%) for median pay whilst for mean pay, the gap is 5.3% (2019/20 5.5%). We are pleased with the reduction in our pay gap from last year and will continue the positive work we have started to reduce this gap even further.

Ethnicity Pay Gap

Whilst we are not legally required to report our ethnicity pay gap, we have taken the decision to publish our results alongside the gender pay gap. Across the Fund as a whole, we report an ethnicity pay gap of 0.9 per cent (2019/20 minus 0.1%) for median pay whilst for mean pay, the rate is minus 1.8 per cent (2019/20 0.9%). These numbers remain positive, showing almost no difference between pay across all colleagues.

Trade Union Facility Time

Number of employees who were relevant union officials during the financial year	4
Full time equivalent employee number	2.2
Percentage of time spent on facility time by relevant union officials:	
0%	-
1-50%	1
51-99%	3
100%	-
Total cost of facility time	£95,416
Total cost of paybill	£36,081,822
Percentage of paybill spent on facility time	0.3%
Hours spent on paid trade union activities	180
Hours spent on paid facility time	4,289
Percentage	4.2%

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

Executives	2020/21 Salary £'000	2020/21 Performance related payments £'000	2020/21 Value of pension benefits £'000	2020/21 Single total figure for Remuneration £'000	2019/20 Salary £'000	2019/20 Performance related payments £'000	2019/20 Value of pension benefits £'000	2019/20 Single total figure for Remuneration £'000
Dawn Austwick (Chief Executive) until 31 December 2020	120-125 (Full time equivalent 145-150)	10-15	-	130-135	130-135 (Full time equivalent 145-150)	10-15	52	200-205
David Knott* (Chief Executive) from 7 June 2021 (Advisor to SMT) from 12 October 2020 until 6 June 2021	-	-	-	-	-	-	-	-
John Rose (Interim Chief Executive) from 1 January 2021 to 6 June 2021. (Wales Director) until 31 December 2020 (Wales Director) again from 7 June 2021	90-95	5-10	40	135-140	85-90	0-5	52	140-145
Elly De Decker (England Director) from 1 January 2020	85-90	0-5	34	120-125	20-25 (Full time equivalent 85-90)	0-5	30	50-55
Neil Ritch (Scotland Director) from 1 August 2019	75-80	0-5	37	110-115	50-55 (Full time equivalent 75-80)	0-5	-	50-55
Kate Beggs (Northern Ireland Director)	75-80	0-5	33	115-120	75-80	0-5	57	130-135
Ruth Bates (Interim Wales Director) from 1 December 2020 until 6 June 2021	20-25 (Full time equivalent 65-70)	0-5	19	40-45	N/A	N/A	N/A	N/A
Matthew Green (Technology and Data Director) until September 2021	80-85	5-10	33	120-125	75-80	0-5	-	75-80
Neil Harris (Corporate Services Director)	90-95	0-5	35	125-130	75-80	0-5	-	75-80
Emma Kavanagh (Interim Finance Director) 1 April 2020 until 15 January 2021	50-55 (Full time equivalent 65-70)	0-5	26	75-80	N/A	N/A	N/A	N/A
Harnish Hadani (Interim Finance Director) from 4 January 2021	20-25 (Full time equivalent 95-100)	0-5	9	30-35	N/A	N/A	N/A	N/A
Faiza Khan MBE (Engagement and Insight Director) from 13 January 2020	80-85	0-5	33	115-120	15-20 (Full time equivalent 80-85)	0-5	7	25-30
Emma Ackerman (Funding Strategy Director) from 1 October 2020	35-40 (Full time equivalent 75-80)	0-5	-	35-40	N/A	N/A	N/A	N/A

*David Knott was a Senior Advisor to the Fund between October 2020 and June 2021. David was not a Director or member of the Executive Team during this period.

Executives' remuneration – pensions (audited information)

Executives	Accrued pension at pensionable age as at 31/03/21 and related lump sum £'000	Real increase in pension and lump sum at pension £'000	Cash Equivalent Transfer Values (CETV) at 31/03/21 £'000	Cash Equivalent Transfer Values (CETV) at 31/03/20 £'000	Real increase in CETV £'000
Dawn Austwick (Chief Executive) until 31 December 2020	-	-	-	338	-
David Knott (Chief Executive) from 7 June 2021 (Advisor to SMT) from 12 October 2020 until 6 June 2021	-	-	-	-	-
John Rose (Interim Chief Executive) from 1 January 2021 to 6 June 2021 (Wales Director) until 31 December 2020 (Wales Director) again from 7 June 2021	25-30	0-2.5	460	415	26
Elly De Decker (England Director) from 1 January 2020	5-10	0-2.5	95	69	17
Neil Ritch (Scotland Director) from 1 August 2019	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0-2.5	402	361	24
Kate Beggs (Northern Ireland Director)	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0-2.5	310	281	15
Ruth Bates (Interim Wales Director) from 1 December 2020 until 6 June 2021	5-10	0-2.5	68	54	9
Matthew Green (Technology and Data Director) until September 2021	10-15	0-2.5	118	93	16
Neil Harris (Corporate Services Director)	5-10	0-2.5	64	39	17
Emma Kavanagh (Interim Finance Director) 1 April 2020 until 15 January 2021	10-15	0-2.5	119	103	8
Harnish Hadani (Interim Finance Director) from 4 January 2021	0-5	0-2.5	8	-	6
Faiza Khan MBE (Engagement and Insight Director) from 13 January 2020	0-5	0-2.5	23	4	13
Emma Ackerman (Funding Strategy Director) from 1 October 2020	-	-	-	-	-

Cash equivalent transfer values (CETV)

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

Real increase in CETV

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

Remuneration of Board and Committee members

The remuneration of Board and committee members of the Fund is determined by the Secretary of State for the Department of Digital, Culture, Media and Sport.

The Chairs of the UK Board and the country committees receive an annual salary based on the number of days they are expected to devote to the work of the Fund. These were set out in their letter of appointment.

The total amounts they received are shown in the table on pages 84 to 90.

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.

David Knott

David Knott

Chief Executive and Accounting Officer

7 December 2021

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 the Big Lottery Fund for the year ended 31 March 2021 under the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008. The financial statements comprise: Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as interpreted by HM Treasury's Government Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Big Lottery Fund's affairs as at 31 March 2021 and of the total comprehensive income for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Big Lottery Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff

and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the Big Lottery Fund is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Big Lottery Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability report. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

Responsibilities of the Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud of error.
- assessing the Big Lottery Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Big Lottery Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Big Lottery Fund"s head of internal audit and those charged with governance, including obtaining and reviewing

supporting documentation relating to the Big Lottery Fund's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Big Lottery Fund's controls relating to the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008 and Secretary of State Directions made thereunder; and Managing Public Money;

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, and posting of unusual journals;
- obtaining an understanding of Big Lottery Fund's framework of authority as well as other legal and regulatory frameworks that the Big Lottery Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Big Lottery Fund. The key laws and regulations I considered in this context included the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008 and Secretary of State Directions made thereunder; tax law and employment law and Managing Public Money;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addition to the above, my procedures to respond to identified risks included the following:
  - reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
  - enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
  - reading minutes of meetings of those charged with governance and the Board;
  - in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
  - performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

I also communicated relevant identified laws and regulations and potential fraud

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

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

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies

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

Date

Statement of comprehensive income

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Income			
Lottery income			
Proceeds from The National Lottery	13	725,510	710,434
Investment income from the National Lottery Distribution Fund	13	424	3,436
Bank and other interest receivable	2	41	145
Recoveries of grant	2	1,995	1,976
		727,970	715,991
Dormant accounts money income			
Received/Receivable from Reclaim Fund Ltd	32a	90,281	68,530
Bank interest receivable	32a	136	650
Recoveries of grant	32a	33	2
		90,450	69,182
Coronavirus Community Support Fund income			
Received/Receivable from DCMS	29	199,417	-
COVID-19 Charities Fund income			
Received/Receivable from DfC	31	9,215	-
Local Connections Fund income			
Received/Receivable from DCMS	30	2,000	-
Recoveries of grant		5	-
		2,005	-
Other income	2	6,367	6,567
Total income		**1,035,424**	**791,740**
Expenditure			
National Lottery programme expenditure			
Grant expenditure	3	513,820	584,255
Less lapsed or revoked grant expenditure	3	(4,670)	(4,682)

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Direct expenditure in support of programmes	4	8,131	8,622
		517,281	588,195
Dormant accounts money programme expenditure			
Transfers/transferable to designated distributors	32a	41,933	55,445
Grant expenditure	32a	5,940	6,822
Less lapsed or revoked grant expenditure	32a	(18)	(352)
		47,855	61,915
Coronavirus Community Support Fund programme expenditure			
Grant expenditure	29	188,423	-
Less lapsed or revoked grant expenditure	29	160	-
		188,583	-
COVID-19 Charities Fund programme expenditure			
Grant expenditure	31	8,847	-
Less lapsed or revoked grant expenditure	31	(20)	-
		8,827	-
Local Connections Fund programme expenditure			
Grant expenditure	30	1,828	-
		1,828	-
Operating costs			
Operating costs for distributing National Lottery Income	5	42,357	54,822
Recharged operating costs	5	3,159	2,985
Operating costs for distributing dormant account money	5	346	480
Operating costs for distributing Coronavirus Community Support Fund money	5	9,266	-
Operating costs for distributing Local Connections Fund money	5	71	-

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating costs for distributing COVID-19 Charities Fund money	5	388	-
		55,587	58,287
Restructuring and investment	8	2,335	917
Total expenditure		822,296	709,314
Surplus before taxation		213,128	82,426
Taxation	9	(8)	(28)
Total comprehensive net income		213,120	82,398

All income and expenditure relates to continuing activities.

The notes on pages 113 to 153 form part of these accounts.

Statement of changes in equity

Year ended 31 March 2021

	Lottery Accounts	Dormant Accounts	Coronavirus Community Support Fund	Local Connections Fund	Total
	£'000	£'000	£'000	£'000	£'000
Opening reserve position	(670,627)	50,264	-	-	(620,363)
Transferred from Statement of Comprehensive Net Expenditure	169,197	42,249	1,568	106	213,120
Closing reserve position	(501,430)	92,513	1,568	106	(407,243)

Year ended 31 March 2020

	Lottery Accounts	Dormant Accounts	Coronavirus Community Support Fund	Local Connections Fund	Total
	£'000	£'000	£'000	£'000	£'000
Opening reserve position	(746,238)	43,477	-	-	(702,761)
Transferred from Statement of Comprehensive Net Expenditure	75,611	6,787	-	-	82,398
Closing reserve position	(670,627)	50,264	-	-	(620,363)

The notes on pages 113 to 153 form part of these accounts.

Statement of financial position

	Note	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Non-current assets			
Property, plant and equipment	10	2,200	3,473
Intangible assets	11	249	368
Right of use assets	20	6,976	11,676
		9,425	15,517
Current assets			
Trade and other receivables	12	155,319	124,847
Cash at bank and in hand		81,512	79,951
Investment balance in National Lottery Distribution Fund	13	263,583	302,735
		500,414	507,533
Total assets		**509,839**	**523,050**
Current liabilities			
Trade and other payables	14	(465,152)	(505,491)
Lease liabilities	20	(1,343)	(4,710)
Total assets less net current liabilities		43,344	12,849

	Note	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Non-current liabilities			
Trade and other payables	14	(426,722)	(555,414)
Lease liabilities	20	(4,995)	(6,636)
Provisions	15	(18,870)	(71,162)
Assets less liabilities		**(407,243)**	**(620,363)**
Represented by:			
Lottery funds reserve		(501,430)	(670,627)
Dormant account money reserve		92,513	50,264
Coronavirus Community Support Fund reserve		1,568	-
Local Connections Fund reserve		106	-
		(407,243)	**(620,363)**

Signed on behalf of the Big Lottery Fund Board on 7 December 2021.

David Knott
Chief Executive and Accounting Officer

Blondel Cluff
Chair

The notes on pages 113 to 153 form part of these accounts.

Statement of cash flows

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Surplus for the period	213,120	82,398
Disposal of non-current assets	-	1,103
Depreciation of property, plant and equipment and amortisation of intangible assets	1,669	2,781
Depreciation of right-of-use lease assets	3,552	4,335
Interest expenses	198	313
Surplus adjusted for non-cash transactions	218,539	90,930
(Increase)/Decrease in trade and other receivables	(30,472)	4,694
Decrease/(Increase) in NLDF balance	39,152	(25,598)
Decrease in trade and other payables	(169, 031)	(55,992)
Decrease in provisions	(52,292)	(23,132)
Cumulative catch up from IFRS 16 Leases	-	(295)
Transfer to right-of-use lease asset from rent free	230	-
Net cash inflow/(outflow) from operating activities	6,126	(9,393)
Cashflows from financing activities		
Repayment of borrowings and leasing liabilities	(4,289)	(4,683)
Cashflows from investing activities		
Payments to acquire property, plant and equipment	(276)	(1,385)
Increase/(Decrease) in cash	**1,561**	**(15,461)**
Net increase in cash and cash equivalents		
Cash balances carried forward	81,512	79,951
Less cash balances brought forward	(79,951)	(95,412)
	1,561	**(15,461)**

The notes on pages 113 to 153 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Digital, Culture, Media and Sport in accordance with Section 36A (2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and the Dormant Accounts and Building Society Act 2008. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Fund for 2020/21 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 2021, has been certified by the Secretary of State for Digital, Culture, Media and Sport as being available for distribution by the Fund in respect of current and future commitments.

1.4 Property, plant and equipment

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

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

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

1.5 Intangible assets

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

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

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

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

1.6 Pension fund

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

1.7 Operating leases

Lessee

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

Lessor

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

1.8 Expenditure on programmes

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

Grant awards

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

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

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

Development awards

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

Performance based awards

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

Multi-stage awards

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

Classification of liabilities

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

Grants repaid and recovered

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

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

Direct expenditure on programmes

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

Lapsed or revoked grant expenditure

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

1.9 Taxation

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

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

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

1.10 Cash and cash equivalents

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

1.11 Provisions

The Fund recognises a provision where:

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

Currently we have provisions for restructuring costs and dormant accounts transfer of monies.

1.12 Grant management

Delegated partners

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

Trusts

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

Joint schemes

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

1.13 Third party assets

The Fund holds as custodian certain assets belonging to third parties. These are not recognised in the accounts since we have no direct beneficial interest in them. The bank balances held on behalf of third parties are shown in note 24.

1.14 Financial instruments

The Fund adopted IFRS 9 - Financial Instruments - with effect from financial year 2018/19. We have reviewed our financial instruments in respect of classification, measurement and impairment, applying the expected credit losses where applicable. The assets and liabilities which are considered to be financial in nature are set out in note 19. We do not hold any complex financial instruments.

1.15 Segmental reporting

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

1.16 Dormant accounts funds

Dormant accounts funds have been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short form financial statements relating only to dormant account money are included in note 32.

1.17 Coronavirus Community Support Fund

The Government's Coronavirus Community Support Fund (CCSF) has been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short form financial statements relating only to CCSF are included in note 29.

1.18 Local Connections Fund

The Local Connections Fund has been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short form financial statements relating only to this funding programme are included in note 30.

1.19 COVID-19 Charities Fund

The COVID-19 Charities Fund has been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short form financial statements relating only to this funding programme are included in note 31.

1.20 Accounting Standards that have been issued but not yet adopted

There are not any new accounting standards that have been issued but not yet adopted by the Fund in 2020/21.

1.21 Accounting estimates and judgements

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

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

The most significant judgements are:

- Expenditure on programmes – The Fund recognises the value of awards that are subject to performance conditions as contingent liabilities rather than grant accruals. This judgement is based on the terms and conditions of the award contracts.
- Intangible asset impairment – The Fund carried out the annual impairment review relating to its new Grant Management System which showed that no impairment is required to the asset.

The most significant estimates are:

- Provisions – We have estimated dormant accounts funds payable based on announcements made by DCMS in relation to the Dormant Bank and Building Society Accounts Act 2008. We have also estimated dilapidation costs in respect of restructuring our office space.
- Intangible asset useful economic life – We reviewed our estimation of the remaining life of our Grant Management System. In our estimation there is no change to the useful economic life.

2. Income

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Bank and other interest receivable		
Bank interest receivable	41	145
	41	**145**
Greenwich Peninsula land sale		
Greenwich Peninsula land sale	236	47
	236	**47**
Other income		
Income from delivering non-Lottery funding	2,976	3,254
Income from delivering Lottery Funding on behalf of other distributors	47	82
Rental income	2,814	2,786
Sundry income	294	398
	6,131	**6,520**
Recoveries of grant from grant holders (Note 1.8)		
Recoveries of grant	1,995	1,976
	1,995	**1,976**

3. National Lottery programme expenditure

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

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

	UK	England	Scotland	Wales	Northern Ireland	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant expenditure made	44,340	358,126	51,280	32,194	27,880	513,820
Less lapsed and revoked grant expenditure	490	(4,059)	(193)	(935)	27	(4,670)
Net grant expenditure made 2020/21	**44,830**	**354,067**	**51,087**	**31,259**	**27,907**	**509,150**
Net grant expenditure made 2019/20	57,641	429,118	37,112	28,494	27,208	579,573

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 2021	Year ended 31 March 2020
	£'000	£'000
Support provided directly to grant recipients and beneficiaries	8,131	8,622
	8,131	**8,622**

5. Operating Costs

	Operating costs for distributing Lottery income	Recharged operating costs	Operating costs for distributing dormant accounts money	Operating costs for distributing CCSF money	Operating costs for distributing LCF money	Operating costs for distributing COVID-19 Charities Fund money	Year ended 31 March 2021 Total operating costs	Year ended 31 March 2020 Total operating costs
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee remuneration	25,331	2,931	240	8,305	60	275	37,142	36,938
Travel and Expenses								
- Staff	190	12	-	36	-	-	238	1,987
- Board and Committee	4	-	-	-	-	-	4	96
Payments under short-term/low value operating leases:								
- Property	(103)	-	-	-	3	-	(100)	109
- Other	63	-	-	-	-	-	63	70
Other Accommodation costs	2,224	-	-	-	-	-	2,224	913
Communication costs	787	(3)	1	-	-	-	785	968
Externally provided support for grant programmes	1,042	169	18	-	-	-	1,229	506
Programme Evaluation	647	1	-	925	-	-	1,573	262
Staff recruitment and training	1,132	12	5	-	-	-	1,149	1,200
Professional fees	834	-	-	-	-	-	834	871
Auditors remuneration for audit work	116	-	-	-	-	-	116	116
IT infrastructure costs	2,110	-	-	-	-	-	2,110	3,590
Other costs	494	17	77	-	-	113	701	998
Write down of property, plant and equipment	-	-	-	-	-	-	-	1,103
VAT	2,067	20	5	-	8	-	2,100	1,131
Non cash items:								
- Depreciation (excluding right-of-use assets)	1,669	-	-	-	-	-	1,669	2,781
- Amortisation on right-of-use assets	3,552	-	-	-	-	-	3,552	4,335
- Interest expense on lease liabilities	198	-	-	-	-	-	198	313
	42,357	**3,159**	**346**	**9,266**	**71**	**388**	**55,587**	**58,287**

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

6. Financial performance indicator

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

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. No payment has been received or accrued for in 2020/21. For 2019/20, we had accrued £47,000 but actually received £282,933.

On this basis, the cost of distributing our share of Lottery income was 5.1% of National Lottery income in the year (2019/21 7.1%). Assessed over the three-year rolling period the proportion was 6.5%.

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating costs for distributing Lottery income (as per Note 5)	42,357	54,822	51,963
Less rental income (as per Note 2)	(2,814)	(2,786)	(2,829)
Less sundry income (as per Note 2)	(294)	(398)	(331)
Less irrecoverable VAT	(2,099)	(1,131)	(1,921)
Total qualifying expenditure	**37,150**	**50,507**	**46,882**
Proceeds from National Lottery (as per Note 13)	725,510	710,434	640,005
Investment Income (as per Note 13)	424	3,436	3,280
Greenwich Peninsula land sale (as per Note 2)	236	47	79
Total qualifying income	**726,170**	**713,917**	**643,364**
Percentage	5.1%	7.1%	7.3%

Three year rolling position

	Year ended 31 March 2021 £'000
Total qualifying expenditure	134,539
Total qualifying income	2,083,451
Percentage	**6.5%**

7. Staff numbers and costs

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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Wages and salaries	26,561	26,731
Social security costs	2,656	2,755
Other pension costs	6,865	6,884
Apprenticeship levy costs	121	125
Agency staff costs	939	443
	37,142	**36,938**

A number of staff included above were seconded out to other organisations, for whom recoveries of £202,822 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 2021	Number of employees at 31 March 2021	Total number of staff at 31 March 2021	Total number of staff at 31 March 2020
	(FTE)	(FTE)	(FTE)	(FTE)
Grant-making	33	435	468	437
Support to customers and stakeholders	2	178	180	190
Governance and administration	2	165	167	158
	37	**778**	**815**	**785**

At 31 March 2021, the Fund employed 815 full-time equivalent employees (31 March 2020 785). This included 37 full-time equivalent temporary employees (31 March 2020 4).

Exit packages

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

Exit package cost band	Number of compulsory redundancies Year ended 31 March 2021	Number of voluntary redundancies Year ended 31 March 2021	Total number of redundancies Year ended 31 March 2021	Number of redundancies Year ended 31 March 2020
<£10,000	-	-	-	36
£10,000 - £25,000	-	-	-	12
£25,001 - £50,000	-	-	-	6
£50,001 - £100,000	-	-	-	1
Total number of exit packages	**-**	**-**	**-**	**55**
Total cost £'000	**-**	**-**	**-**	**642**

8. Restructuring costs

We regularly review the way we are structured and make changes to deliver fit for purpose, efficient and effective services. The costs of restructuring include termination payments and property transactions. Property transactions have arisen due to anticipated reinstatement costs from vacation of our Cardiff, Manchester and London offices and our previously vacated Scotland office.

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Termination payments	36	1,059
Property rationalisation	2,299	160
Unavoidable lease payments	-	(302)
	2,335	**917**

9. Taxation

The Fund pays corporation tax only on bank and any other interest received. There is a net tax cost of £7,881 (2019/20 £27,524) 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 2020	9,921	1,399	796	12,116
Additions	-	276	-	276
Disposals	-	(47)	-	(47)
At 31 March 2021	**9,921**	**1,628**	**796**	**12,345**
Depreciation				
At 1 April 2020	7,566	473	604	8,643
Charge for the year	1,027	401	121	1,549
Disposals	-	(47)	-	(47)
At 31 March 2021	**8,593**	**827**	**725**	**10,145**

	Leasehold improvement	IT	Office equipment, furniture, and fittings	Total
	£'000	£'000	£'000	£'000
Net book value				
At 31 March 2021	**1,328**	**801**	**71**	**2,200**
Cost				
At 1 April 2019	9,860	991	787	11,638
Additions	61	888	9	958
Disposals	-	(480)	-	(480)
At 31 March 2020	**9,921**	**1,399**	**796**	**12,116**
Depreciation				
At 1 April 2019	6,522	476	378	7,376
Charge for the year	1,044	79	226	1,349
Disposals	-	(82)	-	(82)
At 31 March 2020	**7,566**	**473**	**604**	**8,643**
Net book value				
At 31 March 2020	**2,355**	**926**	**192**	**3,473**

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

11. Intangible assets

	Grant management system	Website	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	427	358	785
Additions	-	-	-
Disposal	-	-	-
At 31 March 2021	**427**	**358**	**785**

	Grant management system	Website	Total
	£'000	£'000	£'000
Amortisation			
At 1 April 2020	59	358	417
Charge for the year	119	-	119
Disposal	-	-	-
At 31 March 2021	**178**	**358**	**536**
Net book value			
At 31 March 2021	**249**	**-**	**249**
Cost			
At 1 April 2019	-	358	358
Additions	427	-	427
Disposal	-	-	-
At 31 March 2020	**427**	**358**	**785**
Amortisation			
At 1 April 2019	-	358	358
Charge for the year	59	-	59
Disposal	-	-	-
At 31 March 2020	**59**	**358**	**417**
Net book value			
At 31 March 2020	**368**	**-**	**368**

12. Trade and other receivables

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Amounts falling due within one year		
Held by delegated partners for payment of grant commitments	10,886	6,199
Trade receivables	846	1,000
Prepayments and accrued income	11,771	3,309
European match funding	32,414	41,697
Reclaim Fund	90,300	68,500
Other receivables	9,102	4,142
	155,319	**124,847**

13. National Lottery Distribution Fund

		Year ended 31 March 2021
		£'000
Balance as at 1 April 2020		302,735
Proceeds from The National Lottery	725,510	
Investment income from the NLDF	424	
Funds drawn down from NLDF	(765,086)	
Net increase in balance		(39,152)
Market value at 31 March 2021		**263,583**

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 2021	Year ended 31 March 2020
	£'000	£'000
Amounts falling due within one year		
VAT	179	337
Other taxation and social security	708	705
Trade payables	47	22
Owed to joint partner/delegated partner for payment of grant commitments	2,117	3,913
Accruals and deferred income	3,450	2,921
Other payables	1,227	1,174
Coronavirus Community Support Fund	8,657	-
Local Connections Fund	11	-
Grant accruals (Note 16)	448,755	496,419
	465,151	**505,491**
Amounts falling due in more than one year		
Grant accruals (Note 16)	426,722	555,414
	426,722	**555,414**

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	Redundancy	Transferable to designated dormant accounts distributors	Total
	£'000	£'000	£'000	£'000
Brought forward at 1 April 2020	-	62	71,100	71,162
New provisions created	2,299	-	16,571	18,870
Provisions used	-	(62)	(71,100)	(71,162)
Provisions released	-	-	-	-
Carried forward at 31 March 2021	**2,299**	**-**	**16,571**	**18,870**

Dilapidations

We have vacated our Cardiff office during the year and also served notice on our London and Manchester leases. These events give rise to reinstatement obligations for which we have made dilapidations provisions. A provision has also been created for our previously vacated Scotland office.

Redundancy

During 2020/21, the prior years' redundancy provisions have been fully utilised and no new redundancy provision has been required as at 31 March 2021.

Transferable to designated dormant accounts distributors

Reclaim Fund Ltd has identified £90.3 million as available for distribution to the Fund in its financial year to December 2020 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 for Northern Ireland a grant programme has been established during 2020/21 to distribute the available funds.

Within Policy Directions from DCMS £96.5 million has been distributed to Access – The Foundation for Social Enterprise, Big Society Capital, Fair4All Finance, Youth Futures Foundation and The Oversight Trust – Assets for the Common Good in respect of the England portion of funds available. In addition to the £330m announced for distribution by DCMS in January 2018 as available for distribution, of which £277m represented the England portion, a further £71m in distributions in respect of the England portion was confirmed during the year. We have provided for the full distribution commitments to the organisations

in receipt of the England portion of the available sums to the extent that the funding has been made available by the Reclaim Fund Limited.

16. Grant accruals

	Year ended 31 March 2021
	£'000
Movement of grant accruals	
Grant commitments brought forward at 1 April 2020	1,051,833
Grant commitments made	718,858
Lapsed and revoked commitments	(4,548)
Grant commitments met	(890,666)
Accrual carried forward at 31 March 2021	**875,477**

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Classification of grant accruals at the year-end		
Amounts falling due within one year		
Accruals (Note 14)	448,755	496,419
Amounts falling due in more than one year		
Accruals (Note 14)	426,722	555,414
Total grant accruals	**875,477**	**1,051,833**

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Ageing of grant accruals		
Due within one year	448,755	496,419
Due within more than one year but less than two years	223,407	300,920
Due within more than two years but less than three years	119,109	145,156
Due within more than three years but less than four years	64,828	61,458
Due within more than four years but less than five years	15,789	43,380
Due after more than five years	3,589	4,500
	875,477	**1,051,833**

17. Contingent liabilities

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

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Grant awards made by the fund which do not satisfy the criteria to be treated as liabilities	(14,937)	(14,807)
Total grant contingent liabilities	**(14,937)**	**(14,807)**

18. Joint schemes

Parks for People

This scheme is administered by the National Heritage Memorial Fund on behalf of all parties to the agreement. We have agreed to contribute up to £150 million to the total expected funding of £385 million. Included within grant liabilities are £2.2 million of new grant commitments and no contingent liabilities, representing our contribution to the Parks for People joint scheme. The creditors figure includes £2.1 million which is due to the National Heritage Memorial Fund in respect of our contribution to payments they have made to our grant recipients.

Rethinking Parks

This scheme is administered by Nesta on behalf of all parties to the agreement. We have agreed to contribute up to £1.67 million to the total expected funding of £2 million. There are no grant liabilities and no contingent liabilities in relation to the joint scheme for the year. All payments have now been made in respect of the joint scheme.

19. Financial risks

Financial Instruments

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

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

Liquidity risks

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Fund by the NLDF. At March 2020, the fund balance was £303 million, this had decreased to £264 million by 31st March 2021, at which point there were £875 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 2020/21, £726 million (70.7%) of the Fund's income derived from The National Lottery, including income of £0.4 million derived from investment returns from the balance held with the NLDF. Income from dormant account money was £90 million (8.8%). Income from the Coronavirus Community Support Fund was £199m (19.4%). The remaining income is a small amount of Local Connections Fund income, bank interest and sundry income.

In 2020/21, £726 million (70.7%) of the Fund's income derived from The National Lottery, including income of £0.4 million derived from investment returns from the balance held with

the NLDF. Income from dormant account money was £90 million (8.8%). Income from the Coronavirus Community Support Fund was £199m (19.4%). The remaining income is a small amount of Local Connections Fund income, bank interest and sundry income.

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Liquid assets		
Market value of NLDF investments	263,583	302,735
Cash	81,512	79,951
Total	**345,095**	**382,686**

Market and interest rate risks

The financial assets of the Fund are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Board has no control over the investment of these funds. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £264 million. Funds at the NLDF earned on average 0.1% 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% in the year. The cash balance at the year end was £82 million. The Board considers that the Fund is not exposed to significant interest rate risks.

	2020/21	2019/20
	£'000	£'000
Sterling at floating interest rates – Lottery money	41,903	16,012
Sterling at floating interest rates - dormant account money	29,304	63,939
Sterling at floating interest rates - CCSF money	10,187	-
Sterling at floating interest rates – Local Connections Fund money	117	-
Sterling at mixture of fixed rates - NLDF	263,583	302,735
	345,094	**382,686**

Credit risks

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

At the year end the Fund recorded a debtor of £90.3 million with Reclaim Fund Limited. This represents the sums identified as available to the Fund to distribute under the Dormant Bank and Building Society Accounts Act 2008 but which are yet to be drawn down from Reclaim Fund Limited. These are held by Reclaim Fund in low risk cash accounts including with the Bank of England. The Board does not consider that the Fund is exposed to significant credit risk.

Foreign Currency risks

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

Financial assets by category

Assets as per Statement of financial position	2020/21	2019/20
	£'000	£'000
Non-current assets	9,425	15,517
Investment balance in National Lottery Distribution Fund	263,583	302,735
Cash and cash equivalents – National Lottery money	41,904	16,012
Cash and cash equivalents - dormant account money	29,304	63,939
Cash and cash equivalents - CCSF money	10,187	-
Cash and cash equivalents – Local Connections Fund money	117	-
	354,520	**398,203**

Fair Valuation

1. The Board expect the book value to equal the fair value for all financial assets and liabilities. On the basis that:
2. All cash deposits are with commercial banks.
3. Whilst we disclose £427 million of grant liabilities as not being due for payment until after one year, we have not made a fair value adjustment. The Fund has a contractual obligation to pay these amounts on demand, subject to contract, and so the amounts could be paid within the next 12 months. Terms and conditions of grant also provide for payments to cease should insufficient funds be available to meet obligations.
4. All payables are due within normal contractual terms, and so no difference exists between book value and fair value.
5. An expected credit loss of £307k has been recognised in respect of COVID-19. The loss is based on our opinion of the likelihood of non-Government debtors being unable to fully pay amounts due to the Fund. In the main, this applies to the Fund's sub-tenants.

Maturity of financial liabilities

Liabilities as per Statement of financial position	2020/21	2019/20
	£'000	£'000
In less than one year	466,494	510,201
In more than one year, but less than two	242,277	372,082
In two to five years	204,428	255,494
In more than five years	3,882	5,636
	917,081	**1,143,413**

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

20. Leases

Right-of-use assets

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

	Year ended 31 March 2021
	£'000
Cost	
As at 1 April 2020	16,011
Revaluations	(1,148)
Balance as at 31 March 2021	**14,863**
Amortisation	
At 1 April 2020	4,335
Charge for the year	3,552
At 31 March 2021	**7,887**
Net book value	
At 31 March 2021	**6,976**

Cost	
As at 1 April 2019	16,011
Revaluations	-
Balance as at 31 March 2020	**16,011**
Amortisation	
At 1 April 2019	-
Charge for the year	4,335
Balance as at 31 March 2020	**4,335**
Net book value	
At 31 March 2020	**11,676**

Revaluations to right-of-use assets during 2020-21 were due to a combination of increased rent for the Belfast and Newcastle offices as well as reductions in Glasgow office rent and adjustments for recoverable VAT.

Lease liability

	Year ended 31 March 2021 £'000
Balance as at 1 April 2020	(11,346)
Finance cost	(198)
Rent	4,289
Revaluations	917
Balance as at 31 March 2021	**(6,338)**

	Year ended 31 March 2020 £'000
Balance as at 1 April 2019	(15,716)
Finance cost	(313)
Rent	**4,683**
Balance as at 31 March 2020	**(11,346)**

Maturing of lease liability

	Year ended 31 March 2021 £'000
Not later than 1 year	(1,343)
Later than 1 year and not later than 5 years	(4,702)
Later than 5 years	(293)
	(6,338)

Lessors

	Year ended 31 March 2021 £'000
Not later than 1 year	688
Later than 1 year and not later than 5 years	446
Later than 5 years	-
	1,134

21. Pension scheme

Pension benefits are provided through the Civil Service pension arrangements. Employees may either be in a career average defined benefit scheme (alpha) or a stakeholder pension (partnership account). Previous final salary schemes (classic, classic plus or premium) and the career average scheme – nuvos – were transferred into alpha in 2015. Members retained the benefits of previous final salary schemes for service up to the point of transfer. The statutory defined benefit arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos and their successor scheme alpha are increased annually in line with changes in the Consumer 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 £23,100 of 4.6% of pensionable earnings. This increases in bands up to a maximum of 8.05% for members with a pensionable salary over £150,001. Benefits in classic accrued at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrued at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In alpha, members build up pensions based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the earned pension account is credited with 2.32% 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% and 14.75% (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% of pensionable salary

(in addition to the employer's basic contribution).

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

For 2020/21, employers' contributions of £166,960 were payable to the partnership pension account (2019/20 £100,662).

Further details about the Civil Service pension arrangements can be found at the website civilservicepensionscheme.org.uk

For 2020/21, employers' contributions of £6,433,976 were payable to the PCSPS (2019/20 : £7,929,388) at one of four rates in the ranges set out below. Employer contributions are due to be reviewed at every full scheme valuation. The latest valuation, carried out by Hewitt Bacon and Woodrow, was on 31 March 2012. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Rates for 2020/21 are in line with recommendations from the Actuary.

Currently, employers pay an average of 27.34% of their employees' salary as a pension contribution on Alpha pensions and 9.71% on Partnership pensions. The exact figure depends upon the salaries of the individual employees.

Bands	Year ended 31 March 2021	Bands	Year ended 31 March 2020
£23,000 and under	26.6%	£23,000 and under	26.6%
£23,001 - £45,500	27.1%	£23,001 - £45,500	27.1%
£45,501 - £77,000	27.9%	£45,501 - £77,000	27.9%
£77,001 and over	30.3%	£77,001 and over	30.3%

The number of staff for whom pension contributions were made in 2020/21 was 7 classic, 20 premium, 0 nuvos, 835 alpha, and 36 partnership. The total of 898 represents the majority of the total number of individual members of staff employed over the course of the year.

The forecast level of employer's contributions to the PCSPS for 2020/21, based on a 1.7% pay award on 2020/21 pay levels, is £6,543,354.

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

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

22. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2021 we have written off total losses of £497,757 representing 66 awards (2019/20 £893,620 representing 105 awards). There were no write-offs that exceeded £100,000 (2019/20 zero).

Special payments arise where:

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

In the financial year to 31 March 2021, 3 special payments totalling £29,884 (2019/20 zero) were made in relation to grant transactions.

23. Related party transactions

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

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

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

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

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

- HM Revenue and Customs relating to PAYE and NI transactions
- The European Social Fund has, through DWP as managing authority, contracted to the Fund the management of the Building Better Opportunities Fund
- The Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) has contracted to the Fund the management of the Coastal Communities Fund for the Wales portfolio.
- DCMS has contracted to the Fund the management of the Life Chances Fund, Youth Investment Fund, Place Based Social Action, #iwill Fund, Safeguarding Training Fund and the Building Connections Fund.

Both the Youth Investment Fund, #iwill Fund, Saefguarding Training Fund and the Building Connections Fund are joint funding programmes where the Fund contributes its lottery funding resources and also is responsible for making grant award decisions.

Board members

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

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

A number of Board members have declared interests with public, voluntary and charitable bodies with which we have business interests. These are disclosed on pages 89 to 93.

24. Third party assets

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

At 31 March 2021 the following bank balances were held on behalf of third parties:

	31/03/2020 £'000	Inflows £'000	Outflows £'000	31/03/2021 £'000
DCMS: Social Incubator Fund, Life Chances Fund, Youth Investment Fund, #iwill Fund, Place Based Social Action, Building Connections Fund, Safeguarding Training Fund	2,833	10,484	12,304	1,013
Creative Scotland; Awards for All Scotland	(60)	232	52	120
National Lottery Promotions Unit	32	2,094	1,695	431
Welsh Assembly Government; Community Assets Transfer	2	-	-	2
Sports Scotland; Awards for All Scotland	(755)	572	568	(751)
Scottish Government; Scottish Land Fund, Delivering Financial Inclusion	6,394	10,120	14,873	1,641
HM Treasury; Coastal Communities Fund	1,858	12,509	3,045	11,322
European Funding – Cabinet Office	2	66,238	66,028	212

25. Joint Venture – National Lottery Promotions Unit

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

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

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

26. Capital commitments

At 31 March 2021, the Fund did not have any capital commitments. (2019/20 £0)

27. Contingent assets

National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012, which sets out the distribution of funds between

the GLA and National Lottery distributors. Land sales are likely to take place over a lengthy period, estimated to be from 2017-18 to 2036-37. The department estimates the first payments to National Lottery distributors will be received in the early to mid-2020s.

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. Payments of £48.9 million are forecast to be received between 2016 and 2045, of which £8.1 million had been received by the end of 2020/21. £236k has been received by the end of 2020/21.

28. Post balance sheet review

Data breach

On 8 July, the Fund identified loss of two data discs which contained legacy grant information. The data breach was reported to the Information Commissioners Office on 9 July 2021. The breach was also reported to our sponsor department, DCMS, DWP (as the Managing Authority for the Building Better Opportunities programme) and the operator of the National Lottery, Camelot. An independent review into the IT governance and data has now been completed with recommendations made together with implementation timescales. The Information Commissioners Office confirmed that no action will be taken for the date breach and their decision was based on the fact the TNLCF has taken the necessary preventative measures.

DCMS inquiry

The Department of Digital, Culture, Media, and Sport (DCMS) commissioned an independent enquiry into the working culture of the TNLCF. CMP Resolutions (CMP) were commissioned to carry out the enquiry. The Terms of Reference were designed to be forward looking to ensure that the Funds culture is an inclusive and a fair workplace. Whilst the report made several recommendations, it also stressed the many positive strengths that the Fund has and also the enormous contribution it makes to people, communities and projects by giving grants. The Board and the senior leadership team of the Fund are committed towards improving the culture at the Fund by following up on the recommendations made in the report.

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.

29. Coronavirus Community Support Fund

In 2020/21, the Fund received £200 million in the form of a grant from DCMS for the Coronavirus Community Support Fund programme, to distribute to charities and community organisations in England to enable them to meet the demands placed on them by the coronavirus. The programme of activity was to be committed by the end of September 2020

with an expectation that recipient organisations will spend the cash within six months of receipt. The grant agreement was signed on 22 May 2020 by DCMS and the Fund.

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

Therefore, the Fund has taken the role of Principal rather than Agent here. The Fund will record as income the receipt of the total government grant and it will account for the grants as part of its grant expenditure although this must be clearly separated from its Lottery grant expenditure.

Statement of comprehensive income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Income		
Received/Receivable from DCMS	198,776	-
Refunds	641	-
Total income	**199,417**	**-**
Expenditure		
Grant expenditure	188,423	-
Less lapsed or revoked grant expenditure	160	-
	188,583	**-**
Operating costs	9,266	-
Total expenditure	**197,849**	**-**
Total comprehensive net income	**1,568**	**-**

Statement of financial position

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Current assets		
Cash at bank and in hand	10,187	-
Total assets	**10,187**	**-**
Current liabilities		
Other payables	(8,619)	-
Total liabilities	**(8,619)**	**-**
Assets less liabilities	**1,568**	**-**

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 2021, we have written off losses of £38,693 representing 6 awards (2019/20 n/a). There were no write offs that exceeded £100,000 (2019/20 n/a).

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 2021, 2 special payments totalling £10,884 (2019/20 n/a) were made in relation to grant transactions.

30. Local Connections Fund

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

Statement of comprehensive income

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Income		
Received/Receivable from DCMS	2,000	-
Refunds	5	-
Total income	**2,005**	**-**
Expenditure		
Grant expenditure	1,828	-
Operating costs	71	-
Total expenditure	**1,899**	**-**
Total comprehensive net income	**106**	**-**

Statement of financial position

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Current assets		
Cash at bank and in hand	117	-
Total assets	**117**	**-**
Current liabilities		
Other payables	(11)	-
Total liabilities	**(11)**	**-**
Assets less liabilities	**106**	**-**

31. COVID-19 Charities Fund

During 2020/21, the Fund agreed this new funding programme on 11 June 2020 as part of our coronavirus response. The Department for Communities, in the form of a grant made to the Fund, will provide up to £15.9 million. Any remaining funds after 30 September 2020 would have to be returned to the Department by the end of October 2020. In the grant agreement, it has been determined that the Fund will act as Principal rather than Agent.

Statement of comprehensive income

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Income		
Received/Receivable from DfC	9,215	-
Total income	**9,215**	**-**
Expenditure		
Grant expenditure	8,847	-
Less lapsed or revoked grant expenditure	(20)	-
Operating costs	388	-
Total expenditure	**9,215**	**-**
Total comprehensive net income	**-**	**-**

The funding programme was completed fully during 2020/21, therefore there are not assets or liabilities to disclose.

32. Dormant accounts

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

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

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

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

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

Reclaim Fund Ltd has identified £90.3 million as available for distribution to the Fund in its financial year to December 2020 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 for Northern Ireland a grant programme has been established during 2020/21 to distribute the available funds.

Within Policy Directions from DCMS £96.5 million has been distributed to Access – The Foundation for Social Enterprise, Big Society Capital, Fair4All Finance, Youth Futures Foundation and The Oversight Trust – Assets for the Common Good in respect of the England portion of funds available. In addition to the £330 million announced for distribution by DCMS in January 2018 as available for distribution, of which £277 million represented the England portion, a further £71 million in distributions in respect of the England portion was confirmed during the year. We have provided for the full distribution commitments to the organisations in receipt of the England portion of the available sums to the extent that the funding has been made available by the Reclaim Fund Limited.

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

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

32a. Statement of comprehensive income

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Income		
Received/Receivable from Reclaim Fund Ltd	90,281	68,530
Bank interest receivable	136	650
Recoveries of grant	33	2
Total income	**90,450**	**69,182**
Expenditure		
Programme expenditure		
Transfers/transferable to designated distributors	41,933	55,445
Grant expenditure	5,940	6,822
Less lapsed or revoked grant expenditure	(18)	(352)
	47,855	**61,915**
Operating costs	346	480
Total expenditure	**48,201**	**62,395**
Surplus before taxation	**42,249**	**6,787**
Taxation	-	-
Total comprehensive net income	**42,249**	**6,787**
Brought forward at 1 April 2020	50,264	43,477
Total comprehensive net income for the year	42,249	6,787
Carried forward at 31 March 2021	**92,513**	**50,264**

32b. Statement of financial position as at 31 March 2021

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Current assets		
Trade and other receivables	90,300	68,995
Cash at bank and in hand	29,304	63,939
Total assets	**119,604**	**132,934**
Current liabilities		
Trade and other payables	(77)	(56)
Provisions	(16,571)	(71,100)
Grant commitments	(10,443)	(11,514)
Total liabilities	**(27,091)**	**(82,670)**
Assets less liabilities	**92,513**	**50,264**
Retained surplus	**92,513**	**50,264**

32c. Detailed Income and Expenditure Account with Country apportionment

	Year ended 31 March 2021					Year ended 31 March 2020
	England	Scotland	Wales	Northern Ireland	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income	-	-	-	-	90,417	69,180
Less operating costs	-	-	-	-	(346)	(480)
Net income available for distribution	**-**	**-**	**-**	**-**	**90,071**	**68,700**
Available to each country	75,570	7,565	4,414	2,522		
Recoveries of grant	-	33	-	-	33	2
Transfers/transferable to designated distributors	(41,933)	-	-	-	(41,933)	(55,445)
Grant commitments made	-	(4,744)	(999)	(179)	(5,922)	(6,470)
Surplus for the year	**33,637**	**2,854**	**3,415**	**2,343**	**42,249**	**6,787**
Balance of funds brought forward	5,500	14,687	11,794	18,283	50,264	43,477
Balance of funds carried forward at 31 March 2021	**39,137**	**17,541**	**15,209**	**20,626**	**92,513**	**50,264**
Movement of grant accruals						
Grant commitments brought forward at 1 April 2020	-	6,093	5,421	-	11,514	11,984
Grant commitments made	-	4,762	999	179	5,940	6,823
Lapsed and revoked commitments	-	(18)	-	-	(18)	(354)
Grant commitments met	-	(4,830)	(2,163)	-	(6,993)	(6,939)
Accrual carried forward at 31 March 2021	**-**	**6,007**	**4,257**	**179**	**10,443**	**11,514**

	Year ended 31 March 2021					Year ended 31 March 2020
	England	Scotland	Wales	Northern Ireland	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Ageing of grant accruals						
Due within one year	-	3,573	2,721	75	6,369	7,849
Due within more than one year but less than two years	-	1,855	1,128	72	3,055	2,927
Due within more than two years but less than three years	-	519	286	32	837	511
Due within more than three years but less than four years	-	60	122	-	182	204
Due within more than four years but less than five years	-	-	-	-	-	23
Due after more than five years	-	-	-	-	-	-
	-	**6,007**	**4,257**	**179**	**10,443**	**11,514**

Our statutory background

Policy Directions

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

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

The Fund has complied with these Directions throughout the financial year 2020/21 in every material aspect.

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

England and UK

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

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

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

England, Isle of Man and United Kingdom

General Directions

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

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

(i) Ensures people are engaged and involved in using the Fund's funding to provide solutions to the issues that matter to them in their communities;

(ii) Helps identify and enable those who are ready to lead the process of providing these solutions and removes barriers for those that may need help in doing so; and

(iii) Supports new and innovative solutions alongside tried and tested models, and generates learning to help the development of policy and practice beyond the Fund's funding.

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

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

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

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

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

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

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

2. REPRESENTATION – the development of programmes should take account of those most in need by targeting inequality and improving the capability of people and communities to contribute to, participate in and benefit from outcomes funded through the Fund's programmes.

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

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

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

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

England and Isle of Man devolved expenditure

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

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

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

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

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

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

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

D. The need to have regard for:

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

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

Signed by the Minister for the Cabinet Office

28 March 2012.

Scotland

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

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

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

General Directions

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

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

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

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

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

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

F. The need:

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

(ii) where capital funding is sought:

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

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

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

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

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

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

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

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

Scottish Devolved Expenditure

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

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

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

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

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

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

(i) The promotion of community learning and development;

(ii) The promotion of community safety and cohesion;

(iii) The promotion of community empowerment and inclusive opportunities for participation and

(iv) The promotion of physical and mental wellbeing.

4. In relation to Scottish devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to work which is intended to achieve one or more of the following objectives.

(i) Reducing inequalities through tackling disadvantage and discrimination

(ii) Empowering people, through enabling people's engagement and influence.

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

(i) Achieving the most effective use of resources by selecting the most appropriate approach in specific policy areas in order to add value to the overall public effort

(ii) Leveraging the highest potential value for people and communities from resources through support for volunteering, fair work and sustainable procurement.

Signed on behalf of Scottish Ministers February 2016.

Wales

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

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

Welsh Ministers, in exercise of the powers conferred on them by Section 36E(4)(a) of the National Lottery etc. Act 1993 and having consulted the Big Lottery Fund (operating as The National Lottery Community Fund and subsequently referred to as "the Fund") and obtained the consent of the Minister for the Cabinet Office pursuant to Section 36E(8)(b) of that Act, hereby give the following directions to the Fund.

DIRECTIONS – WELSH DEVOLVED EXPENDITURE

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

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

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

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

C. Ensure that the Fund operates within the distinctive Welsh policy, governmental, social, economic, environmental and cultural context, ensuring funds complement and add value to, whilst remaining distinct from, the work of Government.

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

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

- the diverse demographic and deprivation patterns in the different parts of Wales
- the views of Wales' communities in setting priorities and distributing funds.

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

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

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

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

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

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

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

L. Ensure that the Fund focuses expenditure on the achievement of the following outcomes over time:

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

Northern Ireland

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

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

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

General Directions

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

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

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

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

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

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

F. The need: in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;

(ii) where capital funding is sought:

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

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

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

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

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

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

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

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

Northern Ireland Devolved Expenditure

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

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

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

(i) the promotion of community learning;

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

(iii) the promotion of physical and mental wellbeing.

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 wellbeing at individual and community level.

Signed on behalf of Secretary of State NI

Accounts Direction

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

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

1. As of 30 October 2019, the Secretary of State for DCMS has issued eight Spending Directions under section 22(3) of the Act. This Spending Direction updates and consolidates these into a single Direction. Accordingly, all Spending Directions to date are withdrawn with immediate effect and are replaced with this Spending Direction.

2. Under the terms of a Memorandum of Understanding between DCMS and the Fund agreed on 17 October 2018, the Fund will continue to distribute up to £1.2m in total from the English portion of dormant account money in the form of non-repayable grants to youth-focussed voluntary organisations in targeted locations through the Youth Capacity Fund, such grants having been agreed by the Fund and DCMS. The Fund will continue to manage these grants until their completion.

3. The Fund will, subject to sufficient assurances being in place, also continue to distribute up to £1m to support the effective organisational development of Youth Futures Foundation Limited, whose purpose is to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in line with section 18(1a) of the Act.

4. The Fund will, subject to sufficient assurances being in place, also continue to distribute up to £1m to support the effective organisational development of Fair4All Finance Limited, whose purpose is to meet expenditure on or connected to (i) the development of individuals' ability to manage their finances, or (ii) the improvement of access to personal financial services, in line with section 18(1b) of the Act.

5. The Fund will also distribute an allocation of £145m as follows (exclusive of the money to be distributed pursuant to paragraph 2 of this Spending Direction, but inclusive of the money to be distributed pursuant to paragraphs 3 and 4 of this Spending

Direction). This may be distributed in tranches phased over a period of time, or in a single endowment, as agreed by the Fund and DCMS. The Fund will only allocate this funding to each organisation once each organisation has demonstrated sufficient governance and operational readiness. The allocation of £145m will be split as follows:

- £90m to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in line with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited; and
- £55m to meet expenditure on or connected to (i) the development of individuals' ability to manage their finances, or (ii) the improvement of access to personal financial services, in line with s18(1)(b) of the Act, delivered by Fair4All Finance Limited.

6. The Fund will continue to distribute, up to a total sum of £435m (of which £300m was distributed by December 2017), from the English portion of dormant account money in the form of non-repayable grants to the Big Society Trust to invest in Big Society Capital and to contribute to the funding of Access — the Foundation for Social Investment, acting as social investment wholesalers in accordance with section 18 of the Act.

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

8. BST will only use this funding to assist other bodies which are within the sole or majority legal Control of BST, and which distribute dormant account money for meeting expenditure that has a social or environmental purpose.

    - Such other bodies must, in addition, either (i) be a social investment wholesaler; or (ii) use the dormant account money in the performance of their functions which:

        i. meet expenditure on or are connected with the provision of services, facilities or opportunities to meet the needs of young people; or

        ii. meet expenditure on or are connected with (a) the development of individuals' ability to manage their finances, or (b) the improvement of access to personal financial services.

9. The Fund is directed to make no other payments of the English portion of dormant account money until further Directions are issued by the Secretary of State under the Act.

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

Annex A

Additional Accounting and Disclosure Requirements (effective December 2006)

The following paragraphs detail the additional requirements as agreed by the Treasury, the Department and Big Lottery Fund, over and above those disclosures required in the FReM.

1. The Statement of Net Comprehensive Income/Expenditure shall include as separate items, where material:

    A. the share of Lottery proceeds attributable to Big Lottery Fund

    B. the share of investment income of the National Lottery Distribution Fund attributable to Big Lottery Fund

    C. interest receivable on lottery funds

    D. repayment of grants

    E. any other income

    F. grant made from Lottery funds

    G. lapsed or revoked grant previously recorded as commitments from Lottery funds

    H. the total operating costs incurred in respect of National Lottery distribution activities

2. The Statement of Financial Position shall include:

    A. under the heading "Current assets": shown as an investment, the balance held on behalf of Big Lottery Fund at the National Lottery Distribution Fund.

    B. Grant falling due for payment within one year should be disclosed separately under the heading "Current Liabilities".

    C. Grant falling due for payment after more than one year should be separately disclosed under the heading "Non-current liabilities".

3. The Cash Flow Statement shall use the indirect method when presenting "Cash flow from Operating Activities";

4. The Notes to the Accounts should meet the requirements of the FReM and include:

    A. A statement that the Accounts have been prepared in a form directed by the Secretary of State with the consent of Treasury in accordance with Section 35(3) of the National Lottery etc. Act 1993.

    B. A statement of the accounting policies. This must include a statement explaining the nature of the balances held on Big Lottery Fund's behalf in the National Lottery Distribution Fund as follows:

    "Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these

balances attributable to Big Lottery Fund is as shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by Big Lottery Fund in respect of current and future commitments."

C. the value of grant commitments at the year- end which Big Lottery Fund has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date.

D. Where grants exceed available resources as shown in the Statement of Financial Position, a note explaining the rationale for the over-commitment taking into account any advice received from the Department as appropriate.

E. A note reconciling the opening and closing balance of investments held at the NLDF. This should disclose proceeds received from The National Lottery, investment income, unrealised gains and losses on investment, and cash drawn down from the NLDF.

F. A breakdown of the total grant liabilities (current and non-current) in the SoFP to show:

- Liability brought forward
- Commitments in the year
- Decommitments
- Commitments paid
- Liability carried forward.

A breakdown of the liability for each year up to and including 5 years and over 5 years.

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

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

General Directions

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

2. The distribution of dormant account money;

A. must be to projects which promote the public good and which are not intended primarily for private gain;

B. must be to projects which make real and sustainable improvements to the quality of life of local communities;

C. may only be to third sector organisations i.e. organisations that exist wholly or mainly to provide benefits for society or the environment;

D. must balance the need to encourage innovation with the need to manage risk in a manner commensurate with the type of project and applicant; and

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

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

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

B. in cases where capital funding is sought;

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

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

C. in cases where capital funding is not sought, demonstrate the likely availability of other funding to meet any continuing costs for a reasonable period after dormant account funding ceases, taking into account the size and nature of the project, and for the dormant account funding to be used to assist progress towards viability wherever possible.

4. In distributing dormant account money Big Lottery Fund 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 them:

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 Fund to an endowed trust. The remainder of the monies would then be distributed by the Fund to support the 4 broad policy themes.

DIRECTIONS GIVEN TO THE BIG LOTTERY FUND UNDER SECTION 22 OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 IN RELATION TO WELSH EXPENDITURE

The Welsh Ministers, in exercise of the powers conferred on them by section 22 of the Dormant Bank and Building Society Accounts Act 2008 and having consulted the Big Lottery Fund (operating as The National Lottery Community Fund and subsequently referred to as "the Fund"), hereby give the following directions to the Fund:

General Directions

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

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

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

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

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

D. Ensure that the Fund distributes money to a wide range of projects that are primarily delivered by the third sector. This should include local, regional and national organisations, including social enterprises. Exceptionally, money can be distributed to local authorities or other statutory bodies where a project involves a partnership or consortium, and the statutory body is acting in a coordinating capacity.

E. Balance the encouragement of innovation with managing risk.

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

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

G. Set time limits on the periods in which grants are payable, whether for capital or revenue expenditure.

H. Ensure that applicants demonstrate the financial viability of the project for the period of the grant.

I. Ensure the Fund works with other organisations where this is an effective way of delivering elements of dormant accounts funding in Wales.

J. Ensure the Fund has the necessary information to make decisions on each application, including independent expert advice where required.

K. Include a condition in all awards that recipients acknowledge dormant accounts funding and use agreed Dormant Accounts Scheme branding.

L. Adopt an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.

M. In distributing dormant account money, the Fund must have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales.

Specific Directions

2. The Fund must comply with the following specific directions in determining the persons to whom it makes grants and for what purpose.

A. The Fund must act in accordance with the prescribed restrictions laid down in the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010, and in accordance with the following themes:

- Supporting children and young people to reach their full potential by working through the third sector to promote social inclusion and eliminate barriers to personal development and employment.
- Tackling climate change and promoting wider sustainable development through focused community-based activity.

B. The Fund must take account of the wider benefits that applications may offer, particularly their potential to attract funding from other sources (e.g. match funding) and the contribution that they can make to Welsh Government policies and strategies.

SPENDING DIRECTIONS TO THE NATIONAL LOTTERY COMMUNITY FUND UNDER SECTION 22(5) (C) OF THE DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008 IN RELATION TO NORTHERN IRELAND EXPENDITURE

Under Section 22 of the Dormant Bank and Building Society Accounts Act 2008, hereafter known as the "Act", in exercising any of its functions under the Act, the Big Lottery Fund (now known as the National Lottery Community Fund) shall comply with directions given to it under that section.

The Department of Finance, in exercise of the powers conferred on it by Section 22(5)(c) of the Dormant Bank and Building Society Accounts Act 2008 and having consulted with the National Lottery Community Fund as required under Section 22(7) of the Act, hereby give the following directions to the National Lottery Community Fund in relation to Northern Ireland expenditure under the Act.

- A Scheme to distribute Dormant Accounts in Northern Ireland should be established as soon as possible.
- The National Lottery Community Fund should prepare and adopt a strategic plan for Northern Ireland as set out in Schedule 3 Part 1 of the Act.
- The National lottery Community Fund shall consult on the contents of the Strategic Action Plan in advance of laying in the Assembly as set out in Schedule 3 Part 1 Paragraph 4 Sub-Section 6 (b) of the Act.
- The Scheme should be made available to benefit the third sector in Northern Ireland, through projects/work primarily delivered by Voluntary, Community and Social Enterprise organisations to increase capacity, grow resilience and encourage sustainability.
- The Scheme should ensure that projects/work funded demonstrate an equitable geographical representation across Northern Ireland.
- Lessons learnt from the distribution of Dormant Account funds elsewhere in the UK, should be reflected in the Northern Ireland Scheme where possible.
- The Department will not restrict the use or distribution of the Scheme, however, the principle that dormant account money should not be used to fund projects or aspects of projects that would normally attract statutory funding.
- In respect of delivery models these could mean, but are not limited to, an Investment Loan Model for more established organisations, a grant/ loan hybrid model or a more traditional grant style model to support grass roots community organisations to develop capacity and build resilience.
- As allowed under the Dormant Accounts Act, the National Lottery Community Fund may deliver the Scheme in its entirety or work with a third party. Any third party should be appointed in line with Section 25 (1) of the Act and adhere to the conditions thereafter as set out in the Act.
- A condition of all funding distributed from the Scheme is that successful applicants must acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Account Scheme for Northern Ireland.

- The distribution of funding under the Dormant Account Scheme will be limited to projects located within Northern Ireland as stipulated in Section 22 5(c) of the Act.
- Reporting and Accounting arrangements should be as set out in Schedule 3, Part 3, of the Act.
- The Scheme should contribute to the draft Programme for Government Outcomes Delivery Plan and its successor where possible.

Get in touch

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